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**Statement of the Central City Association
Regarding Mayor Eric Garcetti's Minimum Wage Proposal**

The Central City Association of Los Angeles has considered Los Angeles Mayor Eric Garcetti's recent proposal regarding a citywide minimum wage to affect all employers. After hearing from our members, who employ more than 350,000 people in the Los Angeles area, we have the following statement:

CCA appreciates Mayor Eric Garcetti's focus on raising Los Angeles residents out of poverty, but we are concerned about possible negative consequences for existing jobs, job creation and business retention unless there are significant changes to his proposal for a citywide minimum wage.

We believe that the best way to help people climb out of poverty is to create a robust economic environment to attract businesses and encourage them to stay and create good paying jobs.

But Los Angeles has a reputation for being an unfavorable climate for business, and that directly affects our ability to produce jobs in the city. Even as the population of Los Angeles has grown by more than 1 million over the past 30 years, the number of jobs here has actually fallen by 100,000.

A minimum wage mandate for Los Angeles further burdens businesses here and puts us at a competitive disadvantage to other nearby cities and states.

We believe that any minimum wage proposal must be coupled with initiatives to attract, retain and grow businesses that create good paying jobs for Los Angeles.

A starting point would be to accelerate Mayor Garcetti's plan to eliminate the City's Gross Receipts Tax – which has long been considered a barrier to attracting and retaining

business – and to do so without imposing unreasonable additional taxes on businesses.

We believe that amendments must be made to the current minimum wage proposal so that businesses can cope with this unprecedented mandate and smaller businesses in particular can prevent widespread layoffs.

We are calling on Mayor Garcetti and the City Council to commit to the following amendments to the minimum wage proposal and to other initiatives to improve the city's economic environment and job creating abilities:

- A longer phase in for the \$4.25 increase to the minimum wage. Local businesses need a sufficient period of time to adapt to the increased labor costs.
 - Four years for companies with 500+ employees
 - Seven years for all non-profit organizations and companies with fewer than 500 employees
- A lower wage scale for teenage workers. Los Angeles is a national leader in teen unemployment and a lower wage scale is needed to help ensure they are not locked out of jobs.
- Support and strong advocacy for a change in state legislation so that any minimum wage proposal can focus on total taxable compensation rather than hourly wages. This will allow the discussion to be focused on true take-home earnings, including non-wage taxable income such as tips and gratuities.
- Include health care, pension and other benefits in determining total wage compensation figures. The City of Los Angeles already recognizes this method of calculation in determining a "living wage" as part of its outside contracting rules.

Additionally, we are calling on the City Council to drop its separate initiative to mandate a different and higher set of wage requirements on the hotel industry. That proposal discriminates against one industry, sets a troubling precedent, threatens the city's ability to attract new hotel projects and is intended to support greater unionization of the industry.

CCA looks forward to working with Mayor Garcetti and the City Council on ways to implement these important changes to the proposal.

Contact:

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