

BUDGET AND FINANCE COMMITTEE REPORT relative to amending Ordinance No. 182184 to remove the sunset clause and permanently exempt the sale or lease of new vehicles from the City's Gross Receipts Tax.

Recommendations for Council action, as initiated by Motion (Englander - Rodriguez - Ryu):

1. REQUEST the City Attorney to amend Ordinance No. 182184 to remove the sunset clause and permanently exempt the sale or lease of new vehicles from the City's Gross Receipts Tax.
2. INSTRUCT the City Administrative Officer (CAO) to report with an analysis on the impact of removing the sunset clause for the new vehicle exemption and include in the analysis:
 - a. The number of new automobile dealers that have returned to the City as a result of the exemption.
 - b. The number of jobs that have been created as a result of new automobile dealers that located to the City.
 - c. Data on whether the State is collecting and transmitting to the City its appropriate share of sales tax on new vehicles that are purchased in other jurisdictions but are registered in the City.
 - d. Comparative data on the period in which the exemption was first approved through the City's present economic expansion, and how it compares to areas outside the City that have also experienced an economic expansion and whether they have done so at a faster or slower rate.
3. INSTRUCT the Office of Finance (Finance), working with the Southern California Association of New Car Dealers, to report with an updated list of addresses of all new and returning auto dealerships since 2012.

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

Community Impact Statement: None Submitted.

SUMMARY

At its regular meeting held on October 22, 2018, the Budget and Finance Committee considered Motion (Englander - Rodriguez - Ryu) to request the City Attorney to amend Ordinance No. 182184 (Ordinance) to remove the sunset clause and permanently exempt the sale or lease of new vehicles from the City's Gross Receipts Tax. The object for the exemption was to stop the exodus of auto dealers from the City, to attract new dealerships, and to encourage capital improvements and expansion of dealerships that remained.

During consideration, the Committee instructed the CAO, with the assistance of Finance, to submit reports with analyses of the impact of amending the Ordinance and the economic impact

of the Ordinance to the City since 2012. Additionally, the Motion was amended to instruct Finance, with the assistance of the Southern California Association of New Car Dealers, to report an updated list of address of all new or returning car dealerships since 2012.

After consideration, and after providing an opportunity for public comment, the Committee approved the motion as amended as detailed above. These matters are now forwarded to the Council for its consideration.

Respectfully Submitted,

BUDGET AND FINANCE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
KREKORIAN:	YES
ENGLANDER:	YES
KOREZ:	ABSENT
BLUMENFIELD:	YES
BONIN:	YES

AC/REW 10/25/2018

-NOT OFFICIAL UNTIL COUNCIL ACTS-