



1.1

DEPARTMENT OF
FINANCE

REVENUE DIVISION

CITY OF SACRAMENTO
CALIFORNIA

November 3, 1997
RA97170:MF:ldm

CITY HALL
ROOM 104
915 J STREET
SACRAMENTO, CA
95814-2696

REVENUE
ADMINISTRATION
916-264-5724

Law and Legislation Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: ORDINANCE AMENDING THE UTILITY USERS TAX REFUND PROGRAM

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

It is recommended that the Law and Legislation Committee approve this report and forward to City Council for adoption the attached ordinance amending Chapter 41.06 of the Sacramento City Code related to the Utility Users Tax (UUT) Refund Program.

CONTACT PERSONS: Margaret L. Freeman, Revenue Manager, 264-5724
Carole L. Laurenty, Revenue Supervisor, 264-5856

FOR THE COMMITTEE MEETING OF: November 18, 1997

SUMMARY:

With the adoption of the FY 1997/98 General Fund Budget, City Council adopted a proposal to change the Utility Users Tax Refund Program to limit the tax refunded for telephone to the "lifeline" rate maximum and the tax refunded for cable television to the limited/economy rate maximum. The tax refund for electric and natural gas charges was to remain unchanged. The attached ordinance implements the tax refund changes as approved by City Council.

BACKGROUND INFORMATION:

During the budget hearings for FY 1997/98, City Council approved a Budget Addendum proposal to change the Utility Users Tax Refund Program to effect \$100,000 budget savings. The budget for the Utility Users Tax Refund program was reduced and the budget savings were applied to youth and senior programs that would otherwise have been eliminated.

/

With the adoption of the attached ordinance, the changes to the amount of tax refund will be as follows:

Telephone Charges Tax Refund: Total tax refunded will not exceed the total annual UUT paid on the June 1, 1997 "lifeline" telephone rate. For the calendar year 1997 tax refund, the maximum amount to be refunded in 1998 will be \$5.04 (7.5% tax rate for 12 months based on a \$5.62 monthly rate).

Cable Television Tax Refund: Total tax refunded will not exceed the total annual UUT paid on the June 1, 1997 basic/economy cable television rate. For the calendar year 1997 tax refund, the maximum amount to be refunded in 1998 will be \$10.68 (7.5% tax for 12 months based on a \$11.83 monthly rate).

To address City Council's concern that all Sacramento citizens who may qualify for the program are made aware of the program, the Revenue Division is currently working on completing a utility billing insert notice that will include program information in several languages other than English. Once the insert notice is completed in December, a copy will be forwarded to the City Council.

FINANCIAL CONSIDERATIONS:

The \$100,000 change to the Utility Users Tax Refund Program is reflected in the current FY 1997/98 Approved Budget by the reduction to the refund program and the restoration of funding to youth and senior programs.

It is estimated that the direct impact to tax refund program applicants will be an average reduction of \$24.00 per tax claim.

ENVIRONMENTAL CONSIDERATIONS:

The proposed action is exempt from the California Environmental Quality Act (CEQA) because it will have no conceivable effect on the physical environment.


POLICY CONSIDERATIONS:

Adoption of the proposed ordinance will implement City Council's approval of the program change as adopted by the FY 1997/98 budget. The change in the Utility Users Tax Refund Program is consistent with Council's policy for fiscal viability. The intent of the Utility Users Tax Refund Program of providing financial relief for senior and disabled residents will continue.

MBE/WBE EFFORTS:

There is no requirement for purchase of goods or services associated with this item.

Respectfully submitted,



Margaret L. Freeman
Revenue Manager

RECOMMENDATION APPROVED:



BETTY MASUOKA, Deputy City Manager

Attachment

ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AN ORDINANCE AMENDING SUBSECTIONS (b) AND (c) OF SECTION 41.06.062 OF THE SACRAMENTO CITY CODE RELATING TO UTILITY USERS TAX AND THE SENIOR CITIZEN AND DISABLED REFUND

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 41.06.062(b) of the Sacramento City Code is hereby amended to read as follows:

41.06.062 Senior citizens and disabled refund.

- (b) The amount of the refund made pursuant to this section shall be the total amount of the eligible tax for the calendar year ending in the fiscal year in which application for refund is made. The eligible tax is the tax paid as follows:
- (1) The tax as imposed by Section 41.06.052 and 41.06.052-1 but not to exceed the total annual tax on the "lifeline flat rate service" rate as published by the largest local provider as of June 1 of the calendar year.
 - (2) The tax paid as imposed by Section 41.06.053 and 41.06.053-1.
 - (3) The tax paid as imposed by Section 41.06.054 and 41.06.054-1.
 - (4) The tax paid as imposed by Section 41.06.54-2 but not to exceed the total annual tax on the "economy basic" service rate as published by the largest local provider as of June 1 of the calendar year.

- 1 -

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

4

- (c) The refund provided for in Subsection (a) and (b) shall be applied for on or before March 15, on a form prescribed by the city and shall be payable by the city periodically on a timely basis as the validity of the applications made is established, but no later than by June 30.

DATE PASSED FOR PUBLICATION:
DATE ENACTED:
DATE EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

AN ORDINANCE AMENDING SUBSECTIONS (b) AND (c) OF SECTION 41.06.062 OF THE SACRAMENTO CITY CODE RELATING TO UTILITY USERS TAX AND THE SENIOR CITIZEN AND DISABLED REFUND

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 41.06.062(b) of the Sacramento City Code is hereby amended to read as follows:

41.06.062 Senior citizens and disabled refund.

- (b) The amount of the refund made pursuant to this section shall be the total amount of the eligible tax for the calendar year ending in the fiscal year in which application for refund is made. The eligible tax is the tax paid as follows:
- (1) The tax as imposed by Section 41.06.052 and 41.06.052-1 but not to exceed the total annual tax on the "lifeline flat rate service" rate as published by the largest local provider as of June 1 of the calendar year.
 - (2) The tax paid as imposed by Section 41.06.053 and 41.06.053-1.
 - (3) The tax paid as imposed by Section 41.06.054 and 41.06.054-1.
 - (4) The tax paid as imposed by Section 41.06.54-2 but not to exceed the total annual tax on the "economy basic" service rate as published by the largest local provider as of June 1 of the calendar year.

- 1 -

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____

6

- (c) The refund provided for in Subsection (a) and (b) or (c) shall be applied for on or before March 15, on a form prescribed by the city and shall be payable by the city periodically on a timely basis as the validity of the applications made is established, but no later than by June 30.

DATE PASSED FOR PUBLICATION:

DATE ENACTED:

DATE EFFECTIVE:

MAYOR

ATTEST:

CITY CLERK

- 2 -

FOR CITY CLERK USE ONLY

ORDINANCE NO. _____

DATE ADOPTED: _____