



# AMERICANS for TAX REFORM

Grover G. Norquist  
President

August 22, 2008

City of Grants Pass  
Attention: K.B. Frerk  
101 NW A Street  
Grants Pass, Oregon 97526

RE: Proposed Utility Rights-of-Way Ordinance (4.18)

Dear K.B. Frerk,

I write in strong opposition to the City of Grants Pass's proposed ordinance that will increase taxes on utility providers and ultimately raise utility costs for residents.

The City's proposed ordinance unjustly establishes three separate taxes targeting utility companies: a registration fee, a licensing fee, and a privilege tax. The stated rationale for these taxes is to administer the public rights of way; however, the overly broad ordinance targets certain utilities that do not even occupy the City's rights of way, such as wireless telecommunication services.

Furthermore, under the ordinance, all three of the tax rates are set by mere resolutions of the City Council, which can raise the rates at whim to build revenue for unrelated projects and expenditures. Thus, it is inaccurate to label the costs of registration and licensing as "fees", since the revenue goes toward the general fund, instead of covering the true cost of administrative services. These "fees" are more appropriately referred to as taxes.

By setting the tax rates through City Council resolutions, the structure of the proposed ordinance also violates the Constitutional right of Grants Pass citizens to hold a referendum on this tax increase. While the Oregon Supreme Court has determined that resolutions cannot be subject to referendum, Article XI Section 1(a) of the Oregon Constitution and state court precedence holds that all tax measures can be subject to referendum. Thus, the ordinance simply appears to be an attempt to hike taxes on Grants Pass citizens, while evading their very right to oppose such taxes.

Finally, by taxing utility providers, the ordinance will effectively raise prices for Grants Pass consumers. Americans for Tax Reform calculates how much taxes add to the cost of goods and services for consumers, including utilities. After accounting for the federal Universal Service, city and state telecommunications taxes, and other federal, state, and local taxes, consumers already spend 51.8% of their phone bill and 46.4% of their wireless bill paying for government taxes and fees. Similarly, consumers spend 46.3% of their monthly cable bill on taxes. At a time of already high consumer prices on food and fuel, adding on yet another set of taxes will only serve to inflate utility costs for Grants Pass citizens.

Thank you for the opportunity to comment in opposition to this measure. If you have any questions, you can contact me or Kelly Cobb, state affairs manager, at 202-785-0266.

Onward

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