

MEETING DATE:

01/09/2012

AGENDA ITEM:

Consideration of Claim by Touchstone Television Productions, LLC, dba ABC Studios and FTP Productions, LLC for Refund of 2010 Business Taxes.

ATTACHMENTS

- | | |
|---|-----|
| 1. Letter from Touchstone Television Productions, LLC,
dba ABC Studios | 1-4 |
| 2. Letter from FTP Productions, LLC | 5-8 |



March 11, 2010

Mr. Nagam Rao

Treasury Division Manager

City of Culver City

9770 Culver Boulevard

Culver City, CA 90232

RE: Touchstone Television Productions, LLC d/b/a ABC Studios 2010 Business Tax Certificate

Dear Mr. Rao:

As you know, our production team did not anticipate the \$21,634 Culver City Business License Tax that was due with the 2010 filing. Instead, we thought the fee was \$65. Consequently, it was alarming when we showed up in your offices at the end of February to remit the \$65 payment and we were advised that an additional amount, based on gross receipts, must be calculated and remitted. Thank you for allowing us the extra week to review the municipal code, calculate the additional fee, and submit payment on March 8, 2010 without being subject to a late penalty.

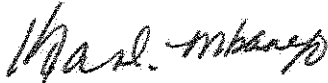
After reviewing the code, we determined that the tax base is actually the greater of gross receipts or cost of operations. We believe a more equitable methodology for calculating the business tax would be based on the gross receipts generated from the Culver City market. The current methodology, based on costs of operations, is not representative of Culver City's impact on the business purpose and financial results of the production. Further, whether based on the greater of gross receipts or cost of operations, the absence of a ceiling on the tax is troubling. We hereby request a refund of the 2010 business tax paid by Touchstone Television Productions, LLC doing business as ABC Studios of \$21,566. Please see attached schedule and Business Tax Worksheets for refund calculation details.

Additionally, per your request, here is an overview of the Culver City operations for this entity. Please note that the corporate headquarters and central base of operations for this production company are in Burbank. The Culver City activity is considered a transitory production location.

- Sound stages are rented from The Culver Studios for the production of a ½ hour comedy.
- Personnel includes writers, producers, directors, cast, production staff, wardrobe, makeup, hairdressing, camera, set dressing, props, set design, set construction, sound, lighting, special effects, locations, transportation and post departments.
- Spend detail by specific Culver City vendors is not included. It would take weeks to provide that number. However, local caterers are regularly engaged, production supplies and other items are purchased from local vendors, and personnel spend per diem in the city.
- Because of parking, location police and studio costs, we are already paying more than we pay in Los Angeles for similar productions.
- The City of Los Angeles tax is also based on cost of operations; however, it has a license fee ceiling of \$12,495 that covers ALL productions done within the city.
- If Culver City continues to maintain this prohibitive tax position, it may negatively impact future decisions on whether we take productions to Culver City.

We look forward to discussing this with you.

Sincerely,



Karen D. Mbanefo

Senior Manager, Corporate Tax



CITY OF CULVER CITY

UNINCORPORATED OFFICE: CULVER CITY, CALIFORNIA 90230

Phone: (310) 253-2250

City of Culver City
Department of Finance
1100 Culver City Blvd.
Culver City, CA 90230

BUSINESS TAX WORKSHEET 2010 BUSINESS TAX CERTIFICATE RENEWAL

BUSINESS NAME: Dave's Supermarket TAX ACCOUNT NO. _____

LIST GROSS RECEIPTS FROM: _____ through 12/31/2009

TOTAL GROSS RECEIPTS*

*See instructions for definition and instructions.
Subject to verification by audit.

A: \$ 1,100,570

GROSS RECEIPTS DEDUCTIBLE TOGETHER WITH DISCOUNTS

*See instructions for definition and instructions. Excludes certain completed tax forms.
*See instructions for definition and instructions. Excludes certain completed tax forms.
*See instructions for definition and instructions. Excludes certain completed tax forms.

B: \$ 9,100,570

ADJUSTED GROSS RECEIPTS*

*Subtract line B from line A

C: \$ 3,336

BASES FOR COMPUTING BUSINESS TAX

*See instructions for computing Tax Base

D: \$ 3

ENTER THIS NUMBER ON LINE C ON THE BUSINESS TAX RENEWAL FORM ON THE OTHER SIDE OF THIS WORKSHEET

The undersigned certifies under penalty of perjury that the above is a true and correct statement of gross receipts for the year requested, to the best of his/her knowledge.

Name (print or type): _____

Title: _____

Signature: _____

Date: _____

IF YOU REQUIRE ASSISTANCE IN PREPARING YOUR 2010 RENEWAL FORM,
PLEASE CONTACT US VIA PHONE (310-253-5870), OR AT OUR COUNTER.

PLEASE LIST ANY VENDING/AMUSEMENT MACHINES AT YOUR LOCATION:

Quantity: _____ Type: (amusement, food, merchandise, etc.) _____

Quantity: _____ Type: (amusement, food, merchandise, etc.) _____

Quantity: _____ Type: (amusement, food, merchandise, etc.) _____

Quantity: _____ Type: (amusement, food, merchandise, etc.) _____

Quantity: _____ Type: (amusement, food, merchandise, etc.) _____

Touchstone Television Productions, LLC

Scrubs Gross Receipts \$9,811,906

Culver City Viewing Audience Percentage* x .034%

Culver City Gross Receipts \$ 3,336

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Culver City Business Tax \$ 3

*

Nielsen's TV Ratings

CA TV Households: 12,369,370

LA county TV Households: 3,243,060

CA % of US TV Households: 10.807%

Culver City households are 38,292 (<http://culvercity.areconnect.com/statistics.htm> or .310% of CA TV households of 12,369,370 (above)

Applying this percentage to CA TV households percentage,

(.310% x 10.807%), results in .034% as the Culver City viewing audience for apportioning gross receipts to Culver City.

FTP PRODUCTIONS, LLC

March 11, 2010

Mr. Nagam Rao

Treasury Division Manager

City of Culver City

9770 Culver Boulevard

Culver City, CA 90232

RE: FTP Productions, LLC 2010 Business Tax Certificate

Dear Mr. Rao:

As you know, our production team did not anticipate the \$23,931 Culver City Business License Tax that was due with the 2010 filing. Instead, we thought the fee was \$65. Consequently, it was alarming when we showed up in your offices at the end of February to remit the \$65 payment and we were advised that an additional amount, based on gross receipts, must be calculated and remitted. Thank you for allowing us the extra week to review the municipal code, calculate the additional fee, and submit payment on March 8, 2010 without being subject to a late penalty.

After reviewing the code, we determined that the tax base is actually the greater of gross receipts or cost of operations. We believe a more equitable methodology for calculating the business tax would be based on the gross receipts generated from the Culver City market. The current methodology, based on costs of operations, is not representative of Culver City's impact on the business purpose and financial results of the production. Further, whether based on the greater of gross receipts or cost of operations, the absence of a ceiling on the tax is troubling. We hereby request a refund of the 2010 business tax paid by FTP Productions, LLC of \$23,862. Please see attached schedule and Business Tax Worksheets for refund calculation details.

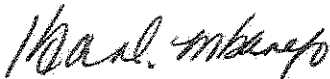
Additionally, per your request, here is an overview of the Culver City operations for this entity. Please note that the corporate headquarters and central base of operations for this production company are in Burbank. The Culver City activity is considered a transitory production location.

- Sound stages are rented from The Culver Studios for the production of a ½ hour comedy.

- Personnel includes writers, producers, directors, cast, production staff, wardrobe, makeup, hairdressing, camera, set dressing, props, set design, set construction, sound, lighting, special effects, locations, transportation and post departments.
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- If Culver City continues to maintain this prohibitive tax position, it may negatively impact future decisions on whether we take productions to Culver City.

We look forward to discussing this with you.

Sincerely,



Karen D. Mbanefo

Senior Manager, Corporate Tax

FTP Productions, LLC

Cougartown Gross Receipts	\$11,135,404
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Culver City Viewing Audience Percentage* x .034%

Culver City Gross Receipts	\$ 3,786
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Culver City Business Tax	\$	4
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Nielsen's TV Ratings

CA TV Households: 12,369,370

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CA % of US TV Households: 10.807%

Culver City households are 38,292 (<http://culvercity.areaconnect.com/statistics.htm> or .310% of CA TV households of 12,369,370

Applying this percentage to the CA TV households percentage

(.310% x 10.807%), results in .034% as the Culver City viewing audience for apportioning gross receipts to Culver City.



CITY OF CULVER CITY

10000 CULVER BOULEVARD, CULVER CITY, CALIF. 90230

City Manager: Dan Johnson

City Clerk: Mary Ann
City Treasurer: Mary Ann

BUSINESS TAX WORKSHEET 2010 BUSINESS TAX CERTIFICATE RENEWAL

BUSINESS NAME FTP Productions, LLC ACCOUNT # _____

FIRST GROSS RECEIPTS FROM: _____ Through 12/31/2009

TOTAL GROSS RECEIPTS*

*Includes all deductions and contract fees.
Subject to verification by audit.

AMOUNT 28,000.00

GROSS RECEIPTS DEDUCTIBLE TO OTHER JURISDICTIONS

*See enclosed definitions and instructions. Excludes fees completed by owner.
A separate City of Culver City form for attached to this form for deduction of
fees completed by owner and held by others will apply to any request for a

RECEIVED 11,131,616

ADJUSTED GROSS RECEIPTS*

*Subtract line B from line A

CITY 3,786

BASES FOR COMPUTING BUSINESS TAX

*See Instructions for computing Tax Base

BASE 4

ENTER THIS NUMBER ON LINE 1 ON THE BUSINESS TAX RENEWAL FORM ON THE OTHER SIDE OF THIS WORKSHEET

The undersigned certifies under penalty of perjury that the above is a true and correct statement of expenses incurred by the taxpayer for the year requested, to the best of his or her knowledge.

Notarize (signature)

Date

Signature

Date

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