



**NEWS**

February 2, 1998

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## **TAXES TO GO DOWN FOR LOS ANGELES DOWNTOWN BUSINESSES**

The MTA Board has approved an innovative proposal that will reduce subway assessment fees for downtown businesses.

The relief of three to five cents of per accessible square foot will be used to support a newly created Business Improvement District (BID) which will provide increased public safety, street lighting and maintenance.

"Business owners consider the BID necessary to revitalize downtown and have been willing to take on the additional burden of paying for the improvements," said MTA acting Treasurer Joya De Foor. "A few months ago they approached the MTA and asked if there was a way to reduce their subway assessment fees for the next five years because that's the time needed to make these additional improvements. We worked on a proposal and the Board has approved it."

The original Downtown Benefit Assessment District was formed in 1985 by the then RTD to help fund construction of one or more rail transit stations. The MTA Board approved plan will provide a five cent reduction from the annual levy currently calculated at approximately 17¢ per accessible square foot, but scheduled to go up to approximately 26¢ next year.

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"We have come up with an innovative way to reduce the assessments from approximately 26¢ to 21¢ for one year," explained de Foor. "The program will be reviewed year-to-year. If conditions do not change, we expect to be able to offer the same five cent deferral for the full five years."

MTA's original agreement with the property owners was that no taxes would be levied until the rail became operational. In Fiscal Year 1992-93 the MTA bonded against the anticipated revenues from the assessment district for the amount of \$154 million.

As additional security, a reserve account was set-up for 10% of the total amount, \$15.4 million, in the event of delinquencies, foreclosures or unforeseen events to insure repayment of the bonds.

"The MTA Board action January 29 will substitute a surety bond for the reserve account, which frees up the \$15.4 million. These funds will be applied to the annual debt service payment and will give the members of the assessment district a nickel reduction in their square footage assessment for five years," said MTA Executive Officer of Finance, Terry Matsumoto.

"The Metro Red Line subway is providing a benefit to downtown businesses and we want to work with those merchants as best we can while at the same time meeting our responsibilities in the financing of the project," he said.

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