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June 8, 2004

Survey finds answers to Watsonville's taxing questions

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WATSONVILLE — City residents prefer taxing hotel guests over themselves, according to a recent survey.

The survey, which the City Council will discuss today, also found that residents favor a small sales tax hike rather than a \$2 monthly fee for 911 services.

The poll, conducted in May by Applied Survey Research of Watsonville, aimed to discover what kind of tax voters likely would support.

"We wanted to give the City Council some alternatives as we go through the budget," City Manager Carlos Palacios said.

Along with budget cuts, Palacios said the council could consider one or more tax measures to increase revenues.

The council agreed in May to put the city's 911 fee on the November ballot in the wake of a successful petition drive by a citizen. But officials, already facing a \$622,000 shortfall in the 2004-05 budget, are concerned about losing the \$400,000 the fee generates.

Pollsters, who interviewed 620 residents, sought to assess the support of four types of tax measures:

- A charge for emergency dispatch services that costs residential telephone customers \$2 per month and businesses a maximum of \$18 monthly, depending on the number of phone lines.
- A 1 percent increase to the city's 10 percent tax on hotel and motel guests.
- A quarter-cent hike to the 8-percent sales tax. The city receives 1 percent of the sales tax revenue and this would boost it to 1.25 percent.
- Increasing from \$9,900 to \$18,000 annually the cap on utility usage taxes paid by businesses.

The 2004-05 shortfall is largely due to the \$470,000 in local taxes the state will take from the city in each of the following two years, said Linda Downing, city finance director. She said she will recommend freezing \$650,000 in expenditures aimed at replacing infrastructure, such as aging city vehicles. But that's putting off the inevitable, she said. Sooner or later, the city will have to come up with the money.

And if voters reject the 911 fee in November, further cuts will have to be made, Downing said.

The 911 fee, imposed by the council in September to partially offset the nearly \$1 million it costs the city to provide the service, gained a favorable response from 56 percent of those surveyed.

But 67 percent of respondents said they would support hikes to the sales tax or hotel tax.

Respondents were least likely to support boosting the cap on the business utility tax, with only 52 percent in favor.

Raising taxes was most popular if the proceeds would pay for police, fire, and parks and recreation.

The survey will be discussed during the council's afternoon session, which starts at 4:30 p.m. at the Council Chamber, 250 Main St. The council will discuss its budget during the evening session, starting at 6:30 p.m.