

MOTION

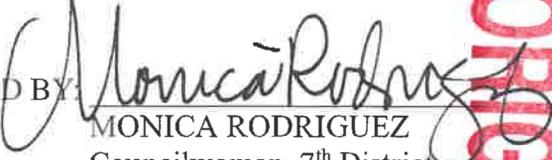
The City's Business Tax ordinance requires businesses to pay a specified amount per \$1,000 of taxable gross receipts for each tax classification. Some business taxes are based on a flat rate per tax period and others are based on the number of vehicles, machines, devices or equipment used, the number of employees, square footage of the area, seating capacity, or the scale of fees collected. On average, restaurants and other small businesses are required to pay \$1.27 per \$1,000 of gross receipts annually.

Over the years, the City has offered various incentives and exemptions to small and new businesses; however, current incentives have either expired or are long overdue for an update. Last updated in July 2006, Los Angeles Municipal Code (LAMC) Section 21.19 provides the Small Business Exemption program currently in place to exempt certain businesses from paying a gross receipts tax, applying to small businesses that do not have taxable and nontaxable gross receipts exceeding \$100,000 from within and outside of the City. Prior to its expiration in January 2016, LAMC Section 21.30 provided the New Business Exemption program which applied to brand new businesses in the City or an existing business from outside the City that relocated to the City.

To assist restaurants and small businesses with remaining economically viable, these financial incentives should be updated and new business support programs should be developed to encourage existing restaurants and small businesses to remain in the City and possibly motivate existing street vendors, food trucks, and catering businesses to open brick and mortar restaurants.

I THEREFORE MOVE that the Office of Finance, with the assistance from the CAO and CLA, report back on: (1) the feasibility and fiscal impact of raising the small business exemption threshold; and (2) the practices of other cities in regards to business tax.

PRESENTED BY:


MONICA RODRIGUEZ
Councilwoman, 7th District

SECONDED BY:



ORIGINAL


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