

JOBS

**MOTION**

The City of Los Angeles has entered into Incentive Agreements (also referred to as Tax Abatements or Tax Subventions) in the past to encourage job creation and development activities through the restructuring of financial arrangements with project developers.

Statement 77 of the Governmental Accounting Standards Board (GASB) includes new reporting requirements for governmental entities that enter into tax abatement agreements. The City is also currently developing a Citywide Plan to guide economic development in Los Angeles. Therefore, a City review of Incentive Agreements to ensure the City realization of promised benefits, the achievement of overarching City goals, and to inform the development of Incentive Agreement standards consistent with GASB Statement 77 reporting requirements is timely.

The Incentive Agreement report should include:

- An overview of all Incentive Agreements the City has entered into and an accounting of the cumulative impacts of these instruments, to include any impact they may have on City forecasting efforts;
- Review of City revenue sources that may be subject to Incentive Agreements, recommendations on which should be used, and projection of potential future budget impacts;
- Review of Incentive Agreements relative to the city's Living Wage Policy, and recommendations for how to reconcile their purposes;
- Development of an analysis framework, for use by requesting parties, which demonstrates how the Incentive Agreement will create new area economic activity;
- Development of new economic activity criteria that includes well-defined, legitimate purposes for the use of Incentive Agreements;
- A menu of potential benefits the City will receive through the use of an Incentive Agreement;
- A regularized structure for reporting and metrics;
- Recommendation of potential requirements to ensure City receipt of promised Incentive Agreement benefits, and potential penalties for non-performance;
- Recommendations for restricting the application of Incentive Agreements only to the applicable portion of the project.

**I THEREFORE MOVE** that the City Council request the City Controller report to the Ad Hoc Committee on Comprehensive Job Creation Plan in 60 days on the efficacy of Incentive Agreements entered into by the City of Los Angeles, and to provide recommendations for the development of standards consistent with GASB Statement 77 reporting requirements.

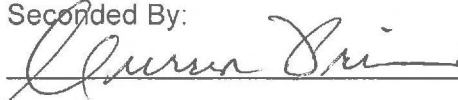
**I FURTHER MOVE** that the City Council request the City Administrative Officer, Chief Legislative Analyst, City Attorney, and Economic and Workforce Development Department report to the Ad Hoc Committee on Comprehensive Job Creation Plan, based in part on the Controller's report, with recommendations for the development of a citywide Incentive Agreement policy to encourage job creation and economic development activities, and for the development of standards consistent with GASB Statement 77 reporting requirements.

Presented By:



Bob Blumenfeld  
Councilmember, District Three

Seconded By:



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