



**SAN BENITO COUNTY  
AGENDA ITEM  
TRANSMITTAL FORM**

Betsy Dirks  
District No. 1

Kollin Kosmicki  
District No. 2  
Vice Chair

Peter Hernandez  
District No. 3  
Chair

Bob Tiffany  
District No. 4

Bea Gonzales  
District No. 5

---

**Item Number: 1.5**

**MEETING DATE:** 09/27/2022

**DEPARTMENT:** COUNTY ADMINISTRATION OFFICE

**AGENDA ITEM PREPARER:** Dulce Alonso

**DEPT HEAD/DIRECTOR:** Ray Espinosa

**SUBJECT:**

**COUNTY ADMINISTRATION OFFICE- R. ESPINOSA**

Adopt resolution implementing a Sales Tax Reimbursement Economic Incentive Program throughout the unincorporated San Benito County.

SBC FILE NUMBER: 119

RESOLUTION: 2202-109

**AGENDA SECTION:**

REGULAR AGENDA

**BACKGROUND/SUMMARY:**

The County Board of Supervisor's Economic development ad-hoc included Supervisor Kosmicki and Tiffany initially developed the concept of implementing a sales tax reimbursement economic incentive program in the County of San Benito unincorporated region. The Sales Tax Reimbursement Economic Incentive Program ("Incentive Program") is intended to attract and encourage new businesses to establish operations and business expansion within the unincorporated San Benito County. Then the Economic Development Committee, including Supervisor Hernandez and Tiffany, and input from the Business Council, Economic Development Corporation, San Benito Chamber of Commerce, San Juan Economic Development Committee, and Hollister downtown association finalized the Program. The City of Dublin and the City of Livermore both have an active sales tax reimbursement, shared their program details, and provided feedback to the committee. Staff worked with multiple County departments to gather input and present the Program for Board consideration.

The Incentive Program provides sales tax revenue sharing with a qualifying business to reimburse the business for specified development costs incurred to establish or expand operations in the unincorporated county. The sales tax reimbursement is defined as the 1% Bradley-Burns Sales Tax.

The top 100 businesses contribute to the sales tax revenue that the County of San Benito receives and makeup approximately 99.64% of all sales tax collected in the unincorporated area of San Benito County. The top 25 companies make up 86.59% of total sales tax in the unincorporated area; by setting the sales tax requirement to 10,000 in annual tax revenue, the county may potentially support an estimated 11% of existing businesses operating in the unincorporated San Benito County. County Staff gathered Business sales tax data from the top 25% of businesses currently contributing to the County's Sales Tax to set the threshold that was utilized to determine the eligibility amount.

The Incentive program promotes new investments in existing and new businesses' physical expansion, building, and site improvements to commercial or industrial properties in the unincorporated County area. The requirements of the Incentive Program will ensure the following public policy goals are met:

1. The net financial benefit to the public derived from a participating- business expansion or establishment is substantially more significant than the county's financial contribution through the Incentive Program;
2. The county complies with all applicable laws regarding the reporting of reimbursements.
3. All participating businesses will generate new sales tax revenue for the county prior to reimbursement.
4. Qualifying businesses (commercial and industrial) may participate.
5. That all participating businesses will incur costs to construct infrastructure improvement and pay county development impact fees; and
6. Incentive Program reimbursements may not exceed the actual cost of a business's eligible improvements and development impact fees.

The county offers three Incentive Programs. The programs authorize the county to share with a qualifying business a portion of the sales tax revenue the county receives due to the business' tax-generating activity within the unincorporated county to reimburse a qualifying business for eligible expenses:

1. Eligible businesses must generate new, incremental annual sales tax increase(s) of at least \$10,000 of new sales tax revenue (\$1,000,000 in taxable sales). This information needs to be certified by the county based on sales tax returns submitted to the State Board of Equalization.

The county's three Incentive Programs are as follows:

**Program 1** Existing business New Increased Annual Sales: \$1,000,000 and above

- \$10,000 – or more in annual sales tax to be received by the county.
- Amount subject to reimbursement - 50% of incremental sales tax revenue (per year for five years).

**Program 2** New business Annual Sales: \$2,500,000 and above

- \$25,000– or more in new annual sales tax to be received by the county.
- Amount subject to reimbursement - 50% of incremental sales tax revenue reimbursement. (per year for five years).

**Program 3** New business Annual Sales: More than \$1,000,000 to 2,499,999 Annual Sales

- \$10,000-\$24,999–in new sales tax to be received by the County general fund
- Amount subject to reimbursement - 25% of incremental sales tax revenue (per year for five years)

Eligible reimbursable costs include but are not limited to:

- Improvements for public health and safety,
- Infrastructure or site improvements (permanent infrastructure/fixtures),
- Development Impact Fees, and
- Public Infrastructure improvements.

See the attachment of the Program for additional program details.

**RESOLUTION OR ORDINANCE NEEDED FOR THIS ITEM:**

Yes

**CONTRACT NEEDED FOR THIS ITEM:**

No

**CONTRACT AND RFP HISTORY:**

N/A

**LAST CONTRACT AMOUNT OR N/A:**

N/A

**STATE IF THIS IS A NEW CONTRACT/ HOW MANY PAST AMENDED CONTRACTS/ OR N/A:**

N/A

**STRATEGIC PLAN GOALS: 1. Operational Development & Excellence**

Yes

**STRATEGIC PLAN GOALS: 2. Planning And Sustainable Growth**

Yes

**STRATEGIC PLAN GOALS: 3. Technology**

No

**STRATEGIC PLAN GOALS: 4. Community Engagement**

Yes

**STRATEGIC PLAN GOALS: 5. Health & Safe Community**

No

**BUDGETED:**

N/A

**BUDGET ADJUSTMENT NEEDED:**

No

**SOURCE OF FUNDING:**

N/A

**UNFUNDED MANDATE:**

No

**SBC BUDGET LINE ITEM NUMBER:**

N/A

**CURRENT FY COST:**

N/A

**STAFF RECOMMENDATION:**

Adopt resolution implementing a Sales Tax Reimbursement Economic Incentive Program throughout the unincorporated San Benito County.

**BOARD ACTION RESULTS:**

Adopted Resolution No. 2022-109 per staff recommendation (4/0 vote, Hernandez - Absent)

**ATTACHMENTS:**

[Resolution Sales Tax Reimbursement](#)

[Attachment: A Sales Tax Reimbursement Program](#)

[Sales Tax Reimbursement Presentation Final](#)