

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your JOBS AND BUSINESS DEVELOPMENT COMMITTEE

reports as follows:

JOBS AND BUSINESS DEVELOPMENT COMMITTEE REPORT relative to the evaluation of the City's taxing system for radio and television broadcasting industries and the different taxing methods, including a maximum tax similar to the entertainment production cap, establishment of a minimum tax and its impact on the entertainment cap, and consistency on agency fees, impact of a minimum tax for entertainment cap on the general fund, and impact on the general fund if extended to broadcasting.

Recommendations for Council action:

1. INSTRUCT the Office of Finance (Finance), with the assistance of the City Attorney, to report to the City Council on the establishment of a new subclass for radio and television broadcasters from the existing L045, Television and Radio Broadcasters and Theater Operators gross receipts business tax category.
2. INSTRUCT the Office of the Chief Legislative Analyst (CLA) to report to the City Council on findings that justify modifying the existing tax rate and methodology for the proposed subclass.
3. INSTRUCT the City Administrative Officer (CAO), the CLA and Finance, with the assistance of the City Attorney, to report to the City Council in 45 days on options for modifying the existing tax methodology and rate for the proposed subclass to address the comments of stakeholders and to minimize the revenue impact from zero to less than \$100,000 annually.

Fiscal Impact Statement: The CAO reports that the implementation of a tax rate and maximum cap on gross receipts business taxes for the radio and television broadcasting industry as defined in this report will reduce general fund receipts from business taxes by \$417,000 annually.

Community Impact Statement: None submitted.

SUMMARY

On January 23, 2013, the Jobs and Business Development Committee considered the January 18, 2013 CAO report relative to the evaluation of the City's taxing system for radio and television broadcasting industries and the different taxing methods, including a maximum tax similar to the entertainment production cap, establishment of a minimum tax and its impact on the entertainment cap, and consistency on agency fees, impact of a minimum tax for entertainment cap on the general fund, and impact on the general fund if extended to broadcasting.

During the discussion of the matter, one Committee member opined that incremental business tax reduction should not be done, and that an analysis of the larger economic impact should be considered. After consideration and having provided an opportunity for public comment, the Chair and a member of the Committee recommended approval of the recommendations contained in the January 18, 2013 CAO report. The other committee member wants to hold on to the CAO recommendations until an economic study has been prepared.

This matter is now submitted to Council for its consideration.

Respectfully submitted,

JOBS AND BUSINESS DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
GARCETTI:	YES
PARKS:	NO
LABONGE	YES

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