

March 5, 2003

Honorable Mayor and Members of  
the Hermosa Beach City Council

Regular Meeting of  
March 11, 2003

<b>SB114 TORLAKSON – RELOCATION OF AUTOMOBILE DEALERSHIP AND BIG BOX RETAILERS</b>
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**Recommendation:**

1. That the City Council consider supporting SB114 and directing a letter of support.

**Background:**

Senator Torlakson was the author of the existing law that provides for sharing of sales tax revenue when one city offers a dealership a financial incentive to move to that city. Under the current law, before the sales tax is shared between the two cities, the cost of any incentive is deducted.

The new bill would prohibit any incentive to be provided. This would address the concern that many cities had that have lost dealerships, in that the incentives often were greater than the sales tax and therefore there was no net sales tax to share. This bill will be next heard by the Senate Local Government Committee. As you may recall, the City Council had expressed its concern about the incentive provision in the existing law and this new legislation addresses it.

Respectfully submitted,

Stephen R. Burrell  
City Manager