

**CITY OF SANTA CLARA
MEASURE E**

To maintain and protect the level of essential city services including 9-1-1 emergency medical/disaster preparedness, police and fire protection, bicycle and pedestrian safety, roadways and storm drains, and other vital services including parks, recreation, libraries and senior services, shall a measure increasing the hotel tax rate up to 4%, generating up to approximately 7 million dollars annually, paid only by hotel/motel guests, until ended by voters, be adopted?

YES
NO

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF
MEASURE E**

The Santa Clara City Council has placed Measure E on the ballot which, if approved by the voters, would amend City Code Section 3.25.030 to allow the City Council, by Resolution, to increase the Transient Occupancy Tax ("TOT"), often called a "hotel tax," by up to an additional 4%. The current TOT rate of 9.5% went into effect in July 1992. If passed, the City Council could increase the rate from time to time up to a maximum of 13.5%.

The TOT is only charged upon stays of less than 30 days at hotel, motel, boarding house, or other such short-term lodging establishment. The tax is paid by the customer as a percentage of the room price and is collected by the operator of the lodging establishment for remission to the City. The proposed measure would not alter the process used to administer the tax program.

The revenues derived from the TOT are paid into the City's general fund for unrestricted uses. The City's general fund can be used for police and fire, parks and recreation, streets and sidewalks, and other general municipal services. An increase in the TOT from 9.5% to 13.5% is expected to generate up to approximately \$7 million in additional annual general fund revenues, based upon pre-pandemic calculations and assumptions. The actual revenue derived from the increased TOT rate is dependent upon the number of lodging nights booked by hotel guests or other such customers.

A "Yes" vote on Measure E would adopt the amendment to the Transient Occupancy Tax Ordinance. A "No" vote would not adopt the amendment to the Transient Occupancy Tax Ordinance.

Brian Doyle
City Attorney

COMPLETE TEXT OF MEASURE E

AN ORDINANCE OF THE CITY OF SANTA CLARA, CALIFORNIA, AMENDING SECTION 3.25.030 ("TAX IMPOSED") OF CHAPTER 3.25 ("TRANSIENT OCCUPANCY TAX") OF TITLE 3 ("REVENUE AND FINANCE") OF "THE CODE OF THE CITY OF SANTA CLARA, CALIFORNIA" TO INCREASE THE TAX RATE

BE IT ORDAINED BY THE CITY OF SANTA CLARA AS FOLLOWS:

WHEREAS, the transient occupancy tax rate currently imposed by the City of Santa Clara is one of the lowest in the area;

WHEREAS, in order to increase unrestricted revenue for the City's general fund, the City Council has determined that an increase in the transient occupancy tax is appropriate; and

WHEREAS, the increase in transient occupancy tax was approved by the voters of the City of Santa Clara on November 3, 2020.

NOW THEREFORE, BE IT FURTHER ORDAINED BY THE CITY OF SANTA CLARA, AS FOLLOWS:

SECTION 1: That Section 3.25.030 ("Tax Imposed") of Chapter 3.25 (entitled "Transient Occupancy Tax") of Title 3 (entitled "Revenue and Finance") of "The Code of the City of Santa Clara, California" ("SCCC") is amended to read as follows:

"3.25.030 Tax imposed.

(a) For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax as imposed from time to time by City Council resolution. Said tax shall be a percentage of the rent charged by the operator to the occupant. An increase that exceeds ten percent of the rent charged by the operator shall be authorized only with an amendment to this section.

(b) On and as of July 22, 1992 and continuing thereafter until further change by City Council resolution, the amount of the tax imposed is nine and one-half percent of the rent charged by the operator.

COMPLETE TEXT OF MEASURE E-Continued

(c) On and as of January 1, 2021 and continuing thereafter until further change by City Council resolution, the amount of the tax imposed is nine and one-half percent of the rent charged by the operator. As approved by voters, any future changes in the amount of tax imposed may be made by City Council resolution up to a cap of thirteen and one-half percent of the rent charged by the operator.

(d) Said tax constitutes a debt owed by the transient to the City, which is extinguished only by payment to the operator or to the City. The transient, or any person paying rent on the transient's behalf, shall pay the tax to the operator of the hotel at the time the rent is paid. If the rent is paid in installments, a proportionate share of the tax shall be paid with each installment. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If for any reason the tax due is not paid to the operator of the hotel, the Director of Finance may require that such tax shall be paid directly to the Director of Finance. (Ord. 1847 § 2, 10-20-09)."

SECTION 2: Ordinances Repealed. With exception of the provisions protected by the savings clause, all ordinances (or parts of ordinances) in conflict with or inconsistent with this ordinance are hereby repealed.

SECTION 3: Savings clause. The changes provided for in this ordinance shall not affect any offense or act committed or done or any penalty or forfeiture incurred or any right established or accruing before the effective date of this ordinance; nor shall it affect any prosecution, suit or proceeding pending or any judgment rendered prior to the effective date of this ordinance. All fee schedules shall remain in force until superseded by the fee schedules adopted by the City Council.

SECTION 4: Effective date. This ordinance shall take effect ten (10) days after the vote is declared by the City Council, pursuant to Elections Code Section 9217.

ARGUMENT IN FAVOR OF MEASURE E

This hotel tax is paid by tourists and business travelers, not Santa Clara residents.

By adding a 1-4 percent tax onto hotel bills, we can add millions of dollars to our general fund to:

- continue to deliver high quality city services,
- prepare for disaster and emergencies,
- preserve the quality of life in neighborhoods,
- ensure the safety of our community, and
- pay for critical infrastructure needs, like street and pothole repairs.

Furthermore, we can use the additional hotel tax revenue to help our residents directly as we did when the COVID-19 pandemic hit. With City and Silicon Valley Power resources, we were able to:

- provide food for schoolchildren and seniors,
- temporarily lower electricity bills for all households, and
- give grants to Santa Clara small businesses.

If passed by voters, the City Council will have the flexibility to raise the hotel tax up to four percent when the market conditions are right and use the revenue for our city's highest priority needs like the items listed above. The tax revenue generated will also help us reduce the Santa Clara's forecasted budget deficits in coming years.

Even with this increase, Santa Clara's hotel tax will be lower than some of the neighboring cities.

That's why the Santa Clara City Council supports this tax increase. We believe it will not harm our ability to attract hotel customers or convention business to our city. We ask you to join community leaders, our business community, the Mayor, and the entire City Council who support this hotel tax on tourists and business travelers.

To maintain the quality of life and public safety for our residents and improve our critical infrastructure needs please vote YES on Measure E.

Vote YES on Measure E.

Lisa M. Gillmor
Mayor, City of Santa Clara

Karen Hardy
Vice Mayor, City of Santa Clara

Raj Chahal
Councilmember, City of Santa Clara

Christian Pellecchia
CEO, Silicon Valley Central Chamber of Commerce

Louis Mariani, Jr.
Business Owner

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE E

The City of Santa Clara currently imposes a 9.5% Transient Occupancy Tax (TOT) on guests in the hotels, motels, and inns here. Now, the Santa Clara City Council is proposing another tax increase up to 13.5%.

The Santa Clara City Council wants non-residents who largely do not use city services to pay for the services used by businesses and homeowners who do live and work here in Santa Clara.

In other words, they want a free ride and stick out of towners with the bill.

Would you do that to your friends, family, or co-workers?

No, because that would be immoral. It is a form of theft.

If you use city services, shouldn't you be the one to pay for them?

The Santa Clara City Council thinks that you can raise taxes and it will not "**harm our ability to attract hotel customers**". If so, why not make the tax 100% and have non-residents pick up the tab for every governmental expense?

But that is idiotic and defied the basic laws of economics, doesn't it?

Making visitors to Santa Clara pay for services that they will not use, is immoral, so vote **NO on Measure E**.

Eliminating this tax would really help local hotels compete for business, encouraging more visitors to stay in Santa Clara which would help boost the local economy.

To keep our local hotels competitive--and because stealing from visitors is wrong--

VOTE NO ON MEASURE E.

For more information, please visit: www.SVTaxpayers.org

Mark W.A. Hinkle
President: Silicon Valley Taxpayers Association

Joe Dehn
Chair, Libertarian Party of Santa Clara County

Donald Cormier
District Resident

ARGUMENT AGAINST MEASURE E

The City of Santa Clara currently imposes a 9.5% Transient Occupancy Tax (TOT) on guests in the hotels, motels, and inns here. Now, the City Council is proposing another tax increase up to 13.5%.

The City Council wants people who do not live in Santa Clara and largely do not use city services to pay for the services used by businesses and homeowners who do live and work here in Santa Clara.

In other words, they want a free ride and stick out of towners with the bill.

Would you do that to your friends, family, or co-workers?

No, because that would be immoral. It is a form of theft.

If you use city services, shouldn't you be the one to pay for them?

Do you go to a restaurant and always expect someone else to pick up the tab?

Those who regularly do that are called grifters. Or petty thieves.

Just because the City Council is looking for a free ride and stick it to out of towners to pay the bill/tax, does not make it right.

Stealing is stealing regardless if a majority approves.

Making visitors to Santa Clara pay for services that they will not or cannot use, is immoral, so vote **NO on Measure E**.

And keeping this tax lower will help local hotels compete for business, encouraging more visitors to stay in Santa Clara which would help boost the local economy.

To keep our local hotels competitive--and because stealing from visitors is wrong--

VOTE NO ON MEASURE E.

For more information, please visit:
www.SVTaxpayers.org/2020santaclaratot

Mark W.A. Hinkle
President: Silicon Valley Taxpayers Association

Joe Dehn
Chair, Libertarian Party of Santa Clara County

Donald Cormier
District Resident

REBUTTAL TO ARGUMENT AGAINST MEASURE E

Everyone benefits from hotel taxes: Santa Clara residents and tourists. With new revenue, we can keep Santa Clara a safe, healthy, and vibrant community. That helps attract business and tourists to our city. That's why Santa Clara elected officials and business leaders support this hotel tax increase.

Santa Clara's hotel tax is currently lower than neighboring cities. We believe a 1-4 percent increase will help--not hurt--attract hotel customers and convention business to our city. The new hotel tax will flow directly to our city's general fund to deliver quality city services like street and pothole repairs. With more revenue, we can ensure the safety of our community and preserve the quality of life in neighborhoods.

We can also use the new revenue to help with COVID-19 relief efforts for Santa Clara residents. This year, we were able to find the money to help feed schoolchildren, help lower electric bills, and help Santa Clara businesses stay open. We may need new revenue if we need to help our residents in the future.

We ask you to join community leaders, business owners, the Mayor, and the entire City Council who support this hotel tax on tourists and business travelers to help Santa Clara.

Please vote YES on Measure E.

Lisa M. Gillmor
Mayor, City of Santa Clara

Karen Hardy
Vice Mayor, City of Santa Clara

Raj Chahal
Santa Clara City Council member