

## CITY AUDITOR'S IMPARTIAL FINANCIAL ANALYSIS OF MEASURE W

### SUMMARY

Measure W establishes a new monthly tax per telephone line in the City of Oakland. The two types of telephone lines are access lines and trunk lines, each subject to a different tax rate.

1. Access lines include, but are not limited to, connections providing basic residential and business telephone services, including mobile telephone services subscribed to within the City of Oakland. Each access line would be assessed a monthly flat rate of \$1.99 per line.
2. Trunk lines are lines between telephone service suppliers' switching devices and the private branch exchanges or automatic call distributing systems, or other similar devices, at telephone subscribers' locations. Each trunk line would be assessed a monthly flat rate of \$13.00 per line.

The proposed tax, called the Telephone Access Line Tax, would appear separately on the subscriber's telephone bill. All tax proceeds would be placed in the General Purpose Fund. This fund is used to pay for City services such as public safety, libraries, parks and recreation.

If this measure is approved by a majority of voters, the tax will be charged to subscribers beginning April 1, 2011.

### FINANCIAL IMPACT

The City estimated the following annual revenue would be generated if this measure is approved:

	<b>Estimated Number of Lines</b>	<b>Rate</b>	<b>Monthly Revenue</b>	<b>Annual Revenue</b>
Residential Telephone Access Line	312,124	\$1.99	\$621,127	\$7,453,524
Commercial Telephone Access Line	32,165	\$1.99	\$64,008	\$768,096
Trunk Line	337	\$13.00	\$4,381	\$52,572
Total				<b>\$8,274,192</b>

City staff only estimated the number of landline and mobile telephone connections in its revenue projection.

This measure allows the tax rates to increase annually based on changes in the Consumer Price Index (CPI) for the San Francisco Bay Area. Rate increases cannot exceed five percent for any one year.

Based on our analysis of the data provided by City staff, the projected annual revenues from collection of the Telephone Access Line Tax appear to be reasonable. We relied on the best available data at this time, however actual results may vary from estimates above.

s/COURTNEY A. RUBY, CPA, CFE  
City Auditor