

RESOLUTION 2016-082  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
DIRECTING THE MAYOR TO SUBMIT A LETTER TO THE UNITED STATES  
SECRETARY OF THE TREASURY URGING THE ADOPTION OF INTERNAL REVENUE  
SERVICE REGULATIONS OR OTHER LAWS TO EXCLUDE WATER CONSERVATION  
REBATES PROVIDED BY WATER UTILITIES FROM THE TAXABLE GROSS INCOME  
OF INDIVIDUALS UNDER THE FEDERAL INCOME TAX

WHEREAS, Fort Collins Utility Services aims to help preserve the environment and its customers money by offering rebates to its residential customers who participate in water conservation and energy efficiency programs by purchasing and installing certain qualifying equipment and improvements that contribute to water conservation and energy efficiency; and

WHEREAS, the rebates Utility Services provides to its residential customers under its energy efficiency program are currently excluded from the customer's federal taxable gross income under Internal Revenue Code Section 136, but the rebates it provides to its residential customers under its water conservation program are not; and

WHEREAS, Colorado's United States Senators and the WaterNow Alliance have all sent letters to the Internal Revenue Service and United States Treasury Department urging the adoption of regulations by the Internal Revenue Service or for the support of other laws to exclude from an individual's federal taxable gross income, water conservations rebates received from water utilities; and

WHEREAS, the City Council believes it would be in the best interest of its Utility Services customers to be able to exclude such rebates from their gross income taxed under the federal income tax and it would increase the incentive for customers to purchase and install water conservation equipment and improvements.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the City Council hereby makes and adopts the determinations and findings contained in the recitals set forth above.

Section 2. The Mayor is hereby authorized and directed to sign and send the attached letter to the United States Secretary of the Treasury in substantially the form attached hereto as Exhibit "A," subject to minor modifications as the Mayor, in consultation with the City Manager and City Attorney, may determine to be necessary and appropriate to protect the interest of the City and Utility Services or to effectuate the purposes of this Resolution.

Passed and adopted-at a regular meeting of the Council of the City of Fort Collins this 18th day of October, A.D. 2016.

ATTEST:



*W. Winkelman*  
City Clerk

*[Handwritten Signature]*  
Mayor



City Manager's Office  
City Hall  
300 LaPorte Ave.  
PO Box 580  
Fort Collins, CO 80522  
970.221.6505  
970.224.6107 - fax  
fcgov.com

October 20, 2016

The Honorable Secretary of the Treasury  
1500 Pennsylvania Avenue NW  
Washington, D.C. 20220

Dear Secretary Lew,

On behalf of the Fort Collins City Council, I am writing in support of resolving the uncertainty related to the taxability of water conservation rebates paid to residential utility customers and how the IRS taxes these rebates and to encourage an exemption from taxation for them similar to that provided for energy efficiency rebates. Energy efficiency rebates are exempted from an individual's taxable gross income under federal tax law and from the 1099-MISC federal tax form requirement.

Fort Collins Utilities aims to help preserve the environment and save our customers money through water conservation and energy efficiency programs. Customers receive these rebates by participating in and providing information to Utilities staff on equipment purchased and installed. Qualified equipment eligible for water conservation rebates include toilets, showerheads, sprinkler equipment and Xeriscape installations.

The Fort Collins City Council, along with Colorado's United States Senators and the WaterNow Alliance, support a tax exemption for water rebates similar to that on energy rebates. This exemption and clarity on tax liability will allow communities to continue and expand consumer rebates and subsidies which are the most cost effective and efficient tools for increasing water supply resilience and maintaining water affordability.

Living in a region where water conservation is critical, we continually look for ways and means to educate and incentivize conservation efforts in both the residential and business sectors. We encourage innovation and partnerships and do not want the threat of tax liability to be a hurdle in our efforts.

Thank you for your attention and efforts in this matter.

Sincerely,

Wade Troxell  
Mayor, Fort Collins, CO

Cc:  
Michael Bennet, United States Senator  
Cory Gardner, United States Senator  
Jared Polis, United States Representative