

## **CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE U**

This Measure is submitted to the voters by the Glendale City Council to ratify and update the City's existing Utilities Users Tax ("UUT"), so that it can be applied equally to both older telephone technology and to newer telecommunications technology, while reducing the tax rate from 7% to 6.5%, and continuing to exempt low-income seniors and disabled persons.

A UUT is a tax levied on each user of a telephone within the City's boundaries. Since 1969, the City has imposed a telephone users' tax on persons using telephone service in the City. The tax is based on the telephone user's monthly usage, collected by the telephone provider and conveyed to the City. The current tax rate is 7% of the charges billed. This Measure will reduce the tax rate for telephone usage to 6.5%.

In past years, Glendale, and most California cities with telephone UUTs, relied on federal law definitions to describe which specific telephone services are covered by the UUT. These definitions have been changed by the federal government and no longer reflect the City's original intent. Telephone companies have also introduced new technology and added many other new services and features. This Measure applies to existing landline, including long distance, wireless and other phone technology.

The Utility Users' Tax provides just over \$8 million of the City's general fund revenue, or approximately 5% of the City's general fund operating budget, which is used primarily for provision of the City's basic services such as police, fire, emergency medical services, parks, recreation, libraries and other general services.

This Measure would:

- Reduce the current tax rate of 7% to 6.5% for telecommunications services. The tax applies to all telephone services regardless of the technology used. Voter approval is required for any future tax increase.
- Ratify an ordinance previously adopted by the Glendale City Council, which removes references to the federal law definitions from the City's telephone UUT and replaces new definitions that address new technology. The new language treats all telephone customers the same for local tax purposes.
- Add a provision to allow for annual audits to confirm the tax is properly collected and spent by the City according to the

requirements of this Measure and other laws. The audit will be performed by a qualified independent third party. The results of these audits will be available to the public.

This Measure would not:

- Apply to access to the internet.
- Apply to digital downloads, such as books, music, games and similar products.
- Affect the current UUT on electricity, gas, and water.
- Change existing exemptions for low-income seniors and disabled persons.

This Measure requires approval of a majority of voters. A "yes" vote for this Measure will reduce the tax and approve the modifications described above. A "no" vote against this Measure will leave in place the City's existing UUT ordinance.

**THE ABOVE STATEMENT IS AN IMPARTIAL ANALYSIS OF MEASURE U. IF YOU DESIRE A COPY OF THE MEASURE, THE PROPOSED ORDINANCE, OR THE EXISTING UUT ORDINANCE, PLEASE CALL THE CITY CLERK'S OFFICE AT (818) 548-2090, AND A COPY WILL BE MAILED AT NO COST TO YOU.**

s/ Scott H. Howard  
City Attorney

## Argument in Favor of Measure U

VOTE YES ON MEASURE U to preserve essential services and quality of life in the City of Glendale.

Since 1969, the City of Glendale has used its utility users tax (UUT) to help pay for essential services such as parks, police, fire, street repair, and much, much more. Unlike property taxes, every dollar of Glendale's UUT stays in Glendale to work for you. Measure U is NOT a new tax. It is a reduction of the City's current utility user tax percentage on telecommunications services from 7% to 6.5%. Existing exemptions for low-income seniors and disabled persons of any age will remain in place. To keep pace with technology, this Measure modernizes the City's UUT so that ALL taxpayers are treated the same regardless of the communications technology used. This Measure does NOT impose a tax on internet access or on digital downloads like music, games, and ringtones. Measure U does NOT affect the current UUT on electricity, gas, and water. It improves accountability by allowing for annual independent audits to ensure that taxes are being properly collected and spent. This Measure is about fairness.

By treating ALL users of similar communications services the same, regardless of technology, it is projected that Measure U will produce approximately the same amount of tax revenue— using a lower tax percentage, spread across all users of telecommunication services.

A YES vote on Measure U will allow Glendale to continue to provide the programs and services for local children, adults and seniors that make Glendale a great place to live and work. Without it, the high quality services Glendale citizens enjoy could be in jeopardy.

Join with friends, neighbors, community leaders and businesspeople who want to maintain Glendale's high standard of service.

Help ensure a bright future for Glendale. VOTE YES ON MEASURE U.

Signed,

/s/ John Drayman, Mayor, City of Glendale  
/s/ Jim Starbird, City Manager, City of Glendale  
/s/ Randy Adams, Police Chief, City of Glendale  
/s/ Harold Scogins, Fire Chief, City of Glendale

## Argument Opposing Measure U

The City of Glendale wants you to vote for a measure they say will cut your telecommunications tax rate. In fact it will INCREASE YOUR TAXES because the City will increase the number of devices and services you pay taxes on. If a non-taxed service is bundled with a taxed service you will be taxed on BOTH!

Don't be fooled the money goes into the General Fund to pay salaries. The tax is NOT earmarked for essential services. That is scare talk.

- The existing 7% tax is only on a portion of your telephone services, while the 6.5% tax will tax many additional uses like watching TV on your cell phone and those not even invented.
- This is a general tax. As it is not earmarked it will be used for City salaries and benefits.
- City documents show that this measure WILL increase your overall telecommunication taxes.
- An affirmative vote will make it more difficult to challenge the law when it is wrong.

Taxpayers and families are facing loss of jobs, foreclosures, higher food prices, declining home values and higher utility rates.

Vote 'NO' if you want to cut your tax bill.

Remember the \$100K club, 523 city employees being paid between \$100,000 and \$250,000 in 2007, not counting benefits. In 2008 they received \$8,000,000 in raises from your pocket.

A 'NO' vote is a vote for accountability.

A 'NO' vote means money in your pocket.

A 'NO' vote sends a message to council to live within their means like we do.

A 'NO' vote may mean a refund on the onerous tax.

Vanguardians, Inc.

/s/ Barry Allen Silvarman, Exec. Director  
/s/ Christian Arbid, Director  
/s/ Pauline Field, Director, VP  
/s/ Director