

09-1637

MOTION

BUDGET & FINANCE

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The City of Los Angeles currently imposes a gross receipts tax on businesses. Not all neighboring jurisdictions share this practice. For example, the City of Calabasas, which shares a border with the City of Los Angeles, charges no gross receipts tax. Just on the Los Angeles side of this border sits Warner Center, in which businesses do pay such a tax. Although Warner Center is a commercial-residential area specifically designed to promote business and jobs, it is undermined by its location less than five miles away from Calabasas, a relative tax haven.

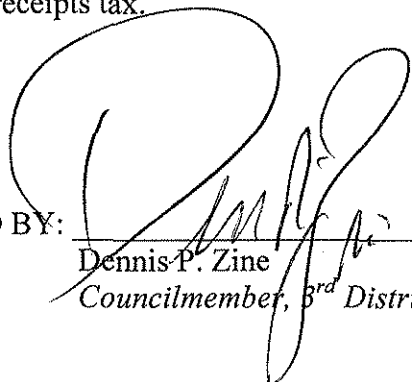
The disparity of business tax rates between Los Angeles and its surrounding cities has created an uneven playing field when companies look for places to do business. Despite major reforms to business tax rules in recent years, the City of Los Angeles remains less business-friendly than its neighbors. This contrast is especially pronounced in areas of the City that are immediately adjacent to more business-friendly locales. These border areas, such as Warner Center, have reached the point where even established businesses will relocate just a few miles away to reduce or eliminate their taxes.

In an effort to be more business-friendly, improve vacancy rates of commercial buildings, retain well-paying jobs, reduce commuting distances, and maintain an overall vibrant economic atmosphere in the City of Los Angeles, the practice of collecting the gross receipts tax must be re-evaluated. In particular, areas of the City that border more tax-favorable municipalities should be given special consideration for further business tax reforms.

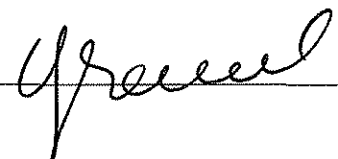
I THEREFORE MOVE that the Chief Legislative Analyst be directed to report to the City Council with a survey of surrounding cities' gross receipts tax policies and a proposal for a pilot program that would establish targeted enterprise zones with revised business tax rules in selected areas of the City of Los Angeles that are immediately adjacent to bordering jurisdictions without a gross receipts tax.

ORIGINAL

PRESENTED BY:

  
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SECONDED BY:





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