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# CITY OF POMONA COUNCIL REPORT

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February 24, 2025

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**

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## **RECOMMENDATION:**

It is recommended that the City Council adopt the following:

**RESOLUTION 2025-24 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 2025-24, effectuates, for Fiscal Year (FY) 2025-26, 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 3.4%.

**FISCAL IMPACT:**

For FY 2025-26, it is estimated that the proposed CPI adjustments will result in approximately \$100k 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 2025-26 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 \$500 or more that would require disclosure and/or recusal from discussing or acting on this agenda item. Campaign contributions of \$500 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 March 18, 2024, the Pomona City Council adopted Resolution No. 2024-17, authorizing the annual adjustment to Business License Taxes, Utility Users' Maximum Annual Taxes, and residential Utility Users' Tax exemption qualifications by 3.5%, 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 currently prevailing tax rates. For FY 2025-26, this formula results in a CPI increase of 3.4%, and rounding the results to the nearest \$0.25. The adjusted business license taxes are set forth in the Business Tax Schedule – FY 2025-26, 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 2025-26, this formula results in a CPI increase of 3.4%, rounding the results to the nearest \$0.25. The adjusted cannabis taxes are set forth in the Business Tax Schedule—FY 2025-26, 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 2025-26, this formula results in a CPI increase of 3.4%. 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, 2025.

<b>Utility Users' Tax Code Section</b>	<b>2024-25 Current Annual Maximum Tax</b>	<b>2025-26 New Annual Maximum Tax</b>
50-215 (Commercial)	\$ 169,113	\$ 174,863
50-216 (Small Business)	\$ 10,292	\$ 10,642

### **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 2024-26, this formula results in a CPI increase of 3.4%. These annual CPI-based adjustments are shown in the table below and in **Attachment No. 2**. The adjustments are effective on July 1, 2025.

<b>UUT EXEMPTION - GROSS INCOME LEVELS</b>			
<b>Utility Users' Tax Code Section</b>	<b>People in Household</b>	<b>2024-25 Income Levels</b>	<b>2025-26 Income Levels</b>
50-218(a)	1	\$ 26,724	\$ 27,633
	2**	\$ 28,502	\$ 29,471
	3**	\$ 31,581	\$ 32,655
	4+**	\$ 40,595	\$ 41,975
**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. 2025-24  
Exhibit A – FY2025-26 Business Tax Schedule  
Attachment No. 2 – Business Tax Increase Comparison