

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

October 21, 2025

FROM

DEREK ARMSTRONG, Director, Economic Development

SUBJECT

Location and Sharing Agreement for Sales and Use Tax Sharing Revenue with Inland Kenworth

RECOMMENDATION(S)

1. Conduct a public hearing pursuant to Government Code section 53083 regarding a proposed economic development subsidy for Inland Kenworth, Inc., in an amount equal to 50% of local sales and use tax revenues over \$400,000 received by the County from the expansion investment of its facility, pursuant to the terms of the Location and Sharing Agreement with Inland Kenworth, Inc.
2. Approve Location and Sharing **Agreement No. 25-823** with Inland Kenworth, Inc., in an amount equal to 50% of local sales and use tax revenues over \$400,000 received by the County from the expansion investment of its facility, with a termination date upon either a total payment of \$1,500,000 from the County to Inland Kenworth, Inc., or after twenty years from when the Certificate of Occupancy is issued to Inland Kenworth, Inc. for its expansion, whichever occurs first.

(Presenter: Derek Armstrong, Director, 387-4386)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Create, Maintain and Grow Jobs and Economic Value in the County.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). Net sales and use tax revenue to San Bernardino County (County) will depend upon the sales activity of Inland Kenworth, Inc. (Kenworth) expansion of its facility and other maintenance expenses for facility upgrades. The Local and Sharing Agreement (Agreement) will share 50% of local sales and use tax revenue (Bradley Burns), over \$400,000 annually paid by Kenworth and received by the County from the expanded operations. The Agreement will end once a total of \$1,500,000 has been paid from the County to Kenworth or after 20 years from when the certificate of occupancy issued to Kenworth for its facility expansion.

BACKGROUND INFORMATION

Approval of this Agreement provides that the County will make payments to Kenworth in amounts equal to 50% of local sales and use tax over \$400,000 paid by Kenworth and actually received by the County from the investments of the expansion of its facility. Kenworth intends to obtain, from the California Department of Tax and Fee Administration, a use tax direct pay permit, which will enable it to self-report all use tax paid for expenditures at this site. This direct pay permit will allow Kenworth to allocate 100% of the 1% local use tax to the County. Without this special permit, the use tax is generally allocated to a County-wide pool of which the

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County would receive only 7.8% (estimated) of the total County-wide pool amount. Pursuant to the terms of the Agreement, the County payments are contingent upon the implementation of Kenworth's proposed plan to expand its facility which County will verify through the issuance of a Certificate of Occupancy to Kenworth.

Kenworth is expanding its facility in Fontana. In addition to the expansion, Kenworth expects to hire approximately thirty employees with competitive wages and benefits. Additionally, the County anticipates this investment by Kenworth will increase its property tax assessment value and increase property tax revenues. The capital investment and the additional jobs will generate economic growth and deliver value to the local community.

Government Code section 53083 requires that the County provide public notice (including on its website) and conduct a public hearing prior to approving any economic development subsidy, such as this Agreement. This notice has been posted on the County's website and will remain posted during the term of the Agreement in compliance with Government Code section 53083.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn Martin, Deputy County Counsel, 387-5455) on September 22, 2025; Risk Management (Stephanie Pacheco, Staff Analyst II, 386-9039) on September 24, 2025; and County Finance and Administration (Carl Lofton, Administrative Analyst, 387-5404 and Amanda Trussell, Principal Administrative Analyst, 387-4773) on September 29, 2025.

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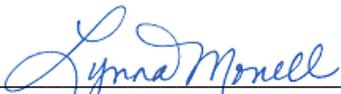
Record of Action of the Board of Supervisors
San Bernardino County

Hearing Opened
Public Comment: None
Hearing Closed

APPROVED

Moved: Curt Hagman Seconded: Jesse Armendarez
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY  _____
DATED: October 21, 2025



cc: ED - Armstrong w/ agree
Contractor c/o ED w/ agree
File w/ agree
JLL 10/22/2025