HOUSE RESEARCH

Bill Summary

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Under current law, a municipality may impose a fee for a "license, permit, right or franchise" that raises revenue or defrays increased municipal costs due to gas or electric utility operations, or both. Under section 216B.02, a municipality means a city, however organized (i.e., statutory or home rule charter).

This bill as amended provides for public notice, a hearing, and reverse referendum on whether the municipality may impose a fee that raises revenue. An ordinance or agreement that imposes fees that raise revenue may be for up to five years.

The municipality, in its ordinance or agreement with the utility, must identify what will constitute a cost to the city. The notice must explain (1) the fee and its intended uses; (2) that the public utility is likely to pass the fee on to customers and how much that may increase customers' utility bills; (3) that alternatives to the revenue-raising portion of the fee are to raise the revenue from another source available to the municipality or forego planned uses of the revenue; and (4) what revenue raised from another source will cost those paying it.