

PROPOSED ORDINANCE OF MEASURE _____

**AN ORDINANCE INCREASING THE TRANSIENT OCCUPANCY
TAX (HOTEL BED TAX) FROM 10% TO 12%**

THE PEOPLE OF THE CITY OF HERMOSA BEACH DO ORDAIN AS FOLLOWS:

SECTION 1. Title. (See above)

SECTION 2. Findings and Declarations. The people of Hermosa Beach find and declare all of the following:

(a) The City of Hermosa Beach has overdue facility and infrastructure improvement needs that require more than the City's available or projected revenues.

(b) Our City has not increased the Transient Occupancy Tax (TOT) rate (Hotel Bed Tax) since 1990, and in that time this rate has dropped below the average rate of taxation compared to neighboring municipalities.

(c) The Hotel Bed Tax is a valuable source of revenue for our City's General Fund.

(d) The proposed increase of two (2) percent is estimated by City Staff to generate an estimated additional \$440,000 in revenue per year from the currently permitted short-term occupancy operators (hotels, motels, and hostels).

(e) The additional two (2) percent Tax on those who stay overnight in our City is commensurate with the average Tax of neighboring cities and those in Southern California, and is not an undue or unfair burden to visitors to Hermosa Beach as this Tax is an expected expense that we all are accustomed to paying when traveling anywhere, but especially to desirable, unique, and beautiful locales.

(f) A Hotel Bed Tax is not a new burden on the hotel or other permitted short-term accommodation operators as City code currently requires them to collect a bed tax from their guests.

(g) The proposed Tax increase does not put the hotel or other permitted short-term accommodation operators at a competitive disadvantage since twelve (12) percent is the average

Hotel Bed Tax by neighboring cities that do not provide the unique, wonderful ocean/beachfront access, small town atmosphere, and clean, sparkling waters to enjoy while they are visiting.

(h) The overwhelming majority of those staying overnight in Hermosa Beach are tourists. Therefore, the majority of the Hotel Bed Tax will be paid by non-residents.

(i) Our current occupancy rate of 81% is comprised mainly of pleasure and recreational travelers who do not decide where they are traveling based on the Hotel Bed Tax.

SECTION 3. Purpose and Intent. The people of the City of Hermosa Beach hereby declare their purpose and intent in enacting this ordinance to be as follows:

(a) To protect our City infrastructure by enhancing and increasing a stable, reliable, and adequate funding source for it.

(b) To generate incremental Hotel Bed Tax revenue to the City by adjusting the Tax on hotel operators and other short-term accommodations that may be permitted in the future.

SECTION 4. Section 3.32.020 of Title 5, Chapter 3.32.020 is amended as follows:

“Operator” means the person who is the proprietor of the hotel, motel, hostel, or any other permitted short-term rental, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee, and includes companies that arrange for reservations online. Though the operator performs his functions through a managing agent of any type or character other than an employee, the managing agent shall also be determined an operator for the purposes of this chapter and shall have the same duties and liabilities as his principal. Compliance with the provisions of this chapter by either the principal or the managing agent shall, however, be considered to be compliance by both.

SECTION 5. Section 3.32.030 of Title 5, Chapter 3.32.030 is amended as follows:

For the occupancy of any hotel, motel, hostel, hospital, or permitted short term rental as defined, each transient is subject to and shall pay a tax in the amount of 12% of the rent of bill charged by the operator. Said tax constitutes a debt owed by the transient to the City which is extinguished only by payment to the operator of the hotel, hospital, or other permitted short term accommodation at the time the rent or bill is paid. If the rent or bill is paid in installments, a proportionate share of the tax shall be paid with each installment. The unpaid tax shall be due upon the transient’s ceasing to occupy space in the hotel, hospital, or other permitted short term accommodation. If for any reason the tax due is not paid to the operator, the tax administrator may require that such tax shall be paid directly to the tax administrator.

SECTION 6. Effective Date. This ordinance shall become effective upon approval by the electorate in the manner provided by law on January 1, 2016.

SECTION 7. Severability. If any section, subsection, sentence, clause, phrase, part or portion of this ordinance is for any reason upheld to be invalid or unconstitutional by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

SECTION 8. Amendment or Repeal. The provisions of this Act may be renumbered as to Group, but otherwise may not be amended or repealed by the City Council without a vote of the people.

SECTION 9. Clarification. The modifications to Section 3.32.02 set forth in Paragraph 4 of this ordinance are declarative of existing law and merely clarifying the existing code.