

City of Menlo Park

Compiled by the City of Menlo Park City Clerk Ms. Margaret S. Roberts

Measure K

To partially restore the annual revenue loss of \$1.2 million caused by the State's dissolution of the City's redevelopment agency, to maintain current City service levels for police, library, streets, sidewalks, storm drains, and parks and recreation facilities and programs, and to keep parity with neighboring cities' hotel tax rates, shall the City of Menlo Park adopt an ordinance to increase the transient occupancy tax on hotel guests from 10% to 12% effective January 1, 2013?

Impartial Analysis of Measure K

State law allows the City of Menlo Park to impose a transient occupancy tax on short term occupants of hotels, motels, inns or other lodging. The transient occupancy tax (sometimes referred to as a "hotel tax") is a tax on the nightly room rent paid by visitors staying in hotels, motels, inns or other lodging in the City of Menlo Park for stays of thirty consecutive days or less.

The City, through Chapter 3.16 of the Municipal Code, has levied a transient occupancy tax on hotel and motel visitors since 1967. This measure would increase the transient occupancy tax rate from 10% to 12%. By way of example, if this measure is approved, for a room that costs \$100 per night, the tax due would increase from \$10.00 to \$12.00 per night. The tax rate was last increased in 1992. Copies of Ordinance 938 and Chapter 3.16 are available at the City Clerk's office and on the City Clerk's page on the City's website at www.menlopark.org.

The proceeds of the transient occupancy tax increase will be placed in the City's general fund to support general City services, such as police and maintenance of streets, sidewalks, parks and storm drains. Any general tax increase, such as the proposed increase in the transient occupancy tax, requires approval of a two thirds vote of the City Council and majority approval of the voters at a general election at which council members are up for election. Ordinance 938 to increase the transient occupancy tax was unanimously approved by the City Council subject to voter approval. If approved by voters on November 6th, the increase would become effective on January 1, 2013.

A "Yes" vote is a vote to approve and authorize an increase in the transient occupancy tax rate from 10% to 12% to support general City services and functions. A "No" vote on this measure would not allow an increase in the tax rate for hotel and motel guests, leaving the tax rate at 10%.

The measure passes if a majority of those voting on the measure vote "Yes."

/s/ **William L. McClure**
City Attorney

This half page intentionally left blank

City of Menlo Park

Compiled by the City of Menlo Park City Clerk Ms. Margaret S. Roberts

Arguments in support of or in opposition to the proposed laws are the opinions of the authors.

Argument in Favor of Measure K

The City of Menlo Park has been challenged to maintain the City services our residents enjoy and expect. We have weathered the recession with limited impact to residents and services, the State of California's decision to eliminate redevelopment agencies significantly reduced the amount of funding available to support City services, including programs to improve the quality of life in Belle Haven. To provide the current level of services requires the City to make up the annual loss in excess of \$1.2 million. While the City has implemented many cost saving measures and continues to pursue additional cost saving measures, without an increase in revenues the City may have to reduce services. Raising the Hotel Tax would support services and the quality of life residents expect in Menlo Park.

The Hotel Tax is a significant revenue source for Menlo Park. A 2% increase, from 10% to 12%, could produce approximately \$600,000 annually.

This is a minor expense to hotel visitors and will set the rate for Menlo Park hotels at the same level as Palo Alto, East Palo Alto and Redwood City, our neighboring cities.

Increased revenues would assist the City in maintaining current service levels for public safety, street and sidewalk maintenance, recreation facilities, parks and other services that benefit residents and businesses. The City currently allocates more than half its operating budget toward public safety and street and park maintenance. Residents choose to live in Menlo Park because of these high quality services.

Difficult decisions have been made and will continue to be made to move Menlo Park toward a sustainable budget, including eliminating staff and reducing personnel expenses, such as pensions and health benefits. Further cuts may cause a reduction in services. Menlo Park City Council voted unanimously to place this measure on the ballot.

We appreciate your yes vote for the benefit of the entire Menlo Park community.

/s/ **Kirsten Keith** August 9, 2012
Mayor

/s/ **Peter I. Ohtaki** August 9, 2012
Vice Mayor

/s/ **Chuck Kinney (Charles M. Kinney)** August 9, 2012
Former Menlo Park Mayor

/s/ **Katie Ferrick (Katherine Graves Ferrick)** August 9, 2012
Menlo Park Planning Commission Chair

Rebuttal to Argument in Favor of Measure K

Every time a tax measure is put on the ballot, we – the taxpayers – are promised that the money will go to pay for or preserve critical services. But, when the politicians get the money, they wind up spending it as they please. Measure K is no different.

Measure K does not require the City to spend the higher tax revenues on sidewalk maintenance, recreation facilities, parks, or public safety. So the City will be free to spend the money just as unwisely as they have in the past.

Don't be scared. Those pushing for tax hikes always threaten to cut the same vital services if they don't get their way. That's not what happens when we say NO to higher taxes. Non-essential services, non-essential government employees, and high salaries and benefits are cut first. And in Menlo Park, there's plenty to cut.

Don't be fooled. The way to generate more revenue for the city is to cut, not raise, taxes. Tax cuts stimulate the economy, which results in more business, which in turn generates more revenue for the City. Instead of increasing the Transit Occupancy Tax to 12%, they should reduce it. That will give Menlo Park hotels a greater competitive advantage over nearby cities.

Don't be scared and don't be fooled into voting for higher taxes. Vote NO on Measure K.

For more information: www.SVTaxpayers.org/measure-k

/s/ **John W.S. Roeder** August 20, 2012
President, Silicon Valley Taxpayers Ass.

/s/ **Harland Harrison** August 13, 2012
Chair, Libertarian Party of San Mateo County CA

City of Menlo Park

Compiled by the City of Menlo Park City Clerk Ms. Margaret S. Roberts

Arguments in support of or in opposition to the proposed laws are the opinions of the authors.

Argument Against Measure K

The Transient Occupancy Tax is an unfair burden on the few establishments to which it applies and their many customers.

Menlo Park currently imposes a 10% Transient Occupancy Tax on guests in the hotels, motels and inns of Menlo Park. There are only a few such establishments in Menlo Park.

The idea that only visitors pay this tax is incorrect. A visitor isn't automatically willing to pay more for a room when there is a higher tax.

The law of supply and demand always applies. That means higher prices translate into fewer customers. Fewer customers mean slower revenue for not only the hotels in Menlo Park, but for every other business that caters to travelers.

Hotel owners can either absorb the tax via lower room rates or risk losing business and having to lay off workers.

To keep occupancy as high as possible, hotel owners have to keep their prices competitive. Otherwise, visitors will decide not to travel, go to other hotels in neighboring cities, or stay with friend and relatives.

Increasing hotel taxes discourages travel and penalizes businesses that cater to travelers, i.e. restaurants, bars, tourist attractions, etc.

If you vote "No" on Measure K, the 10% tax will remain at the 10% rate, and thus give Menlo Park hotels a competitive advantage over hotels in neighboring cities.

And, it will impose some fiscal responsibility on the city council by denying them additional revenues to spend on their pet projects.

A No vote means more travelers spending more money in Menlo Park.

Now is the time to cut unfair taxes, not raise them.

Vote "No" on Measure K.

For more information please visit our website at http://www.svtaxpayers.org/menlo_park

/s/ **John W.S. Roeder** August 9, 2012
President, Silicon Valley Taxpayers Association

/s/ **Mark W.A. Hinkle** August 9, 2012
Board Member

/s/ **Harland Harrison** August 9, 2012
Chair, Libertarian Party of San Mateo County

Rebuttal to Argument Against Measure K

The Menlo Park City Council voted unanimously to place this measure on the ballot in order to allow the City to maintain current services for residents and businesses. Even though difficult decisions have been made to stabilize the City budget, the State's dissolution of redevelopment agencies has threatened the City's ability to deliver vital services such as street and sidewalk maintenance, police services and facility operations.

To suggest that the Council wishes to use this increase to fund "pet projects" has no basis in fact.

The assertion that the Hotel Tax places an "unfair" burden on a few establishments is not valid. All hotels are required to charge the established tax rate in the communities in which they choose to locate.

The argument in opposition also refers to the damage that increased hotel taxes might cause. Hotels in the area are doing well. Occupancy rates are close to 80% for Menlo Park and Palo Alto. Palo Alto already charges a 12% hotel tax. The proposed 2% increase would allow Menlo Park rates to match those charged in neighboring cities. Menlo Park hotels have a "competitive advantage" provided by the quality of public services. Studies show travelers do not consider hotel taxes when choosing hotels or destinations.

The best way to support local hotels and business, is to retain the quality services that make Menlo Park a great place to visit and do business.

Vote yes on Measure K to maintain quality services in Menlo Park.

/s/ **Kirsten Keith** August 20, 2012
Mayor

/s/ **Richard A. Cline** August 20, 2012
Council Member

/s/ **Charles M. Kinney** August 20, 2012
Former Menlo Park Mayor

/s/ **Katie Ferrick (Katherine Graves Ferrick)** August 20, 2012
Planning Commission Chair

/s/ **Honor Huntington** August 20, 2012
Finance & Audit Committee Member