

CITY ATTORNEY IMPARTIAL ANALYSIS

Measure **O** is an ordinance authorizing the City of Brisbane (City) to impose a new business license tax on hotels and other places designed for occupancy by overnight guests. The tax would be \$2.50 daily for each room that is occupied by a paying guest. Proceeds of the tax would be paid to the City's general fund and would be available to the City for any lawful governmental purpose. The tax is modeled on a similar \$2.50 daily tax imposed by the City of South San Francisco on hotel rooms.

The City has an established business license tax that imposes a gross receipts tax on any person within the City engaged in conducting business in the City.

For hotels and other places in the City designed for occupancy by "transients"—guests who are entitled upon the payment of money to occupy a room—the City's existing business license tax is based on each property's "gross receipts" and has historically resulted in payments to the City of less than \$2,000 annually. (Gross receipts are basically the total payments a hotel receives from paying guests.)

If this measure is approved, hotels and similar businesses will pay a business license tax based on each night a room is occupied by a paying guest. "Hotel" would be defined broadly to include not only hotels but also motels, short term rentals and other places for overnight guests.

Assuming 85% occupancy of existing hotel rooms in the City, the City estimates that the new tax will result in payments to it of approximately \$250,000 annually. The City states that the pandemic reduced the City's revenues significantly and these funds will help offset those losses and may be used for essential City services such as neighborhood police patrols, fire prevention services, and maintaining City parks. This tax would remain in effect until terminated by the voters.

On July 7, 2022, the City Council unanimously approved the ordinance imposing the above described business license tax on hotels. Because this business license tax would be a general tax, it must be approved by a majority of the voters at a regularly scheduled election at which members of the Brisbane City Council will be elected. The next such election is scheduled for November 8, 2022.

If this measure is approved, the new tax is expected to be collected beginning January 2023.

This measure was placed on the ballot by the City Council.

A **YES** vote approves the measure and authorizes the proposed tax.

A **NO** vote rejects the measure and the proposed tax.

Respectfully submitted,



Thomas R. McMorrow, City Attorney