



# City of Culver City

## Staff Report Details (With Text)

**File #:** 21-125      **Version:** 1      **Name:** FAC Real Property Tax Transfer Ballot Discussion  
**Type:** Minute Order      **Status:** Action Item  
**File created:** 7/28/2020      **In control:** FINANCE ADVISORY COMMITTEE  
**On agenda:** 7/29/2020      **Final action:**

**Title:** Discussion of Potential Measure on the November 3, 2020 General Municipal Election Ballot to Submit to the Voters an Amendment to Culver City Municipal Code Section 3.08.400 to Increase the Real Property Transfer Tax.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. 2020-07-29\_ATT\_07272020 Council Staff Report, 2. 2020-07-29\_ATT\_CCMC Sections, 3. 2020-07-29\_ATT\_Transfer Taxes in Other California Juristictions, 4. 2020-07-29\_ATT\_UCLA Luskin School White Paper, 5. 2020-07-29\_ATT\_Example Tiered Rate Structure, 6. 2020-07-29\_ATT\_Preliminary Annual Revenue Projections HdL, 7. 2020-07-29\_ATT\_Preliminary Annual Revenue Projections Luskin

Date	Ver.	Action By	Action	Result
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**Discussion of Potential Measure on the November 3, 2020 General Municipal Election Ballot to Submit to the Voters an Amendment to Culver City Municipal Code Section 3.08.400 to Increase the Real Property Transfer Tax.**

**Meeting Date:** July 29, 2020

**Contact Person/Dept:** Jesse Mays, Assistant City Manager

**Phone Number:** (310) 253-6000

**Fiscal Impact:** Yes  No       **General Fund:** Yes  No

**Public Hearing:**       **Action Item:**       **Attachments:**

**Commission Action Required:** Yes  No       **Date:**

**Public Notification:** (E-Mail) Meetings and Agendas - Finance Advisory Committee (07/24/2020)

**Department Approval:** Onyx Jones, Chief Financial Officer (07/24/2020)

### **RECOMMENDATION**

Staff recommends the Finance Advisory Committee discuss the potential Measure on the November

3, 2020 General Municipal Election Ballot to submit to the voters an amendment to Culver City Municipal Code Section 3.08.400 to increase the real property transfer tax.

## **BACKGROUND/DISCUSSION**

At the July 27<sup>th</sup> City Council Meeting, Council discussed the potential Measure on the November 3, 2020 General Municipal Election Ballot to submit to the voters an amendment to Culver City Municipal Code Section 3.08.400 to increase the real property transfer tax. Charter cities, such as Culver City, may enact a real property transfer tax, which is imposed during the sale of real property, based on the value of the property. Courts have determined that such a tax, enacted by a charter city, does not violate either the California Constitution Article XIII A or Government Code §53725, which prohibits a transaction tax on the sale or real property, but applies to only general law cities.

Any sale of real estate in Culver City over \$100 is currently subject to the City's Real Property Transfer Tax ("transfer tax") of \$2.25 per \$500 (0.45%) (see Attachment 1, Culver City Municipal Code Section 3.08.400 - 3.08.470). The seller and buyer are jointly liable for the payment of the tax. Historically, sellers have paid transfer taxes in California, although in recent years it has become something that is negotiated between buyer and seller, during the course of a real estate sales transaction.

In Fiscal Year 2018/2019, the transfer tax generated revenue of \$3,634,569. In Fiscal Year 2019/2020 the unaudited transfer tax revenue is \$3,962,081. The proposed Fiscal Year 2020/2021 budget anticipates the transfer tax will generate \$3,210,000. Based on information provided by the Ad Hoc Transfer Tax Ballot Measure Subcommittee and the FAC recommendations, Staff will return to City Council with a draft proposed ordinance and ballot measure language on Monday, August 3, 2020 to meet the August 7<sup>th</sup> deadline to place measures on the November 3, 2020 ballot.

The Finance Advisory Committee requested a Special Meeting to discuss the potential measure in effort to provide a recommendation to the City Council at its August 3<sup>rd</sup> Meeting.

## **FISCAL ANALYSIS**

There is no fiscal impact created by discussing this item.

## **ATTACHMENTS**

1. 2020-07-29\_ATT\_07282020 City Council Staff Report
2. 2020-07-29\_ATT\_CCMC Sections
3. 2020-07-29\_ATT\_Transfer Taxes in Other California Jurisdictions
4. 2020-07-29\_ATT\_UCLA Luskin School White Paper
5. 2020-07-29\_ATT\_Example Tiered Rate Structure
6. 2020-07-29\_ATT\_Preliminary Annual Revenue Projections HdL
7. 2020-07-29\_ATT\_Preliminary Annual Revenue Projections Luskin

## **MOTION**

That the Finance Advisory Committee:

1. Hold discussion regarding the potential Measure on the November 3, 2020 General Municipal Election Ballot to submit to the voters an amendment to Culver City Municipal Code Section 3.08.400 to increase the real property transfer tax; and
2. (If Desired) Transmit Recommendation to the City Council.