

# CITY OF BURBANK

## MEASURE U – UTILITY USERS TAX MODERNIZATION FREQUENTLY ASKED QUESTIONS

### **WHAT IS THE UTILITY USERS TAX?**

Since 1969 Burbank residents and businesses have paid a Utility Users Tax (UUT) on certain utility services – telephone, gas, and electricity. The tax rate is 7% of the amount charged by the utility company for providing the service. The tax is collected by the utility company with its monthly billing and remitted to the City, which uses the revenue to provide services such as public safety, libraries, parks and recreation, as well as many programs benefiting school aged children, adults, and seniors.

### **WHY DOES THE TAX NEED TO BE MODERNIZED?**

Advances in telecommunications technology in recent times have made it necessary to modernize the telecommunications portion of the UUT ordinance. When the UUT ordinance was first enacted over 40 years ago, telephone service was much simpler, highly regulated and usually offered by only one provider. The intent of updating or “modernizing” the UUT ordinance is to treat all users of telecommunications services the same regardless of the type of technology used, whether that’s traditional land line, wireless, or more recent advances such as “private network service” and VoIP (Voice over Internet Protocol).

### **HOW WILL THE BURBANK UUT ORDINANCE BE MODERNIZED?**

On November 2, 2010 the Burbank City Council voted unanimously to place Measure U on the April 12, 2011 ballot. If approved by voters, Measure U will amend the telecommunications UUT language in the Burbank Municipal Code without any change in the tax rate. The measure will update the ordinance and continue an existing tax that telephone users have been paying since 1969.

### **WILL PASSAGE OF MEASURE U INCREASE THE TAX RATE?**

No. The current tax rate of 7% will remain unchanged.

### **IS BURBANK THE ONLY CITY MODERNIZING ITS UUT?**

No. Approximately 150 local agencies in California have a utility users tax. Over one half have already received voter approval for a modernized ordinance. Many other cities’ UUT ordinances were recently passed as a new tax and do not need to be modernized because they already include modern telecommunications technology. Cities that have a voter approved modernized UUT include: Los Angeles, Glendale, Pasadena, Long Beach, Sierra Madre, Huntington Beach, Santa Monica, Culver City, and Redondo Beach among others.

### **QUALIFIED LOW-INCOME RESIDENTS ARE CURRENTLY EXEMPTED FROM PAYING THE UUT. WILL THESE EXEMPTIONS BE MAINTAINED IF THE MEASURE PASSES?**

Yes. Under the existing UUT ordinance, certain low-income residents can qualify for an exemption from paying the UUT. Measure U does not change that exemption. Those residents who have qualified for an exemption in the past will continue to be exempt from paying the UUT if Measure U passes.

### **HOW CAN WE BE ASSURED THAT FUNDS WILL CONTINUE TO BE SPENT RESPONSIBLY?**

Burbank has a reputation for outstanding and conservative fiscal planning and budgeting. Burbank is one of few cities to have earned a AAA bond rating, the highest possible. All city revenues and expenditures are subject to, and will continue to be subject to independent annual financial audits. Additionally the budget, financial statements, and other financial reports are available to the public at the city website and libraries.