

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2007 NOV 15 PM 4:13

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: December 4, 2007

RE: Supplemental Report – Low Income Exception/Tax Reduction on Utility Users Tax

SUMMARY

This is a supplemental report describing the low income exception or tax reduction related to the City's Utility Users Tax. This report was requested by the City Council Finance Committee at its November 13, 2007 meeting. The supplemental request was made during the Committee's consideration of the Ordinance amending Chapter 4.28 of the Oakland Municipal Code, entitled Utility Users' Tax, to clarify the provisions of the Telephone Utility Users Tax and remove obsolete provisions.

FISCAL IMPACT

There is no fiscal impact. This supplemental report is for information only and no action is being requested.

BACKGROUND

The current Utility Users Tax Ordinance, Chapter 4.28 of the Oakland Municipal Code, Sections 4.28.040 and 4.28.050 provide an exception that allows a reduction of the current tax rate of 7.5% to 5.5% on electricity and gas use for persons qualifying for the low-income rate assistance CARE (California Alternative Rates for Energy) program offered and administered by the Pacific Gas and Electric Corporation.

DISCUSSION

The City's Utility Users Tax Ordinance provides two specific exceptions or tax rate reductions for low income households:

4.28.040 Electricity users tax imposed.

There is imposed a tax upon every person, other than an electrical corporation (as defined by and licensed by the California Public Utilities Commission), who receives electrical energy within the limits of the city from an electrical corporation. The tax imposed by this Section shall be at the rate of seven and one-half (7.50) percent of all charges made for

such energy, including minimum charges for service but excluding charges for energy supplied to streetlights, and shall be paid by the person paying for such energy. Excepted from this tax increase are persons qualifying for the CARE program offered by the Pacific Gas & Electric Corporation ("PG&E"). (Prior code § 5-23.04)

4.28.050 Gas users tax imposed.

A. There is imposed a tax upon every person, other than a gas corporation (as defined by and licensed by California Public Utilities Commission) who receives gas (including but not limited to propane, butane, and any other gas used for fuel) within the limits of the city which is delivered through mains or pipes by a gas corporation or delivered by any means of transportation. The tax imposed by this section shall be at the rate of seven and one-half (7.50) percent of all charges made for such gas, including but not limited to minimum charges for service, or pipeline usage and shall be paid either by the persons paying for such gas, or collected by the service supplier. Excepted from this tax increase are persons qualifying for the low income rate assistance CARE program offered by the Pacific Gas & Electric Corporation ("PG&E").

B. Charges made for gas to be used in the generation of electrical energy by an electrical corporation shall be excluded from the charges on which the tax imposed by this section is computed. (Prior code § 5-23.05)

Taxpayers can learn about PG&E's CARE program by calling 1-866-743-2273. Information is provided in multiple languages.

There are no low income exceptions or tax rate reductions related to either telephone use or cable services.

SUSTAINABLE OPPORTUNITIES

Economic: There are no new economic opportunities resulting from this supplemental report.

Environmental: There are no environmental opportunities resulting from this supplemental report.

Social Equity: There are no social equity opportunities resulting from this supplemental report.

DISABILITY AND SENIOR CITIZEN ACCESS

There are no impacts on disability and senior access from this supplemental report.

RECOMMENDATION AND RATIONALE

Staff recommends the City Council receive this informational report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends the City Council receive this informational report.

Respectfully submitted,



William E. Noland
Finance and Management Agency Director

Prepared by:
Terry Adelman, Revenue Manager

APPROVED AND FORWARDED TO THE
CITY COUNCIL:


Office of the City Administrator

Item: _____
City Council
December 4, 2007