Newton Franchise Fee: Key Talking Points

Why we oppose the proposed 5% utility franchise fee, and why voters should decide

Why We Oppose Newton's Proposed Franchise Fee

1. A new tax on top of the highest city levy in Jasper County.

Newton residents already pay $17.10 per $1,000 of taxable valuation, the highest city-only levy of all 14 Jasper County cities and higher than Marshalltown, Grinnell, Indianola, Knoxville, Pella, and Ankeny. A 5% surcharge on every gas and electric bill stacks a second tax on families already carrying the heaviest load in the region.

2. A tax on necessities you cannot avoid.

You can shop around on almost anything else. You cannot opt out of heating your home in January or cooling it in July. Taxing essential utilities is taxing survival costs.

3. It hits fixed-income seniors and working families hardest.

Energy bills consume a much larger share of a small budget than a large one. A flat 5% on utilities is regressive by design. There is no homestead credit, no rollback, no exemption for the elderly or veterans. The protections built into property tax do not exist here.

4. A hidden tax with no accountability trail.

It shows up as a line buried in an Alliant or Black Hills bill, collected by the utility and passed to City Hall. No assessment notice, no annual levy hearing, no visibility. That is exactly why cities like it and exactly why taxpayers should not.

5. It taxes people and institutions property tax never touches.

Franchise fees apply to everyone inside city limits, including tax-exempt organizations and government offices. Churches, nonprofits, the school district, and the county itself would all pay Newton's new fee. In Burlington, a proposed 3% fee was estimated to cost Des Moines County roughly $155,000 to $160,000 a year just for its offices located in the city. One government taxing another, with taxpayers footing both sides.

6. It undermines the property tax relief the state just delivered.

The Legislature has worked to restrain property taxes. Cities shifting revenue into franchise fees is an end-run around that restraint. Statewide, 276 cities budgeted franchise fee revenue totaling $88.6 million in fiscal year 2025, and the trend is growing. Newton should not join the workaround.

7. Once it's in, it never leaves.

The phase-in to 5% reaches the ceiling allowed under Iowa law, and cities that adopt these fees almost never repeal them. This is not a temporary bridge. It is a permanent revenue stream that future councils will build budgets around.

8. The city hasn't exhausted the alternatives.

Before reaching deeper into residents' pockets, the council owes taxpayers a line-by-line review of spending priorities. Budget alternatives have been put on the table. A new tax should be the last resort, not the first tool off the shelf.

Why This Should Be a Voter Decision, Not a Council Decision

1. It's a tax in everything but name, and taxes of this scale deserve consent.

Iowa law is honest about what this money is: a fee assessed without regard to the city's cost of inspecting, supervising, or regulating the franchise. It is not a fee for service. It is general revenue. New broad-based taxes should require the consent of the people paying them.

2. Iowa already requires a vote for the comparable tax.

A local option sales tax cannot be imposed without a referendum. A franchise fee raising similar money from the same households requires only a revenue purpose statement and a public hearing, followed by three council votes on three readings. That is an inconsistency in the law, not a reason to exploit it.

3. Legal doesn't mean legitimate.

Yes, the Code allows the council to do this alone. It also allows the council to put it on the ballot. Choosing the path that avoids the voters tells you everything about how the city thinks the vote would go.

4. Fort Dodge showed the right way, and voters said no.

When Fort Dodge proposed swapping a 1% sales tax for a 5% franchise fee, the question went to the ballot, and voters rejected it in a September 2024 special election. Newton residents deserve the same say Fort Dodge residents got.

5. A permanent tax shouldn't rest on a temporary majority.

This fee will outlast every member of the current council. Decisions that bind households for decades belong to the community, not to whoever holds four seats this year.

6. If the case is strong, make it to the voters.

If this fee is truly necessary and the spending truly justified, the council should be able to persuade Newton residents at the ballot box. Refusing to try is an admission the case is weak.

7. Trust is on the line.

Passing a permanent utility tax on council readings, over sustained public objection, corrodes the trust local government depends on. A vote of the people settles the question with legitimacy no council vote can match.

Sources: Jasper County Auditor levy records (Taxing Year 2023); city council budget documents; Iowa Code sections 364.2 and 384.3A; Iowa Department of Management FY 2025 city budgets; ITR Foundation, "Iowa's Franchise Fees: An Overview."