

RESOLUTION NO. 2008-422

Adopted by the Sacramento City Council

June 17, 2008

APPROVING UTILITY USER TAX REDUCTION AND FAIRNESS MEASURE TEXT TO BE SUBMITTED TO THE VOTERS.

BACKGROUND

- A. The City of Sacramento established a Telephone User Tax in 1969 for charges on telephone services, extended that tax in 1993 to include cellular and wireless telephone service, and has levied and collected a Utility User Tax on those services, and the current tax rate is 7.5%.
- B. Telephony and related communications services have changed dramatically in recent decades; communications technology, telephone calling and marketing plans and state and federal legislation continue to evolve at a rapid pace.
- C. Updating the City's tax on communications services to include current and emerging technologies and reflect the realities of the current communications industry requires voter approval under the California Constitution.
- D. The City desires to treat users of communications services in a uniform and equitable manner, regardless of the means of transmission or technology used, so that users of communications services transmitted by traditional technologies (such as telephone land lines) do not bear a greater tax burden than users of communications services transmitted via newly developed technologies.
- E. The City desires to reduce the tax rate on communications services from 7.5% to 7% under the Communications User Tax.
- F. A measure is proposed for placement on the November 4, 2008 ballot that would give effect to an ordinance reducing the tax rate for the Utility User Tax on communications services and apply it fairly to all communications users.
- G. The Telephone User Tax contained refunds for low-income persons, and the City desires to continue those refunds in the Communications User Tax.
- H. The Communications User Tax will require annual financial audits of tax expenditures and will require voter approval of any rate increase to the Communications User Tax.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1: That the City Council approves for submittal to the voters at the General Municipal Election the following question:

UTILITY USER TAX REDUCTION AND FAIRNESS MEASURE. Shall the Utility User Tax ordinance be amended to reduce the tax on communications users from 7.5% to 7.0%; assure that users of current and future communications technologies be treated fairly; preserve funding for essential municipal services like police, fire protection and youth programs; continue providing tax refunds for low-income residents and requiring annual independent financial audits; and prohibit any tax-rate increase without voter approval?

YES _____ NO _____

Adopted by the City of Sacramento City Council on June 17, 2008 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: None.



Mayor Heather Fargo

Attest:



Shirley Concolino, City Clerk