

**Economic Development Subsidy Report  
Pursuant to Government Code Section 53083**

**For a Sales Tax Sharing Agreement between the City of Santa Ana and  
TACenergy at 4 Hutton Centre, Ste 700, Santa Ana, CA**

Pursuant to Government Code Section 53083, the City Council of the City of Santa Ana must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public through the City's website regarding a proposed economic development subsidy provided by the City pursuant to a Sales Tax Sharing Agreement between the City of Santa Ana and TACenergy (Agreement). Notice was published on the City's website for a public hearing to be held on March 3, 2020.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regards to the Agreement. This report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described in number 2 below.

**(1) The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy, if applicable.**

The Agreement is with TACenergy, who owns and operates the existing business that will benefit for the economic subsidy:

TACenergy  
4 Hutton Centre Dr, Ste 700  
Santa Ana, CA 92707

**(2) The start and end dates and schedule, if applicable, for the economic development subsidy.**

Upon City Council approval, the proposed agreement is expected to commence on April 1, 2020, and end on December 31, 2045. The economic development subsidy be paid quarterly within thirty days of receipt from TACenergy of the required documentation per executed Agreement.

**(3) A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.**

The economic development subsidy is equal to fifty percent (50%) of the sales tax received by the City quarterly, for each year, during the 25-year agreement period. No expenditure of public funds is anticipated by this agreement.

**(4) A statement of the public purposes for the economic development subsidy.**

On August 5, 2013, the City Council approved the execution of a sales tax sharing agreement with IPC (USA), Inc., an independent wholesale distributor of gasoline, diesel, jet fuel, and other refined petroleum products throughout the United States. The Agreement provided for a 50 percent sharing of local sales tax generation, plus a 70 percent (IPC) and 30 percent (City) sharing of additional sales tax generation above \$1.4 million dollars. On November 1, 2019, IPC (USA), Inc. was acquired by TACenergy, one of the largest national wholesale fuel suppliers in the county, with annual sales exceeding 2.7 billion gallons and more than \$5 billion in revenue.

Since the agreements execution, IPC has been a top ten sales tax producer for the City. This sales tax generated is directly deposited into the City's General Fund which is primarily used to fund police, fire, homeless reduction, and parks and recreational services for the City's residents.

Without this agreement, several of the City's general services may be cut or reduced for its residents.

**(5) Projected tax revenue to the local agency as a result of the economic development subsidy.**

Based on current projections, the cumulative total of sales tax generated during the term of the Agreement is estimated to be in excess of \$50 million dollars. Of this amount, half will be paid to TAC Energy, while the City will retain the remainder. This Agreement will keep 40 jobs in the City of Santa Ana. TACenergy is projecting that they will generate more than \$1.25 million in sales tax the first year, with a 6% annual increase in sales during years 3-7. This will equate to an average of \$1.5 million per year in local sales tax.

**(6) Estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.**

The proposed Agreement will assist in retaining approximately 30 jobs, with the expectation that the number of jobs would increase by an additional 15-20 jobs within the next five years.