TRANSIENT OCCUPANCY TAX

The City of Sonora "Lodging Tax"

MEASURE T – November 3, 2020

WHAT DOES TOT MEAN?

- TRANSIENT: Someone who doesn't live in the City of Sonora permanently. Usually a tourist or business visitor.

- OCCUPANCY: Staying at a professionally run lodging property like a hotel, motel, B&B or AirBnB.

- TAX: A mandatory financial assessment.

A visitor staying at a City lodging property is assessed a tax that goes to the City of Sonora to pay for important, essential services.

IMPORTANT POINTS TO CONSIDER

- Q: Do local residents pay a TOT in the City of Sonora?
- A: NO. Locals do not get taxed by TOT (unless they stay in a professionally run, City lodging property).

- Q: Does TOT cost local businesses?
- A: NO. This tax is considered a pass-through tax because it doesn’t tax local residents or businesses. Only the visitor staying at the lodging property pays the tax.

IMPORTANT POINTS TO CONSIDER

- Q: Does a higher TOT rate deter visitors?
- A: NO. When Sonora's TOT rate was raised from 6% to 10%, occupancy rates did not show any decrease, and there is zero evidence to suggest that a higher TOT rate will deter visitors from coming to Sonora

- Q: How common is a TOT tax?
- A: Every county/municipality in the state charges a TOT tax.

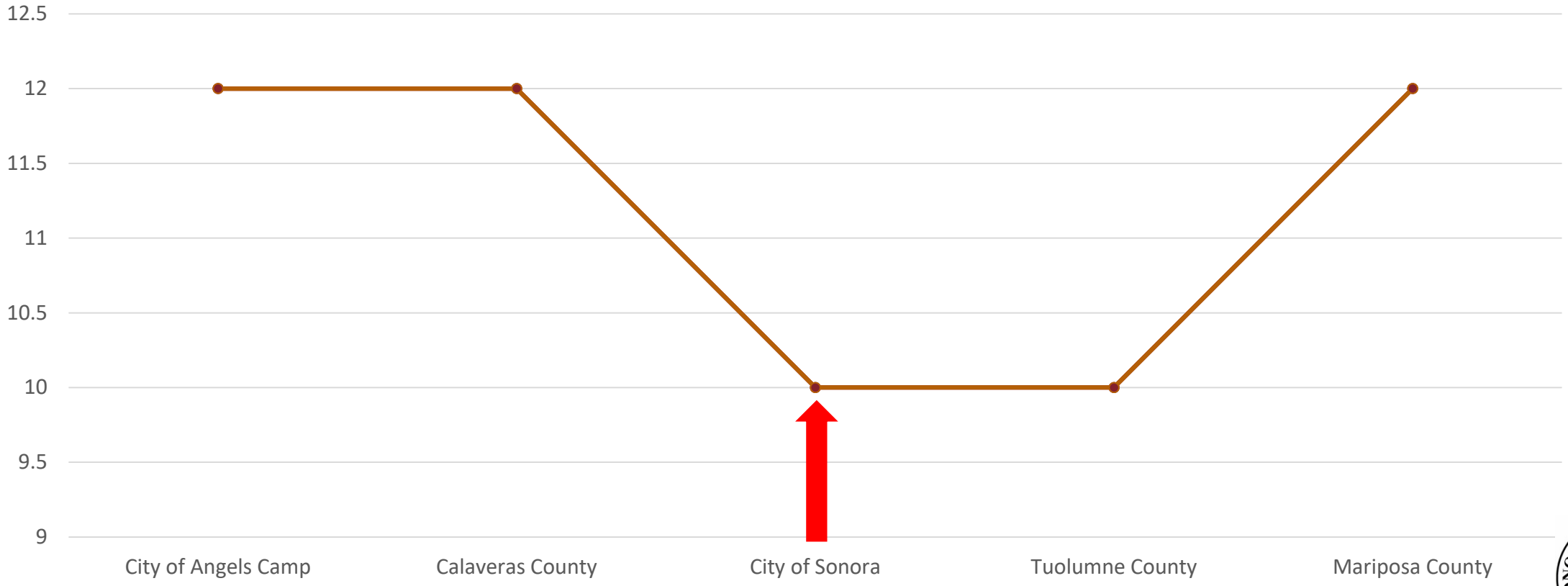
IMPORTANT POINTS TO CONSIDER

- Q: Does a TOT increase benefit locals?
- A: YES. Locals benefit from better roads, shorter response times for police and fire departments, plus increased employment, leisure, and recreational opportunities from a thriving tourism economy.

- Q: Does a TOT increase benefit businesses?
- A: YES. In addition to the local benefits listed above, businesses also benefit from increased foot traffic and increased tourism and destination marketing services from our *Visit Tuolumne* tourism and marking agency.

MOTHERLODE CITY AND COUNTY TOT RATES

The City of Sonora and Tuolumne County have the lowest TOT rates compared to our Motherlode neighbors and tourism competitors Angels Camp, Calaveras County and Mariposa County



WHERE DOES THE TOT GO?

- The City of Sonora's TOT revenue goes toward mitigating the impact of tourism travel on the city in the form of increased demand on roads and emergency services.

- TOT is also reinvested into marketing the City and County through *Visit Tuolumne* to bring more visitors, generating more tourism dollars to support the tourism industry and increasing the City's TOT revenue.

MEASURE T FISCAL IMPACT STATEMENT

Fiscal Impact Statement
Chris Gorsky, Administrative Services Director

- This ballot measure, if adopted by City voters, would increase the City's Transient Occupancy Tax (TOT) rate to a total of 12 percent and extend the tax to campgrounds and recreational vehicle parks. The City's TOT is currently levied at a rate of 10 percent, which generated approximately $502,000 in Fiscal Year 2018-19.

- Based on the current TOT revenue estimate at the 10 percent rate, the proposed increase could generate additional revenue in excess of $80,000 into the City's General Fund. Since this proposition would become effective in the second half of Fiscal Year 20-21, it would generate approximately $40,000 thousand in additional revenue in Fiscal Year 20-21.