MEETING DATE: 08/09/2010

AGENDA ITEM: **Discussion of Proposed Changes to the Culver City Municipal Code Related to Business Tax on Production Companies and Creative Artists and Provide Direction to the City Manager Related Thereto**

ATTACHMENTS

1. Section 21.29(b) of the City of Los Angeles Municipal Code	1-2

SEC. 21.29. SMALL BUSINESS EXEMPTION.

(Amended by Ord. No. 176,342, Eff. 1/19/05, Oper. 7/1/05.)

(b) **Creative Artist.** No tax is required to be paid by a person under this Article for gross receipts attributable to "Creative Activities", earned when that person is engaged in business as a "Creative Artist", unless the total taxable and nontaxable gross receipts from within and without the City which are attributable to "Creative Activities" exceed $300,000.00 annually.

For purposes of this exemption, a "Creative Artist" shall mean only a person who operates either (1) as an individual, (2) through a corporation with one individual as the only shareholder and the only employee (commonly referred to as a "loan-out"), or (3) through a limited liability company with one individual as the only member and the only employee. "Creative Activities" shall mean activities described herein. Gross receipts from Creative Activities shall not include any gross receipts received by a Creative Artist from activities that are not Creative Activities (for example, public appearances or product endorsements, or teaching as opposed to performing). Such other receipts shall not be exempt under this subsection, and shall be taxable as otherwise provided in this Article. In implementing the intent of this subsection, the Director of Finance shall consider that Creative Activities are distinct from a craft, and that this exemption applies to Creative Artists for their Creative Activities but not to craft persons. References to "multi-media" are to be interpreted as defined in subsection (b) of Section 21.189.4.

Eligibility for the small business exemption provided in subsection (a), above, shall be based on total taxable and non-taxable gross receipts from within and without the City, including receipts for Creative Activities.

Creative Activities shall mean activities performed by Creative Artists primarily for entertainment and/or aesthetic purposes, including assistants or professional trainees performing those same Creative Activities, in the following professions:

1. The following professions to the extent they are directly involved with motion picture, radio or television productions, commercials, multi-media or recorded or live music or theater:

- Actor or announcer; or

- Art director, costume designer, production designer, scenery or set designer; or

- Choreographer; or

- Cinematographer; or

- Conductor of bands, chorales, orchestras, and other musical groups; or

- Director; or

- Motion picture editor, sound dubbing, special effects, or titling artist; or

- Writer (where the writing is the writer's own creative work, but not writing that is compilation, documentation or description of a non-artistic nature, such as technical writing, the writing of technical or scientific reports, etc.); or

- Music or lyrics arranger, composer or writer; or

2. Author of books, essays, poems or short stories; or

3. Cartoon artist, including animated media; or

4. Creator of visual fine arts, using artist's materials (i.e., lithographer, painter, sculptor, or the equivalent); or

5. Drawing, graphic, illustration or sketch artist; or

6. Performing artist, including comedian, dancer, impersonator, juggler, magician, mime, musician, or singer; or

7. Photographer, to the extent the photography is primarily artistic in nature and not primarily journalistic or commercial.

(c) Any person exempt from tax under Subsections (a) or (b) shall be required to timely file for registration and subsequent renewals before the delinquency date. The failure to timely file or renew prior to the date the taxes would otherwise have been delinquent pursuant to Section 21.05 of this Article, shall render inapplicable the exemption provided in Subsections (a) and/or (b) and subject the person to the tax that would otherwise be payable and to any interest and penalty applicable thereto.