

ORDINANCE NO. _____

**AFFORDABLE HOUSING, HOMELESSNESS SOLUTIONS, AND PREVENTION NOW
TRANSACTIONS AND USE TAX ORDINANCE**

**AN INITIATIVE ORDINANCE OF THE PEOPLE OF
THE COUNTY OF LOS ANGELES
IMPOSING A TRANSACTIONS AND USE TAX TO BE
ADMINISTERED BY THE CALIFORNIA DEPARTMENT OF TAX AND FEE
ADMINISTRATION AND REPEALING MEASURE H**

PREAMBLE

Los Angeles County's unprecedented and worsening homelessness crisis must be met with bold new action to move people from the streets and into housing faster, prevent homelessness, provide more mental health and substance abuse treatment, and increase the availability of affordable housing.

On any given night, 75,518 people in Los Angeles County are homeless, with a lack of available affordable housing and services turning the County's streets into waiting rooms with no way out.

The crisis is only increasing in severity, with Los Angeles County suffering from:

- A 55 percent increase between 2019 and 2021 in deaths of people experiencing homelessness, with drug overdose the leading cause of death;
- 39 percent of people in Los Angeles County jails suffering from mental illness, and 27 percent of inmates being homeless;
- Over 550,000 renter households paying more than 50% of their income in rent;
- Losing 200,000 units that rented for less than \$1,000 per month from the rental market over a decade; and
- 75 percent of the unhoused population living entirely unsheltered or in tents, RVs, cars, encampments, or other makeshift shelters on the County's streets, sidewalks, parks, beaches, and in other public spaces.

Without bold new action, homelessness will continue to skyrocket across Los Angeles County.

The goal of the Affordable Housing, Homelessness Solutions, and Prevention Now Transactions and Use Tax Ordinance is to significantly reduce and prevent homelessness in Los Angeles County by:

- Significantly increasing and accelerating the availability of affordable housing;
- Significantly increasing the availability of immediate housing and interim housing options;
- Significantly increasing mental health treatment for people experiencing homelessness;
- Significantly increasing substance abuse treatment for people experiencing homelessness;
- Addressing large scale and individual encampments, people living in RVs and automobiles, or otherwise living in public spaces by creating connections to housing;
- Preserving currently affordable housing;

- Preventing people from losing their housing through rental assistance, legal assistance, and other measures;
- Reducing unnecessary paperwork and processes to make it easier and faster for people to access affordable housing, especially those within vulnerable populations including seniors, families with children, and veterans;
- Reducing red tape and barriers to getting housing built;
- Reducing costs and accelerating the building and preservation of affordable housing;
- Establishing direct local return funding to Los Angeles County’s 88 cities;
- Improving coordination with the state and federal government to reduce bureaucracy, costs, and delays and to increase funding to Los Angeles County;
- Implementing a Universal Data and Accountability Plan through which all entities receiving funding through this measure will be legally required to report expenditures and progress toward goals using consistent metrics and methods; and
- Requiring independent, annual audits assessing whether this measure is reducing homelessness.

THEREFORE, the People of the County of Los Angeles ordain as follows:

ARTICLE I – PURPOSE, FUNDING, ACCOUNTABILITY

SECTION 1. TITLE; AUTHORITY. This Ordinance shall be known as the Affordable Housing, Homelessness Solutions, and Prevention Now Transactions and Use Tax Ordinance. The County of Los Angeles hereinafter shall be called “County” or “District.” This Ordinance shall be applicable in the incorporated and unincorporated territory of the County and is authorized pursuant to Revenue and Taxation Code section 7286.01 and California Constitution article II, section 11. Nothing in this Ordinance shall be construed as requiring approval of a two-thirds majority of electors voting on this measure.

SECTION 2. MEASURE H REPEAL. As required by Revenue and Taxation Code section 7286.01, subdivision (a)(5) (adopted by chapter 731 of the Statutes of 2023), Measure H, codified as chapter 4.73 of the Los Angeles County Code, is hereby repealed, subject to section 20 below. This repeals Measure H’s tax rate of 0.25%.

SECTION 3. DISTRIBUTION AND USE OF FUNDS.

A. The proceeds of this tax may be used solely for the purposes of preventing homelessness, reducing homelessness, and making housing more affordable in Los Angeles County. It is intended to fund proven and innovative homelessness prevention programs and housing solutions that address the root causes of homelessness, including mental health services; substance use treatment; strategies to make housing more affordable for critical populations including but not limited to veterans, seniors, transition-age youth, families with children, people with disabilities, people with animal companions, women, members of LGBTQIA+ communities, survivors of domestic violence, overrepresented racial groups, and others at risk of homelessness; and to ensure a significant reduction in individuals and families living on the streets or in other public places through outreach, supportive services, and housing. This Ordinance establishes robust oversight and accountability provisions, requires clear goals, and reallocates funding if goals are not met.

Specifically, the proceeds of this tax may be used to:

1. Reduce and prevent homelessness by funding programs and services that support physical and mental health care, emergency housing, permanent housing, job counseling, substance use disorder treatment, short-term rental subsidies, and related services as further specified in paragraph C of this section 3;
2. Fund any lawful purpose of the Los Angeles County Affordable Housing Solutions Agency, or any successor entity (“the Housing Agency”);
3. Fund the construction of affordable housing by the Los Angeles County Development Authority, or any successor entity (“LACDA”);
4. Collect and analyze data to evaluate the effectiveness of programs funded by the tax imposed by this Ordinance; and
5. Reimburse the County for its reasonable costs to collect and distribute the tax imposed by this Ordinance, as provided herein.

B. The Los Angeles County Auditor-Controller (“Auditor-Controller”) shall distribute the proceeds of the tax, net of County costs specified in subparagraph A.5 of this section not to exceed 0.5% of annual tax proceeds, as and when local Bradley-Burns Uniform Sales and Use Taxes are distributed, to the County, LACDA, and the Housing Agency as follows:

1. 60% to the County for Comprehensive Homelessness Services, the Local Solutions Fund, and Homelessness Solutions Innovations;
 - a. At least 15% of the funds allocated under subparagraph B.1 shall be used for the Local Solutions Fund;
 - b. At least 1.65% of the funds allocated under subparagraph B.1 shall be used for Homelessness Solutions Innovations;
2. 1.25% to the County for Accountability, Data, and Research;
3. 3% to LACDA for Local Housing Production; and
4. 35.75% to the Housing Agency for Affordable Housing and Prevention.

The Board of Supervisors shall evaluate whether it is appropriate to adjust the funding allocations of this paragraph B with respect to fiscal year 2030–2031 and at least every five years thereafter to reflect then-existing needs in Los Angeles County for affordable housing and homelessness services. Any adjustments shall not reduce the Housing Agency’s allocation under subparagraph B.4 of this section below 33.33% percent.

C. The County shall spend funds allocated to it for Comprehensive Homelessness Services to provide standardized basic services to bring people inside and ensure that people have access to social services, medical care and behavioral/mental health care, and on homelessness prevention strategies. The Executive Committee, with input from the Leadership Table, shall develop best practices for standardization of care, including but not limited to connections to

behavioral and mental health, medical care, and other services. These best practices should include guidance and key performance indicators for contractors and Funding Recipients. Services funded under this paragraph should aim to create connections to mainstream safety net programs supported by other funds from the County, state, and federal governments, including connections to medical and mental health care supported by state and federal programs as well as other entitlement programs. Funding for programs and services should be allocated according to need and equity, considering factors such as the point-in-time count or other similar measures of the population experiencing homelessness or housing instability.

Comprehensive Homelessness Services include but are not limited to:

1. Preventing homelessness:
 - a. Homeless prevention program including but not limited to seniors, families with children, and veterans;
 - b. Subsidized housing;
 - c. Rapid rehousing; and
 - d. Interim/bridge housing for those experiencing homelessness.
2. Mental health:
 - a. Outpatient care;
 - b. Psychiatric care, urgent care, and emergency response;
 - c. Permanent and interim housing and services for people with mental illness; and
 - d. Residential care facilities.
3. Outpatient and residential substance use treatment;
4. Case management and outreach services:
 - a. Mental health, substance use, and counseling services;
 - b. Domestic violence services;
 - c. Services for permanent supportive housing;
 - d. Services to rehouse people impacted by the criminal legal system; and
 - e. Multidisciplinary teams.
5. Employment services:

- a. Social enterprises; and
- b. Subsidized employment;
6. Expedited placements in permanent housing;
7. Enhanced emergency housing and interim housing;
8. Enhanced services for transition-age youth and children;
9. Affordable housing for people experiencing, or at risk of, homelessness:
 - a. Preservation of affordable housing;
 - b. Development of affordable housing for families and individuals;
 - c. Stable interim supply of housing;
 - d. Acquisition of existing housing;
 - e. Master leasing of units; and
 - f. Flexible rent subsidies.

D. The County shall allocate funds from the Local Solutions Fund to cities, councils of governments, and/or the County on behalf of its unincorporated areas, for programs consistent with the purposes enumerated in paragraph C of this section or for purposes enumerated in Government Code section 64700 *et seq.*, including but not limited to homelessness prevention, homelessness services, or affordable housing programs.

1. Funds allocated for the Local Solutions Fund will be distributed to the County for disbursement to cities and/or councils of governments within the County to be spent pursuant to this paragraph D.
2. The Local Solutions Fund shall be distributed to cities, councils of governments, and to the County on behalf of its unincorporated areas, via a formula based on the point-in-time count required by the United States Department of Housing and Urban Development and/or similar measures of people experiencing homelessness, as the Board of Supervisors determines in consultation with cities within the County.

E. The County shall spend funds allocated to it for Homelessness Solutions Innovations on new strategies and demonstration projects designed to achieve the goals stated in paragraph A of section 4 of this Ordinance. This funding may be used to incubate and test new ideas for future, larger-scale spending under other sections of this Ordinance.

F. The County shall spend funds allocated to it for Accountability, Data, and Research for uses intended to promote accountability, oversight, universal data, and outcome evaluation and to expand capacity for data collection and reporting by Funding Recipients, contractors, and service providers. These funds may be used to help facilitate implementation of

sections 4, 5, and 6 of this Ordinance; to achieve the goals stated in section 4 of this Ordinance; or to aid in data collection and evaluation of any program furthering the purposes of this Ordinance.

G. LACDA shall spend funds allocated to it for Local Housing Production on the development or preservation of housing in which each unit, exclusive of a manager's unit or units, is affordable to Lower Income Households.

H. The Housing Agency shall spend funds allocated to it for Affordable Housing and Prevention on programs consistent with Government Code section 64700 *et seq.*, including but not limited to:

1. The construction of new affordable housing;
2. Affordable housing preservation;
3. Tenant protection and support programs;
4. Planning and technical assistance related to affordable housing and land use, including but not limited to supporting innovative solutions to reduce barriers to affordable housing and to accelerate its production and preservation; and
5. Other purposes as outlined in the Housing Agency's annual expenditure plan.

Funds allocated to the Housing Agency for Affordable Housing and Prevention shall be subject to all of the requirements and restrictions in Title 6.9 of the Government Code on the same terms as revenue generated pursuant to Chapter 2 of Part 2 of that title.

I. Proceeds from the tax imposed by this Ordinance are intended to support best practices, policies, and programs implemented by departments, agencies, or organizations that are primarily formed to provide services to and support people who are experiencing homelessness, at risk of homelessness, or are low-income. Proceeds from the tax imposed by this Ordinance may not be used to fund investigations or prosecutions to achieve criminal, civil, or administrative penalties against people experiencing homelessness or other low-income people.

J. The proceeds of this special transactions and use tax shall be deposited in a special account to be created and maintained by the Auditor-Controller. The Auditor-Controller shall also create and maintain special accounts into which proceeds allocated for the Local Solutions Fund shall be deposited for disbursement to cities and councils of governments pursuant to paragraph D of this section and for proceeds allocated to the Housing Agency pursuant to this Ordinance.

Section 4. FUNDING ADJUSTMENTS BASED ON OUTCOME GOALS.

A. In addition to achieving the purposes set forth in sections 3 and 9, this Ordinance has five goals:

1. Increase the number of people moving from encampments into permanent housing to reduce unsheltered homelessness;

2. Reduce the number of people with mental illness and/or substance use disorders who experience homelessness;
3. Increase the number of people permanently leaving homelessness;
4. Prevent people from falling into homelessness; and
5. Increase the number of affordable housing units in Los Angeles County.

B. When evaluating progress towards these goals, the following key system performance metrics should be considered, in addition to any other metrics determined by the Executive Committee and Housing Agency:

1. Creating a standardization of basic services to bring people inside and ensure that people have access to social services, medical care, and behavioral/mental health care;
2. Establishing a homeless-service-delivery system more accessible to all communities;
3. Meeting regional housing needs for Lower Income Households;
4. Using an equity lens, reducing racial disparities and the disproportionate impact of homelessness and housing insecurity for critical populations identified in paragraph A of section 3; and
5. Increasing accountability and transparency as to the use of public funds.

C. The Executive Committee shall evaluate progress toward goals in paragraph A of this section, with an emphasis on goals 1, 2, and 3; and the Housing Agency shall evaluate progress towards the goals in paragraph A of this section, with an emphasis on goals 4 and 5. Both the Executive Committee and the Housing Agency should consider all relevant key system performance metrics referenced in paragraph B of this section; report publicly as to whether those goals are being met, which existing programs are highly effective, and how those goals might be better achieved; and determine consequences for not meeting the goals. No later than April 1, 2025, the Executive Committee and Housing Agency shall each formulate baseline and target metrics based on input and recommendations from the Leadership Table; relevant County staff; and stakeholders, including service providers contracted to provide services like those to be funded by the tax imposed by this Ordinance, affordable housing developers, and renter protection organizations. Programs funded by the tax imposed by this Ordinance should contribute to achieving the goals stated in paragraph A of this section by demonstrating progress from the baseline metrics toward target metrics.

D. For each goal for which the target metric has not been achieved as of December 31, 2030, the Executive Committee shall make recommendations to the Board of Supervisors and the Housing Agency to redirect funds to or away from specific programs. If any of the target metrics have not been achieved, the Executive Committee shall recommend reallocations among County programs and among Housing Agency programs, respectively, of between 2.5% and 5% of the total allocation to each of the County or the Housing Agency.

E. No later than October 1, 2031, the Executive Committee and the Housing Agency shall formulate new baseline and target metrics as described in paragraph C above. In addition to any input that paragraph requires, the new baseline and target metrics shall be also informed by the annual evaluation agenda and prior program performance. The Executive Committee shall evaluate progress towards these new metrics at least every five years thereafter and make recommendations to the Board of Supervisors and the Housing Agency to redirect funds to or from specific programs, as described in paragraph D. If funds have been redirected as a result of prior evaluations, the redirection of those funds may be reevaluated. Nothing in this section precludes the Executive Committee from recommending such reallocations at any time after December 31, 2030. Nothing in this section precludes the Executive Committee or the Housing Agency from developing new baseline and target metrics.

SECTION 5. ACCOUNTABILITY MEASURES.

A. Each Funding Recipient shall provide the Chief Executive Officer a report by October 1 of each year stating:

1. The amounts of tax that Funding Recipient collected and spent in the previous fiscal year;
2. The status of any project or work of that Funding Recipient funded by the proceeds of this tax; and
3. The funds carried over from previous years and to be carried over to future years.

Each Funding Recipient shall make such reports available for public inspection without charge, including by posting them on its website for at least five years after they are completed.

B. The Chief Executive Officer shall annually compile those reports and file the compilation with the Auditor-Controller. The Auditor-Controller shall annually prepare and transmit to the Board of Supervisors and Housing Agency a report on all receipts and expenditures in the preceding fiscal year, in compliance with Government Code section 50075.3. In addition, upon request, the Auditor-Controller will present the findings of this report to the Executive Committee, the Leadership Table, and the Los Angeles Homeless Services Authority Commission. The County shall annually audit receipts and expenditures of the tax imposed under this Ordinance. That audit may be included within any other audit the County performs that complies with the Single Audit Act, 31 U.S.C. chapter 7. The County and the Housing Agency shall make such audit reports available for public inspection without charge, including by posting them on their websites for at least five years after they are completed.

C. Starting October 1, 2027, if a city, the County, or a council of governments reports unexpended funds of 30% or more of its proceeds from the Local Solutions Fund in two consecutive annual reports, the County shall direct that city, County staff, or that council of governments to remit the excess over 30% to the Local Solutions Fund. In particular, and without limitation, funds appropriated by cities, the County, and councils of governments for permanent affordable housing construction shall be excluded when determining whether the fund exceeds the foregoing 30% threshold.

D. By October 15 of each year, the County shall report to the Auditor-Controller the amount it obligated from the Affordable Housing Program budget unit from all sources to that unit (not limited to the tax imposed by this Ordinance) in the previous fiscal year for the following uses: the production of new, or preservation of existing, affordable housing for low-, very low-, extremely low-, and acutely low-income or homeless households; rental assistance; rapid re-housing; shared housing; move-in assistance; and administrative costs related to these uses. If that report shows that the County has not obligated from its Affordable Housing Program budget unit at least \$100 million dollars in that fiscal year for these purposes from sources other than the tax imposed by this Ordinance, then, for the next fiscal year, the Auditor-Controller shall redirect the proceeds that would otherwise be allocated to LACDA for Local Housing Production under subparagraph B.3 of section 3 of this Ordinance to the Housing Agency for Affordable Housing and Prevention in an amount equal to the difference between the reported amount and \$100 million (but not to exceed to total amount allocated under subparagraph B.3 of section 3). For example, if the County reported obligating \$85 million in the prior fiscal year, the Auditor-Controller shall redirect to the Housing Agency \$15 million dollars that otherwise would have been directed to LACDA under subparagraph B.3 of section 3. For the purposes of this paragraph D, funding is considered obligated if it is included in a spending plan adopted by the Board of Supervisors, or if the Board of Supervisors otherwise approves the allocation of the funding, for the production of new, or preservation of existing, affordable housing for low-, very low-, extremely low-, and acutely low-income or homeless households; rental assistance; rapid re-housing; shared housing; move-in assistance; and administrative costs related to these uses.

SECTION 6. OVERSIGHT.

A. The Executive Committee shall oversee and make recommendations regarding the expenditure of funds allocated to the County and LACDA, in consultation with the Leadership Table. After considering the recommendations of the Executive Committee, and after consultation with appropriate County agencies and departments, the County shall:

1. **INNOVATION AND ACCOUNTABILITY.** Establish and manage an annual evaluation agenda to spur innovation and improvement. The agenda should prioritize internal and external evaluations that test the causal impact of investments on the desired outcomes. Evaluations must additionally include a third party evaluator selected through a request for proposals. Evaluations must include voices with relevant lived experience;
2. **TRANSPARENCY.** Establish metrics that consider the feasibility of data collection and connect to the goals of this Ordinance. The County should provide sufficient staffing for research, evaluation, data management, data integration, and monitoring of the progress of evaluations, to provide centralized program oversight. The County will make performance metrics publicly available;
3. **INDEPENDENT AUDITS.** Conduct audits focused on the reduction of homelessness and other goals established under this Ordinance and present these findings to the Executive Committee and to other housing and homelessness oversight bodies;

4. UNIVERSAL DATA AND ACCOUNTABILITY PLAN. Require all Funding Recipients to report expenditures in the same way, and facilitate access to data by Funding Recipients and their evaluation partners to support coordinated service delivery, policy planning, the evaluation agenda, and any needs assessments. To the extent feasible, the County will require Funding Recipients, contractors, and service providers to report expenditures and other key metrics in a uniform manner;
5. REGIONAL PLAN. Adopt a regional plan that aligns with the regionally coordinated plan required by Health and Safety Code section 50230 *et seq.* If another funding source mandates a countywide plan that includes housing and homeless services systems, that plan may serve as the regional plan this section requires. The regional plan should establish regional goals and objectives to reduce homelessness and increase the supply of affordable housing, which goals and objectives are consistent with the goals established under section 4 of this Ordinance. The Executive Committee shall recommend, in consultation with appropriate County agencies and departments, and the County shall evaluate and adopt, with such changes as it deems appropriate, metrics no later than April 1, 2025.
6. Hold two public listening and learning sessions each year to report on available data on perceived and emerging homelessness service and affordable housing needs in the County.
7. Make ongoing community education efforts on topics including but not limited to the need for homelessness services and affordable housing in the County and the goals, objectives and progress of the regional plan required by this section.

B. The citizens' oversight committee created by the Housing Agency pursuant to Government Code section 64718 shall oversee the Housing Agency's expenditures of the proceeds of the tax imposed by this Ordinance, consistently with the Housing Agency's regulations.

SECTION 7. DEFINITIONS. For purposes of this Ordinance:

A. "Accountability, Data, and Research" means the purposes enumerated in paragraph F of section 3.

B. "Affordable Housing and Prevention" means the purposes enumerated in paragraph H of section 3.

C. "Chief Executive Officer" means the Los Angeles County Chief Executive Officer or their designee.

D. "Comprehensive Homelessness Services" means the purposes enumerated in paragraph C of section 3.

E. “Executive Committee” means the body established by the motion the Los Angeles County Board of Supervisors approved as agenda item 18 on August 8, 2023 to establish a regional governance structure for homelessness services, as the Board of Supervisors may amend that body from time to time, or any body the Board of Supervisors designates as the successor to that body. If the Executive Committee is dissolved or unable to perform its duties, the Board of Supervisors, after considering the recommendations of the Mayors of Los Angeles and Long Beach, shall establish or designate another oversight body for this purpose. If so, references in this Ordinance to the Executive Committee shall refer to that designated successor.

F. “Funding Recipient” means the County, the Housing Agency, LACDA, and any public agency, city, or council of governments that receives funding from the tax imposed by this Ordinance. It does not include nongovernmental entities that receive such funding.

G. “Homelessness Solutions Innovations” means the purposes enumerated in paragraph E of section 3.

H. “Leadership Table” means the body established by the motion the Los Angeles County Board of Supervisors approved as agenda item 18 on August 8, 2023 to act as an advisory body supporting the work of the Executive Committee including philanthropy, lived expertise, veterans, faith community, and others, as that body may be amended from time to time by the Board of Supervisors, or any body the Board of Supervisors designates the successor to that body.

I. “Local Housing Production” means the purposes enumerated in paragraph A of section 3.

J. “Local Solutions Fund” means a fund for the purposes enumerated in paragraph D of section 3.

K. “Lower Income Households” has the same meaning as in Health and Safety Code section 50079.5.

ARTICLE II – UNIFORM COUNTY TRANSACTIONS AND USE TAX

SECTION 8. OPERATIVE DATE. “Operative Date” means the first day of the first calendar quarter commencing more than 110 days after the adoption of this Ordinance, the date of such adoption being as set forth below.

SECTION 9. PURPOSE. This Ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To provide funding dedicated to services to people experiencing homelessness or at risk of homelessness, to homelessness prevention, or to providing affordable housing as required by Revenue & Taxation Code section 7286.01.

B. For the purposes of reducing and preventing homelessness, increasing the supply of affordable housing in Los Angeles County by providing for significantly enhanced funding and technical assistance at a regional level for renter protections, affordable housing preservation, and new affordable housing production for low-income households.

C. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with section 7251) of Division 2 of the Revenue and Taxation Code and sections 7285.5 and 7286.01 of Part 1.7 of Division 2 which authorizes the County to adopt this tax Ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

D. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

E. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the California Department of Tax and Fee Administration in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the California Department of Tax and Fee Administration in administering and collecting the California State Sales and Use Taxes.

F. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this Ordinance.

SECTION 10. CONTRACT WITH STATE. Prior to the operative date, the County shall contract with the California Department of Tax and Fee Administration to perform all functions incident to the administration and operation of this transactions and use tax Ordinance; provided, that if the County shall not have contracted with the California Department of Tax and Fee Administration prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

SECTION 11. TRANSACTIONS TAX RATE. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the District at the rate of 0.5% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this Ordinance.

SECTION 12. PLACE OF SALE. For the purposes of this Ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the California Department of Tax and Fee Administration.

SECTION 13. USE TAX RATE. An excise tax is hereby imposed on the storage, use or other consumption in the District of tangible personal property purchased from any retailer on and after the operative date of this Ordinance for storage, use or other consumption in said territory at the rate of 0.5% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

SECTION 14. ADOPTION OF PROVISIONS OF STATE LAW. Except as otherwise provided in this Ordinance and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance as though fully set forth herein.

SECTION 15. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this County shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Treasury, or the Constitution of the State of California;
2. The result of that substitution would require action to be taken by or against this County or any agency, officer, or employee thereof rather than by or against the California Department of Tax and Fee Administration, in performing the functions incident to the administration or operation of this Ordinance.
3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:
 - a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;
 - b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.
4. In sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word “District” shall be substituted for the word “State” in the phrase “retailer engaged in business in this State” in section 6203 and in the definition of that phrase in Section 6203.

1. “A retailer engaged in business in the District” shall also include any retailer that, in the preceding calendar year or the current calendar year, has total combined sales of tangible personal property in this state or for delivery in the State by the retailer and all persons related to the retailer that exceeds five hundred thousand dollars (\$500,000). For purposes of this section, a person is related to another person if both persons are related to each other pursuant to section 267(b) of Title 26 of the United States Code and the regulations thereunder.

SECTION 16. PERMIT NOT REQUIRED. If a seller’s permit has been issued to a retailer under section 6067 of the Revenue and Taxation Code, an additional transactor’s permit shall not be required by this Ordinance.

SECTION 17. EXEMPTIONS AND EXCLUSIONS.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.
2. Sales of property to be used outside the District which is shipped to a point outside the District, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the District shall be satisfied:
 - a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with section 9840) of the Vehicle Code by registration to an out-of-District address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

- b. With respect to commercial vehicles, by registration to a place of business out-of-District and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.
3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.
4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this Ordinance.
5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this Ordinance, the storage, use or other consumption in this District of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.
3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this Ordinance.
4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this Ordinance.
5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which

any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the District shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the District or participates within the District in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the district or through any representative, agent, canvasser, solicitor, subsidiary, or person in the District under the authority of the retailer.
7. “A retailer engaged in business in the District” shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the District.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

SECTION 18. AMENDMENTS. All amendments subsequent to the effective date of this Ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this Ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this Ordinance.

SECTION 19. ENJOINING COLLECTION FORBIDDEN. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the County, or against any officer of the State or the County, to prevent or enjoin the collection under this Ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

SECTION 20. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby except that the legal effectiveness and actual collection of the tax authorized by this Ordinance is a condition precedent to the repeal of Measure H.

SECTION 21. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the District transactions and use taxes and shall take effect immediately.

SECTION 22. TERMINATION DATE. The authority to levy the tax imposed by this ordinance shall expire when terminated by a vote of the People of Los Angeles County.

SECTION 23. EXEMPTION FROM COMBINED RATE. Pursuant to Revenue and Taxation Code section 7286.01, the tax rate authorized by this Chapter shall not be considered for purposes of the combined rate limit established by Revenue and Taxation Code section 7251.1.

ARTICLE III – ADMINISTRATION OF THE TAX

SECTION 24. NUMBER AND EXECUTION. Upon the Board of Supervisors' certification that the voters of the County of Los Angeles have approved this Ordinance, the Chair and the Executive Officer of the County Board of Supervisors are authorized and directed to enter an ordinance number in the heading above and to execute this Ordinance where indicated below to give evidence of its approval. The Board of Supervisors may codify this Ordinance in the Los Angeles County Code, without substantive change except as this Ordinance otherwise provides.

SECTION 25. RULEMAKING. The Board of Supervisors may establish regulations to implement articles I and III of this Ordinance, which shall take effect when adopted and publicized as required for ordinances of the County of Los Angeles. Such regulations may, inter alia:

A. Establish procedures for decision-making and appellate review of determinations under this Ordinance; and

B. Otherwise facilitate the Board of Supervisors', Chief Executive Officer's, Treasurer and Tax Collector's and Auditor-Controller's work in implementing those sections of this Ordinance or achieving its purposes.

SECTION 26. SPENDING LIMITATION. The government spending limitations imposed on the County and the Housing Agency by article XIII B of the California Constitution are hereby increased in amounts sufficient to permit the expenditure of the proceeds of the tax imposed by this Ordinance for the purposes stated herein.

SECTION 27. IMPROVING RECRUITMENT AND RETENTION OF HOMELESSNESS SERVICE AND PREVENTION WORKERS.

A. All contracts funding social services positions, including but not limited to homelessness services and eviction prevention workers, financed by the tax imposed by this Ordinance must:

1. Set sufficient payment rates to enable contractors to pay wages aligned with public and private market conditions;
2. Allow amendments, as needed, to provide that incentives and wage increases for cost of living similar to those offered to County staff and/or Los Angeles Homeless Services Authority staff are also available to service provider and prevention worker staff;
3. Allow annual adjustments to reflect cost-of-living adjustments, increases in administrative allowances, and operational cost changes

due to inflation or other factors (such as supply shortages, insurance market changes, etc.);

4. Be paid in a timely manner to prevent unnecessary cost increases borne by service providers; and
5. Not result in displacement of public employees.

Multi-year contracts are encouraged to support system, service delivery, workforce, and nonprofit service provider stability.

B. By June 30, 2025, the County shall establish a labor council with equal representation from organized labor and nonprofit social service provider leadership to discuss pay equity and career development at contracted service providers, especially with regard to racial disparities and for those with lived experience of homelessness. This council shall make recommendations to the Board of Supervisors on issues related but not limited to all levels of compensation, wages and benefits, and appropriate pay ranges as compared to County employees performing similar work, including the feasibility of contracts for social services positions financed by this Ordinance meeting or exceeding area wage standards, pay equity for service provider staff, and the allowance of cost-of-living adjustments. The labor council shall provide initial recommendations to the Board of Supervisors by June 30, 2026.

C. Every three years, the Chief Executive Officer shall conduct a review every three years of current payment rates across service types (such as interim housing bed rates) to inform rate changes and, every five years, shall review current administrative rates allowed in service contracts compared with industry standards and best practices.

SECTION 28. CONSTRUCTION WORK.

A. It is the intent of this section to encourage the development of local job opportunities and career pathways into the building and construction trades, including but not limited to apprenticeship and pre-apprenticeship programs.

B. Any construction or rehabilitation project receiving funding or financing from this Ordinance, including but not limited to a project of fewer than 40 units, shall constitute a public work for which prevailing wages shall be paid for purposes of Chapter 1 (commencing with section 1720) of Part 7 of Division 2 of the Labor Code.

C. A project of 40 or more units is eligible to receive funding or financing from this Ordinance only if all construction and rehabilitation is subject to the City of Los Angeles Department of Public Works Project Labor Agreement 2020-2030 if the project is within the City of Los Angeles, or the Countywide Community Workforce Agreement executed by the Chief Executive Officer on June 7, 2023 if the project is elsewhere, or any successor to either agreement.

D. For purposes of sections 28 and 29 of this Ordinance, the number of units means the maximum number of units authorized in an entitlement granted by the land use permitting authority for a development project, regardless of whether construction or rehabilitation proceeds in phases or project ownership is divided.

E. The Designated Enforcement Agency (“DEA”) shall have authority to enforce Labor Code sections 1720-1815, as amended from time to time, for projects funded by the tax imposed by this Ordinance. Any developer, contractor, or subcontractor as to such projects shall be required to cooperate fully in any investigation the DEA initiates. For projects located in the City of Los Angeles, the DEA shall be the Department of Public Works, Bureau of Contract Administration. For projects elsewhere, the contracting Funding Recipient shall act as or designate the DEA. The DEA shall be authorized to work with joint labor management committees established pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a) in order to carry out the enforcement/investigation duties under this Ordinance. A joint labor management committee may bring an action in any court of competent jurisdiction against an employer that fails to comply with the labor standards required under this Ordinance.

F. Notwithstanding subsection C of this section, if a project labor agreement is agreed between the Funding Recipient or project developer, the Los Angeles/Orange Counties Building and Construction Trades Council, and the Western States Regional Council of Carpenters, then a project with 40 or more units is eligible to receive funding or financing from this Ordinance if all construction and rehabilitation is subject to that project labor agreement.

G. For purposes of this Ordinance, “project labor agreement” has the meaning stated in subdivision (b)(1) of section 2500 of the Public Contract Code.

SECTION 29. INITIAL HOUSING SPENDING. Until June 30, 2035:

A. 100% of the funding distributed to LACDA under subparagraph B.3 of section 3 shall be used for construction of new affordable housing.

B. The Housing Agency shall use 60% of the funding distributed to the Housing Agency for Affordable Housing and Prevention under subparagraph B.4 of section 3 for affordable housing creation, preservation, and ownership, as defined in subdivision (d)(1) of section 64830 of the Government Code. Of this amount, the Housing Agency shall use 77.25% for construction of new affordable housing.

C. LACDA and the Housing Agency must each require that at least 80% of housing units produced using funds for Local Housing Production distributed under subparagraph B.3 of section 3 and funds for Affordable Housing and Prevention distributed under subparagraph B.4 of section 3 be built subject to a project labor agreement pursuant to section 28 of this Ordinance.

SECTION 30. AMENDMENTS. The Board of Supervisors may amend articles I and III to further the purposes of this Ordinance in any way that does not:

A. Constitute a tax “increase” within the meaning of subdivision (h) of Government Code section 53750;

B. Prevent the California Department of Tax and Fee Administration from administering the tax imposed by this Ordinance as other sales and use and transactions and use taxes are administered; or

C. Alter the substance of sections 3 or 5.

SECTION 31. VALIDATION. Any challenge to this Ordinance and/or the tax it imposes shall be brought when and as required by Government Code section 50077.5 and Revenue and Taxation Code section 7270.5.

SECTION 32. CONDITIONAL APPROPRIATIONS. Nothing in this Ordinance should be interpreted as directing the Housing Agency to take any action. All distributions of funds under this Ordinance are conditioned on a Funding Recipient accepting this Ordinance's conditions on that funding, including but not limited to its reporting, data sharing, evaluation, oversight, and audit requirements. Funding Recipients retain autonomy to refuse funding under this Ordinance to avoid any unwelcome conditions on that funding. Accordingly, this Ordinance is intended as the legislative act of imposing a tax and appropriating its proceeds and not as a non-legislative act.

SECTION 33. RELATIONSHIP TO MEASURE H. Under Revenue and Taxation Code section 7286.01, the tax imposed by this Ordinance and the tax imposed by Measure H cannot be collected at the same time. If a legal action is commenced challenging the validity of the tax imposed by this Ordinance, and the California Department of Tax and Fee Administration escrows the tax proceeds until the legality of the tax is resolved by a final and nonappealable decision of a court of competent jurisdiction, the People of the County of Los Angeles intend that:

A. Half the proceeds of the tax imposed by this Ordinance should not be held in escrow, but should be released to the County for use consistently with Measure H's purposes, which are also consistent with the purposes of this measure, as invalidation of the tax imposed by this Ordinance will restore Measure H to effectiveness; and

B. Upon resolution of any challenge to this Ordinance, any escrowed funds not required for payment of refund claims shall be released to the Auditor-Controller for allocation under this Ordinance; provided, however, that such allocation shall account any proceeds distributed to the County under paragraph A of this section as having been distributed to the County pursuant to subparagraph B.1 of section 3 of this Ordinance.

WE HEREBY CERTIFY that the People of the County of Los Angeles did PASS AND ADOPT this Ordinance at an election held for that purpose on _____ [date].

Chairperson

Attest:

(Signature)

Executive Officer of the Board
(Title)