M O T I O N

The City's Transient Occupancy Tax (TOT) is a tax on individuals occupying hotel rooms, including short-term rentals, throughout the City. The hotel operator collects the TOT from the patron and then remits the collected tax to the City.

Individuals booking hotel rooms through an online travel company are required to pay TOT for each hotel stay. Online travel companies are also required to collect and remit the tax to the hotel operator for which the room was booked. ***Currently, the Municipal Occupancy Tax Code allows online travel companies to collect and remit tax on the discounted and/or wholesale room rate agreed upon with the hotel, rather than on the actual amount the guest pays for the room. As such, online travel companies collect a room rate from the customer, but do not pay a full tax amount.***

The City of Anaheim recently approved a ballot measure (Measure J) that updates Anaheim's hotel tax to ensure that the full retail amount is taxed when the room is booked through an online travel company. For the City of Anaheim, which collected $267M in hotel tax for 2021-22, the tax update could generate up to $3M in additional hotel tax collected annually.

The Adopted Budget estimates that the City's TOT revenues will equal to approximately $224M in 2022-23. Should a ballot measure to require online travel companies to collect and remit the actual amount paid for lodging be approved by City voters, TOT revenues will increase, providing additional funding available for City programs and services.

I THEREFORE MOVE that the Office of Finance be instructed to report on the potential for a ballot measure to update the City's Municipal Occupancy Tax Code regarding the Transient Occupancy Tax (TOT) and require online travel companies to collect and remit the actual amount paid for lodging rather that the wholesale and/or discounted amount.

I FURTHER MOVE that the Office of Finance be instructed to report on the amount of TOT currently paid by online travel companies and the estimated amount that could potentially be garnered by the City should the City's tax code be updated.

PRESENTED BY:

TIM McOSKER
Councilmember, 15th District

BOB BLUMENFIELD
Councilmember, 3rd District

SECONDED BY:

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