

**IMPARTIAL ANALYSIS BY CITY ATTORNEY
CITY OF STANTON
MEASURE J**

This measure seeks voter approval of an increase in the Utility Users' Tax rate from 5% to 7.5% to be implemented by Ordinance Number 979. The original Utility Users' Tax was adopted in 1993 at the rate of 6%, subsequently lowered by the City Council to 5% and approved by the voters at that rate in 2001. Thus, the UUT currently imposes a 5% tax on the use of most utilities by residents and businesses. The tax currently applies to electricity, natural gas, water, and telephone services. The tax rate has never been increased. The current ordinance contains provisions for the Council to establish exemption of low income persons and also exempts utility companies from the tax. It also contains provisions relating to calculation and payment of the Utility Users' Tax, administration of the tax, and requests for refunds.

The Utility Users' Tax currently provides approximately \$2.1 million of the City's general fund revenue, or approximately 14% of the City's general fund operating budget.

A "yes" vote on this measure would approve the increase in the Utility Users' Tax, and approve Ordinance 979 which would update the definitions for various utilities to take into account changes in the law and technology, equalize the treatment of various telephone services and implement the Federal Mobile Telecommunications Sourcing Act, and extend the UUT to cover video programming services such as cable TV and similar services. The ordinance would also establish an annual adjustment for inflation according to the Consumer Price Index, and spells out the process for how that is calculated.

Approval of the measure would generate additional general fund revenue in the approximate amount of \$1.1 million annually, which can be used to fund all general services and programs, including public safety and other high priority services. The new tax rate would begin to be collected commencing approximately thirty days following certification of the election results.

A "no" vote on this measure would leave the tax rate at 5% and keep old utility definitions in place. If there is no increase in general fund revenue, the City Council will have to determine what programs, services or projects would have to be reduced, postponed or eliminated in coming budgets.

THE ABOVE STATEMENT IS AN IMPARTIAL ANALYSIS OF MEASURE J. IF YOU DESIRE A COPY OF THE MEASURE OR THE UTILITY USERS' TAX ORDINANCE, PLEASE CALL THE CITY CLERK'S OFFICE AT (714) 890-4245, AND A COPY WILL BE MAILED AT NO COST TO YOU.

Dated: March 5, 2012

s/ Kimberly Hall Barlow
City Attorney

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