

Revenue Capture Agreement

| Sept. 24, 2019

| San José City Council

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The Road to Full Online Sales Taxes

**Supreme
Court
Wayfair
Decision**

June 2018

**CA Marketplace
Facilitators
Implementation**

October 1, 2019

AB 147

CA retailers
implementation

April 2019

San Jose's Home-Grown Marketplace Facilitator



Founded 1995 in San José



Today, 3,500+ SJ employees



Never had to collect/remit sales tax



Major transition for eBay



Analysis of potential revenue impact



Potential for additional revenue through partnership

Guiding Themes

- ✓ **Only share back new, unanticipated revenues**
- ✓ **Achieve fair revenue split**
- ✓ **Align interests in long-term partnership**

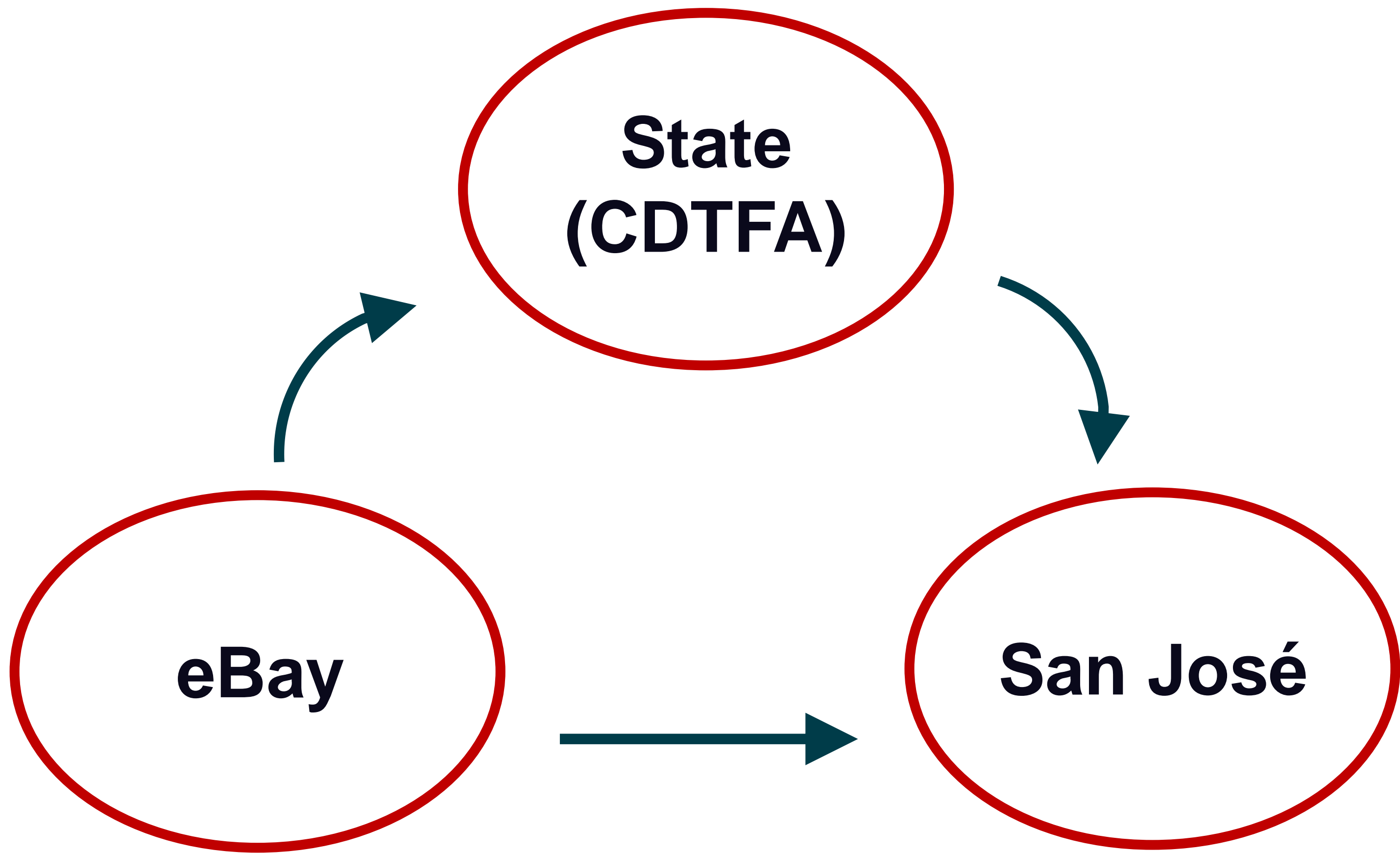
Proposal Terms

Sales Tax Revenue	% to City	% to Company
Up to \$5M threshold	100%	0%
Above \$5M threshold	70%	30%
Length of Agreement	15 years	
Threshold Escalator	3% compounded annually on \$5 million threshold, starting in Year 2	

Revenue Examples

Annual Sales Tax Rev. Example	\$5M/Year	\$20M/Year	\$40M/Year
City Revenue	\$5M	\$15.5M	\$29.5M
Company Revenue	\$0	\$2.5M	\$10.5M
Effective City/ Company Split	100% City/ 0% Company	77.5% City/ 22.5% Company	74% City/ 26% Company

Mechanics



Caveats and Considerations

Questions?

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