

IMPARTIAL ANALYSIS OF MEASURE __ , PROPOSED INCREASE OF HAYWARD'S TRANSIENT OCCUPANCY ('TOT' OR HOTEL) TAX

Hayward voters will be presented with a measure at the November 3, 2020 general municipal election that could increase the city's transient occupancy tax from its current rate of 8.5% up to a maximum of 14%, as determined by the city council. A transient occupancy tax, called 'TOT' for short, is also known as a 'hotel tax.' A TOT or 'hotel tax' is a tax imposed only on guests at hotels, motels, and other short-term lodging who stay up to 30 days. The tax is imposed on a per day basis, and is paid by the guest in addition to the daily rate charged by the hotel or motel. To avoid any confusion, this tax is not charged or imposed on renters or homeowners.

As an example of how this tax works, a guest who pays \$100 to stay in a hotel for one day now pays an additional \$8.50 as the TOT or hotel tax. The guest pays a total of \$108.50. The hotel collects \$8.50 and sends it to the city. If this measure is approved, the guest could pay as much as \$114.00 for one day, and the hotel would collect \$14 and send it to the city.

The TOT is a general tax used by the city for any unrestricted purpose. The financial analysis prepared by the city reports an average of \$2.6 million currently generated annually in TOT revenues, with a potential of generating a projected \$4.2 million if the maximum rate of 14% were charged. The financial analysis further reports the current 8.5% rate is among the lowest rates when compared to 16 Bay Area cities with populations over 100,000.

The ballot question for this measure says the city will use this tax for street and sidewalk repairs, increased emergency response times by police and fire department personnel, disaster preparedness, extended library hours and after-school programs, and other city services.

In order to increase the rate from its current 8.5%, the Hayward city council would be required to amend its municipal code at a public meeting noticed for this purpose. Under state law, the city council could increase the rate above 8.5% but not higher than 14% without further approval of the voters.


A 'yes' vote will allow the TOT rate to be increased above 8.5% by the city council, but not higher than 14%.

A 'no' vote means the current rate of 8.5% will remain unchanged.

This measure requires a simple majority vote for approval. A simple majority is 50% of voters voting on the measure, plus one additional vote. If approved, it would become effective 10 days after the certification of its approval, pursuant to Elections Code sec. 9217.

This analysis is prepared by the City Attorney of the city of Hayward, pursuant to Elections Code sec. 9280

Dated: August 7, 2020

By: 
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