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CITY ATTORNEY

REPORT NO. **R 22 - 0269**
AUG 10 2022

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, 2022, AND ENDING JUNE 30, 2023**

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

Council File No. 22-0905

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality, in conjunction with the Office of the Controller's report dated August 8, 2022 (Council File No. 22-0905). The draft ordinance provides for the levying of taxes and the setting of the tax rates for interest and sinking funds for several series of general obligation bonds the City previously issued, and a new series of Proposition HHH general obligation bonds, Series 2022-A, that is expected to be issued following the adoption of the ordinance and within the fiscal year beginning July 1, 2022 and ending June 30, 2023 (2022-23). The CAO, under the same Council file, also will be submitting a separate report with an accompanying resolution that notes Council's expectation to issue the Series 2022-A bonds in the fiscal year 2022-23.

The ordinance, which is prepared on a yearly basis by the Controller, calculates the tax rate based upon the expected debt service associated with the series of bonded indebtedness listed in the draft ordinance for the fiscal year. This tax is billed and

collected by the County of Los Angeles on behalf of the City in conjunction with the billing and collection of real property taxes. Charter Section 331 requires the City 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 requires the receipt of the adopted and executed ordinance by August 22, 2022.

Background

The City has eight series of outstanding general obligation bond issuances and is expected to issue, in the fiscal year 2022-23, another series of general obligation bonds, Series 2022-A, for Proposition HHH projects. The outstanding bonds and expected Series 2022-A bonds are listed on page 4 of the enclosed draft ordinance. The voter approval that authorized the issuances of these general obligation bonds included the authorization to levy an *ad valorem* 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 City 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 2022-23, the rate should be set at \$0.016066 (1.6066 cents) upon 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 through 4 of the enclosed draft ordinance.

Charter Section 331 requires, in part, that the City 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 8, 2022.

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 Office of the Controller, and its comments have been incorporated.

If you have any questions regarding this matter, please contact Deputy City Attorney Charles Hong at (213) 978-7782. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

By 

DAVID MICHAELSON
Chief Assistant City Attorney

DM:CSH:mc
Transmittal