



**Five-Year Economic Subsidy Report Pursuant to  
Government Code Section 53083  
Sales Tax Sharing Agreement with  
McKenna Motors Huntington Beach, Inc.**

Background

- McKenna Motors Huntington Beach, Inc. approached City in 2016 for assistance-expansion of VW and the building of new Subaru Dealership—Sales Tax Agreement
- \$15 million in taxable sales retained by City annually, then split 55% for City and 45% McKenna in excess of base amount \$150,800
- Subaru complete in July 2019—total private investment of \$29.8 million



**SUBARU**

**SUPPLEMENTAL  
COMMUNICATION**

Meeting Date: 11/16/2021

Agenda Item No.: 24 (21-831)

## AB 562 – Section 53083

- Enacted January 1, 2014
- Requires local agency to provide specified information to the public and to review, hold hearings, and report at specified 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 Economic Subsidy Report

1. The name and address of all corporations or any other business entities
2. Start and end dates, and schedule for the economic development subsidy
3. Description of economic development subsidy
  - estimated total amount of the expenditures of public funds by,
  - or revenue lost to, the local agency
4. Net tax revenue accruing to City as a result of the subsidy
5. Number of jobs created

## Key Points of City/McKenna Agreement

Fiscal Year	Sales Tax Revenue	Sales Tax Rebate	City Revenue
FY 2016-2017	\$401,442.00	\$112,788.90	\$288,653.10
FY 2017-2018	\$417,421.33	\$119,979.60	\$297,441.73
FY 2018-2019	\$387,248.00	\$106,401.60	\$280,846.40
FY 2019-2020	\$464,822.00	\$141,309.90	\$323,512.10
FY 2020-2021	\$404,290.00	\$114,070.50	\$290,219.50
<b>TOTAL</b>	<b>\$2,075,223.33</b>	<b>\$594,550.50</b>	<b>\$1,480,672.83</b>

- Agreement term through December 2033—16 years
- \$2,075,233 total in Sales Tax Revenue
  - City has retained \$1,480,673 (including base)
  - McKenna provided with \$594,550
- 37 full-time jobs, 305 construction jobs
- Assessed value of property greater than \$21 million (2020)

## McKenna Subaru—Huntington Beach





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