

..Title

- a. Receive a presentation and status update on the evaluation efforts related to potential 2026 revenue measures, including a Property Transfer Tax (PTT) and a potential increase to the Transient Occupancy Tax (TOT);
- b. Provide direction to staff on whether to proceed with development of one or both measures for potential placement on a future ballot; and
- c. Consider adopting a resolution to:
 1. Amend the County of Monterey Administrative Office Fiscal Year 2025-26 Adopted Budget (001-1050-8039-CAO014, Other General Expenditures) to increase appropriations by \$30,000 - financed by a corresponding reduction in 001-1050-8034-CAO020 (Contingencies) to support consultant services required for pre-ballot feasibility analysis and public engagement (4/5ths vote required); and
 2. Authorize and direct the Auditor-Controller and County Administrative Office to incorporate the changes in the Fiscal Year 2025-26 County Administrative Office Adopted Budget 001-1050-8039-CAO014 (Other General Expenditures) (4/5ths vote required).

..Report

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a presentation and status update on the evaluation efforts related to potential 2026 revenue measures, including a Property Transfer Tax (PTT) and a potential increase to the Transient Occupancy Tax (TOT);
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SUMMARY/DISCUSSION

On March 17, 2026, the Board received the first follow-up report responding to Board Referral No. 2026.01 (Daniels), which directed staff to evaluate the feasibility of a special real estate transfer tax applied to ultra-high-value residential property transactions. That discussion included:

- Consideration of a \$10 million threshold and potential adjustment to a \$5 million threshold;
- Preliminary assessment of market impacts, policy structure, and legal parameters; and
- Direction to return with additional analysis.

On April 7, 2026, staff returned with expanded evaluation, including threshold alternatives, revenue projections, comparable jurisdiction experience, and recommendations to conduct public

opinion polling on both a potential Property Transfer Tax (PTT) and a complementary increase to the Transient Occupancy Tax (TOT) in unincorporated Monterey County.

Consistent with the Board's direction, the County engaged EMC Research to conduct a statistically valid feasibility survey of likely November 2026 voters in the unincorporated areas. The May 2026 Feasibility Survey is now complete. Results indicate strong support for a TOT increase to the general tax, and mixed insufficient support for a new PTT special tax.

The survey was conducted April 27 through May 4, 2026, using a mixed mode approach, including telephone (landline and mobile) interviews conducted by trained interviewers, as well as email and text-to-web responses. A total of 500 likely November 2026 voters residing in the unincorporated areas of Monterey County participated.

Transient Occupancy Tax – Feasibility Findings

Polling results indicate consistently strong support for a potential TOT general tax increase. Initial support measured approximately 59 percent already exceeding the simple majority required for passage. After respondents received additional information about the measure's purpose and implications, support increased further, reaching nearly two-thirds. Across all stages of the survey, approval ranged from the high 50s to the mid-60s, demonstrating durable voter support. The polling was done based on an increase in TOT by 2%, increasing from 10.5% to 12.5%.

Property Transfer Tax – Feasibility Findings

Survey findings indicate a more challenging path for a PTT special tax. Initial support measured approximately 51 percent, below the two-thirds threshold required for a special tax under state law. Although support increased modestly with additional information, it did not approach the required two-thirds level at any point. Support fluctuated between the low 50s and high 50s throughout the survey period, suggesting that even with strengthened messaging, the PTT measure is unlikely to achieve feasible passage as a special tax. The polling was based on a 3% property transfer tax for ultra-high value properties above \$10 million.

Based on polling results and prior Board deliberations, staff recommends moving forward with a TOT revenue measure and that the Board consider alternatives to a PTT special tax, including potentially exploring the PTT as a general tax, which requires only a simple majority.

Next Steps

If the Board elects to proceed with one or both measures, staff will:

- Conduct refined fiscal and economic modeling;
- Prepare draft ordinances and ballot materials for County Counsel review;
- Develop a full implementation timeline, including key election deadlines;
- Coordinate legally compliant educational public information materials; and
- Return to the Board on July 7, 2026 for final review and direction on ballot placement.

The feasibility survey indicates that a TOT increase presents a viable path forward, while a PTT measure would require significant structural modification or substantially increased voter

education to meet required support levels. This report seeks Board direction on how to proceed with both revenue initiatives.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:

The Office of the County Counsel, Assessor-County Clerk-Recorder's Office, Housing and Community Development, County Administrative Office, and District 5 Supervisor Office have been involved in this process.

FINANCING:

Polling and strategic analysis to this point have been funded through the previously authorized \$83,500 allocation for consultant services. If the Board approves the potential revenue measures to proceed, an additional \$20,000 will be required, funded through contingency. If the TOT ballot initiative is supported by voters, it is estimated it will generate \$7.6 million in additional revenue annually. Property Transfer Tax is estimated to generate approximately \$5 million annually.

BOARD OF SUPERVISORS STRATEGIC PLAN GOALS:

- Well-Being and Quality of Life
- Sustainable Infrastructure for the Present and Future
- Safe and Resilient Communities
- Diverse and Thriving Economy

Link to the Strategic Plan:

<https://www.countyofmonterey.gov/home/showdocument?id=139569>

Prepared and approved by: Michael Beaton, Assistant County Administrative Officer

Attachments:

Resolution

Tax Measures Feasibility Survey Presentation