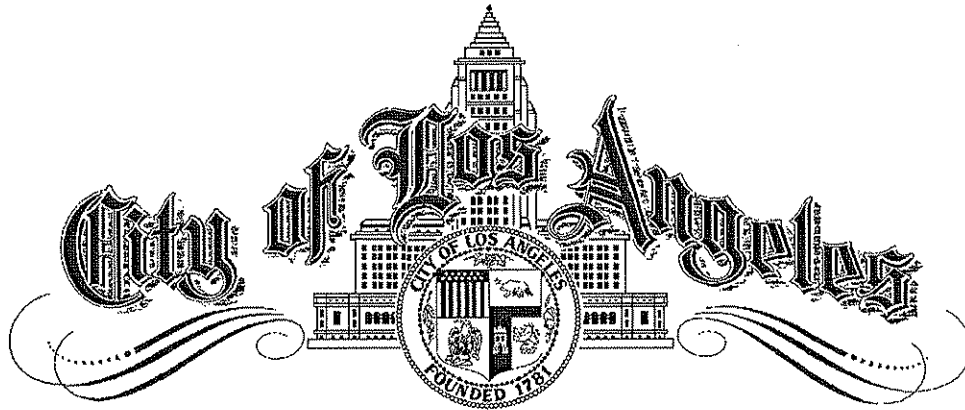


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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 1 2 - 0 3 5 4
NOV 0 7 2012

REPORT RE:

BALLOT RESOLUTION AND BALLOT TITLE RESOLUTION REGARDING A PROPOSED MEASURE TO MODIFY THE REAL PROPERTY TRANSFER TAX CURRENTLY ASSESSED IN THE CITY OF LOS ANGELES, AND ORDINANCE CALLING A SPECIAL ELECTION AND CONSOLIDATING IT WITH THE CITY'S PRIMARY NOMINATING ELECTION ON MARCH 5, 2013

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

On October 31, 2012, your Honorable Body requested that this Office prepare the documents necessary for proposed modifications in the City's real property transfer tax for the March 2013 ballot. This Office now transmits, approved as to form and legality, the ballot resolutions and election ordinance necessary to place the measure on the ballot.

Summary of Measure's Provisions

The City currently assesses a real property transfer tax on every deed, instrument, or other writing by which real property is conveyed. This tax currently is assessed at .450% of the value of the property conveyed.

As set forth in the Joint Report of the Chief Legislative Analyst and the City Administrative Officer, and directed by your Honorable Body, this measure would modify the City's real property transfer tax as follows:

1. Decrease the rate to .225% when the value of the property conveyed exceeds \$100 but is \$255,000 or less;
2. Maintain the current rate of .450% when the value of the property conveyed exceeds \$255,000 but is \$365,000 or less;
3. Increase the rate to .675% when the value of the property conveyed exceeds \$365,000 but is \$585,000 or less; and
4. Increase the rate to .900% when the value of the property conveyed exceeds \$585,000.

These tiers are based on the median value of real property recently sold in the City of Los Angeles according to the reports of independent analysts. Thus, \$365,000 is the median value of real property sold in the City; \$255,000 is the value of the 25th percentile, and \$585,000 is the value of the 75th percentile. The first tier applies a lower rate than that currently assessed, while the second tier applies the same rate. The third and fourth tiers apply increased tax rates.

As requested, the proposed measure requires that the tiers be adjusted to reflect changes in the median value of real property sold in the City. The tiers will be adjusted every calendar year beginning on January 1, 2014. In order to allow for this adjustment to the tiers, the proposed measure requires the City Administrative Officer to provide a report to City Council setting forth a determination of the median value of real property sold in the City in the prior calendar year, and the appropriate adjusted value for the 25th percentile and the 75th percentile of the median value of real property sold in the City.

Based on the determination of the City Administrative Officer, an ordinance is required to be prepared to adjust the tiers in a timely fashion.

Election Requirements

The ballot measure imposes a general tax increase and therefore must be approved by a majority of the voters at the City's March 5, 2013, Primary Nominating Election. Cal. Const., Article XIII C, § 2(b).

City Election Code Section 601 requires that the ballot resolutions and election ordinance be adopted by no less than 110 days before the election. With regard to the March 5, 2013 election, that date is November 14, 2012.

Rule 38 Referral

Pursuant to Council Rule 38, this Office sent a copy of the tax ordinance to the offices of the City Administrative Officer and Chief Legislative Analyst, and their input has been incorporated.

If you have any questions regarding this matter, please contact Deputy City Attorney Dan Whitley at (213) 978-7786. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE:DW:pj
Transmittals

cc: June Lagmay, City Clerk
Gerry Miller, CLA
Miguel Santana, CAO

RESOLUTION

Resolution providing that a ballot measure be submitted to the qualified voters of the City of Los Angeles.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF LOS ANGELES AS FOLLOWS:

Section A. The following ordinance of the City of Los Angeles is hereby proposed to be submitted for approval by a majority of the qualified voters of the City of Los Angeles at a Special Election to be called and consolidated with the City's Primary Nominating Election held on March 5, 2013:

ORDINANCE NO. _____

An ordinance amending Section 21.9.2 of Chapter II of the Los Angeles Municipal Code to modify the real property transfer tax rate.

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

Section 1. Section 21.9.2 of the Los Angeles Municipal Code is amended to read:

SEC. 21.9.2. TAX IMPOSED.

(a) There is hereby imposed on each deed, instrument or writing by which any lands, tenements, or other realty sold within the City of Los Angeles shall be granted, assigned, transferred or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or their direction, when the consideration or value of the interest or property conveyed (exclusive of the value of any lien or encumbrance remaining thereon at the time of sale) exceeds \$100.00, a tax as follows:

1. When the consideration or value of the interest or property conveyed exceeds \$100 but is \$255,000 or less, a tax of \$2.25 per \$1,000 (.225%);
2. When the consideration or value of the interest or property conveyed exceeds \$255,000 but is \$365,000 or less, a tax of \$4.50 per \$1,000 (.450%);
3. When the consideration or value of the interest or property conveyed exceeds \$365,000 but is \$585,000 or less, a tax of \$6.75 per \$1,000 (.675%);

4. When the consideration or value of the interest or property conveyed exceeds \$585,000, a tax of \$9.00 per \$1,000 (.900%).

(b) The amounts at which the differing tax rates in subsection (a), above, apply shall be adjusted annually as follows:

1. Effective for January 1, 2014, and each calendar year thereafter, the value of the interest or property to which the lowest rate applies shall be adjusted to reflect the twenty-fifth percentile of the median value of all real properties sold in the City of Los Angeles; the values of the interest or property to which the second lowest rate applies shall be adjusted to reflect the twenty-fifth percentile of the median value of all real properties sold in the City of Los Angeles and the median value of all properties sold in the City of Los Angeles; the values of the interest or property to which the third lowest rate applies shall be adjusted to reflect the median value of all real properties sold in the City of Los Angeles and the seventy-fifth percentile of the median value of all properties sold in the City of Los Angeles; and the values of the interest or property to which the highest rate applies shall be adjusted to reflect the seventy-fifth percentile of the median value of all real properties sold in the City of Los Angeles.

2. At least 90 days before the adjusted values set forth in subparagraph 1, above, become effective, the City Administrative Officer shall submit a report to the City Council determining the adjusted values. The median value and the percentiles on which the adjusted values are based shall be determined by the City Administrative Officer by examining the Case-Shiller Index for the sales of real property in the prior completed calendar year, or another reasonable method of determining these values in the best judgment of the City Administrative Officer.

3. An ordinance shall be prepared in a timely fashion amending this section in order to reflect the adjusted values as determined by the City Administrative Officer. Pursuant to Charter Section 252, Subsection (a), the ordinance shall be effective upon its publication. The existing tiers shall remain in effect until the report described in subparagraph (2) is provided and the corresponding ordinance is adopted.

Sec. B. The City Clerk is hereby authorized and directed to publish a notice containing the proposed ballot measure, specifying the date of March 5, 2013 as the date the measure is to be voted upon by the qualified voters of the City of Los Angeles. The notice shall be published once in a newspaper of general circulation in the City of Los Angeles, and in each edition thereof during that day of publication. The City Clerk is authorized and directed to prepare and keep in the City Clerk's office a sufficient supply of copies of the proposed ballot measure and to distribute the proposed ballot measure to any and all persons requesting a copy. Further, the City Clerk is authorized and directed to mail copies of the proposed ballot measure to each of the qualified voters of the City of Los Angeles.

Sec. C. The City Clerk is hereby authorized and directed to cause a notice to be published once in a newspaper of general circulation that copies of voter information pamphlets containing the proposed ballot measure may be obtained upon request in the City Clerk's office.

Sec. D. The City Clerk shall file a duly certified copy of this Resolution forthwith with the Board of Supervisors and with the Registrar-Recorder of the County of Los Angeles.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held on _____.

JUNE LAGMAY, City Clerk

By _____
Deputy

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By  _____
DANIEL WHITLEY
Deputy City Attorney

Date Nov. 7, 2012

C.F. No. 13-1100-S4

RESOLUTION

WHEREAS, the Council of the City of Los Angeles has adopted a resolution to place an ordinance before the qualified voters of the City of Los Angeles at the March 5, 2013, Special Election to be consolidated with the City's Primary Nominating Election to be held on the same date; and

WHEREAS, the City Election Code requires the City Attorney to prepare and present a ballot title and question consisting of an impartial statement of the measure; and

WHEREAS, the City Attorney has presented the following ballot title and question for the proposed measure:

REAL PROPERTY TRANSFER TAX. PROPOSITION ____.

To offset severe and repeated State cuts and provide funding for: 911 emergency response services; maintaining firefighter, paramedic, and police officer staffing levels; continuing community policing, senior services, after-school gang and drug prevention programs; repairing potholes and sidewalks; and other general municipal services; shall the City of Los Angeles modify its transfer tax rate on the sale and long-term lease of real property to: decrease the rate to .225% for property valued less than \$255,000; maintain the rate of .450% for property valued between \$255,000 to \$365,000; increase the rate to .675% for property valued between \$365,000 to \$585,000; and increase the rate to .900% for property valued over \$585,000; with required independent audits and all funds used locally?

NOW, THEREFORE, BE IT RESOLVED that the ballot title and question presented by the City Attorney be adopted by the City Council.

I hereby certify that the foregoing Resolution was adopted by the Council of the City of Los Angeles at its meeting held on _____.

JUNE LAGMAY, City Clerk

By _____
Deputy

ORDINANCE NO. _____

An ordinance calling a Special Election to be held on Tuesday, March 5, 2013, for the purpose of submitting to the qualified voters of the City of Los Angeles a certain tax measure and consolidating this Special Election with the City's Primary Nominating Election to be held on the same date.

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. A Special Election is hereby called to be held in the City of Los Angeles on March 5, 2013, for the purpose of submitting to the qualified voters of the City a certain measure ordered submitted by the Council of the City of Los Angeles.

Sec. 2. The ballot title and question to be used at the Special Election for the measure to be submitted to the qualified voters of the City of Los Angeles shall be:

REAL PROPERTY TRANSFER TAX. PROPOSITION ____.

To offset severe and repeated State cuts and provide funding for: 911 emergency response services; maintaining firefighter, paramedic, and police officer staffing levels; continuing community policing, senior services, after-school gang and drug prevention programs; repairing potholes and sidewalks; and other general municipal services; shall the City of Los Angeles modify its transfer tax rate on the sale and long-term lease of real property to: decrease the rate to .225% for property valued less than \$255,000; maintain the rate of .450% for property valued between \$255,000 to \$365,000; increase the rate to .675% for property valued between \$365,000 to \$585,000; and increase the rate to .900% for property valued over \$585,000; with required independent audits and all funds used locally?

Sec. 3. The measure shall be designated on the ballot or ballot pages by a letter or number determined by the City Council in accordance with applicable City and state laws. Upon the designation by the proper officials of the letter or number to be assigned to the measure, that letter or number is hereby adopted and shall be the designation for the ballot title.

Sec. 4. To vote on the measure, the voter shall mark the ballot next to the word "Yes" or the word "No." A "Yes" vote shall be counted in favor of adoption of the measure, and a "No" vote shall be counted against adoption of the measure.

Sec. 5. The Special Election hereby called shall be, and hereby is ordered to be, consolidated with the City's Primary Nominating Election to be held in the City of Los Angeles on Tuesday, March 5, 2013.

Sec. 6. The voting polls on election day shall open at 7:00 a.m., March 5, 2013, and shall remain open until 8:00 p.m. of the same day when the voting polls shall be closed, except as provided in City Election Code Section 857.

Sec. 7. The election precincts, polling places, and officers of election for the Special Election shall be the same as those provided in the City of Los Angeles for the Primary Nominating Election, and the elections shall be held in all respects as if there were only one election. Furthermore, for the precincts, polling places, and officers of election, reference is hereby made to the list that will be prepared and approved by the City Clerk and filed in the City Clerk's Office not later than February 3, 2013, and that list is incorporated into and made part of this ordinance.

Sec. 8. In all other particulars, the Special Election shall be held and conducted as provided by law for the conduct of the Primary Nominating Election in the City of Los Angeles.

Sec. 9. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____
Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By  _____
DANIEL WHITLEY
Deputy City Attorney

Date Nov. 7, 2012

File No. CF 13-1100-S4