

Agenda Report

TO: CITY COUNCIL

DATE: DECEMBER 10, 2007

FROM: CITY MANAGER

SUBJECT: DIRECT THE CITY ATTORNEY TO PREPARE AND AMENDMENT TO THE UTILITY USERS TAX ORDINANCE, CHAPTER 4.56 OF THE PASADENA MUNICIPAL CODE INCREASING THE INCOME THRESHOLD FOR EXEMPTION FROM THE UTILITY USERS TAX.

Recommendation

It is recommended that the City Council Direct the City Attorney to prepare an amendment to the Utility Users Tax Ordinance, Chapter 4.56 of the Pasadena Municipal Code increasing the income threshold for exemption from the Utility Users Tax.

Background

On October 22, staff presented a series of recommendations related to ordering the submission of Measure D, Pasadena Utility Users Tax Continuation Measure, on the February 5, 2008 Special Municipal Election ballot. During the ensuing discussion, staff was requested to examine the low income senior exemption provision of the Utility Users Tax ordinance in light of recent changes to eligibility requirements in City utility assistance programs.

The current exemption provision in the UUT ordinance provides that any service user who is 62 years of age or older and any service user who meets the criteria of disability as established by the Social Security Administration's Supplemental Income Program for the Aged, Blind and Disabled is eligible for exemption from the utility users tax provided the gross annual income per calendar year of the household in which such individual resides is less than \$12,000 for a household with only one qualifying individual, plus \$4,000 for each additional qualifying individual.

Staff is recommending that the income threshold be increased to be consistent with the eligibility criteria adopted this past March for the Water and Power Department's low income assistance program. Such criteria are consistent with the lowest income criteria used by the City's Housing and Community Development Division for the Rental Assistance Program and have the added benefit of being adjusted annually. The

following table highlights how the proposed amendment would change the income thresholds for exemption from the City's Utility Users Tax.

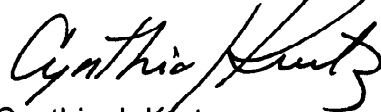
Number of Persons in Household	Current Income Threshold	Proposed Income Threshold*
1	\$12,000	\$25,900
2	\$16,000	\$29,600
3	\$20,000	\$33,300
4	\$24,000	\$37,000

*adjusted annually

Fiscal Impact

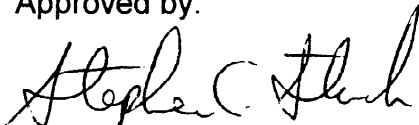
It is estimated that by increasing the income threshold the number of households eligible for exemption from the UUT will increase from an estimated number of 1,600 to 5,000. The impact on overall UUT revenues will be a function of how many of these additional households seek exemptions. Nevertheless, the overall impact is not expected to be significant.

Respectfully submitted,



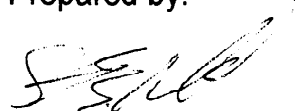
Cynthia J. Kurtz
City Manager

Approved by:



Stephen C. Stark
Director of Finance

Prepared by:



Steve Mermell
Deputy Finance Director