



CITY OF RANCHO CUCAMONGA

10500 Civic Center Drive | Rancho Cucamonga, CA 91730 | 909.477.2700 | www.CityofRC.us

August 9, 2021

Dianne Martinez, Mayor
City of Emeryville
1333 Park Ave
Emeryville, CA 94608-3517

RE: Support Online Sales Tax Resolution at Cal Cities Annual Conference

Dear Dianne Martinez,

We need your help today to pass an urgent resolution regarding local sales tax at the upcoming Cal Cities Annual Conference in Sacramento in September.

One look down any Main Street and you can see that online shopping has forever changed how residents and businesses in each of our cities purchase goods. It is time we work together to advocate for California sales tax reform that allocates the 1% local sales tax in a fair and equitable way. Although sales tax reform has been brought up many times in the past, this issue just went from “nice to have” to an urgent need that requires our collective action.

Recently, one of the world’s largest online retailers changed the legal ownership of its fulfillment centers. Instead of having its fulfillment centers owned and operated by a third-party vendor, they are now directly owned by the company. This subtle change has major impacts to how the 1% local tax is allocated. Previously much of the sales tax would have been allocated to the countywide pool based on point of delivery. Now, much of the tax is allocated to the jurisdiction in which the fulfillment center is located.

There are a handful of cities in our entire state who will experience a multi-million dollar windfall with this change. We understand and agree that cities who house fulfillment centers should see a significant share of sales tax revenue; they bear an infrastructure and environmental burden other cities don’t. But we are not talking about nickels and dimes; in fact there are hundreds of millions of dollars at stake here. With so many Californians shopping on-line, all cities should continue to receive a sales tax benefit from their residents’ online purchases regardless of who owns the fulfillment centers.

We ask you to work with us to elevate this issue and conversation by supporting our effort at the upcoming Cal Cities Annual Conference. The City of Rancho Cucamonga has submitted to Cal Cities the following Resolution for consideration:

Cal Cities calls on the state legislature to pass legislation that provides for a fair and equitable distribution of the Bradley Burns 1% local sales tax from in-state online purchases, based on data where products are shipped to, and that rightfully takes into consideration the impacts that fulfillment centers have on host cities but also provides a fair share to California cities that do not and/or cannot have a fulfillment center within their jurisdiction.

It's often said of cities, "If you're not at the table, you're on the menu." We believe that to be the case here. Cities must come together - both the cities who don't have fulfillment centers owned by the online retailer, and the fortunate few who do - to help create a solution to this issue rather than leave it in the hands of State politicians, who will decide to act when they realize that multi-millions of dollars are going to just a handful of cities leaving many of their constituents without.

Join our coalition today. Email us at City.Council@CityofRC.us to let us know you agree and want to help. We will provide issue updates and supply you with an issue fact sheet, and talking points for your Council members and Mayors who will attend the Cal Cities Conference.

Most importantly, we ask for your city delegate to vote YES on the resolution at the General Assembly on Friday, September 24th.

In a world that's changing before our eyes, where it seems that every year city budgets shrink and service delivery costs rise, we ask all cities to come together to advocate for a sales tax allocation that is fair and equitable to benefit all our communities.

Sincerely,

A handwritten signature in blue ink, reading "L. Dennis Michael". The signature is fluid and cursive, with the first name "L. Dennis" and the last name "Michael" clearly visible.

L. Dennis Michael
Mayor