

City of Stockton

Office and Industrial Sales Tax Incentive Program

1. Goals and Objectives

The purpose of the Office and Industrial Sales Tax Incentive Program is to serve as an additional tool in the City's economic development efforts to generate new revenue, attract new business, and create additional jobs throughout Stockton. The program provides financial incentives to eligible businesses that are looking to locate or expand in office or industrial facilities within the Stockton city limits. Examples of the type of industries that would qualify for the incentive include: eCommerce, fuel distributors, medical device manufacturers, and business-to-business sales. Traditional retail establishments, such as brick-and-mortar storefronts, dealerships, malls and big box retailers, do not qualify for sales rebates under this program.

2. Program Guidelines

The Office and Industrial Sales Tax Incentive Program will be used to attract and retain businesses meeting the following criteria:

- Generate net new annual gross taxable sales of \$25 million or more
- Generate sales tax to the City of Stockton corresponding with the gross sales tax amount
- Create a minimum of 10 full-time equivalent (**FTE**) jobs
- Make a capital investment within the City of \$50,000 or more
- Must have a physical presence within Stockton city limits
- No tax sharing agreement shall include local measure taxes

Businesses currently located within the unincorporated areas of San Joaquin County, as well as local jurisdictions within San Joaquin County with the exception of the City of Stockton are not eligible for a rebate under this program. The program's goal is to encourage new business development and investment in Stockton, rather than incentivizing businesses to relocate from other parts of San Joaquin County.

An Office and Industrial Sales Tax Incentive Agreement, requiring approval by the City Council, will be executed between the City of Stockton and qualifying businesses using the following rates and terms:

Net New Sales Tax Revenue	% of Sales Tax Revenue Rec'd by City to Business	% of Sales Tax Revenue Rec'd retained by City
\$0- \$249,999	0%	100%
\$250,000 and above	50%	50%

- Rebate amount will be based on net new sales tax revenue received by the City and disbursed annually to the business.
- Sales tax rebate would be limited to the Bradley-Burns 1% tax only
- Include recapture clause to protect City should BOE make a determination that all/portion of sales tax revenue received were improperly allocated.
- Provision indemnifying the City against any claim of violation of Government Code Sections 53083, 53084, and 53084.5, and other such claims.
- Must obtain City business license, proper permitting, and comply with all laws and regulations.

In order to be eligible for the incentive, the City must demonstrate that there is a direct benefit to the public, which may include, but is not limited to:

- Net new sales tax revenue received by the City of Stockton
- Creation of jobs
- Capital investment by the business

The details of the financial incentive will be included in the Office and Industrial Sales Tax Incentive Agreement, in a form approved by the City Attorney's Office. Net new sales tax revenue received through the incentive program will be used to further the City's economic development activities. The program will be in effect for a period of 5 years from the date of approval, unless extended by the City Council.

3. City Council Review

Each Office and Industrial Sales Tax Incentive Agreement will be presented to the City Council for review and consideration, based on the findings and guidelines set forth above. Approval of the Incentive Agreements will require a public hearing.

Adopted by the Stockton City Council
 June 24, 2014 - Resolution No. 2014-06-24-1505
 Amended August 12, 2014 - Resolution No. 2014-08-12-1601
 Amended March 18, 2025 - Resolution No.