

MOTION **BUDGET & FINANCE**

There is no historical parallel for the economic collapse the coronavirus is inflicting on local economies all over the country. In less than two months, 16 million Americans have joined the rolls of the unemployed, including 3.4 million Californians, representing more than half the jobs created after the 2008 Great Recession.

Small businesses are reeling, and owners and employees are continuously left wondering whether there will be anything to return to once this pandemic subsides. With small business owners now dependent on government to take swift and strategic actions to improve their survival odds, the City of Los Angeles has provided remarkable financial relief to keep small businesses alive. Just last month, the City announced an \$11 million economic relief package for small businesses impacted by the novel coronavirus. This program is providing microloans to cover working capital.

However, it is imperative that City leaders explore additional strategies that continue to strengthen small businesses and stimulate economic growth. Such a strategy includes adopting another set of gross receipts tax cuts. Implementing this measure has the ability to provide significant relief to businesses without significantly jeopardizing City revenues.

**I THEREFORE MOVE** that the City Council instruct the City Administrative Officer (CAO), Chief Legislative Analyst (CLA), and the Office of Finance to provide a comprehensive report to include:

- The feasibility of temporarily increasing the gross receipts tax exemption threshold along with an economic and financial analysis of increasing the threshold.
- Recommendations on the implementing the higher exemption threshold, including cap amounts along with other incentives and/or tax exemptions that could be implemented to assist businesses that create good jobs following the COVID-19 pandemic.

PRESENTED BY



JOHN S. LEE  
Councilmember, 12<sup>th</sup> District

SECONDED BY



**ORIGINAL**



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