



Public Hearing

Approve an Office and Industrial Sales Tax Incentive Agreement Between the City of Stockton, and Home Depot U.S.A., INC., and Amend the Office and Industrial Sales Tax Incentive Program Guidelines

CITY COUNCIL MEETING

AGENDA ITEM 16.1

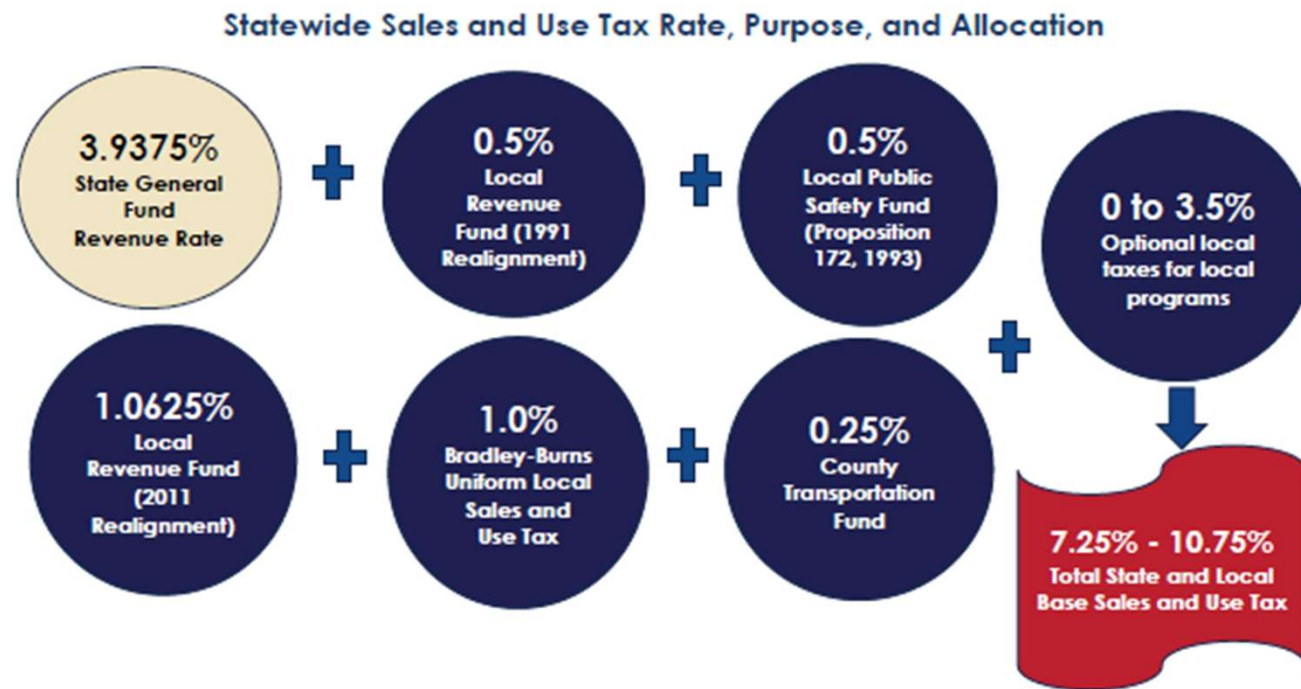
MARCH 18, 2025

Background

June 24, 2014, Council approved the Office and Industrial Sales Tax Incentive Program

- Rebates a percentage of net new sales tax revenue received by the City above \$250,000 to qualifying businesses
- Creates 10 jobs
- Capital investment of \$50,000 or more
- Physical presence in Stockton city limits

Brief Description of CA Sales and Use Tax



Home Depot U.S.A., INC.

- E-Commerce Point of Sale Distribution Center in Stockton.
- Plan to build 600,000 – 700,000 sqft distribution center.
- Retaining 80-100 jobs not including seasonal jobs.
- Projected annual taxable sales \$50- \$100 million.
- Sales tax sharing agreement is based on Bradley-Burns tax portion (1%) only.
- Will generate new revenue of approx. \$500,000 - \$1 million for the City of Stockton which will be split 50/50.
- Agreement is for 20 years with an option to extend an additional 10 years.
- If agreement is not entered, City risks losing all of the Bradley-Burns portion of the sales tax.

New Sales Tax Incentive Agreement

Amend Program Guidelines

Amend the Office and Industrial Sales Tax Incentive program guidelines as follows:

- Generate net new annual gross taxable sales of \$25 million or more (a minimum of \$250,000 in new sales tax)
- Create a minimum of ten full-time equivalent jobs
- Make a capital investment within the City of \$50,000 or more
- Have a physical presence within Stockton city limits
- Cannot be a current operation or business within the City of Stockton paying sales tax
- No tax sharing agreement shall include local measure taxes

Recommendations

Adopt a resolution:

- Approve the Office and Industrial Sales Tax Incentive Agreement with Home Depot U.S.A., Inc.
- Amend the Office and Industrial Sales Tax Incentive program guidelines to allow for retention of jobs and capital investment.