

**MICHAEL N. FEUER**  
CITY ATTORNEY

REPORT NO. R 1 4 - 0 4 5 0  
DEC 1 2 2014

REPORT RE:

**DRAFT ORDINANCE AMENDING SECTIONS 21.33, 21.41, AND 21.43 OF  
THE LOS ANGELES MUNICIPAL CODE AND REPEALING SECTIONS 21.42, 21.44,  
AND 21.45 OF THE LOS ANGELES MUNICIPAL CODE**

The Honorable City Council  
of the City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, California 90012

Honorable Members:

This Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. In Exhibit H of the Fiscal Year 2014-2015 Budget, adopted by Council on May 27, 2014, this Office was requested to amend several sections of the Los Angeles Municipal Code relating to business taxes. Specifically, this Office was requested to: (1) amend subsection (f) of section 21.33 to gradually reduce the tax rate on those businesses classified under LAMC § 21.49 (the "business and professions" tax classification) over three years; and, (2) to combine various tax classifications into two Code sections. After consultation with the Office of Finance, this Office has prepared the draft ordinance and submits it for your consideration.

In the draft ordinance, Section 21.33(f) is amended to impose a tax rate on gross receipts of .475 percent for 2016, .45 percent for 2017, and .425 percent for 2018 and thereafter. These are reductions from the current maximum rate of .507 percent.

The remainder of the draft ordinance consolidates several tax classifications that currently impose the same tax rates. These changes do not alter the substance of the

Municipal Code. All businesses will continue to be classified in the same way and pay the same rate of tax.

Current Municipal Code sections 21.41 and 21.42 impose the same tax rate (.105 percent). Section 21.42 is repealed, and the business categories formerly in section 21.42 would now be found in section 21.41. This does not create any substantive change in the law. Likewise, sections 21.43, 21.44, and 21.45 impose the same tax rate (.132 percent). Accordingly, sections 21.44 and 21.45 are repealed and the business categories formerly in sections 21.44 and 21.45 would now be found in section 21.43. Again, this creates no substantive change in the law.

Council Rule 38 Referral

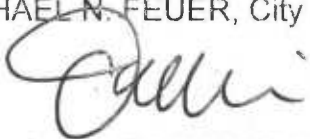
A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Office of Finance with a request that any further comments be presented directly to the City Council when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Daniel M. Whitley at (213) 978-7786. He or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By

  
DAVID MICHAELSON  
Chief Assistant City Attorney

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