

Utilities Sales Tax Rates and Taxability

Welcome to Utilities Sales Tax Rates and Taxability

This bulletin provides important information about the August 2024 release of Utilities Sales Tax Rates and Taxability. Please review this bulletin carefully. If you have any questions, additional information is available on CCH [Support Online](#).

Updates to Current Utilities Database – Addition of New Taxes to the Database Effective August 2024

Corvallis, Oregon Right-of-Way Usage Fee – Energy Service Providers

❖ Detailed Explanation of New Tax

Pursuant to our ongoing process of legislative review, we are hereby adding a new Right-of-Way Usage Fee in the city of Corvallis, Oregon applicable to the provision of gas and electric energy services equal to 5% of gross revenues, as captured by Tax Type 38.

To quote the key legislative provision (captioned “Right-of-Way Usage Fee”) that established the imposition of this tax:

“Every Person that owns Utility Facilities in the City and every person that uses Utility Facilities in the City to provide **Utility Service**, whether or not the Person owns the Utility Facilities used to provide the Utility Services, shall pay the ROW usage fee for every **Utility Service** provided using the ROW in the amount set forth in the license granted by the City.”¹

Meanwhile, as per the section captioned “Right-of-Way Licenses” that establishes the process by which utilities acquire a license:

“License Required.

Every person that owns, controls, or uses Utility Facilities in the ROW as of the effective date of this Ordinance shall apply for a license from the City within thirty (30) Days of the later of: (1) the effective date of this Ordinance, or (2) the expiration of a valid franchise from the City, unless a new franchise is granted by the City pursuant to subsection F of this Section.”²

Meanwhile, the term “utility service” is defined within Ordinance 2018-24 to mean “the provision, by means of Utility Facilities located within, under or above the ROW, whether or not such facilities are owned by the service provider, of **electricity, natural gas, Communications Services or Cable Services** to or from customers within the City limits, or the transmission or provision of any of these services through the City whether or not customers within the City are served by those transmissions.”³

As per correspondence received from the City of Corvallis, energy service providers pay 5% of gross revenues.⁴

¹ Corvallis, Oregon Ordinance 2018-24; Section 11.A.

² Corvallis, Oregon Ordinance 2018-24; Section 5.A.2.

³ Corvallis, Oregon Ordinance 2018-24; Section 4.Z.

⁴ Email response from Pam Vaughan, Franchise Utility/ROW Specialist – City of Corvallis, Oregon dated July 10, 2024.

Accordingly, based upon this combination of legislative resources and administrative advice, we are hereby adding a new Right-of-Way Usage Fee in the city of Corvallis, Oregon equal to 5% of gross revenues (as coded by Tax Type 38), effective with this month's release.

Provisions of the Corvallis, Oregon Right-of-Way Usage Fee

- **SHOWN ON CUSTOMER'S BILL AS: "RIGHT-OF-WAY USAGE FEE"**

- 1. **Rate** – 5% of Gross Revenues

- 2. **Pass-through of the Fee to Customers** – Varies

- 3. **Level of Taxation** - Tax is on the City level

- 4. **Tax-type** – 38 = Local License Tax

- 5. **Tax-cat** - Varies

- 6. **Base-type** – 01 = Seller – Gross Receipts

- 7. **Effective date** = October 10, 2018.

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