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DEPARTMENT OF  
FINANCE  
  
REVENUE DIVISION

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 114  
730 I STREET  
SACRAMENTO, CA  
95814-2696

REVENUE  
ADMINISTRATION  
916-808-5724

May 5, 2005

Law & Legislative Committee  
Sacramento, California

Honorable Members in Session:

**SUBJECT: AUTOMATION OF CITY UTILITY USERS TAX REFUND PROGRAM BY  
AMENDING CITY ORDINANCE CHAPTER 3.32.170 TO ALLOW  
ENERGY PROVIDERS INDIVIDUAL TAX EXEMPTIONS FOR LOW-  
INCOME RESIDENTS**

**LOCATION AND COUNCIL DISTRICT:** Citywide

**RECOMMENDATION:**

This report requests that the Law and Legislation Committee approve and forward to the Mayor and the City Council the attached ordinance amending Title 3.32.170 of the City Code related to automated low-income citizen utility users tax refund program.

**CONTACT PERSON** Gus Vina, Director of Finance, 808-7138  
Brad Wasson, Revenue Manager, 808-5844

**FOR THE COMMITTEE MEETING OF** May 17, 2005

**SUMMARY**

The Mayor and City Council directed staff to pursue automated Utility Users tax refunds via a partnership with Sacramento Municipal Utility District (SMUD) and Pacific Gas and Electric Company (PG&E) on December 14, 2004. The intent was to take advantage of SMUD and PG&E's successful low-income assistance programs by refunding the City tax directly through the utilities billing process.

With the adoption of the attached ordinance, SMUD, PG&E and the City will be able to implement this program July 1, 2005.



## **BACKGROUND**

The Utility Users Low-income tax refund program was established in 1978 to financially assist a low-income segment of city residents. Over the years it has evolved to reach more households and focus on tax refunds for essential utility services.

On December 14, 2004, the Mayor and city council directed staff to:

- a) Develop partnerships with SMUD and PG&E to provide direct refunds on low-income customer bills.
- b) Change the City code qualification requirements to match the low-income programs for SMUD and PG&E.
- c) Change City Code to no longer include the telephone and cable refunds.

SMUD and PG&E are excited about this opportunity to further help our low-income customers. They have been making preparations to reduce the tax on the monthly bills for the low-income discount program. Both energy providers believe they can implement this change on July 1, 2005.

The attached ordinance replaces City Code section 3.32.170 entirely. The replacement code allows for the exemption of Utility Users tax collection for participants of an energy service suppliers (SMUD or PG&E) low-income assistant program. The replacement code no longer includes refunds for telephone and cable utility users' tax.

## **FINANCIAL CONSIDERATIONS**

The FY 2005/06 proposed budget includes amending the expense budget for refunds and reducing the revenue budget for Utility Users tax collection to account for the automated refund program.

## **ENVIRONMENTAL CONSIDERATIONS**

Not applicable.

## **POLICY CONSIDERATIONS**

This recommendation is consistent with the Mayor and City Council's direction to increase Utility User's Tax refunds to low-income households.

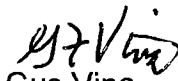
**ESBD EFFORTS**

No goods or services are being purchased at this time.

Respectfully submitted,



Brad Wasson  
Revenue Manager



Gus Vina  
Finance Director

RECOMMENDATION APPROVED:



KEN NISHIMOTO  
Assistant City Manager

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# ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

AN ORDINANCE AMENDING SECTION 3.32.170 OF CHAPTER 3.32 OF THE  
SACRAMENTO CITY CODE PERTAINING TO THE UTILITY USER TAX  
REBATE PROGRAM

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

## **SECTION 1.**

Section 3.32.170 of the Sacramento City Code is hereby amended to read as follows:

### **3.32.170 Low-Income Service User Exemptions.**

A. A service user shall be exempted from paying the electrical user and additional electrical user taxes imposed by Sections 3.32.050 and 3.32.060 of this chapter under the following conditions:

1. The electrical energy for which the service user would otherwise pay the taxes imposed by Sections 3.32.050 and 3.32.060 of this chapter is delivered to the service user's residence and such residence is located within the City; and
2. The service user is duly-enrolled in a low-income assistance program provided by the person supplying the electrical energy. For the purposes of this subdivision, a low-income assistance program includes, but is not limited to, the Sacramento Municipal Utility District's Energy Assistance Program Rate; and
3. The eligibility criteria of the low-income assistance program of the person supplying electrical energy are based, in whole or in part, on the Federal Poverty Guidelines.

B. A service user shall be exempted from paying the gas user and additional gas user taxes imposed by Sections 3.32.070 and 3.32.080 of this chapter under the following conditions:

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DATE ADOPTED: \_\_\_\_\_

1. The gas for which the service user would otherwise pay the taxes imposed by Sections 3.32.070 and 3.32.080 of this chapter is delivered to the service user's residence and such residence is located within the City; and
  2. The service user is duly-enrolled in a low-income assistance program of the person selling the gas. For the purposes of this subdivision, a low-income assistance program includes, but is not limited to, Pacific Gas and Electric Company's California Alternative Rates for Energy Programs; and
  3. The discount and eligibility criteria of the low-income assistance program of the person selling the gas are established by the California Public Utilities Commission.
- C. Notwithstanding Sections 3.32.050(C), 3.32.060, 3.32.070(D), and 3.32.080 of this chapter, a person who supplies electrical energy or sells gas shall not be required to collect and remit the taxes that would otherwise be imposed by Sections 3.32.050, 3.32.060, 3.32.070, and 3.32.080 from a service user who is exempted from paying such taxes pursuant to subsection A or B of this Section; provided, however, where a person is not required to collect and remit taxes pursuant to this subsection, the person shall in its monthly remittance to the City include a statement of the total taxes that would have been imposed pursuant to Sections 3.32.050, 3.32.060, 3.32.070, and 3.32.080 in the absence of the exemptions specified in subsections A and B of this Section.
- D. In addition to the right to inspect records provided by Section 3.32.150 of this chapter, the City collector or authorized representative shall have the right to inspect the low-income assistance program records of persons supplying electrical energy or selling gas.

DATE PASSED FOR PUBLICATION:

DATE ENACTED:

DATE EFFECTIVE:

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MAYOR

ATTEST:

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ORDINANCE NO. \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

CITY CLERK \_\_\_\_\_

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