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## **Payments for Temporary Relocation of Utility Facilities**

Where a public utility district receives payment from a contractor for the cost of moving facilities, is the income from the payment taxable?

When a contractor requires that the facilities of a public utility district be moved in order to proceed with a project, the public utility district may temporarily relocate its facilities for the convenience of a contractor. In these cases, the contractor usually pays the public utility district for the actual expense of moving the facilities.

When facilities are moved for the benefit of a business or individual, income from the business or individual is taxable. By moving its facilities, the public utility district is rendering a service for the contractor's benefit. The payment received from the contractor was ordinary income to the utility and subject to business and occupation tax under the service and other activities classification.

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