

13-0002-556

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have been first adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, Los Angeles, like other cities in California and the state itself, has a significant underground economy and the resultant loss of tax revenue due to non-compliant businesses.

WHEREAS, previous law authorized tax officials of California, other states and Mexico to enter into a reciprocal agreement with the Franchise Tax Board (FTB) to exchange tax information. However, prior law did not afford California's city tax officials the same authority to enter into reciprocal agreements with the FTB to receive or exchange tax information.

WHEREAS, in 2001, AB 63 (Cedillo) afforded FTB the authority to disclose to tax officials of any city specified tax information but only until December 31, 2011.

WHEREAS, in 2008, SB 1146 (Cedillo) was approved by the Governor, affording the FTB the authority to enter into a reciprocal agreement and disclose to tax officials of any city specified tax information only until December 31, 2013. In addition, the bill requires cities to annually provide the FTB specified information that is collected in the course of administration of a city's business tax program.

WHEREAS, on February 11, 2013, SB 211 (Price) was introduced in the State Senate, such legislation, if approved, removing the December 31, 2013 repeal date of the provisions relating to the reciprocal agreements between the FTB and cities, thus indefinitely extending the duration for these provisions. Furthermore, SB 211 specifies that tax information provided to the taxing authority of a city may not be furnished to, or used by, any person other than an employee or agent of that taxing authority.

WHEREAS, SB 211 does not increase any local or state tax. By sharing information on existing data bases, taxes that are duly owed can be identified and collected, thus creating a level playing field for businesses that pay their fair share of taxes with those that currently do not.

WHEREAS, the State Franchise Tax Board has sponsored and supports SB 211.

WHEREAS, the City of Los Angeles' Office of Finance has successfully added approximately 167,000 non-registered businesses to the City of Los Angeles' tax rolls and collected over \$161 million in tax revenue to date since the passage of AB63 in 2001.

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles, hereby includes in its 2013-2014 State Legislative Program SUPPORT of SB 211 (Price) that would allow the City of Los Angeles to continue to enter into a reciprocal agreement with the Franchise Tax Board (FTB) to exchange tax information.

PRESENTED BY: Paul Krekorian
PAUL KREKORIAN
Councilmember, 2nd District

SECONDED BY: [Signature]

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