

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: May 26, 2016

TO: Honorable Members of the Rules, Elections,
Intergovernmental Relations, and Neighborhoods Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 15-0002-S179
Assignment No: 16-05-0453

SUBJECT: County Millionaire's Tax

CLA RECOMMENDATION: Approve Resolution (Harris-Dawson - Huizar) to include in the City of Los Angeles 2015-2016 State Legislative Program SUPPORT for Los Angeles County's efforts to amend State law to grant counties the authority to seek voter approval of a tax on personal income above \$1,000,000 per year to combat homelessness.

SUMMARY

Resolution (Harris-Dawson - Huizar) notes the unprecedented actions of the City and County to combat homelessness, including the adoption of comprehensive strategies that seek to improve and expand services and create housing. The Resolution identifies the need for funding to meet the needs of these strategies and identifies County action to seek legislation that would authorize counties to levy a tax on individuals whose income exceeds one million dollars annually. The Resolution recognizes that this source of funds would be helpful in addressing the homelessness crises in Los Angeles. The Resolution, therefore, recommends that the City include in its 2015-2016 State Legislative Program SUPPORT for Los Angeles County's efforts to amend State law to grant counties the authority to seek voter approval of a tax on personal income above \$1,000,000 per year to combat homelessness.

BACKGROUND

In February 2016, the Los Angeles City Council and the Los Angeles County Board of Supervisors approved comprehensive homeless strategies to address the homelessness crises in the County. These strategies were developed in concurrently and with extensive coordination to ensure that both the City and the County, jointly and through the Los Angeles Homeless Services Authority (LAHSA) can improve and expand services for the homeless as well as provide housing and shelter resources to reduce the number of people living on the streets.

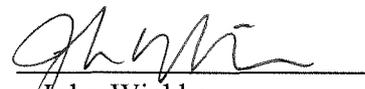
Both strategies determined that new funding streams will be needed to provide on-going revenues to support these new services and development of this new housing. The City estimated that \$1.8 billion will be needed to provide rapid rehousing, permanent supportive housing, and vouchers to address just the demand for homeless housing in the City, let alone the broader need for affordable housing. LAHSA estimates that \$450 million in additional, ongoing funding is needed to address the current gap in homeless housing and services, excluding any costs associated with housing construction.

On May 17, 2016, the County Board of Supervisors approved a Resolution to seek State legislation that would authorize counties to levy a tax on personal income above \$1 million per year, known as the “millionaire’s tax.” The County would use tax revenues generated to fund its homeless strategies. Currently, counties have no authority under State law to levy a local personal tax. State law would need to be amended to grant such authority. Under the County proposal, any county could seek authority from the voters to approve such a tax. A one-half percent millionaires’ tax would generate an estimated \$243 million per year in Los Angeles County.

Should the County receive authority to levy such a tax and the voters approve such a measure, the City would be a likely recipient of funding. In addition, LAHSA, which is the City’s homeless services provider, would also likely receive such funds. Support for this County proposal would be consistent with City policy in light of the funding needs identified in the City’s homeless strategy.

BILL HISTORY

No bill has yet been introduced on this matter.


John Wickham
Analyst

Attachment: Resolution (Harris-Dawson - Huizar)

RESOLUTION

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 first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in February of this year both the City and County of Los Angeles took unprecedented action by approving comprehensive plans to address homelessness; and

WHEREAS, addressing homelessness and implementing the plans will require hundreds of millions of dollars over multiple years to provide the housing and services needed to provide stable homes; and

WHEREAS, both the City and the County are seeking to identify dedicated long-term funding sources to sustain their efforts; and

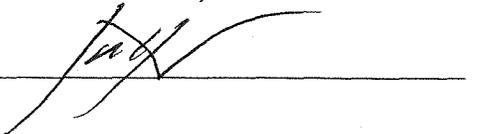
WHEREAS, the County Board of Supervisors recently took action to seek legislation that would allow for the establishment of a half-cent tax on individuals whose income exceeds one million dollars annually; and

WHEREAS, State legislation is needed to allow counties the authority to levy such a tax and place such a measure on the ballot for voter approval, as counties do not have the authority to levy such an income tax; and

WHEREAS, in order to ensure all funding options are available to address homelessness in Los Angeles, the City should support the County's legislative proposal to amend State law to grant counties the authority to seek voter approval of a tax on personal income above \$1,000,000 per year to combat homelessness;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby include in its 2015-2016 State Legislative Program SUPPORT for Los Angeles County's efforts to amend State law to grant counties the authority to seek voter approval of a tax on personal income above \$1,000,000 per year to combat homelessness.

PRESENTED BY: 
MARQUEECE HARRIS-DAWSON
Councilmember, 8th District

SECONDED BY: 

jr

MAY 20 2016