



Howard Jarvis
Taxpayers Association
established in 1978



News from the Howard Jarvis Taxpayers Association

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TAXPAYERS AND APARTMENT OWNERS FILE LEGAL CHALLENGE TO MEASURE ULA, L.A.'S NEW TAX ON REAL ESTATE SALES AND TRANSFERS

A new tax on real estate sales or transfers above \$5 million in the City of Los Angeles violates the California Constitution and the Los Angeles City Charter and is “substantively invalid,” said the Howard Jarvis Taxpayers Association in a lawsuit filed Wednesday in Los Angeles Superior Court.

HJTA, joined in the legal action by the Apartment Association of Greater Los Angeles (AAGLA), is asking the Court to declare the invalidity of Measure ULA, an initiative ordinance passed by voters in November with 57.77% of the citywide vote.

ULA is a documentary transfer tax of 4% on real estate sales or transfers of more than \$5 million, 5.5% on real estate transactions valued above \$10 million. It is scheduled to take effect on April 1, 2023. The revenue from the tax would be dedicated to housing and homeless services, which makes the measure a “special” tax, not a “general” tax.

Transfer taxes were prohibited by Proposition 13 (Article XIII A, section 4 of the California Constitution), but in charter cities such as Los Angeles, transfer taxes have been permitted under case law since 1990 if they are for a general purpose. “The Constitution prohibits all local governments from imposing special transfer taxes,” said HJTA Director of Legal Affairs Laura Dougherty. “The Los Angeles City Charter confirms that legislation by initiative may not transcend this prohibition.”

Daniel Yukelson, Executive Director of landlord organization, the Apartment Association of Greater Los Angeles, stated: “After nearly three years of challenging rent collections and no allowable rent increases due to so-called ‘temporary’ moratoriums, more punitive taxes such as those imposed by Measure ULA is the last straw that will cause property owners to invest elsewhere and never to come back to Los Angeles. Ultimately, this expensive measure will trickle down to consumers in the form of higher prices for consumer goods and services, including higher rents.”

“Measure ULA is an illegal tax,” said HJTA President Jon Coupal. “That’s the bottom line.”



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The case is Howard Jarvis Taxpayers Association and Apartment Association of Greater Los Angeles v. City of Los Angeles and All Persons Interested in the Matter of Measure ULA.

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