

ORDINANCE NO. 178101

An ordinance amending Article 1, Chapter II of the Los Angeles Municipal Code to revise the business tax provisions.

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. The title of Article 1 of Chapter II of the Los Angeles Municipal Code is amended to read:

**ARTICLE 1. BUSINESS TAXES**

Sec. 2. A new Section 21.33 with a Tax Rate Table is added to the Los Angeles Municipal Code to read:

Unless specifically listed under other areas of this article, the annual tax rates are as follows:

- (a) Tax Rate A shall be \$1.09 for each \$1,000.00 of gross receipts or fractional part.
- (b) Tax Rate B shall be \$1.37 for each \$1,000.00 of gross receipts or fractional part.
- (c) Tax Rate C shall be \$2.76 for each \$1,000.00 of gross receipts or fractional part.
- (d) Tax Rate D shall be \$3.42 for each \$1,000.00 of gross receipts or fractional part.
- (e) Tax Rate E shall be \$3.85 for each \$1,000.00 of gross receipts or fractional part.
- (f) Tax Rate F shall be \$5.50 for each \$1,000.00 of gross receipts or fractional part.

Sec. 3. Sections 21.143, 21.197, 21.189.3, and 21.189.4 of the Los Angeles Municipal Code are repealed and a new Section 21.41 is added to read:

**SEC. 21.41. GROSS RECEIPTS FUND CLASS 1.**

For every person engaged in business as a Child Care Provider, Multimedia Business, Telephone Company, Tugboat and/or Barge Operator, Tax Rate A, set forth in Section 21.33(a) shall be applicable.

**(a) CHILD CARE PROVIDERS.**

1. A child care provider means providing non-medical care for children under 18 years of age in need of personal services, supervision or assistance essential for sustaining the activities of daily living or for the protection of the individual on less than a 24-hour basis.

2. As used in this section, the term "gross receipts" does not include receipts of:

(i) Community chests, funds, foundations or corporations organized and operated for religious, hospital or charitable purposes, not conducted for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual;

(ii) Non-profit secondary schools, which are duly accredited by the University of California, and receipts of non-profit elementary schools in which instruction is given to students in the pre-primary and primary grades in the several branches of studies required to be taught in the public schools of the State of California;

(iii) Rotary, Kiwanis and Lions Clubs, non-profit automobile clubs, chambers of commerce, and other community service organizations; also receipts of trade associations such as Merchants Plumbers Association, Merchants and Manufacturers Association and labor organizations.

**(b) MULTIMEDIA BUSINESSES.**

1. A multimedia business means a business that produces films, disks, tapes, software or other recording devices, whether visual or audio, through the integration of two or more media, which media include, without limitation, computer generated graphics and video, film, slides, video tapes, audio tapes and photographs or provides computer programming services on a contract or fee basis to the producer of these media. These services shall include computer software design and analysis, modification of custom software, digital imaging and other related programming services, the development of online and internet services and the design of web sites for clients.

2. A multimedia business shall not include a business that utilizes multimedia to sell goods or further its business, motion picture, television or radio producers, or radio or television broadcasters, or an adult entertainment business, as defined in Section 12.70 B of this Code.

**(c) TELEPHONE COMPANIES.**

1. A person engaged in the business of providing telephone services means a telephone company as the term is used in Article XIII, Section 14 of the Constitution of California.

2. For the purpose of this section, "gross receipts" shall have the same meaning as in Subsection (a) of Section 21.00, except that only those receipts derived from providing telephone services within the City of Los Angeles shall be included, and further excepting, that only receipts resulting from intrastate telephone services shall be included. "Gross receipts" shall also include receipts from the selling of advertising or advertising space in any directory, other printed matter or any other media only for business tax purposes commencing on or after January 1, 1984.

**(d) TUGBOAT AND BARGE OPERATORS.**

**Tugboat and barge operator** means any person engaged in the business of operating a tugboat or barge.

Sec. 4. Section 21.166 of the Los Angeles Municipal Code is repealed and a new Section 21.42 is added to read:

**SEC. 21.42. GROSS RECEIPTS FUND CLASS 2.**

For every person engaged in wholesale sales, Tax Rate A, set forth in Section 21.33(a), shall be applicable.

(a) A wholesale sale or sale at wholesale means a sale of goods, wares or merchandise for the purpose of resale in the regular course of business; provided that a blind person, within the meaning of this section, need not include the first \$100,000.00 of gross receipts in the computation of the amount of tax due. This exemption shall not subject these persons to the provisions of Section 21.49, Professions and Occupations, of this article.

(b) A blind person, within the meaning of this section, means a person having not more than ten percent visual acuity in the better eye, with correction as certified by a licensed physician and surgeon who specialize in diseases of the eye or the Bureau of Vocational Rehabilitation of the Department of Education of the State of California. The exemption provided by this section shall not apply until a certificate as to the blindness shall be furnished to the Director of Finance.

(c) No tax under this article shall be required to be paid by any non-profit wholly owned retailer food cooperative by reason of its sales to its owner-members.

(d) For the purpose of this section, newspapers, magazines, periodicals, books and other printed matter is deemed to be included in the term "goods, wares or merchandise" and the term "gross receipts" means California receipts from the selling or

furnishing of advertising or advertising space in printed matter in addition to California receipts from the sale of goods, wares or merchandise. The provisions of this subsection shall apply only to business tax periods commencing on or after January 1, 1984.

Sec. 5. Sections 21.98, 21.98.1, 21.98.2, and 21.99 of the Los Angeles Municipal Code are repealed and a new Section 21.43 is added to read:

**SEC. 21.43. GROSS RECEIPTS FUND CLASS 3.**

For every person engaged in business as an Antique Show or Collectors Exchange Show Promoter, Swap Meet Operator; engaged in the business of Renting Accommodations or Residential Rentals, Rentals of Office, Commercial Buildings, *etc.*, Tax Rate B, as set forth on Section 21.33(b), shall be applicable.

No registration certificate shall be required or a tax paid by any person engaged in one or more of the businesses described in this section, unless the total gross receipts derived from being so engaged are equal to or in excess of \$20,000.00 per calendar year.

**(a) ANTIQUE SHOW AND COLLECTORS EXCHANGE SHOW PROMOTER.**

1. Antique show, collectors, exchange show, antique show or collectors exchange show promoter and antique show or collectors exchange show exhibitor shall be as defined in Article 3, Division 9, Section 103.301.1 of this Code.

2. In addition to the tax stated here, there is an additional \$0.59 per space for each show space rented for each day of show operation. The portion of the tax measured by space rentals shall be paid to the Director of Finance on a monthly basis, and shall be delinquent if not paid within the calendar month following the month during which the tax is accrued, notwithstanding any other provision of this article. If the promoter of the antique show or collectors exchange show is an organization otherwise exempted from the payment of taxes under this chapter, it shall be required, notwithstanding any other provision of this article, to obtain a business tax registration certificate and pay to the Director of Finance the above noted space rental taxes. The promoter must pass the space rental tax on to the antique show or collectors exchange show exhibitor and the reimbursement shall not be included in the promoter's gross receipts under this section.

3. For the purpose of taxation of antique shows and collectors exchange shows, the definitions contained under Rental of Office, Commercial Buildings, *etc.*, in this section shall apply, except that the definition of "tenant" and "tenancy" shall include land or space on land, and is not limited to the occupation of a building or structure or space.

**(b) SWAP MEET OPERATOR.**

1. A swap meet operator is defined in Article 3, Division 9 Section 103.311 of the Los Angeles Municipal Code.

2. In addition to the tax stated here, there is an additional \$.059 per space for each swap meet space rented for each day of swap meet operation. The portion of the tax measured by space rentals shall be paid to the Director of Finance on a monthly basis and shall be delinquent if not paid within the calendar month following the month during which the tax is accrued, notwithstanding any other provision of this article. If the operator of the swap meet is an organization otherwise exempted from the payment of taxes under this chapter, it shall be required, notwithstanding any other provision of this article, to obtain a business tax registration certificate and pay to the Director of Finance the above noted space rental taxes. The swap meet operator may pass the space rental tax on to the swap meet vendor and the reimbursement shall not be included in the swap meet operator's gross receipts for purposes of this section.

3. For the purpose of taxation of swap meets, the definitions contained under Rental of Office, Commercial Buildings, *etc.*, in this section shall apply, except that the definition of "tenant" and "tenancy" shall include land or space on land, and is not limited to the occupation of a building or structure or space.

**(c) RENTING ACCOMMODATIONS OR RESIDENTIAL RENTALS.**

1. Renting accommodations or residential rentals means every person engaged in the business of conducting or operating a hotel, rooming house, boarding house, apartment house, lodging house, house court or bungalow court, and every person engaged in the business of renting or letting rooms, apartments or other accommodations for dwelling, sleeping or lodging in any similar place, and every person engaged in the business of operating any public camp, or trailer camp, park or lot where the public may rent camping, trailer or tent space, or services provided or available in connection with that space.

2. Notwithstanding the provisions of Section 21.06 to the contrary, a person required by this section to pay a tax need obtain only one registration certificate by reason of that requirement; but he or she shall include in the measure of the tax the gross receipts derived from all businesses taxed by this section engaged in by him or her within the City of Los Angeles, whether at one or more than one location. At the time the tax provided here is remitted, the Director of Finance may require the registrant to furnish a statement of the number of these businesses conducted by him or her, giving

the street address of each location, the amount of gross receipts attributable to each location, and designating a location at which the registration certificate issued shall be posted as provided in Section 21.09. The location so designated shall be considered the location of the business for the purpose of Section 21.08.

3. The Director of Finance may require a person engaged in any business taxed by this section to furnish information necessary in order for the Director of Finance to determine the nature of the ownership of the business, and the amount of interest that parties to the ownership of the business claim or possess. Where the Director of Finance determines that the parties claiming or possessing an ownership interest in two or more businesses taxed by this section, one or more of which produces less than \$20,000.00 in gross receipts in a particular calendar year, are substantially the same, he may require that the receipts of all these businesses be used as the measure of any tax that may be due, and issue a registration certificate and the identifying symbols as may be required in the manner prescribed in Subsection (c)2. Notice of the determinations made by the Director of Finance shall be served on the persons or parties affected by his or her determination in the same manner as notices of assessment are served under the provisions of Section 21.16. Any person or party affected by the determination of the Director of Finance may protest the determination by making written application for a hearing within ten days after the mailing or serving of the notice of the Director of Finance's determination. Within 15 days after receiving a request for a hearing, the Director of Finance shall cause the matter to be set for hearing before a board constituted as provided in Section 21.16. The Board shall consider the evidence, make findings, serve a copy of the findings, and receive and consider any exceptions that may be filed, and make any modification of its findings it may deem necessary. Once the Board completes those steps, the findings of the board shall be considered final.

4. No tax under this section shall be required to be paid by any cooperative housing corporation by reason of its renting or letting to its tenant-stockholders.

**(d) RENTAL OF OFFICE, COMMERCIAL BUILDINGS, ETC.**

1. **Commercial Rental** means renting or letting a building or structure of any kind on land located in the City of Los Angeles to a tenant for purposes other than dwelling, sleeping or lodging, or renting or letting space or the use or possession of space, or the right to use or possess space in a building or structure to a tenant for those purposes, and for every lessor engaged in the business of renting or letting boat slips or moorings. Tenant and tenancy shall include tenants and tenancies of all types, and persons occupying and the occupation of a building or structure, or space in a building or structure

under any license or any concession agreement with a lessor. The right to use or possess the space shall be deemed to be the same as actual occupation.

2. The foregoing definition includes renting and letting of every kind and character, whether by an owner, lessee or sublessee, and licensing, and the granting of a concession by any of them, without regard to the length of the term of the tenancy, the date of its commencement, expiration or renewal, without regard to the number of tenants a lessor may have, or the number of buildings or structures, or the quantity of space in the buildings or structures, or the number of boat slips or moorings a lessor may have available for renting or letting to a tenant. It shall not fail to be a commercial rental by reason of the fact that one or more persons may reside within the building or structure where either the primary purpose of the particular tenancy or the primary use or right of use by the particular tenant is for some purpose other than dwelling, sleeping or lodging. It also shall not fail to be a commercial rental by reason of the fact that the tenant proposes to operate or does in fact operate the building or structure as a premises for a hotel, apartment or other dwelling.

Commercial rental specifically does not include any of the following:

- (i) Maintaining a storage or warehouse and required to pay a tax for that business under other provisions of this article;
- (ii) Providing space in a building or structure for the parking or storage of automobiles, and required to pay a tax for that business under other provisions of this article;
- (iii) Operating a theater, exhibition hall or any similar place of public assemblage or entertainment, to the extent that the receipts are charges collected from patrons for admission to the premises;
- (iv) To the extent that a business activity includes renting to casual tenants, where casual tenant and casual tenancy means any tenant or tenancy where the consideration paid or agreed to be paid consists exclusively of services; or where, after examining all the facts, the Director of Finance determines that the only tenancy is that of one or more tenants paying to a sublessor, primarily on a cost-sharing basis for the space used, involving less than 25% of the space under the control of the sublessor, and is terminable at will, a business otherwise subject to tax as a commercial rental;
- (v) A business where the gross receipts are received as compensation for permitting coin-operated machines and devices to be placed, or to remain on or within the premises under the control of the lessor;

(vi) Conducting, operating, promoting or sponsoring a bona fide trade show as defined in Section 21.168.4(b), of this article, where the bona fide trade show does not exceed 14 days; neither shall these persons be subject to tax under any other provision of this article by virtue of engaging in any activity for which an exemption is granted in this paragraph.

(vii) Acting as an antique show or collectors exchange show promoter or as a swap meet operator, both of which are defined in Article 3, Division 9, Section 103.311 of this Code.

(viii) Renting or letting boat slips or moorings to the extent that the boat slips or moorings are used exclusively for commercial purposes.

3. Notwithstanding the provisions of Section 21.06 to the contrary, a lessor required by this section to pay a tax need obtain only one registration certificate; but he or she shall include in the measure of the tax the gross receipts derived from all businesses taxed by this section engaged in by him or her within the City of Los Angeles, whether at one or more than one location. At the time the tax provided here is remitted, the Director of Finance may require the registrant to furnish a statement of the number of these businesses conducted by him or her giving the street address of each location, the amount of gross receipts attributable to each location, and designating a location at which the registration certificate issued shall be posted as provided in Section 21.09. The location so designated shall be considered the location of the business for the purposes of Section 21.08.

4. A promoter or operator of a consumer show, exhibition or fair shall submit to the Director of Finance a list containing the legal name, doing business as name (DBA), business address, mailing address and telephone number of each participating exhibitor 30 days prior to the date of the consumer show, exhibition or fair and shall provide each participating exhibitor with information of the City's Business Tax requirements.

Sec. 6. Sections 21.167 and 21.102 of the Los Angeles Municipal Code are repealed and a new Section 21.44 is added to read:

**SEC. 21.44. GROSS RECEIPTS FUND CLASS 4.**

For every person engaged in the business of Retail Sales, Laundry, Cleaning or Service and Shoe Repair, Tax Rate B, as set forth in Section 21.33(b), shall be applicable.

**(a) RETAIL SALES.**

