

LOS ANGELES VOTERS TO CONSIDER NEW TAX ON MILLION DOLLAR REAL ESTATE SALES



OCTOBER 2022 — A successful petition by a coalition of labor unions and other organizations was turned in to the Los Angeles City Clerk to create a tax on real property sales over a specified price. **The proposal would impose a 4% tax on properties sold for more than \$5 million and a 5.5% tax on properties sold for more than \$10 million.** The City Council decided to put the measure on the November ballot instead of having a special election. The goal of the sponsors is to use the proceeds to fund programs to address homelessness. The United to House L.A. proposal seeks to go big time in raising revenue to invest in affordable and permanent housing. There is no way to evaluate how the measure, if passed, would impact housing prices and the real estate market generally in the City of Los Angeles, let alone the general business climate for the area. **Voters will have to decide whether raising taxes and spending money is the right solution to the significant homeless problem in Los Angeles.**

The ballot measure, referred to as “House L.A.,” applies to both residential and commercial real estate. Supporters of the measure reported hope that it will raise \$800 million that could be funneled into housing and the construction industry. Business groups, such as the Howard Jarvis Taxpayers Association, are already lining up to oppose the measure that adds even more taxes that contribute to California’s reputation as one of the highest tax states in the country. Unlike the federal tax rates, California does not have a special tax rate for capital gains income. Supporters of the ballot measure include various unions and homeless service providers and allied groups.

SOURCE: California Land Title Association <https://bit.ly/3eJe0hz>

