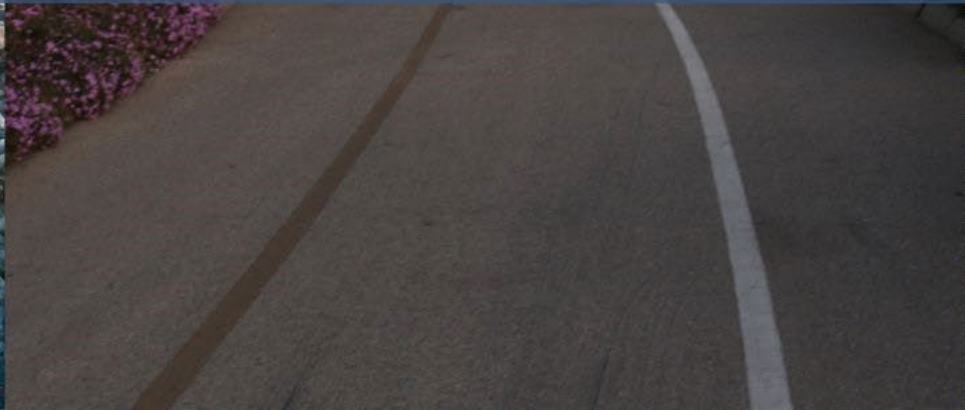




# TOT

## Transient Occupancy Tax



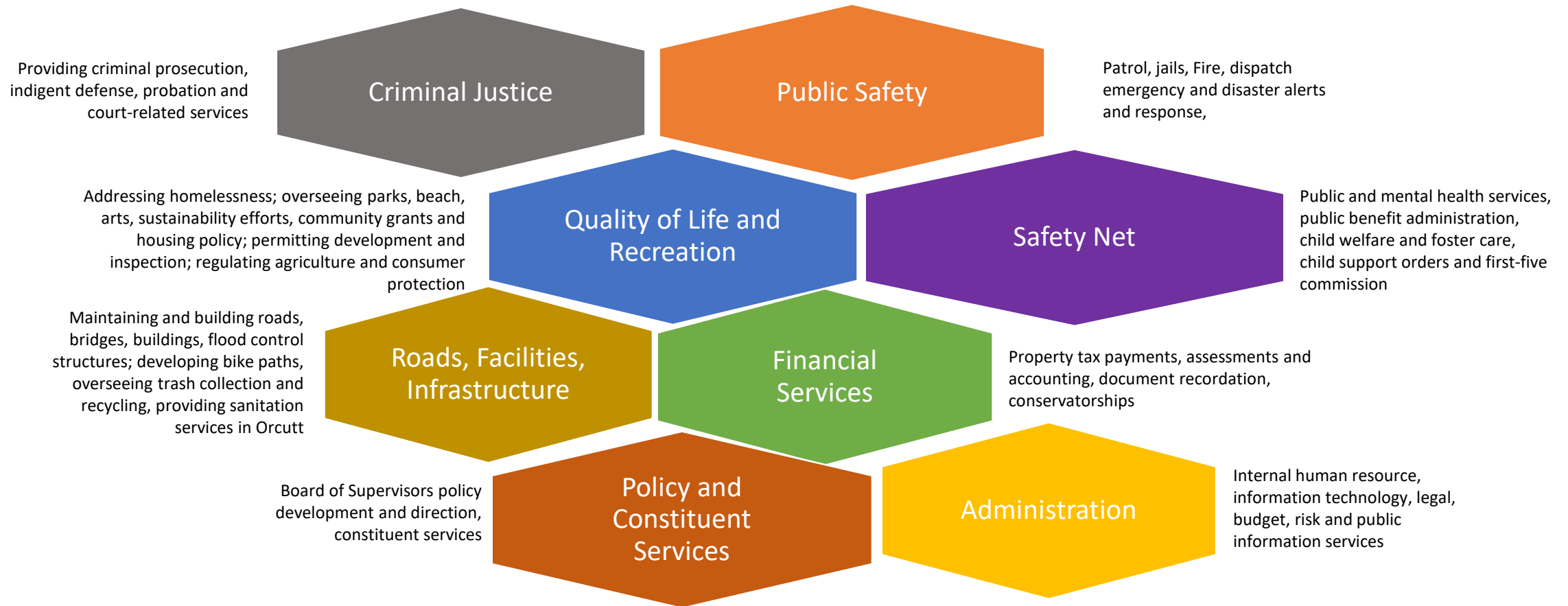
# Purpose of Today's Presentation

- Board gave direction on May 14 to evaluate a possible increase to our Transient Occupancy Tax (TOT) for the November 2024 Ballot.
- County is seeking revenue options given future economic constraints and a sales tax increase is not an option at this time.
- Today's action: consider information and provide direction to staff:
  - (1) to return on June 18 with ordinance change and early July with resolution and ballot language, or
  - (2) Take no action.

# Presentation Overview

1. Background and Overview
2. TOT rates across the County
3. Properties affected and location
4. Taxing authority
5. Next Steps

# County of Santa Barbara – We Provide Extensive Services but Discretionary Revenue is Limited



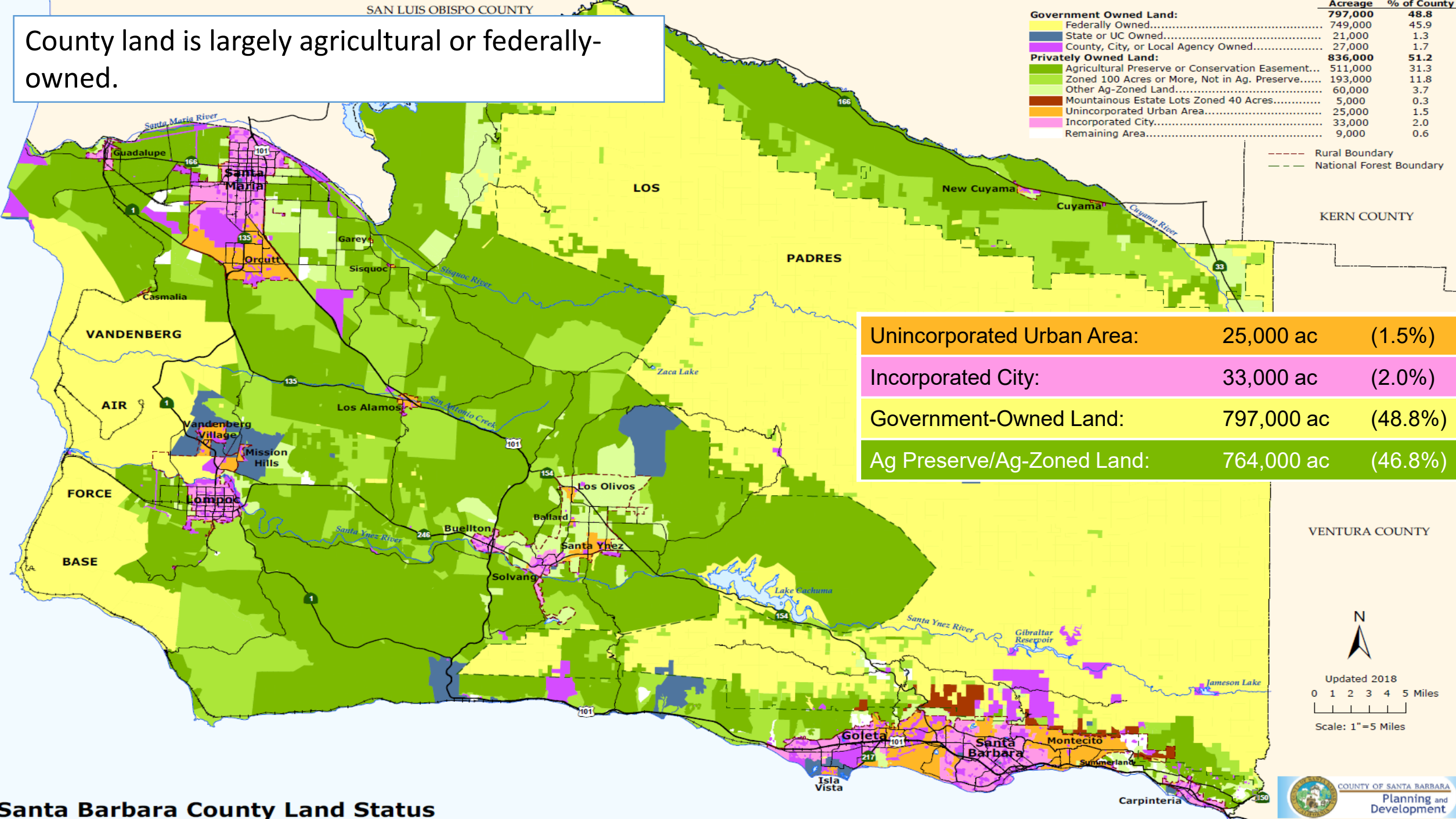
- \$1.6 Billion Budget
- Over 40% State and Federal; mandated
- Only 24% is discretionary
- Cost of services increasing
- State is in trouble with \$44.9B deficit
- Discretionary services limited
- County seeking efficiencies and greater revenue

County land is largely agricultural or federally-owned.

	Acreage	% of County
<b>Government Owned Land:</b>	<b>797,000</b>	<b>48.8</b>
Federally Owned.....	749,000	45.9
State or UC Owned.....	21,000	1.3
County, City, or Local Agency Owned.....	27,000	1.7
<b>Privately Owned Land:</b>	<b>836,000</b>	<b>51.2</b>
Agricultural Preserve or Conservation Easement....	511,000	31.3
Zoned 100 Acres or More, Not in Ag. Preserve.....	193,000	11.8
Other Ag-Zoned Land.....	60,000	3.7
Mountainous Estate Lots Zoned 40 Acres.....	5,000	0.3
Unincorporated Urban Area.....	25,000	1.5
Incorporated City.....	33,000	2.0
Remaining Area.....	9,000	0.6

--- Rural Boundary  
 --- National Forest Boundary

Unincorporated Urban Area:	25,000 ac	(1.5%)
Incorporated City:	33,000 ac	(2.0%)
Government-Owned Land:	797,000 ac	(48.8%)
Ag Preserve/Ag-Zoned Land:	764,000 ac	(46.8%)



VENTURA COUNTY



Updated 2018

0 1 2 3 4 5 Miles



Scale: 1" = 5 Miles



# Background and Overview

## 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%

# Background and Overview

## How is TOT collected?

- Remitted by the hotels and short term rental business (that hold a TOT certificate) on a monthly basis to the Treasurer-Tax Collector
- County of Santa Barbara's General Ordinance Codes, Chapter Section 32-11, through Section 32-21
- TOT Tax Certificate - Operators are required to obtain an occupancy registration certificate from the Treasurer-Tax Collector's office within 30 days after commencing business. This certificate signifies that the operator has fulfilled the requirements of the Uniform Transient Occupancy Tax Ordinance by registering with the County Tax Collector for the purpose of collecting from transients the TOT and remitting this to the Tax Collector's office.
- Hotels/Motels = 24 and Short Term Rentals/Homestays = 520

# 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	--	
<b>County of SB unincorporated</b>	<b>12%</b>	<b>\$17,202,198</b>	<b>Exploring 14%</b>	<b>\$2.9 million</b>

City of SB exploring a ½ cent sales tax for the November ballot estimated to generate \$15,600,000



# California Jurisdictions with TOT Rates $\geq 14\%$

Location	TOT Rate
Marin County (STR)	14%
Oakland	14%
San Leandro	14%
Beverly Hills	14%
Culver City	14%
Diamond Bar	14%
Inglewood	15.5%
Los Angeles	14%
Santa Monica	15%
Palo Alto	15.5%

Location	TOT Rate
Sausalito	14%
Marina	14%
Garden Grove	14%
Laguna Beach	14%
San Francisco	14%
Brisbane	14%
San Bruno	14%
San Mateo	14%
Milpitas	14%
Healdsburg	14%

# 24 Hotels/Lodging Would be Affected in the Unincorporated County

- **Montecito** – Miramar, Four Seasons Biltmore, San Ysidro Ranch
- **Eastern Goleta Valley** – Hyatt Place, Extended Stay America, Ramada
- **Greater Goleta** – Circle Bar B Ranch Resort, Sun El Capitan Canyon
- **Santa Ynez Valley** – ForFriends Inn, Santa Ynez Inn, Hotel Ynez, Ballard Inn
- **Los Olivos** - Fess Parker's Wine Country Inn, Inn at Mattei's Tavern
- **Buellton** – Zaca Creek
- **Orcutt** – Wine Stone Inn
- **Los Alamos** – 1880 Union Hotel, Alamo Motel, Los Alamos Hospitality Group, Skyview, Victorian Mansion
- **New Cuyama** – Cuyama Buckhorn
- **Summerland** – Inn on Summer Hill, Summerland Inn

TOT generated by business is confidential to the Treasurer-Tax Collector's office, therefore we do not know the amount generated by each property

# 520 Short-Term Rentals Would be Affected in the Unincorporated County

Location	# of Operators
District 1	283
District 2	64
District 3	153
District 4/5	20
<b>Total</b>	<b>520</b>

# Stakeholder Feedback

- Visit Santa Barbara and Visit Santa Ynez
  - Represent many of the hotels and short term rentals impacted in the unincorporated County
  - Visit Santa Barbara opposes increase (Letter dated 5-22-2024)
  - Expressed the following concerns:
    - Significant unsold capacity compared to previous years
    - Unincorporated operators would be disadvantaged (compared to those in cities and regions with lower TOT)
    - Would like to see an economic impact analysis on the visitor and lodging industry before any increase was considered
  - County staff asked if any mitigating one-time funding for projects could assist to reduce impact; after consulting with its membership, Visit Santa Barbara felt it would not.
- Current County Participation in Tourism efforts
  - Fulfillment Tourism Promotion Program (General Fund) to various groups - \$190,000 annually
    - Visit SB receives \$75,316 annually
    - Visit SYV receives \$6,942 annually
  - County is a consenting agency of Santa Ynez Tourism Business Improvement District - TBID/Visit SYV collects \$900,000 annually
  - County is a consenting agency Of South Coast Tourism Business Improvement District – TBID/Visit SB collects \$8.2M annually

# 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

# Next Steps



JUNE 5 – JUNE 26

POTENTIAL POLLING  
AND BALLOT LANGUAGE  
DEVELOPMENT



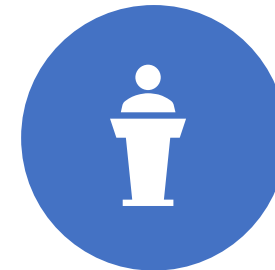
JUNE 18

FOR FORMAL APPROVAL  
(FIRST READING OF  
ORDINANCE  
AMENDMENT)



JULY 9

FOR FORMAL APPROVAL  
(SECOND READING OF  
ORDINANCE) AND  
BALLOT LANGUAGE  
WITH REQUEST FOR  
CONSOLIDATION WITH  
ELECTION



NOVEMBER 5

PRESENTED TO VOTERS  
IN NOVEMBER 2024  
ELECTION



ALL COUNTY VOTERS (CITY  
AND UNINCORPORATED)  
WOULD VOTE, BUT TAX  
ONLY APPLIES TO  
LODGING/HOTELS/STRS IN  
UNINCORPORATED  
COUNTY

# Recommended Action

- a) Receive and consider a report from staff regarding placing a measure on the November 5, 2024 General Election ballot for a possible transient occupancy tax increase from Twelve Percent (12%) to Fourteen Percent (14%) in the unincorporated areas of the County; and
- b) Direct staff to return on June 18, 2024 with an ordinance of the Board of Supervisors of the County of Santa Barbara amending Section 32-12 of the Santa Barbara County Code “Tax—imposed on transients; rate; when payable” for an increase of the Transient Occupancy Tax (TOT) before the voters on the November 2024 General Election ballot; and
- c) Provide other direction to staff as appropriate; and
- d) 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.



# Questions

