

Bond Case Briefs

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North Idaho Bldg. Contractors Ass'n v. City of Hayden

Supreme Court of Idaho, Boise, January 2015 Term - February 26, 2015 - P.3d - 2015 WL 797524

Building contractors association filed action to have city's sewer connection fee declared unlawful because it was an impermissible tax rather than a fee for services. The District Court held fee was lawful and dismissed complaint. Association appealed.

The Supreme Court of Idaho held that:

- Fee was an impermissible tax, and
- Fee was not authorized under Idaho Revenue Bond Act.

Because there was nothing in the record showing that city's sewer capitalization fee was the actual cost of providing sewer service to a new customer connecting to the city sewer system, and also no showing that the amount of the fee was based upon any such calculation, the fee was not a lawful fee for services, but, was rather, an impermissible tax.

Because portion of connection fee charged by city for water and sewer service for new users was not based upon the sewer service rendered to the new user who connected to the city's sewer system, rather, it was based upon the estimated cost of new construction needed to extend the system to future users in other areas, including areas outside the city in its area of impact, in order to meet public needs, fee was not authorized under Idaho Revenue Bond Act.