

33

MOTION

The Los Angeles Municipal Code requires businesses operating within the City to obtain a Business Tax Registration Certificate and, subject to various exemptions and exclusions, to pay a business tax.

The business tax is an important source of revenue for the City, generating approximately \$780 million in Fiscal Year 2023-24. The business tax can also serve as a tool for the City to achieve economic development and other policy objectives.

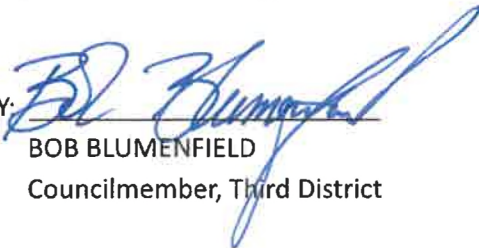
However, the City's current business tax provisions have not been comprehensively updated in many years, and do not necessarily reflect the changes in Los Angeles' economy over the past several decades. In particular, the business tax does not reflect transformational changes in technology, retaining classifications and taxes for occupations such as bookbinding and manual typesetting, or equipment such as coin-operated jukeboxes. It also includes classifications for businesses that may not even operate in Los Angeles anymore, such as amusement parks.

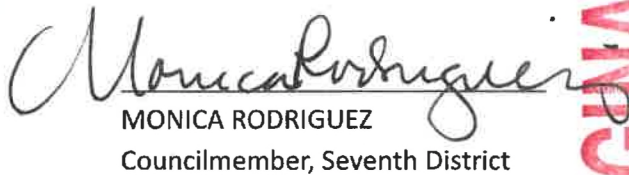
A holistic examination of the City's revenue system is warranted to ensure the City's financial health; promote a positive business environment, especially for small businesses; improve transparency and accessibility; and incorporate modern policy objectives.

The Office of Finance has indicated that such a review can be accomplished with existing position authorities if filled. The City's elected officials have the authority to make some changes to the business tax, but substantive changes to the business tax must be submitted to and approved by Los Angeles voters. For that reason, this review should be completed in time for Council and the Mayor to consider whether a measure would be appropriate for a 2026 City election.

I THEREFORE MOVE that the Director of Finance be INSTRUCTED to report back in 60 days with a proposed roadmap and timeline to develop and implement both simple changes to the business tax that are within Council's authority to act, and more comprehensive changes that must be submitted to the voters, including an outreach strategy.

PRESENTED BY:


BOB BLUMENFIELD
Councilmember, Third District


MONICA RODRIGUEZ
Councilmember, Seventh District

SECONDED BY:



ORIGINAL

OCT 08 2024