



R-11

MAYOR ROBERT GARCIA
CITY OF LONG BEACH

November 12, 2019

To: Members of the City Council

RECOMMENDATION:

Request the City Attorney to prepare an ordinance establishing a permanent increase of the Transient Occupancy Tax (TOT) at the rate of one percent, to be collected by the operator from each transient with the room payment and subsequently remitted to the City of Long Beach, to be placed on the ballot in the March 3, 2020 municipal election, and any and all documents related thereto.

BACKGROUND:

On October 22, 2019, major arts organizations in Long Beach, management at the Long Beach Convention and Visitors Bureau, and several hotel managers sent a letter to the City describing a need for expanded student and family arts education in Long Beach, as well as improvements to the Long Beach Convention and Entertainment Center. This coalition supports a one percent Transient Occupancy Tax (TOT) increase to enable these investments.

A one percent TOT increase is not a tax on Long Beach residents nor is it a tax on Long Beach hotels, rather it would be revenue generated from visitors, conference and convention attendees, as well as anyone else booking hotel rooms in Long Beach.

Increasing our TOT by 1 percent would still put the City's TOT at an amount less than our nearest competitor, the City of Anaheim; and keep us on par with the City of Los Angeles. In addition, hotel rooms in Long Beach are on average \$100 less per night than rooms in the City of Los Angeles.

The one percent increase could be divided equally with the Long Beach Convention and Entertainment Center receiving half (0.05%) of the one percent and major arts and culture organizations also receiving half of one percent (0.05%) of TOT revenue resulting from the proposed increase.

Improvements to the Long Beach Convention and Entertainment Center will ensure Long Beach will continue to be sought out as a premiere destination for the convention

and entertainment industry—which generates economic benefits to the hotels, restaurants, retailers, and attractions in Long Beach that employ thousands of people.

FISCAL IMPACT:

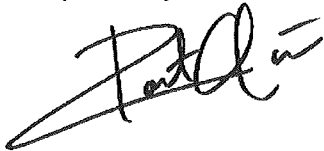
This recommendation requests the City Attorney to prepare an ordinance establishing a permanent increase of the Transient Occupancy Tax (TOT) at the rate of one percent to be placed on the ballot in the March 3, 2020 municipal election. In order to place this ballot measure on the March 3, 2020 municipal election, the City Council must adopt a finding of fiscal emergency by a unanimous vote of the Council per Proposition 218. It is estimated that this measure if approved will generate approximately \$2.8 million of additional revenue in the first year. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

This matter was reviewed by Budget Manager, Grace H. Yoon on October 28, 2019.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Mayor Robert Garcia
City of Long Beach
Dated: November 4, 2019