

Business, Labor Reports Not On Same Wage Page

POLITICS: Groups' studies look at impact of different proposed pay increases

REGULATION & POLICY

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When local business and labor groups came out with their respective studies on the impacts of hiking L.A.'s minimum wage last week, the fact that they came to different conclusions – business opposing and labor supporting – was not surprising.

But the studies couldn't even agree on what they were studying.

The business study, commissioned by the Los Angeles Area Chamber of Commerce and conducted by local consulting firm Beacon Economics, only looked at the economic impact of L.A. Mayor Eric Garcetti's proposal to raise the wage to \$13.25 an hour by 2017. Not surprisingly, the study concluded that this wage hike would result in businesses locating or expanding outside

the city and that in turn would mean a loss of jobs.

When asked why the chamber did not ask Beacon to examine the impact of a \$15.25-an-hour wage proposed by several council members, chamber policy director Ruben Gonzalez said, "Because as this study shows \$13.25 an hour damages the economy and job creation. So another two dollars would be even more challenging."

The labor study, commissioned by the Los Angeles County Labor Federation and conducted by the Los Angeles Economic Roundtable and two UCLA labor institutes, only looked at the impact of the \$15.25 an hour proposal. It did not even mention the \$13.25-an-hour plan.

When asked why, Rusty Hicks, the federation's executive secretary-treasurer, said, "\$15.25 per hour along with earned sick leave and protection against wage theft is what families need to thrive in L.A."

Bio Technology Tax

Just as a plan for a biotech park near Los Angeles County-USC Medical Center gathers steam, an L.A. councilman has proposed giving biotech firms in the city a tax break.

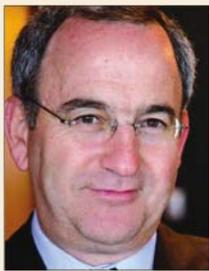
Right now, biotech companies pay the city's top gross receipts tax rate of \$5.07 per \$1,000 of revenues, though that will drop to \$4.25 by 2015 thanks to previously enacted reductions.

City Councilman Mitch Englander this month introduced a motion to reduce or eliminate the city's gross receipts tax for biotech firms, with the choice of whether to reduce or eliminate the tax to be made after city staff weighs in with a report.

Of course, most biotech firms have little or no revenue, especially in their early stages, and thus are already eligible for the city's small-business exemption. But occasionally a biotech firm hits upon a block-

buster drug and enters a phase of explosive growth. And it's keeping those firms in Los Angeles that this proposal is aimed at, said Lloyd Greif, chief executive of downtown L.A. investment bank Greif & Co. and chairman of the city's Business Tax Advisory Committee. Three years ago, that committee proposed completely eliminating the gross receipts tax in phases.

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'There's a reason why a company like Amgen is headquartered in Thousand Oaks.'

LLOYD GREIF, Greif & Co.

quartered in Thousand Oaks instead of next to the major academic centers like UCLA, USC and Caltech," Greif said, noting that the Ventura County city has a much lower business tax rate. "Why pay \$5 on every \$1,000 of revenues you bring in if just a few miles away you can pay just 8 cents on every \$1,000 you bring in after the first \$5 million?"

High Heat

With hotter summer temperatures just around the corner, local employers with outdoor workers have a new concern: tougher state regulations aimed at preventing heat illness.

State regulators are finalizing rule changes that would lower the initial temperature threshold for employer actions to 80 degrees from 85 degrees. Among the requirements, which are supposed to take effect May 1: setting aside shaded areas within 700 feet of the worksite and making sure "fresh, cool, potable water" is readily available.

The California Occupational Safety & Health Standards Board is also lowering the temperature threshold for "high heat" requirements to 85 degrees from 95 degrees. Requirements at that temperature include mandatory rest periods for outdoor workers.

The change in temperature thresholds mean that for most summer days, local employers will now have to take these additional steps. The average high temperature in downtown Los Angeles for July and August is 85 degrees, with valley areas substantially hotter.

Two local chambers representing businesses in the valleys – the Greater San Fernan-

do Valley Chamber of Commerce and the San Gabriel Valley Regional Chamber of Commerce – signed a letter from a statewide business coalition objecting to these changes, calling them overly burdensome.