



June 19, 2018

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**SUBJECT: Informational Report Regarding an Election to Establish a
West Marin Transient Occupancy Tax Area**

Dear Board Members:

RECOMMENDATION: Provide direction to staff regarding next steps.

BACKGROUND: At the request of District 4 Supervisor Dennis Rodoni, we are bringing to your Board a policy proposal to create a West Marin Transient Occupancy Tax Area. The creation of this tax area would provide the ability for your Board to consider bringing a ballot measure to increase the transient occupancy tax (TOT) rate to 15% for West Marin from the current rate of 10% for the privilege of occupancy in any hotel or short-term rental. These additional funds would be dedicated to support services in the new West Marin Transient Occupancy Tax Area. Please refer to Attachment A which outlines the proposed tax area rate boundaries.

Since these 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, additional annual funding of approximately \$1.2 million to \$1.5 million is proposed to better address community impacts related to tourism, with 50% dedicated for enhanced fire and emergency services and 50% to support long-term community housing. For informational purposes only, we have drafted a summary of the ballot measure for your consideration and feedback:

- To better address community impacts related to tourism, shall the County of Marin increase the Transient Occupancy Tax from 10% to 15% in the West Marin area for hotels, short-term rentals, and begin to apply 5% to campground visitors, to provide for enhanced fire and emergency services, as well as long-term community housing, paid only by lodging guests, with local oversight, annual independent audits, and all funds exclusively used for West Marin?

An annual audit and an oversight committee would assure residents that the additional funds are used only in West Marin and that the funds are distributed as stipulated by the ballot measure.

Should your Board provide direction for staff to proceed, the next steps would be to direct the Office of the County Counsel to prepare a draft ordinance creating a new West Marin Transient Occupancy Tax Area for your July 10, 2018 meeting, followed by a resolution to establish a special election on the November 6, 2018 ballot to confirm the tax area and the higher transient occupancy tax rate for these purposes.

FISCAL IMPACT: If the voters approved a new West Marin Transient Occupancy Tax Area and increased the TOT for the new area as outlined above, the increased tax would generate approximately \$1.2 million to \$1.5 million annually with 50% of funds dedicated to fire/emergency services needs and 50% for community housing needs in the newly established West Marin Transient Occupancy Tax Area.

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

Ongoing administrative costs associated with administering these funds would be limited to no more than 5% of the annual proceeds. In addition, any additional cost to conduct an annual audit would be paid from the proceeds prior to the allocations to fire/emergency services and long-term community housing.

Please let me know if you have any questions or concerns.

Respectfully submitted,



Matthew H. Hymel
County Administrator