



Los Angeles Area  
Chamber of Commerce

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August 17, 2011

Hon. Eric Garcetti, Council President  
Los Angeles City Council  
200 North Spring Street, Room 475  
Los Angeles, CA 90012

Dear Council President Garcetti and Members of the Los Angeles City Council:

On behalf of the Los Angeles Area Chamber of Commerce, representing more than 1600 businesses in Los Angeles, I write to express our gratitude for the work of the Business Advisory Tax Committee (BTAC) and their foresight to insist on an economic analysis of potential changes to the Gross Receipts Tax policy of the City of Los Angeles.

The economic analysis conducted by Professor Charles Swenson confirms what the business community believes to be one of the best solutions to improve business growth here in the City of Los Angeles – complete elimination of the Gross Receipts Tax. The predicted job growth and net positive revenue gains for the City makes this a win for residents, the City and businesses alike. Los Angeles is suffering from record unemployment and loss of businesses to tax friendlier cities, and what possible scenario exists that could better stimulate this economy?

BTAC continues to work toward making a recommendation on an implementation plan that makes sense for the City based on their expertise and further analysis. For that reason, the business community is very concerned about a motion (09-1914-56, Alarcon and Parks) submitted to the City Council outlining an implementation plan that is not only premature, but also would undoubtedly undermine the purpose of eliminating the Gross Receipts Tax.

Suggesting parameters to phase-in a plan at this time is not productive. Any approach that specifically allows the City Council to opt out of implementing reduction or elimination of the Gross Receipts Tax will do nothing to create certainty for business growth and job creation. In addition, a plan of using tax categories that reward large businesses will only create a complicated system of winners and losers, which would be detrimental to small business. Such provisions will have a chilling effect on job creation and will send a clear message that Los Angeles is not open for business.

We strongly urge the City Council to wait until the full recommendations of BTAC are realized before any conclusions are drawn on how tax reform should be implemented. While a smart and reasonable plan is warranted, it must be one based on further study and hinge on creating certainty for the business community if the City is going to realize the full potential of economic recovery.

Sincerely,

A handwritten signature in cursive script that reads "Gary Toebben".

Gary Toebben  
President & CEO

Cc:  
Gaye Williams, Mayors Office  
Matt Karatz, Mayors Office  
Business Tax Advisory Committee



C.D.

October 26, 2011

Strengthening the Voice of Business

- Chambers of Commerce
- Agoura-Cak Park-Conejo Valley
- Alhambra
- Armenian American
- Beverly Hills
- Burbank
- Cahuja Park/West Hills
- Century City
- Chromont
- El Monte
- Filipino American
- Glendale
- Greater Lakeview
- Greater Los Angeles African American
- Harbor City / Harbor Gateway
- Hollywood
- Korean American
- Los Angeles Area
- LAX Coastal Area
- La Canada Flintridge
- Long Beach Area
- Los Angeles Metropolitan Hispanic
- Malibu
- Manhattan Beach
- Montebello
- Pacific Palisades
- Pasadena
- Pomona
- Rodondo Beach
- Regional Black
- Regional Hispanic
- Regional San Gabriel Valley
- Rosemead
- San Pedro
- Santa Clarita Valley
- Santa Monica
- South Bay Association
- Temple City
- Toluca Lake
- Torrance Area
- United San Fernando Valley
- Universal City North Hollywood
- Venue
- West Hollywood
- West Los Angeles
- Westside Council
- Wilmington
- Woodland Hills-Tarzana

- Trade Associations and Minority Business Groups
- AIA Los Angeles
- Apartment Association, CA Southern Cities
- Apartment Association of Greater Los Angeles
- Asian American Business Women Association
- Azan Business Association
- Associated Builders and Contractors
- Beverly Hills / Greater LA Association of Realtors
- British American Business Council
- Building Industry Association, LA / Ventura
- Building Owners & Managers Association, LA
- California Apartment Association, LA
- California Independent Bankers
- California Restaurant Association, LA
- Central City Association
- Center for International Trade Development
- Citrus Valley Association of Realtors
- Employers' Group
- Entrepreneurs' Organization LA
- FuturePort
- Gateway to LA
- Greater Asian Business Federation
- Harbor Association of Industry & Commerce
- Hospital Association of Southern CA
- Hotel Association of Los Angeles
- Independent Community Bankers of America
- Industry Manufacturers Council
- LA Shores
- League of California Cities
- Los Angeles County Economic Development Corp.
- National Association of Women Business Owners, LA
- National Latina Business Women Association
- New Car Dealers Association, LA
- Pasadena-Foothills Association of Realtors
- San Gabriel Valley Economic Partnership
- So Cal Minority Business Development Council
- South Asian Business Alliance Network
- South Bay Association of Realtors
- South Park Stakeholders Group
- Southland Regional Association of Realtors
- Tri-Counties Association of Realtors
- Valley Economic Alliance
- Valley Economic Development Center
- Valley Industry & Commerce Association
- Western States Petroleum Association

Honorable Antonio Villaraigosa, Mayor  
 Honorable Members of the Los Angeles City Council  
 Los Angeles City Hall  
 200 N. Spring Street  
 Los Angeles CA 90012

Re: Support for Elimination of LA City's Gross Receipts Tax

Dear Mayor Villaraigosa and Members of the City Council,

On behalf of the Los Angeles County Business Federation – representing more than 85 organizations with over 150,000 businesses across LA County – we are writing to strongly urge your support for elimination of the city's gross receipts business tax.

As you know, the Business Tax Advisory Committee – appointed by the Mayor and City Council and inclusive of several highly regarded tax experts – has exhaustively studied this issue and is recommending a four-year implementation plan for phasing-out in its entirety this onerous tax that is the highest in LA County and among the highest of major metropolitan areas across the nation.

With a city jobless rate 60 percent higher than the national average – and the city already struggling to attract and retain businesses, jobs and tax revenue – elimination of the gross receipts business tax is imperative to reverse decades of loss.

LA's disproportionately high business tax and "business unfriendly" reputation has unquestionably been a lightning rod for killing jobs; elimination of this business tax *in its entirety* will be a beacon for creating new jobs and the city could see new businesses move within city limits as soon as this tax is eliminated.

In fact, economic modeling shows elimination of this tax would create new revenue streams from increased economic activity – enough to significantly offset the lost revenue from the gross receipts business tax. Indeed, estimates are that businesses coming to, expanding within, or staying in LA would drive strong growth... **including creation of tens of thousands of new jobs.**

The Business Tax Advisory Committee is recommending a common-sense and expertly modeled approach with a gradual, four-year phase-out that factors-in the gain in indirect revenues tied to increased levels of economic activity over those years to ensure the City does not go into a deficit position at any point with the loss of business tax revenues.

With so much at stake for our City, there can be little question that the time is now for bold action grounded in such clear economic principals and a common-sense approach. BizFed and its members urge you to support elimination of the gross receipts tax in its entirety – to help all of us work together to create jobs and a brighter economic future for the City.

Thank you for your consideration.

Sincerely,

Mark Wilbur  
 BizFed Chair  
 Employers Group

David Fleming  
 BizFed Founding Chair  
 Latham & Watkins LLP

Tracy Rafter  
 BizFed CEO  
 Rafter Group, Inc.

Cc: Business Tax Advisory Committee Chair Lloyd Greif

Honorable Antonio Villaraigosa, Mayor  
Honorable LA City Council Members

On behalf of the Los Angeles County Business Federation â€” representing more than 85 organizations with over 150,000 businesses across LA County â€” we are writing to strongly urge your support for elimination of the cityâ€™s gross receipts business tax.

LAâ€™s disproportionately high business tax and â€œbusiness unfriendlyâ€ reputation has unquestionably been a lightning rod for killing jobs; elimination of this business tax *in its entirety* will be a beacon for creating new jobs and the city could see new businesses move within city limits as soon as this tax is eliminated.

With so much at stake for our City, there can be little question that the time is now for bold action grounded in clear economic principals and a common-sense approach. BizFed and its members urge you to support elimination of the gross receipts business tax in its entirety â€” to help all of us work together to create jobs and a brighter economic future for the City.

Please see our following letter for your consideration.

*Sent on behalf of*

**Mark Wilbur, BizFed Chair**  
President & CEO, Employers Group

**David Fleming, BizFed Founding Chair**  
Counsel, Latham & Watkins LLP

**Tracy Rafter, BizFed CEO**  
President & CEO, Rafter Group, Inc.

*Judi*

Judi Erickson  
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***A Grass Roots Alliance of 85 Top LA County Business Groups  
Mobilizing Over 150,000 Businesses***



**LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION**



*Celebrating Economic Development Leadership*

September 26, 2011

Honorable Antonio Villaraigosa, Mayor  
Honorable Members of the Los Angeles City Council  
City of Los Angeles  
200 N. Spring Street  
Los Angeles, CA 90012

Dear Mayor Villaraigosa and Members of the City Council:

On behalf of the Los Angeles County Economic Development Corporation (LAEDC), an organization dedicated to promoting job growth, economic expansion and preserving the overall global competitiveness of Los Angeles County, I am writing to express the LAEDC's support for an across-the-board, phased elimination of the City of Los Angeles's gross receipts business tax for all industry sectors and all size businesses.

As we are all too keenly aware, the City of Los Angeles desperately needs jobs. The city has shed more than 75,000 jobs since the current recession began,<sup>1</sup> and its unemployment rate (14.6%)<sup>2</sup> remains much higher than the national and state unemployment rates of 9.1 percent and 12.1 percent, respectively.<sup>3</sup> Even so, it would be a mistake to simply (and conveniently) blame our current economic woes and job losses solely on the "Great Recession." For the last three decades, the City of Los Angeles has markedly underperformed in terms of creating jobs for its almost 3.8 million residents. While the City of Los Angeles has added more than 823,000 new residents from 1980-2010, not a single net new job was created for those new residents; in fact, the City of Los Angeles has actually *lost* approximately 165,000 net jobs during this 30-year period.<sup>4</sup>

So why is it that the nation's second largest city with some of the most compelling comparative advantages and levers for economic growth, including a highly skilled workforce; two world-renown research universities (UCLA and USC); world leading industry sectors ranging from entertainment and fashion to international trade and manufacturing; and some of the world's most valuable, lucrative fixed assets led by 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 (Los Angeles Department of Water and Power), has not created a single net new private sector job in over 30 years?

There are certainly a number of reasons for the City of L.A.'s multi-decade history of stunted job growth. Yet, one of the chief causes is the real and/or perceived "business unfriendly" environment that exists in our great city. With an overly complicated, byzantine regulatory environment and a

<sup>1</sup> Source: CA EDD

<sup>2</sup> Source: CA EDD Labor Force Stats

<sup>3</sup> Source: BLS Labor Force Stats

<sup>4</sup> Source: Southern California Association of Governments (SCAG) RTP Database



burdensome, tortuous and counterproductive business tax burden, the City of Los Angeles has become less known for being the center of free enterprise, innovation and entrepreneurship, but for having an exceptionally inhospitable climate for businesses.

On July 14<sup>th</sup>, 2010, the Los Angeles City Council voted unanimously (14-0) to support Los Angeles County's first-ever, consensus Strategic Plan for Economic Development. This effort brought together 1,080 stakeholder groups from business, labor, environmental organizations and other community-based groups to develop a plan to create more jobs, grow our economy and invigorate our communities. One of the plan's core aspirational goals is to "Create a Business-Friendly Environment." While the City of Los Angeles to its credit has recently taken a number of important steps to establish a more business friendly environment, including enacting a business tax holiday, streamlining the permitting process for certain retail-based business sectors and reaching out more aggressively to help small businesses avert layoffs, the city must go even further with bolder initiatives.

Remember, businesses are the creators of private sector jobs, which induce and indirectly produce more jobs. Together, these direct, indirect and induced jobs generate the local and state tax revenue that supports the social programs which support our quality of life. So in reality, the city's onerous business tax burden is not only business unfriendly, but really "jobs-, budget- and quality of life-unfriendly." The reduction in jobs, budgetary resources and quality of life measurements due to such a universally despised tax will, of course, be even more pronounced in times of economic trouble and shrinking profit margins when one considers that the City of L.A. has the highest business tax by a factor of 9.5 times the average of the Los Angeles County's other 87 cities.<sup>5</sup>

Phasing-out this gross-receipts business tax is one of the more rational, prudent and high-profile ways to positively transform the city's hostile job creation status and disposition. By eliminating this widely reviled gross receipts business tax—either through a phased approach or at once in its entirety—the city would be able to take advantage of "announcement effects," which will help in attracting, growing, and retaining companies (and their jobs) within the city that may otherwise not consider the City of Los Angeles to be a viable place to start a business, expand their existing business and hire additional workers, or even stay and continue operating. By completely phasing out this business tax, the city would be able to receive credit for being at-once business-, jobs- and quality of life-friendly, which will go a long way to incentivizing more businesses to come to, expand and remain in L.A. and to catalyzing the net job creation that we've indecently forsaken for decades, while also avoiding a large hit to the city's budget.

In conclusion, we have significantly underperformed in terms of creating jobs in the City of Los Angeles over the last 30 years. Consequently, we must all work together to reverse this trend. For these reasons, the LAEDC supports the phased elimination of the gross receipts business tax as well as other rational, bold policies that will at-once create and retain jobs, strengthen the city's economy and preserve our overall quality of life.

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<sup>5</sup> Source: 2010 Kosmont-Rose Institute Cost of Doing Business Survey



LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION



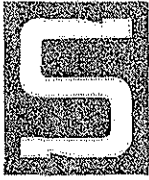
*Celebrating Economic Development Leadership*

Sincerely,

*Bill Allen*

Bill Allen  
President & CEO  
LAEDC





subcontracting  
surveying  
planning  
drafting  
grading  
construction



S.E.C. CIVIL ENGINEERS, INC.

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Van Nuys, California 91406

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E-Mail admin@spindlereeng.com

**September 26, 2011**

**Council President Eric Garcetti and Ana Guerrero - Chief of Staff  
Councilman Bernard Parks and Bernard Parks, Jr. - Chief of Staff  
Councilman Tom LaBonge and Jeanny Min - Chief of Staff**

**Regarding: L.A. City's Gross Receipts Tax**

**I would fully support elimination of the City's Gross Receipts Tax, which is the highest in the region. If we are to put people back to work in this City, we have to make it profitable for businesses to move into this City and to expand in this City. While the City will lose a portion of its budget by the elimination of the Gross Receipts Tax, it will gain additional taxes by the increased business activity within the City. It has been estimated that between \$423 to \$886 million could be gained by added business activities within this City. With such business activity, unemployment will be significantly reduced, which will be a significant stimulus to the economy of the City of Los Angeles. I would, therefore, continue to urge an elimination of this tax, which would be a significant sign to the business community that the City of Los Angeles actually IS concerned about providing jobs for its citizens.**

**Sincerely,**

**Larry G. Gray**

**SEC CIVIL ENGINEERS, INC.**