

IMPARTIAL ANALYSIS PREPARED BY THE CITY ATTORNEY

Ballot Measure __ was placed on the ballot by initiative petition and proposes adoption of an ordinance that would increase the transient occupancy tax (hotel bed tax) from 10% of room rental charge to 12%.

Currently, persons who occupy hotel, motel and other short-term rentals for thirty days or less pay a City tax of 10% of the daily room rate. The transient occupancy tax has been in place since 1967; the 10% rate has been in effect since 1991. The tax is collected from the room occupant by the hotel operator and paid to the City monthly. The revenue from the tax is used to fund general City services. The revenue from the transient occupancy tax in 2014-2015 was approximately \$2.3 million and represents roughly 6.5% of general fund revenue.

The proposed ordinance would increase the tax to 12%. It would also modify language in the existing ordinance to clarify that the tax applies to all short-term rentals of less than thirty days and that online reservation companies are obligated to collect the tax. If adopted, the ordinance would take effect on January 1, 2016.

The tax cannot be increased in the future without voter approval.

A “yes” vote is in favor of approving the increase in the transient occupancy tax rate. A “no” vote is against the increase. A majority of “yes” votes is required for the measure to pass.

A full copy of the proposed ordinance is printed in this ballot pamphlet.

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