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City Manager's Office

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Kim Welsh

SUBJECT: STATUS OF NETFLIX
SALES TAX AGREEMENT

DATE: January 13, 2012

Approved

Date

1/13/12

INFORMATION

The purpose of this memorandum is to advise the Council on the status of the Sales Tax Participation Agreement with Netflix, which Council authorized on August 23, 2011.

San José will not be receiving sales tax associated with the new Netflix DVD operation in San José, chiefly because Netflix did not go ahead and establish the new "Quickster" DVD entity and also because some key functions for the DVD division will remain at the Los Gatos headquarters. As a result, Netflix will not be signing the Sales Tax Participation Agreement.

We remain very pleased to welcome Netflix employees to San José. More than 80 employees, mostly engineers, are working out of the 1732 N. 1st Street building.

The City has not expended any funds on the Netflix project, and the potential Netflix sales tax revenue has not been included in City budget projections.

/s/

KIM WALESH
Director of Economic Development
Chief Strategist

For questions, please contact Kim Welsh at (408) 535-8177.