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CITY ATTORNEY

REPORT NO. R 15 - 0 2 1 4
AUG 1 3 2015

REPORT RE:

**DRAFT ORDINANCE LEVYING TAXES AND SETTING THE TAX RATES
FOR SEVERAL INTEREST AND SINKING FUNDS FOR
BONDED INDEBTEDNESS OF THE CITY FOR THE FISCAL YEAR
BEGINNING JULY 1, 2015, AND ENDING JUNE 30, 2016**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality, in connection with the City's levying taxes and fixing the tax rates for the several interest and sinking funds for bonded indebtedness of the City for the fiscal year beginning July 1, 2015, and ending June 30, 2016. The ordinance, which is prepared on a yearly basis by the Controller, calculates the tax rate based upon the expected debt service for all outstanding general obligation bonds for the fiscal year. This tax is billed and collected for the City by the County of Los Angeles in conjunction with the billing and collection of real property taxes. Charter Section 331 requires the Council to adopt an ordinance levying on the assessed valuation of the property in the City, a rate of tax upon each \$100 of valuation. The County of Los Angeles would like to receive the adopted and executed ordinance by August 21, 2015.

Background

The City currently has eight outstanding bond issues, which were approved by the voters of the City of Los Angeles dating back to 1994. The specific bond issues are listed on page 4 of the enclosed draft ordinance. The voter approval included the

authorization to levy a property tax in order to pay the principal, premium, (if any), and interest due on each of the bonds.

The property tax is placed on and collected through the County property tax bill. Charter Section 331 requires the Council to adopt an ordinance fixing the appropriate rate upon each \$100 of assessed valuation. The Controller prepares the required ordinance on a yearly basis, which provides for the appropriate tax rate.

The Controller has determined that, for the Fiscal Year beginning July 1, 2015, and ending June 30, 2016, the rate should be set at \$0.023030 per each \$100 of assessed valuation of taxable property located within the limits of the relevant taxing districts. These taxing districts are set forth on pages 1-4 of the enclosed draft ordinance.

Charter Section 331 requires, in part, that the Council adopt the ordinance levying taxes by the last day of the month in which the data is received. The Controller received the data on August 7, 2015.

Charter Section 331

Charter Section 331 reads as follows:

“Not earlier than the month of June, but not later than the last day of the month in which the statement of property valuations within the City as required by law is received, the Council shall adopt an ordinance levying upon the assessed valuation of the property in the City, in accordance with the provisions of law, a rate of taxation upon each one hundred dollars (\$100) of valuation, which, with the amounts, if any, transferred from the Reserve Fund in or for the current fiscal year subsequent to the adoption of the annual budget and the amount estimated to be received from fines, licenses and other sources of revenue, will be sufficient to raise the amount appropriated in the annual budget.”

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Controller with a request that all comments, if any, be made directly to the City Council when this matter is heard.

If you have any questions regarding this matter, please contact Assistant City Attorney Beverly A. Cook at (213) 978-7760. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

DM:BAC:rsf
Transmittal