

BUDGET AND FINANCE COMMITTEE REPORT relative to determining the extent of errors in the calculation and allocation of sales tax throughout the City of Los Angeles, and options for remedies.

Recommendation for Council action, pursuant to Motion (Wesson for Bonin - Krekorian):

INSTRUCT the Office of Finance, in consultation with the City Administrative Officer (CAO), to report within 90 days to address the following:

- a. Determine the extent of the issue regarding the miscalculation of sales tax throughout the City of Los Angeles.
- b. Determine if the sales tax receipts are being properly allocated to the City of Los Angeles.
- c. Provide information regarding potential options to remedy the issue going forward.
- d. Provide options to retroactively remedy any sales tax miscalculation, erroneous collection, and/or erroneous allocation of sales tax receipts.

Fiscal Impact Statement: Neither the CAO nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY

At its regular meeting held on February 5, 2018, the Budget and Finance Committee considered Motion (Wesson for Bonin - Krekorian) relative to an instruction to the Office of Finance, in consultation with the CAO, to report on possible errors in the calculation and allocation of sales tax throughout the City of Los Angeles, and to provide recommendations to remedy these issues.

The Motion states that the City of Los Angeles has several neighborhoods that are directly adjacent to other cities or jurisdictions (including unincorporated areas of Los Angeles County), and that many of these areas share ZIP codes with these cities and/or jurisdictions as well as similar names in some cases. As a result, there is confusion in the collection of sales tax in certain areas of the City, with residents in some cases being charged the sales tax of the neighboring city or jurisdictions. The Motion further states that in those cases it is unclear whether the City is receiving its fair share of the sales tax revenue being collected. The Motion therefore instructs Finance to report on the extent of this issue and to provide remedial options.

After providing an opportunity for public comment, the Committee approved the recommendation in the Motion. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE

A handwritten signature in blue ink that reads "Paul Kekouan".

<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	ABSENT
ENGLANDER:	YES
KORETZ:	YES
BLUMENFIELD:	YES
BONIN:	YES

REW 2/5/18 FILE NO. 18-0087

-NOT OFFICIAL UNTIL COUNCIL ACTS-