



July 17, 2018

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Marin County Board of Supervisors
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SUBJECT: Proposed Ordinance Establishing a West Marin Transient Occupancy Tax (TOT) Rate Area and Authorizing an Election November 6, 2018 to Increase the TOT in the West Marin TOT Rate Area

Dear Supervisors:

RECOMMENDATION: Conduct a First Reading on Tuesday, July 17, 2018, on the proposed Ordinance for the County of Marin to increase the transient occupancy tax rate to 14% for West Marin from the current rate of 10% for the privilege of occupancy in any hotel or short-term rental. Following the First Reading, set the matter for public hearing on the proposed Ordinance for Tuesday, July 31, 2018, at 10:30 a.m.

SUMMARY: On June 19, 2018, this Board provided direction for staff to prepare a proposed ordinance to create a West Marin Transient Occupancy Tax Area and to submit a ballot measure for the November 6, 2018 ballot. Please refer to Exhibit A which outlines the proposed tax area rate boundaries.

The proposed ballot measure would increase the transient occupancy tax (TOT) rate to 14% for West Marin from the current rate of 10% for the privilege of occupancy in any hotel or short-term rental. A West Marin TOT rate of 14% also aligns with the 14% rate of neighboring San Francisco. The ballot measure would also extend the TOT in West Marin to private campgrounds at a rate of 4%.

The additional funds raised would support services in the new West Marin Transient Occupancy Tax Area. Because these new funds would be dedicated for a specific purpose, the ballot measure would require approval by at least 2/3 of the tax area voters. If approved, the additional annual funding will be spent to better address the impacts of visitors to the community, with half of the funds dedicated for enhanced fire and rescue services and half of the fund to support long-term community housing.

An annual audit would be required, and an oversight committee would be established to ensure that the additional funds are used only in West Marin and are distributed as stipulated by the ballot measure. In addition, ad-hoc working groups would be

created to help inform recommendations to the Board of Supervisors in developing expenditure plans for the funds.

FISCAL/STAFFING IMPACT: Based on enhanced enforcement efforts and year-end receipts, the County is estimating that a West Marin TOT rate of 14% would generate approximately \$1.3 million in additional funds annually, which is consistent with previous estimated revenue at a 15% rate. If voters approve a new West Marin Transient Occupancy Tax Area and increase the TOT for this Area to 14% from 10%, the approximately \$1.3 million in additional annual funds would be dedicated 50% to fire/emergency services needs and 50% for community housing needs in the newly established West Marin TOT Area.

One-time election costs of approximately \$14,000 to \$21,000 (assuming an estimated 7,050 registered voters) would be paid from the new tax proceeds, if approved by voters. If a ballot measure proceeds and is unsuccessful, the County's General Fund would pay for these one-time election costs.

Ongoing costs associated with administering these funds would be limited to no more than 5% of the annual proceeds. Any cost to conduct an annual audit would be paid from the proceeds as part of the 5% cap on administrative costs.

REVIEWED BY:

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|-------------------------------------|--------------------|-------------------------------------|-----|
| <input checked="" type="checkbox"/> | Auditor-Controller | <input type="checkbox"/> | N/A |
| <input checked="" type="checkbox"/> | County Counsel | <input type="checkbox"/> | N/A |
| <input type="checkbox"/> | Human Resources | <input checked="" type="checkbox"/> | N/A |

Respectfully submitted,

BRIAN E. WASHINGTON
County Counsel