

MOTION

In December 2004, the City enacted landmark business tax reforms based on recommendations developed by a Business Tax Advisory Committee (BTAC) composed of business leaders, tax experts, and stakeholders. Those reforms represented one of the City's most comprehensive efforts to modernize its business tax system and improve economic competitiveness while protecting the City's fiscal stability.

The 2004 reforms included significant changes that provided meaningful relief to businesses throughout Los Angeles, including, Overall Business Tax Reductions, Small Business Tax Relief, including exempting businesses with annual gross receipts under \$100,000 from the City's business tax, bad debt deduction, creating a fairer and more equitable tax structure for companies impacted by unpaid invoices and losses, and Entertainment Industry Tax Relief.


These reforms were an important step toward improving the City's economic competitiveness, supporting job retention, and modernizing an outdated business tax structure. The collaborative, stakeholder-driven process used by the Business Tax Advisory Committee helped build consensus among industry, labor, and civic leaders while balancing the City's fiscal needs.

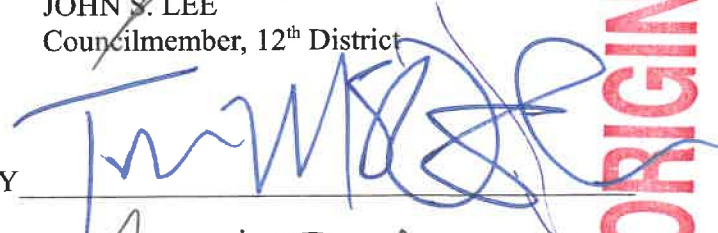
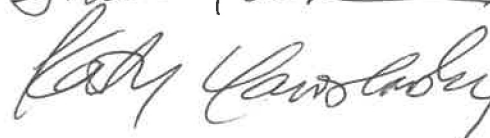
More than twenty years later, Los Angeles faces a significantly different economic landscape shaped by inflation, increased operating costs, remote work, technological transformation, interstate competition for employers, and continued economic uncertainty for small and large businesses alike. Concerns regarding the complexity, predictability, and competitiveness of the City's business tax system remain, particularly as businesses continue to evaluate whether Los Angeles remains a viable place to invest, grow, and create jobs.

Given the success of the stakeholder-driven process that led to the 2004 reforms, the City should establish a new Business Tax Advisory Committee, similar to the committee whose recommendations informed the reforms enacted in December 2004, to conduct a comprehensive review of the City's business tax structure and identify opportunities to modernize the system in a manner that supports economic growth, encourages investment, protects City revenues, and strengthens Los Angeles' competitiveness.

I THEREFORE MOVE that the City Council instruct the Chief Legislative Analyst (CLA) in consultation with the Office of Finance, to report back within 60 days with recommendations to re-establish a Business Tax Advisory Committee, modeled after the committee whose recommendations informed the business tax reforms signed into law in December 2004, including proposed membership, scope of work, stakeholder representation, timeline, and reporting requirements to evaluate and recommend potential reforms to the City's business tax structure.

I FURTHER MOVE that the CLA report include recommendations on necessary staffing for the committee as well as recommendations on structure and meeting schedule to complete work within 12 months.

PRESENTED BY 
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SECONDED BY 
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