



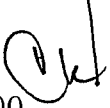
BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO
Department No.: 012
For Agenda Of: July 3, 2012
Placement: Departmental
Estimated Tme: 45 minutes
Continued Item: No
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors

FROM: Department Director(s) Chandra L. Wallar, County Executive Officer, 568.3400 

Contact Info: Dennis Bozanich, Assistant to the County Executive. 568-3400

SUBJECT: Transient Occupancy Tax (TOT) Ballot Measure

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That on July 3, 2012, the Board of Supervisors considers the following actions:

- a. Receive and consider a report from staff regarding a possible transient occupancy tax increase from Ten Percent (10%) to Twelve Percent (12%) in the unincorporated areas of the County;
- b. Consider the introduction (First Reading) of an ordinance amending Section 32-12 of the Santa Barbara County Code to increase the Transient Occupancy Tax (TOT) Rate from the current level of Ten Percent (10%) to Twelve Percent (12%) of the rent charged in the unincorporated areas of the County;
- c. Read title: "Ordinance Amending Section 32-12 of the Santa Barbara County Code to Increase the Transient Occupancy Tax Rate to Twelve Percent (12%)" and waive reading of the Ordinance in full.
- d. Set a hearing on the Administrative Agenda for July 10, 2012 to:
 1. Consider adoption (Second Reading) of an ordinance amending Section 32-12 of the Santa Barbara County Code to increase the Transient Occupancy Tax (TOT) Rate from the current level of Ten Percent (10%) to Twelve Percent (12%) of the rent charged in the unincorporated areas of the County;
 2. Consider the adoption of a Resolution proposing to increase the transient occupancy tax rate to twelve percent (12%), submitting the proposed language for increase to the

electorate for approval, and requesting and ordering consolidation with the November 16, 2012 General Election on said tax rate increase; and

3. Direct the Clerk of the Board to forward the Board initiated ordinance to County Counsel for the preparation of an impartial analysis; AND

- e. Appoint member(s) of the Board of Supervisors to author, sign and submit on behalf of the Board an argument in favor of the Transient Occupancy Tax rate increase ballot measure by July 25, 2012.

Summary Text:

The ability for the County to levy a Transient Occupancy Tax (TOT) is provided under the California Revenue and Taxation Code Section 7280. California Constitution, Article XIII C, Section 2 requires that a tax measure be placed on the ballot of a General Election and one whereby local elected officials have seats up for election. As a general tax for general purposes, the ballot measure would require the support of 50%, plus one, of the local electorate. A 2/3 vote of the Board is needed to adopt a resolution asking the voters to pass a Board-initiated ordinance to increase the Transient Occupancy Tax. A draft ordinance for Board consideration is included as Attachment A to this report.

This agenda item provides the Board with the option to place a ballot measure before the voters on the November 2012 ballot to increase the Transient Occupancy Tax (TOT) from 10% to 12%. This agenda item also gives the Board an opportunity to discuss the proposed ballot language (Attachment A) and provide any comments before the resolution is adopted. The proposed ballot language can be no more than 75 words (not including the title).

Background:

Revenue and Taxation Code Section 7280 authorizes the County to levy a tax 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.

In 1978, the Board of Supervisors amended the Santa Barbara County Code to set a transient occupancy tax in the amount of eight percent (8%) of the rent charged by the operator of any hotel or similar structure designed for transient occupancy.

In 1990, the Board of Supervisors amended the Santa Barbara County Code to increase the transient occupancy tax to ten percent (10%) of the rent charged by the operator of any hotel or similar structure designed for transient occupancy.

In 2010, the Board submitted for voter approval Measure K to ensure the County's Ten Percent (10%) Transient Occupancy Tax was in compliance with Proposition 62. Measure K passed with 72% of the vote.

Over the past several years, the County has identified the need to generate additional revenue to support the array of services mandated by law and expected by the public. The County has taken numerous steps to reduce the size, scope and cost of delivering public services since 2008. Departmental consolidations, program eliminations, negotiated general member pension reforms, salary and benefit reductions through furloughs and other means, layoffs and a host of other cost reduction strategies have

reduced the total cost of government and reduced the cost per employee. Yet, public expectations of service availability and quality remain high. New revenues are needed.

At the current voter-approved Transient Occupancy Tax (TOT) rate of 10% it is expected that the county will receive \$7.1 million in FY2012-13 and an estimated \$7.6 million in FY2013-14. In FY 2012-2013, the portion of Transient Occupancy Tax for rooms in Goleta will no longer be provided to the County. The expiration of the Revenue Neutrality Agreement will reduce the Transient Occupancy Tax proceeds by an estimated \$1.3 million annually. The county estimates previously listed are net after the impact of Goleta Revenue Neutrality.

Increasing TOT from 10% to 12% (equal to City of Santa Barbara and proposed increases in Goleta, Carpinteria, Solvang and Buellton) is estimated to bring in an additional \$1.1 million annually. Voter approval is required to increase County Transient Occupancy Tax. A general tax increase measure would require 4/5 vote by the Board to put on the ballot and majority voter approval. A ballot measure to designate an increase in Transient Occupancy Tax to a specific purpose would require a 3/5 vote by the Board to put on the ballot and a 66.7% vote of the public.

Fiscal and Facilities Impacts:

Budgeted:

A decision to place a Transient Occupancy Tax increase on the November 2012 ballot will cost the County in the range of \$40,000 - \$60,000 for our proportional share of ballot preparation and printing costs. If the Transient Occupancy tax increase is successful, approximately \$1.1 million in additional revenue would be received by the County.

Attachments:

Attachment 1: Proposed Ordinance

Attachment 2: Resolution

Authored by:

Dennis Bozanich, Assistant to the County Executive Officer

CC:

Robert Geis, Auditor-Controller

Harry Hagen, Treasurer - Tax Collector