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CITY ATTORNEY

REPORT NO. R 22 - 0411
NOV 17 2022

REPORT RE:

**DRAFT ORDINANCE ADDING SUBSECTION (i) TO SECTION 21.43 OF
ARTICLE 1 OF CHAPTER II OF THE LOS ANGELES MUNICIPAL CODE TO
CREATE A BUSINESS TAX CLASSIFICATION FOR ELECTRIC VEHICLE
CHARGING STATIONS**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 21-1342

Honorable Members:

As requested by the City Council, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality, creating a business tax classification for electric vehicle charging stations.

The draft ordinance will add a business tax classification for those providing electricity directly to the user of an electric vehicle from a fixed charging station. The intent behind this ordinance is to create a classification for businesses providing electricity to electric vehicles from a physical, permanent charging station in the same manner that gasoline stations provide gasoline for internal combustion vehicles. Because the classification applies only to the business that directly supplies such electricity, the classification will not extend to those businesses involved indirectly in this activity, such as lenders, financiers, franchisors, wholesale suppliers, and other indirectly related businesses. Consequently, we believe the draft ordinance addresses the City Council's concern that this classification narrowly apply to the electric charging station business and not to any other businesses involved tangentially in that activity.

Currently these taxpayers fall under Los Angeles Municipal Code (LAMC) Section 21.49(c), which applies the City's highest business tax rate. Taxpayers falling under proposed LAMC Section 21.43(i) will pay the City's lowest business tax rate. Because all affected taxpayers will pay a lower tax, creation of this classification does not require a vote pursuant to Proposition 218.

This business tax classification will sunset for the 2027 tax year.

Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to Office of Finance with a request that all comments, if any, be presented directly to the City Council when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Daniel Whitley at (213) 978-7786. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

MICHAEL N. FEUER, City Attorney

By



DAVID MICHAELSON
Chief Assistant City Attorney

DM:DMW:mgm
Transmittal