

BUDGET & FINANCE

MOTION

Following the devastation and loss of the Palisades Fire, many longtime residents and businesses are faced with the daunting task and uncertainty of rebuilding their homes and businesses. The City should do everything within its power to alleviate the financial burden for these residents and businesses in order to facilitate their return and stabilize the Pacific Palisades community.


One area in which help could be provided is sales tax relief. Rebuilding projects will involve significant purchases of materials and supplies ranging from raw materials like lumber to finished goods such as appliances. Some of these purchases can be expected to occur within the City of Los Angeles, resulting in sales tax revenues, potentially revenues in excess of what might have been collected but for the Palisades Fire.

Although the bulk of the revenue collected through the City's 9.75% sales tax is earmarked for the State and County or pre-committed to non-General Fund purposes, one percentage point of the sales tax revenues is returned by the State to the City's General Fund, and some of these funds could potentially be made available to provide sales tax relief for prudent expenditures made to support Palisades reconstruction.

I THEREFORE MOVE that the Council INSTRUCT the City Administrative Officer, with the assistance of the Office of Finance and the City Attorney, to report to Council within 60 days on potential options for implementing sales tax relief for purchases made to support Palisades reconstruction, excluding properties that have been sold since January 7, 2025, focusing on returning the City's 1% share of sales tax paid within the City of Los Angeles for purchases made in support of reconstruction projects that qualify as prudent capital cost expenditures. The report should include consideration of the following:

- a. Options for structuring such a program, aiming to ensure any payments are appropriately tied to the capital costs of prudent reconstruction purchases while minimizing the administrative burden of the program, both for the City and for Palisades residents and businesses;
- b. The appropriate type of documentation and/or level of review for such a program;
- c. Potential General Fund costs of the program, including, if applicable, the need for new staff positions to administer it;
- d. Potential economic benefits of such a program;
- e. An estimate of the potential dollar value of such rebates, both in total and on average per eligible home and/or business;
- f. Whether sales tax relief payments would be subject to federal tax;
- g. The extent to which sales tax costs linked to reconstruction are or are not covered by insurance for residents and businesses in the Palisades; and
- h. Any legal constraints or requirements for such a program.

PRESENTED BY:


TRACI PARK
Councilmember, 11th District

SECONDED BY:




SMT: LL

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