

**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,

JOB AND BUSINESS DEVELOPMENT COMMITTEE

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

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- Not Official Until Council Acts -