

1. **Use Tax Rebate** - The City of Los Angeles developed the Use Tax Rebate Program for businesses that participate in the State's Use Tax Direct Payment Permit Program. The Use Tax provides a rebate of 20% on the additional Use Tax collected by the California State Board of Equalization. This additional Use Tax is equivalent to about 67.5% of the 1% of the Use Tax allocated to the City of Los Angeles that a business would otherwise pay to a vendor.
2. **New Business Exemption** - Allows a qualifying new business that files timely an exemption of the City's business tax for the first two years of operation if its taxable gross receipts are less than \$500,000 per year.
3. **Small Business Exemption** - Allows an exemption of the City's business tax if its taxable gross receipts are \$100,000 or less.
4. **Business Tax Rate Reduction** - The City of Los Angeles is committed to its businesses. The City recently passed a tax reform, which reduced all the 2006 gross receipts tax rates by 3.1%. Future reductions will provide a maximum reduction of 4% per year and a total reduction of 15% for the life of the program, depending on the prior years' business tax receipts.
5. **Business Tax Incentive Areas** – The City of Los Angeles has three different Business Tax Incentive Area programs: the State Enterprise Zones, the Federal Empowerment Zone and the Federal Renewal Community. The local incentives for these designated areas consist of business tax reductions and/or additional electrical rate subsidy. Projects in these areas also receive expedited permitting through the Mayor's Office of Economic Development. To determine whether your business or development projects are within the one of these tax incentive areas, please visit the following website: www.lacity.org/CDD/Business, or you may contact the Community Development Department Economic Development Division at (213) 744-7111.
 - **Empowerment Zone (EZ) Incentives** – Newly established businesses locating to the EZ from outside the City may receive the EZ Business Tax Exemption. A new business pays \$25 in business taxes per year for a five-year period. Existing EZ businesses the businesses may receive a business tax waiver of \$500 and have their taxes frozen at the current rate for five years. Newly established businesses locating to the EZ have 18 months during which they can apply for a five-year electrical rate reduction. Existing City businesses undergoing expansion, which increase their usage by 35% in the last six months of operation, may also be eligible for the electrical rate reduction. Other Federal credits and incentives available to businesses in the EZ include employer wage credits of up to \$3,000 per eligible employee, increased Section 179 expensing, roll over and partial exclusion of capital gains and access to EZ bond financing.
 - **State Enterprise Zone (SEZ) Incentives** – Businesses located in one of the City's State Enterprise Zones are also eligible for the electrical rate reduction. SEZ businesses can benefit from such local incentives as a Site Plan Review Fee Waiver, use of a Site Plan Review in lieu of conditional use permits, option to pay for the Sewer Facility Charge in installments over five years, and a reduced parking space requirement for selected users. State tax credits include employee hiring tax credits, sales or use tax credits, a business expense deduction, and a 100% net operating loss carryover for 15 years.
 - **Renewal Community (RC) Incentives** –Newly established businesses locating to the

RC have 18 months during which they can apply for a five-year electrical rate reduction. Existing City businesses undergoing expansion, which increase their usage by 35% in the last six months of operation, may also be eligible for the electrical rate reduction. Other Federal credits and incentives available to businesses in the RC include employer wage credits of up to \$1,500 per eligible employee, increased Section 179 expensing, and the Commercial Revitalization Deduction (CRD) which is a significant reduction for businesses constructing or rehabilitating commercial property.

- Businesses located in either the **Hollywood Redevelopment** or the **North Hollywood Redevelopment Areas** that generate more than 50% of gross receipts from entertainment and/or multimedia business activities may be eligible for a tax incentive, which allows a business whose tax liability is over \$25,000 to pay the \$25,000 plus 10% of the difference of what you would normally pay if you were not in this area (Example: if your normal tax is \$100,000, you would pay \$25,000 + 10% of \$75,000).