



Report to City Council

TO: Mayor and City Council

FROM: Launa Jimenez, Assistant City Manager
(Administration)

AGENDA DATE: January 20, 2026

TITLE: FTB AGREEMENT – JANUARY 20, 2026 APPROVAL
OF THE FRANCHISE TAX BOARD AGREEMENT TO
SHARE TAX INFORMATION (AGMT. NO. 121730)
(REPORT OF: CITY MANAGER) (ALL DISTRICTS)

TITLE SUMMARY: Three-year Extension of the Agreement to Share Tax
Information with the State Franchise Tax Board

DISTRICT: All Districts

Recommendation(s)

That the City Council:

1. Authorize the City Manager or his designee to sign a Franchise Tax Board Agreement that will continue to allow both entities to share tax information confidentially.

SUMMARY

This report recommends that the Council approve the City's renewal of its triennial agreement with the State of California Franchise Tax Board (FTB) to annually share tax information relating to Business License Taxes. The purpose of the information exchange is to ensure consistency of local business tax reporting provided to both the City and the State.

DISCUSSION

The City has adopted several processes to validate the accuracy of tax roll information

pertaining to businesses operating within Moreno Valley. One of these systems contains a feature to crosscheck FTB and City Business License tax data. The results help identify businesses that should be participating in the Business License program and provides staff with information to initiate any necessary follow-up with the businesses.

Gaps in business tax data can easily occur in routine situations; taking steps to validate local records with State records help ensure that the City captures tax revenue due under the Business License program. Underreporting may occur, for example, if a business moves from one tax jurisdiction to another, or if the new address is incorrectly recorded. Businesses with multiple locations may report sales activity disproportionately among the locations; ensuring correct reports and active Business Licenses will preclude a loss of City revenues.

Renewal of the agreement with the FTB will allow both entities to annually crosscheck information and address any errors that may come to light.

The FTB has strict requirements safeguarding the confidentiality of tax information. The City's procedures and systems meet the FTB requirements.

ALTERNATIVES

1. Authorize the City Manager or his designee to sign a Franchise Tax Board Agreement that will allow both entities to share tax information confidentially. *Staff recommends this action as no alternative method exists to crosscheck FTB and City Business License tax information.*
2. Do not approve renewal of the agreement with the Franchise Tax Board. *Staff does not recommend this alternative as cross-checking local and FTB data is an important step to preclude loss of tax revenue which supports a broad range of City services.*

FISCAL IMPACT

Since existing systems have the capability to reconcile FTB and City Business License tax data, no expense is anticipated in implementing this agreement. Not authorizing this Agreement may result in lost tax revenue which supports a broad range of City services.

NOTIFICATION

Publication and distribution of the agenda.

PREPARATION OF STAFF REPORT

Prepared By:
Steve Hargis
Strategic Initiatives Manager

Department Head Approval:
Launa Jimenez
Assistant City Manager (Administration)

Concurred By:

Concurred By:
Patty Yhuit
Financial Operations Division Manager

CITY COUNCIL GOALS

Revenue Diversification and Preservation: Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

CITY COUNCIL STRATEGIC PRIORITIES

- 1. Economic Development**
- 2. Public Safety**
- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**
- 6. Youth Programs**

Report Approval Details

Document Title:	STAFFREPORT_CM_FTB_AGREEMENT_260120.docx
Attachments:	- formFTB121730 City of Moreno Valley STD 213_.pdf
Final Approval Date:	Jan 14, 2026

This report and all of its attachments were approved and signed as outlined below:

No Signature found

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