

EBay

Name/address of benefitting business entity	eBay Inc., 2025 Hamilton Ave., San Jose, Calif., 95125
Start and end dates for the subsidy	Beginning October 1, 2019 and ending June 30, 2034.
Description of the subsidy, estimated total amount of expenditure of public funds or revenue lost	<p>Under terms of the Agreement, the City will annually make payments to the Company in an amount equal to 30% of sales-tax revenue that is collected above a threshold. The threshold starts in the first full fiscal year at \$5 million and increases by 3% each year, commencing July 1, 2020, for the term. In the event that sales tax collection does not exceed \$5 million, then the City does not make a payment to the company. During the first nine months of the Agreement, this threshold is prorated at 75%, or \$3.75 million.</p> <p>The expenditure of public funds varies based on revenue collected. For example, in the first full fiscal year of the Agreement, assuming sales tax collection of \$40 million, the City would make a City payment of \$10.5 million to the Company (\$40 million - \$5 million = \$35 million. 30% of \$35 million = \$10.5 million). In Year 15, based on the same \$40 million in revenue, the City would make a payment of approximately \$9.7 million because the \$5 million threshold increases to approximately \$7.5 million based on the 3% escalation factor.</p> <p>Over the 15-year term, the City could make payments of approximately \$150 million to the Company, assuming a static \$40 million in annual revenue. The actual number would depend on several factors, including sales volume and the percentage of sales that are taxable.</p>
Statement of public purpose	San Jose suffers fiscal challenges related to its relatively weak tax base. This Agreement assists in increasing sales tax revenue to fund critical government services such as police, fire, parks and recreation programs, roads, and other services which residents and businesses expect and deserve. In this way, the Agreement is consistent with Major Strategy #8 of the Envision 2040 General Plan, which advocates for carefully managing existing fiscal resources and encouraging the cultivation of increased

	resources.
Projected tax revenue	Based on publicly available information on the Company's sales, staff believes that gross sales tax collection of \$40 million annually is possible. In this scenario, the Agreement could generate an average of roughly \$29 million annually in net-new sales tax for the City (for example, in the first full fiscal year: \$5 million in threshold revenue, plus \$24.5M in additional sales tax after sharing back 30% of the revenue above \$5 million with the Company). Actual sales tax generation will be affected by a variety of factors including sales volume. Over the 15-year term, the Agreement could generate approximately \$440 million in net-new revenue for the city, not accounting for sales growth or fluctuations.
Estimated number of jobs created, broken down by full time, part time and temporary positions	The proposed Agreement is not anticipated to lead directly to the generation of any additional jobs.