



County of El Dorado

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Legislation Details (With Text)

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On agenda: 4/25/2022 **Final action:** 4/25/2022

Title: Chief Administrative Office recommending the Board approve and authorize the Chair to sign:
1) Resolution 062-2022 for the November 2022 election to:
a) Place a ballot measure requesting voters to support a 2% Special Tax increase (requiring a 2/3 supermajority voter approval of the unincorporated West Slope - Attachment 1) to the County's hotel/motel tax, also known as Transient Occupancy Tax, thereby increasing the tax rate from 10% to 12% on visitors of vacation home rentals, hotels, and motels in the unincorporated portion of the West Slope of El Dorado County, with the 2% increase providing approximately \$340,000 of additional revenue annually, solely dedicated to maintenance of existing roads in the unincorporated portion of the West Slope; and
b) Approve the following ballot measure language: "For the sole purpose of maintaining El Dorado County's existing roads in the unincorporated portion of the West Slope, shall an ordinance be adopted to increase the 'hotel/motel' tax rate upon visitors of vacation home rentals, hotels, motels, and similar facilities in the unincorporated portion of the West Slope of El Dorado County from 10% to 12% of rent charged to the visitor, providing approximately \$340,000 annually for road maintenance until repealed?"
2) Resolution 063-2022 for the November 2022 election to:
a) Place a ballot measure requesting voters to support a 4% Special Tax increase (requiring a 2/3 supermajority voter approval of the unincorporated Tahoe Area - Attachment 1) to the County's hotel/motel tax, also known as Transient Occupancy Tax, thereby increasing the tax rate from 10% to 14% on visitors of vacation home rentals, hotels, and motels in the unincorporated portion of the Tahoe Area of El Dorado County, with the 4% increase providing approximately \$2,500,000 annually, solely dedicated to snow removal and maintenance of existing roads in the unincorporated portion of the Tahoe Area; and
b) Approve the following ballot measure language: "For the sole purpose of removing snow and maintaining El Dorado County's existing roads in the unincorporated portion of the Tahoe Area, shall an ordinance be adopted to increase the 'hotel/motel' tax rate upon visitors of vacation home rentals, hotels, motels, and similar facilities in the unincorporated portion of the Tahoe Area from 10% to 14% of rent charged to the visitor, providing approximately \$2,500,000 annually for snow removal and road maintenance until repealed?"

FUNDING: General Fund - Transient Occupancy Tax.

Sponsors:

Indexes:

Code sections:

Attachments: 1. A - Resolution xx-2022_TOT 1 (West Slope), 2. B - Resolution xx-2022_TOT 2 (Tahoe Area), 3. C - Exhibit A_West Slope TOT Ordinance (redline), 4. D - Exhibit B_Tahoe Area TOT Ordinance (redline), 5. E - Attachment 1_Voting Area Map, 6. F - TOT Ballot Measure Board Presentation, 7. Executed Resolution 062-2022, 8. Executed Resolution 063-2022

Date	Ver.	Action By	Action	Result
4/25/2022	1	Board of Supervisors	Approved	Pass

Chief Administrative Office recommending the Board approve and authorize the Chair to sign:

1) Resolution **062-2022** for the November 2022 election to:

a) Place a ballot measure requesting voters to support a 2% Special Tax increase (requiring a 2/3

supermajority voter approval of the unincorporated West Slope - Attachment 1) to the County's hotel/motel tax, also known as Transient Occupancy Tax, thereby increasing the tax rate from 10% to 12% on visitors of vacation home rentals, hotels, and motels in the unincorporated portion of the West Slope of El Dorado County, with the 2% increase providing approximately \$340,000 of additional revenue annually, solely dedicated to maintenance of existing roads in the unincorporated portion of the West Slope; and

b) Approve the following ballot measure language: "For the sole purpose of maintaining El Dorado County's existing roads in the unincorporated portion of the West Slope, shall an ordinance be adopted to increase the 'hotel/motel' tax rate upon visitors of vacation home rentals, hotels, motels, and similar facilities in the unincorporated portion of the West Slope of El Dorado County from 10% to 12% of rent charged to the visitor, providing approximately \$340,000 annually for road maintenance until repealed?"

2) Resolution **063-2022** for the November 2022 election to:

a) Place a ballot measure requesting voters to support a 4% Special Tax increase (requiring a 2/3 supermajority voter approval of the unincorporated Tahoe Area - Attachment 1) to the County's hotel/motel tax, also known as Transient Occupancy Tax, thereby increasing the tax rate from 10% to 14% on visitors of vacation home rentals, hotels, and motels in the unincorporated portion of the Tahoe Area of El Dorado County, with the 4% increase providing approximately \$2,500,000 annually, solely dedicated to snow removal and maintenance of existing roads in the unincorporated portion of the Tahoe Area; and

b) Approve the following ballot measure language: "For the sole purpose of removing snow and maintaining El Dorado County's existing roads in the unincorporated portion of the Tahoe Area, shall an ordinance be adopted to increase the 'hotel/motel' tax rate upon visitors of vacation home rentals, hotels, motels, and similar facilities in the unincorporated portion of the Tahoe Area from 10% to 14% of rent charged to the visitor, providing approximately \$2,500,000 annually for snow removal and road maintenance until repealed?"

FUNDING: General Fund - Transient Occupancy Tax.

DISCUSSION / BACKGROUND

Under Chapter 3.28 of the County Code of Ordinances, the County imposes and collects a 10% Transient Occupancy Tax (TOT) rate in the unincorporated part of the County on the rent charged by the operator for occupancy of hotels, motels, inns, or other lodging, except at a camping site or a space at a privately owned or State Park campground or recreational vehicle park. Collection of TOT from a campsite in a State Park is further precluded by Section 7282 of the State Revenue and Taxation Code.

The existing 10% TOT rate was established in 2004, when Measure H was placed on the ballot as a General Tax and passed by a majority of the electorate at 59.7%. Because the Measure was passed as a General Tax, the use of funds is not legally restricted and can be used for general governmental purposes. However, El Dorado County Budget Policy B-16 Section II.13 states that TOT "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." Consistent with this Policy, in Fiscal Year (FY) 2021-22, the Board allocated \$3,000,000 toward offsetting tourism impacts; \$1,300,000 toward economic development; \$621,000 toward tourism and promotion activities; and \$281,000 to support Veteran programs.

The current recommendation makes no changes to this practice or to Board Budget Policy B-16. The revenue from the existing TOT rate of 10% would continue to be discretionary General Fund revenue

and staff would continue to bring recommendations forward pursuant to Policy B-16.

On March 13, 2018, (Legistar item 18-0372) staff provided the Board with a comprehensive overview of TOT funding sources, expenditures, and alternatives to increase the Board's discretionary General Fund revenue with options to increase TOT. The Board directed staff to revise or remove General Plan Policy 10.1.6.4, which stated that "a majority of transient occupancy tax generated revenue shall be directed toward the promotion of tourism, entertainment, business and leisure travel in El Dorado County," to move forward with additional analysis on the feasibility of applying TOT to privately and federally owned campgrounds, and to place a General Tax measure on the November 2018 ballot to increase the TOT rate from 10% to 12%, with an estimated annual increase of \$734,190 in discretionary revenue to the County at the time.

Subsequently, General Plan Policy 10.1.6.4 was removed and replaced with Board Budget Policy B-16 Section II.13, staff convened a stakeholder meeting with various campground operators, and it was determined to be operationally infeasible for the campground outfitters to implement the TOT collection, and Measure J was placed on the November 2018 ballot as a General Tax, which failed because it only received 43.89% of the vote.

Staff are now recommending the Board place two measures on the November 2022 ballot. The first measure would request voters to support a 2% Special Tax increase (requiring a 2/3 supermajority voter approval of the unincorporated West Slope) to the County's TOT rate from 10% to 12% on visitors of vacation home rentals, hotels, and motels in the unincorporated portion of the West Slope of El Dorado County (Attachment 1). Based on FY 2021-22 TOT figures, the 2% increase would provide approximately \$340,000 of additional revenue annually. The additional revenue would be dedicated solely to maintenance of existing roads in the unincorporated portion of the West Slope.

The second ballot measure would request voters to support a 4% Special Tax increase (requiring a 2/3 supermajority voter approval of the unincorporated Tahoe Area) to the County's TOT tax rate from 10% to 14% on visitors of vacation home rentals, hotels, and motels in the unincorporated portion of the Tahoe Area of El Dorado County (Attachment 1). Based on FY 2021-22 TOT figures, the 4% increase would provide approximately \$2,500,000 of additional revenue annually. The additional revenue would be dedicated solely to snow removal and maintenance of existing roads in the unincorporated portion of the Tahoe Area.

The proposed rates are consistent with the TOT/Assessment rates of the six county region, which range from 8% to 15% on the West Slope and 10% to 14% plus \$4.00-\$5.50 per night in the Tahoe Area.

If the measures are approved by the voters, the existing 10% Countywide TOT rate would remain a General Tax thereby allowing the Board to maintain their existing flexibility pursuant to Board Budget Policy B-16 Section II.2 and to allocate funds consistent with Section II.13. and, because the proposed increases to the TOT rate would be a Special Tax dedicated to snow removal and maintenance of existing roads, the Board is able to maximize the pursuit of new revenues and grant funding pursuant to Budget Policy Sections II.3 and II.4, respectively.

ALTERNATIVES

The Board could choose to reduce or increase the recommended tax increase, or could choose not to take any action at this time.

PRIOR BOARD ACTION

March 13, 2018 - Legistar #18-0372

June 1, 2018 - Legistar #18-0930

December 10, 2019 - Legistar #19-1755

OTHER DEPARTMENT / AGENCY INVOLVEMENT

County Counsel, Elections, Auditor, Treasurer Tax Collector, and Surveyor

FINANCIAL IMPACT

If the voters approve the increase to the TOT rate from 10% to 12% on the West Slope it is estimated that an additional \$340,000 of annual revenue would be available for maintenance of existing roads on the West Slope. If the voters approve the increase to the TOT rate from 10% to 14% in the Tahoe Area, it is estimated that an additional \$2,500,000 of annual revenue would be available for snow removal and maintenance of existing roads in the Tahoe Area. If both measures pass, the combined estimated funding dedicated to road maintenance and snow removal would be \$2,840,000, which would reduce the reliance on General Fund for road maintenance, thereby freeing up funding for other discretionary programs the Board may wish to consider. Last year, and pursuant to Board Budget Policy B-16 Section II.15, the County contributed \$3,000,000 in discretionary revenue to road maintenance.

The cost of placing measures on the ballot for the upcoming November election will be “shared” by the other items placed on the ballot, including County and State propositions and special district elections. The Elections Department cannot provide a specific cost estimate, but previous countywide measures have cost approximately \$49,000.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Obtain Chair’s signature on the Resolutions and return a signed copy to the Chief Administrative Office.

STRATEGIC PLAN COMPONENT

This recommendation is in alignment with the County’s Strategic Plan, including the Good Governance Strategic Plan Component - Establish sound fiscal policies and enable trust and transparency by ensuring accountability, efficiency, flexibility, innovation and excellence in all operations; and the Infrastructure Strategic Plan Component - Improve Road Maintenance.

CONTACT

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