



Administrative Report

H.13., File # 21-1942

Meeting Date: 1/19/2021

To: MAYOR AND CITY COUNCIL
From: MARNI RUHLAND, FINANCE DIRECTOR

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO. CC-2101-012, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING A LOCAL SALES TAX REVENUE SHARING AGREEMENT AND A SALES TAX SHARING IMPLEMENTATION AGREEMENT FOR THE REDONDO MITSUBISHI DEALERSHIP LOCATED JOINTLY IN REDONDO BEACH AND HERMOSA BEACH

EXECUTIVE SUMMARY

Because the Redondo Mitsubishi auto dealership occupies a property which is in both the City of Hermosa Beach and the City of Redondo Beach, a tax sharing agreement is needed for the sales tax generated from the dealership. Consistent with the auto dealership's square footage, the agreed upon split is 47% to Hermosa Beach and 53% to Redondo Beach.

BACKGROUND

The Redondo Mitsubishi dealership will be filing its first quarterly sales tax return at the end of January 2021. In order for the California Department of Tax and Fee Administration (CDTFA) to create sub-permits for each of the parcels on the Hermosa Beach site and the Redondo Beach site and make this quarterly sales tax distribution (together with all future distributions) using the agreed upon split, it needs to be in possession of an agreement between the two cities specifying the percentage each city is to receive. The agreement (to be provided via blue folder) between the Cities of Hermosa Beach and Redondo Beach satisfies this requirement. The agreement between the two cities and Redondo Automotive (dba Redondo Mitsubishi) ensures that the auto dealership is in agreement with the sharing of its collected sales tax.

Since the auto dealership property is 47% in the City of Hermosa Beach and 53% in the City of Redondo Beach, those are the percentages to be used in the sharing of the sales tax generated by the dealership.

COORDINATION

Upon execution their execution of the agreements, the agreement between the City of Hermosa Beach and the City of Redondo Beach will be sent to the State for administration by the CDTFA.

FISCAL IMPACT

For the time the property has been vacant, the City has received no sales tax. With a timely

execution of the resolution and agreements, all sales tax revenue from the Redondo Mitsubishi auto dealership will be shared with the City of Hermosa Beach (47%) for remittances to the City of Redondo Beach totaling 53%.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

Resolution (to be provided via blue folder)

Sales Tax Sharing Agreement (to be provided via blue folder)

Sales Tax Sharing Implementation Agreement (to be provided via blue folder)