



Enhancing Access to Arts & Culture in Long Beach

A Proposal to Increase the Hotel Bed Tax

November 12, 2019

Background

- Letter received from the LBCVB, hotels, and major arts organizations throughout Long Beach expressing the need for a stable source of financial support
- Requests the City Council increase the Transient Occupant Tax (TOT) by 1% to provide funding for:
 - Student Arts Education Programs
 - Community Arts
 - Cultural Programs
 - Local Museums & Theaters
 - Convention & Entertainment Center



What is a Transient Occupancy Tax (TOT)?

- A Transient Occupancy Tax (TOT), or hotel bed tax, is paid for the occupancy of a guest room in a hotel, motel, inn, or short-term rental (e.g., Airbnb)
- The tax is not paid by Long Beach residents, unless they occupy (rent) a guest room in Long Beach
- The tax is collected by the operator from each transient (visitor) with the room payment and, subsequently, remitted to the City
- The current rate of tax is 12% of the rent -- 6% is paid to the General Fund, and 6% is paid to the Special Advertising and Promotion Fund
- Special Advertising and Revenue Fund revenues are used for advertising, promotional and public relations projects, and special events calling positive attention to the City

What Does a 1% TOT Increase Mean?

- Proposal is to increase the General Fund portion of the TOT tax by 1%

To a Visitor Renting a Room:

\$1.80-\$2.00 More per Night

To the City's Arts Organizations and
Convention & Entertainment Center:

**\$2.8 Million Annually
(approx.)**

TOT in Comparable Cities

City	TOT	TBID*	Total Tax	Other Fees	Proposed Increases
Anaheim	15%	2%	17%	-	-
Los Angeles	14%	1.75%	15.75%	-	-
Long Beach	12%	3%	15%	-	16%, if proposed measure passes
Sacramento	12%	3%	15%	-	-
San Francisco	14%	-	14%	\$2.25 nightly fee	-
Huntington Beach	10%	4%	14%	-	-
Newport Beach	10%	3.35%	13.35%	-	-
San Diego	10.5%	2%	12.5%	-	15.75%, if measure passes in March 2020
San Jose	10%	-	10%	\$2.50 nightly fee	-

*A TBID (Tourism Business Improvement District) is formed by area businesses to increase the number of overnight visitors using business and services in that area

- Hotel rooms in Long Beach are on average \$100 less per night than rooms in the city of Los Angeles

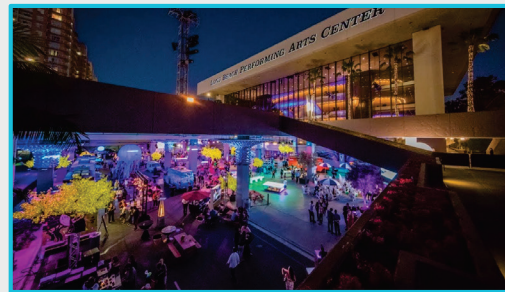
Arts & Cultural Opportunities

- Arts and culture are key components of quality of life, and critical to a City's identity and well-being
- The arts have a critical partnership with tourism and our conventions, as well as visitors who come to experience Long Beach
- As the City grows, the arts also need to grow
- Currently no financial resources for growing our commitment



Convention Center Improvements

- Convention and Entertainment Center is a major driver in the Long Beach economy and needs to be modernized to support the range of arts that are possible in today's artistic climate, including those that are technological in nature
- Long Beach has become a preferred destination for many organizations and we must continually upgrade our facilities to ensure they continue to come back, as well as attract new clientele
- Over \$50 million in critical needs at the Convention Center



Fiscal Emergency Declaration

	FY 20	FY 21	FY 22	FY 23
Range of Surplus (Shortfall)	0	(5) to (12)	(11) to (18)	(7) to (21)

In Millions

- Given this fiscal situation, funding will most likely not be available in the near future for enhancements, including those for enrichment opportunities
- Proposition 218 requires new and increased taxes and extensions of taxes to be voted on only at a regular general election of the City at which members of the City Council are elected, unless the City Council adopts a finding of emergency by a unanimous vote of the Council members present
- The declaration of a fiscal emergency will allow the City to bring the proposed tax measure to the voters at a March 3, 2020 special election

Next Steps

- Ordinance and Resolution declaring an emergency will return to the City Council on November 19, in order to make the County's December 6, 2019 deadline
- If an emergency is declared, the ballot measure would appear on the March 3, 2020 election ballot



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