



**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:** May 6, 2014  
**Placement:** Administrative  
**Estimated Tme:** NA  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

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**TO:** Board of Supervisors

**FROM:** Department Director(s)      Mona Miyasato, County Executive Officer, 568.3400   
Contact Info:      Dennis Bozanich, Assistant to the CEO, 568-3400

**SUBJECT:**      **Transient Occupancy Tax (TOT) Increase Ballot Measure for November 2014  
General Election Ballot**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

- a. 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 10% to 12.5% of the rent charged in the unincorporated areas of the County;
- b. Consider the adoption of a Resolution proposing to increase the transient occupancy tax rate to 12.5%, submitting the proposed language for increase to the electorate for approval, and requesting and ordering consolidation with the November 4, 2014 General Election; (Resolution directs Auditor to prepare fiscal impact statement); and
- c. Direct the Clerk of the Board to forward the Board initiated ordinance to County Counsel for the preparation of an impartial analysis.

**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. 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 1 to this report.

This agenda item provides the Board with the option to place a ballot measure before the voters on the November 2014 ballot to increase the Transient Occupancy Tax (TOT) from 10% to 12.5%. This agenda item also gives the Board an opportunity to discuss the proposed ballot language (Attachment 2) 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 an estimated \$6.99 million in FY 2013-14. As of June 30, 2013, the portion of Transient Occupancy Tax for rooms in Goleta is no longer being received by the County as a result of the terms of the Revenue Neutrality Agreement. This reduced 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 agreement terms.

Increasing TOT from 10% to 12.5% is estimated to bring in an additional \$1.89 million annually in FY 2015-16. 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.

### **Fiscal and Facilities Impacts:**

Budgeted:

A decision to place a Transient Occupancy Tax increase on the November 2014 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 \$1.89 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