

## **UTILITY USERS TAX FREQUENTLY ASKED QUESTIONS**

### **WHAT IS THE UTILITY USERS TAX?**

Since 1983 South Pasadena residents and businesses have paid a Utility Users Tax (UUT) on certain utility services – telephone, cable, gas, water and electricity. The tax rate is currently 7.5% of the amount charged by the utility company for providing the service. The tax is collected by the utility company with its monthly billing and remitted to the City, which uses the revenue to provide services such as public safety, library, parks and recreation, and many programs benefiting school aged children, adults, and seniors.

### **WHY DOES THE TAX NEED TO BE RENEWED?**

The UUT is a critical source of revenue for the City, and at 12% of the City's General Fund, it is the second largest revenue source for the City, after property taxes. The UUT generates millions to help pay for integral services that the City provides to its residents on a daily basis. UUT funds help our City maintain public safety staffing levels, street and road maintenance, senior services and recreational programs, all of which make South Pasadena a desirable place to live and do business.

### **HOW WILL THE UUT ORDINANCE BE RENEWED?**

On August 5, 2020, the South Pasadena City Council voted unanimously to place Measure U on the November 3, 2020 ballot. If approved by voters, Measure U will allow the continuation of the existing tax at its current rate, until it is repealed by voters.

### **WILL PASSAGE OF MEASURE U INCREASE THE TAX RATE?**

No. The current tax rate of 7.5% will remain unchanged.

### **IS THERE AN EXEMPTION FOR QUALIFIED LOW-INCOME RESIDENTS FROM PAYING THE UUT?**

Yes. Under the existing UUT ordinance, certain low-income residents can qualify for an exemption from paying the UUT.

### **HOW CAN WE BE ASSURED THAT FUNDS WILL CONTINUE TO BE SPENT RESPONSIBLY?**

All city revenues and expenditures are subject to, and will continue to be subject to independent annual financial audits. Additionally the budget, financial statements, and other financial reports are available to the public on the city website.