



County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

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SUSAN A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

November 28, 2001

AGENDA: December 4, 2001

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, California 95060

REPORT ON THE ALTERNATIVE UTILITY TAX MEASURE

Dear Members of the Board:

On September 18, 2001 a petition was filed with the County Elections Department calling for the repeal of the County Utility Tax. On October 16, 2001 your Board received notice from the County Clerk that the number of signatures on the petition was sufficient and directed the County Administrative Officer to coordinate the preparation of a report pursuant to Section 9111 of the Elections Code and scheduled the report and a decision on either: (a) adopting the repeal ordinance for the County Utility Tax; or (b) placing the matter on the March 5, 2002 ballot, for November 20, 2001. On November 20, 2001 your Board:

1. considered the report of the County Administrative Officer on the effects of the repeal of the County Utility Tax on the programs and services provided by Santa Cruz County and took action to place the matter on the ballot for the March 5, 2002 elections;
2. implemented your June 2001 decision to return any windfall utility tax receipts from California's energy crisis to rate payers by adopting a resolution which ordered a temporary two and half percent reduction in the County Utility Tax; and
3. directed that the County Administrative Office provide a report on a possible alternative utility tax measure for the Board's consideration on December 4, 2001.

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The purpose of this letter is to advise your Board that after a review of the current Utility Tax Ordinance, we have concluded that the current ordinance was well written and contains an appropriate array of exemptions and powers. For example, the ordinance is flexible enough to provide your Board with the authority to reduce the rate for gas and electricity in order to return windfall receipts from the energy crisis to rate payers. The current ordinance also contains an exemption for agriculture and tax relief for low income payers as well as relief for large users. The provisions of the ordinance are generally consistent with the ordinances of the local cities and with the ordinances of other counties. Therefore, we would not recommend that the Board place an alternative measure on the March 5, 2002 ballot.

Finally, your Board requested that we comment on the concept of placing a measure on the ballot to advise on service reductions. This approach is also not recommended.

It is RECOMMENDED that your Board accept and file this report.

Very truly yours,



Susan A. Mauriello
County Administrative Officer

cc: County Counsel

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