

**City of Culver City, California
Agenda Item Report**

Meeting Date: 02/07/11		Item Number: <u>C-6</u>	
CITY COUNCIL AGENDA ITEM: Adoption of Resolution Suspending the Collection of Business Taxes for Itinerant Motion Picture/Television Producers for a Period of Five Years			
Contact Person/Dept.: Jeff S. Muir/Finance		Phone Number: 310/253-5865	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐	
Public Hearing: ☐		Action Item: ☐ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒ Date: _____			
Public Notification: (E-Mail) Meetings and Agendas – City Council (02/02/11), (E-Mail) Culver City Chamber of Commerce, (E-Mail) Sony Corporation, (E-Mail) Culver Studios, (E-Mail) GMT Studios, (E-Mail) Motion Picture Association of America (02/02/11)			
Department Approval: Jeff Muir (02/01/11)		City Attorney Approval: Carol Schwab (by H. Baker) (02/01/11)	
Chief Financial Officer Approval: Jeff Muir (02/01/11)		City Manager Approval: John M. Nachbar (02/02/11)	
<u>RECOMMENDATION:</u> Staff recommends that the City Council adopt a resolution suspending the collection of business taxes for itinerant motion picture and television producers for a period of five years. <u>BACKGROUND:</u> On January 24, 2011, for a second time, the City Council considered an agenda item discussing the City's current business tax policy as it relates to production companies. The purpose of this item was to establish the importance of the film and production industry in Culver City's local economy and to provide an opportunity for the City Council to discuss possibilities for a business tax structure that would be more favorable to production companies and would also spur more activity at our local studios, thereby stimulating our local economy. <u>DISCUSSION:</u> The City Council unanimously agreed to direct staff to bring back a proposed resolution that will suspend the payment of business taxes for non-Culver City based production companies that rent or use studio locations within the City for a period of five years. The City Council also directed that a status report be provided each year during the budget process to evaluate the effectiveness of the suspension. At a			

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minimum, this report will contain information as to the trend in the number of non-Culver City based production companies that have registered for a business tax certificate, as well as the trend in business tax paid by the studios. The proposed resolution will be effective immediately upon adoption.

FISCAL ANALYSIS:

For Fiscal Year 2009/2010, the City received approximately \$9 million in business tax. Of this amount, approximately \$2.5 million was collected from companies under the broad category of 'entertainment', which includes production companies, studios, and others. It is estimated that at least 95% of the business taxes paid by entertainment-type businesses is generated from the studios and other related businesses located in Culver City. Thus, it is likely that current business tax collections from production companies that only come to Culver City for filming purposes is under \$125,000 per year. Within this \$125,000, it is estimated that \$75,000 is generated from short-term, non-studio filming and \$50,000 is generated from studio filming. Potential changes in policy regarding non-permanent production companies will not have a significant effect on total business tax collection. With increased cooperation and compliance with the studios, as well as greater studio occupancy and a commitment for more local spending, there could be a stimulus to our local economy.

ATTACHMENTS:

1. Proposed Resolution

MOTION:

That the City Council

adopt the proposed Resolution suspending the collection of business taxes for itinerant motion picture and television producers for a period of five years.