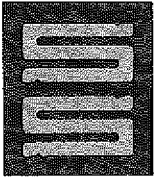


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subdivision
surveying
planning
drainage
grading
condominium
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SPINDLER ENGINEERING CORPORATION

16823 Satcoy Street

Van Nuys, California 91406

Telephone (818) 782-2788 FAX (818) 782-0111

E-Mail admin@spindlereng.com

January 31, 2014

Honorable Members of the Los Angeles City Council
City of Los Angeles
200 N. Spring Street, 3rd Floor
Los Angeles, CA 90012

SUBJECT: Support for a Phased Elimination of the Gross Receipts Business Tax

Dear Members of the City Council:

Spindler Engineering strongly supports Mayor Garcetti's recommendation for a four-year phase out of the gross receipts tax.

Although we understand the past apprehension of removing \$400 million from the city budget, this is revenue that will be replaced by future business development and new jobs, bringing increased sales and property tax to the city. This current business tax structure serves as a disincentive for companies to open up their doors within the city limits, making the phase-out approach a common sense answer to better Angeleno quality of life.

With 3.8 million people, the City of Los Angeles desperately needs job opportunities. Our city contains some of the world's most valuable fixed assets including the nation's largest seaport (Port of Los Angeles), the world's busiest origin and destination airport (LAX), and the nation's largest municipally owned utility (LADWP). It holds two world-renowned research universities (USC & UCLA) and world-leading industry sectors ranging from entertainment and fashion to international trade and manufacturing. Despite our impressive city, Angelenos have lost an astonishing 165,000 net jobs over the last 30 years.

Despite all of these valuable assets, the city continues to see an exodus of businesses that leave only to open up shop in neighboring cities. This is because the tax structure in Los Angeles simply makes us uncompetitive; L.A. has the highest business tax by a factor of 9.5 times the average of the other 87 cities in the county. The city's highly visible position as a leader in business tax severely hinders business attraction, expansion and retention—and, in turn, job creation.

The gross receipt's tax not only stifles competition, it places an unjust burden on businesses. The gross receipts tax charges businesses simply for engaging in commerce in the city, regardless of profit or loss. The 2007 "Tax Foundation" found that the gross receipts tax also interferes with the ability for Los Angeles businesses to compete with companies in other jurisdictions. Unfair burdens such as these stunt the growth of city businesses, deter new

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business tax was put in place over 70 years ago. We must support the service industry businesses as they are the fastest growing sector with the greatest capacity to move into or out of our city.

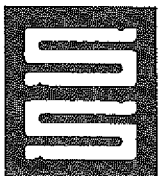
With all of its structural advantages, the City of Los Angeles should be leading the county, state and nation in economic activity. Elimination of the gross receipts tax will make this possible. Expert analysis by Dr. Charles Swenson of the University of Southern California's Marshall School of Business found that elimination should generate indirect revenues from licensing, transportation and increased commerce that far surpasses the initial loss – between \$423 million in the worst case and \$688 million in the best case. Based on these estimates, elimination is at worst cost-neutral for the city and, at best, stands to gain up to \$263 million in new revenue. With increased cash flow from gross receipts relief, businesses can expand in the city, generate jobs and stem economic development. Property value—and consequentially property taxes—will rise, along with city revenues from increase applications for permits and licenses.

We thank Mayor Garcetti for his thoughtful approach to this important issue and ask that you support him and all Angelenos by supporting the phase-out of the business tax. "Axing the tax" will effectively reverse our city's "business-unfriendly" reputation and create the business and labor-friendly city that all Angelenos expect.

Sincerely,



Larry G. Gray



SPINDLER ENGINEERING CORPORATION

January 31, 2014

09-1914-~~4158~~

Honorable Members of the Los Angeles City Council
City of Los Angeles
200 N. Spring Street, 3rd Floor
Los Angeles, CA 90012

SUBJECT: Support for a Phased Elimination of the Gross Receipts Business Tax

Dear Members of the City Council:

Peter C. Foy & Associates strongly supports Mayor Garcetti's recommendation for a four-year phase out of the gross receipts tax.

Although we understand the past apprehension of removing \$400 million from the city budget, this is revenue that will be replaced by future business development and new jobs, bringing increased sales and property tax to the city. This current business tax structure serves as a disincentive for companies to open up their doors within the city limits, making the phase-out approach a common sense answer to better Angeleno quality of life.

With 3.8 million people, the City of Los Angeles desperately needs job opportunities. Our city contains some of the world's most valuable fixed assets including the nation's largest seaport (Port of Los Angeles), the world's busiest origin and destination airport (LAX), and the nation's largest municipally owned utility (LADWP). It holds two world-renowned research universities (USC & UCLA) and world-leading industry sectors ranging from entertainment and fashion to international trade and manufacturing. Despite our impressive city, Angelenos have lost an astonishing 165,000 net jobs over the last 30 years.

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Of note, the highest tax rates are placed on service industry employers, which represent over 80 percent of businesses. Los Angeles is no longer a manufacturing community as it was when the business tax was put in place over 70 years ago. We must support the service industry businesses as they are the fastest growing sector with the greatest capacity to move into or out of our city.

With all of its structural advantages, the City of Los Angeles should be leading the county, state and nation in economic activity. Elimination of the gross receipts tax will make this possible. Expert analysis by Dr. Charles Swenson of the University of Southern California's Marshall School of Business found that elimination should generate indirect revenues from licensing, transportation and increased commerce that far surpasses the initial loss – between \$423 million in the worst case and \$688 million in the best case. Based on these estimates, elimination is at worst cost-neutral for the city and, at best, stands to gain up to \$263 million in new revenue. With increased cash flow from gross receipts relief, businesses can expand in the city, generate jobs and stem economic development. Property value—and consequentially property taxes—will rise, along with city revenues from increase applications for permits and licenses.

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Sincerely,

A handwritten signature in black ink, appearing to read 'Tina Reeve', with a large, stylized flourish extending to the left.

Tina Reeve
VP, Benefits