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City of Billings Sued Over Franchise Fees in Utility Bills.

A complaint is filed in Yellowstone County District court claiming franchise fees collected by the City of Billings on water and garbage utility bills are illegal.

The contention comes after the state Supreme Court struck down similar fees in the past.

The 15 page complaint is filed in Yellowstone County Court on the behalf of six Billings Public Works utility customers.

The complaint is seeking class action status which would up the number of plaintiffs from six to over 30,000.

“Billings residents sue the city of over utility franchise fees.”

That’s the headline in today’s edition of the Yellowstone County news.

A copy of the complaint shared with KULR-8 argues that these franchise fees are actually an illegal sales tax.

The franchise fee is listed under current charges standard utility bill.

The City of Billings outlined what the “franchise fees” are for and where they go in the “rules and regulation governing water and waste water services” published in February of 2009

Section 1611 states that the utility shall pay all money collected from franchise fees to the city of billings for use of its rights-of-way to install water/waste water lines. such money shall be deposited in the general fund.

This is where the complaint takes issue.

The plaintiffs argue the city’s “franchise fees” are not reasonably related to the city’s cost of providing water, sewer, and garbage disposal services.

This is because the general fund is used to support the general administrative costs of the city and other services provided by the city, including but not limited to public safety, municipal court, parks, recreation and public lands, and city finance costs.

The complaint asks the court to prevent the city from collecting future franchise fees and repay customers who have paid the fee over the last eight years.

That could be a hefty fee for the city in the neighborhood of \$15 million.

Breaking that number down, the average customer could see roughly \$30 returned to them after court costs are assessed.

Now again all that is only comes if a judge grants class action status in this case.

We did reach out to the city for comment.

City Administrator Bruce McCandless couldn't comment on the complaint as he has not been served with it yet.

However, he did say that this past march council members did request the franchise fee be removed from utility bills during the next fiscal year.

By Mary Jane Belleza

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KULR

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