

AGN. NO. \_\_\_\_\_

MOTION BY SUPERVISOR LINDSEY P. HORVATH

December 17, 2024

**ADOPTION OF RESOLUTIONS AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AGREEMENTS WITH THE STATE AND TO EXAMINE STATE TAX RECORDS, FOR IMPLEMENTATION OF MEASURE A, THE AFFORDABLE HOUSING, HOMELESSNESS SOLUTIONS, AND PREVENTION NOW TRANSACTIONS AND USE TAX ORDINANCE**

On November 5, 2024, Los Angeles County (County) voters passed Measure A, a citizen-led ballot measure to sustain funding for homelessness services, and further invest in homelessness prevention as well as housing solutions. Measure A will levy a half-cent countywide transactions and use tax and is expected to generate approximately \$1.0 billion in revenue in its first fiscal year. The passage of Measure A resulted in the enactment of Ordinance 2024-0062.

Under the California Revenue and Taxation Code, the County is required to contract with the California Department of Tax and Fee Administration (CDTFA) to administer the ordinance imposing the transactions and use tax and take other actions

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necessary to implement Measure A. In particular, the County must execute both an Agreement for Preparation to Administer and Operate County's Transactions and Use Tax Ordinance. The maximum amount of preparatory costs that will be charged to the County by CDTFA will be \$175,000.

The County must also execute an Agreement for State Administration of County Transactions and Use Taxes. The cost of administering the County Ordinance is provided by law and will be deducted from the taxes collected by CDTFA for the County.

The first Resolution will authorize the Chief Executive Officer to execute the above agreements on behalf of the County. The County must execute these two agreements by December 27, 2024.

Under State law, only certain duly authorized officers are permitted to examine the records of the CDTFA's collection of taxes. The second Resolution will authorize the Chief Executive Officer to examine the CDTFA's tax records to determine compliance with Measure A by businesses required to collect the Measure A tax.

**I, THEREFORE, MOVE THAT THE BOARD OF SUPERVISORS:**

1. Adopt the Resolution Authorizing the Chief Executive Officer to Execute Agreements with the California Department of Tax and Fee Administration for Implementation of a Local Transactions and Use Tax (Attachment I);
2. Direct the Chief Executive Officer, or her designee, to execute the Agreement for Preparation to Administer and Operate County's Transactions and Use Tax Ordinance (Exhibit A to Attachment I) and the

Agreement for State Administration of County Transactions and Use Taxes (Exhibit B to Attachment I); and

3. Adopt the Resolution Authorizing the Examination of Sales or Transactions and Use Tax Records (Attachment II).

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**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES  
AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE  
AGREEMENTS WITH THE CALIFORNIA DEPARTMENT OF TAX AND FEE  
ADMINISTRATION FOR IMPLEMENTATION OF MEASURE A, A LOCAL  
TRANSACTIONS AND USE TAX**

**WHEREAS**, on November 5, 2024, Los Angeles County voters approved Ordinance No. 2024-0062, amending the Los Angeles County Code and providing for a local transactions and use tax; and

**WHEREAS**, the California Department of Tax and Fee Administration (“Department”) administers and collects the transactions and use taxes for all applicable jurisdictions within the state; and

**WHEREAS**, the Department will be responsible to administer and collect the transactions and use tax for the County of Los Angeles (“County”); and

**WHEREAS**, the Department requires that the County enter into a “Preparatory Agreement” and an “Administration Agreement” prior to implementation of said taxes, and

**WHEREAS**, the Department requires that the County Board of Supervisors authorize the agreements;

**NOW, THEREFORE BE IT RESOLVED** by the Board of Supervisors of the County of Los Angeles that the “Preparatory Agreement” attached as Exhibit A and the “Administrative Agreement” attached as Exhibit B are hereby approved and the Chief Executive Officer is hereby authorized to execute each agreement.

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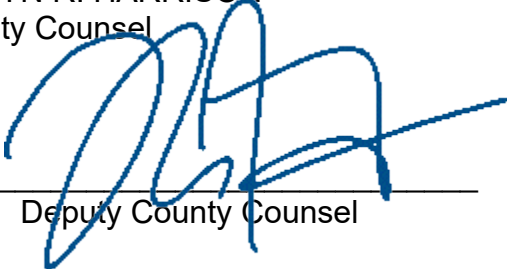
The foregoing Resolution was on the \_\_\_ day of December 2024, adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

EDWARD YEN, Executive Officer  
Clerk of the Board of Supervisors  
of the County of Los Angeles

By \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

By  \_\_\_\_\_  
Deputy County Counsel

**AGREEMENT FOR PREPARATION TO ADMINISTER AND OPERATE  
COUNTY'S TRANSACTIONS AND USE TAX ORDINANCE**

In order to prepare to administer a transactions and use tax ordinance adopted in accordance with the provision of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, the County of Los Angeles, hereinafter called *County*, and the CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION, hereinafter called *Department*, do agree as follows:

1. The Department agrees to enter into work to prepare to administer and operate a transactions and use tax in conformity with Part 1.6 of Division 2 of the Revenue and Taxation Code which has been approved by a majority of the electors of the County and whose ordinance has been adopted by the County.

2. County agrees to pay to the Department at the times and in the amounts hereinafter specified all of the Department's costs for preparatory work necessary to administer the County's transactions and use tax ordinance. The Department's costs for preparatory work include costs of developing procedures, programming for data processing, developing and adopting appropriate regulations, designing and printing forms, developing instructions for the Department's staff and for taxpayers, and other appropriate and necessary preparatory costs to administer a transactions and use tax ordinance. These costs shall include both direct and indirect costs as specified in Section 11256 of the Government Code.

3. Preparatory costs may be accounted for in a manner which conforms to the internal accounting and personnel records currently maintained by the Department. The billings for costs may be presented in summary form. Detailed records of preparatory costs will be retained for audit and verification by the County.

4. Any dispute as to the amount of preparatory costs incurred by the Department shall be referred to the State Director of Finance for resolution, and the Director's decision shall be final.

5. Preparatory costs incurred by the Department shall be billed by the Department periodically, with the final billing within a reasonable time after the operative date of the ordinance. County shall pay to the Department the amount of such costs on or before the last day of the next succeeding month following the month when the billing is received.

6. The amount to be paid by County for the Department's preparatory costs shall not exceed one hundred seventy-five thousand dollars (\$175,000) (Revenue and Taxation Code Section 7272.)

7. Communications and notices may be sent by first class United States mail or through email at [jsservices@cdtfa.ca.gov](mailto:jsservices@cdtfa.ca.gov). If and when communications and notices may include confidential information, communications and notices must be sent through encrypted email at [jsservices@cdtfa.ca.gov](mailto:jsservices@cdtfa.ca.gov) or by mail. Communications and notices to be sent to the Department shall be addressed to:

California Department of Tax and Fee Administration  
P.O. Box 942879  
Sacramento, California 94279-0027

Attention: Administrator  
Local Revenue Branch

Communications and notices to be sent to County shall be addressed to:

County of Los Angeles  
750 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Attention: Chief Executive Office

8. The date of this agreement is the date on which it is approved by the Department of General Services. This agreement shall continue in effect until the preparatory work necessary to administer County's transactions and use tax ordinance has been completed and the Department has received all payments due from County under the terms of this agreement.

COUNTY OF LOS ANGELES

CALIFORNIA DEPARTMENT OF TAX  
AND FEE ADMINISTRATION

By \_\_\_\_\_  
Fesia Davenport  
Chief Executive Officer

By \_\_\_\_\_  
Administrator  
Local Revenue Branch

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM

DAWYN R. HARRISON  
County Counsel

By  \_\_\_\_\_  
Deputy County Counsel

**AGREEMENT FOR STATE ADMINISTRATION  
OF COUNTY TRANSACTIONS AND USE TAXES**

The voters of the County have approved by the required majority vote, the County of Los Angeles (hereafter called "County" or "District") Transactions and Use Tax Ordinance (hereafter called "Ordinance"), a copy of which is attached hereto. To carry out the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code and the Ordinance, the California Department of Tax and Fee Administration, (hereinafter called the "Department") and the County do agree as follows:

**ARTICLE I  
DEFINITIONS**

Unless the context requires otherwise, wherever the following terms appear in the Agreement, they shall be interpreted to mean the following:

1. "District taxes" shall mean the transactions and use taxes, penalties, and interest imposed under an ordinance specifically authorized by Revenue and Taxation code Section 7286.01 and California Constitution article II, Section 11, and in compliance with Part 1.6, Division 2 of the Revenue and Taxation Code.

2. "County Ordinance" shall mean the County's Transactions and Use Tax Ordinance referred to above and attached hereto, Ordinance No. 2024-0062, as amended from time to time, or as deemed to be amended from time to time pursuant to Revenue and Taxation Code Section 7262.2.

**ARTICLE II  
ADMINISTRATION AND COLLECTION  
OF COUNTY TAXES**

**A. Administration.** The Department and County agree that the Department shall perform exclusively all functions incident to the administration and operation of the County Ordinance.



**B. Other Applicable Laws.** County agrees that all provisions of law applicable to the administration and operation of the State Sales and Use Tax Law which are not inconsistent with Part 1.6 of Division 2 of the Revenue and Taxation Code shall be applicable to the administration and operation of the County Ordinance. County agrees that money collected pursuant to the County Ordinance may be deposited into the State Treasury to the credit of the Retail Sales Tax Fund and may be drawn from that Fund for any authorized purpose, including making refunds, compensating and reimbursing the Department pursuant to Article IV of this Agreement, and transmitting to County the amount to which County is entitled.

**C. Transmittal of money.**

1. For the period during which the tax is in effect, and except as otherwise provided herein, all district taxes collected under the provisions of the County Ordinance shall be transmitted to County periodically as promptly as feasible, but not less often than twice in each calendar quarter.

2. For periods subsequent to the expiration date of the tax whether by County's self-imposed limits or by final judgment of any court of the State of California holding that County's ordinance is invalid or void, all district taxes collected under the provisions of the County Ordinance shall be transmitted to County not less than once in each calendar quarter.

3. Transmittals may be made by mail or electronic funds transfer to an account of the County designated and authorized by the County. A statement shall be furnished at least quarterly indicating the amounts withheld pursuant to Article IV of this Agreement.

**D. Rules.** The Department shall prescribe and adopt such rules and regulations as in its judgment are necessary or desirable for the administration and operation of the County Ordinance and the distribution of the district taxes collected thereunder.

**E. Preference.** Unless the payor instructs otherwise, and except as otherwise provided in this Agreement, the Department shall give no preference in applying money received for state sales and use taxes, state-administered local sales and use taxes, and district transactions and use taxes owed by a taxpayer, but shall apply moneys collected to the satisfaction of the claims of the State, cities, counties, cities and counties, redevelopment agencies, other districts, and County as their interests appear.

**F. Security.** The Department agrees that any security which it hereafter requires to be furnished by taxpayers under the State Sales and Use Tax Law will be upon such terms that it also will be available for the payment of the claims of County for district taxes owing to it as its interest appears. The Department shall not be required to change the terms of any security now held by it, and County shall not participate in any security now held by the Department.

**G. Records of the Department.**

When requested by resolution of the legislative body of the County under section 7056 of the Revenue and Taxation Code, the Department agrees to permit authorized personnel of the County to examine the records of the Department, including the name, address, and account number of each seller holding a seller's permit with a registered business location in the County, pertaining to the ascertainment of transactions and use taxes collected for the County. Information obtained by the County from examination of the Department's records shall be used by the County only for purposes related to the collection of transactions and use taxes by the Department pursuant to this Agreement.

**H. Annexation.** County agrees that the Department shall not be required to give effect to an annexation, for the purpose of collecting, allocating, and distributing District transactions and use taxes, earlier than the first day of the calendar quarter which commences not less than two months after notice to the Department. The notice shall include the name of the county or counties annexed to the extended County boundary. In the event the County shall annex an area, the boundaries of which are not coterminous with a county or counties, the notice shall include a description of the area annexed and two maps of the County showing the area annexed and the location address of the property nearest to the extended County boundary on each side of every street or road crossing the boundary.

**ARTICLE III**

**ALLOCATION OF TAX**

**A. Allocation.** In the administration of the Department's contracts with all districts that impose transactions and use taxes imposed under ordinances, which comply with Part 1.6 of Division 2 of the Revenue and Taxation Code:

1. Any payment not identified as being in payment of liability owing to a designated district or districts may be apportioned among the districts as their interest appear, or, in the discretion of the

Department, to all districts with which the Department has contracted using ratios reflected by the distribution of district taxes collected from all taxpayers.

2. All district taxes collected as a result of determinations or billings made by the Department, and all amounts refunded or credited may be distributed or charged to the respective districts in the same ratio as the taxpayer's self-declared district taxes for the period for which the determination, billing, refund or credit applies.

**B. Vehicles, Vessels, and Aircraft.** For the purpose of allocating use tax with respect to vehicles, vessels, or aircraft, the address of the registered owner appearing on the application for registration or on the certificate of ownership may be used by the Department in determining the place of use.

#### **ARTICLE IV COMPENSATION**

The County agrees to pay to the Department as the Department's cost of administering the County Ordinance such amount as is provided for by law. Such amounts shall be deducted from the taxes collected by the Department for the County.

#### **ARTICLE V MISCELLANEOUS PROVISIONS**

**A. Communications.** Communications and notices may be sent by first class United States mail to the addresses listed below, or to such other addresses as the parties may from time to time designate or through email at [jservices@cdtfa.ca.gov](mailto:jservices@cdtfa.ca.gov). If and when communications and notices may include confidential information, communications and notices must be sent through encrypted email at [jservices@cdtfa.ca.gov](mailto:jservices@cdtfa.ca.gov) or by mail.

Communications and notices to be sent to the Department shall be addressed to:

**California Department of Tax and Fee Administration**

P.O. Box 942879

Sacramento, California 94279-0027

Attention: Administrator

Local Revenue Branch

Communications and notices to be sent to the County shall be addressed to:

County of Los Angeles

750 Kenneth Hahn Hall of Administration

500 West Temple Street

Los Angeles, California 90012

Attention: Chief Executive Office

**Unless otherwise directed, transmittals of payment of District transactions and use taxes will be sent to the address above.**

**B. Term.** The date of this Agreement is the date on which it is approved by the Department of General Services. The Agreement shall take effect on April 1, 2025. This Agreement shall continue until December 31 next following the expiration date of the County Ordinance, and shall thereafter be renewed automatically from year to year until the Department completes all work necessary to the administration of the County Ordinance and has received and disbursed all payments due under that Ordinance.

**C. Notice of Repeal of Ordinance.** County shall give the Department written notice of the repeal of the County Ordinance not less than 110 days prior to the operative date of the repeal.

**ARTICLE VI**  
ADMINISTRATION OF TAXES IF THE  
ORDINANCE IS CHALLENGED AS BEING INVALID

**A. Impoundment of funds.**

1. When a legal action is begun challenging the validity of the imposition of the tax, the County shall deposit in an interest-bearing escrow account, any proceeds transmitted to it under Article II. C., until a court of competent jurisdiction renders a final and non-appealable judgment that the tax is valid.

2. If the tax is determined to be unconstitutional or otherwise invalid, the County shall transmit to the Department the moneys retained in escrow, including any accumulated interest, within ten days of the judgment of the trial court in the litigation awarding costs and fees becoming final and non-appealable.

**B. Costs of administration.** Should a final judgment be entered in any court of the State of California, holding that County's Ordinance is invalid or void, and requiring a rebate or refund to taxpayers of any taxes collected under the terms of this Agreement, the parties mutually agree that:

1. Department may retain all payments made by County to Department to prepare to administer the County Ordinance.

2. County will pay to Department and allow Department to retain Department's cost of administering the County Ordinance in the amounts set forth in Article IV of this Agreement.

3. County will pay to Department or to the State of California the amount of any taxes plus interest and penalties, if any, that Department or the State of California may be required to rebate or refund to taxpayers.

4. County will pay to Department its costs for rebating or refunding such taxes, interest, or penalties. Department's costs shall include its additional cost for developing procedures for processing the rebates or refunds, its costs of actually making these refunds, designing and printing forms, and

developing instructions for Department's staff for use in making these rebates or refunds and any other costs incurred by Department which are reasonably appropriate or necessary to make those rebates or refunds. These costs shall include Department's direct and indirect costs as specified by Section 11256 of the Government Code.

5. Costs may be accounted for in a manner, which conforms to the internal accounting, and personnel records currently maintained by the Department. The billings for such costs may be presented in summary form. Detailed records will be retained for audit and verification by County.

6. Any dispute as to the amount of costs incurred by Department in refunding taxes shall be referred to the State Director of Finance for resolution and the Director's decision shall be final.

7. Costs incurred by Department in connection with such refunds shall be billed by Department on or before the 25th day of the second month following the month in which the judgment of a court of the State of California holding County's Ordinance invalid or void becomes final. Thereafter Department shall bill County on or before the 25th of each month for all costs incurred by Department for the preceding calendar month. County shall pay to Department the amount of such costs on or before the last day of the succeeding month and shall pay to Department the total amount of taxes, interest, and penalties refunded or paid to taxpayers, together with Department costs incurred in making those refunds.

COUNTY OF LOS ANGELES

CALIFORNIA DEPARTMENT OF TAX  
AND FEE ADMINISTRATION

By \_\_\_\_\_  
Fesia Davenport  
Chief Executive Officer

By \_\_\_\_\_  
Administrator  
Local Revenue Branch

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

By \_\_\_\_\_  
Deputy County Counsel





**BE IT FURTHER RESOLVED** that the information obtained by examination of Department records shall be used only for purposes related to the collection of County sales or transactions and use taxes by the Department pursuant to the contract between the County and the Department.

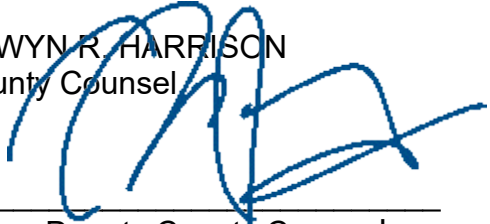
The foregoing Resolution was on the \_\_\_ day of December 2024, adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

EDWARD YEN,  
Executive Officer-Clerk of the Board of  
Supervisors of the County of Los Angeles

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

DAWYN R. HARRISON  
County Counsel

By:  \_\_\_\_\_  
Deputy County Counsel