

**DIANA MANGIOGLU**  
CITY TREASURER  
DIRECTOR of FINANCE

**CITY OF LOS ANGELES**  
CALIFORNIA



**KAREN BASS**  
MAYOR

**OFFICE OF FINANCE**  
200 N. SPRING ST.  
ROOM 220 – CITY HALL  
LOS ANGELES, CA 90012

(844) 663-4411

<https://finance.lacity.gov>

November 6, 2025

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

**RE: COUNCIL FILE 25-0029 RELATIVE TO POTENTIAL OPTIONS FOR  
INCREASING GENERAL FUND TAX REVENUE - FOLLOW UP**

On September 2, 2025, the Budget and Finance Committee heard a report from the Office of Finance laying out seven potential tax ballot measures (Council Files 25-0029 and 24-1456). At that meeting, Finance was instructed to report back with actionable steps for the Council to take to move the proposals forward, as well as the timeline of steps required to place measures on the regularly scheduled ballots for June and November 2026.

This report provides discussion and recommendations for further action on each of the seven proposals in the original report, taking into account the guidance and input provided by the Budget and Finance Committee, the potential revenue impact, and the level of effort required to move each proposal forward.

**Summary**

We propose that the proposals be separated into three phases. Phase one would include the proposals to increase the Transient Occupancy Tax consistent with CF 24-1456, the proposal to increase the Parking Occupancy Tax, and the proposal to implement a users' tax on the purchase of tickets to Olympic and Paralympic Games events. This phase would be aimed at completing all necessary steps in time to place those proposals on the June 2026 ballot. Phase two would include the proposals to establish new taxes on vacant properties, transportation network companies and shared rides, and deliveries of retail goods. This phase would include more study than phase one, with the goal of providing recommendations that could result in a November 2026 or later ballot measure, but might also identify other models of revenue generation from those activities. Phase three would include only the cannabis business tax proposal, which is recommended to be studied



and considered in the context of a larger study and effort, which would need to be led by the Department of Cannabis Regulation, to reform cannabis regulation and enforcement, as well as taxation, most likely making it onto a ballot no sooner than 2027.

## **Timelines**

The first deadline relating to items being considered for placement on the June 2026 ballot is January 28, 2026, which is the last day for Council to request the City Attorney to prepare resolutions to place measures on the ballot. The corresponding deadline to request resolutions for the November 3, 2026 ballot is June 17, 2026. It should be noted that requests to the City Attorney's Office to prepare tax ordinances should be made well in advance of those dates so they have time to research and draft appropriate language and the Council has time to consider it in advance of a formal request to prepare the resolutions.

## **Transient Occupancy Tax**

As detailed in the report from this Office in CF 24-1456, this proposal includes the following changes to Section 21.7 of the Los Angeles Municipal Code (LAMC) regarding the Transient Occupancy Tax (TOT):

- Increase the tax rate from 14 percent to 16 percent;
- Require online travel companies to remit the tax based on the full amount paid by the customer;
- Add a list of charges and fees for items and services which may be added onto the price of a hotel stay to which the tax must be applied; and,
- Require online home-sharing platforms to collect TOT from their customers staying at locations in the City and remit it directly to the City.

During the Budget and Finance Committee's discussion of the item, a number of questions, and one recommended addition, were raised:

- **What would be the revenue impact if the new rate was 17% instead of 16%?**  
At current levels, an additional percentage point on the tax would likely generate an additional \$25 million annually. This does not assume any reduction in demand due to the increased price, nor does it assume any other changes or adjustments in the industry.

- **What is the anticipated short-term increase in TOT due to the 2028 Olympic and Paralympic Games?**

Without increasing the tax rate, the Games are currently expected to generate roughly \$70 million in additional TOT. If the rate were increased to 16% as proposed, this estimate would increase to about \$80 million.

- **Is it possible to establish a separate TOT tier for short-term rentals?**

Yes, it is possible. Currently, the City of Santa Monica has a rate structure that matches this concept, with a 15% tax on stays at hotels and a 17% tax on stays at short term rentals. Using this model and applying it to Los Angeles, an additional tier for short-term rentals with rate 2% higher than the hotel rate (18%, assuming the proposed rate change was approved) could be established. Based on current revenue from short-term rentals, this would generate approximately \$5 million in additional revenue annually. While this revenue could be used to offset enforcement costs relating to short-term rentals, it is not recommended that this intent be codified, as that would make this a special tax under State election law, triggering a two-thirds threshold for approval.

An alternative option would be to generate a similar amount of money through an impact fee model. This would be similar to the Affordable Housing Impact Fee currently attached to certain development projects. The money from such a fee would need to be segregated into a special fund with specific limited uses, but as such, would not require voter approval.

## **Parking Occupancy Tax**

The proposal in the Finance report dated August 5, 2025 in CF 25-0029 was to increase the Parking Occupancy Tax (POT) from its current 10 percent rate to a new rate of 15 percent, generating an estimated \$70 million in additional annual revenue.

During the Committee discussion, Finance was asked to report back on the anticipated revenue increase if the POT were increased from 10 to 20 percent. Based on current figures, and academic studies that generally attribute a low price elasticity to parking prices, an increase to 20 percent would generate roughly \$135 million in additional revenue annually.

## **Olympic Ticket Tax**

The proposal in the Finance report was to implement a 6 percent users tax on tickets to Olympic and Paralympic events. Based on currently planned event locations, overall ticket revenue projections from LA28, and generalized assumptions about the distribution of ticket revenue across venues, this tax was estimated to generate roughly \$100 million

in one-time General Fund revenue to the City. No changes were requested by the Committee.

## **Instructions for Additional Study on Other Tax Proposals**

### Unpermitted Cannabis Business Tax

This proposal was intended to extend the existing cannabis business tax, which applies only to businesses permitted by the Department of Cannabis Regulation (DCR), to unpermitted businesses. Based on the discussion in Budget and Finance Committee, this proposal should be considered as part of a larger conversation about reforming the City's overall approach to cannabis regulation and taxation.

### Vacancy Tax

This proposal was to establish a new tax on vacant properties, modeled somewhat on the existing model in Oakland. Much of the discussion in Committee was focused on commercial properties, which represent a comparatively small portion of parcels in the City. A tax focused only on commercial properties would therefore not generate as much revenue as a broader measure. To the extent that the Council is interested in pursuing the Vacancy Tax, a more detailed analysis and proposal could be requested from the Housing Department, with the assistance of Building and Safety and City Planning on questions around commercial properties.

### Transportation Network Companies

This proposal was to establish a new tax on rides purchased from transportation network companies. Based on existing models in San Francisco, Seattle, Chicago, and Portland, these taxes can be successful and do not generally impact demand for these services very much. There are overlapping issues with taxicab regulation and taxation and other transportation issues that would need to be addressed. To the extent that the Council wants to pursue this type of tax, the Department of Transportation should be requested to work with the Office of Finance on a more specific analysis and proposal for the Council to consider.

### Retail Delivery

This proposal was to establish a new tax on delivery of retail goods in the City. This would be modeled after existing taxes in Colorado and Minnesota. Given the complexity of these issues and various questions of nexus, exemptions, and practical limitations, further study would be needed.

Subsequent to our original report and discussion, this Office has had a number of conversations regarding the possibility of accessing this revenue source through a fee for service model instead of a tax. This would be based on the concept that delivery vehicles utilize the public infrastructure and inherently inflict wear and tear which must eventually be repaired. Similar in concept to the City's existing Street Damage Restoration Fee, this damage could be quantified and an appropriate fee amount calculated.

It is recommended that the Office of Finance and the Bureau of Street Services be instructed to work together to report back with analysis and recommendations for generating revenue from retail delivery activity, including discussion of both potential methodologies.

## **Recommendations**

That the Council:

1. Request the City Attorney, with the assistance of the Office of Finance, to prepare and present a draft ordinance to place a measure on the ballot in June, 2026 to amend LAMC Article 1.7 Transient Occupancy Tax to achieve the following:
  - a. Increase the tax rate to 16 percent;
  - b. Require online travel companies to remit the tax based on the full amount paid by the customer;
  - c. Add a list of charges and fees for items and services which may be added onto the price of a hotel stay to which the tax must be applied; and,
  - d. Require online home-sharing platforms to collect TOT from their customers staying at locations in the City and remit it directly to the City.
2. Request the City Attorney, with the assistance of the Office of Finance, to prepare and present a draft ordinance to place a measure on the ballot in June, 2026 to amend LAMC Article 1.15 Parking Occupancy Tax to increase the tax to 15 percent.
3. Request the City Attorney, with the assistance of the Office of Finance, to prepare and present a draft ordinance to place a measure on the ballot in June, 2026 to replace LAMC Article 1.2 with a new 6 percent users tax on the purchase of tickets to Olympic Games events, to be collected and remitted to the City by the seller of

the tickets. This new tax should be presented to the voters as a general tax, with all receipts being deposited in the City's General Fund.

4. Instruct the Department of Transportation to work with the Office of Finance to report within 180 days on options and proposals for a new tax on Transportation Network Companies, including autonomous vehicles and other shared-mobility options such as e-bikes and scooters.
5. Instruct the Bureau of Street Services to work with the Office of Finance to report within 180 days on options and proposals for revenue generation from retail delivery activity in the City, including options for a tax model and a fee-for-service model.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Diana Mangioglu', written in a cursive style.

Diana Mangioglu

City Treasurer / Director of Finance