

EUNICE M. ULLOA
Mayor



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Mayor Pro Tem

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City Manager

CITY of CHINO

February 17, 2026

Board of Directors
League of California Cities
1400 K Street, Suite 400
Sacramento, CA 95814

SUBJECT: OPPOSITION TO PROPOSED POLICY ON THE ALLOCATION OF BRADLEY-BURNS 1% SALES TAX ON E-COMMERCE TRANSACTIONS

Dear Board Members,

On behalf of the City of Chino, I write to express our opposition to the City Manager Sales Tax Working Group's proposal to alter the Bradley-Burns 1% sales tax allocation by implementing a 50/50 revenue split between point-of-sale and destination jurisdictions for e-commerce transactions.

In addition to undermining the incentive structure that encouraged cities to invest in infrastructure, commerce, and job creation, the proposal undermines the very values on which the League is built. It pits city against city, creating winners and losers on no less important an issue than the very lifeblood of our existence, our revenues. The League's strength lies in its unified front against the attack on local control and chipping away at our revenues from various sources. For the League to take a position and engage in advocacy against the interests of a substantial portion of its members would call into question the organization's very mission – to expand and protect local control for cities. The proposed policy undermines local control and sets a dangerous precedent.

The proposal to alter the Bradley-Burns 1% sales tax allocation by implementing a 50/50 revenue split between point-of-sale and destination jurisdictions for e-commerce transactions ignores that the existing rules governing sales tax revenues are part of a broader policy discussion about 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 of the broader local government funding regime (Props 218 and 26, especially).

Any endeavor to change sales tax rules in a vacuum, when cities have customized their revenue streams under 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.



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This proposed shift would penalize and severely undermine the fiscal stability of cities that have planned responsibly, invested strategically, and assumed the full burden of supporting the state's logistics and e-commerce economy.

The City of Chino has successfully attracted logistics and distribution businesses that have brought jobs to the region and supported the Inland Empire's e-commerce system. However, these benefits come with considerable costs to Chino and its residents, including traffic congestion, noise, truck travel and storage, road wear and tear, land-use compatibility, and traffic safety/enforcement.

The point-of-sale sales tax revenue generated by these centers has been a vital source of funding to help offset these burdens. The proposal also creates a structural imbalance: while point-of-sale cities continue to bear the full responsibility for the impacts of logistics operations, they would receive only half of the associated revenue, while destination cities, which bear none of the direct infrastructure or public safety costs, would receive an equal share of the sales tax. This is inequitable, unsustainable, and fundamentally undermines the integrity of California's local revenue framework and CalCities' commitment to maintaining local control.

Furthermore, the proposal would retroactively penalize cities that made long-term investments in economic development based on the existing tax structure. It disincentivizes future investment in large-scale commerce and erodes the trust between cities and the State.

We urge the CalCities Board to reject this proposal. It is NOT an equitable approach as it ignores the real costs borne by point-of-sale cities and undermines the fiscal viability of those communities that have supported California's e-commerce economy.

Sincerely,



Linda Reich
City Manager

cc: Chino City Council
Laura Varela, League of California Cities IE/Desert Mountains Divisions (lvarela@calcities.org)
Ben Triffo, League of California Cities (btriffo@calcities.org)