



April 15, 2025

League of California Cities (CalCities)

1400 K Street, Suite 400
Sacramento, CA 95814

Subject: Opposition to Proposed Sales Tax Sharing Changes – Protecting Beaumont’s Financial Stability

Dear CalCities Board Members,

On behalf of the City of Beaumont, I write to express our strong opposition to the Sales Tax Working Group’s proposed recommendations to alter the allocation of the Bradley-Burns 1% Sales Tax for e-commerce transactions.

The proposed 50/50 revenue split between the point-of-sale and destination cities would have a significantly detrimental impact on Beaumont’s fiscal stability. Our city has strategically invested in becoming a regional logistics hub, attracting distribution and fulfillment centers through responsible long-term planning. These decisions were made with a clear understanding that the resulting point-of-sale tax revenues would offset the considerable infrastructure burdens associated with this type of development.

The City of Beaumont is liable for the infrastructure that supports e-commerce operations—this includes roads, bridges, interchanges, traffic signals, high truck volumes, and commercial traffic. The maintenance costs, unlike the proposed 50/50 revenue split, would not be shifted to the “destination” cities. To shift tax revenue away from the point of sales while ignoring all maintenance costs is not only inequitable but fundamentally flawed. We planned responsibly for the growth based on the current tax framework, and we are now being asked to absorb the costs without the revenue stream we were promised.

Based on FY2024 actuals, we estimate a loss of approximately \$9.4 million annually should the 50/50 split be adopted. This would represent a significant blow to our ability to fund public safety, street repair, economic development, and core city services. The phased implementation period, while appreciated, does not negate the long-term structural deficit this proposal would impose on cities like Beaumont.



Furthermore, this change retroactively undermines the very incentive structure that encouraged cities to invest in job creation, infrastructure, and commerce. If these recommendations proceed, cities that acted responsibly and fostered economic growth will be punished for their foresight. This creates a chilling effect for future investment planning and sends a message that cities cannot rely on existing revenue frameworks when making long-term commitments to the community.

We strongly urge CalCities to reject this redistribution proposal and instead pursue policies that recognize the full financial responsibilities borne by point-of-sale cities. Any framework that ignores the cost of infrastructure maintenance while shifting revenue away is inherently inequitable and unsustainable.

We appreciate your ongoing advocacy and welcome the opportunity to work collaboratively on alternative solutions that uphold fiscal fairness and protect cities that have invested in California's economic engine.

Sincerely,

Mike Lara
Mayor, City of Beaumont

Cc:

City of Carson	City of Manteca	City of Richmond	City of Victorville
City of Chino	City of Moreno	City of Riverside	City of Visalia
City of Corona	Valley	City of San	County of San
City of Eastvale	City of Ontario	Bernardino	Bernardino
City of Fontana	City of Oxnard	City of San Diego	County of
City of Fresno	City of Patterson	City of Shafter	Riverside
City of Hayward	City of Perris	City of Stockton	
City of Irvine	City of Rancho	City of Tracy	
City of Jurupa	Cucamonga	City of Turlock	
Valley	City of Redlands	City of Vacaville	
City of Lathrop	City of Rialto		



May 22, 2025

Mayor Mike Lara
City of Beaumont
550 E. 6th Street
Beaumont, CA 92223

Dear Mayor Lara,

Thank you for your letter regarding the Cal Cities City Managers Department Sales Tax Working Group's proposed recommendations to change the allocation of the Bradley-Burns 1% Sales Tax on e-commerce transactions. I sincerely appreciate your feedback and perspective, which is crucial for our member-driven organization and our advocacy on behalf of California cities.

The City Managers Department convened this diverse and representative group of city managers to examine local government sales tax issues and provide recommendations that equitably benefit cities across the state, further fiscal sustainability, and strengthen the viability of the sales tax.

The Working Group formed a consensus around a proposal to prospectively split the Bradley Burns sales and use tax from e-commerce transactions equitably between origin/fulfillment and destination cities, with each city receiving 50 percent of the revenues. Additionally, the proposal calls for a five-year phase-in approach and for use tax dollars in the county pools generated from out-of-state fulfillment to be allocated directly to the destination city. The proposal would not affect existing sales tax rebate agreements.

While the Working Group has completed its work, the proposed recommendations have not been adopted as the organization's official policy through our standing policy development process, which involves careful review and consideration by a policy committee and the Cal Cities Board. The Cal Cities Revenue and Taxation Policy Committee may consider the proposal at a future meeting and make a recommendation to the Cal Cities Board of Directors for final action. As part of any future consideration of the proposed recommendations, your letter will be included in the package of background materials for the Committee's and the Board's review.

To raise awareness about the proposal and gather input from peers, the City Managers Department is scheduling briefings with Regional Area Manager groups throughout the state. I have shared your letter with Department leadership to help inform those efforts.

I encourage the City of Beaumont to continue to engage in the process should the proposal move forward and have asked Cal Cities Senior Director of Public Affairs Kristine Guerrero to keep you apprised of the status of the proposal, including the timing



of any consideration by the Revenue and Taxation Policy Committee or the Cal Cities Board.

Please feel free to contact Kristine or me if you have additional questions. Kristine can be reached directly at (626) 716-0076 or kquerrero@calcities.org

Sincerely,

A handwritten signature in black ink that reads "Carolyn M. Coleman".

Carolyn M. Coleman
Executive Director and CEO
League of California Cities

Cc:

City of Carson	City of Manteca	City of Richmond	City of Victorville
City of Chino	City of Moreno Valley	City of Riverside	City of Visalia
City of Corona	City of Ontario	City of San Bernardino	County of San Bernardino
Cit of Eastvale	City of Oxnard	City of San Diego	County of Riverside
Cit of Fontana	City of Patterson	City of Shafter	
City of Fresno	City of Perris	City of Stockton	
City of Hayward	City of Rancho Cucamonga	City of Tracy	
City of Irvine	City of Redlands	City of Turlock	
City of Jurupa Valley	City of Rialto	City of Vacaville	
City of Lathrop			



CITY OF PERRIS
OFFICE OF THE MAYOR
MICHAEL M. VARGAS

May 21, 2025

League of California Cities (CalCities)

1400 K Street, Suite 400
Sacramento, CA 95814

Subject: Opposition to Proposed to E-Commerce Sales Tax Changes (Bradley Burns Sales Tax Reform) - Protecting Perris' Financial Stability

Dear CalCities Board Members,

On behalf of the City of Perris, I write to express our strong opposition to the Sales Tax Working Group's proposed recommendations to alter the allocation of the Bradley-Burns 1% Sales Tax for e-commerce transactions.

The proposed 50/50 revenue split between the point-of-sale and destination cities would have a significantly detrimental impact on Perris' fiscal stability. The City of Perris has spent years struggling to provide services to our residents due to the land use constraints that we have been faced with, through no fault of ours. We do not have the ability of developing large brick and mortar retail centers due to development intensity restrictions being located next to a military base. Our city has strategically invested in fulfillment centers through responsible long-term planning. These decisions were made with a clear understanding that the resulting point-of-sale tax revenues would offset the considerable infrastructure burdens associated with this type of development.

The City Manager's Sales Tax Group's recommendation came about during a time when e-commerce was thriving, which is no longer the case now. Due to the current volatile economic situation and tariffs, we are experiencing a decrease in e-commerce sales tax revenues to the point where one of our large fulfillment facilities has left the city. Based on FY2024 actuals, we estimate a loss of up to \$3 million per year should the 50/50 split be adopted. Additionally, the City Manager's Sales Tax Group recommendation proposes a plus or minus of 10% to allow for flexibility that could apply to either the destination or host city. This is a large percentage of uncertainty as to where the additional plus or minus 10% could be allocated, thereby possibly causing up to a 60% loss of e-commerce sales tax revenue to host cities like us. This is a significant blow to our ability to fund public safety, street repair, economic development, and core city services. The phased implementation period, while appreciated, does not negate the long-term structural deficit this proposal would impose on cities like Perris.

101 North "D" Street
Perris, California 92570
(951) 943-6100 Ext. 231

We are liable for the infrastructure that supports e-commerce operations, which includes roads, bridges, interchanges, traffic signals, high truck volumes, and commercial traffic. The maintenance costs, unlike the proposed 50/50 revenue split, would not be shifted to the "destination" cities. To shift tax revenue away from the point of sales while ignoring all maintenance costs is not only inequitable but fundamentally flawed. We planned responsibly for the growth based on the current tax framework, and we are now being asked to absorb the costs without the revenue stream we planned.

Furthermore, this change retroactively undermines the very incentive structure that encouraged cities to invest in job creation, infrastructure, and commerce. If these recommendations proceed, cities that acted responsibly and fostered economic growth will be punished for their foresight. This creates a chilling effect for future investment planning and sends a message that cities cannot rely on existing revenue frameworks when making long-term commitments to the community.

We strongly urge CalCities to reject this redistribution proposal and instead pursue policies that recognize the full financial responsibilities borne by point-of-sale cities. Any framework that ignores the cost of infrastructure maintenance while shifting revenue away is inherently inequitable and unsustainable.

We appreciate your ongoing advocacy and welcome the opportunity to work collaboratively on alternative solutions that uphold fiscal fairness and protect cities that have invested in California's economic engine.

Sincerely,



Michael M. Vargas
Mayor, City of Perris

Cc:

City of Carson	City of Manteca	City of Rialto	City of Vacaville
City of Chino	City of Moreno Valley	City of Richmond	City of Victorville
City of Corona	City of Lathrop	City of Riverside	City of Visalia
City of Eastvale	City of Ontario	City of San Bernardino	County of San Bernardino
City of Fontana	City of Oxnard	City of San Diego	County of Riverside
City of Fresno	City of Patterson	City of Shafter	City of Ontario
City of Hayward	City of Beaumont	City of Stockton	City of Cupertino
City of Irvine	City of Tracy	City of San Jacinto	
City of Jurupa Valley	City of Redlands	City of Turlock	
City of Cupertino	City of Baldwin Park		

101 North "D" Street
Perris, California 92570
(951) 943-6100 Ext. 231



PAUL S. LEON
MAYOR

ALAN D. WAPNER
MAYOR PRO TEM

JIM W. BOWMAN
DEBRA PORADA
DAISY MACIAS
COUNCIL MEMBERS

May 21, 2025

SHEILA MAUTZ
CITY CLERK

JAMES R. MILHISER
CITY TREASURER

SCOTT OCHOA
CITY MANAGER

CalCities
Revenue and Taxation Committee
1400 K Street, Suite 400
Sacramento, CA 95814

Subject: Opposition to E-Commerce Sales Tax Changes (Bradley Burns Sales Tax Reform)

Dear CalCities Committee Members,

On behalf of the Ontario City Council, I write to express our continued opposition to altering the allocation of the Bradley-Burns 1% Sales Tax for e-commerce transactions. The rules that exist today related to sales tax revenues are part of a larger policy discussion regarding local government funding and have evolved over decades. Indeed, sales tax rules and guidelines are a direct reflection of how we treat property taxes in this state under Prop 13, as well as the larger local government funding regimen (Props 218 and 26, especially). Any endeavor to change sales tax rules in a vacuum, when cities have customized their respective revenue streams pursuant to the existing rules, will create a distortion that is neither fair nor practical. Any retroactive change would undermine the very incentive structure that encouraged cities to invest in job creation, infrastructure, and commerce.

The City of Ontario currently feels the impact of traffic congestion, noise, truck storage, road wear and-tear, land use compatibility, and traffic safety/enforcement. Coupled with the impacts related to our airport's cargo operations, and two national freight lines, the price our community pays for the benefit of the greater region is indeed profound. Thousands of trucks traverse through our City each day as they support the national goods movement system. Recognizing

Ontario's role as a premier global gateway, we strive to provide a balanced quality of life for our residents. We support the continued education efforts of CalCities staff and stakeholders and believe this process should be allowed to be completed before any policy considerations are then discussed or considered for adoption. We welcome the opportunity to continue to work collaboratively on alternative solutions that uphold fiscal fairness and protect cities that have invested in California's economic engine.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Ochoa', written in a cursive style.

Scott Ochoa
City Manager

cc: CalCities Board

Ontario Legislative Delegation



CITY OF EASTVALE

12363 Limonite Avenue | Suite 910 | Eastvale, CA 91752
951.361.0900

May 28, 2025

League of California Cities (CalCities)
1400 K Street, Suite 400
Sacramento, CA 95814

**Subject: Opposition to Proposed E-Commerce Sales Tax Changes
(Bradley Burns Sales Tax Reform)**

Dear CalCities Board Members,

On behalf of the City of Eastvale, we write to express our strong opposition to the Sales Tax Working Group's proposed recommendations to alter the allocation of the Bradley-Burns 1% Sales Tax for e-commerce transactions.

The proposed 50/50 revenue split between the point-of-sale and destination cities would have a significantly detrimental impact on Eastvale's fiscal sustainability. Eastvale incorporated in 2010 and by 2011 lost a significant revenue stream when the state redistributed Vehicle License Fee revenue to special state law enforcement, which the city was not eligible for. Additionally, Eastvale has faced considerable land use constraints and limited commercial space. As a result, Eastvale made significant strategic investments in logistics and e-commerce infrastructure, which has allowed us to diversify our revenue base and fund essential city services.

Eastvale does not have the same volume of traditional retail as other cities due to its master-planned residential nature and limited commercial footprint. We have leaned into long-term economic development planning, including attracting major fulfillment and distribution centers that now serve as vital revenue generators. These developments were pursued with the understanding that point-of-sale tax revenues would help us meet the growing demands of a city that has doubled in population since incorporation in 2010.

Eastvale has taken on the infrastructure burdens and public safety costs that come with hosting high-volume e-commerce facilities that are not shared by destination cities. To now divert existing revenue away from cities that carry these burdens, without a corresponding shift in maintenance responsibility is inequitable and unsustainable.

The City Manager's Sales Tax Group's recommendations come at a time when e-commerce growth is plateauing and we are already seeing signs of volatility and decline in this sector. A revenue-sharing formula that removes significant revenue from point-of-sale cities like Eastvale

threatens our ability to provide core services such as public safety, infrastructure maintenance, and community development. Based on fiscal year 2025 actuals, staff estimates the proposed shift would result in the loss of tens of millions in annual revenues. We rely on these revenues to provide vital services to the community, but to also maintain our roads, manage high truck traffic volumes, and provide adequate traffic control infrastructure necessitated by fulfillment operations. Calculating the precise impact is difficult because access to e-commerce purchase data specific to Eastvale is unavailable, which makes projecting the quality of Eastvale's fiscal health difficult. However, the City would be unable to maintain a structurally balanced budget with any loss of e-commerce revenue.

The proposal's allowance for an additional plus or minus 10% adjustment adds uncertainty and increases the potential for up to a 60% revenue loss. This degree of fiscal unpredictability is untenable for responsible, forward-planning cities like Eastvale, especially as we continue to build a stable foundation for future residents and businesses.

From incorporation in 2010, Eastvale has provided services from a small storefront located in a shopping center. In addition, our public library is located in a shared high school campus library, where hours of operation are limited by the school district. The nearest sheriff substation is located in a neighboring city over a half hour drive from the city. This lack of appropriate resources severely impacts our ability to serve our residents and businesses effectively. The city committed substantial resources towards construction of a Civic Center, which will include a City Hall, Library, and Police Station. Any reduction to e-commerce revenue will limit the city's ability to finance the project and provide vital services to the community.

All cities in California created revenue structures that were specific to local service needs required by the community. Cities that responsibly built and fostered economic growth should not be targeted for their foresight. We respectfully urge CalCities to reject the current redistribution proposal and instead advocate for solutions that equitably reflect the costs borne by point-of-sale cities. A sustainable and fair framework must account for the infrastructure obligations and economic investments that support California's e-commerce economy.

We appreciate your ongoing advocacy and welcome the opportunity to work collaboratively on alternative solutions that uphold fiscal fairness and protect cities that have invested in California's economic engine.

Sincerely,



Mike McMinn
Mayor
Salex Tax-Ad Hoc Committee Member



Jocelyn Yow
Mayor Pro Tem
Salex Tax-Ad Hoc Committee Member