



Support for the City Managers Sales Tax Working Group Recommendations

CITY OF MANTECA
ADMINISTRATION CENTER

Background

- Bradley-Burns Uniform Local Sales and Use Tax allocates 1% of the statewide sales tax to local jurisdictions.
- Bradley-Burns tax for e-commerce transactions is currently based on point-of-sale – typically fulfillment or distribution centers.
- This methodology shifts a disproportionate share of sales tax to jurisdictions with distribution centers from agencies without them.

City Managers Working Group Recommended Allocation

- 50/50 split of Bradley Burns sales and use tax generated from e-commerce transactions
 - 50% to point-of-sale (warehouse/distribution center)
 - 50% to jurisdiction where items are shipped to
- Allows plus or minus 10% to allocation for flexibility when drafting legislation
- Five-year phase-in, after CDTFA implementation
- County pool use tax will be directly allocated to jurisdiction where packages delivered
- Prospective changes – revenues from existing sales tax sharing agreements not subject to split

Results

- 483 cities studied:
 - 255 projected to gain revenue
 - 105 projected to lose revenue
 - 123 lack sufficient data – likely neutral to minimal changes
- Sales tax allocation for Manteca projected to increase <10%
 - Based on FY '25 actuals, every 1% increase is an additional \$200,000 allocation to Manteca – potentially up to an additional \$2 Million allocation

Recommendation

- Letter of support for recommended changes to Cal Cities
- Advocate for proposed change with other cities in the region that would benefit from a more equitable sales tax distribution for e-commerce transactions



Thank you

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