MOTION

The City of Los Angeles has several neighborhoods that are directly adjacent to other cities. Those neighborhoods often have community names that are similar to the adjacent city and in some cases even share a zip code. For example, the Los Angeles neighborhood of Santa Monica Canyon is adjacent to the City of Santa Monica and shares the 90402 zip code with a portion of Santa Monica. Other areas of the City are in similar situations, such as the portions of the Westside adjacent to the Marina that share a zip code with unincorporated Los Angeles County, portions of Del Rey that share zip codes with Culver City, and the portions of the City running the length of the 110 Freeway that share zip codes with a number of other neighboring jurisdictions.

This has resulted in confusion in the collection of sales tax in certain areas of the City. Often, residents living in the City are charged sales tax applicable in a neighboring jurisdiction. This has increasingly become an issue with e-commerce and internet-based businesses or other types of sales transactions that charge sales tax based on the location of the buyer.

Because neighboring sales taxes are often higher than the City's sale tax rate, this results in customers potentially being overcharged. Additionally, because the sales tax rate of the neighboring jurisdiction is being used, it is unclear whether the City of Los Angeles is receiving its fair share of the sales tax revenue that is collected. It is uncertain how widespread this issue is and what potential avenues exist to remedy this situation.

I THEREFORE MOVE that the Office of Finance, in consultation with the ~~Chief~~ City Administrative Officer as necessary, report back to the Council within 90 days to address the following:

1. Determine the extent of the issue regarding the miscalculation of sales tax throughout the City of Los Angeles;
2. Determine if the sales tax receipts are being properly allocated to the City of Los Angeles;
3. Provide information regarding potential options to remedy the issue going forward; and
4. Provide options to retroactively remedy any sales tax miscalculation, erroneous collection, and/or erroneous allocation of sales tax receipts.

PRESENTED BY _Wesson_ 4 _M. BONI_

MIKE BONIN
Councilmember, 11th District

SECONDED BY _Paul Krekorian_

JAN 2 6 2018