

CITY OF LOS ANGELES

CALIFORNIA



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September 28, 2010

To All Interested Parties:

City Attorney (w/ blue slip)

The City Council adopted the action(s), as attached, under Council file

No. 10-1048, at its meeting held September 24, 2010.

City Clerk
VCW

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your **JOBS AND BUSINESS DEVELOPMENT COMMITTEE**

reports as follows:

JOBS AND BUSINESS DEVELOPMENT COMMITTEE REPORT relative to the creation of a business tax credit between \$1,000-\$5,000 per new employee hired that will remain in effect in the City until the unemployment levels are reduced to pre-recession levels.

Recommendations for Council action, pursuant to Motion (Garcetti - Smith):

1. REQUEST the City Attorney in consultation with the Chief Legislative Analyst, the Office of Finance, and the Business Tax Advisory Committee (BTAC), to prepare and present an ordinance that would create a job creation tax credit for businesses that hire new employees as follows: the tax credit shall be between \$1,000 and \$5,000 per new Los Angeles resident hired; and the tax credit would remain in place until the City's unemployment rate is reduced to below pre-recession levels.
2. INSTRUCT the Chief Legislative Analyst with the assistance of the Office of Finance, the BTAC, and the City Attorney to report back to the Jobs and Business Development Committee on how to implement a job creation tax credit in the City that includes fiscal impact and legal analysis.

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY

On September 14, 2010, the Jobs, Business Growth and Tax Reform Committee considered Motion (Garcetti - Smith) relative to the creation of a business tax credit between \$1,000-\$5,000 per new employee hired that will remain in effect in the City until the unemployment levels are reduced to pre-recession levels.

The Motion states the unemployment rate in the City is higher than the national average, and legislation for a new jobs tax credit at the Federal level has not yet been passed. As a result it is important to move ahead and use local authority over the City's business tax system to make recommendations that will provide tax relief to both existing businesses, as well as new businesses with the specific intent of encouraging job creation. The motion further states that this effort would provide relief to existing businesses, and will compliment current recommendations being worked on by the council and the Mayor, with input from BTAC, to create job growth.

During the discussion, representatives from the City Attorney and BTAC provided background information. After an opportunity for public comment, the Committee recommended approval of the recommendations as contained in the recommendation section of this report. This matter is now forwarded to Council for its consideration.

Respectfully submitted,

JOBS AND BUSINESS DEVELOPMENT COMMITTEE

ADOPTED
AS Amended
SEP 24 2010
See Amending Motion
LOS ANGELES CITY COUNCIL

<u>MEMBER</u>	<u>VOTE</u>
ALARCÓN:	YES
KREKORIAN:	YES
PARKS:	YES



EV
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- Not Official Until Council Acts -

MOTION

I MOVE that the matter of continued consideration of the Jobs and Business Development Committee Report relative to the creation of a business tax between \$1,000-\$5,000 per new employee hired that will remain in effect in the City until the unemployment levels are reduced to pre-recession levels, Item No. 8 on today's Council Agenda (C.F. 10-1048), BE AMENDED, to adopt the following recommendations in lieu of the recommendations contained in the Committee report:

1. Instruct the Office of the Chief Legislative Analyst, with the assistance of the Office of Finance, City Attorney, and the Business Tax Advisory Committee, to report to Jobs Committee in 30 days with recommendations for the general principles of a job creation tax credit; and
2. Request the City Attorney to report to the Jobs Committee in 30 days with a legal analysis pertaining to the implementation of a job creation tax credit.

PRESENTED BY 
ERIC GARCETTI
Councilmember, 13th District

SECONDED BY 

September 24, 2010

fvc

ADOPTED
SEP 24 2010
LOS ANGELES CITY COUNCIL
FORTHWITH

ORIGINAL

EG