

CITY OF SACRAMENTO

MEASURE N

Shall the measure, with no increase in tax rates, amending the city's special transient occupancy (hotel/lodging bed) tax to allow its revenues to be used for tourism-related economic development projects that would create jobs and strengthen the local economy, subject to independent annual audits and full public disclosure of all spending, be adopted?

IMPARTIAL ANALYSIS OF MEASURE N Prepared by Sacramento City Attorney

The Sacramento City Council has placed Measure N on the ballot. Measure N, if approved, amends the Sacramento City Code relating to the use of transient occupancy tax receipts.

The measure's effect on existing law

The City of Sacramento has a "transient occupancy tax," which is commonly also known as a "hotel tax," "bed tax," or "TOT." It is a tax paid by persons staying less than 31 consecutive days at hotels, motels, inns, short-term rentals, and similar establishments.

Although imposed at a single rate of 12%, the TOT is a combination of special taxes (10%) and a general tax (2%). The revenues from the 2% general tax are placed in the City's general fund to be used for any governmental purpose. However, under the current Sacramento City Code the majority of the remaining 10% special taxes must be used exclusively for "public assembly and convention halls," "public off-street parking facilities and other site improvements related thereto; lands, easements, and rights-of-way; and other works, property or structures, necessary or convenient for public assembly and convention halls." Those limitations were first enacted in 1964 and have remained unchanged since.

Measure N would expand the described eligible uses of the TOT special taxes. In addition to the uses described above, TOT revenues could be used for "[e]conomic development projects to create local jobs;" "visitor-serving facilities that promote tourism, economic development, and other activities that bolster the local economy;" and "theatre and arts venues."

Operation of the measure

The proposed measure would amend Sacramento City Code section 3.28.180, which currently sets forth allowable uses of the TOT special tax revenues. It would add a new subsection to establish as an allowable use "[e]conomic development projects to create local jobs;" and it would amend another subsection to establish as allowable uses "visitor-serving facilities that promote tourism, economic development, and other activities that bolster the local economy" (including, but not limited to, convention halls and centers); and "theatre and arts venues."

The measure would also add a clause that expressly states that spending pursuant to section 3.28.180 is subject to independent annual audits and full public disclosure as part of the city's annual external audit.

A “yes” vote is in favor of amending the Sacramento City Code relating to the use of transient occupancy tax receipts. A “no” vote is against the amending the code.

s/Susana Alcala Wood
City Attorney

YOU CAN FIND THE MEASURE ARGUMENTS FOLLOWING THE FULL TEXT OF THIS MEASURE

AN ORDINANCE AMENDING SECTION 3.26.180 OF THE SACRAMENTO CITY CODE, RELATING TO THE USE OF TRANSIENT OCCUPANCY TAX RECEIPTS

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 3.26.180 of the Sacramento City Code is hereby amended to read as follows:

3.28.180 Use of tax receipts; annual audits.

A. The assessor-collector shall pay into the treasury all moneys, including taxes and penalties, collected by him or her pursuant to this chapter for deposit to the credit of a revenue account to be known as the transient occupancy tax account. The revenue from the transient occupancy tax account shall be used solely and exclusively for the following purposes:

1. Administration of the provisions of this chapter;
2. Economic development projects to create local jobs;
3. Acquisition, construction, completion, operation, repair and maintenance of visitor-serving facilities that promote tourism, economic development, and other activities that bolster the local economy, such as convention halls and centers; theatre and arts venues; public off-street parking facilities and related site improvements; lands, easements, rights-of-way, and other works, property, or structures, necessary or convenient for these facilities;
4. Expense in connection with proposals or proceedings for acquisition of the facilities referred to in subsection 3 of this section;
5. Interest and principal payments on bonds issued to acquire any of the facilities referred to in subsection 3 of this section;
6. Lease payments for lease of any of the facilities referred to in subsection 3 of this section.

B. All spending pursuant to this section is subject to independent annual audits and full public disclosure as part of the city’s annual external audit.

ARGUMENT IN FAVOR OF MEASURE N

For more than 50 years, we have benefited from tax revenue generated by hotel and motel guests used to build and operate the City’s convention and performing arts facilities. Measure N makes technical changes to modernize the City’s ordinance to allow the City to invest its tourism-related resources more effectively, without raising these taxes.

More than 15 million people visit Sacramento every year. They spend \$4 billion annually, creating thousands of hospitality jobs in our restaurants, hotels, retail outlets, and other visitor-serving businesses.

The City's ordinance that defines how hotel and motel tax revenue can be spent was passed in 1964, nearly 60 years ago. This language has not been updated since then. By all accounts, this language is poorly written and overly restrictive. The technical changes made in Measure N – approved by unanimous vote of the City Council – will clarify how these funds can be invested to support diverse tourism-related economic development projects that will attract more overnight business and leisure travelers to Sacramento and generate even more tourism spending.

The time has come to clean up this language so it reflects the reality that our community has become a well-known tourist destination for music festivals, sporting events, arts, and culinary travel.

Again, Measure N would not raise taxes and will continue to be paid only by hotel and lodging guests. Not only are these revenues critical to help pay for projects to make Sacramento a great tourist destination, but these funds also make Sacramento a more dynamic place for its residents.

We urge you to vote YES on this measure as we look for more opportunities to strengthen our local economy and make Sacramento a better place to live.

s/Darrell Steinberg
Mayor, City of Sacramento
s/Mai Vang
Councilmember, City of Sacramento
s/Dr. L. Steven Winlock
Chair, Sacramento Arts, Culture and Creative Economy Commission
s/Mike Testa
President & CEO, Visit Sacramento
s/Aamir Deen
President, Unite Here Local 49

NO REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE N WAS FILED

NO ARGUMENT AGAINST MEASURE N WAS FILED

NO REBUTTAL TO ARGUMENT AGAINST MEASURE N WAS FILED