

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

File No. 12-0002-S27

**FROM: COUNCILMEMBER ERIC GARCETTI, CHAIR
JOBS AND BUSINESS DEVELOPMENT COMMITTEE**

COMMUNICATION FROM CHAIR, JOBS AND BUSINESS DEVELOPMENT COMMITTEE relative to the City's position to support the legislation that would extend and expand State tax credits for filming, and expand these credits to attract and retain a broader range of productions, including commercial productions.

Recommendations for Council action:

1. REQUEST the City Attorney to report within 30 days on status of an ordinance to establish a Sales Tax Refund program, as requested on October 26, 2010 through Council file 08-1783-S6.
2. INSTRUCT the City Administrative Officer (CAO) to survey all City departments to identify all revenues generated by fees and service charges to the film and television industry as part of the annual Fees for Service study, with an analysis of opportunities to extend incentives to the film and television industry, and report back in 30 days.
3. INSTRUCT the CAO, Chief Legislative Analyst (CLA), and Office of Finance to report back in 30 days with recommendations concerning incentives for the video game industry and other digital media productions.

Fiscal Impact Statement: Neither the CAO nor the CLA has completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY:

At its regular meeting held on October 24, 2012, the Jobs and Business Development Committee Chair considered a CLA report dated October 19, 2013, relative to the City's position to support the legislation that would extend and expand State tax credits for filming, and expand these credits to attract and retain a broader range of productions, including commercial productions.

According to the CLA representative, in May 2012, the City Council instructed the CLA to evaluate incentives for film, television, and commercial productions in other local governments around the nation. The City Council instructed the CLA to evaluate potential incentives for the video game and digital media industry as well. The CLA representative continued to state that since 2004 the City has been offering incentives such as reduced business tax rates for entertainment productions, adjustment in the film production tax base, implementation of tax breaks for entertainment creative talent and elimination of fees to film at most City facilities to name a few.

In terms of incentives for film, television, and commercial productions in other local governments around the nation, the CLA looked at the following municipalities for comparison, San Francisco California, Santa Clarita California, Jefferson Paris, Louisiana, and Shreveport, Louisiana.

According to the CLA report dated October 19, 2012, in 2010 the City Council adopted an ordinance to move multimedia businesses to the lowest tax class in the City's Business Tax program. This effort was designed to create incentives for emerging multimedia businesses by moving them from the highest tax classification to the lowest. Video game and other digital media production businesses would generally qualify under the new multimedia business tax classification.

With regard to other incentives, additional research is needed at this point to understand the unique needs of this industry and the types of incentives that would be meaningful to attract and retain more of these businesses. This matter is now submitted to Council for its consideration.

Respectfully submitted,

COUNCILMEMBER ERIC GARCETTI, CHAIR
JOBS AND BUSINESS DEVELOPMENT COMMITTEE

| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
| GARCETTI: | YES |
| PARKS: | ABSENT |
| LABONGE: | ABSENT |

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