

BUDGET & FINANCE

MOTION

In 2012, the Council adopted Ordinance #182184 exempting the sale or lease of new vehicles from the City's Gross Receipts Tax. The objective for the exemption was to stop the exodus of dealers from Los Angeles, attract new car dealerships to the City and to encourage capital improvements and expansions of dealerships that remained.

Since 2012, 14 new dealerships have located in the City and seven more are under construction or pending. There have been 10 major expansions of existing dealerships. The capital value of investments made in new or expanded dealerships is close to \$1 billion. The number of employees at new car dealerships exceeds 7,000, generating \$861 million in wages and benefits.

Los Angeles has also benefitted from exempting the sale or lease of new vehicles from the City's Gross Receipt Tax. Los Angeles total tax receipts from auto dealers has increased from \$35 million in 2011 to over \$68 million in revenue in 2017.

The exempting the sale or lease of new vehicles from the Gross Receipts Tax ordinance included a sunset clause. At the end of the 2020 tax year, the exemption of the sale or lease of new vehicles from the City's Gross Receipts Tax will come to an end.

To continue the economic growth from the ordinance, it's critical for the City to remove the sunset clause and permanently exempt the sale or lease of new vehicles from the City's Gross Receipts Tax.

I THEREFORE MOVE that the City Attorney be requested to amend ordinance #182184 to remove the sunset clause and permanently exempt the sale or lease of new vehicles from the City's Gross Receipts Tax.

PRESENTED BY: 
MITCHELL ENGLANDER
Councilmember, 12th District

SECONDED BY: 
2018

ORIGINAL



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