

**City of Irwindale  
Economic Development Incentive Program**

**Introduction and Purpose:**

It is the intent of the City of Irwindale to establish a clear and transparent policy regarding economic development incentives as a way to encourage and promote economic development and business retention within the City of Irwindale. The purpose of this policy is to provide the City with a method to capture local sales and use tax revenues, subject to the limitations of California Government Code sections 53084 and 53084.5.

This policy is consistent with the City’s General Plan, Community Development Element Policy 10: “The City of Irwindale will promote development that will benefit the community as a whole in terms of both jobs and revenue generation.”

**Policy:**

In accordance with the Bradley Burns Uniform Local Sales and Use Tax Law and Irwindale Municipal Code (IMC) Chapter 3.12, a sales or use tax at the rate of 1% is imposed upon businesses within the City for transactions occurring within the City’s jurisdiction.

The City may, in its sole discretion, enter into a sales and/or use tax sharing agreement with a business located within the City of Irwindale for a percentage rebate of the local sales or use tax that the City would not otherwise have realized from that business, in accordance with the following rebate schedule:

<b>Minimum Revenue Tax Base of Sales or Use</b>	<b>Maximum Agreement Term</b>	<b>Maximum Rebate Amount (Up To)</b>
\$100,000,000	10-years	35%
\$100,000,000	15-years	40%
\$100,000,000	20-years	45%

Each agreement entered into under this Policy shall follow this schedule and may not increase the percentage rebate allocated before the expiration of the above time-periods unless the City Council, in its sole discretion, finds good cause for doing so.

In order to enter into an agreement in accordance with this Policy, the City must make all of the following findings:

1. The net financial benefit to the public is larger than the financial incentive given which shall represent new resources of general fund revenue to the City.
2. The agreement provides a direct public benefit to the City, including any of the following:

- a. revenues that will be used to provide for municipal services, public improvements, and/or civic or community programs;
  - b. the creation, retention and/or expansion of jobs within the City;
  - c. retention of a local or regional business within the City;
  - d. a capital investment by the business into the City for local economic development;
  - e. whether the business is a regional draw for other local businesses and/or economic development; or
  - e. any other direct public benefit identified in the agreement.
3. The business establishes the City of Irwindale as its operative location for point of sale and/or use for purposes of the collection of local sales and use tax revenues directly attributable to the business conducted within the City;
4. The business itself is located within the City of Irwindale and will remain located within the City for a minimum of 10 years;
5. In the event that the City Council desires to increase the percentage rebate allocated before the expiration of the rebate schedule, good cause exists for doing so; and
6. Existing sales tax revenue will not be shared; only net new sales tax revenues resulting from future growth will be shared.

### **Agreement Administration:**

#### 1. Application

To be considered for an agreement, an authorized representative of the business shall submit a written application to the City's Economic Development Division in the form of a letter providing information about the business, including, but not limited to:

- a. a description of the business;
- b. projected annual tax base revenue subject to the Bradley Burns Uniform Local Sales and Use Tax Law and IMC Chapter 3.12 and supporting documentation, including, but not limited to, the previous years' tax returns;
- c. the proposed direct public benefit(s) the business intends to provide the City;
- d. proposed sales tax sharing term requests; and

- e. any other necessary supporting documentation or information upon the City's request.

## 2. Economic Development Division Review and Preparation of Agreement

City staff will analyze and evaluate the application and any supporting material, such as prior tax returns, to determine whether it would be advantageous to the City to enter into an agreement with the business and will make a recommendation to the City Council for consideration. Staff shall prepare all required public hearing notices, staff reports, resolutions, and the agreement, in a form approved by the City Attorney.

## 3. City Council Final Decision

The City Council will review the proposed agreement and, in its sole discretion and upon a majority vote, will approve or deny the proposed agreement.

### **State Reporting Requirements:**

All agreements entered into by the City in accordance with this Policy shall, with the help of the business, as necessary, comply with the reporting requirements of Government Code sections 53083, 53083.1, and 53084, as applicable.