

**CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE S**  
**(TRANSIENT OCCUPANCY TAX)**

Measure S will increase the City of Artesia's transient occupancy tax from six percent (6%) to twelve and one half percent (12.5%) of the room charge that hotel and motel operators impose on their guests (transients). The City's transient occupancy tax ordinance ("TOT Ordinance") is contained in the Artesia Municipal Code beginning at Section 3-5.301.

The transient occupancy tax is paid by persons staying at hotels or motels for a period of thirty (30) days or less. This tax is collected by the hotel operator and remitted to the City of Artesia. The tax is not imposed upon property owners.

The TOT Ordinance was originally adopted on April 12, 1976. At that time, the transient occupancy tax was established at six percent (6%) and it is currently set at that same rate.

If Measure S is approved by the voters, persons staying at hotels and motels in Artesia will pay \$6.50 more for each \$100 of the room charge per day. For example, if Measure S is approved, a hotel room charge of \$100 per day will result in the hotel guest paying the transient occupancy tax in the amount of \$12.50 instead of \$6.00.

Revenue generated by the transient occupancy tax has been, and will continue to be, deposited into the City's General Fund, which means that the money may be used by the City for general governmental purposes. If this Measure is adopted, the tax increase will take effect 10 days after the City Council certifies the election results and will increase transient occupancy tax revenue to the City by approximately \$200,000 per fiscal year. The City estimates that the additional revenue generated by this tax increase in the remaining portion of the current (2009-2010) fiscal year will be approximately 1.4% of the City's total current fiscal year General Fund revenues and will offset approximately 7% of the anticipated reductions in other types of General Fund revenues for the current fiscal year.

This Measure will authorize the City Council to reduce the rate of the transient occupancy tax in the future to less than 12.5% without a vote of the people. This Measure will not permit the City Council to raise the rate of the transient occupancy tax above 12.5% without additional voter approval.

A "Yes" vote on Measure S is a vote in favor of increasing the transient occupancy tax from six percent (6%) to twelve and one half percent (12.5%). A "No" vote on Measure S is a vote to maintain the transient occupancy tax at the existing rate of six percent (6%). This Measure will be adopted if it is approved by a majority of the voters voting on this Measure.

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City Attorney