



INCENTIVES FOR BROADWAY BUSINESSES

*The Historic Broadway Theatre District
is a great place to set up shop!*

We actively encourage new businesses to fill vacant spaces along Broadway, in the heart of one of the most important historic districts in our city. To help make your decision to be a part of Bringing Back Broadway even easier, Councilmember José Huizar is pleased to share a variety of business incentives which are available to new and existing businesses on Broadway, which you or your accountant will want to examine closely and take advantage of.

After following links, for further information on any of these programs, please contact Executive Director Jessica Wethington McLean at JessicaWethingtonMcLean@lacity.org or 213-473-7014. We will be pleased to direct you to the right place within the City to have your questions answered and get the assistance you need to start your business on Broadway!

NEW BUSINESS EXEMPTION FOR FIRST THREE YEARS OF OPERATION

New businesses on Broadway will be exempt from gross receipt taxes, applicable minimum tax or any additional business tax for the first three years of operation. A new business is one that has not previously paid business tax receipts in the city of Los Angeles. Businesses currently operated in the city that should have filed for a business tax registration certificate in prior years are not qualified.

ENTERPRISE ZONE

Broadway is part of a State Enterprise Zone with incentives available to **new and existing** businesses on Broadway. www.ci.la.ca.us/CDD/bus_statecred.html

EMPLOYER HIRING CREDITS

Up to \$37,440 over a 5-year period per each qualified employee can be claimed by Broadway businesses as a tax credit. An employee can qualify under any one of 13 different categories.

SALES AND USE TAX CREDITS

Broadway businesses can receive a tax credit of 100% of the sales/use tax paid for equipment purchases for use in the zone. Machinery, machinery parts, telecommunications equipment and office equipment such as copiers, printers, fax machines and telephone systems also qualify.

BUSINESS EXPENSE DEDUCTION

An accelerated depreciation is available for tangible personal property the first year it is placed in service on Broadway. Office supplies and inventory do not qualify. Limits: \$20,000.

NET OPERATING LOSS CARRYOVER

100% of Net Operating Losses may be carried forward for 15 years to reduce the amount of taxable income for those years.

DEPARTMENT OF WATER AND POWER RATE DISCOUNT

The Department of Water and Power offers a five-year electric rate discount to new businesses that are moving onto Broadway and which apply within 18 months for the discount. Existing businesses whose energy consumption in the 6-month period before

the date of application was at least 35% greater than the monthly average in the prior 12 months also qualify.

WORK OPPORTUNITY TAX CREDIT (WOTC)

The Work Opportunity Tax Credit (WOTC) allows for hiring credits of up to \$2,400 per year for each eligible hire by businesses which hire persons between the ages of 18-39 who reside in either the Federal Empowerment Zone (EZ) or the Federal Renewal Community (RC) area. Los Angeles contains both an EZ and an RC. There are eight (8) additional eligibility categories, some of which are not dependent on the employee's address.

SEWER FACILITY CHARGE EXTENDED PAYMENT OPTION

The City allows Broadway businesses to qualify for a one-time lump sum payment exemption if the Sewer Facility Charge is over \$17,000. The fee can be paid in installments over five years but interest is payable on any unpaid balance.

REDUCED PARKING ORDINANCE

This ordinance provides reduced parking requirements for Enterprise Zone businesses compared with other areas of the City. This would only apply if there were parking requirements to be met, which in many cases on Broadway there would not be due to the historic nature of the buildings which were built without parking.

NET INTEREST DEDUCTION

Lenders can earn tax-free interest on loans made to Broadway businesses.

CITY BUSINESS SUPPORT SERVICES

LABAP (LOS ANGELES BUSINESS ASSISTANCE PROGRAM):

www.ci.la.ca.us/CDD/bus_labap.html

Offers free training and technical assistance to business owners seeking to improve their operations and profitability. It also offers training to people wanting to learn how to open and operate their own small business. Contact: Miguel Acuna miguel.acuna@lacity.org

DOWNTOWN RETAIL PROJECT

This program focuses on small business merchants who create a business on Broadway and other parts of Downtown. This program provides free technical assistance, including site selection, market research, training, and loan packaging & placement. Contact Warren Cooley wcooley@vedc.org; 213-488-3599. www.downtownlaretail.com/

MICROENTERPRISE & ENTREPRENEURIAL PROGRAM

Training for entrepreneurs and small business owners includes screening and assessing participants in order to determine business aptitude and level of interest, in addition to the following course work:

- Financial planning, inventory and cash flow analysis
- Formulation of a business plan
- Establishing a business
- Obtaining a business license
- Incorporating the business
- Developing a marketing strategy, including internet sales and international marketing
- Case management designed to assist with specific needs of small businesses