



KAREN BASS
MAYOR

March 20, 2025

Honorable Members of the
Los Angeles City Council
c/o Office of the City Clerk
Room 395, City Hall
Los Angeles, CA 90012

RE: UPDATE ON WILDFIRE BUSINESS TAX RELIEF PROGRAM

Honorable Members:

On January 7, 2025, the City of Los Angeles (“City”) faced devastating wildfires fueled by a widespread windstorm. These wildfires led to the destruction of homes and businesses throughout the City, including neighborhoods like the Palisades, mid-City, and the northeast Valley, leaving long-lasting damage in these communities. This report provides a 30-day summary of the status of applications for the Wildfire Business Tax Relief Program.

BACKGROUND

To alleviate the financial hardship on the impacted businesses, on January 24, 2025, the City Council adopted a motion (Council File No. 25-0006-S55), which requested that the Office of the City Attorney, in conjunction with the Office of Finance (Finance) transmit an ordinance to provide relief from the payment of gross receipts tax for impacted businesses (Wildfire Business Tax Relief Program). On February 24, 2025, the Mayor, in concurrence with the City Council, took action to approve Ordinance No. 188506, which added Section 21.25.1 to Article 1 of Chapter II of the Los Angeles Municipal Code. This action authorized a business tax relief program for any taxpayer whose business location was destroyed by the wildfires or for those taxpayers whose business experienced severe economic disruption for a period of not less than forty-five



(45) cumulative days as a direct result of the wildfires. Businesses approved eligible for the program would be deemed to have terminated such business on December 31, 2024, based upon a written application and proof of such closure or impact, and subject to the approval of Finance. A report issued by the Ad Hoc Committee for LA Recovery dated February 6, 2025, instructed Finance to report to said committee in 30 days with the number of businesses who have applied for this relief, the number of applications accepted and rejected, broken down by zip code, the type of business, the gross receipts tax and other pertinent information.

Extension of Business Tax Filing Deadline

In addition to the Wildfire Business Tax Relief Program, Finance automatically granted an extension of the annual business tax renewal filing deadline, from February 28, 2025 to April 14, 2025 for those businesses located within zip codes 90402, 90272, and 90049. This included over 10,000 business locations as registered within Finance's LATAX system. Of this amount, 3,600 have renewed and 100 have closed their accounts. Approximately 6,300 businesses have not renewed and it is uncertain how many have yet to renew. However, we will have more information on this group of taxpayers after the April 14, 2025 deadline.

Eligible businesses outside of those zip codes were also able to apply for the extension up until February 28, 2025. Approval was granted based upon a written request including reasonable proof that the business was directly impacted as a result of the wildfires.

Finance received a total of 782 extension requests, in addition to the automatic extension which was implemented for zip codes 90402, 90272 and 90049. The review and determination process was a relatively quick turnaround taking approximately one to two business days for Finance to communicate its decision to the taxpayer.

Number of Applications for Extension Outside of Zip Codes 90402, 90272 and 90049

Approved	245
Denied	537
Total Submission	782

SUMMARY

As of March 20, 2025 Finance received a total of 164 Wildfire Business Tax Relief applications. An estimated 54 percent or 95 applications have been approved, which amounts to approximately \$183,000 in revenue loss.

The majority of applications approved were satisfied under the first prong of the ordinance, which is that if a business location was destroyed by the wildfire then that business is eligible for tax relief. The tools used to make that determination made it relatively easy and quick for Finance to issue a decision. Such tools included Google maps, aerial shots, actual photos submitted by the taxpayer, and also Los Angeles Building and Safety's ATLAS program (<https://dbs.lacity.gov/atlas>). ATLAS offers an interactive mapping tool designed to help users locate parcels and buildings within the City, and allows property searches by address, and legal description. ATLAS also provides for wildfire hazard mapping, by identifying fire hazard zones and for post-wildfire assessment, by providing data on building conditions and even recent pictures of the destroyed location.

A higher threshold of proof is required for those businesses that were not destroyed but rather who experienced severe economic disruption for a period of not less than 45 cumulative days as a direct result of the wildfires. In addition to the tools mentioned above, Finance also considered other supporting documents and information including approved insurance claims, verified clientele lists, and profit and loss statements. The majority of applicants who did not meet the requirements for the relief program were located outside of the fire zones, and did not provide sufficient information to satisfy 45 cumulative days of severe economic disruption as a direct result of the wildfires.

The application for Wildfire Tax Relief was made available on Finance's website as of February 19, 2025. There were a total of eight senior level management staff that were responsible for administering the program. The review and determination process is quick, taking approximately one to two business days for Finance to communicate its decision to the taxpayer. Taxpayers approved for relief were provided instructions on how to re-register their business if and when they resume their business operations. Finance continues to accept applications until April 14, 2025.

Summary of Wildfire Relief Program as of March 20, 2025

Pending Review	3
Approved	95
Denied	66
Total Submissions	164

Approved Applications by Zipcode	
90272	90
90049	1
90402	0
Others	4

Fund Class	Business Type	# of Approved Applications
L049	Professions and Occupations; Auto Park; Internet-Based Application Service Providers; Internet- Based Data Manipulation Health Maintenance Organizations	70
LGR2	Antique Show Promoter; Office Commercial Buildings; Rental; Hotel/Apartment; Swap Meet Operator; Laundry/ Cleaner/ Shoe Repair; Retail Sales; Radio and TV Broadcaster; Theater / EV Charging Station / New Auto Sales	12
LGR1	Child Care Provider; Multimedia Businesses; Telephone Companies; Tugboat and Barge Operators; Wholesale Sales	3
L048	Miscellaneous Services	3
L109	Motion Picture	3
L188/L288	Contractor	3
L108	Lending Money	1

OUTREACH

Finance shared information about the Wildfire Business Tax Relief Program through a variety of different ways, including information posted on Finance's website, the Emergency Management Department's Recovery Resources portal, and disseminated to the City's Disaster Center organizers. Further, Finance initiated a more targeted outreach campaign by sending over 16,000 emails to businesses in the areas most likely impacted by the wildfire.

- Total Contacts Emailed: 16,179

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- Total Emails Opened: 13,078
- Total Clicks to Tax Education Page: 347

On March 12, 2025, Finance sent a second email campaign to the same group of businesses. One more communication is scheduled in anticipation of the April 14, 2025 application deadline.

RECOMMENDATION

Finance will provide a report on the final results of the Wildfire Business Tax Relief Program to the Ad Hoc Committee for LA Recovery after the April 14, 2025 deadline. It is recommended that this report be noted and filed.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Diana', with a stylized flourish at the end.

Diana Mangioglu
City Treasurer / Director of Finance