

MEASURE B

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE B

This measure would amend Palo Alto's Transient Occupancy Tax ("TOT") ordinance to increase the rate by two percentage points, from 12% to 14%.

The TOT, also sometimes called the "hotel tax," applies to the rent that is charged to guests staying in hotels and other short-term rentals located in Palo Alto. Hotel tax rates vary from city to city. In the San Francisco Bay Area, hotel tax rates generally range from 8% to 14%. The hotel guest is responsible for paying the tax.

Currently, hotel tax revenue accounts for more than 5 percent of Palo Alto's total general fund revenue. These revenues cannot be taken away by the state. They are used for general local governmental purposes such as police, fire, public works, parks and recreation, library and capital improvements.

The City estimates that the proposed 2% increase will generate additional revenues of approximately \$2,200,000 each year. The City Council has indicated an intention to use these funds for infrastructure maintenance and improvements such as earthquake safe fire stations, pedestrian and bike improvements, streets, sidewalks, paths, bridges, and parks and recreation facilities.

This measure also makes minor amendments to the TOT ordinance to clarify that the tax applies in the same manner to informal short-term room rentals and online brokers of traditional hotel rooms. Many cities are updating their TOT ordinances to ensure that TOT is collected on the actual rate the customer pays, rather than the "wholesale" or other discounted rate, and to address new service delivery models. Note that these changes do not implicitly permit hotel use that does not comply with the City's Zoning Code.

The ordinance will become effective if a majority of those voting on the measure vote for it.

A vote "For the Ordinance" will increase the hotel tax from 12% to 14% and clarify the application to online brokers and other short-term rentals.

A vote "Against the Ordinance" will keep the hotel tax at 12%.

Dated: August 19, 2014

/s/ Molly S. Stump
City Attorney

COMPLETE TEXT OF MEASURE B

Ordinance No. _____

Ordinance of the Council of the City of Palo Alto Amending Chapter 2.33 of Title 2 of the Palo Alto Municipal Code Relating to the Transient Occupancy Tax

The People of the City of Palo Alto do ordain as follows:

SECTION 1. Chapter 2.33 of the Palo Alto Municipal Code is hereby amended by amending Chapter 2.33 as follows:

Chapter 2.33

TRANSIENT OCCUPANCY TAX

2.33.010 Definitions.

2.33.020 Tax imposed.

2.33.030 Exemptions.

2.33.040 Operator's duties.

2.33.050 Registration.

2.33.060 Reporting and remitting.

2.33.070 Penalties.

2.33.080 Failure to collect and report tax; determination of tax by supervisor of revenue collections.

2.33.090 Appeal.

2.33.100 Records.

2.33.110 Refunds.

2.33.120 Actions to collect.

2.33.130 Violations; misdemeanor.

2.33.140 Third party rental transactions.

2.33.010 Definitions.

Except where the context otherwise requires, the definitions given in this section govern the construction of this chapter:

(a) "Person" means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

(b) "Hotel" means any structure, or any portion of any structure, in the City of Palo Alto which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, morning house, apartment, house, dormitory, public or private club, mobilehome or house trailer at a fixed location, or other similar structure or portion thereof, even if such structure is also used for other purposes, including residential purposes.

(c) "Occupancy" means the use or possession, or the right to the use or possession, of any room or rooms or portion thereof in any hotel for dwelling, lodging or sleeping purposes.

(d) "Transient" means any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of thirty consecutive days or less, counting portions of calendar days as full days. Any such person so

COMPLETE TEXT OF MEASURE B-Continued

occupying space in a hotel shall be deemed to be a transient until the period of thirty days has expired unless there is an agreement in writing between the operator and the occupant providing for a longer period of occupancy.

(e) "Rent" means the total consideration charged paid by a transient, including, without limitation, transaction service fees and any unrefunded advance reservation or other rental deposit, whether or not received, for the occupancy of space in a hotel, whether or not received by the hotel operator, including, without limitation, transaction service fees and any unrefunded advance reservation or other rental deposit. For purposes of this definition, rent shall be valued in money, whether it is to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever.

(f) "Operator" means the person who is the proprietor of the hotel, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee, or any other capacity. Where the operator performs his or her functions through a managing agent of any type or character (other than an employee), the managing agent shall also be deemed an operator for the purposes of this chapter and shall have the same duties and liabilities as his or her principal. Compliance with the provisions of this chapter by either the principal or the managing agent shall, however, be considered to be compliance by both.

(g) "Rental agent" means any person other than an operator who collects rent from a transient for the transient's occupancy of a hotel.

(Ord. 4032 § 1, 1991: Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.020 Tax imposed.

For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of twelve fourteen percent of the rent ~~charged by the operator paid by the transient~~. Said tax constitutes a debt owed by the transient to the city, which is extinguished only by payment to the operator or to the city or to a rental agent pursuant to section 2.33.140. The transient shall pay the tax to the operator ~~of the hotel~~ at the time the rent is paid. If the rent is paid in installments, a proportionate share of the tax shall be made with each installment. Any unpaid tax shall be due upon the transient's ceasing occupancy in the hotel. If for any reason the tax due is not paid to the operator ~~of the hotel~~, the supervisor of revenue collections may require that such tax shall be paid directly to the supervisor of revenue collections.

(Ord. 4983 § 1, 2007: Ord. 3704 § 1 (part), 1986: Ord. 3425 § 1, 1983: Ord. 2928 § 1, 1976: Ord. 2567 § 1 (part), 1970)

2.33.030 Exemptions.

No tax shall be imposed upon:

(a) Any person as to whom, or any occupancy as to which, it is beyond the power of the city to impose the tax herein provided;

(b) Any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty;

COMPLETE TEXT OF MEASURE B-Continued

(c) Any federal or state of California officer or employee on official business who shall pay rent by warrant or check drawn on the treasury of the United States or the state of California or provides written evidence of such official business on a form approved in advance by the supervisor of revenue collections. Copies of the documentation for each exemption claimed must be submitted to the supervisor of revenue collections with each return made pursuant to Section 2.33.060.

No exemption shall be granted under this section except upon a claim therefor made at the time rent is collected and under penalty of perjury upon a form prescribed by the supervisor of revenue collections. Additionally, a copy of such warrant or check and a copy of such claim form shall be submitted with each return made pursuant to Section 2.33.060.

(Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.040 Operator's duties.

Each operator shall collect the tax imposed by this ordinance to the same extent and at the same time as the rent is collected from every transient. The amount of tax shall be separately stated from the amount of the rent charged, and each transient shall receive a receipt for payment from the operator. No operator ~~of a hotel~~ shall advertise or state in any manner, whether directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the operator, or that it will not be added to the rent, or that, if added, any part will be refunded except in the manner hereinafter provided. (Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.050 Registration.

(a) Within ten days after commencing business, each new or unregistered operator of any hotel renting occupancy to transients shall present a valid certificate of occupancy issued by the building official pursuant to Title 16 and apply for registration of said hotel with the supervisor of revenue collections who will issue a "Transient Occupancy Registration Certificate" to be at all times posted in a conspicuous place on the premises by such registrant or any operator previously registered. The application shall require such information as the supervisor of revenue collections deems necessary or convenient to the collection of the tax imposed by this chapter. The supervisor of revenue collections may require updating of application information from time to time as he or she deems necessary or advisable. Registration under this section shall lapse with the certificate of occupancy upon which it was issued. Said certificate shall, among other things, state the following:

- (1) The name of the operator;
- (2) The address of the hotel;
- (3) The date upon which the certificate was issued;

(4) "This Transient Occupancy Registration Certificate signifies that the person named on the face hereof has fulfilled the requirements of Chapter 2.33 of the Palo Alto Municipal Code 'Transient Occupancy Tax' by registering with the supervisor of revenue collections for the purpose of collecting from transients the Transient Occupancy Tax and remitting said tax to the supervisor of revenue collections. This certificate does not authorize any person to conduct any unlawful business or to

COMPLETE TEXT OF MEASURE B-Continued

conduct any lawful business in an unlawful manner, or to operate a hotel without strictly complying with all local applicable laws, including but not limited to those requiring a permit from any board, commission, department or office of this city. This certificate does not constitute a permit and is not transferable to a different operator."

(Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.060 Reporting and remitting.

Each operator shall, on or before the last day of the month following the close of the previous calendar month, or at the close of any shorter reporting period which may be established by the supervisor of revenue collections, make a return to the supervisor of revenue collections on forms provided by him or her of the total rents charged to transients and the total rents paid by transients received and the amount of tax collected for transient occupancies. If no tax was due or collected during the previous reporting period, the operator shall file a return so stating under penalty of perjury. At the time the return is filed, the full amount of the tax collected shall be remitted to the supervisor of revenue collections. The supervisor of revenue collections may establish shorter reporting periods for any certificate holder if he or she deems it necessary in order to ensure collection of the tax, and he or she may require further information in the return. Returns and payments are due immediately upon cessation of business for any reason. All taxes collected by operators pursuant to this chapter shall be held in trust for the account of the city until payment thereof is made to the supervisor of revenue collections.

(Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.070 Penalties.

(a) Original Delinquency. Any operator who fails to remit any tax imposed by this chapter within the time required shall pay a penalty of ten percent of the amount of the tax which penalty amount shall be added to the amount of the tax, for purposes of calculating additional penalties.

(b) Continued Delinquency. Any operator who fails to remit any delinquent remittance on or before a period of thirty days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent of the amount of the tax including the ten percent penalty first imposed.

(c) Fraud or Misrepresentation. If the director of finance, in his or her judgment, determines that the nonpayment of any remittance due under this chapter is due to intentional conduct, misrepresentation or fraud, a penalty of twenty-five percent of the amount of the tax shall be added thereto in addition to the penalties stated in subsections (a) and (b) of this section.

(d) Additional Penalty. In addition to the penalties imposed under subsections (a) and (b) of this section, any operator who fails to remit any tax imposed by this chapter shall pay a penalty of one percent per month or fraction thereof, whichever is less, on the amount of the tax from the date on which the remittance first became delinquent until paid.

(e) Penalties Merged with Tax. Every penalty imposed and such additional penalties as accrue under the provisions of this section shall become a part of the tax herein required to be paid.

COMPLETE TEXT OF MEASURE B-Continued

(Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.080 Failure to collect and report tax; determination of tax by supervisor of revenue collections.

If any operator fails or refuses to collect said tax and to make, within the time provided in this chapter, any report and remittance of said tax or any portion thereof required by this chapter, the supervisor of revenue collections shall proceed in such manner as he or she may deem best to obtain facts and information on which to base his or her estimate of the tax due. As soon as the supervisor of revenue collections shall procure such facts and information as he or she is able to obtain upon which to base the assessment of any tax imposed by this chapter and payable by any operator who has failed or refused to collect the same and to make such report and remittance, he or she shall proceed to determine and assess against such operator the tax and penalties provided by this chapter. In case such determination is made, the supervisor of revenue and collections shall give a notice of the amount so assessed by sending it personally or by depositing it in the United States mail, postage prepaid, addressed to the operator so assessed at his or her last known place of address.

Such operator may within fourteen days after serving or mailing of such notice make application in writing to the supervisor of revenue collections for a hearing on the amount assessed. If application by an operator is not made within the time prescribed, the tax and penalties, if any, determined by the supervisor of revenue collections to be due shall become final and conclusive and immediately due and payable. If such application is made, the supervisor of revenue collections shall give not less than ten days' written notice in the manner prescribed herein to the operator to show cause at a time and place fixed in said notice why said amount specified therein should not be fixed for such tax and penalties. At such hearing, the operator may appear and offer evidence why such specified tax and penalties should not be so fixed. After such hearing, the supervisor of revenue collections shall determine the proper tax to be remitted and shall thereafter give written notice to the person operator in the manner prescribed herein of such determination and the amount of such tax and penalties. The amount determined to be due shall be payable after twenty days of the serving or mailing of such determination unless an appeal is taken as provided in Section 2.33.090.

(Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.090 Appeal.

Any operator aggrieved by any decision of the supervisor of revenue and collections with respect to the amount of such tax and penalties, if any, may appeal to the director of finance or his or her designee by filing a notice of appeal with the city clerk within twenty days of the serving or mailing of the determination of tax due. The director of finance or the designee shall fix a time and place for hearing of such appeal, and give notice in writing to such operator at his or her last known place of address. The findings of the director of finance or the designee shall be final and conclusive and shall be served upon the appellant in the manner prescribed above for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of notice.

(Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

COMPLETE TEXT OF MEASURE B-Continued

2.33.100 Records.

It shall be the duty of every operator liable for the collection and payment to the city of any tax imposed by this chapter to keep and preserve all records as may be necessary to determine the amount of such tax as he or she may have been liable for the collection of and payment to the city. Said records shall be kept or made available at one location within the limits of the city for a period of three years. The supervisor of revenue collections and/or city auditor or their designee shall have the right at any and all reasonable times, to examine and audit said records for the purpose of determining the accuracy thereof.

(Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.110 Refunds.

(a) Claim Required. Prior to seeking judicial relief with respect to a dispute regarding the amount of any tax, penalty, or interest collected or received by the city under this chapter, an aggrieved taxpayer, fee payer, operator, transient or any other person must comply with the provisions of section 2.28.230 of this code.

(b) Operators. An operator may claim as an overpayment any tax previously paid which was calculated on the basis of taxable consideration written off by the operator as a bad debt in accordance with generally accepted accounting principles and claimed as a deduction on a federal income tax return in accordance with provisions of the Internal Revenue Code, and regulations issued pursuant thereto. The bad debt claim may be taken as an adjustment to future taxes due the city after the operator's procedure and forms for adjustment of bad debt have been reviewed and approved by the supervisor of revenue collections.

(c) Transients. A transient may only request a refund of taxes under this chapter when the transient, having paid the tax to the operator, establishes that the transient has been unable to obtain a refund from the operator who collected the tax.

(Ord. 5078 § 3, 2010: Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.120 Actions to collect.

Any tax required to be paid by any transient under the provisions of this chapter shall be deemed a debt owed by the transient to the city. Any such tax collected by an operator which has not been paid to the city shall be deemed a debt owed by the operator to the city. Any person owing money to the city under the provisions of this chapter shall be liable to an action brought in the name of the city for the recovery of such amount.

(Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

2.33.130 Violations; misdemeanor.

Any operator or other person who violates any of the provisions of this chapter or who fails or refuses to register as required herein, or to furnish any returns or other data required by the supervisor of revenue collections, or who renders a false or fraudulent return or claim, is guilty of a misdemeanor, and is punishable as provided in this code.

(Ord. 3704 § 1 (part), 1986: Ord. 2567 § 1 (part), 1970)

COMPLETE TEXT OF MEASURE B-Continued

2.33.140 Third party rental transactions.

(a) Any transient who pays rent to a rental agent instead of to an operator shall, at the time the rent is paid, pay the tax to the rental agent in the manner required by section 2.33.020. If for any reason the tax is not paid to the rental agent, it shall be paid to the operator before the transient has ceased occupancy in the hotel or paid directly to the supervisor of revenue collections pursuant to section 2.33.020. Any transient seeking a refund under section 2.33.110 of taxes paid to a rental agent must establish that the transient has been unable to obtain a refund from the rental agent who collected the tax.

(b) Any rental agent who collects rent shall comply with all obligations of the operator set forth in sections 2.33.040 and 2.33.100 of this chapter. The rental agent shall remit all collected taxes to the operator before the deadline for the operator to remit the taxes to the supervisor of revenue collections under section 2.33.060, and the rental agent shall provide the operator with copies of all records required to be maintained by the operator pursuant to section 2.33.100 of this chapter, including records necessary for the operator to comply with its obligations under this chapter.

(c) If the supervisor of revenue collection determines that a rental agent has failed to collect, remit, or report any tax, the supervisor may take any action against the rental agent that he or she may take against an operator under sections 2.33.070 and 2.33.080 of this chapter subject to the requirements of those sections. If the supervisor assesses unremitted taxes and penalties against the rental agent, the rental agent shall be subject to the provisions of sections 2.33.080, 2.33.090, 2.33.110, and 2.33.120 of this chapter as if it were an operator. Nothing in this section shall prohibit the supervisor from assessing the full amount of any unremitted taxes and penalties solely against the operator in lieu of assessing some or all of those taxes and penalties against the rental agent.

SECTION 2. General Tax. Proceeds of the tax imposed by this Ordinance shall be deposited in the general fund of the City and shall be available for any legal purpose.

SECTION 3. Amendment or Repeal. The City Council may repeal Chapter 2.33 of the Palo Alto Municipal Code or amend that Chapter without a vote of the people except that any amendment to Chapter 2.33 that increases the amount or rate of tax due from any Person beyond the amounts and rates authorized by this Ordinance may not take effect unless approved by a vote of the people.

SECTION 4. Severability. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, the remaining portions of this Ordinance shall nonetheless remain in full force and effect. The people hereby declare that they would have adopted each section, subsection, sentence, clause, phrase, or portion of this Ordinance, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions of this Ordinance be declared invalid or unenforceable.

SECTION 5. Effective Date. This ordinance shall be effective only if approved by a majority of the voters and shall go into effect immediately after the vote is declared by the City Council and the duty of service providers to collect the tax shall commence as provided in California Public Utilities Code Section 799.

COMPLETE TEXT OF MEASURE B-Continued

SECTION 6. Execution. The Mayor is hereby authorized to attest to the adoption of this Ordinance by the voters of the City by signing where indicated below.

ARGUMENT IN FAVOR OF MEASURE B

Vote Yes on B to ensure Palo Alto can invest in city infrastructure we need without increasing taxes paid by local residents and businesses.

With excellent public schools, a vibrant downtown, unique neighborhoods and beautiful natural surroundings, our community is thriving in many ways. However, local infrastructure is aging and requires repairs and upgrades. Our oldest fire stations and the building that houses our 9-1-1 emergency communications network do not meet seismic safety standards. Some neighborhoods are experiencing overflow parking impacts. City streets and sidewalks are aging and need repair or replacement as well as safety improvements for rapidly increasing numbers of pedestrians and bicyclists of all ages, including children walking and biking to school.

Measure B will enact a modest 2% increase in the tax paid by out of town visitors staying in Palo Alto hotels and motels who of course rely on our roads and other infrastructure.

Measure B will:

- Ensure that Palo Alto's fire stations and public safety operations are seismically safe and continue operating after a major earthquake
- Provide safe sidewalks, paths and bridges for bikes and pedestrians, including safe routes to school
- Maintain city streets and roads, making dangerous intersections safer for all users
- Reduce neighborhood parking impacts by creating new off-street parking options
- Maintain city parks and recreation facilities

By law, all funds from Measure B must stay here in Palo Alto under local control and cannot be taken away by the State.

Please join a unanimous City Council, as well as community and business leaders and vote Yes on Measure B!

/s/ Nancy Shepherd
Mayor, City of Palo Alto

/s/ Sid Espinosa
Former Mayor of Palo Alto

/s/ Penelope B. Ellson
Community Volunteer, Safe Routes to School

/s/ Gregory Schmid
Council Member

/s/ Ray Bacchetti
Volunteer, City Infrastructure Study

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE B	ARGUMENT AGAINST MEASURE B
<p>The argument in favor of Measure B lists good things for good purposes that taxes, in general, can provide—fire stations, bike bridges, and parks—but Measure B would in fact collect funds for city activities in general, not for any good thing on the list. Worse, the argument doesn't explain why it would be fair or logical to collect those funds by raising the TOT in our city to a rate above that in neighboring communities, putting local businesses at a serious disadvantage.</p> <p>A 2% tax increase is by no means insignificant from the perspective of companies trying to control costs. If you ran a business, and you spotted an expense going up by 2%, you'd find a way to avoid the increase. If companies that now send people to Palo Alto start to send them elsewhere, we will lose the TOT revenue we would have earned if they came here, <i>and</i> the taxes earned on other activities associated with their visits.</p> <p>Funds raised by Measure B are not and cannot be specifically earmarked by the measure to the infrastructure projects mentioned by the proponents. The money will simply go into the city's general fund.</p> <p>Please join us in voting "No."</p> <p>/s/ Jon D. Kiya Chair, Palo Alto Chamber of Commerce</p> <p>/s/ Russ Cohen Executive Director, Palo Alto Downtown Business & Professional Association</p> <p>/s/ Barbara Gross Hotel Manager</p> <p>/s/ Tony Carrasco Architect</p>	<p>Raising our city's Transient Occupancy Tax (TOT) to a level that puts Palo Alto at a competitive disadvantage would be unwarranted and unfair, with unintended consequences.</p> <p>The business community believes that other, better ways can be found to fund the city's infrastructure needs. We stand ready to work with the Council and staff to explore the means by which those needs can be addressed. Increasing the TOT is not the answer.</p> <p>Most of the burden of the added tax would fall on the employers, large and small, that send hundreds of people on thousands of visits to this area to meet and do business. All those employers have a keen eye for saving money, and travel expenses are often a significant item in their budgets. If there's a higher TOT rate in Palo Alto than in neighboring communities, there would be every reason to worry that those employers would re-direct visitors to less expensive destinations. Palo Alto could potentially lose some of the restaurant and retail revenue that it now receives from these visitors, and taxes linked to that revenue, as well as money spent on lodging. Those losses could affect city services or create the need for further taxation.</p> <p>No one is arguing that hotels and hotel guests are disproportionately heavy users of city services. Proceeds from the increase would not—cannot be earmarked for expenses relating to visitors. This measure would impose an unfair burden on a single group of Palo Alto businesses that already contribute substantially to the city's revenues.</p> <p>For these reasons, the Palo Alto Chamber of Commerce and Palo Alto Downtown Business and Professional Association are on record as opposing the TOT increase. We ask our neighbors and fellow residents to join us in voting against it.</p> <p>/s/ Jon D. Kiya Chair-Palo Alto Chamber of Commerce</p> <p>/s/ Russ Cohen Executive Director, Palo Alto Downtown Business & Professional Association</p> <p>/s/ Barbara Gross Hotel Manager</p> <p>/s/ Tony Carrasco Architect</p>

REBUTTAL TO ARGUMENT AGAINST MEASURE B

Let's get real: Measure B will add just \$3 to a \$150 hotel room or \$4 to a \$200 hotel room. Visitors or businesses aren't going to choose less desirable locations for this modest savings-quickly more than offset by increased travel costs.

Here's the bottom line: our aging infrastructure requires a substantial investment. Firefighters, paramedics and our 911 system are in buildings not safe in major earthquakes. Our streets and sidewalks must be improved for safe routes to school and safe biking. Traffic and parking problems need solutions.

These urgent infrastructure needs were identified and prioritized by an independent blue ribbon commission and City Council over four years. Existing city resources cover much of the cost of these needs but leave significant gaps. After extensive community input, the hotel/motel tax was identified as the best choice to fund the balance while minimizing costs to local taxpayers.

Raising property or sales taxes would increase costs for businesses, homeowners and renters. A modest increase in the hotel/motel tax is a fair solution passed along to out-of-town visitors who use our roads, public safety services and attractive community amenities.

Every penny from measure B stays in Palo Alto and can't be taken away by the state.

Forward thinking Palo Altans made smart investments to make Palo Alto what it is today. We owe it to future generations to make a modest investment so Palo Alto continues to thrive.

Please join us-vote yes on B.

/s/ Roger V. Smith
Founder, Silicon Valley Bank

/s/ Liz Kniss
City Council Member

/s/ Megan Swezey Fogarty
Midtown Resident

/s/ Marc Berman
Council Member, City of Palo Alto

/s/ Larry Klein
City Council Member