

MOTION

BUDGET & FINANCE

On February 20, 2026, the Supreme Court of the United States issued a landmark 6-3 decision in *Learning Resources, Inc. v. Trump* (No. 24-1287), ruling that the executive branch exceeded its constitutional authority by unlawfully imposing tariffs under the International Emergency Economic Powers Act (IEEPA). The Court held that IEEPA does not authorize the President to levy taxes or tariffs, invalidating billions of dollars in improperly collected import duties and fundamentally reshaping federal trade authority.

Following this ruling, U.S. Customs and Border Protection (CBP) launched the Consolidated Administration and Processing of Entries (CAPE) refund system to reimburse approximately \$166 billion in unlawfully collected tariffs to impacted importers, agencies, and governmental entities nationwide. This unprecedented refund process presents a significant fiscal recovery opportunity for municipalities like the City of Los Angeles, which incurred substantial tariff-related costs through the Port of Los Angeles, Los Angeles World Airports, the Department of Water and Power, and numerous public works and infrastructure projects.

Los Angeles paid millions in unlawful duties on essential materials, including structural steel, transformers, grid equipment, transit assets, and construction materials necessary for public infrastructure, housing, and 2028 Olympic-related projects. These unconstitutional tariffs increased costs to the General Fund, strained municipal resources, and may violate the Intergovernmental Tax Immunity Doctrine, which protects local governments from improper federal taxation on sovereign functions. As Los Angeles faces mounting budgetary pressures, it is imperative that the City pursue every available avenue to recover unlawfully extracted public funds, including accrued interest, and restore these resources to critical municipal priorities.

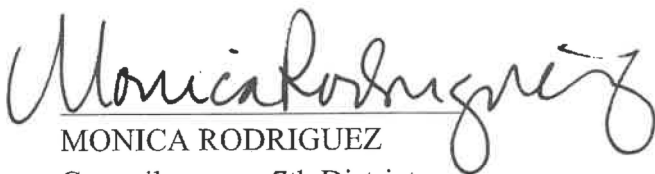
I THEREFORE MOVE that the City Council instruct the City Attorney, with assistance from the City Administrative Officer (CAO), to immediately preserve and pursue all legal, administrative, and financial remedies necessary to recover all unlawful tariff-related expenditures paid by the City from February 2025 to the present, including filing claims through the CAPE refund system, pursuing litigation if necessary, and seeking full reimbursement with accrued interest from the federal government.

I FURTHER MOVE that the CAO, in coordination with the Port of Los Angeles, Los Angeles World Airports, the Department of Water and Power, the Office of Finance, and all relevant departments, report within 60 days with:

- A comprehensive audit of all tariff-related expenditures on City projects;
- Identification of all eligible federal refund opportunities; and
- Recommendations for establishing a dedicated Tariff Recovery and General Fund Restitution Account to ensure all recovered funds are returned to offset General Fund and capital project cost overruns.

I FURTHER MOVE that the CAO requires all contractors and vendors on City-funded projects to disclose and itemize tariff-related cost increases passed through to the City, ensuring full accounting of municipal financial exposure and maximizing reimbursement opportunities.

PRESENTED BY:


 MONICA RODRIGUEZ
 Councilwoman, 7th District

SECONDED BY:



ORIGINAL


 APR 29 2026