



Five-Year Economic Development Subsidy Report Pursuant to Government Code Section 53083

Sales Tax Sharing Agreement with
Surf City Auto Group II, Inc.

May 3, 2022

Background

- Surf City Auto Group II, Inc. approached City in 2017 for assistance with the expansion of their Chrysler, Jeep, Dodge, Ram dealership and the construction of a new stand-alone Jeep Dealership
- To help facilitate the expansion that would in turn increase car sales, the City provided an economic development subsidy in the form a sales tax sharing agreement
- Subsidy provides a 50/50 split of sales tax revenue received by the City in excess of \$1,681,797 (base amount), increases 1% each subsequent year



RAM

SUPPLEMENTAL
COMMUNICATION

Meeting Date: 5/3/2022

Agenda Item No.: 24(22-373)

AB 562 – Section 53083

- Enacted January 1, 2014
- Requires local agency to provide specified information to the public and review, hold hearings, and report at specific intervals
- Economic Development Subsidy – any expenditure of public funds or loss of revenue – (\$100,000 or more) for the purpose of stimulating economic development

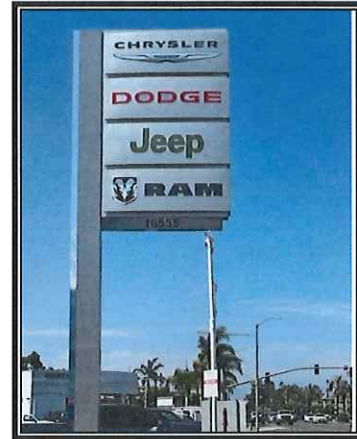


5 Year Report - Key Points

Fiscal Year	Sales Tax Revenue	Sales Tax Rebate	City's Revenue
FY 2018-2019	\$1,645,216	\$0	\$1,645,216
FY 2019-2020	\$2,392,231	\$338,315	\$2,053,916
FY 2020-2021	\$2,625,515	\$446,379	\$2,179,136
FY 2021-2022	\$558,379	TBD	\$558,379
TOTAL	\$7,221,340	\$784,694	\$6,436,646

- Term through 2038 (or can be terminated after 10 years by Surf City Auto)
- \$7,221,340 in Sales Tax Revenue
 - City has retained \$6,436,646
 - Surf City Auto provided with \$784,694
- 25 full-time jobs, 75 temp. construction jobs

New Stand-Alone Jeep Dealership



Questions?

