



# Information Item

Date: July 23, 2012

To: Mayor and City Council  
From: Andy Agle, Director of Housing and Economic Development  
Subject: Successor Agency Payment to the Los Angeles County Auditor-Controller

## **Introduction**

On July 9, 2012, the Santa Monica Redevelopment Successor Agency (the Successor Agency) received a demand letter from the Los Angeles County Auditor-Controller (Auditor-Controller) requiring a remittance payment of \$12,674,764.51, by no later than July 12, 2012, pursuant to California Health and Safety Code section 34183.5(b)(2)(A). This information item informs the Council that the Successor Agency remitted payment, under protest, on July 12, 2012.

## **Background**

On June 27, 2012, a new provision was added to Health and Safety Code Section 34183.5(b), as part of the enactment of Assembly Bill 1484 (1484). Under AB 1484, the County's Auditor-Controller is required to calculate amounts owed by successor agencies to taxing entities for the period of January 1, 2012 through June 30, 2012. The Successor Agency is required to remit payment to the Auditor-Controller by no later than July 12, 2012.

## **Discussion**

Under AB 1484, failure to make the payment by July 12, 2012 subjects the City and Successor Agency to severe civil penalties of 10 percent of the amount owed plus 1.5 percent of the amount owed for each month that payment is not made unless the Department of Finance finds the payment of penalty will jeopardize payment of

obligations. The Successor Agency made payment by the stated deadline to avoid any potential civil penalties to the City and the Successor Agency, with complete reservation of all rights, including, without limitation, challenging the legality of the demand, its calculations and the mechanism for its enforcement. Staff will continue to apprise Council of any financial impacts associated with AB 1484.

**Prepared By:** Elsa Trujillo, Senior Development Analyst