

# Fiscal Year 2020-21 Transient Occupancy Tax COVID-19 Revenue Impacts

Presented by the Chief  
Administrative Office to the Board  
of Supervisors on July 21, 2020



# Transient Occupancy Tax

- Chapter 3.28 of the County Code establishes that each transient is subject to and shall pay a tax in the amount of ten percent of the rent charged by the operator for occupancy in any facility, except a camping site or a space at a privately owned campground or recreational vehicle park.
- Board Policy B-16, Budget Policies, #13: Transient Occupancy Tax revenue shall be directed toward the impact of tourism and economic development, with consideration for support of tourism and promotion activities within the County and for continued support for grant fund allocations to support Veteran programs within the County.

# Transient Occupancy Tax

- FY 2020-21 Recommended Budget: \$4.98m (same as FY 2019-20)
- Revenues are projected to come in above budget for FY 2019-20, and are currently projected at \$5,376,701.
- Revenues for FY 2020-21 are likely to be affected by reduced travel.

# Transient Occupancy Tax

## FY 2020-21 Recommended Budget

\$4,980,000

• Total Budgeted Revenue

\$530,000

• Treasurer-Tax Collector share (based on estimated FY 2019-20 actuals)

\$4,450,000

• General Fund's direct share of TOT revenue

\$265,739

• Veteran Services (Commission & new Sr. Veteran Service Representative position)

\$1,763,692

• Economic Development Budget

\$2,420,569

• Remaining General Fund

# Transient Occupancy Tax

## CAO Recommendation

### Cautious Assumption



25% Reduction

\$3.76 million

\$1.25 million less than FY 2020-21 Recommended

This scenario may be apt should travel in the County again be reduced as a result COVID-19 restrictions.

### Conservative Assumption

13% Reduction

\$4.3 million

\$647,400 less than FY 2020-21 Recommended

This reduction captures the lost revenue as a result of the travel restrictions, with the assumption that going forward revenue will increase to previous rates.

### Moderate Assumption

5% Growth

\$5.23 million

\$249,000 more than FY 2020-21 Recommended

Positive growth in TOT could result from latent demand in travel, and the potential for additional revenues resulting from identifying unlicensed Vacations. 20-0971 D 5 of 8

# Transient Occupancy Tax

Total Budgeted Revenue: \$3,735,000 (-\$1,245,000 from Recommended)

-\$191,422	• Additional Revenues for Economic Development
-\$765,000	• Economic Development Fund Balance Savings
-\$156,500	• Treasurer-Tax Collector share Reduction (-25%)
-\$43,807	• Veteran Services Reduction (-25%)
-\$88,272	• Econ. Development Budget Reduction (-25%)

= \$1,245,000 in Reductions

# Economic Development Budget

<b><u>\$1,675,420</u></b>	• Total Reduced Budget
<b>\$472,729</b>	• Salaries, Benefits, and Administration Allocation
<b>\$42,252</b>	• Other Services and Supplies (Journals, training, equipment, subscriptions)
<b>\$70,000</b>	• GSEC Membership and Annual Event
<b>\$15,000</b>	• Wagon Train Contribution
<b>\$1,075,439</b>	• Projects and Services Contracts (See Detail on Following Slide)

# Economic Development Budget: Projects and Service Contracts

**\$1,075,439**

- \$60,000: Coloma Lotus Economic Study
- \$60,000: Community Planning - Year 2 of 4
- \$50,000: John Krueger dba National Market Advisors
- \$25,000: EPS Opportunity Areas Analysis
- \$50,000: Regional Fee / Development FIA Components
- \$75,000: Affordable Housing Ordinance
- \$25,000: Economic Sustainability Analysis
- \$10,000: Neo Connect - Broadband Phase 2
- \$2,000: Meeting Facilitation
- \$30,000: CPS HR Training
- \$75,000: Housing Strategy
- \$240,919: El Dorado County Chamber of Commerce
- \$150,750: El Dorado County Chamber of Commerce - Film Commission
- \$110,320: El Dorado Hills Chamber of Commerce
- \$78,950: Lake Tahoe South Shore Chamber of Commerce
- \$30,000: Tahoe Prosperity Center
- \$2,500: Fish & Game Fee