



PRESS RELEASE

May 6, 2025
2025 - 007

City of Hemet Adopts Ordinance to Spur Auto Dealership Growth and Economic Development

Hemet, CA – The City of Hemet is proud to announce a significant economic development initiative specifically designed to retain, expand, and attract new automobile and other vehicle dealerships to the City of Hemet.

This innovative initiative, formalized through Ordinance No. 2056, aims to attract new dealerships and encourage existing ones to invest in significant facility upgrades and expansions, boosting local employment and bolstering the City's vital sales tax revenue.

Recognizing the crucial role that auto dealerships play in Hemet's economy – providing jobs, generating substantial sales tax, and offering convenient access to vehicle sales and services for residents – the new ordinance establishes a transparent and performance-based framework to incentivize growth within this key sector. This program guided by the City Council's Hemet RISES Economic Strategy.

"This program is a strategic investment in Hemet's future," said City Manager Mark Prestwich. "Auto dealerships are one of our strongest sales tax generators. By offering a performance-based incentive, the City Council aims to create a win-win situation: stimulating investment and job creation while ensuring a strong return for the City and its residents."

Key features of the City of Hemet's Auto Dealership Incentive Program:

- **Targeted Incentives:** The program offers the potential for the City to share a portion of the *newly generated* sales tax revenue with eligible dealerships undertaking significant capital investments in new construction, facility modernizations, expansions, ADA improvements, or energy efficiency upgrades.
- **Performance-Based Reimbursement:** Reimbursement is directly tied to the dealership achieving agreed-upon performance benchmarks, such as job creation, meeting investment thresholds, and demonstrably increasing sales tax generation. This ensures public funds are linked to tangible economic benefits.
- **Clear Eligibility Criteria:** The program is open to new-vehicle dealerships (including automobiles, motorcycles, motorhomes, watercraft, aircraft, travel trailers, and off-road vehicles) located within Hemet city limits.

- **Maximum Reimbursement Caps:** To ensure fiscal responsibility, the program sets a maximum reimbursement of \$7.5 million for existing dealerships and up to \$10 million for new dealerships over the life of an agreement.
- **Robust Safeguards and Transparency:** All agreements will include annual reporting requirements, public disclosure of terms, and a "clawback" provision to protect the City's investment if performance benchmarks are not met. Importantly, the program explicitly prevents subsidizing dealerships merely relocating within a 10-mile radius or the defined Primary Market Area, focusing incentives on genuine growth and new investment.
- **Fiscal Responsibility:** The program includes provisions for the City Council to limit the number and size of agreements to ensure fiscal responsibility and public accountability.

The City of Hemet encourages all eligible automobile and other vehicle dealerships to explore this exciting opportunity to partner with the City for mutual growth and success. Detailed information on the program, including eligibility requirements and the application process, can be found on the City's website at www.hemetca.gov/econdev or by contacting Benigno Sandoval, Hemet Economic Development Manager, at bsandoval@hemetca.gov or (951) 669-0265

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