

**EL DORADO COUNTY CALIFORNIA**  
*Chief Administrative Office*

February 26, 2007

Memo To: Board of Supervisors

From: Laura S. Gill, Chief Administrative Officer

*Laura S. Gill*

Subject: Update of Revenue Estimate for Transient Occupancy Tax (Item #53, 2/27/07)

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2007 FEB 26 PM 4:03

At its October 24, 2006 meeting (Item #21), the Board of Supervisors approved the award of promotions funds to various agencies "with the caveat that a recap of transient occupancy tax (TOT) funding be brought back to the Board for review on February 27, 2007."

The following chart provides an update of the FY 2006-07 revenue estimate for TOT as of January 31, 2007:

|                                     |             |
|-------------------------------------|-------------|
| Budgeted Estimate                   | \$1,474,472 |
| Revised Estimate                    | \$1,600,000 |
| Amount Over/(Under) Budget Estimate | \$125,528   |

However, the revised estimate for this revenue source should be taken in context of total General Fund discretionary revenue. The updated FY 2006-07 revenue estimate as of January 31, 2007 for Department 15 General Fund discretionary revenue is provided in the chart below:

|                                     |               |
|-------------------------------------|---------------|
| Budgeted Estimate                   | \$104,315,793 |
| Revised Estimate                    | \$104,306,257 |
| Amount Over/(Under) Budget Estimate | (\$9,536)     |

The budgetary practice for TOT revenues is to allocate 50% of the *projected revenue to be received in the prior fiscal year* for promotions activities in the current fiscal year. In other words, the revised budget estimate for FY 2005-06 controls the amount of TOT revenue allocated for promotions in FY 2006-07. By extending this practice to the possible allocation of additional FY 2006-07 TOT revenues, the amount of estimated additional FY 2006-07 TOT available for appropriation is \$62,764. A budget transfer would be necessary to carry out this appropriation increase.

I recommend that the Board of Supervisors not allocate the estimated additional FY 2006-07 TOT revenues for two reasons: First, the initial allocations were based on revised FY 2005-06 revenue estimates. Second, while TOT revenues are currently above budget estimates, overall discretionary revenues, which include TOT, are projected to come in at budget. However, if the Board chooses to allocate the additional \$62,764, then I recommend that the County request proposals for promotions activities from interested groups.

I remain available to answer any questions you may have concerning this information.