



Inn of the Spanish Gardens

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Supervisor Salud Carbajal
County of Santa Barbara

Mar. 1, 2012

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Re: Opposition to Bed tax subsidy for Miramar Hotel

Dear Salud,

I want to register my opposition to the proposal floated by the developers of the Miramar Hotel to capture the 10% County Bed Tax to subsidize their development costs. While it may speed the project along, it is bad public policy, creates unfair competition, is unnecessarily costly to all in the County, and (if I hear correctly) raises the possibility of legal action. In a nutshell,

First, it would set a bad precedent for the County and many future projects could threaten not to build until some tax reductions were made.

Second, American enterprise is based on fairness – this would subsidize Mr. Curoso – who is already a substantial player - giving him an unfair advantage for years over other hotels that weren't subsidized

Third – Trust is an important consideration, and his record of non-performance speaks loudly. From not building as promised to not keeping the property neat – convinces me that he can't be trusted.

Lastly -- the numbers are quite staggering -- using conservative figures (80% occupancy, \$450 ADR) a 10% bed tax would net \$2,430,900 yearly (185x.8x\$450x365x.1) or a \$24,309,000 subsidy over ten years. That guarantees him a profit which is likely to be in excess of a hotel-developers normal expectations.

Yes, he may build the hotel earlier, and the county may generate Property Taxes earlier. However, there are hundreds of other projects in the County that are on hold, and the 'lost' Property taxes they fail to generate is part of doing business. At some point, each property will (or will not) be constructed, and the County will begin receiving tax money -- better to wait it's normal turn.

Please call if you have question or want to talk - 886-3922

Regards,

Rich Untermann

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1ST DISTRICT OFFICE