

ECONOMIC DEVELOPMENT COMMITTEE REPORT relative to the regulatory climate surrounding business development in the City of Los Angeles.

Recommendations for Council action:

1. NOTE and FILE the April 18, 2016 Chief Legislative Analyst (CLA) report relative to the regulatory climate surrounding business development in the City of Los Angeles.
2. INSTRUCT the CLA to report in regard to:
 - a. Potential legislation at the County and State levels that would improve the regulatory climate for business development in the City of Los Angeles.
 - b. Further evaluation of the study cited in the April 18, 2016 CLA report, attached to the Council file.

Fiscal Impact Statement: The CLA reports that there is no fiscal impact.

Community Impact Statement: None submitted.

(Also referred to the Ad Hoc Committee on Comprehensive Job Creation Plan)

Summary:

On May 10, 2016, your Committee considered an April 18, 2016 CLA report in response to Motion (Wesson - Price) relative to the regulatory climate surrounding business development in the City of Los Angeles. According to the CLA, on July 2, 2015, the above Motion which highlighted the unintended but significant costs of local regulations on business and economic growth. The significant implications for businesses, in terms of regulations and rules, could place a disproportionate burden on small businesses due to the margins of capital to run a small firm, creating a "compliance burden."

As stated by the Motion, regulations naturally accumulate and layer on top of existing rules, at times resulting in duplicative and outdated rules with which the business community must comply. Although regulations are a necessity for facilitating economic activity and enabling a fair business environment, current regulatory environments are often cumbersome and confusing, creating a continual need for refined regulations that are simple and expedient for businesses. Furthermore, accumulation of regulations over time affects how a company allocates existing time and resources.

At times, this results in the shifting of attention and priorities towards compliance, and could prevent companies from focusing on innovation and growth. In addition, an overabundance of compliance and regulations may make the City less competitive compared to other local jurisdictions nationwide. As a result, the Motion was introduced in order to allow for the City Council as policymakers to improve the current business climate by retrospectively reviewing current regulations, and cultivate a less cumbersome regulatory environment.

To begin evaluating the City's current regulatory environment, we have reviewed information obtained from the U.S. Chamber of Commerce Foundation's Regulatory Climate Index (2014) of local jurisdictions' regulatory environments including the regulations of the City of Los Angeles. In analyzing the regulations of other cities, this information will serve as a platform to help initiate discussion on the review of current regulatory codes pertaining to the current climate surrounding business development, recruitment, and retention in the City of Los Angeles, and as requested by the Motion, focus on:

- a. Existing regulations using a formal process to analyze the current regulatory code and develop reform proposals
- b. Searching for regulations that create redundancy and/or contradict.
- c. Reducing compliance costs
- d. Fostering growth
- e. Protecting public health and safety
- f. Improving competitiveness

The CLA then provided a preliminary review of the results of its study and answered questions from the Committee members. After consideration and having provided an opportunity for public comment, the Committee moved to concur with the Ad hoc Committee on Job Creation Plan (e.g., note and file the April 18, 2016 CLA report) and further request that the CLA report back in regard to legislative efforts that could be made at the County and State level to improve the regulatory climate for business development in the City as well as providing further reports in regard to the CLA's ongoing study. This matter is now submitted to Council for its consideration.



Respectfully Submitted,

ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
PRICE:	YES
CEDILLO:	YES
HARRIS-DAWSON:	YES
KREKORIAN:	YES
MARTINEZ:	YES

ARL
5/10/16

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