



City of Long Beach
Working Together to Serve

R-19
Office of Gerrie Schipske
Councilwoman, Fifth District
Memorandum

Date: June 10, 2008

To: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

From: Councilwoman Gerrie Schipske, Fifth District (S)

Subject: **AGENDA ITEM: Los Angeles County's Charges to City of Long Beach for Distribution of "Triple Flip" and Property Taxes in Lieu of Vehicle License Fees**

BACKGROUND

Last weekend, I attended the California Contract Cities Association in Indian Wells and while the theme was "Going Green" — I learned some interesting news from other cities whose council members were also attending: the County of LA has been overcharging cities for processing the "triple flip" and property taxes in lieu of Vehicle License Fees and cities are getting ready to sue to stop the practice and to recover the monies taken.

As we know, this is a very complicated formula on how the state reimburses cities and counties with property tax for local sales taxes taken to pay of the Economic Recovery Bonds under Prop 57. Property tax in lieu of the Vehicle License Fee is the additional property tax revenue cities and counties receive since the VLF Property Tax Swap of 2005.

Under the law, beginning FY 2006-07, a county may impose a fee for administrative costs of implementing the "triple flip" and property tax in lieu of VLF, but the fee, charge or other levy may not exceed the actual cost of providing these services. Apparently, county auditors have been redistributing the total costs of property tax administration in proportion of the distributions of triple flip and property tax in lieu of VLF, resulting in substantially larger additional charges than actual cost.

Apparently, several cities have begun analyzing the charges by the County and have determined that in fact, they are being overcharged.

RECOMMENDATION

Request that the City Manager assess whether or not the charges made by Los Angeles County for processing the "triple flip" and property taxes in lieu of Vehicle License Fees are appropriate and if not, further request that the City Attorney take whatever legal steps necessary to stop the overcharging and to recover monies.