



# City of Hermosa Beach

Civic Center, 1315 Valley Drive, Hermosa Beach, CA 90254-3885

May 28, 2020

The Honorable Mike McGuire  
Senator, 2<sup>nd</sup> District  
State Capitol, Room 5061  
Sacramento, CA 95814

**RE: SB 1441 (McGuire) Local Pre-Paid Mobile Telephone Services Collection Act  
NOTICE OF SUPPORT**

Dear Senator McGuire:

The City of Hermosa Beach is pleased to support your bill, SB 1441, which would repeal the sunset and make permanent the point of sale collection mechanism for Utility Users Taxes (UUTs) imposed on prepaid wireless services. By making point of collection permanent, this bill will protect an important revenue stream for local governments at a time when revenues are critically needed.

Prepaid wireless services are offered on a “pay-as-you-go” basis with no requirement contracts, term or volume commitments, early termination penalties, overage charges, or credit checks. These important factors make prepaid services available to those consumers to whom the security and convenience of mobile telephone service might not be available. This business model offers reliable service and affordable pricing.

In 2014, the Legislature approved AB 1717 (Perea) to create a statewide system for the retail point of sale collection of state and local taxes and fees on prepaid wireless services. The California Department of Tax and Fee Administration (CDTFA) collects and distributes revenues resulting from AB 1717 to participating local governments. Currently, 101 cities and 3 counties have implemented voter-approved ordinances to allow them to impose this tax, which has generated over \$26 million in revenue.

As the City of Hermosa Beach grapples with how to maintain core services in the wake of the COVID-19 pandemic, it is imperative that we continue to have the ability to collect this vital funding stream. For these reasons, we are pleased to support this bill and thank you for your leadership on this important issue. Should you have any questions concerning our position, please don't hesitate to contact me at [suja@hermosabeach.gov](mailto:suja@hermosabeach.gov).

Sincerely,

Suja Lowenthal  
City Manager

Cc: Danielle Bradley, Legislative Aide