

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE HH

This measure was placed on the ballot by the City Council.

The measure would increase the utility user taxes on electricity and gas from 7.5% to 10% and would authorize the City Council to further increase the tax on gas by an additional 2.5%.

Utility user taxes are taxes on the use of utility services in the City of Berkeley and are generally measured as a percentage of the charge for the utility service. The taxes are collected by the utility providers on the customers' utility bills and remitted to the City. This measure would not increase the rates of City's utility user taxes on telephone or video services.

PG&E has informed the City that currently it cannot collect utility user taxes on gas and electricity at different rates. Consequently, although this measure allows the City Council to increase the tax on gas by an additional 2.5%, the City could not do this until PG&E is able to collect it.

The measure would exempt individuals enrolled in the California Alternate Rates for Energy Program (CARE) or the Family Electric Rate Assistance Program (FERA) from both the gas and electricity user taxes.

The measure would create the Climate Equity Action Fund and revenues from the increases in the gas and electricity user taxes may be placed in the fund, as well as any other funds designated by the City Council.

The measure would rename the Energy Commission the Climate Action and Energy Commission and would direct the commission to provide non-binding recommendations to the City Council on how revenues in the Climate Equity Action Fund could be spent to address environmental justice, climate equity issues, and the impact of climate change on the City's low income and most vulnerable populations. At the City Council's discretion, revenues in the Fund may be spent on the Commission's recommendations or any other municipal purpose.

The measure would also make technical changes to the utility user tax ordinances.

The measure would impose a general tax that could be spent on any government purpose and shall pass if approved by a majority of the voters voting on the measure.

Financial Implications

The 2.5% increase in the gas and electric utility user taxes is estimated to generate \$2.4 million per year. Increasing the gas users tax a further 2.5% as authorized by the measure is estimated to generate an additional \$730,000 per year.

The above statement is an impartial analysis of Measure HH.

s/FARIMAH FAIZ BROWN
Berkeley City Attorney