



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: 26-690

August 11, 2026

Introduced: 7/23/2026

Current Status: Agenda Ready

Version: 1

Matter Type: General Agenda Item

Introduce, waive reading, and set August 25, 2026, at 10:30 a.m. as the date and time to consider adoption of an ordinance amending Chapter 5.40 of the Monterey County Code to impose a 2% increase to the transient occupancy tax from 10.5% to 12.5%, contingent upon voter approval in the November 3, 2026, election.

RECOMMENDATION:

It is recommended that the Board of Supervisors introduce, waive reading, and set August 25, 2026, at 10:30 a.m. as the date and time to consider adoption of an ordinance amending Chapter 5.40 of the Monterey County Code to impose a 2% increase to the transient occupancy tax from 10.5% to 12.5%, contingent upon voter approval in the November 3, 2026, election.

SUMMARY/DISCUSSION:

In general, County Board of Supervisors can raise local revenues through taxes, assessments, or fees. Each of these local revenue sources has its own constitutional and statutory authority and unique laws governing its use. Section 2(b) of Article XIII C of the California Constitution, added by Proposition 218 effective November 1996, requires that a ballot measure proposing a general tax be submitted to the voters at an election consolidated with a regularly scheduled general election for members of the governing body of the local government. Revenue and Taxation Code section 7280, *et seq.* further authorizes a county board of supervisors to levy, increase, or extend a transient occupancy tax in the unincorporated areas of the county.

In accordance with this authority, the County of Monterey Board of Supervisors has determined it is in the best interest of the County and its residents to submit to the voters a ballot measure authorizing the Board to increase the transient occupancy tax for lodging from 10.5% to 12.5%. On July 8, 2026, the Board adopted Resolution No. 26-223 calling for an election for the purpose of submitting to the qualified electors Monterey County a ballot measure to increase the transient occupancy tax ("TOT") in the unincorporated area. Staff has submitted Resolution No. 26-223 to the Elections Department so that the measure will be put on the ballot for November 3, 2026. If successful, the funds collected from the increase in TOT will be used to provide funding for critical County general services, including, but not limited to programs to improve street, water and sewer infrastructure maintenance; repair potholes; enhance emergency services; update libraries, parks and recreation facilities; improve healthcare and job development programs; and reduce homelessness. If successful, the TOT increase will be enacted solely to raise revenue for general governmental purposes of the County and not for purposes of regulation or for raising revenue for regulatory purposes, in that all of the proceeds from the tax shall be placed in the County's general fund and be used for the usual current expenses of the County.

Accordingly, the draft ordinance attached to this report proposes to amend Chapter 5.40 of the Monterey County Code to impose the increase to the general-purpose TOT. The ordinance sets the TOT at the increased rate for lodging accommodations in the unincorporated area of Monterey County. This will only become operative on January 1, 2027, if the tax is approved by a majority of the voters at the November 3, 2026, general election.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:

The Office of the County Counsel approved the ordinance as to form.

FINANCING:

Estimated revenue from a successful ballot measure is estimated at \$7.6 million per fiscal year.

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>](https://www.countyofmonterey.gov/home/showdocument?id=139569)

Prepared and approved by: Michael Beaton, Assistant CAO, ext. 3835

Kelly L. Donlon, Chief Assistant County Counsel

Attachments: Draft ordinance (redline); Draft ordinance (signed); Resolution No. 26-223