LEAGUE OF WOMEN VOTERS OF ALAMEDA

County of Alameda – Measure V
51% Required to Pass

Pros & Cons: Extend Utility Users Tax for Alameda County Unincorporated Areas -- Measure V

The Question

"Shall an ordinance be approved to extend until 6/30/2033, with no increase to the current 6.5% tax rate, the existing Utility Users Tax, collected only in the unincorporated areas (Ashland, Castro Valley, Cherryland, Fairview, San Lorenzo, Sunol), providing approximately $12 million annually which may fund County Services, including services to unincorporated areas (e.g., Sheriff, Library, Planning, Code Enforcement), retaining current exemptions and exclusions, including exemptions for low income or lifeline utility users, and making clarifying/administrative changes?"

The Situation

Alameda County established a 5.5% utility tax on residents of unincorporated areas in 1992. Voters extended the tax in 1996 and 2000 and raised it to 6.5% in 2008. The tax is collected from consumers by the utility service provider, which then passes on the revenue to the county.

Alameda is one of four counties in the state that levy a utility user tax, and nearly 160 cities rely on this tax for discretionary income. Many cities created utility user taxes in response to state cuts to revenues in the early 1990s and the loss of property taxes. Alameda County's rate is somewhat higher than that of cities such as Newark (3.25%) and Emeryville (5.5%), though it's less than the rates in Oakland, Berkeley and Piedmont (7.5% for each).

The Proposal

Measure V would extend Alameda County's current tax on utility services (covering electricity, telephone, natural gas, and cable) for residents in unincorporated areas of the county. The current tax is 6.5% and is set to expire in June 2021; this measure would extend the current tax rate by 12 years, to June 2033.

The tax would exempt government agencies, life support systems and agricultural uses and those who qualify for low-income rate assistance programs from Pacific Gas & Electric (PG&E).[1]

The measure would not apply to incorporated cities of Alameda County, many of which have their own utility taxes. However, state law requires that all Alameda County residents vote on this measure.

Fiscal Effect

It is estimated that the measure would raise $12 million per year. Measure V is a general tax, and revenues collected would be deposited into the county's General Fund. However, it has been the policy of the Alameda County Board of Supervisors to dedicate revenues toward services that benefit the unincorporated areas.

What a Yes or No Vote Means

A **YES** vote means the existing Utility Users Tax of 6.5% would be extended to June 30, 2033 for unincorporated areas of Alameda County.

A **NO** vote means the existing Utility Users Tax of 6.5% would expire on June 30, 2021 for unincorporated areas of Alameda County.

Pros

- Measure V would continue existing exemptions for low-income households and those who rely on energy consumption for life-saving medical support.
- Measure V would tax the use of electricity and gas, which contributes to greenhouse gas emissions and climate change.
- This measure would raise needed funds in the unincorporated areas of the county, which would otherwise face cuts to services.
- The measure would include exemptions for low income and lifeline utility users.
- Many cities, including Alameda (at 7.5%), levy a utility user tax.

Cons

- The tax is regressive taking a larger share of income from low-income households.
- The County Council should have considered adjustments for lower rates on renewable sources and less harmful utilities.
- The tax would be deposited into the County's General Fund so there is no obligation to spend the tax on the unincorporated parts of the county.
- All voters in the County vote for taxes paid only by unincorporated residents.

Footnote

1. PG&E's California Alternate Rates for Energy Program (CARE) is a monthly discount of 20% or more on gas and electricity for qualifying low-income households. The Family Electric Rate Assistance Program (FERA) is a monthly discount of 18% on electricity only for qualifying families. See:tinyurl.com/mv6gy6t.