

MOTION

Los Angeles businesses provide goods and services, drive innovation, create prosperity and jobs, and help to tackle social and environmental problems. To help its businesses thrive, the City of Los Angeles should make every effort to streamline its operations and reduce the administrative burden it places on them.

For years, businesses have raised complaints regarding the City's business tax filing deadline. The Los Angeles Municipal Code, Sections 21.04 and 21.05, establishes that the annual business tax payment is due on January 1 and is considered delinquent if not paid by the last day of February.

This places an unnecessary burden on businesses because the City deadline does not align with the State and Federal April deadlines. Businesses must file their City Business Tax Renewal whether or not they are exempt from paying taxes based on gross receipts or based on a City ordinance.

Amending the City's business tax filing deadline so that it coincides with the State and Federal deadline will benefit both the City and its businesses by reducing accounting and administrative costs. As an added benefit, it is likely to increase compliance.

Under the current City business tax deadline, only 69 percent of businesses file on time. The next 15 to 20 percent of businesses file upon receiving a Notice of Hearing for failure to file, and the remainder only file as a result of sweeps performed by the Office of Finance. Extending the business tax filing deadline to April should cause an increase in the percentage of businesses filing on time. More businesses filing on time will save the City in costs associated with pursuing businesses that failed to file renewals by the deadline.

I THEREFORE Move that the Office of Finance, with the assistance of the City Administrative Officer (CAO), and requested assistance of the City Controller, report back to the City Council with an analysis of the impacts of extending the City business tax deadline to April to align with State and Federal tax deadline.

I FURHTER MOVE that the analysis include the potential to recover any initial implementation costs and provide estimates of ongoing savings that can be expected from this alignment.

PRESENTED BY:



MITCHELL ENGLANDER

Councilmember, 12th District

SECONDED BY:



ORIGINAL

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