

El Dorado County Board of Supervisors
Response to the
2023-24 El Dorado County Grand Jury Report
(Case 24-04 - Transient Occupancy Tax: Transparency Matters)

Case 24-01: Transient Occupancy Tax: Transparency Matters

The Grand Jury has requested responses from the Board of Supervisors and the Chief Administrative Office on All Findings and Recommendations. They have also requested a response from the County Treasurer-Tax Collector on Finding F3 and Recommendation R3.

Consistent with previous practice and pursuant to Board Policy A-11, the Chief Administrative Office is responsible for coordinating the County's response to the Grand Jury. Responses to the Grand Jury Report are directed by Board Policy A-11 and Penal Code 933.05. Accordingly, the Chief Administrative Office has reviewed and compiled the responses from all non-elected department heads into this Initial Draft Response for the Board's consideration.

FINDINGS

- F1. The BOS is currently following the TOT Measure's intent for the use of revenues/funds. Budget Resolution Number 063-2022 clarifies that TOT funds utilized by the BOS are the same as Sales and Property tax, meaning that the BOS has 100% discretionary authority to allocate TOT funds.

The Board of Supervisors agrees with the finding.

- F2. There is no formal or consistent process for the various chambers or groups to request TOT funds, or transparency on how decisions are made to allocate funds.

The Board of Supervisors disagrees partially with the finding.

There is no policy outlining a formal process for any group to request TOT funds from the County; however, the Board provides direction to staff at a public meeting with regard to which agencies should be considered for funding and the decisions to allocate funds are made by the Board at public meetings based on staff reports that are available to the public in advance of those meetings.

- F3. There is no compliance process to ensure the collection of all TOT revenues from short-term rental companies like Airbnb.

The Treasurer-Tax Collector oversees this function and will respond independently as an Elected Official.

- F4. The definition of ‘tourism and economic development’ is vague to the public and the source of misperception.

The Board of Supervisors agrees with the finding.

RECOMMENDATIONS

- R1. The BOS should develop and implement a plan by January 1, 2025, to improve the transparency of the TOT funds request and allocation process, such as a TOT page on their website or a media campaign to alleviate public perception of misuse of funds.

The recommendation will not be implemented because it is not warranted.

As noted in the response to Finding 2, all decisions on which entities may request funding and which entities will receive funding are made by the Board at public meetings.

- R2. To clarify that the funds are discretionary, Board Policy B-16 (see Appendix) should be updated in the latest CAO Budget Book, and everywhere else relevant, to properly set public expectations and reduce controversy.

The recommendation will not be implemented because it is not warranted.

Policy B-16 already refers to the TOT exclusive of the voter-approved Tahoe-area specific revenue as “Discretionary Transient Occupancy Tax.” The Board reviews Policy B-16 annually as part of the Recommended Budget process and may recommend changes at any time; however, Policy B-16 as currently written reflects the Board’s current intent for the allocation of the Discretionary TOT.

- R3. The County Tax Collector should implement a compliance plan to ensure that all TOT taxes are identified and collected.

The Treasurer-Tax Collector oversees this function and will respond independently as an Elected Official.