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**MOTION**

Since 2002, the City of Los Angeles Office of Finance (Finance) has had a reciprocal data-sharing agreement with the California State Franchise Tax Board (FTB). Finance's Tax Discovery Program has proven to be highly successful in the identification of businesses that are operating in the City without a business tax registration certificate and thus not paying their fair share of the City's business tax. Finance's reciprocal data-sharing agreement with the FTB has generated over \$192,330,374 in general fund revenue since program inception and added 181,777 business accounts to the City of Los Angeles' (City) tax rolls to date.

In an effort to expand the City's tax discovery resources, Finance and the California State Board of Equalization (BOE) have negotiated a tentative reciprocal data-sharing agreement as authorized by Los Angeles Municipal Code (LAMC) Section 21.17(b)(2), California Revenue and Taxation Code Sections 6066.3 and 6066.4, and California Revenue and Taxation Code (R&TC) Section 7056. LAMC Sec. 21.17(b)(2) authorizes the disclosure of information by the Office of Finance to state officials when a reciprocal arrangement exists. R&TC Sections 6066.3 and 6066.4 authorize cities to collect information from persons desiring to engage in business in that jurisdiction for the purpose of selling tangible personal property and to transmit that information to the BOE. R&TC Section 7056(b) allows the BOE to provide confidential taxpayer information to a City that has enacted a resolution requesting disclosure of BOE's sales and use tax records pursuant to a contract entered into between the BOE and the City. The requirements of Section 7056(b) are met by the BOE Agreement for State Administration of Local Sales and Use Taxes with the City of Los Angeles dated November 12, 1973 and the City of Los Angeles Resolution dated December 11, 2012.

The tentative agreement if approved would be in effect from April 1, 2015 through December 31, 2017. Finance and the BOE would exchange limited taxpayer data twice each year during the months of April and October for the duration of the agreement. Data subject to exchange would include: Legal and Business Name; business address and mailing address; taxpayer identification number, such as Federal Employer Identification Number or Social Security Number; NAICS code; and similar non-financial business registration information. The exchange of taxpayer information by Finance and the BOE is predicated upon the assurance of taxpayer confidentiality by both parties. Finance intends to utilize data obtained from the BOE to identify businesses that are operating in the City without a business tax registration certificate. Neither Finance nor the BOE are required to make any financial payments for the exchange of data per the tentative agreement.

I THEREFORE MOVE that the City Council, subject to the approval of the Mayor, authorize the Director of the Office of Finance to execute an agreement between the City of Los Angeles and the State Board of Equalization for the reciprocal exchange of business taxpayer information for the period of April 1, 2015 through December 31, 2017.

Presented By: Paul Krekorian  
PAUL KREKORIAN  
Councilmember, District 2

Seconded By: Paul K...

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[Signature]