

Transient Occupancy Tax (TOT) Increase

Introduction of Ordinance First Reading

June 18, 2024

Purpose of Today

Board approval of necessary actions to propose an increase in Transient Occupancy Tax (TOT) from 12% to 14% on the November 2024 Ballot:

- 1) Introduce (First Reading) of an ordinance amending relevant sections of County Code (Section 32-12 of the Santa Barbara County Code)
- 2) Designate and authorize member(s) of the Board of Supervisors to author, sign and submit on behalf of the Board an argument in favor of the TOT rate increase ballot measure; and
- 3) Set a hearing of July 9, 2024 to finalize actions:
 - a) adopt (Second Reading) the ordinance;
 - b) adopt a Resolution with ballot language that submits the ordinance to the voters; and
 - c) make CEQA findings

Background

What is TOT?

- Tax generated by visitors who pay the rate when staying at any lodging facility (such as a hotel/motel or vacation property rental) for 30 days or less within the unincorporated areas of the County.

Rate History

- Current rate of 12% was approved by the voters in November 2016
 - Increase of 2% from 10% to 12%
 - Effective January 1, 2017
- Rate was at 10% from 1990 to 2016
- First established in 1978 at 8%

Unincorporated County TOT vs. Cities TOT

	Current TOT Rate	FY 22-2023 Collected	Expected Ballot Measure Nov 2024	Additional Tax Revenue
Santa Barbara	12%	\$26,213,440	--	
Goleta	12%	\$13,884,890	--	
Carpinteria	12%	\$3,485,465	15%	\$750,000
Solvang	12%	\$6,311,438	14%	\$1,050,000
Buellton	12%	\$4,220,959	14%	\$630,000
Lompoc	10%	\$2,435,000	--	
Santa Maria	10%	\$4,340,132	--	
Guadalupe	6%	\$0	--	
County of SB unincorporated	12%	\$17,202,198	14%	\$2.95 million

Taxing Authority

- Revenue and Taxation Code Section 7280
 - Authorizes the County to levy a tax in the unincorporated areas on the privilege of occupying a room or rooms, or other living space, in a hotel, inn, tourist home or house, motel, or other lodging
- Santa Barbara County Code Section 32-12
 - 12% rate effective 1/1/2017
- Government Code Section 53723
 - Voter approval required of all voters in the County (both city and County)
 - This is different from a sales tax measure that is limited to unincorporated voters
- Votes Needed for General Tax
 - 4/5 vote by the Board of Supervisors to put on the ballot
 - Majority voter approval – all voters of the county



Ordinance 32-12 “Transient Occupancy Tax” As Amended

- “For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of fourteen percent (14%) of the rent charged by the operator. Such tax constitutes a debt owed by the transient to the County which is extinguished only by payment to the operator or to the County. The transient shall pay the tax to the operator of the hotel at the time the rent is paid.....”
- “...The tax rate of fourteen percent (14%) shall take effect beginning January 1, 2025. In the interim period between the November 5, 2024 election and January 1, 2025, for the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of twelve percent (12%) of the rent charged by the operator.”



Next Steps

- In Progress – Polling and Ballot language development
- July 9 – BOS Meeting
 - Second Reading of Ordinance 32-12
 - Resolution to increase the rate to 14%, proposed ballot language and request ordering consolidation with the November 5, 2024
- July 23 - August 1 – Election Deadline
 - BOS Argument for the TOT Increase (Recommendation c)
- August 12 – Election Deadline
 - County Counsel Impartial Analysis
- August 15 – Election Deadline
 - Auditor-Controller Fiscal Impact Statement



Recommendation Action

- a) Consider the introduction (First Reading) of an ordinance of the Board of Supervisors of the County of Santa Barbara amending Section 32-12 of the Santa Barbara County Code to increase the Transient Occupancy Tax (TOT) Rate from the current level of Twelve Percent (12%) to Fourteen Percent (14%) of the charges in the unincorporated area of the County;
- b) Read the title “Ordinance Amending Section 32-12 of the Santa Barbara County Code to Increase the Transient Occupancy Tax Rate to Fourteen Percent (14%)” and waive further reading of the Ordinance in full;
- c) Approve and authorize member(s) of the Board of Supervisors to author, sign and submit on behalf of the Board an argument in favor of the TOT rate increase ballot measure and any rebuttals; and
- d) Set a hearing on the Departmental Agenda of July 9, 2024 to consider the following actions:

Recommendation Action

On July 9, 2024,

- a) Consider adoption (Second Reading) of an ordinance of the Board of Supervisors of the County of Santa Barbara amending Section 32-12 of the Santa Barbara County Code to increase the Transient Occupancy Tax (TOT) Rate from the current level of Twelve Percent (12%) to Fourteen Percent (14%) of the charges in the unincorporated area of the County; and
- b) Adopt a Resolution submitting the proposed Ordinance and ballot language proposing to increase the transient occupancy tax rate to fourteen percent (14%) to the electorate for approval, and requesting and ordering consolidation with the November 5, 2024 General Election; and
- c) Determine that the above actions are not a project under the California Environmental Quality Act (CEQA) pursuant to Section 15378(b)(4) of the CEQA Guidelines because they consist of the creation of government funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.



A blue-tinted landscape featuring rolling hills and mountains in the background. The foreground is filled with dense, dark foliage, possibly trees or bushes. The overall scene is serene and expansive, with the word 'QUESTIONS' centered in the middle.

QUESTIONS