Los Angeles Business Journal

ECONOMIC INSIGHTS 2025

PRESENTED BY

FIFTH THIRD BANK

GOLD SPONSORS

EMPOWERING AMERICAN CITIES
FIFTH THIRD / UNC KENAN INSTITUTE

GHJ&

HUB

20 YEARS LEADING GREEN
Port of LONG BEACH THE GREEN PORT

BRANDED CONTENT

EMPOWERING AMERICAN CITIES

FIFTH THIRD / UNC KENAN INSTITUTE

Manufacturing Myth-Busters

Myth 1: Manufacturing Doesn't Fit in a Forward-Looking Economy

This article is part of a series of three "Myth-Busters" challenging negative perceptions of U.S. manufacturing.

Written by:

Jeff Korzenik, Chief Economist, Fifth Third Commercial Bank
Gerald Cohen, Chief Economist, Kenan Institute of Private Enterprise
Sarah Dickerson, Research Economist, Kenan Institute of Private Enterprise

When we economists travel around the U.S. with the Empowering American Cities project sharing our research on local economies, audiences are sometimes surprised at the weight we place on the Manufacturing sector. Why are audiences surprised when we extol the virtues of manufacturing? We often encounter a pervasive public narrative about American manufacturing that is largely untrue. **As believers in the potential of the Manufacturing sector, we challenge the myths that have led many to overlook the sector's value and its opportunity to contribute to a regional economy's prosperity.**

Manufacturing: Old Economy vs. New Economy

Among the misperceptions of manufacturing is the belief that manufacturing jobs are mired in the past: uncompetitive pay, dirty physical labor and 19th-century technology. Many manufacturing jobs today are "new economy" roles, such as computer numerical control machinery, robotics and additive manufacturing (3D printing), that are either directly involved in tech manufacturing or harnessing technology in traditional goods-producing industries.

Aside from technology's growing role in traditional manufacturing subsectors such as automobile production, tech manufacturing itself occupies an increasingly large share of overall U.S. manufacturing employment. Some of this growth is in response to bipartisan policy incentives. The CHIPS Act of 2022, for example, specifically supports semiconductor manufacturing, while separate policies encourage electric vehicle battery production among other "new economy" jobs.

Even the subsectors less tied to technology, either directly or indirectly, should not be dismissed as antiquated, as these industries can also offer competitive employment and economic advantages.

Manufacturing and Regional Economic Output

As might be expected in roles that require technical skills, manufacturing jobs offer pay above the levels of the service sector. According to the Bureau of Labor Statistics, the average hourly wage of all employees in the Manufacturing sector is $34.42, handily exceeding many service sector roles like retail trade ($24.56) and Leisure and Hospitality ($22.25) and competitive with fields like Education and Health Services ($34.51). Like all sectors, Manufacturing encompasses jobs offering a wide range of pay, but the averages speak to highly competitive career paths. This is particularly true with subsectors like semiconductor and aircraft manufacturing, in which average hourly wages exceed $50. Such compensation is particularly attractive for those who do not view a traditional four-year college degree as a good fit or a wise investment of time and capital.

Moreover, technology-oriented areas offering high pay are growing rapidly, meaning that manufacturing in the U.S. is increasingly composed of high-tech, high-wage industries. Over the past decade, the number of employees in Manufacturing's three highest-paying subsectors increased by over 11%, while the number employed in the lowest-paying subsectors shrunk by 11%.

Key to understanding the contributions of any sector is the concept of productivity, measured as the economic output per worker or per hour worked (Empowering American Cities uses the former definition). Given a finite workforce in any Extended Metropolitan Area (EMA) at a point in time, the EMA outperforms economically when more of the workers are employed in highly productive industries. Not only is the output per worker greater in highly productive sectors, but jobs in these sectors tend to pay workers more, broadly strengthening regional economies through greater consumption. Among the 10 major sectors in the U.S. economy, Manufacturing ranks third in productivity. It is one of four sectors that "punches above its weight" on a national level, meaning that Manufacturing's share of employment produces a disproportionately large piece of the nation's gross domestic product.

Beyond those directly employed in manufacturing, the sector's expansion boosts the economy in many other ways, a phenomenon economists call the "multiplier effect." This is a measure of the ripple effects that manufacturing generates by, for instance, creating new supplier jobs or by raising average wages, which bolsters the economy through consumption. In terms of employment effects, Manufacturing has among the highest multipliers of any sector. According to the Economic Policy Institute, every manufacturing job generates more than five jobs elsewhere in the economy, and for every position filled manufacturing durable goods, which includes items like aircraft, vehicles and household appliances, more than seven jobs are created in other sectors.

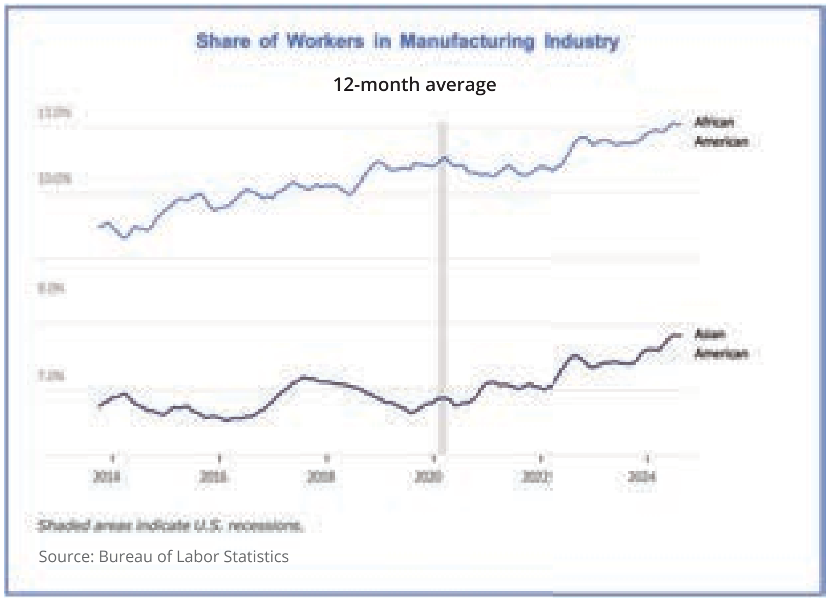
Manufacturing's employment impact contrasts favorably to the multiplier effect in other areas, such as retail trade, which generates only 1.2 additional jobs. The Manufacturing sector also boasts strong economic multipliers, defined as the GDP impact of every dollar of value added in the manufacturing process. According to the National Association of Manufacturers, every dollar spent in manufacturing produces a total impact of $2.69 to the overall economy.

A Diverse, Urban American Workforce

A common criticism of manufacturing is that it generates employment opportunities for only a narrow slice of the U.S. population. It is true that manufacturing plays a disproportionately large role in rural employment, with some 2.6 million rural employees in 2019, according to the Manufacturing Institute, the National Association of Manufacturers' workforce development and education affiliate. The bulk of manufacturing labor, however, is found in and adjacent to urban settings.

Our work defining economically connected counties in EMAs shows that many rural counties are very much part of the economic ecosystem of cities. In other words, rural does not mean isolated. Still, as the U.S. working-age population shifts away from rural areas, urban manufacturers report greater access to talent. It is reasonable to expect that the industry will follow the demographic shift toward more densely populated locations.

In measures of workforce diversity, manufacturing has made enormous strides, according to 2024 Bureau of Labor Statistics data. African Americans now represent over 11% of the industry's workforce, up by nearly 2 percentage points in the past 10 years. Asian American representation in the sector has grown by almost 3 percentage points over the past 20 years, and manufacturing's labor force now includes a larger share of Asian Americans than the group's share of the U.S. population. Meanwhile, the share of Hispanic workers has grown to be roughly in line with their portion of the population.



Source: Bureau of Labor Statistics

It is true that the field is male dominated, but even in this area there has been change. Women make up just under 30% of the manufacturing workforce, and the sector is trying to grow that number. The Manufacturing Institute launched its 35x30 initiative in 2022, an endeavor to raise the female participation in the sector's labor force to 35% by 2030.

Conclusion

Manufacturing is a powerful asset to a diversified regional economy. While the Manufacturing sector tends to be more cyclical and sensitive to global factors than some other sectors, its long- term contributions overcome any short-lived challenges. The ability to create middle-income jobs for a diverse modern workforce, the fact that many of those roles do not require a four-year college degree with associated costs, and the high economic multipliers associated with the sector make Manufacturing an important sector worthy of investment and support.

Empowering American Cities is a collaboration between **Fifth Third Bank** and the **Kenan Institute of Private Enterprise at the University of North Carolina at Chapel Hill**. Together, they generate insights supporting sustained business growth and healthy communities that extend beyond traditional banking solutions.

Explore local data at EmpoweringAmericanCities.com.

Los Angeles Business Journal
ECONOMIC INSIGHTS 2025
PRESENTED BY
FIFTH THIRD BANK

ECONOMIC INSIGHTS 2025 | Presented by Fifth Third Bank

The Los Angeles Business Journal's **2025 Economic Insights Breakfast, presented by Fifth Third Bank**, brought together industry leaders for a meaningful conversation about the economic landscape in Southern California and beyond. With a blend of expert data and real-world insights, the event offered a clear look at the trends shaping our region's future.

The morning kicked off with a keynote presentation focused on the national economy. While the US continues to grow, the pace is slowing. Inflation remains a key concern — especially in housing, food and energy — while labor shortages and limited interest rate relief continue to put pressure on businesses and households. Even so, overall household debt remains relatively low. Looking ahead to 2025, every one of the 150 largest metro areas in the US is expected to grow, including those in Southern California. Our region ranks near the middle of the pack among the 50 largest markets for projected growth but stands out as a national leader in job creation. However, slow housing permit activity could become a challenge as demand continues to rise.

The keynote also emphasized the role of "place" in economic success. Factors like infrastructure, local policy and geography all play a role in shaping opportunity — and with uncertainty around future federal and state policies, adaptability will be critical for long-term resilience.

Following the national overview, a dynamic panel of local leaders took the stage to discuss how these trends are playing out across LA. Representing sectors including real estate, insurance, logistics, tax policy and economic research, panelists addressed some of the region's biggest opportunities and risks.

Climate-related challenges were top of mind, with recent wildfires impacting insurance markets and tax implications for both businesses and local governments. Panelists discussed how companies can better prepare for these realities and use available incentives to rebuild stronger.

The transformation of Downtown LA was another major focus, with conversations around how the urban core is repositioning itself through reinvestment, mixed-use development and community-centered growth. Panelists also touched on shifting demographics and the importance of preparing the next generation workforce through intentional talent and mobility strategies.

Throughout the event, one message stood out: despite complexity, there is strong potential ahead. With collaboration, innovation and localized planning, Southern California is well-positioned to adapt and thrive. The 2025 Economic Insights Breakfast offered attendees valuable perspectives, real-time data and a shared sense of responsibility to help shape an inclusive, resilient economic future for the region.

MEET OUR SPEAKERS

SPOTLIGHT SPEAKERS

SARAH DICKERSON
Assistant Research Professor; Research Economist
Kenan Institute of Private Enterprise

JEFF KORZENIK
Chief Economist
Fifth Third Commercial Bank

LOCAL EXPERTS

MARIO CORDERO
Moderator
Chief Executive Officer
Port of Long Beach

SARAH DICKERSON
Assistant Research Professor ;
Research Economist
Kenan Institute of Private Enterprise

FRANCES ELLINGTON GUTIERREZ, DBA, CPA
Partner; Leader of State & Local Tax Practice
GHJ

TIMOTHY HOU
Manager,
Economic Development Policy
Amazon

JEFF KORZENIK
Chief Economist
Fifth Third Commercial Bank

JESSICA LALL
Managing Director,
Downtown Los Angeles
CBRE

LOS ANGELES BUSINESS JOURNAL
ECONOMIC INSIGHTS 2025
PRESENTED BY
FIFTH THIRD BANK

Twenty Years of Leading Green at the Port of Long Beach

The Port of Long Beach is a global leader in operational excellence and top-notch customer service, moving cargo with reliability, speed and efficiency – making it the premier US gateway for trans-Pacific trade.

Located in Southern California and part of the San Pedro Bay ports complex, the busiest in the nation, the Port of Long Beach handles trade valued at more than $300 billion annually and supports 2.7 million trade-related jobs across the United States, including 567,000 in Los Angeles and Orange counties.

Spanning 3,200 acres with 31 miles of waterfront, 10 piers, and some of the deepest berths in the country, the Port's facilities can accommodate the largest shipping vessels in the world.

The Port boasts some of the most modern, well-equipped waterfront facilities in the world, including the world's most technologically advanced container terminal – Long Beach Container Terminal.

In 2024, the Port moved 9.6 million container units – the busiest year in its 113-year history – without disruptions or backlogs.

While its achievements in business operations are many, the Port of Long Beach is also an environmental steward.

In fact, this year, the Port is celebrating 20 Years of Leading Green – looking back at when the landmark Green Port Policy was enacted by the Long Beach Board of Harbor Commissioners in 2005.

Over the past two decades, the Port has implemented sustainability initiatives that resulted in a cleaner harbor, industry-leading green building practices and most notably, dramatic air quality improvements: diesel emissions are down 92%, nitrogen oxides by 71%, sulfur oxides by 98% and greenhouse gases by 17%.

And, the Port is not finished. It continues to work towards becoming the world's first zero-emissions port.

The Port is trending in the right direction on greenhouse gases and improving air quality.

C/O PORT OF LONG BEACH

In addition, cancer risks are declining in Los Angeles County, as tracked by the South Coast Air Quality Management District's periodic assessments.

With everyone's participation, the region is making progress in reducing toxic emissions, especially in communities burdened by environmental impacts.

The Port of Long Beach is getting greener, serving as a model for the maritime industry.

With the collaboration of industry, labor and other stakeholders, our policies and programs are transforming this great hub of maritime trade – environmentally and operationally.

For example, Toyota Motor of North America and FuelCell Energy operate a new, first-of-its-kind "Tri-Gen" system at Toyota's terminal in the Port of Long Beach. The Tri-Gen system uses landfill biogas to produce renewable electricity, renewable hydrogen and usable water – to support operations at the Toyota terminal.

In January of this year, the Port – in collaboration with several private renewable energy firms – surpassed the goal of opening 100 public charging stations for zero-emissions, heavy-duty battery-electric port trucks. That had been a goal for 2028, and it was accomplished this year. It's also more stations than any other port in the US. More chargers and zero-emissions trucks are on the way.

The Green Port Policy also gave rise to the 2009 Water Resources Action Plan to improve water and sediment quality by reducing stormwater runoff, wind-driven debris and vessel discharges.

This regionally coordinated effort has produced documented benefits for our marine life, with more than a thousand species now found in and around the harbor.

The Port of Long Beach is also working to decarbonize the maritime supply chain with our green shipping corridor agreements with the ports in Shanghai and Singapore.

The Port of Long Beach believes these agreements will demonstrate the promise of green shipping corridors where the new normal will be containers moving on modern ocean vessels powered by clean fuels.

Those are just a few examples of how the Green Port Policy's first 20 years have been dramatically successful in cutting emissions, improving air, water and soil quality in and around the port, and enhancing aquatic life.

As it continues to advance its sustainability initiatives, the Port of Long Beach remains a powerful economic force.

Learn more at polb.com.

Insurance Market Q1 Trends and What to Expect

By ANDREW FORCHELLI

The first quarter of 2025 has been shaped by a complex interplay of economic and government volatility, natural catastrophes, evolving risk exposures and geopolitical uncertainty. For local California businesses, here are four key trends that significantly impacted businesses and therefore, commercial insurance rates in Q1 2025:

1. Wildfires and rebuilding costs. One of the defining events of Q1 was the California wildfires, with insured losses projected to exceed $75 billion. These catastrophic events not only strained property markets but also brought rising rebuilding costs into sharp focus. As climate change accelerates the frequency and severity of natural catastrophes, insurers are reevaluating their exposure and implementing more granular scrutiny of perils previously considered "secondary." As a result, specific peril coverage is seeing a tightening of terms even when rate decreases are offered in broader programs.

2. Insurance capacity. Capacity has improved in some segments, but when it comes to property coverage, insurers remain selective, prioritizing businesses with robust risk management and clean loss histories. High-risk areas in California are facing increasingly restrictive property underwriting and in many cases are exploring the surplus and excess market to maintain coverage.

3. Market volatility, economic uncertainty and legislative changes. Tariffs, supply chain delays and regulatory shifts in the US, Canada and Mexico are increasing claims costs and pricing uncertainty. Any significant legislative or regulatory changes, such as tariffs, could drive up replacement and rebuilding costs in many areas, which would impact property valuations and contribute to further insurance rate fluctuations.

4. Increased litigation exposure. Escalating legal costs and nuclear jury verdicts are driving up liability insurance rates. More than 1,288 cases in the last decade resulted in a "nuclear verdict" award. Commercial auto, umbrella and professional liability remain most affected, with insurers tightening terms and raising deductibles.

A VOLATILE BUT ADAPTIVE MARKET

Despite these ongoing challenges, the commercial insurance market in Q1 2025 showed signs of stabilization across several policy lines. Rates for many coverages, including cyber, directors and officers (D&O) and certain professional liability classes, have begun to level off or decrease for well-managed risks. The greatest rate pressure was seen in commercial auto (+5% to +15%) and excess/umbrella liability (+5% to +10%), both of which continue to face challenges from rising litigation costs, nuclear jury verdicts and social inflation.

Sector-specific trends include:

- **Construction:** Capacity remains limited for frame projects, with underwriting caution increasing in catastrophe-exposed areas. Rates are stabilizing or flat for best-in-class commercial projects, signaling favorable renewal terms, but residential project rates remain highly variable by state.
- **Transportation**: The sector continues to grapple with elevated claims, theft risk and rising litigation. Telematics and improved driver safety programs are key to mitigating premium commercial auto hikes of 5%-15%.
- **Healthcare:** Healthcare organizations are seeing mixed insurance rate volatility based on location, litigation trends and five- to seven-year loss records. While coverage terms remain competitive, recent catastrophic losses are causing additional underwriting focus on the location of risks.
- **Real estate & hospitality:** Property rates are softening for well-managed, low-loss accounts, especially those leveraging shared and layered programs. However, severe weather exposure and aging infrastructure continue to pose challenges. Rate guidance for 2025 ranges from -10% to +10%.
- **Cyber liability:** Despite a notable increase in awareness, cyber insurance adoption remains low. As threats such as ransomware, social engineering and deepfakes rise, organizations must align their cyber readiness with coverage requirements. Fortunately, cyber is one area seeing favorable renewal terms from -5% to flat.

RISK MANAGEMENT IS A DIFFERENTIATOR FOR ALL

Organizations with robust enterprise risk management (ERM) strategies and strong loss control measures are best positioned to secure favorable renewal outcomes. Programs that include advanced telematics for fleet safety, robust cyber hygiene and accurate property valuations are gaining preferential treatment. Optimal risk management will include:

- **Align risk strategies with business goals,** ensuring coordination between the C-suite, risk management and HR leadership.
- **Invest in data and analytics** to gain deeper insight into exposures, improve loss forecasting and enhance insurance program performance.
- **Explore alternative risk transfer options** such as captives or parametric insurance when traditional coverage becomes cost prohibitive.
- **Strengthen resilience** through updated business continuity plans, property valuations and employee support strategies for catastrophic events.

OUTLOOK FOR THE REST OF 2025

Ultimately, insurance in 2025 should not be treated as a static procurement task but as a strategic lever for growth, resilience and workforce vitality. With the right broker partner and a forward-looking risk strategy, organizations can seize opportunities while preparing for what's next.

Andrew Forchelli is executive vice president for HUB California.
Learn more at hubinternational.com.


EXPERT GUIDANCE IN CHANGING MARKETS
Strategic Insights, Proven Success
GHJ&
In a changing economy, GHJ helps you navigate uncertainty with confidence. As your trusted accounting, tax and advisory team, we provide the clarity to make the right decision and prepare yourself for what is ahead.
Team up with GHJ: We have the playbook for business success
GHJADVISORS.COM

Los Angeles Business Journal
ECONOMIC INSIGHTS 2025
PRESENTED BY
FIFTH THIRD BANK

What Powers My City's Economic Engine?

Understanding embedded local growth characteristics

Just like with a car engine, when an economy is running with all cylinders fully powered, it can run faster and with greater output. But clog one cylinder, and you're going to need more fuel to achieve the same effect. As part of the Fifth Third Bank and UNC Kenan Institute's Empowering American Cities project, a measure has been developed to reflect the elements that drive an extended metropolitan area's (EMA's) economic growth: Embedded Local Growth Characteristics or "ELGC" for short. It's a composite indicator that includes an EMA's productivity, industry mix and demographic shifts.

WHAT ELGCs AFFECT MY CITY'S GROWTH?

Industry Mix and Productivity

Industry mix is the variety and distribution of industries within an EMA, categorized by sectors, such as Finance and Real Estate, Manufacturing, Business Services, and Education and Health. Productivity measures output per worker.

EMAs with strong growth have a high degree of diversity in the industry mix, and a prevalence of high-productivity industries with a large amount of output per worker relative to other industries. For example, the Finance and Real Estate sector is currently the most productive in the US, making up just 6% of the workforce while generating over 20% of gross domestic product. EMAs with a large share of jobs in high-productivity sectors tend to have strong ELGC and high growth potential. The reverse is also true: Those EMAs with a large share of jobs in relatively low-output sectors, such as Leisure and Hospitality, have lower growth potential.

Diversification supports economic resiliency, as communities not over-reliant on a single industry are better equipped for stability and growth.

Demographic Trends

For an economy to grow, it needs an active and growing workforce. A healthy-size "prime working age" population (ages 25-54) and overall EMA population growth (including birth rates outpacing death rates and migration into the area) are favorable trends. Positive demographic trends strengthen the ELGC and the engine for economic growth.

Workforce Skill Level

An EMA's workforce is its economy's lifeblood. But quantity of available workers is not enough; they must also have the skills and training that match industry needs. Using education level as a proxy for skill level, EMAs with a high share of educated workers tend to have strong growth potential.

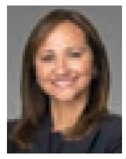
That said, education level is not a perfect measure of skill level—many valuable skills are learned on the job or through vocational training—but there is a positive association between educational attainment and productivity.

HOW DOES MY CITY IMPROVE ITS ELGC?

- **Anticipate Changing Industry Trends:** Identify new technological advances so that businesses remain flexible and meet market demands. For example, the shift in the automotive sector from internal combustion to hybrid and electric engines is a contemporary example of an industrywide trend with accompanying challenges and opportunities for businesses.
- **Diversify Industry Makeup:** Prevent overreliance on one industry by upgrading, augmenting and advancing existing industries. Attract new plants and firms from industries currently underrepresented in their area.
- **Invest in Community Development Projects:** Attract and retain a skilled workforce by providing amenities that appeal to prime working age individuals, such as cultural institutions (e.g., theaters and museums), dining and retail establishments, affordable housing, green spaces and transportation.
- **Support Public-Private Partnerships:** Train and upskill workers to meet the workforce needs of local industry. These partnerships often support trade development programs that establish talent pipelines from local community colleges and other educational institutions to businesses in need of skilled workers.

CONSIDER LEARNING FROM TOP ELGC PERFORMERS

While no two metro areas are exactly alike, it is possible to find EMAs with similar dynamics and a wide range of best practices for optimizing economic engines. To learn more about Embedded Local Growth Characteristics and to compare your area's industry mix and productivity to the leading EMAs, visit EmpoweringAmericanCities.com.



Elsa Burton serves as the Los Angeles regional manager for Fifth Third Bank. To connect with Fifth Third Bank's team in Greater Los Angeles, contact Elsa.Burton@53.com.

The opinions expressed herein are those of Fifth Third and the Kenan Institute collaboratively. This information is current as of August 28, 2024, and is subject to change at any time based on market and other conditions. This information is intended for educational purposes only and does not constitute the rendering of investment advice or research, or specific recommendations on investment activities and trading.

LOS ANGELES BUSINESS JOURNAL
ECONOMIC INSIGHTS 2025
PRESENTED BY
FIFTH THIRD BANK

Los Angeles' Economic Outlook: How Tax Policy Impacts Businesses

By FRANCES ELLINGTON

California business leaders must remain nimble in response to fluctuating economic conditions and tax policy changes — and Los Angeles businesses are nothing if not adaptable.

Wildfire disasters earlier this year and new business regulations have put many California businesses at risk. Various federal and state tax policies have also increased operational burdens. However, other policies have provided welcome tax incentives. Disaster-related deductions and tax filing extensions have also offered reprieve to business owners.

California leaders can properly strategize for the future by understanding the tax implications of recent and proposed policies.

TAX IMPLICATIONS OF RECENT POLICY CHANGES

Amidst federal policy overhauls and resulting court orders, the following changes and proposed policies should be closely monitored:

- **California tax concerns:** Proposals for individual tax rate increases and new tax regimes like the wealth tax could make it more expensive to do business in SoCal. Proposals for broadening the tax base to include sourcing rules for income and sales tax on additional products/services may also contribute to deterring economic growth.
- **Rescinded federal grants:** Federal proposals to reduce research grants — including more than $2.6 billion in National Institutes of Health funding previously awarded to the University of California — could limit resources for universities, healthcare organizations and nonprofits. As a result, some organizations are implementing hiring freezes to reduce short-term costs.
- **Domestic manufacturing:** The administration is prioritizing US manufacturing with tariffs that will likely impact manufacturers, suppliers and importers. Additionally, a proposed Senate bill would allow for an auto loan interest deduction on American-made cars.
- **No tax on tips or overtime:** This House bill, backed by President Trump, pushes for changes in employee pay arrangements. This would benefit industries relying on tips and overtime, such as hospitality — which represents a major employment sector in Los Angeles.
- **Proposed corporate rate cuts:** President Trump campaigned on dropping the corporate tax rate to 15% for companies manufacturing in the US, which would likely influence entity structure decisions, especially if the changes are substantial.

TAX INCENTIVES FOR BUSINESS GROWTH

State incentives:

- **Wildfire recovery:** Wildfire recovery bills provide $2.5 billion in disaster relief.
- **Property tax relief:** Based on existing property tax relief laws concerning valuation, this allows property owners to request a reappraisal of their property to reflect its damaged state. Without action, the property could be appraised at the same value as before the fires.
- **LA business tax relief:** This allows impacted business to avoid 2025 business tax and renewals for this year if currently not in operation due to wildfire impacts. Further, annual exemptions from the business tax for small businesses, creative artists and nonprofits remain available.

Other incentives:

- **Research and development:** Available both at the federal and state level, these credits incentive businesses to invest in new products or improvements.

Proposed incentives:

- **Tax credits for wildfire mitigation expenses:** The federal SAFE HOME Act would create a 25% refundable credit for wildfire mitigation. California's SB 269 would provide other tax credits to eligible homeowners that make specific wildfire prevention improvements to their houses.
- **Increased film credit:** California's Film Tax Credit is designed to keep entertainment industry productions in state. The 2025-2026 budget proposes a higher cap ($750 million per year) on tax credits.

TAX PLANNING STEPS TO TAKE NOW

In federally declared disaster areas, companies may be eligible to deduct disaster-related losses on the previous year's tax return. A tax advisor can help determine which tax year is more advantageous to deduct disaster-related losses based on a company's taxable position.

Extended payment and filing deadlines are also in effect in some impacted areas. For instance, LA County received a tax extension until October 15, 2025 for both federal and California 2024 tax returns. Some zip codes may also qualify for extended property tax deadlines.

And lastly, be sure to file claims with any business insurance policies, such as business interruption insurance or property insurance with replacement cost coverage.

TAX PLANNING DRIVES BUSINESS GROWTH

Tax policies will undoubtedly continue to shift, and uncontrollable factors, like wildfires, are always a potential threat to business owners and individuals. Staying informed on tax policy developments and proactive tax planning are integral parts of driving business growth and maintaining financial resiliency.

Frances Ellington is a partner and the state and local Tax Practice leader for GHJ. Learn more at ghjadvisors.com.

DEO Announces $32 Million Investment in Workforce Initiatives

Earlier this month, the Los Angeles County Department of Economic Opportunity (DEO) announced a groundbreaking $32 million investment that will support 2,300 workers across the County by 2026. This investment includes the launch of two brand-new workforce initiatives: the Fire Recovery and Resilience Workforce Program and the High Road Training Partnership (HRTP) Fund. Together, these County programs address pressing and long-term workforce needs at scale, offering rapid reemployment for workers displaced by the January windstorms and wildfires, ensuring a skilled and sufficient workforce for the rebuild, and ensuring pathways to quality jobs and high-growth industries for all Angelenos.

"From disaster recovery jobs to career-building training, we're making sure people have the tools to rebuild their lives and futures," said Los Angeles County Supervisor Lindsey P. Horvath. "This $32 million investment—made possible from state and federal partnerships—reflects our commitment to an inclusive economy and to standing with workers every step of the way."

"As a region, we have faced immense challenges, from COVID-19 to the recent wildfires. We have also seen the incredible resilience of our communities and know that we can only hasten the recovery and set our sights on a brighter future, together," said Director Kelly LoBianco of the LA County Department of Economic Opportunity. "We are grateful to our Board, our State, our regional Workforce Development Boards, and partners for coming together, braiding funds, and helping the County and our region launch initiatives that will support thousands of workers hardest hit in the recent years with quality programming and quality jobs."

The Fire Recovery and Resilience Workforce Program is a direct $14.2 million investment in the impacted and dislocated workers from the windstorms and wildfires. These funds enable DEO and the County's network of Workforce Development Boards and America's Job Centers of California (AJCCs) to offer 3-to-5 month paid work with County departments like Beaches and Harbors, Parks and Recreation, and Public Works and other partners supporting recovery efforts like cleanup and humanitarian outreach as well as job training, transitional work, supportive services and stipends, and connection to jobs in impacted and growing sectors like hospitality and construction. Participants in the 174 temporary subsidized employment opportunities will receive $20 to $27 per hour, benefits, and access to supportive services valued at up to $34,000. The program will support 1,000 total workers to start, who can visit the East San Gabriel AJCC or the West LA AJCC to sign up and access programs and services that meet their unique needs. This program is part of a $20 million investment by the State's Employment Development Department (EDD) in the region's recovery through its National Dislocated Worker Grant and Additional Assistance Grant Programs.

"Working in collaboration with our city and county partners, EDD was able to quickly get funds to assist with the recovery of the devastating LA wildfires. These grants will provide necessary resources to workers, ensuring they can focus on rebuilding their community" said Director Nancy Farias of the California Employment Development Department.

The HRTP Fund provides $17.8 million in grants for industry-led, worker-informed training models that inspire equity, job quality, and climate resilience in our region, targeting participants from historically disinvested communities as well as those impacted by COVID-19 and the recent windstorms and wildfires. The HRTP Fund, implemented in partnership with Dalberg LLC and the UCLA Labor Center, will support an estimated 20 HRTPs and 1,300 workers through those programs. HRTPs are an evidence-based approach to workforce development that elevate collaborative partnerships with employers and industry, workers and worker organizations, educational institutions and training providers, and the AJCCs and public workforce system for design and delivery of programs. All of these program entities may serve as lead applicants for the HRTP Fund. The program builds off the California Workforce Development Board's framework and is part of the County's $34 million investment in HRTPs, including active programs in Aerospace, Healthcare, Creative Economy, Early Care and Education, Construction, and Technology and leverages federal American Rescue Plan Act and the County's Care Fire Community Investment dollars. HRTPs and their participants will not only access no-cost training, program stipends, and wages for work-based experiences, which may vary by program, all participants have access to also apply to a Worker Equity Fund, as needed, which offers flexible cash assistance that support retention in training and job search.

Visit opportunity.lacounty.gov to learn about DEO services.


MSC
MSC