State law allows the City of Foster City 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 Foster City for stays of thirty consecutive days or less.

This Measure, if approved by a majority of voters, would amend Section 3.20.030 of the Foster City Municipal Code to increase the TOT from the current rate of nine and one-half percent (9.5%) of the room charge to eleven percent (11%) from January-June 2019, and to twelve percent (12%) thereafter. This Measure does not affect the method of collection of TOT and all regulations relating to the existing TOT will remain.

The City implemented its original TOT ordinance in 1981. At that time, the TOT rate was set at eight percent (8%). This was increased to nine and one-half percent (9.5%) in 2012. Foster City’s existing rate of nine and one-half percent (9.5%) is the lowest of all cities in San Mateo County. The proposed rate of twelve percent (12%), if adopted, would bring the City’s TOT in line with ten (10) other cities in San Mateo County.

Revenues from the TOT are collected by the Operators from their guests and paid to the City. TOT is a general tax, which means that the tax proceeds are deposited into the City’s General Fund and may be used for any and all municipal purposes, including, but not limited to: police, fire, maintenance of parks, streets, lagoon, levees, public buildings, and infrastructure. The City estimates that, based on current TOT revenues, the increase in TOT from nine and one-half percent (9.5%) to twelve percent (12%) would generate approximately $924,000 to $981,000 annually.

If this Measure is approved by a majority of voters, persons staying in hotels or motels in the City of Foster City will pay $1.50 more for each $100.00 of room charge between January-June 2019, and $2.50 more thereafter.

This Measure reserves the City Council’s right to reduce the TOT rate in the future without a vote of the people, but it does not permit the City Council to raise the rate of the TOT above the authorized rate without additional voter approval.

A “Yes” vote on this Measure is a vote in favor of increasing the TOT from nine and one-half percent (9.5%) to eleven percent (11%) commencing January 1 to June 30, 2019, and increasing the rate to twelve percent (12%) on July 1, 2019. A “No” vote on this Measure is a vote to maintain the TOT at the existing rate of nine and one-half percent (9.5%). This Measure will be adopted if it is approved by a majority of the voters voting on this Measure.

This impartial analysis is hereby submitted to the Elections Committee Official in conformance with Section 9280 of the California Elections Code.

Dated:

[Signature]

Jean B. Savaree
City Attorney, City of Foster City