



SACHI A. HAMAI  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

May 6, 2016

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

To: Supervisor Hilda L. Solis, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: Sachi A. Hamai  
Chief Executive Officer

**MOTION TO DIRECT THE CHIEF EXECUTIVE OFFICER AND THE COUNTY'S SACRAMENTO LEGISLATIVE REPRESENTATIVES TO PURSUE A CHANGE IN STATE LAW TO GRANT COUNTIES THE AUTHORITY TO SEEK VOTER APPROVAL OF A TAX ON PERSONAL INCOME ABOVE \$1 MILLION ANNUALLY TO COMBAT HOMELESSNESS (ITEM NO. 10, AGENDA OF MAY 10, 2016)**

Item No. 10 on the May 10, 2016 Agenda is a motion by Supervisors Ridley-Thomas and Kuehl directing the Chief Executive Officer and the County's Sacramento legislative representatives to pursue a change in State law to grant counties the authority to seek voter approval of a tax on personal income above \$1 million annually to combat homelessness.

### **Background**

On February 23, 2016, the Board of Supervisors approved a motion to explore options to increase revenues specifically dedicated to address the County's homeless crisis, such as a Mental Health Services Act-like proposal. The Board also directed this office to conduct polling and research regarding the optimum timing of when various funding options, if authorized, should be submitted for voter approval, the highest likelihood of passage, and the impact for consideration on the November 2016 Ballot.

On March 9, 2016, this office reported that the County could seek legislation to authorize counties to pursue voter approval to impose a local income tax on the same income, which is subject to the Mental Health Services Act (MHSA) tax, in excess of \$1 million per year. This tax would be used specifically to combat homelessness and would not be limited to people with mental health conditions. A simple majority vote of

*"To Enrich Lives Through Effective And Caring Service"*

***Please Conserve Paper – This Document and Copies are Two-Sided  
Intra-County Correspondence Sent Electronically Only***

the Legislature would be required to grant this authority for counties. If the Legislature granted this authority and the Board decided to place such an initiative on a countywide ballot, a two-thirds vote approval by the electorate would be required.

As reported on April 22, 2016, according to a survey conducted by the David Binder Research Group, polling data indicates that 76 percent of likely County voters would support a tax increase of one-half percent on income above \$1 million to generate ongoing funding to address the County's homeless crisis.

### **Proposition 63, Mental Health Services Act (MHSA) of 2004**

Proposition 63, the Mental Health Services Act, was approved by California voters in November 2004. This measure established a State personal income tax surcharge of one percent on taxpayers with annual incomes of more than \$1 million. Revenues collected from the surcharge are deposited into the Mental Health Services Fund and allocated to counties to create new mental health programs and to expand existing mental health programs. Revenues generated under Proposition 63 are not allocated through the State Budget process and are not subject to change by actions of the Legislature or the Governor. However, Proposition 63 revenues are subject to change based on income fluctuations of taxpayers earning more than \$1 million annually. Currently, MHSA revenues statewide are estimated to range from \$1.4 billion in FY 2015-16 to \$1.8 billion in FY 2018-19.

### **Conclusion**

Support for this motion is consistent with the Board approval of the County's Homeless Initiative, which contains a comprehensive set of recommended strategies and actions to combat homelessness and the approval of the February 23, 2016 motion, which directed this office to explore options to increase revenues dedicated specifically to address Los Angeles County's homeless crisis, such as a Mental Health Services Act-like proposal. **However, because the motion relates to seeking authority to pursue voter approval of a tax on personal income above \$1 million annually, this item is a matter for Board policy determination.**

We will continue to keep you advised.

SAH:JJ:MR  
VE:ma

c: Executive Office, Board of Supervisors  
County Counsel