



CITY MANAGER'S OFFICE

CITY HALL
10300 TORRE AVENUE • CUPERTINO, CA 95014-3255
TELEPHONE: (408) 777-3212
CUPERTINO.GOV

CITY COUNCIL STAFF REPORT

Date: July 21, 2026

Subject

Adoption of a Resolution Approving an Economic Development and Sales Tax Sharing Agreement with Insight Direct Worldwide, Inc. (Insight).

Recommended Action

1. Conduct a public hearing as required by Government Code Section 53083 for the proposed Economic Development Subsidy Report;
2. Adopt Resolution No. 26-___ (Attachment C) approving an Economic Development and Sales Tax Sharing Agreement by and between the City of Cupertino and Insight Direct Worldwide, Inc. and authorizing the City Manager to execute the agreement.

Background

In 2006, the City entered into a sales tax sharing agreement with Insight to provide an incentive to generate new sales tax activities within Cupertino. Since that time, the agreement has been renewed through extensions approved by the City in 2012 and 2016, supporting the retention of Insight's sales tax activities in Cupertino while providing the City with an ongoing source of revenue.¹

The most recent agreement with Insight expired on June 30, 2026. Insight has expressed a desire to maintain a business presence in Cupertino beyond the expiration of its current commercial office lease on November 30, 2026². To support the continued retention of Insight's sales tax activities within the city and the associated revenue to the City, staff recommends approval of a new stand-alone Economic Development and Sales Tax Sharing Agreement.

The proposed agreement, Attachment A, closely follows the structure and terms of the sales tax sharing agreements previously approved by the City Council while incorporating additional

¹ In 2006, the City entered into a five-year agreement with Insight through June 30, 2011. The agreement was renewed in 2012 for an additional five years through June 30, 2016, and renewed again in 2016 for four years through June 30, 2020. Since 2020, the agreement has been renewed annually pursuant to the renewal provisions of the 2016 agreement, extending the term through June 30, 2026.

² Based on information provided to the City, Insight's facility in Cupertino is not a warehouse distribution center.

protections for the City. Under the agreement, Insight would continue to maintain a business presence in Cupertino through December 31, 2029. Consistent with this commitment, the initial term of the agreement would expire on December 31, 2029. Following the initial term, the agreement could be extended through up to eight annual renewal options, each subject to City Council approval.

Attachment B is the Economic Development Subsidy Report prepared in accordance with Government Code section 53083. The report provides the disclosures required by law regarding the proposed subsidy, including its public purpose, estimated fiscal impact, projected tax revenue, term, and anticipated employment impacts.

The proposed agreement also updates provisions to reflect current law and reporting requirements. In addition, Insight would be required to cooperate with the City in fulfilling its reporting, publication, and posting obligations under California Revenue and Taxation Code section 7213 and applicable California Department of Tax and Fee Administration (CDTFA) regulations and guidance.

Sustainability Impact

No sustainability impact.

Fiscal Impact

The proposed Economic Development and Sales Tax Sharing Agreement with Insight Direct Worldwide, Inc. (Insight) is projected to generate approximately \$2.4 million in annual gross tax revenue, of which approximately \$1.4 million would be retained by the City and approximately \$1.0 million would be rebated to Insight. Over the initial three-year term, the agreement is projected to generate approximately \$7.2 million in gross tax revenue, with approximately \$4.2 million retained by the City and approximately \$ 3.0 million rebated to Insight.

City Work Program (CWP) Item/Description

None.

Council Goal

Fiscal Strategy

California Environmental Quality Act

No California Environmental Quality Act impact.

Prepared by: Daniel Degu, Economic Development Manager

Reviewed by: Jonathan Orozco, Director of Finance

Kirsten Squarcia, Deputy City Manager

Floy Andrews, Interim City Attorney

Approved for Submission by: Tina Kapoor, City Manager

Attachments:

A – Proposed Economic Development and Sales Tax Sharing Agreement

B – Proposed Economic Development Subsidy Report

C – Draft Resolution