



CITY OF HAYWARD

Hayward City Hall
777 B Street
Hayward, CA 94541
www.Hayward-CA.gov

Cover Memo

File #: CONS 15-175, **Version:** 1

DATE: September 22, 2015

TO: Mayor and City Council

FROM: Director of Finance

SUBJECT

Authorization of an Agreement with the State Board of Equalization for Implementation of the Local Prepaid Mobile Telephony Services Collection Act and Authorization of Examination of Prepaid Mobile Telephony Services Surcharge and Local Charge Records

RECOMMENDATION

That Council approves the attached resolution authorizing the City Manager, and delegates, examination of the records maintained by the State Board of Equalization related to the Boards collection of Surcharge and Local Charge Records on the City's behalf.

BACKGROUND

In September 2014, the State enacted Assembly Bill 1717 (Perea) Telecommunications: prepaid mobile telephony services, state surcharge and fees, local charges collection. This bill enacted the Prepaid Mobile Telephony Service (MTS) Surcharge Collection Act. The bill established a prepaid MTS surcharge, as defined, based upon a percentage of the sales price of each retail transaction that occurs in this state for prepaid mobile telephony services, as defined. The prepaid MTS surcharge would include the emergency telephone users surcharge and PUC surcharges. The bill requires sellers to collect the prepaid MTS surcharge, as provided, from a prepaid consumer and remit the amounts collected to the State Board of Equalization pursuant to the Fee Collection Procedures Law, unless the seller is a direct seller. The bill would require the Board, after deducting its administrative expenses, to deposit the amounts collected for the emergency telephone users surcharge into the Prepaid MTS 911 Account and to deposit the amounts collected for PUC surcharges into the Prepaid MTS PUC Account in the Prepaid Mobile Telephony Services Surcharge Fund, which the bill would establish in the State Treasury. These charges will be subject to local Utility Users Taxes, including the City of Hayward's UUT.

DISCUSSION

The prepaid Utility Users Tax (UUT) for these charges will begin to be collected on January 1, 2016. The wireless carriers will begin remitting their MTS UUT to the City at the end of February and every month thereafter. For the State Board of Equalization (BOE) to collect and remit to the City UUT associated with the MTS, the City must submit the following to the BOE by the end of September 2015:

- 4 original copies of the Local Charge Agreement
- 4 original copies of the Certification
- 4 certified copies of the Resolution authorizing the execution of the agreement.
- 4 certified copies of the Ordinance.
- 1 copy of the Resolution authorizing examination of confidential information

Without the submission of these items, the BOE will not collect and remit the MTS UUT on behalf of the City, nor will the City have access to the records which the BOE will maintain and administer related to the collection of MTS UUT on the City's behalf.

FISCAL IMPACT

Conservative estimates project an increase in wireless telecommunications UUT of 5% in 2016. In 2015, the City collected approximately \$3.1 million in wireless telecommunications UUT. If the 5% estimate is accurate, the City would collect an additional \$155,000 in annual revenues to the General Fund (prorated at about \$77,500 in fiscal 2016) as a result of this action.

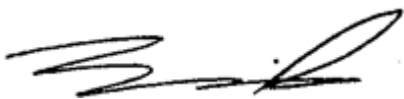
NEXT STEPS

Upon ratification of the authorizing resolutions, City staff will process the appropriate documents with the Board of Equalization.

Prepared by: Dustin Claussen, Deputy Director of Finance

Recommended by: Tracy Vesely, Director of Finance

Approved by:



Fran David, City Manager

Attachments:

Attachment I Resolution
Attachment II Resolution