

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 6, 2026

CAO File No. 0220-06397-0000
Council File No. 26-1100-S7
Council District: ALL

To: The Mayor
The Council

From: Matthew W. Szabo, City Administrative Officer



Subject: FISCAL IMPACT ANALYSIS OF THE PROPOSED BALLOT MEASURE TO
REPEAL THE BUSINESS GROSS RECEIPTS TAX

RECOMMENDATIONS

In anticipation of the proposed initiative ordinance entitled the "Repeal of Los Angeles City Business Gross Receipts Tax," which seeks to repeal the City of Los Angeles Gross Receipts Tax on all businesses except cannabis businesses appearing on the City's General Municipal Election held on November 3, 2026, that the Council, subject to approval of the Mayor:

1. Re-establish a Payroll Reconciliation Account within the Unappropriated Balance as part of the 2026-27 Adopted Budget;
2. Appropriate only 6-months funding for all new positions supported by the General Fund that are added to the 2026-27 Adopted Budget, with the funding placed in the Unappropriated Balance Payroll Reconciliation Account;
3. Freeze all unfunded positions in the 2026-27 Adopted Budget, in accordance with Section 4.132 of the Los Angeles Administrative Code until the outcome of the Repeal of Los Angeles City Business Gross Receipts Tax measure on the November 3, 2026 elections are known;
4. Include within the 2026-27 Adopted Budget the following instructions in the event that the Repeal of Los Angeles City Business Gross Receipts Tax measure is approved by voters in the November 3, 2026 election:
 - a. Request the City Attorney with assistance from the City Administrative Officer to prepare a Declaration of a Fiscal Emergency for the City Council and Mayor's consideration;
 - b. Direct the City Clerk to place the Declaration of a Fiscal Emergency at the first Council meeting following the certification of the November 3, 2026 election results;
 - c. Direct the City Administrative Officer to begin the process to eliminate all new positions supported by the General Fund that were added to the 2026-27 Adopted Budget;

- d. Request the City Controller to transfer funds for the new positions from the Unappropriated Balance Payroll Reconciliation Account to the Unappropriated Balance Reserve for Mid-Year Adjustment Account;
- e. Direct the Los Angeles Police Department and the Personnel Department to suspend police sworn hiring for 2026-27 beginning with the cancellation of the January 2027 police class;
- f. Direct the City Administrative Officer to initiate a budget reduction process that includes the cancellation or deferral of contracts and capital projects, the elimination of filled positions, and other ongoing reductions to begin in 2026-27;
- g. Direct the City Administrative Officer to present to the City Council by December 2026, the recommended budget reductions required to achieve \$800-900 million in General Fund savings for 2027-28 including a list of position eliminations;
- h. Direct the Personnel Department to begin the separation process upon the Council and Mayor's adoption of the position elimination list in order to achieve the savings needed by the start of 2027-28;
- i. Direct the City Administrative Officer to report to the City Council and Mayor on the impact the required cuts will have on the City's preparation for the 2028 Olympic and Paralympic Games including its ability to meet its obligations as a Host City and provide the services required under service agreements established with the Los Angeles Organizing Committee for the 2028 Olympic and Paralympic Games (LA28); and
- j. Direct the City Administrative Officer to seek bargaining instructions from the Executive Employee Relations Committee (EERC) to amend all Memoranda of Understanding with represented employees to cancel all future base wage and other compensation increases, and seek other ongoing reductions as necessary, to mitigate the need for filled position elimination.

SUMMARY

On April 15, 2026, the City Council instructed the City Administrative Officer (CAO) to report on the fiscal and service impacts of the proposed ballot initiative entitled the "Repeal of Los Angeles City Business Gross Receipts Tax." The measure seeks to eliminate the City's Business Tax, or Gross Receipts Tax (GRT), for all non-cannabis related business activity, which is currently assessed based on the gross receipts of entities doing business within the City of Los Angeles. As reported by the City Attorney, the County Registrar has determined that the initiative petition contains a sufficient number of valid voter signatures to qualify for the November 3, 2026 General Election ballot (Council file No. 26-1100-S7). If approved, the tax repeal would become effective on January 1, 2028, thereby eliminating this General Fund revenue source for Fiscal Year 2027-28 and all subsequent years.

This Office estimates that repealing the tax would trigger an annual General Fund revenue loss of \$860 million on average for the first five years starting in fiscal year 2027-28. The average annual loss would increase every year. Although non-cannabis business tax receipts averaged \$745 million between 2022-23 and 2025-26, more recent figures show a marked upward trend: the revised 2025-26 estimate stands at \$820 million, with a projected \$832 million included in the Proposed 2026-27 Budget. Based on a 20-year average annual growth rate of 3.3 percent for non-cannabis business tax receipts, the cumulative negative impact resulting from the tax repeal over the next ten years would be \$9.6 billion. The projected annual revenue over this 10-year period for non-cannabis related business activity is provided in the table below.

Table 1. Annual Actual and Estimated Business Tax Receipts (Million Dollars)

	Fiscal Year	Non-Cannabis Business Tax Revenue	Value Change from Prior Year	Percent Change from Prior Year	Cumulative Revenue Loss from Tax Repeal**
Actual*	2024-25	742.2	51.1	7.40%	
Revised	2025-26	819.2	77.0	10.40%	
Proposed	2026-27	832.0	12.8	1.60%	
Projected based on 3.3% Growth Rate	2027-28	843.6	11.5	1.40%	753.0
	2028-29	871.0	27.4	3.30%	1,578.8
	2029-30	899.3	28.3	3.30%	2,448.9
	2030-31	928.5	29.2	3.30%	3,358.6
	2031-32	959.2	30.6	3.30%	4,306.0
	2032-33	990.8	31.7	3.30%	5,289.6
	2033-34	1,023.5	32.7	3.30%	6,313.1
	2034-35	1,057.3	33.8	3.30%	7,370.3
	2035-36	1,092.2	34.9	3.30%	8,462.5
	2036-37	1,128.2	36.0	3.30%	9,590.7

*LATax data for business tax remittances for non-cannabis related business activity.

**Impact on first through fifth year of elimination offset by prior year tax receipts.

The scale of the revenue loss—representing roughly 10 percent of the General Fund and 12 percent of all unrestricted revenue—is unprecedented. To manage a shortfall of this magnitude amid existing structural deficits and rising contractual obligations, the City would be forced to implement austerity measures far more severe than those seen during the Great Recession or the COVID-19 pandemic. While those previous crises were significant, they were ultimately transitory shocks followed by recovery. In contrast, the permanent elimination of the City’s second-largest tax revenue stream would open a massive, structural fiscal gap requiring immediate, ongoing service reductions.

During the Great Recession (2008–2012), the City faced a cyclical decline that primarily hit property and transfer taxes, requiring a multi-year recovery period. In response to the challenges, the City made major cuts in its budgeted appropriations. As part of the five adopted budgets during this period and through various interim actions, the City implemented a number of ongoing and one-time initiatives, including the elimination of over 4,900 positions, made possible through an early retirement program, transfers of employees to vacant special funded positions, and layoffs. The City also froze the hiring for most civilian positions, mandated unpaid furlough days off for civilian employees, reduced starting salaries and slowed the hiring for new police recruits; and instituted a

modified deployment plan for fire department resources. In addition, the City negotiated deferrals of salary increases and increases in employee contributions for health care and retirement, which reduced City contributions.

During the COVID-19 Pandemic (2020–2023), the City experienced a sharp, immediate drop in its General Fund revenues exceeding \$600 million driven by steep decreases to its sales, hotel, and parking occupancy taxes. To mitigate this, the City utilized a separation incentive program to eliminate 1,140 regular authority positions and reached agreements with most employee organizations to defer previously scheduled wage increases in exchange for the City refraining from layoffs and furloughs. These internal efforts were bolstered by \$1.28 billion in federal American Rescue Plan Act (ARPA) funds, which acted as a critical "revenue replacement" to stabilize operations.

In contrast to previous downturns, the repeal of the business tax would permanently erode the City's second-largest tax revenue stream with no path to recovery. There is no federal bailout or market correction to fill this gap. Eliminating the business tax would deal an irreparable blow, necessitating an immediate and lasting contraction of public services and fundamentally undermine the City's ability to prepare for and host the 2028 Olympic and Paralympic Games (2028 Games).

The sudden, permanent loss of \$860 million on average in annual revenue starting in 2027-28 would coincide exactly with the final, most intensive preparation phase for the 2028 Games. This fiscal vacuum would jeopardize the city-wide mobility and transit enhancements currently being planned to accommodate millions of visitors. Furthermore, the projected deep cuts to public safety and public works services would severely degrade the City's capacity to provide the essential security, sanitation, and emergency response levels required for a global event of this magnitude. By stripping the General Fund of its second-largest tax revenue source just as these international obligations peak, the repeal would shift the City from a position of growth and readiness to one of permanent structural austerity, leaving it ill-equipped to fulfill its commitments to the world stage.

Given these severe fiscal and service impacts, the most prudent course of action to preserve fiscal stability is for the proponents to withdraw the initiative. However, should the measure remain on the ballot and receive voter approval, the City must be prepared to navigate a significantly altered budgetary landscape. Although the repeal would not officially take effect until Fiscal Year 2027-28, mitigation efforts would need to commence in 2026-27 to brace for the impending shortfall.

Election results will be finalized in November 2026, coinciding with the submission of department budget proposals for the following year. Upon approval of the repeal, the 2027-28 budget development cycle (November 2026 – May 2027) must immediately pivot toward expenditure reductions. To minimize the scale of future layoffs and stabilize the General Fund, this Office recommends implementing the following emergency actions immediately upon the initiative's passage:

- 1) Fiscal Declaration: Formally declare a Fiscal Emergency to authorize extraordinary budgetary controls.
- 2) Hiring and Personnel:
 - a) Implement a hard hiring freeze for all positions funded entirely or partially by the General Fund.
 - b) Cancel all police hiring classes scheduled to begin in or after January 2027.
 - c) Review personnel cost and future increases contained within the Memoranda of

- Understandings with represented employees.
- 3) Fund Management:
 - a) Conduct a comprehensive review of the Unappropriated Balance (UB) to identify and cancel funding for various programs, projects, and positions.
 - b) Transfer reallocated UB funds into the UB Reserve for Mid-Year Adjustments to provide a liquidity cushion.
 - 4) Contractual and Capital Review:
 - a) Perform an immediate review of all active contracts for potential dis-encumbrance or cancellation.
 - b) Evaluate all capital projects for deferral or cancellation.
 - 5) Budget Restructuring: Initiate a formal Department Budget Reduction process to align departmental spending with the projected revenue decline. This process must focus on the potential elimination of non-core services and prioritize the reduction of spending on discretionary, non-legally obligated items to preserve essential City functions.
 - 6) 2028 Games Impact Analysis: Review and evaluate the impact the required cuts will have on the City's preparation for the 2028 Games, including its ability to meet its obligations as a Host City and provide the services required under service agreements established with LA28.

The recommendations in this report would move the above emergency actions as instructions within the 2026-27 Adopted Budget to facilitate the immediate response required of the City in the event to proposed tax repeal is approved by voters. These instructions may be added by the Budget and Finance Committee ahead of the Council's action on the Mayor's Proposed 2026-27 Budget, or by the full Council directly.

Included as part of the recommendations is an instruction to the CAO to seek bargaining instructions from the Executive Employee Relations Committee (EERC) to amend all Memoranda of Understanding with represented employees to cancel all future base wage and other compensation increases, and seek other ongoing reductions as necessary, to mitigate the need for filled position elimination. These organizations have historically been vital partners in maintaining the City's operational integrity during times of extreme duress. Just as labor leadership stepped forward with solutions and shared sacrifices during the Great Recession and the COVID-19 pandemic, the City will once again require their partnership to navigate this unprecedented structural shift.

Collaborative action to reduce personnel costs is the primary mechanism available to mitigate the breadth of service reductions and minimize the scale of future layoffs. This dialogue must focus on identifying shared solutions to stabilize the General Fund and protect the long-term career security of the City's workforce in the face of this permanent revenue loss.

BACKGROUND

The City's Business Tax (Chapter II, Article I of the Los Angeles Municipal Code) is the City's second-largest source of General Fund tax revenue, trailing only property tax. The business tax is imposed for the privilege of engaging in business activity within the City of Los Angeles. The tax in turns funds the essential services like police and fire protection, transit services, and street maintenance and infrastructure critical for a safe and accessible environment for people to work, shop and do business in the City. Most business activities are taxed based on the gross receipts generated by the activity in the previous year, though some business activities are taxed based on

other measures, such as square footage or number of days of operation. Gross receipts-based tax rates range from \$1.01 per \$1,000 (0.101%) to \$4.25 per \$1,000 (0.425%) depending on the activity, with the exception of cannabis-related business taxes, which have different rates as identified in LAMC Section 21.50 and 21.51.

In February 2026, a coalition of business and hospitality leaders submitted over 79,000 signatures to qualify a tax repeal measure for the ballot, specifically for non-cannabis business activity. Proponents argue that the tax is "archaic," creates a competitive disadvantage against neighboring cities, and contributes to the exodus of businesses from the City. While the City has implemented various reforms over the last decade—including the "Small Business Exemption" for those with receipts under \$100,000 and a three-year phased-in reduction to the highest tax rates—the proposed measure would eliminate the tax entirely for all non-cannabis categories, including professional services, retail, and wholesale activities.

The business tax on non-cannabis activity in Los Angeles is generally considered a moderately steady but "economically sensitive" source of revenue. While it is more reliable than "elastic" taxes like the transient occupancy tax (hotel), it lacks the stability of the property tax. Based on historical data in the hierarchy of City's seven major General Fund revenue taxes, the non-cannabis business tax sits in the middle:

- Most Steady: Property Tax. Due to Proposition 13 and the limits it places on increasing assessments, this revenue remains remarkably consistent even during downturns.
- Moderately Steady: Business Tax (Non-Cannabis). Because it is a gross receipts tax, it fluctuates with the general health of the economy, but because it covers a massive, diverse base of industries (law firms, tech, retail, consultants), a dip in one sector is often offset by another.
- Volatile: Documentary Transfer Tax (tied to real estate sales) and Transient Occupancy Tax (tied to tourism), both of which have plummeted by 30 percent or more in a single year.

In recent years, the non-cannabis portion of the business tax has shown surprising resilience. Following the COVID-19 pandemic, in 2021-22, while legal cannabis tax revenue actually decreased, the non-cannabis business tax grew by over \$70 million, helping to stabilize the General Fund. The business tax's resiliency, however, is challenged by key vulnerabilities. Unlike a flat fee, the revenue is tied to business volume. If Los Angeles businesses see a drop in income (as they did in 2020 with pandemic-era closures), the revenue has a corresponding drop. Also, annual business taxes are due January 1, based on the previous year's activity. This means the City can experience a "lag" where the economy is suffering, but the tax revenue has yet to drop—or conversely, the economy is recovering, but the City's coffers are still empty.

The following table provides actual receipts data for non-cannabis business tax revenue since 2016-17.

Table 2. Historical, Revised and Proposed Business Tax Receipts (Million Dollars)

Fiscal Year	Non-Cannabis Business Tax Revenue*	Value Change from Prior Year	Percent Change from Prior Year
2016-17	509.0	12.5	2.5%
2017-18	546.6	37.6	7.4%
2018-19	561.1	14.5	2.6%
2019-20	577.6	16.5	2.9%
2020-21	554.6	-23.1	-4.0%
2021-22	629.5	75.0	13.5%
2022-23	705.9	76.4	12.1%
2023-24	691.1	-14.8	-2.1%
2024-25	742.2	51.1	7.4%
Revised 2025-26**	819.2	77.0	10.4%
Projected 2026-27	832.0	12.8	1.6%

*LATax data for business tax remittances for non-cannabis related business activity in fiscal year.

**Revised estimated growth for 2025-26 includes impact of Office of Finance tax discovery efforts.

The historical data underscores that the non-cannabis business tax is not merely a significant revenue source, but a cornerstone of the City’s fiscal resilience. As shown in Table 2, despite the volatility of the past decade, this tax has consistently expanded, growing from \$509 million in 2016-17 to a projected \$832 million in 2026-27. Furthermore, it has provided a critical hedge against more elastic revenue streams. The current upward trajectory, bolstered by successful tax discovery and enforcement efforts, highlights the substantial opportunity cost of the proposed repeal. Removing this pillar of the City’s diverse revenue sources would fundamentally destabilize the General Fund, shifting the City from a post-pandemic growth position to one of permanent, structural austerity.

DISCUSSION

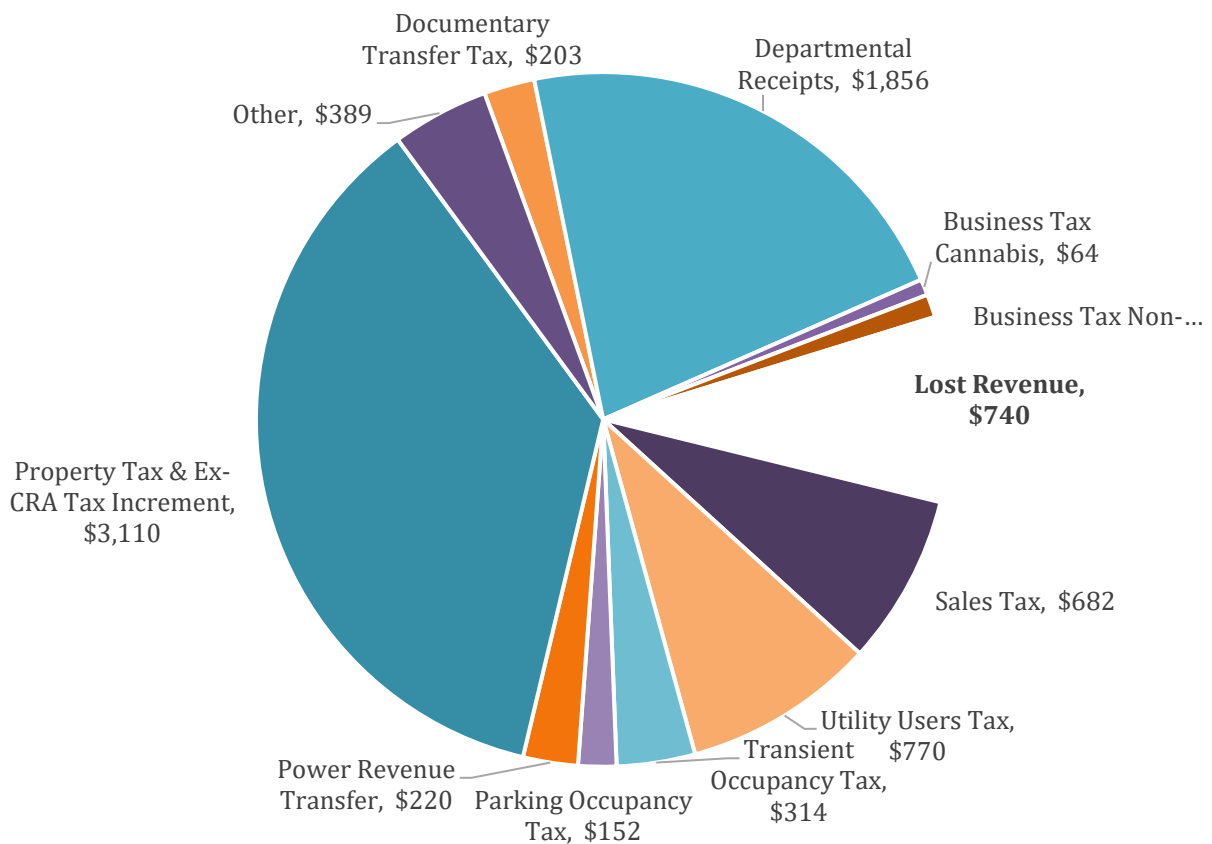
The repeal of the business tax on non-cannabis activity would trigger an immediate and profound fiscal crisis, severely compromising the City’s economic outlook. With the City already navigating a period of modest revenue growth—projected at only 3.5 percent—against a backdrop of sharply rising costs from negotiated labor agreements and persistent inflation, the elimination of roughly 10 percent of the General Fund and 12 percent of all unrestricted revenue would necessitate drastic, across-the-board expenditure reductions. While the repeal of the business tax might offer financial relief to individual entities, it creates an unprecedented fiscal vacuum. Without an alternative revenue stream to offset the \$860 million average annual loss (first five-year average), the City of Los Angeles will be unable to maintain current service levels.

The resulting service impacts would be catastrophic, forcing the City to implement deep cuts to all General Fund-supported departments. Public safety would bear the heaviest burden, as the Police and Fire departments account for over 60 percent of unrestricted expenditures; a shortfall of this

magnitude would likely result in the loss of sworn officer positions and an escalation in emergency response times. Furthermore, critical progress in addressing the homelessness crisis would be undermined, as General Fund allocations for interim housing, outreach teams, and the Inside Safe initiative would be severely curtailed. Infrastructure maintenance, including residential street and sidewalk work would be relegated to "emergency-only" status, leading to a rapid deterioration of the City's Pavement Condition Index (PCI) and an ongoing inability to meet sidewalk repair obligations. Finally, the required reductions would introduce significant uncertainty regarding City's ability to fulfill its legal obligations as a Host City and its capacity to deliver the essential public safety, transit, mobility, and municipal services required for the 2028 Games.

To provide a clearer understanding of the potential impact, the following analysis presents a hypothetical scenario in which the tax repeal was implemented for the upcoming 2026-27 Fiscal Year, resulting in a loss of approximately \$740 million out of the estimated \$832 million in non-cannabis business tax. The repeal would not impact the entire amount in the first through fifth year of elimination, as taxes assessed before the repeal would continue to be due. Under this scenario, the General Fund as presented in the Mayor's Proposed 2026-27 Budget would fall from \$8.59 billion to \$7.85 billion.

Chart 1: 2026-27 Proposed General Fund Revenue \$7.85 Billion with Business Tax Repeal (Revenue Categories in Million Dollars)



More critically, the City's pool of unrestricted revenue—the flexible funding used to pay for most core services—would shrink from \$6.97 billion to \$6.23 billion.

Because the City Charter mandates specific minimum funding levels for the Library and Recreation and Parks departments, these "Charter-protected" appropriations would consume a larger relative share of a much smaller pie. This structural budgetary constraint is further intensified by the pending ballot initiative concerning the Los Angeles Fire Department (LAFD) which is also expected to be on the November 3, 2026 election. Upon ratification, this measure would establish "Maintenance of Effort" (MOE) requirements, effectively mandating that fire protection services also be spared from reductions. Consequently, the remaining unrestricted revenue available for all other City operations would be drastically reduced. While the proportional shift in percentage shares across departments might appear marginal, the actual dollar-for-dollar reduction to departmental budgets would be severe.

The following table illustrates how this \$740 million shortfall would diminish the unrestricted revenue base across City departments under the business tax repeal scenario and a scenario where both the business tax repeal and the LAFD ballot measures are approved.

As Table 3 shows, the \$740 million shortfall effectively forces the most significant cuts upon public safety and infrastructure. The Police Department alone would face a reduction of approximately \$376 million under the business tax repeal and over \$450 million if both ballot measures were to pass. This loss of capacity would fundamentally degrade emergency response times and proactive policing. Similarly, vital services including street maintenance, sanitation, and homelessness initiatives would see double-digit million-dollar declines. These would not be superficial trims; they represent a deep reduction in the City's physical presence in neighborhoods and its ability to maintain a safe, functional urban environment.

The required reductions detailed in the Table 3 would also undermine the years of planning and preparation the City has undertaken for the 2028 Games, introducing more uncertainty and heightened financial and operational risks. While the City would be forced to implement cuts of this unprecedented magnitude to align with a diminished revenue base, the full extent of the resulting damage to the 2028 Games is currently unknown.

Consequently, a critical priority following any approval of the tax repeal must be a comprehensive analysis by this Office to evaluate how these specific budget contractions will impact the City's 2028 Games readiness. This assessment will focus on the City's ability to fulfill its legal obligations as a Host City and its capacity to deliver the essential public safety, transit, mobility, and municipal services required for the 2028 Games.

Table 3. Illustration of Departmental Share of Unrestricted Revenues Under Two Scenarios:
 1) Business Tax Repeal and 2) Business Tax Repeal plus the LAFD Ballot Measure

Department	Proposed 2026-27 Exhibit E		Illustration with Business Tax Repeal		Required Reduction	Illustration with Business Tax Repeal and LAFD Ballot Measure		Required Reduction
Library	279.70	4.00%	279.70	4.49%	None	279.70	4.49%	None
Recreation and Parks	353.40	5.10%	353.40	5.68%	None	353.40	5.68%	None
Police	3,250.10	46.70%	2,874.32	46.16%	(375.78)	2,793.47	44.86%	(456.63)
Fire	1,115.60	16.00%	984.57	15.81%	(131.03)	1,115.60	17.92%	None
Sanitation	125.60	1.80%	110.76	1.78%	(14.84)	107.56	1.73%	(18.04)
Street Services	232.70	3.30%	202.81	3.26%	(29.89)	196.38	3.15%	(36.32)
Street Lighting	32.20	0.50%	31.03	0.50%	(1.17)	30.78	0.49%	(1.42)
Transportation	201.60	2.90%	178.51	2.87%	(23.09)	173.55	2.79%	(28.05)
Engineering	75.80	1.10%	67.78	1.09%	(8.02)	66.05	1.06%	(9.75)
Capital and Technology Improvements	17.50	0.20%	11.96	0.19%	(5.54)	10.76	0.17%	(6.74)
Board of Public Works	32.60	0.50%	30.99	0.50%	(1.61)	30.64	0.49%	(1.96)
Contract Administration	27.50	0.40%	24.65	0.40%	(2.85)	24.04	0.39%	(3.46)
Building and Safety and City Planning	40.60	0.60%	37.04	0.59%	(3.56)	36.28	0.58%	(4.32)
Zoo	26.10	0.40%	24.79	0.40%	(1.31)	24.51	0.39%	(1.59)
City Tourism and Cultural Affairs	24.90	0.30%	18.07	0.29%	(6.83)	16.60	0.27%	(8.30)
Animal Services	53.50	0.80%	49.45	0.79%	(4.05)	48.58	0.78%	(4.92)
City Attorney	247.70	3.60%	221.86	3.56%	(25.84)	216.29	3.47%	(31.41)
CAO, Controller, and Finance	184.90	2.60%	159.64	2.56%	(25.26)	154.20	2.48%	(30.70)
City Clerk, Council, and Mayor	124.70	1.80%	110.84	1.78%	(13.86)	107.86	1.73%	(16.84)
Unappropriated Balance	98.00	1.40%	86.11	1.38%	(11.89)	83.55	1.34%	(14.45)
Emergency Management	9.70	0.10%	5.88	0.09%	(3.82)	5.06	0.08%	(4.64)
General City Purposes including Homeless Services	325.60	4.70%	289.43	4.65%	(36.17)	281.64	4.52%	(43.96)
Others	87.10	1.20%	73.50	1.18%	(13.60)	70.58	1.13%	(16.52)
Totals	6,967.10	100%	6,227.10	100%	(740.00)	6,227.10	100%	(740.00)

This fiscal and service-level instability would further jeopardize the City's long-term financial health and creditworthiness. Three of the four major rating agencies currently maintain a Negative Outlook on the City's credit, specifically citing concerns regarding structural imbalances. The sudden loss of \$800-\$900 million in recurring revenue would exert immediate downward pressure on these ratings. An inability to implement swift structural corrections while minimizing draws on reserves would likely trigger downgrades, thereby increasing borrowing costs for critical infrastructure and cash flow management. Such a downward spiral would not only reduce opportunities to generate interest savings through bond refunding but also increase fees associated with the City's various borrowing programs, making it significantly more difficult and expensive to secure the credit enhancements necessary to maintain essential City operations.

FISCAL IMPACT STATEMENT

The adoption of the proposed initiative ordinance repealing the business tax on non-cannabis business activity would result in an annual General Fund revenue loss of \$860 million on average for the first five years starting in fiscal year 2027-28. The average annual loss would increase every year. The cumulative negative impact resulting from this tax repeal over the next ten years would be \$9.6 billion. This would require immediate and significant reductions in City services and would severely impact the City's long-term financial stability.