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KAREN BASS
MAYOR

October 6, 2026

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

SUBJECT: FRANCHISE TAX BOARD DATA SHARING RECIPROCAL AGREEMENT

Dear Honorable Members:

The Office of Finance (Finance) respectfully requests the City Council, subject to the approval of the Mayor, to authorize the Director of Finance to execute a three-year data sharing reciprocal agreement between the City of Los Angeles and the State Franchise Tax Board (FTB) for the period, **January 1, 2027, through December 31, 2029.**

Finance's three-year data-sharing reciprocal agreement with the FTB expired on December 31, 2026. In anticipation of the agreement's expiration, Finance initiated negotiations with the FTB and successfully concluded negotiations on a new agreement. Per the new agreement, the FTB will continue to provide taxpayer data to the City once each year during the month of December, with an agreement expiration date of December 31, 2029. Finance uses this data to identify businesses that are operating in the City without a business tax registration certificate and thus not paying their fair share of the business tax. The agreement also requires that the City furnish limited taxpayer information, predicated upon the assurance of taxpayer confidentiality, to the FTB once a year.

This agreement originated with California State Assembly Bill 63 (AB63) signed into law in October 2001 and was effective through December 31, 2008. In September 2008, State Senate Bill 1146 (SB1146), which amended Revenue and Taxation Code Sections 19551 and 19551.1, and added Section 19551.5, thereby extending the December 31, 2008 sunset date to January 1, 2014, was signed into law. In October 2013, State Senate Bill 211 (SB211),

which extended the January 1, 2014 sunset date to January 1, 2019, was signed into law. In June 2018, State Senate Bill 855 (SB855) deleted the January 1, 2019, repeal date and extended the operations of these provisions indefinitely was signed into law. AB63, S81146, SB211 and SB855 provide authority to the FTB to furnish limited taxpayer information to tax officials of any California city.

The AB63/SB1146/SB211/SB855 program has been a major component of the Office of Finance's Business Tax Discovery Program since program inception in 2002 generating over $498,074,974 in general fund revenue and adding 238,307 business accounts to the City of Los Angeles' tax rolls to date.

A new agreement has been provided by FTB with an expiration date of December 31, 2029, based on the extension of the provisions relating to the reciprocal agreements between FTB and tax officials of any California city. The new agreement incorporates previously negotiated terms and has been reviewed and approved by the City Attorney. The contractual scope of work for the agreement is also attached for your reference.

If you have questions or concerns regarding this request please contact Matthew Crawford, Assistant Director of Finance at (310) 779-6007.

Diana Mangioglu
Director of Finance/ City Treasurer

cc: Matthew Crawford, Assistant Director of Finance