

Residential Street & Sidewalk Tax



A voter-approved tax on electrical and natural gas services in Cheney is expiring later this year. This dedicated funding paid for the repair of nearly 18 miles of existing residential streets, and nearly 6 miles of existing residential sidewalks throughout the city over 14 years. The 4 percent electric and natural gas tax will expire at the end of 2012. Cheney voters will decide August 7, 2012 whether to continue the program for another 14 years.

Funding & Plans

Funding 1999 - 2012

- Cheney electricity rate payers taxed at 4%.
- Cheney natural gas rate payers taxed at 4%.

Funding 2013 - 2018

- Cheney electricity rate payers taxed at 4%.
- Cheney natural gas rate payers taxed at 4%.

Plans 2013 - 2018

- 5 miles of streets currently identified for repair
- \$2.4 million estimated cost is not currently funded

What will this really cost rate payers?

The tax of 4% on electric and natural gas services is proposed to stay the same under the ballot measure. However, a historical look at how the tax burden affects rate payers shows that the burden may be lighter than earlier years of the program. Inflation, combined with utility rate adjustments, account for this change in tax burden. Below is an example of the relative cost of the program on an average residential user of electricity (using 1,000 Kwh/month) and natural gas (using 57 therms/month). This example uses 2004 as the comparison year because that is the date of the last rate change by the Cheney Light Department.

Change in Tax Burden for Average Residential Customer			
Service/year	Monthly Charge	RS&S Tax	Tax in 2012 Dollars
Electricity 2004	\$61.55	\$2.46	\$3.01
Electricity 2012	\$61.55	\$2.46	\$2.46
Difference	\$0.00	\$0.00	(\$0.55)
Natural Gas 2004	\$58.74	\$2.34	\$2.87
Natural Gas 2012	\$52.56	\$2.10	\$2.10
Difference	(\$6.18)	(\$0.24)	(\$0.77)

How could Tax Burden have gone down?

The Cheney Light Department hasn't changed its electricity rates since February 2004. Because of inflation, paying \$2.46 in tax in 2004 would have felt like paying \$3.01 now.

Natural gas customers in Cheney get their service from Avista Utilities. Because of market forces, the final price per therm being charged by Avista is actually 11 cents lower as of March, 2012 than it was in November, 2004. This all adds up to lower bills and a lower amount of money being paid in tax.

*Annual inflation 2004-12 was 2.56%. Historical natural gas rates available at www.avistautilities.com

Regional Electricity Cost Comparison

It is important for the City of Cheney to keep its utility prices competitive in the region. Not only do competitive prices help budget-conscious families, but maintaining cost efficient utilities makes Cheney economically competitive for new and existing businesses. While more than 80% of Washington cities levy taxes on utilities, the rates vary by jurisdiction. Here's how several regional electric utilities stack-up against each other as of January 1, 2012 before cities apply their taxes.

Average Monthly Pre-Tax Charge Compared Against Cheney Light						
	Residential		Small Commercial		Medium Commercial	
Avista Utilities	\$79.61	130%	\$342	194%	\$3,359	203%
Cheney Light	\$61.55	100%	\$176	100%	\$1,657	100%
Inland Power	\$74.13	121%	\$193	110%	\$2,114	128%
Vera Power	\$62.33	101%	\$192	109%	\$2,409	145%
	Average User: 1,000 kWh		Average User: 2,633 kWh		Average User: 36,871 kWh	

Frequently Asked Questions About the Residential Street & Sidewalk Tax

Q: Why couldn't this program be paid for by gas taxes?

A: Currently, some gas tax revenues help pay for upgrades to arterial streets in Cheney, but the majority covers operational expenses associated with streets; like sweeping, plowing, and sign installation and maintenance.

Q: Why couldn't this program be paid for by vehicle registration fees?

A: Students at Eastern Washington University significantly raise Cheney's population, but as students, many of them keep their vehicles registered in their "home" cities. This ratio of population to registered vehicles would make a fee largely out of line with fees charged by other cities.

Q: Why couldn't this program be paid for by property taxes?

A: Cheney has a relatively low ratio of property values to population. In 2011, Cheney's property valuation ranked 116th in the state, and had to support operations for the 75th largest city (mrsc.org).

Q: Why can't sales taxes pay for this?

A: Like with property taxes, the city boasts the 75th largest population in the state, but ranks 91st in sales tax revenue to pay for city services (mrsc.org).

Q: What will be the effect on revenues for the city if the tax isn't continued?

A: This revenue source currently generates roughly \$380,000 annually to maintain Cheney's residential streets and sidewalks.

Q: What will be the effect on rate payers?

A: Rate payers will not see a change from their current bills if the tax is continued. Below is a breakdown of how much is currently paid per month by residential customers (1,000 kWh), small commercial businesses (2,633 kWh), and medium sized commercial businesses (36,871 kWh).

Tax bill for average user	Residential	Small Commercial	Medium Commercial
Electric	\$2.46	\$7.04	\$66.28
Natural Gas	\$2.10	Not computed	Not Computed