

## Californians Can Vote To Derail Los Angeles Mansion Tax in 2024 Opponents Gather Enough Signatures To Force Statewide Vote

By Jack Witthaus

L.A.'s so-called mansion tax, a new levy on commercial and residential properties going into effect in April, faces a new challenge.

A ballot initiative known as The Taxpayer Protection and Government Accountability Act, which proponents say would end the mansion tax and other similar measures, officially gathered enough signatures this month to be put up for a statewide vote in California in 2024, according to a statement. Roughly 1.4 million signatures were collected and \$16 million was spent to get the act on the ballot, according to Rob Lapsley, president of Sacramento-based California Business Roundtable, which supports the act.

The real estate community shouldn't expect a rebate for any taxes paid via the mansion tax or other similar measures if the Taxpayer Protection Act passes, he said. The Taxpayer Protection Act does not have language concerning any funds L.A.'s mansion tax, and other similar measures, raise between January 2022 and November 2024.

"The focus is on future taxes," Lapsley said.

Outside of the California Business Roundtable, backers of the act include the Howard Jarvis Taxpayers Association and California Business Properties Association, Lapsley said. Big names in real estate also support the Taxpayer Protection Act. Representatives for real estate investment trusts Santa Monica-based Douglas Emmett and Los Angeles-based Kilroy Realty both sit on the board of the California Business Roundtable, Lapsley said.

Proponents of the Taxpayer Protection Act initially wanted to put this act on the ballot in 2022, but instead decided to marshal efforts for a 2024 statewide ballot, Lapsley said.

If passed, the act would:

- Require that all new taxes passed by the California State Legislature be approved by voters.
- Prevent non-elected boards and commissions from passing hidden taxes or fees without approval from elected officials or voters.
- Require two-thirds voter approval for all new local special tax increases.

The latter part of the act, requiring a two-thirds vote, is key to dismantling special tax increases like L.A.'s mansion tax, Lapsley said. If the act passes, L.A.'s mansion tax and similar measures passed between January 2022 and November 2024 would become invalid, he said. However, the act has

a mechanism for measures like L.A.'s mansion tax to get reinstated if these measures get a two-third's vote within one year.

L.A.'s mansion tax, formally known as Proposition ULA, an acronym for United to House L.A., won 57% of the vote in November 2022.

### **Mansion Tax Looms**

Going into effect in April, the 4% transfer tax would be applied to all properties — commercial and residential, despite the mansion moniker — sold or transferred in the city of Los Angeles for more than \$5 million. A 5.5% transfer tax would be levied on properties sold or transferred for more than \$10 million. The current rate is 0.45%.

The tax is projected to raise \$600 million to \$1.1 billion annually to fund projects promoting housing construction and alleviating L.A.'s worsening homelessness problem.

The Los Angeles real estate community largely loathes the tax, saying bigger real estate deals will be harder to complete and that the tax would blunt demand for L.A. real estate. But ULA proponents say the money is necessary for addressing a stubborn homelessness problem.

Los Angeles Mayor Karen Bass did not respond to a request for comment from CoStar News about her position regarding the Taxpayer Protection Act. However, Bass told the Los Angeles Times on Jan. 12 that she was fretting about the efforts to repeal the mansion tax.

"I'm worried that the real estate community is definitely going to come at this full force," Bass told the Los Angeles Times. "So in my opinion, we have to get everything we can out of it."

Los Angeles isn't expected to be the last city to pass something like the mansion tax, as these measures are becoming popular models to fund efforts to fight homelessness in Golden State cities. Other cities that have passed similar transfer taxes in recent years include San Francisco, Santa Monica and Culver City.

"Get ready, San Diego is next," Lapsley said.