

MEASURE T

TOWN ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE T

Measure T would (1) increase the Town's Transient Occupancy Tax (TOT) on short-term rentals of 30 days or less, such as hotel rooms, from 10% to 12% as of February 1, 2017; and (2) clarify that the TOT is calculated based upon the total rent paid by the guest, not on a discounted rate that may be paid to a hotel operator by online travel companies or other third-party booking agents. Measure T must be approved by a majority of the votes cast on the ballot proposition.

TOT is often called a hotel tax and is paid by "transients" for the privilege of renting hotel rooms or other lodging in the Town on a short-term basis of 30 days or less. The Town's TOT also applies to short-term rentals rented through rental operators and third-party booking services, including online travel companies such as Expedia, Orbitz, Airbnb, and Vacation Rental by Owner (VRBO), etc. TOT is calculated as a percentage of the cost of the room or lodging.

If adopted, Measure T will adopt Ordinance 2255 and amend portions of Chapter 25 Article III of the Los Gatos Municipal Code to increase the Town's TOT imposed on the rent paid for short-term rentals from 10% of the rent paid to 12% and to apply the TOT to the total rent paid by the transient for the short-term rental. Measure T would also amend certain definitions in Chapter 25 Article III of the Los Gatos Municipal Code to address online travel companies and other third-party bookings.

TOT is a general tax; the revenue raised from the tax goes into the Town's general fund and may be used for any legal governmental purpose. The general fund pays for Town services such as traffic safety, 911 response, police services, parks, trails, creeks, playground equipment and restrooms, repairing potholes, beautifying Downtown and providing general municipal services to the public. An increase in the TOT from 10% to 12% is estimated to generate an additional \$350,000 to \$400,000 in tax revenue per year. If this measure does not pass, the TOT will continue to be collected at its current rate of 10%.

Ordinance 2255 was approved for placement on the ballot as Measure T by the Town Council of the Town of Los Gatos on August 2, 2016. If adopted, Measure T will continue in effect until repealed by the Town Council or Town voters.

The above statement is an impartial analysis of Measure T. If you desire a copy of Ordinance 2255 or Measure T, please call the elections official's office at (408) 354-6888 and a copy will be mailed at no cost to you.

Robert W. Schultz
Los Gatos Town Attorney

ARGUMENT IN FAVOR OF MEASURE T

The passage of Measure T will help our Town to build and sustain a strong local economy and support public services throughout our community.

Measure T would raise Los Gatos Transient Occupancy Tax (TOT) from 10% to 12% of the cost of a hotel room. The TOT is a tax paid by tourists and visitors who stay in our hotels and motels. Los Gatos residents do not pay this tax unless they stay in a local hotel.

Visitors use our roads, parks and emergency services as they enjoy all that Los Gatos has to offer; from the Farmers Market, to our parks, to restaurants, shops and galleries throughout our vibrant downtown. Raising the TOT represents a direct and fair way to recover the increased costs associated with visitor stays in Los Gatos and would be the first increase since 1983. This increase would still keep Los Gatos hotels and motels competitive in the region, as the Los Gatos TOT rate would still remain below or be on par with most of our surrounding municipalities.

The proposed increase achieves an important balance between maintaining our competitiveness for tourism dollars, while providing revenue for critical Town activities, lessening the impact of an economic swing when the economy is down. Because none of the TOT money can be taken away by the State, ALL of Measure T revenue will stay here in Los Gatos.

Please join us in voting YES on Measure T, and help our Town build a stronger local economy and protect important Town services.

/s/ Lee Fagot
20 Year Resident

/s/ Mark Robinson
Civil Engineer

/s/ Jak Van Nada
Citizen Committee Member

/s/ Steve Leonardis
Town Council Member

/s/ Marico Sayoc
Town Council Member

NO ARGUMENT AGAINST MEASURE T WAS SUBMITTED