MOTION

JOBS & BUSINESS DEVELOPMENT

There is an effort underway to review the City’s business tax structure and we have established a Business Tax Advisory Committee (BTAC) to assist in that effort. As part of this review the BTAC should consider a business tax break for any businesses that hire disabled and/or indigent employees.

The County and City of San Francisco have developed a similar program to provide qualifying businesses with a tax credit to be applied against the City’s 1.5% payroll tax. Although the City of Los Angeles does not currently have a payroll tax, a percentage reduction of the business gross receipt tax could be the incentive needed to assist businesses and enhance the employment of these two specific hard to place employment groups, the disabled* and the indigent**.

The Director of Finance has indicated that currently, the City provides a variety of business incentives that range from specific areas in the City to City-wide availability. For example, the Empowerment Zone incentive credits are targeted to specific areas within the City and are based on Federal legislation of the identified empowerment zones. Other incentives apply Citywide, such as the Small Business exemption, New Business exemption and Creative Artists exemption.

The Office of Finance has further indicated that the City of Los Angeles could create a similar incentive for businesses such as that of San Francisco’s EZ Payroll Tax Credit, with obvious modifications due to the difference in taxing schemes between the two jurisdictions. The City of Los Angeles would be positioned to provide a credit or incentive against the qualifying entities’ Business Tax.

Given that every effort should be made to create jobs in the City, incentives that create job opportunities for the disabled and the indigent should be part of that effort.

I THEREFORE MOVE that the Business Tax Advisory Committee be requested to evaluate the San Francisco model for tax incentives to businesses that hire the disabled and the indigent, as further described in the text of this Motion, and report with recommendations to institute a business tax credit or other business tax inducement for businesses that hire disabled persons and indigent persons.

PRESENTED BY: BERNARD C. PARKS
Councilmember, 8th District

SECONDED BY: Paul Krekorian

* Disabled is defined as: “the qualification of an employee as disabled refers to the Americans with Disabilities Act (ADA) definitions.”

** Indigent is defined as: “any person who qualifies for, and is receiving public assistance under various City, County, State or Federal programs.”