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Court may get reprieve; board eyes utility tax

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The Watsonville Municipal Court should not be closed and moved to Santa Cruz.

But to keep it and dozens of other county services functioning under a proposal by County Administrative Officer Susan Mauriello, county residents will be asked to pay a lot more in taxes and fees.

The biggest tax bite would come from a proposed 7.25 percent utility tax and business license fees.

County staff also proposes to start charging cities, schools, fire districts and other local governmental agencies for collecting their property taxes.

And, if supervisors agree, the county jail will begin charging cities \$71 every time a prisoner is booked at the jail — turning the

jail into a profit center for county government.

The recommendations will be presented formally to the Santa Cruz County Board of Supervisors by Mauriello tomorrow morning as the supervisors begin three days of mid-year budget reduction hearings.

The alternative to new taxes are massive cutbacks in virtually every area of county government.

"It is important that the public understands fully what the alternatives are," said Supervisors' chairman Robley Levy. "The massive cuts in major county governmental services — whether you are talking of the elimination of the Watsonville court, three Sheriff's patrol beats or massive cuts in health and mental health services."

"That's the measure of the scope of the cuts facing the

county," she added. "It is a big decision. It is whether we believe the public welfare can sustain cuts of that magnitude."

The Sheriff's office, for example, could lose 15 deputies — the equivalent of three patrol cars operating around the clock, seven days a week. The county jail system would lose 23 detention officers under the worse-case scenario.

The District Attorney's office

would lose 11.5 employees, including three deputy DA's, three investigators and six clerical employees.

To her, those alternatives are unacceptable, Levy said this morning.

"I have to say that those cuts in the Sheriff's patrol and jail are absolutely unacceptable," Levy

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said, discussing just two areas of the staggering cuts proposed by county department heads when told to consider the impact of a 10 percent budget cut in their budget.

"Over the last few years, we have increased the patrol levels in a way that was demanded by the public. This would push us back beyond the improvements accomplished in the last four years in a phased program."

"The board is going to seek some balance and view the CAO's proposals a starting point," the Second District supervisor added. "We have no choice but to balance the budget. We have to face up to the consequences of massive, massive cuts or some balance between new revenues and cutbacks. Without the revenue, the cuts that would have to take place will go far beyond the proposed changes."

Mauriello rejected a proposal by the municipal court judges to close the Watsonville court — a move that would have saved \$97,290 this year. The judges' recommendation has stirred up a hornet's nest of controversy in the Pajaro Valley.

In making her budget recommendations, Mauriello took a balanced approach to the budget crisis, recommending \$1.78 million in budget cutbacks, the elimination of 27 positions among the nearly 2,000 county employees and raising \$3.84 million in new revenue for the remainder of the 1990-91 fiscal year.

Mauriello said the cutbacks will continue into the 1991-92 fiscal when another \$3.3 million in cuts will be made.

The budget cuts and new taxes were triggered by a combination of factors:

- State budget cutbacks.
- The effects of the earthquake.
- The current recession.
- The potentially far-reaching economic consequences of the current Persian Gulf crisis.

When the state legislature and Gov. George Deukmejian hammered out a compromise state budget last month, they cut heavily into state subsidies for county-operated, but state-mandated, programs — including health services, municipal and su-

perior courts, other parts of the criminal justice system and the county welfare system.

But they also gave general-law counties — such as Santa Cruz — the power to levy new taxes and charge hitherto forbidden fees to cities and other local governments.

The new taxing power centered around the utility tax and a business license fee — something cities have been able to do for years.

The county is also able to charge cities, school and fire districts and others for collecting their share of property taxes.

And the county will be able to charge city police departments for booking prisoners into the county jail — a reversal of a 20-year-old policy that forbade counties from doing so.

The proposed 7.25 percent utility tax, if approved by the supervisors, will go into effect in April. It would be part of every utility bill paid by a resident or business in the unincorporated area of the county — including PG&E, Pacific Bell, cable TV, sewer service furnished by one of the county sanitation districts or county service areas, and water.

Over a year, the proposed utility tax rate would generate \$8.34 million for the county. But for this fiscal year, because the tax will be collected only for three months, the revenue will be \$896,098.

Levy believes the utility tax needs some careful consideration.

"If we do adopt it, we need some lifeline protection," Levy said, referring to the county's low-income residents.

The business license tax is modeled after the city of Santa Cruz and requires businesses operating in the unincorporated areas of the county to pay an annual basic license tax of \$127, plus an annual payment determined by multiplying the average number of employees by a rate ranging from \$2.20 to \$6.50 a person — depending on the type of business.

It would raise about \$500,000 after all of the collection costs are subtracted, the CAO believes.

The property tax administration fee — a proposal already being opposed by school districts and cities — would generate \$2.1 million this year, and the county jail booking fee will generate another \$606,000 this year.