

13-0002-S124

AUG 28 2013

RESOLUTION

RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state, or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, Assembly Bill (AB) 792 would exempt from a municipal Utility User Tax (UUT) the consumption of electricity generated by a renewable distributed generation system installed before January 1, 2020, for use of a single customer; and

WHEREAS, the California Constitution allows a city, with the consent of the local voters, to govern its "municipal affairs" by adopting a charter. The "municipal affairs" doctrine allows charter cities, such as the City of Los Angeles, to levy taxes which are not preempted by the state or federal government; and

WHEREAS, supporters of AB 792 believe that uncertainty about the potential application of UUTs to electricity from distributed generation systems poses a threat to the continued growth of the distributed solar generation market; and

WHEREAS, according to the bill's author, applying a UUT to third-party power purchase agreement financing would greatly disadvantage this business model; and

WHEREAS, some opponents see the exemption as regressive, allowing property owners to avoid paying UUTs for electricity from renewable sources while requiring renters, who can't install on-site renewable generation, to pay the tax; and

WHEREAS, the exemption could likely favor the consumption of solar electricity produced on-site over utility programs that allow customers to consume solar electricity that is transmitted through the grid; and

WHEREAS, the Department of Water and Power (DWP) is already pursuing an aggressive renewable energy program that will meet all state RPS requirements; the program is progressing as planned, suffering no hindrance as a result of a UUT or any other form of taxation; and

WHEREAS, exempting renewable distributed generation electricity from UUTs erodes local officials' authority and their ability to raise scarce general fund revenues; and

WHEREAS, if AB 792 becomes law, the City of Los Angeles, until 2020 or possibly later, will suffer an infringement of its local control and potentially harm its renewable energy program;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2013-2014 State Legislative Program OPPOSITION to AB 792 (Mullin) UNLESS AMENDED to exempt charter cities/jurisdictions, such as the City of Los Angeles, from the provisions of the measure thereby ensuring local control.

PRESENTED BY:

FELIPE FUENTES  
Councilmember, 7th District

SECONDED BY:

AUG 28 2013

ORIGINAL