



CITY OF POMONA COUNCIL REPORT

March 16, 2026

To: Honorable Mayor and Members of the City Council

From: Anita D. Scott, City Manager

Submitted By: Andrew Mowbray, Finance Director

SUBJECT: ADOPTION OF A RESOLUTION ADOPTING THE ANNUAL CONSUMER PRICE INDEX (CPI) ADJUSTMENT FOR BUSINESS LICENSE TAXES, CANNABIS BUSINESS TAXES, UTILITY USERS' MAXIMUM ANNUAL TAXES, AND INCOME LEVELS FOR QUALIFYING FOR RESIDENTIAL UTILITY USERS' TAX EXEMPTION ELIGIBILITY

RECOMMENDATION:

It is recommended that the City Council adopt the following:

RESOLUTION 2026-29 OF THE CITY COUNCIL OF THE CITY OF POMONA, CALIFORNIA, ADOPTING THE ANNUAL CONSUMER PRICE INDEX (CPI) ADJUSTMENT FOR BUSINESS LICENSE TAXES, CANNABIS BUSINESS TAXES, UTILITY USERS' MAXIMUM ANNUAL TAXES, AND INCOME LEVELS FOR RESIDENTIAL UTILITY USERS' TAX EXEMPTION ELIGIBILITY

EXECUTIVE SUMMARY:

Pursuant to City Code Sections 50-415, 50-215, 50-216, 50-218, and 50-555, the City Council may, by resolution, adjust Business License Taxes, Cannabis Business Taxes, Utility Users' Maximum Taxes, and the gross income levels for qualifying for residential exemptions from Utility Users' Taxes (UUT), in a percentage amount equal to the change in the Consumer Price Index (CPI). Attachment 1: Resolution 2026–29, effectuates, for Fiscal Year (FY) 2026-27, previously authorized and codified CPI adjustments for said taxes and exemptions. In accordance with the CPI during the 12-month period for the Los Angeles-Riverside-Orange County Consolidated Metropolitan Statistical Area (CMSA) as published by the United States Bureau of Labor Statistics, the CPI adjustment is 3%.

FISCAL IMPACT:

For FY 2026-27, it is estimated that the proposed CPI adjustments will result in an estimated \$90k in additional revenue. There is minimal impact in adjusting gross income levels for the residential utility users' tax exemption. The additional revenue has been factored into the revenue projections for FY 2026-27 budget estimates.

SB1439/GOVERNMENT CODE §84308 APPLICABILITY:

When this box is checked, it indicates the agenda item is subject to the Levine Act SB1439 requirements. Councilmembers are reminded to check their campaign contributions and determine whether they have received a campaign contribution of \$250 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$250 or more made 1) by any person or entity who is identified in the agenda report as the applicant or proposer or 2) on behalf of the applicant or participant, including a parent, subsidiary or otherwise related business entity, or 3) by any person who has a financial interest in the agenda item requires a councilmember to comply with SB1439.

PUBLIC NOTICING REQUIREMENTS:

None required for increasing existing tax with pre-existing provisions for annual CPI adjustments.

PREVIOUS RELATED ACTION:

On February 24, 2025, the Pomona City Council adopted Resolution No. 2025-24, authorizing the annual adjustment to Business License Taxes, Utility Users' Maximum Annual Taxes, and residential Utility Users' Tax exemption qualifications by 3.4%, a percentage amount equal to the change in the Consumer Price Index.

DISCUSSION:

Business License

Section 50-415 of the Pomona City Code states that business license taxes shall be adjusted annually based upon the year-over-year change to the Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County CMSA. The adjustments are effective on July 1 of each year.

Annual business license tax adjustments are calculated by a formula that applies the year-over-year change in the CPI for the Los Angeles-Riverside-Orange County CMSA to the current prevailing tax rates. For FY 2026-27, this formula results in a CPI increase of 3%, and rounding that results to the nearest \$0.25. The adjusted business license taxes are set forth in the Business Tax Schedule – FY 2026-27, attached as **Exhibit A** to the Resolution.

Cannabis Business Tax

Section 50-555 of the Pomona City Code states that cannabis business taxes, with the exception of the maximum tax rates listed under Section 50-555(b)(2)-(5), shall be adjusted annually based upon the year-over-year change to the Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County CMSA. The adjustments are effective on July 1 of each year.

Annual cannabis business tax adjustments are calculated by applying the year-over-year change in the CPI for the Los Angeles-Riverside-Orange County CMSA to the currently prevailing tax rates.

For FY 2026-27, this formula results in a CPI increase of 3%, rounding the results to the nearest \$0.25. The adjusted cannabis taxes are set forth in the Business Tax Schedule—FY 2026-27, attached as **Exhibit A** to the Resolution.

Utility Users' Maximum Annual Tax

Section 50-215 and 50-216 of the Pomona City Code state that Utility Users' Maximum Annual Taxes shall be adjusted annually in a percentage amount equal to the change in the CPI for the Los Angeles-Riverside-Orange County CMSA. The adjustments are effective on August 1 of each year.

Annual Utility Users' Maximum Tax adjustments are calculated by a formula that applies the year-over-year change in the CPI for the Los Angeles-Riverside-Orange County CMSA to the currently prevailing tax rates while rounding the results to the nearest dollar. For FY 2026-27, this formula results in a CPI increase of 3%. The CPI adjustments to the Utility Users' Maximum Annual Tax are shown in the table below and in **Attachment No. 2**. The adjustments are effective on August 1, 2026.

Utility Users' Tax Code Section	2025-26 Current Annual Maximum Tax	2026-27 New Annual Maximum Tax
50-215 (Commercial)	\$ 174,863	\$ 180,109
50-216 (Small Business)	\$ 10,642	\$ 10,961

Utility Users' Tax Exemption Income Levels

Section 50-218 of the Pomona City Code states that gross income levels for qualifying for residential Utility Users' Tax exemptions shall be adjusted annually in a percentage amount equal to the change in the CPI for the Los Angeles-Riverside-Orange County CMSA as published by the United States Bureau of Labor Statistics. The adjustments are effective on July 1 of each year.

Annual adjustments to the gross income levels for qualifying for Utility Users' Tax exemptions are calculated by a formula which applies the year-over-year change in the CPI for the Los Angeles-Riverside-Orange County CMSA to the current gross income levels, while rounding the results to the nearest dollar. For FY 2026-27, this formula results in a CPI increase of 3%. These annual CPI-based adjustments are shown in the table below and in **Attachment No. 2**. The adjustments are effective on July 1, 2026.

UUT EXEMPTION - GROSS INCOME LEVELS			
Utility Users' Tax Code Section	People in Household	2025-26 Income Levels	2026-27 Income Levels
50-218(a)	1	\$ 27,633	\$ 28,462
	2**	\$ 29,471	\$ 30,555
	3**	\$ 32,655	\$ 33,635
	4+**	\$ 41,975	\$ 43,234
**The gross income levels indicated are for combined gross income of all people in the household.			

Prepared by:
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ATTACHMENT(S):

Attachment No. 1 – Resolution No. 2026-29
Exhibit A – FY2026-27 Business Tax Schedule
Attachment No. 2 – Business Tax Increase Comparison