



# Overview of Assembly Bills (AB) 1607 & 1679

**Presented by the Office of the County Counsel**

# AB 1607 (W. Carrillo)

LOS ANGELES COUNTY AFFORDABLE  
HOUSING SOLUTIONS





# AB 1607 – Short Summary



- Amends Senate Bill (SB) 679, the bill that established the Los Angeles County Affordable Housing Solutions Agency (LACAHS), to authorize LACAHS to transfer a portion of revenues raised by a tax measure to the County of Los Angeles (County) for programs that provide “supports and services” to prevent and combat homelessness, so that the County can provide these services.
- Provides flexibility to LACAHS and the County in potentially putting forward a single tax ballot measure to fund the activities of LACAHS and to replace Measure H, the County's sales tax to combat homelessness, which expires in 2027.



# Why AB 1607?

- When SB 679 created LACAHSa, it prohibited the agency from performing or undertaking any functions related to services for individuals experiencing homelessness. This addressed concerns that this new agency would take over the services County employees already provided in the County;
- AB 1607 does not remove this prohibition, rather, the bill clarifies that LACAHSa may transfer a portion of revenue raised by a tax measure to the County for programs that prevent and combat homelessness, so that the County can provide these services;
- If LACAHSa transfers such funding to the County, those transferred revenues will be excluded from LACAHSa's annual expenditure plan and budget; and
- AB 1607 makes tax measures available that the County is not separately authorized to put forward, including a special parcel tax (Gov. Code § 64810), a special gross receipts business license tax (Gov. Code § 64811), and a special documentary transfer tax. (Gov. Code § 64813.)



# Permitted Taxes

## Special Parcel Tax

LACAHSAs parcel tax authority does not require uniformity, and therefore, may exempt certain classes of property or classes of taxpayers and the rate can vary among classes of property. Whereas, the County parcel tax must be applied uniformly to all properties, only allows for a lower rate on vacant property, and does not allow for taxpayer exemptions (i.e., for seniors or low-income households).

(Gov. Code § 64810)

## Special Gross Business License Tax

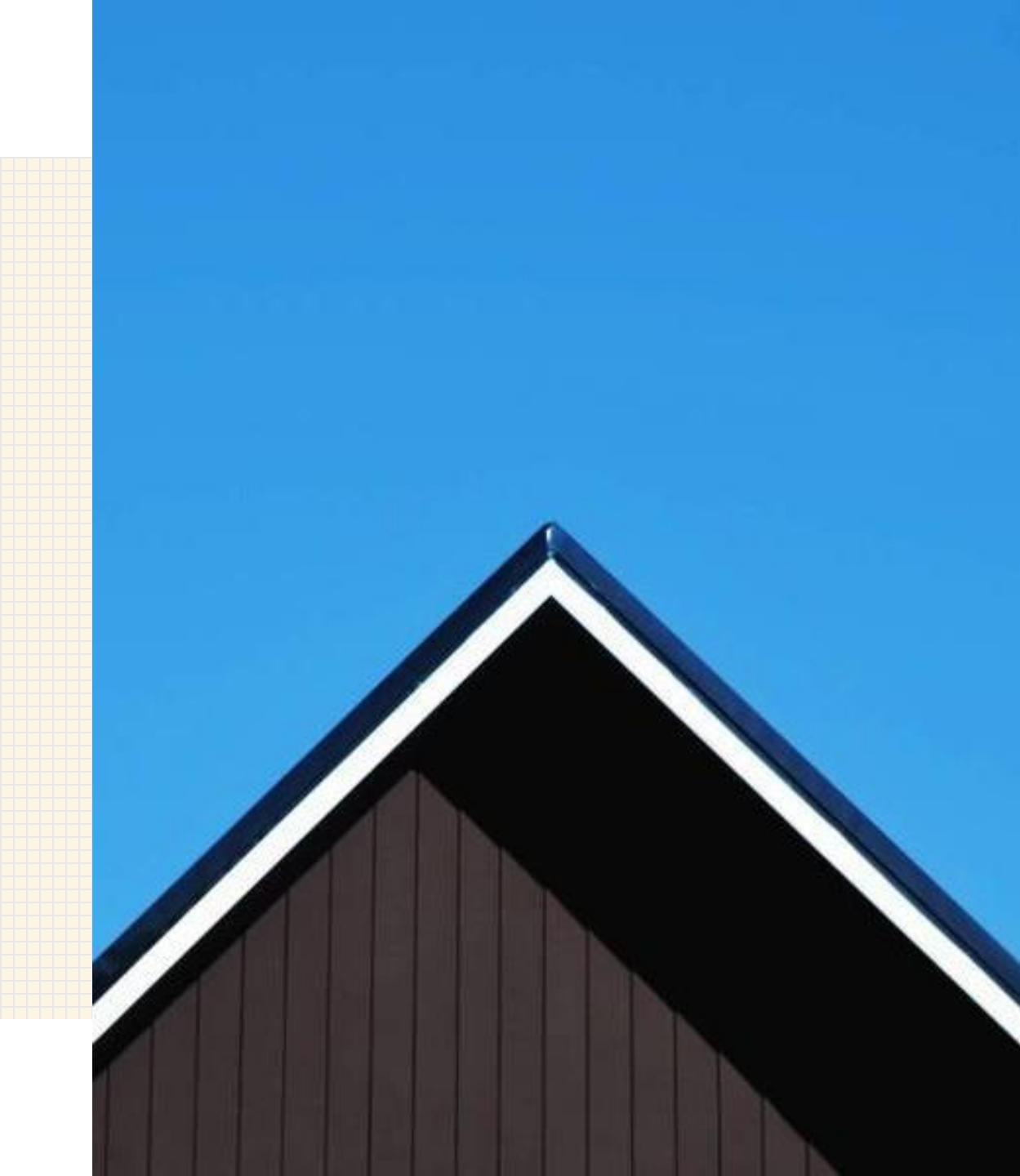
LACAHSAs business license tax authority is countywide and may have variable rates on types of businesses and exemptions for small businesses, in addition to a statutory exemption for nonprofits. Whereas, the County's business license tax authority is limited to the unincorporated areas.

(Gov. Code § 64811)

## Special Documentary Transfer Tax

LACAHSAs is authorized to have voters approve a documentary transfer tax not subject to the limits of Revenue and Taxation Code section 11911 (if a city within the County imposes a documentary tax, County and city must split the revenue), so it would be in addition to any currently imposed documentary transfer tax, such as the County's, and there is no limit on the tax rate. The County's authorization to impose such a tax on property is limited to a rate of \$0.55 for each \$500 of fractional part thereof (in excess of \$100).

(Gov. Code § 64813)



## Where is AB 1607 in the State Legislature?

- o Passed the Assembly on May 31, 2023;
- o Currently, sitting in the Senate, awaiting a third reading;
- o State Legislature is on Summer Recess and will reconvene on August 14<sup>th</sup> and has until September 14<sup>th</sup> to pass the bill before they recess again; and
- o If not passed in 2023, then still considered in 2024.



# AB 1679 (Santiago)

TRANSACTIONS AND USE TAXES: COUNTY  
OF LOS ANGELES: HOMELESSNESS.





## AB 1679 – Short Summary



- Authorizes the County to impose a local sales tax at a rate of no more than 0.50% that, in combination with other local sales taxes, countywide, would exceed the State imposed 2% cap, if the County adopts an ordinance proposing the tax and the ordinance is approved by the voters, subject to requirements, and requires all revenue be dedicated to addressing and preventing homelessness or to providing affordable housing.
- AB 1679, like AB 1607, provides flexibility to the County in potentially putting forward a single tax ballot measure to fund the activities of LACAHSa and to replace Measure H, the County's sales tax to combat homelessness, which expires in 2027.



# Why AB 1679?

- When the Legislature created LACAHS (SB 679, Kamlager), specific taxing powers were included, but authority to impose a local sales tax was not;
- AB 1679 allows the County to pursue a local sales tax to replace Measure H funding, which will expire in 2027 and potentially provide new funding for LACAHS; and
- State law caps the total local sales tax rate at 2% for any county, unless an exception is created by the Legislature (as here, with AB 1679). The 2% cap applies countywide, so if one agency imposes a sales tax within its jurisdiction, it limits the ability of another agency that shares the same jurisdiction to also impose a sales tax. For example, if a city imposes a 1% tax, the county in which the city is located or a special district serving that city could not impose one above 1%.



# AB 1679 Provisions

- Authorizes a local sales tax of no more than .50%, subject to the following:
  - The ordinance proposing the tax is placed on the ballot either by the County (2/3 approval) or through a citizen's initiative (majority approval).
  - The tax conforms to State law governing local sales tax (other than the two percent cap).
  - Revenues from the tax shall be dedicated to homeless services, homelessness prevention, or providing affordable housing.
  - The ordinance would include a provision repealing Measure H (as Measure H does not expire until 2027, to avoid the concurrent collection of both sales taxes).
  - "Robust" oversight and accountability provisions are required.
- Imposition of a tax in all of the cities, unlike the 0.25% Measure H tax that did not apply in some cities due to the 2% cap; and
- Sunsets its authority on December 31, 2028, so if an ordinance has not passed before then, AB 1679 is repealed.





## Where is AB 1679 in the State Legislature?

- o When approved by the Assembly, AB 1679 related to horse racing. On June 19th, the author amended AB 1679 to delete those provisions, and insert its current ones;
- o Currently, on the Senate Floor, awaiting a third reading; and
- o State Legislature is on Summer Recess and will reconvene on August 14th. They have until September 14th to pass the bill before they recess again. If not passed in 2023, then still considered in 2024.



# Questions?