

Bond Case Briefs

Municipal Finance Law Since 1971

Los Angeles County Voters Passed a Parcel Tax to Fund Water Capture Projects - What You Should Know.

This past November, residents of the County of Los Angeles passed Measure W, a parcel tax of 2.5 cents per square foot of impermeable land meant to fund projects to improve stormwater capture, flood control, and prevent ocean pollution associated with large rain events in the Los Angeles River basin.

Measure W earned 69.45% of votes on November 6, needing 66.7% to pass. The tax will be assessed annually on all property owners throughout the Los Angeles Flood Control District, which includes most of the County of Los Angeles, with the exception of Catalina Island, Lancaster, and parts of Palmdale. The median annual tax will be approximately \$83, for a homeowner with a 2100 square foot house on a 7500 square foot lot, and up to tens and perhaps hundreds of thousands of dollars for commercial and industrial landowners. Residents and businesses can calculate their proposed annual tax on the [County's GIS tool](#), although users have reported that the tool is often unreliable for larger land areas. The tax will be imposed beginning in the County's next fiscal year, which starts July 1, 2019.

The debate over this parcel tax was not new in Los Angeles. The County had been considering such a levy since 2013 but had been faced with vocal opposition from school districts and business communities. Since then, however, serious droughts have exacerbated Los Angeles' water situation and dependency on imported water, which provided the County with further arguments for the measure. The County depends on imported water from the Eastern Sierra and the Colorado River for the majority of its water supply, costing residents and businesses three times as much as harvesting water from a local groundwater source. Only one-third of Los Angeles' water comes from within the County.

The stated purpose of the parcel tax is to clean stormwater falling on and passing through Los Angeles and inject it back underground, allowing the County to later rely on it for its water supply. This will be done through extensive new stormwater projects, from street medians and permeable pavement to a network of water storage catacombs located under local parks. There are large areas of the County covered with asphalt and concrete that could be redeveloped for better rainwater capture, such as parking lots, school yards, and sidewalks.

In a watershed where only 15% of the stormwater is captured, cleaned, and placed back into the water supply, County officials argue that improving groundwater retention and also preventing ocean pollution are key goals. When stormwater drains off of Los Angeles' impermeable landscape and gutters into the Pacific Ocean, it carries with it trash, bacteria, toxins, and harmful pollutants, to the tune of 100 billion gallons.

The County estimates that it will raise approximately \$300 million annually through the imposition of the parcel tax, which will be reevaluated after 30 years. Though the tax will affect all County landowners, bills are likely to be largest for major landowners with land covered with impermeable surfacing, such as big box stores and manufacturing facilities. The owner of a commercial building

with a large paved area will likely pay tens of thousands of dollars under the proposed parcel tax. Landlords and tenants will need to consult their leases to determine whether the parcel tax will be passed through to the tenant or absorbed by the landlord.

Of the parcel tax's revenue, half will go to funding regional watershed projects, 40% to municipal and local priority projects, and 10% to the Los Angeles Flood Control District for administration and educational programs.

Landowners may either pay the cost of the parcel tax or replace their impermeable land with a permeable surface.

by Michael Jacob Steel, Justin Fisch and Adam N. Hopkins

May 28 2019

Morrison & Foerster LLP

Copyright © 2019 Bond Case Briefs | bondcasebriefs.com