



COUNTY OF LOS ANGELES

REGISTRAR-RECORDER/COUNTY CLERK

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CONNOR B. McCORMACK
REGISTRAR-RECORDER/COUNTY CLERK

August 13, 2002

TO: Each Supervisor

FROM: Connor B. McCormack
Registrar-Recorder/County Clerk

SUBJECT: **ANTICIPATED DOCUMENTARY TRANSFER TAX REVENUE LOSS**

This is in response to the July 30, 2002 motion by Supervisor Burke that requested the Registrar-Recorder/County Clerk (RR/CC), with assistance from the Auditor-Controller, report back to the Board in 14 days with findings on the anticipated Documentary Transfer Tax (DTT) revenue loss to the County should one or both of the Hollywood and San Fernando Valley secession proposals be approved by the voters.

Recently, the Local Agency Formation Commission (LAFCO) has prepared reports and cost estimates related to the possible successful secession impact and our Department has reviewed their analysis. Additionally, we have prepared our own analysis and concur with the LAFCO figures of approximately \$31 million impact to City of Los Angeles related to the San Fernando Valley and \$4 million related to the Hollywood area. Attachment A reflects FY 2001-2002 collections for the City of Los Angeles.

The impact to the County General Fund in the Non-Departmental Accounts (NDSA) will be approximately \$4.3 million as the new general law cities will only have the ability to collect one-half (\$.55) of the County imposed tax of \$1.10 per \$1,000, whereas the City of Los Angeles is a charter city and had exercised their authority to levy DTT fees in excess of the Revenue and Taxation Code, Section 11911. When the City of Los Angeles levied their DTT fee of \$4.50 per \$1,000 property value transferred the County then had the ability to collect the entire \$1.10 rate rather than split half with the City. Should the secessions be successful, the County will only collect \$.55 per \$1,000. This is the potential \$4.3 revenue loss impact the County will experience. Attachment B details this information.

In addition to the impact to the County general fund, there will be an annual revenue loss impact to the RR/CC in excess of \$72,000 from reduced per document handling administrative fee.

My staff has discussed this information with the Auditor-Controller and they are in agreement with this analysis.

Fs:kc

Attachments

c: Chief Administrative Officer
Auditor-Controller

CITY OF LOS ANGELES
DOCUMENTARY TRANSFER TAX COLLECTION
FISCAL YEAR 2001-2002

<u>COLLECTION PERIOD</u>	<u>NON-DEPTL REVENUE</u>	<u>CITY TAX COLLECTION</u>	<u>RR/CC REVENUE ADMIN. FEE</u>	<u>CITY CODING ADJUSTMENT</u>	<u>REMITTANCE TO LA CITY</u>
JULY 2001	\$1,941,975.64	\$8,316,709.93	\$18,360.65	\$0.00	\$8,298,349.28
AUGUST 2001	2,261,385.80	9,286,439.98	21,325.15	0.00	9,265,114.83
SEPTEMBER 2001	2,190,383.21	8,930,749.37	15,380.75	0.00	8,915,368.62
OCTOBER 2001	1,925,932.37	7,659,950.34	17,548.30	0.00	7,642,402.04
NOVEMBER 2001	1,475,067.09	5,834,179.34	14,325.85	160,596.15	5,659,257.34
DECEMBER 2001	2,115,551.43	8,583,492.79	15,407.70	15,308.15	8,552,776.94
JANUARY 2002	1,683,195.77	6,785,620.16	14,772.45	0.00	6,770,847.71
FEBRUARY 2002	1,544,506.34	6,232,739.16	14,114.10	0.00	6,218,625.06
MARCH 2002	2,469,778.77	10,198,223.42	19,115.25	0.00	10,179,108.17
APRIL 2002	2,402,556.07	9,744,993.70	20,863.15	0.00	9,724,130.55
MAY 2002	2,660,325.30	10,882,097.00	21,798.70	0.00	10,860,298.30
JUNE 2002	2,653,937.37	10,432,142.70	19,465.60	0.00	10,412,677.10
TOTALS	<u>\$25,324,595.16</u>	<u>\$102,887,337.89</u>	<u>\$212,477.65</u>	<u>\$175,904.30</u>	<u>\$102,498,955.94</u>

ATTACHMENT A

ANTICIPATED REVENUE LOSS DUE TO SECESSION
DOCUMENTARY TRANSFER TAX (DTT)
CITY OF LOS ANGELES DTT COLLECTION

BASIS:	City of Los Angeles DTT Collection for FY 2001-02	100%	\$ 102,498,955
Secession:	L.A. City estimated remaining DTT Collection	66%	\$ 67,453,151
	Estimated DTT loss within San Fernando Valley area	30%	30,905,502
	Estimated DTT loss within Hollywood City area	4%	4,140,302

ANTICIPATED REVENUE LOSS DUE TO SECESSION

DTT NON-DEPARTMENTAL REVENUE (\$1.10 PER \$1,000 REAL PROPERTY VALUE)

A. Present:	County gets 100% of \$1.10		\$ 25,324,595
B. Secession:	L.A. City - 100% of 66% of DTT Collection	\$ 16,714,233	
	San Fernando Valley - 1/2 of 30% of DTT Collection	3,798,689	
	Hollywood City - 1/2 of 4% of DTT Collection	506,492	21,019,414
			<u>\$ 4,305,181</u>

ANTICIPATED DTT REVENUE LOSS

RECORDING ADMINISTRATION FEE (\$3.85 PER RECORDED DOCUMENT)

A. Present:	RR/CC gets 100% of \$3.85 per document recording	\$ 212,478
B. Secession:	Estimated administration fee collection for recording real estate property within the remaining L.A. City (66%). No administration fee for recording real property within San Fernando Valley and Hollywood City areas.	140,235
		<u>\$ 72,243</u>

ANTICIPATED ADMINISTRATION FEE REVENUE LOSS

TOTAL ANTICIPATED REVENUE LOSS DUE TO SECESSION	<u>\$ 4,377,425</u>
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