

## CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE "N STOP UTILITY USERS' TAX"

Residents of South Pasadena currently pay a Utility Users Tax (UUT) for water, gas, electricity, telephone and cable television service. The current rate is 7.5%. The UUT is a general tax, where revenues are paid into the City's General Fund. General Fund revenues are budgeted by the City Council annually for general City services, such as police and fire protection, 9-1-1 emergency response, paramedics, parks, libraries, youth and senior programs and street maintenance and repairs. If approved by a majority of South Pasadena voters, Measure "N" would amend the City's Municipal Code by repealing the UUT on gas, electric, water, telephone and cable television service in its entirety.

This measure is on the ballot because a number of residents circulated a petition and obtained sufficient signatures to qualify for the ballot under California Elections law. Therefore, the City Council placed this Measure on the ballot. If the measure is approved, the General Fund will no longer receive UUT revenues resulting in a loss of approximately \$3.4 million per year, representing a loss of 12% of the City's annual General Fund budget. The UUT is the City's second largest source of General Fund revenue (12%) after property taxes.

If the UUT is repealed, there would be a significant impact on the City's ability to provide services and programs at current levels. The City Council will have to decide, as part of the budgeting process, whether alternative revenues can be found, or whether City services and programs will have to be reduced or eliminated. Options to offset this potential revenue loss were considered in the Elections Code Section 9212 report approved by the City Council on July 18, 2018 which included: eliminating or reducing library services, eliminating or reducing community youth and senior programs, and reducing police and fire services.

Measure "N" requires simple majority approval of the voters to pass.

A "Yes" vote on Measure "N" will repeal the Utility Users Tax, and eliminate the General Fund revenue source.

A "No" vote on Measure "N" will not repeal the Utility Users Tax and will maintain the existing tax and the General Fund revenue source it provides.

The above statement is an impartial analysis of Measure "N". If you desire a copy of the proposed ordinance, please call the South Pasadena Chief City Clerk at (626) 403-7230; a copy will be mailed to you at no cost.

Date: August 17, 2018

By: Teresa L. Highsmith  
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