



# City of Palm Springs

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City Manager

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August 19, 2013

The Honorable Lois Wolk, Chair  
Senate Governance and Finance Committee  
State Capitol Building  
Sacramento, CA 95814

RE: AB-300 (Perea) - Support of City of Palm Springs

Dear Senator Wolk:

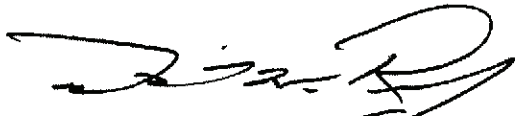
This Office has followed the legislative deliberations on AB-300 (Perea) throughout the last year. We appreciate the efforts in bringing AB-300 forward and the compromises made to satisfy all affected interests. We have all witnessed the migration of mobile telephone customers from traditional mobile phone services to prepaid service models. AB-300 reasonably accommodates the City's desire to ensure an equitable treatment of all mobile phone customers, including those who purchase prepaid services. AB-300 ensures that those who prepay for services will be responsible for governmental services they receive in a manner similar to that of customers who pay for more traditional mobile phone services. This Office respectfully urges you and the members of your Committee to approve AB-300 and send it on to the full Senate.

During the past several years, prepaid wireless service has gone from being a small segment of the wireless market to a major share. We understand that now more than 50% of all new wireless sales are prepaid, and 1/3 of all new 'smart phones' are sold with prepaid services contracts. Unfortunately, this rapid development of the prepaid market has come at the expense of our existing local UUT tax revenues from postpaid wireless service. AB-300 would help ensure equal treatment of all wireless service customers and minimize revenue losses thereby maintaining the City's ability to provide necessary and vital public services that all wireless customers receive regardless of what wireless payment plan they subscribe to.

For the City of Palm Springs, our Director of Finance and Treasurer estimates that the migration of wireless customers from traditional service models to prepaid services will result in a loss of over \$500,000 annually in General Fund Utility User Taxes (UUT) which we are currently receiving. This migration is also adversely affecting the City's Emergency Response Tax revenue which directly supports our vital public safety services of police, fire, and emergency dispatching personnel and equipment.

This Office recognizes and supports AB-300 as a necessary tool for collecting and protecting our existing local tax revenues, and in assuring tax equity. We thank the bill's author and those members of your Committee who will support this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "David H. Ready". The signature is fluid and cursive, with a large, stylized initial "D".

David H. Ready, Esq., Ph.D.  
City Manager

cc: Assembly Member Perea  
Members, Senate Governance and Finance Committee  
Committee Consultant, Gayle Miller  
Senate Republican Caucus, Ryan Eisberg