

# ECONOMIC PROGRESS



# TAX REFORM

**ECONOMIC PROGRESS IN LOS ANGELES**



## CREATING A MORE BUSINESS-FRIENDLY CITY

Simplifying our tax system and providing tax relief are cornerstones of a larger and more comprehensive economic vision. Over the last five years, the City has undertaken numerous business-friendly initiatives aimed at fostering job growth. While Tax Reform alone is not a panacea, it is a critical component of the City's continued and comprehensive economic progress. Tax Reform, along with the dramatic economic progress of the last five years, will reinforce Los Angeles' economic position in the 21st century.

# TAX REFORM

**T**ax Reform is a cornerstone of the larger economic vision of the City of Los Angeles. Along with the many ongoing economic initiatives outlined below, Tax Reform will be a key catalyst in making Los Angeles more friendly to job creating businesses:

### **LA'S BUSINESS TEAM –**

As the lead economic development team in the City, the Business Team provides comprehensive one-on-one assistance to businesses interested in expanding or locating in Los Angeles. Services provided by the Team include site selection assistance, economic incentives, financing, employee training packages and permit expediting.

### **PORT AND AIRPORT –**

These facilities are the two largest trade and transportation facilities in the nation, with more than \$185 billion in imports and exports moving through the Los Angeles Customs District in 1997. The Port and LAX combined create 659,000 jobs (both directly and indirectly) in the five-county region and this number continues to grow. The Alameda Corridor, a \$2 billion high-speed rail project being developed to connect the Ports of Los Angeles and Long Beach with the downtown rail lines, is expected to create 700,000 trade-related jobs throughout Los Angeles and California. Similarly, the LAX Master Plan will further solidify Los Angeles' position as the international trade center of the 21st century.

### **PUBLIC/PRIVATE PARTNERSHIPS –**

The City continues to facilitate large-scale development projects through partnerships with the private sector. The following sample of City-facilitated projects represents more than \$1 billion of private capital investment: the former Hughes Missile System Site in West Hills, the downtown Staples Arena, the TrizecHahn Hollywood Development, the GM retail development in Van Nuys, the Biotech Park at Cal State Northridge and the UPS Facility in East Los Angeles.

### **PROMOTION OF GROWTH INDUSTRIES –**

Los Angeles' Digital Coast is an example of the City's success in promoting its burgeoning multimedia industry. Today, Los Angeles has more multimedia jobs (133,000) than Silicon Valley and New York City combined. In addition, the Los Angeles metropolitan area has recently overtaken

Chicago as the nation's largest manufacturing center, with 663,400 jobs. Similarly, the fashion industry, with more than 122,000 jobs, recently bypassed New York's fashion district workforce. Our biotech industry continues to expand and strong continued growth is expected.

### **EMPOWERMENT/ENTERPRISE ZONES –**

The City has been diligent in working with the State and federal government to establish Empowerment and Enterprise Zones in Los Angeles. These zones provide tax incentives to businesses locating in select lower-income communities in Pacoima, South, Central and East Los Angeles.

### **BUSINESS IMPROVEMENT DISTRICTS (BIDs) –**

Businesses seeking to improve their local commercial districts are aggressively pursuing the establishment of BIDs. BID assessments range from \$40,000 to \$3.2 million in their communities. Currently, 14 BIDs are in place and more than 30 are being developed.

### **BUSINESS ASSISTANCE CENTERS –**

These centers provide low-interest loans, financing, entrepreneurial training, counseling, technical assistance and business plan development for start-up, small and medium-sized businesses. Along with the Entrepreneurial Training Programs, they have proven a tremendous asset to the business community.

### **LOS ANGELES COMMUNITY DEVELOPMENT BANK (LACDB) –**

The LACDB, with more than \$400 million in lending capital, is the largest Community Development Bank in the nation. The LACDB provides non-traditional loans, venture capital and technical assistance to businesses located within our Empowerment Zone and other underserved communities. Since 1996, the LACDB has secured 81 loans totaling \$41.5 million.

**INDUSTRIAL DEVELOPMENT BONDS (IDBs) –**

IDBs offer taxable and tax-exempt financing for commercial and industrial developments. Using this funding mechanism, the City has supported projects totaling more than \$367 million since the beginning of 1997.

**CITY TAX FREE ZONE –**

This five-year program provides City Business Tax relief for new or existing businesses located in a federal Empowerment Zone.

**DEVELOPMENT REFORM –**

- Case Management Units have been created to expedite development projects.
- The new “One-Stop Permitting Center,” emphasizing top quality customer service, recently opened in Downtown Los Angeles. The Van Nuys Permitting Center will soon undergo similar renovations.
- Building permits are now being processed in record time.

**MINORITY BUSINESS OPPORTUNITY COMMITTEE (MBOC) –**

MBOC serves as a vital resource center for minority and women-owned businesses seeking private and public contracting opportunities in Los Angeles. Declared a national model by the late Commerce Secretary Ron Brown, MBOC has identified more than \$3.5 billion in contracting and procurement awards, resulting in the creation of more than 42,000 jobs.

**NEW LOS ANGELES MARKETING PARTNERSHIP (NLAMP) –**

NLAMP is a public-private partnership of visionary community leaders who have joined to promote the unique strengths of the Los Angeles region. Since 1995, more than 13,000 people have called the NLAMP business help line (1-800-7LA-FACT) with more than 9,000 receiving economic development services.

**PUBLIC SAFETY –**

In the last five years, crime has dropped by more than 40%. The LAPD has more police officers than at any other time in the City's history. Improving public safety promotes economic development in areas with higher levels of crime.

**NEIGHBORHOOD IMPROVEMENTS –**

Examples of quality-of-life improvements being undertaken by the City include: doubling the level of street repairs, tripling the tree trimming cycle and increasing library hours. Businesses and residents benefit when the quality of their surrounding environment is improved.

**ECONOMIC ALLIANCES –**

Economic Alliances are public/private partnerships that enable business and community organizations to work together to evaluate economic issues, organize responsive initiatives and raise funds for designated economic priorities. Alliances are currently located in the San Fernando Valley and Hollywood, with new alliances being formed in South Los Angeles and East Los Angeles.

**INFRASTRUCTURE INVESTMENT –**

Federal grant funds have been used aggressively to support economic development. Following the 1994 earthquake, \$30 million in infrastructure grants have been applied to citywide projects including: Angeles Plaza in East Los Angeles, the Goodyear Tract in South Los Angeles, Whiteman Airport in Pacoima and the Madrid Theatre in Canoga Park.