

FILED

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REGISTRAR OF VOTERS

**CITY OF COLTON
CITY ATTORNEY IMPARTIAL ANALYSIS OF
BALLOT MEASURE "T"
(Transient Occupancy Tax)**

The City of Colton currently imposes a transient occupancy tax ("TOT"), also generally known as a "hotel" tax, at the rate of ten percent (10%) of rent paid by guests to occupy a room or space in a hotel or similar lodging (referred to herein as a "hotel"). This TOT is imposed upon occupancy of a room or hotel space within the City, for dwelling, lodging, or sleeping purposes, for a period of thirty (30) consecutive days or less. The TOT currently provides approximately \$600,000 annually to the General Fund to pay for general City services and programs.

Measure "T" was placed on the November, 2016 ballot by the City Council. It would amend and update the City's Municipal Code as follows:

- Increases the rate of TOT from ten percent (10%) to twelve and one-half percent (12.5%) of the rent paid by guests to occupy a room or space in a hotel. It is anticipated that this rate increase will generate an additional \$150,000 in new revenues;
- Expressly provides that the 2.5% TOT rate increase is a "special tax", and therefore those revenues shall be spent only for a specific purpose: the construction, maintenance and/or rehabilitation of athletic/recreational fields and facilities within the City of Colton. The current basic 10% TOT rate will remain a "general tax" and those revenues will continue to be spent on general City services and programs.
- Clarifies that if a guest occupies a hotel for longer than 30 consecutive days, the TOT will apply only to the first 30 days of hotel occupancy;
- Includes online travel companies (e.g., Expedia, Travelocity), online short term rental companies (e.g., AirBnB) and other similar third parties as hotel "operators" for the purpose of collecting the City's TOT from guests who purchase a hotel room or similar space via the Internet, or by similar electronic means;
- Clarifies that the taxable rent paid for a hotel room or space includes all rates and fees commonly charged for hotel occupancy, such as room rates, service charges, parking fees, block or group reservation charges, retail markup, commissions, processing fees, cancellation charges, and online booking fees;
- Addresses "block reservation" arrangements by providing that the period of taxable occupancy is measured by the length of an individual guest's stay, not the length of the "block reservation" or similar agreement entered into by the guest's employer or agent; and
- Includes certain clarifying amendments regarding exemptions from the TOT.

Measure "T" is a "special tax", the revenues from the increased TOT can only be used for athletic/recreational fields and facilities within the City of Colton, as described above. Therefore, pursuant to California Proposition 218, Measure "T" must be approved by a two-thirds (2/3) supermajority of the voters.

A "Yes" vote on Measure "T" will authorize the 2.5% TOT rate increase as a special tax.

A "No" vote on Measure "T" will not authorize the 2.5% TOT rate increase as a special tax.

The above statement is an impartial analysis of Measure "T". If you desire a copy of the Measure, please call the elections official's office at (909) 370-5001 and a copy will be mailed at no cost to you.

/s/ CARLOS CAMPOS, City Attorney