

To: Honorable Members of the Berkeley Rent Stabilization Board

From: Chair Leah Simon-Weisberg and Commissioner Ida Martinac

Subject: Oppose Proposed California “Utility Taxes” that Disproportionately Harm Renters

### RECOMMENDATION

Transmit the enclosed Resolution in opposition to proposed “Utility Taxes” that disproportionately harm renters to Governor Gavin Newsom, State Senator Nancy Skinner, and Assemblymember Buffy Wicks and authorize the Berkeley Rent Board Chair to sign a coalition letter to the California State Legislature urging the repeal of the Public Utilities Code that has allowed these proposals to be considered.

### BACKGROUND

The utilities and some other organizations have proposed the highest Utility Tax in the country to be levied on the vast majority of residential consumers, between \$30 and \$70 per month. Even a \$30/month Utility Tax is three times the national average and would increase utility bills on millions of working and middle class households.

The Utility Tax was created by a little-known provision included in the budget trailer bill passed by the California Legislature last year (AB 205) mandating a new monthly fixed charge (aka, Utility Tax) on all investor-owned utility residential customers. AB 205 was passed without any public hearings or discussion.<sup>1</sup> The Utility Tax is completely uncapped, with unlimited potential to grow.

Now the CA Public Utilities Commission (CPUC) is deciding how much the Utility Tax will be. They are expected to make a final decision by June 2024. The Legislature also has the power to repeal the Utility Tax before then.

The Utilities and other aligned organizations have proposed the highest Utility Tax in the country, between \$30 to \$70 per month on most residential consumers.<sup>2</sup> The average national utility tax is \$10 per month.<sup>3</sup> Electricity rates (per kilowatt hour) would be lowered somewhat in exchange for paying the Utility Tax, but that would only be temporary. AB 205 says nothing about freezing or lowering electricity rates. The Utility Tax would be charged on all residential customers of PG&E, SCE, SDG&E, including customers of CCAs. Turning off the lights, installing energy efficient appliances, or going solar and storage will do nothing to eliminate or lower the Utility Tax.

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<sup>1</sup> [AB 205 text](#), Section 10

<sup>2</sup> CPUC proceeding 22-07-005. [Search for various proposal here](#).

<sup>3</sup> EQ Research, [Residential Fixed Charges – Comparisons of California IOU Proposals](#), 4/11/23

The Utility Tax would increase monthly bills for millions of working and middle class families. Working and middle class Californians who live in apartments, condos and small homes that use less energy would on average see their monthly utility bills **increase** by \$25 / month or more.<sup>4</sup>

The Utility Tax would discourage all forms of energy conservation, from turning off the lights, using energy efficiency appliances or installing solar panels. High Utility Taxes penalize people who live in smaller than average apartments and homes, or have taken steps to reduce their energy use through conservation, efficiency, or rooftop solar.

California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance Program (FERA) customers would see small decreases in their monthly electricity bills. However, these decreases will be temporary, because rates will keep going up. Meanwhile, millions of working people not eligible for CARE/FERA - including thousands of Berkeley renters - will see bill increases. Many of these households are just above the eligibility line and also struggling. For example, a single mother with one child living in a Berkeley apartment making \$40K/year is just above the CARE cutoff. Her bill will increase. There are millions of people like this across California.

The Utility Tax will disincentivize building electrification, especially for multifamily housing stock. None of the Utility Tax proposals would lower bills for consumers who switch from high efficiency gas appliances to electric ones. In fact, it will still be \$40 to \$400 cheaper annually to stick with gas appliances.<sup>5</sup> There are proven better ways to incentivize consumers to decarbonize and/or make electricity more affordable for lower-income Californians.

#### FINANCIAL IMPLICATIONS

Limited staff time associated with sending a letter to designated recipients.

#### CONTACT PERSON

Chair Simon-Weisberg  
Commissioner Ida Martinac

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[RSBMartinac@cityofberkeley.info](mailto:RSBMartinac@cityofberkeley.info)

Attachment:

1: Resolution

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<sup>4</sup> Clean Coalition, [Rebuttal Testimony](#), 6/2/23, pp. 7-19

<sup>5</sup> Clean Coalition, [Rebuttal Testimony](#), 6/2/23, pp. 22-25

**RESOLUTION 24-01**

**IN OPPOSITION TO PROPOSED “UTILITY TAXES” THAT DISPROPORTIONATELY HARM RENTERS**

**Whereas** investor-owned utilities and some other organizations have proposed the highest Utility Tax in the country to be levied on the vast majority of residential consumers, between \$30 and \$70 per month;

**Whereas** even a \$30/month Utility Tax is three times the national average and would increase utility bills on millions of working- and middle-class households;

**Whereas** the Utility Tax was created by a little-known provision included in the budget trailer bill passed by the California Legislature last year (Assembly Bill (AB) 205) mandating a new monthly fixed charge (i.e., Utility Tax) on all investor-owned utility residential customers;

**Whereas** AB 205 was passed without any public hearings or discussion;

**Whereas** the California Public Utilities Commission (CPUC) is currently deciding how much the Utility Tax will be and is expected to make a final decision by June 2024;

**Whereas** the California State Legislature also has the power to repeal the Utility Tax prior to June 2024;

**Whereas** under the various high utility tax proposals, working and middle-class Californians who live in apartments, condos and small homes that use less energy would on average see their monthly utility bills increase by \$25 / month or more;

**Whereas** while California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance Program (FERA) customers would see small decreases in their monthly electricity bills, these decreases will be temporary, because rates will keep going up;

**Whereas** millions of working Californians, including many Berkeley renters, who are not eligible for CARE/FERA will see bill increases, and many of these households are just above the CARE/FERA eligibility line and also struggling

**Be It Resolved** that the Berkeley Rent Stabilization Board expresses its firm opposition to the “Utility Tax” provision embedded into Budget Trailer Bill [AB 205](#) (2022)

**Be It Further Resolved** that the Berkeley Rent Stabilization Board calls on the state Legislature to address the problems outlined in this letter by immediately repealing Public Utilities Code Section 739.9;

**Be It Further Resolved** that the Berkeley Rent Stabilization Board is authorized to sign the statewide letter [here](#) and send copies of this resolution to Governor Gavin Newsom, State Senator Nancy Skinner, and Assemblymember Buffy Wicks.

Dated: January 18, 2024

Adopted by the Rent Stabilization Board by the following vote:

YES:

NO:

ABSTAIN:

ABSENT:

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Leah Simon-Weisberg  
Chair, Rent Stabilization Board

Attest: \_\_\_\_\_  
DéSeana Williams, Executive Director