

CITY OF LOS ANGELES
CALIFORNIA

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MAYOR

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When making inquiries relative to
this matter, please refer to the
Council File No.

May 22, 2013

To All Interested Parties:

Chief Legislative Analyst

I HEREBY CERTIFY that the City Council adopted the action(s), as attached, under
Council File No. 13-0002-S34, at its meeting held May 7, 2013.

City Clerk
srb

cc: 8 Certified copies sent to Sacramento Representatives

Mayor's Time Stamp
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2013 MAY 10 AM 11:36
CITY OF LOS ANGELES

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CITY CLERK
BY _____
DEPUTY

SUBJECT TO THE CONCURRENCE OF THE MAYOR

COUNCIL FILE NO. 13-0002-S34

COUNCIL DISTRICT _____

COUNCIL APPROVAL DATE May 7, 2013

RE: THE CITY'S POSITION TO SUPPORT SENATE BILL (SB) 500 (LIEU) WHICH WOULD INCREASE THE CALIFORNIA RESEARCH AND DEVELOPMENT TAX CREDIT FROM 15 TO 20 PERCENT

LAST DAY FOR MAYOR TO ACT MAY 20 2013
[10 Day Charter requirement as per Charter Section 231(h)]

DO NOT WRITE BELOW THIS LINE - FOR MAYOR USE ONLY

APPROVED

✓

*DISAPPROVED

*Transmit objections in writing
pursuant to Charter Section 231 (h)

DATE OF MAYOR APPROVAL OR DISAPPROVAL MAY 20 2013

Harold A. Wilson
MAYOR
ACTING

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TO THE COUNCIL OF THE
CITY OF LOS ANGELES

Your **RULES, ELECTIONS AND INTERGOVERNMENTAL RELATIONS** Committee

reports as follows:

RULES, ELECTIONS AND INTERGOVERNMENTAL RELATIONS COMMITTEE REPORT and RESOLUTION relative to the City's position to support Senate Bill (SB) 500 (Lieu) which would increase the California research and development tax credit from 15 to 20 percent.

Recommendation for Council action, pursuant to Resolution (Rosendahl – Zine – Buscaino – Englander), SUBJECT TO THE CONCURRENCE OF THE MAYOR:

ADOPT the accompanying RESOLUTION to include in the City's 2013-14 State Legislative Program SUPPORT for SB 500 (Lieu) which would increase the California research and development tax credit from 15 to 20 percent and provide complete conformity to the alternative incremental credit under federal income tax laws.

Fiscal Impact Statement: None submitted by the Chief Legislative Analyst (CLA). The City Administrative Officer has not completed a financial analysis of this report.

Community Impact Statement: None submitted.

Summary:

At its regular meeting of April 19, 2013, the Rules, Elections and Intergovernmental Relations Committee considered a CLA report dated April 11, 2013 and Resolution (Rosendahl - Zine – Buscaino – Englander) relative to the City's position to support SB 500 (Lieu) which would increase the California research and development tax credit from 15 to 20 percent and provide complete conformity to the alternative incremental credit under federal income tax laws. The CLA report, attached to Council File No. 13-0002-S34, provides a summary of the Resolution and additional background information.

After providing an opportunity for public comment, the Committee recommended that Council adopt the accompanying Resolution. This matter is now forwarded to Council for its consideration.

Respectfully submitted,

RULES, ELECTIONS AND INTERGOVERNMENTAL RELATIONS COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
WESSON:	YES
LABONGE:	YES
HUIZAR:	ABSENT

REW
4/24/13
13-0002-S34_rpt_reir_4-19-13

ADOPTED

MAY 07 2013

LOS ANGELES CITY COUNCIL

Not Official Until Council Acts

MAYOR WITH FILE

13-0002-S34

MAR 05 2013

RESOLUTION RULES, ELECTIONS & INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the State of California recognized the value of encouraging businesses to invest in research and development to help create new products and services and to improve existing products and processes by enacting an income and corporate tax credit in 1986 that rewards companies that make these investments by offering them a tax credit of 15% of "excess qualified research and development expenses," as defined in the law; and

WHEREAS, reports show that businesses in the State of California account for more than one-fifth of total research and development investments in the United States; California universities rank fifth among all universities in R&D; and three states - California, Massachusetts, and Texas - account for more than half of all research and development on computer and electronics products in the United States; and

WHEREAS, countries such as China and India also recognize the value of R&D investments, and have significantly increased their efforts to expand research and development in their respective countries, which has lead some businesses in the Silicon Valley to relocate certain operations to those countries; and

WHEREAS, Senator Ted W. Lieu, recognizing the need to keep California as a leader in research and development, has introduced Senate Bill 500 to expand the State's tax credit from 15% to 20% of excess qualified research and development expenses, and to conform the State's alternative incremental research credit with federal tax laws; and

WHEREAS, when fully implemented, SB 500 would encourage the creation of more high-skill, high-paying jobs in the State; and

WHEREAS, the Los Angeles City Council has historically supported efforts to encourage research and development in the City, in such areas as technology, renewable energy, and alternative fuels.

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2013-14 State Legislative Program SUPPORT for Senate Bill 500, authored by Senator Lieu, to encourage businesses in California to expand their investment in research and development by offering improved tax credits to reward those efforts.

PRESENTED BY:

Bill Rosendahl
Bill Rosendahl
Councilmember, 11th District

SECONDED BY:

Antonio Reyes
Antonio Reyes

ORIGINAL

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ADOPTED⁰³

MAY 07 2013

LOS ANGELES CITY COUNCIL