

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE H

Measure H was placed on the ballot by the Hermosa Beach City Council to ask the voters to adopt an ordinance increasing the transient occupancy tax ("TOT" or "hotel bed tax") from 12% to 14%.

The TOT is a tax charged to guests of hotels, motels, and similar short-term lodgings who stay for a period of 30 days or less. Hotel operators collect the tax when guests pay for their rooms and then pay it monthly to the City.

The City has collected a TOT since 1967; in 2015, Hermosa voters approved increasing the tax by 2% to the current 12% rate. In fiscal year 2017-2018, TOT revenue amounted to nearly \$3.3 million, representing approximately 8% of general fund revenue. This is a general tax which can be spent to fund general City services.

Measure H would increase the TOT to 14% of the hotel daily room rate. A 2% increase in the tax is estimated to generate additional annual revenue in the amount of \$550,000.

The TOT cannot be increased further without voter approval.

A "yes" vote favors increasing the TOT to 14%.

A "no" vote opposes the increase and maintains the TOT at 12%.

A majority of "yes" votes is required for the measure to pass.

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