

VOTER'S PAMPHLET

MEASURES, ANALYSES AND ARGUMENTS

(whichever is applicable to your ballot)

Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

CITY OF SANTA CRUZ

Q

In order to protect the quality of life in the City of Santa Cruz by supporting efforts to create jobs for local residents; investing in a vibrant local economy; and supporting police, fire, parks and recreation, and other essential city services, shall the City of Santa Cruz be authorized to augment the city's General Fund by levying an additional tax of one percent in the Transient Occupancy Tax on people staying at local hotels and motels?

FULL TEXT OF BALLOT MEASURE Q

3.28.030 Tax Imposed

For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in an amount of nine and one-half percent of the rent charged by the operator. Effective October 1, 1991 such tax shall be at the rate of ten percent of the rent charged by the operator. Effective July 1, 2013 such tax shall be at the rate of eleven percent of the rent charged by the operator (added language). The tax constitutes a debt owed by the transient to the city which is extinguished only by payment by the operator to the city. The transient 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 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.

IMPARTIAL ANALYSIS BY CITY ATTORNEY MEASURE Q

TRANSIENT OCCUPANCY TAX ("TOT") INCREASE

Pursuant to Santa Cruz Municipal Code Chapter 3.28, since 1991 the City of Santa Cruz has levied a 10% transient occupancy tax on each hotel or motel guest in the City. This ballot measure, if approved by City voters, would increase the tax rate from 10% to 11% of the rent charged by the hotel or motel operator.

The transient occupancy tax constitutes a general tax meaning that all tax revenue is deposited in the City's General Fund and is available to pay for the costs of all City operations and programs including police and fire protection, parks and recreation programs, economic and employment development, and other essential City services. This ballot measure therefore proposes a "general purpose tax" rather than a "special purpose tax" and requires a simple majority vote for adoption.

While City voters will also be asked to vote on Santa Cruz County Ballot Measure N which proposes a County transient occupancy tax increase to an 11% tax rate, similar to that proposed by the City in this ballot measure, hotel/motel guests in the City would only be required to pay the City tax and hotel/motel guests in the unincorporated County would only be required to pay the County tax.

Since a substantial percentage of the City's hotel/motel guests are non-City residents who are tourists or City visitors, a substantial portion of the increased tax revenue generated by this initiative, if adopted by the voters, would be paid by non-City residents despite the fact that all such proceeds will underwrite the costs of providing municipal services to City residents.

The above statement is an impartial analysis of the proposed transient occupancy tax increase ordinance. If you desire a copy of the ordinance, please call the City Clerk's office at 831 420 5030 and a copy will be mailed or electronically transmitted to you at no cost to you.

s/ John G. Barisone
City Attorney

FISCAL IMPACT STATEMENT BY CITY FINANCE DIRECTOR MEASURE Q

The proposed increase in the City of Santa Cruz Transient Occupancy Tax, if approved by voters, will increase the existing rate by 1% (from 10% to 11%). Visitors pay this tax when they stay at any lodging facility (such as a Hotel, Motel or Vacation Rental property) for 30 days or less within the City. Therefore, the Tax appropriately places the financial burden of providing additional local support services, like streets and public safety, on the visitors whom drive this need.

The tax payments are collected from the visitors by the property "Operators" who then remit the amounts to the City. The collections are held in the General Fund to fund primary support services that include Police, Fire, Public Works, Parks & Recreation and economic development programs and services. If approved by the voters, the new tax structure would become effective July 1, 2013 with expected first collections received by the City in August 2013.

The tax increase will generate approximately \$470,000 annually in new revenues for the City of Santa Cruz General Fund beginning with fiscal year 2013-2104. It is projected that the total tax will amount to approximately \$5.17 million per year.

Revenues generated could be used by the City Council for any public purpose, but it is intended by the City Council that the tax revenues would be used to fund economic development programs, including activities that serve to retain and attract businesses and jobs to Santa Cruz. Economic development is one of the critical strategies relied upon by the City to offset its structural General Fund deficit (projected at \$3.7 Million for 2012/13).

s/ Marc A Pimentel, Finance Director
City of Santa Cruz

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ARGUMENT IN FAVOR OF MEASURE Q

Measure Q will sustain our city's efforts to create jobs, build a strong local economy and provide vital public services in the wake of the Great Recession.

This is a challenging time in Santa Cruz. The downturn in the economy and actions by the State of California have crippled our ability to fund programs that sustain our economy and Santa Cruz residents have made it clear: **local job creation is a top priority.**

Measure Q will generate new revenue to pay for programs that create jobs and support local businesses in the technology, tourism and green sectors, as well as fund police, fire and parks services.

Measure Q would raise our Transient Occupancy Tax (TOT) rate by 1%. The TOT is a tax paid for by tourists and visitors who stay in our hotels and motels; **this tax is not paid by Santa Cruz residents.**

Tourists use our roads, parks and emergency services as they enjoy our sights, beaches, hotels, restaurants and shops. Raising the TOT represents a direct and fair way to recover the increased costs associated with visitor stays in Santa Cruz.

Measure Q enjoys the support of our local hotel and tourist industry. The increase achieves an important balance between maintaining our competitiveness for tourism dollars, while providing an opportunity to fund critical business and job creating activities.

The City Council has pledged that Measure Q revenues will help create good jobs in our community and fund critical services . . . and because none of the money can be taken away by the State, **all Measure Q revenue will stay here in Santa Cruz.**

Please join us in voting yes on Measure Q and help our city create jobs, build a stronger local economy, and protect important city services.

s/ Chris Ferrante
Co-owner, Beach Street Inn and Suites
President, Santa Cruz County Conference and Visitors Council Board

s/ Karl Heiman
Owner, Caffè Pergolesi

s/ Rob Oatey, President*
Santa Cruz City Fire Fighters Union (IAFF 1716)

s/ Hillary Bryant
Santa Cruz City Councilmember

*Signing on behalf of the Association listed below the name.

NO ARGUMENT AGAINST MEASURE Q WAS FILED.