

Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R25-0028
JAN 29 2025

REPORT RE:

**DRAFT ORDINANCE ADDING SECTION 21.25.1 TO ARTICLE 1 OF CHAPTER II
OF THE LOS ANGELES MUNICIPAL CODE TO PROVIDE TAX RELIEF TO LOCAL
BUSINESSES IMPACTED BY THE JANUARY 2025 WILDFIRES**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 25-0006-S55

Honorable Members:

On January 7, 2025, the Mayor issued a Declaration of Local Emergency due to life-threatening, destructive, and widespread windstorm-fueled wildfires within the City of Los Angeles (City). As a result of these wildfires, many businesses were destroyed or significantly interrupted. To alleviate the profound financial hardship on the impacted businesses, on January 24, 2025, this City Council adopted a motion (Council File Number 25-0006-S55; Park--Hutt, Lee, McOsker, Padilla, Price), which requested that this Office, in conjunction with the Office of Finance (Finance), transmit a draft urgency ordinance to provide relief from the payment of gross receipts tax for those businesses destroyed by the wildfires, or those impacted for 60 or more consecutive days, with eligibility to be determined by Finance on a case-by-case basis.

This Office has prepared and now transmits for your consideration a draft urgency ordinance, approved as to form and legality, which adds Section 21.25.1 to Article 1 of Chapter II of the Los Angeles Municipal Code (LAMC) to provide tax relief to

these businesses. Under the draft ordinance, a business¹ that has been destroyed or interrupted for 60 days or more by the wildfires will be deemed to have terminated as of December 31, 2024, subject to the approval of the Director of Finance based upon a written application that includes proof of such destruction or interruption. Accordingly, by operation of existing language in the Municipal Code, the terminated business is relieved of any obligation to remit its business tax liability for the 2025 tax year. As instructed, this draft ordinance provides similar tax relief to that which the City provided to businesses impacted by the 1994 Northridge Earthquake.

For reference, if the same taxpayer resumes their terminated business at the location destroyed or interrupted, the resumption will be treated as any other newly established business and subject to the City's traditional business tax regime from the date of resumption. To that end, should the business resume in calendar year 2025, the business would be subject to the traditional tax obligations for new businesses, which are due beginning January 1, 2026.

Council Rule 38 Referral

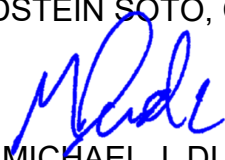
A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Office of Finance with a request that all comments, if any, be presented directly to the City Council when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Daniel Whitley at (213) 978-7700. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By


MICHAEL J. DUNDAS
Senior Assistant City Attorney

MJD:DMW:pj
Transmittal

¹Under LAMC Section 21.06(a), a taxpayer "shall be deemed to be engaged in a separate business at each branch establishment or location at which the person engages in business."