

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 CAPITOLA

M Shall the City of Capitola adopt an ordinance amending Section 3.32.030 of the Municipal Code raising the transient occupancy tax rate from 10% to 11%?
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FULL TEXT OF BALLOT MEASURE M

ORDINANCE NO. ___

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
CAPITOLA
AMENDING SECTION 3.32.030 OF THE CAPITOLA MUNICIPAL
CODE PERTAINING TO THE CITY OF CAPITOLA VISITOR
SERVICES FEE (TRANSIENT OCCUPANCY TAX)**

THE PEOPLE OF THE CITY OF CAPITOLA, CALIFORNIA, DO ORDAIN AS FOLLOWS:

WHEREAS, it is the purpose of this Ordinance to amend the City of Capitola Municipal Code Section 3.32.030 entitled Fee/Tax Imposed, to increase the Visitor Services Fee (Transient Occupancy Tax) from 10% to 11%; and

WHEREAS, this Ordinance shall be known as the City of Capitola Visitor Services Fee (Transient Occupancy Tax) Increase. The City of Capitola hereinafter shall be called "City". This Ordinance shall be applicable in the incorporated territory of the City.

WHEREAS, this Ordinance is adopted to achieve the following, among other purposes, and directs the provisions hereof be interpreted in order to accomplish those purposes:

NOW, THEREFORE BE IT HEREBY ORDAINED BY THE CITY COUNCIL OF THE CITY OF CAPITOLA AS FOLLOWS:

SECTION 1. Section 3.32.030 is hereby amended to read as follows:

"Section 3.32.030"
FEE/TAX IMPOSED

Section 3.32.030 Fee/tax imposed.

A. For the privilege of occupancy in any hotel, each transient is subject to and shall pay a general tax in an amount of eleven percent of the rent charged by the operator. 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 fee administrator may require that such tax shall be paid directly to the fee administrator. The general tax revenues shall be placed in the city's general fund.

SECTION 2. It is the purpose of this Ordinance to amend the City of Capitola Municipal Code Section 3.32.030 of the Chapter entitled Fee/Tax Imposed, to increase the Visitor Services Fee (Transient Occupancy Tax) from 10% to 11%; and

SECTION 3. This Ordinance shall be considered as adopted upon the date that the vote is declared by the City Council, and shall go into effect on January 15, 2015.

IMPARTIAL ANALYSIS BY CITY ATTORNEY
MEASURE M

This ballot measure, if adopted by City voters, would amend the Capitola Municipal Code by raising the transient occupancy tax rate from the current rate of 10 percent to 11 percent. The transient occupancy tax, also referred to as the "Visitor Service Fee" in the Capitola Municipal Code, is a tax paid by hotel and motel guests who spend fewer than 30 consecutive days in a hotel or motel in the City. The tax is on the room rent paid. For example, a hotel guest currently pays \$10.00 tax per night on a \$100.00 hotel room. If the ballot measure is adopted, the hotel guest would pay \$11.00 tax per night on a \$100.00 hotel room. All of the City's transient occupancy tax revenue is deposited into the City's General Fund and used by the City for the provision of municipal services to City residents and visitors and for the construction and maintenance of capital improvements within the City. Because the proposed transient occupancy tax rate increase would be imposed for general municipal governmental purposes, the ballot measure proposes a "general tax" as defined by Article XIIC of the California Constitution. Accordingly, for the ballot measure to be adopted, it must receive a simple majority "yes" vote.

This ballot measure has been placed on the ballot by the Capitola City Council.

s/ John G. Barisone
City Attorney

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ARGUMENT IN FAVOR OF MEASURE M

The City of Capitola welcomes hundreds of thousands of tourists annually to its Village, beaches, parks, and other visitor-serving amenities. As a beach community endowed with the scenic beauty of Monterey Bay and a desirable year-around climate, Capitola embraces its identity as a vacation destination and continually invests its limited resources to improve and maintain visitor-serving attractions.

Nearly every city and county in California imposes a Transient Occupancy Tax (TOT) paid by hotel guests to help support the services that make their visits enjoyable and memorable. As a popular seaside destination, tourism places an especially heavy burden on Capitola's infrastructure and services, including police, parking facilities, parks, and maintenance of our beach, wharf, sidewalks, and streets.

A YES vote on Measure M would increase the TOT from 10% to 11% to provide needed revenue for Capitola to continue to provide high quality services to its visitors while balancing competing priorities for public safety, infrastructure improvements, parks and recreation, and community services – without raising taxes on Capitola residents.

A YES vote on Measure M would align Capitola's TOT with its immediate neighbors - the City of Santa Cruz and the County of Santa Cruz, which both charge an 11% TOT.

The modest 1% TOT increase would add less than \$2 to the average daily hotel bill, while providing approximately \$125,000 of additional annual revenue.

Capitola is an extraordinary place to live and visit. A YES vote on this measure will help Capitola maintain its high quality of life for residents while also providing first class visitor-serving amenities and attractions.

s/ Christine McBroom
City Treasurer

s/ Mike Termini
City Council Member

s/ Dennis Norton
City Council Member

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE M

MEASURE M: It's BAD for both Families & Locals

- Capitola's Tourists are often Families trying to stretch their limited budget dollars. These folks are **not** business travelers with huge expense accounts to spend.
- Vacationing Families don't only spend their money at motels, hotels and vacation rentals. These same families frequent our local restaurants, retail stores, cultural events and recreational activities. **Higher New Taxes = Less Local Spending!**
- Less Visitor Spending results in Less Pay & Less Jobs for Locals. Declining spending in the City of Capitola means Less Money for essential City Services.

No More New Taxes until Promises are Kept

- Voters were told (only 2-years ago) that a permanent & large Sales Tax Increase would take care of fixing our local roads and replenishing the reserves. Promises need to be kept.
- **The City is just acting greedy!** Lodging Tax revenue was up more than 64% over two years. Sales Tax revenues are up more than \$1,000,000 in one year alone! Yet, three Councilmembers want more Taxes just for their General Fund with no specific project on how it would be spent!
- **The City of Capitola already charges a 10% Tax. That's High Enough!** Raising our Tax would make us less competitive with nearby comparable Cities: Monterey, Pacific Grove, Carmel, Santa Clara, San Jose, Scotts Valley and Watsonville all charge 10% or lower. Only Santa Cruz is higher.

Does Capitola really want to run its City like Santa Cruz?

Please.....VOTE NO on MEASURE M

Thank you.

s/ Carin Hanna
Capitola Business Owner
Former Vice Mayor

s/ Gary Wetsel
Capitola Property and Business Owner
Paradise Beach Grille

s/ Sira Taylor
Local Realtor
Candidate, Capitola and Soquel School Board

s/ Joe Clarke
Sheriff's Sergeant
Candidate for Capitola City Council

s/ Bob Thomas
Capitola Business Owner
Chairman, Senior Alliance Non-Profit

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ARGUMENT AGAINST MEASURE M

VOTE NO on MEASURE M

No More New Taxes. No More Broken Promises.

City of Capitola residents and visitors are rapidly becoming among the most highly taxed in the State of California. Hardly an election has passed in recent memory without being asked to pay another new Tax.

Capitola City Council Member Stephanie Harlan agrees:

"Give voters a rest. We can't make a compelling argument to the voters now about the need."

In the prior General Election, Capitola voters narrowly passed Measure O: The City's permanent & largest Sales Tax increase. Promises were made about the specific need for better roads and increased reserves. Yet appointed City Bureaucrats are now asking for more Tax Monies for inadequate reserves! Has there been time? How about first fixing-up all of those promised road improvements?

VOTE NO on MEASURE M

No Consensus. No Special Purpose. No 'Sunset' Date.

Measure M is a permanent 10% Tax increase and split the City Council 3-2, with even Mayor Storey opposing it. The three members who voted for it couldn't agree how it should be spent. All we do know is that it would go into the General Fund from where salaries are paid. No wonder voters say, "This is just pure greed and not an important need."

VOTE NO on MEASURE M

Let's Keep Capitola Family Friendly!

Measure would affect far more than tourists. Capitola is a value-oriented family destination. Raising the cost to stay here will affect the enjoyment of visiting families by taking away money they could spend on activities and enjoyment. This proposed 10% tax increase also would hurt many local businesses and the local employees where these visitors stay, dine and shop.

Let's keep Capitola a fantastic place to live, work & visit for everyone.
Please VOTE NO on Measure M. Thank you.

s/ Ted Burke
Co-owner, Shadowbrook Restaurant

s/ Glenn Hanna
Former Capitola City Treasurer

s/ Dan Aspromonte
Co-owner in Capitola of the Fairfield Inn and Best Western

s/ John Galli
Former Capitola Business Owner
Retired Police Officer

s/ John David Dufresne
Retired County Health Inspector
42 year Capitola Resident

REBUTTAL TO ARGUMENT AGAINST MEASURE M

Make no mistake: Capitola has many unfunded needs which can benefit from Measure M revenue. Voters graciously approved Measure O which enabled Capitola to replenish its reserves and repair its roads and sidewalks. **Capitola has delivered on its promises – but there's more work to do!**

The Wharf needs significant investment and improvements. The jetties which retain Capitola's beaches are in disrepair. Improvements and expansion of Capitola's parking supply are needed to accommodate hundreds of thousands of annual visitors. Additional park space and recreational amenities are needed to improve residents' quality of life and the visitor experience. Measure M revenue will accelerate the City's efforts to fulfill these critical needs.

DON'T BELIEVE THE HYPERBOLE OFFERED BY OPPONENTS!

Measure M was placed on the ballot following an advertised public hearing by your elected officials. There were no closed door deals made by unelected bureaucrats. Measure M would not fund increased staff salaries.

Opponents want you to believe a \$2/day increase in hotel rates would drive visitors away from Capitola, but offer no evidence to support this illogical claim. To the contrary, Measure M would help Capitola continue to provide facilities and services necessary to maintain its standing as a premier beach destination.

In 2012, the City and County of Santa Cruz both proposed measures to increase their TOT to 11%. **OPPONENTS OF MEASURE M DID NOT OPPOSE THESE IDENTICAL MEASURES.**

A YES vote on Measure M is an easy choice. It provides much needed revenue – **WITHOUT INCREASING TAXES ON CAPITOLA RESIDENTS.**

s/ Christine McBroom
City Treasurer

s/ Mike Termini
City Council Member

s/ Dennis Norton
City Council Member