

REVISED LEGISLATIVE DIGEST

(Substituted, 6/7/2016)

[Initiative Ordinance - Business and Tax Regulations Code - Additional Utility Users Tax on Gas and Non-Renewable Electricity]

Motion ordering submitted to the voters an ordinance amending the Business and Tax Regulations Code to impose an additional utility users tax on persons using electrical energy in the City equal to 2.5% of the charges incurred, subject to certain exemptions including an exemption for persons using electrical energy from certain renewable energy resources, and an additional utility users tax on persons using gas in the City equal to 2.5% of the charges incurred, subject to certain exemptions; and increasing the City's appropriations limit by the amount of the additional tax for four years from November 8, 2016, at an election to be held on November 8, 2016.

Existing Law

Current law imposes utility users taxes on persons using electrical energy and gas in the City equal to 7.5% of the charges incurred, subject to certain exemptions, including an exemption for residential customers.

Amendments to Current Law

The initiative ordinance would impose additional utility users taxes on persons using electrical energy and gas in the City equal to 2.5% of the charges incurred, subject to certain exemptions. In addition to the exemptions from the current utility users taxes, the initiative ordinance would exempt users of certain renewable energy and persons qualifying for the State California Alternative Rates for Energy ("CARE") program and the Family Electric Rate Assistance ("FERA") program from the new tax on persons using electrical energy, and would exempt persons qualifying for the CARE program from the new tax on persons using gas. Unlike the current utility users taxes on persons using electrical energy and gas, residential customers would not be exempt from the new taxes.

The initiative ordinance would also increase the City's appropriations limit under Article XIII B of the California Constitution by the amount of additional taxes collected, for four years from the date of the election.