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GREUEL, GARCETTI SECURE 4% REDUCTION FOR BUSINESS TAX

CITY HALL – Councilmember Wendy Greuel and Council President Eric Garcetti led the Los Angeles City Council to vote unanimously Tuesday to reduce the city's business tax by 4%, furthering key reforms credited with attracting thousands of new jobs to the City of Los Angeles and increasing general fund revenue. The City Council is expected Wednesday to extend a new-business tax exemption for an additional ten years by approving a Greuel-Huizar measure designed to provide incentives to local entrepreneurs.

"We have demonstrated that if you are a business friendly city you reap the benefits. By rolling back business tax rates and extending breaks to new businesses we are pulling in more revenue and creating more jobs", said Councilmember Greuel, Chair of Ad Hoc Business Tax Reform Committee and Vice Chair Budget & Finance Committee. "This is our holiday gift to LA's business community."

The reforms have been a tremendous success. As a result, LA saw unprecedented growth in business tax revenue last year. In 2005, nearly 27,000 new businesses opened in the City of Los Angeles and accessed the benefits of the tax reform measures.

"From innovating strategic career ladders to implementing development reforms to aggressively pursuing public safety and quality-of-life concerns, this council has made business its business," said Council President Eric Garcetti. "Working with Councilmember Greuel on business tax reform has been my great privilege, and the results have left past the efforts of a generation of shelved reports to accomplish lower, simpler taxes for L.A. businesses."

Key to the reform package was a 15% tax reduction for all businesses, introduced in 2004 and phased in over five years. The 4% reduction is one step in the phased reductions triggered when business tax revenue exceeds budgeted targets for the fiscal year as it did in 2005-2006.

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FROM THE OFFICES OF COUNCILMEMBERS

WENDY GREUEL

ERIC GARCETTI



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To help LA's business owners during the critical start up phase when costs can be onerous, City Council passed a measure in September, 1999, exempting new businesses from paying the city's gross receipts tax for two years after startup. The ordinance that created the original exemption included a sunset clause, which would end the tax incentive in December of 2006. Wednesday, the City Council will approve the extension of the new-business tax exemption for an additional 10 years.

Councilmember Wendy Greuel and Council President Eric Garcetti have led a series of significant business reforms. In November of 2004, Greuel and Garcetti secured unanimous approval of a comprehensive package of business tax reforms, which included: tax exemption for small businesses grossing \$100,000 or less; 15% tax reduction for all businesses, phased in over five years; tax exemption for bad debt; tax reduction for small- and medium-sized production companies; tax exemption for writers, directors, actors, musicians and craft workers earning up to 300,000; and consolidation of 75 business tax categories down to seven.

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