

LOS ANGELES BUSINESS JOURNAL®

Volume 33, Number 34

THE COMMUNITY OF BUSINESS

August 22—28, 2011 • \$3.00

Panel Endorses Elimination of L.A. Gross Receipts Business Tax

By HOWARD FINE *Staff Reporter*

A city advisory panel on Wednesday unanimously recommended that Los Angeles eliminate its gross receipts tax on businesses.

With its 9-0 vote, the panel, led by investment banker Lloyd Greif, joins Mayor Antonio Villaraigosa, Los Angeles City Council president Eric Garcetti and several local business groups in calling for elimination of the gross receipts tax.

“Increasingly, the business tax has been a lightning rod for repelling businesses from the city,” Greif told the Business Journal after Wednesday’s vote.

“Eliminating this artificial barrier will greatly enhance the city’s ability to compete for new employers and drive badly needed job growth.”

Business groups have long complained that L.A.’s business tax, which brings in more than \$400 million a year to city coffers, is the highest in the county and puts the city at a competitive disadvantage in the battle to attract and retain businesses.

The panel’s vote comes two



Receipts Tax: Panel leader Lloyd Greif

weeks after a report from USC Professor Charles Swenson that looked at reducing or eliminating the gross receipts tax. The report projected the city would see increases in tax revenues from other sources – including sales

and property taxes – that would more than offset the loss in gross receipts taxes.

Greif said that the panel at its next meeting on Sept. 7 will consider exactly how to eliminate the gross receipts tax. Among the issues on the table: Whether to phase out the tax over several years and how to measure tax revenue generation from other tax sources.

The City Council will likely take up the recommendation to eliminate the gross receipts tax later this year.