State law allows the City of San Carlos after a public vote to impose a transient occupancy tax ("TOT") on short term occupants of hotels, motels, inns or other lodging ("Operators"). The TOT is a tax on the room rent paid by visitors staying at Operators' properties in San Carlos for stays of thirty consecutive days or less.

This Measure, if approved by a majority of voters, would amend Chapter 3.24 of the San Carlos Municipal Code to increase the TOT rate from the current rate of 10% to 12% of the defined rent charges. This change of rate would become effective January 1, 2019. The rate would increase each January 1 at a rate of 0.5% per year up to a maximum rate of 14% of the defined rent charged by Operators. This Measure may have a minor effect on the method of collection of TOT because the definitions of charges subject to the TOT will reflect changes in the services provided by hotels that are related to the room rate rent charge and updates the definition of "hotel" to include online rental services, if allowed in the future.

Revenues from the TOT are collected by Operators from guests and paid to the City. The TOT is a general tax, which means that the tax proceeds are deposited into the City's general fund and used for unrestricted general revenue purposes, including, but not limited to: police and fire protection; park maintenance, street repair and traffic circulation.

If this Measure is approved by a majority of voters, persons staying in hotels or motels and other transient rentals in the City of San Carlos will initially pay $2.00 more for each $100.00 of room charges beginning in 2019, which will increase by $0.50 per year until fully implemented to $4.00 more per $100.00 of room charges. Once fully implemented, the tax on $100 in room charges will be $14.

This measure does not prevent the City Council from reducing the rate of the TOT to less than the authorized rates. This Measure will not permit the City Council to raise the rate of the TOT above the authorized rates without additional voter approval.

A "Yes" vote on this Measure is a vote in favor of increasing the TOT from 10% to 12% effective January 1, 2019, to 12.5% commencing on January 1, 2020, to 13% commencing January 1, 2021, to 13.5% commencing January 1, 2022, and to 14% commencing on January 1, 2023. A "No" vote on this Measure is a vote to maintain the TOT at the existing rate of 10%. This Measure will be adopted if it is approved by a majority of the voters voting on this Measure.

This measure was placed on the ballot by resolution of the City Council and is hereby submitted to the Elections Official in conformance with Section 9280 of the California Elections Code.

Dated: August 17, 2018

[Signature]
Gregory J. Rubens
City Attorney, City of San Carlos