



COUNTY OF LOS ANGELES

REGISTRAR-RECORDER/COUNTY CLERK

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Auditor-Controller

CONNOR B. McCORMACK
REGISTRAR-RECORDER/COUNTY CLERK

August 13, 2002

TO: Each Supervisor

FROM: Conny B. McCormack
Registrar-Recorder/County Clerk

SUBJECT: **ANTICIPATED DOCUMENTARY TRANSFER TAX REVENUE LOSS**

This is in response to the July 30, 2002 motion by Supervisor Burke that requested the Registrar-Recorder/County Clerk (RR/CC), with assistance from the Auditor-Controller, report back to the Board in 14 days with findings on the anticipated Documentary Transfer Tax (DTT) revenue loss to the County should one or both of the Hollywood and San Fernando Valley secession proposals be approved by the voters.

Recently, the Local Agency Formation Commission (LAFCO) has prepared reports and cost estimates related to the possible successful secession impact and our Department has reviewed their analysis. Additionally, we have prepared our own analysis and concur with the LAFCO figures of approximately \$31 million impact to City of Los Angeles related to the San Fernando Valley and \$4 million related to the Hollywood area. Attachment A reflects FY 2001-2002 collections for the City of Los Angeles.

The impact to the County General Fund in the Non-Departmental Accounts (NDSA) will be approximately \$4.3 million as the new general law cities will only have the ability to collect one-half (\$.55) of the County imposed tax of \$1.10 per \$1,000, whereas the City of Los Angeles is a charter city and had exercised their authority to levy DTT fees in excess of the Revenue and Taxation Code, Section 11911. When the City of Los Angeles levied their DTT fee of \$4.50 per \$1,000 property value transferred the County then had the ability to collect the entire \$1.10 rate rather than split half with the City. Should the secessions be successful, the County will only collect \$.55 per \$1,000. This is the potential \$4.3 revenue loss impact the County will experience. Attachment B details this information.

In addition to the impact to the County general fund, there will be an annual revenue loss impact to the RR/CC in excess of \$72,000 from reduced per document handling administrative fee.

My staff has discussed this information with the Auditor-Controller and they are in agreement with this analysis.

Fs:kc

Attachments

c: Chief Administrative Officer
Auditor-Controller