



County of Monterey

Item No.17

Board Report

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

Legistar File Number: RES 26-108

July 07, 2026

Introduced: 6/26/2026

Current Status: Scheduled PM

Version: 1

Matter Type: BoS Resolution

- a. Consider adopting a resolution calling for an election for the purpose of submitting to the qualified electors of Monterey County a countywide measure to increase the existing Transient Occupancy Tax of 10.5% in the unincorporated area by 2% (4/5 vote required); and
- b. Consider adopting a resolution to:
 1. Amend the County of Monterey Administrative Office Fiscal Year 2026-27 Adopted Budget (1001-105006-62305) to increase appropriations by \$75,000 financed by a reduction in 1001-105011-76105 (Contingencies) to support educational outreach 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 FY 2026-27 County Administrative Office Adopted Budget. (4/5ths vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Consider adopting a resolution calling for an election for the purpose of submitting to the qualified electors of Monterey County a countywide measure to increase the existing Transient Occupancy Tax of 10.5% in the unincorporated area by 2% (4/5 vote required); and
- b. Consider adopting a resolution to:
 1. Amend the County of Monterey Administrative Office Fiscal Year 2026-27 Adopted Budget (1001-105006-62305) to increase appropriations by \$75,000 financed by a reduction in 1001-105011-76105 (Contingencies) to support educational outreach 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 FY 2026-27 County Administrative Office Adopted Budget. (4/5ths vote required).

SUMMARY/DISCUSSION:

On December 9, 2025, the Board of Supervisors (Board) received the Budget End of Year report for Fiscal Year (FY) 2024-25 and a forecasted projection indicating that General Fund costs were growing faster than the revenue streams that support the costs. On December 9, the Board directed staff to explore potential cost cutting measures and revenue enhancements.

On February 10, 2026, the Board held a pre-budget workshop that forecasted a General Fund shortfall for FY 2026-27 of approximately \$27 million. The Board was presented with numerous options to control County costs and to increases in revenue streams. One of the options supported by the Board was the exploration of an increase in the Transient Occupancy Tax (TOT). The County's

existing TOT is codified in Chapter 5.40 of the Monterey County Code.

On April 7, 2026, the Board authorized the County to engage with EMC Research to conduct a statistically valid feasibility survey of likely November 2026 voters in the unincorporated areas of Monterey County to gauge their support of a 2% increase to the TOT.

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.

Polling results indicate consistently strong support for a potential TOT general tax increase. Initial support measured approximately 59 percent, which already exceeds the simple majority required for passage of a general tax. 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 the TOT from 10.5% to 12.5%.

On June 9, 2026, due to the strong support from the public for an increase in the TOT, the Board directed staff to proceed with development of a TOT ballot measure and return on July 7, 2026, for consideration of calling for an election to raise the TOT.

If the Board approves the TOT resolution, the ballot measure would read as follows:

To fund critical County of Monterey services, including 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, shall the County of Monterey increase its existing Transient Occupancy Tax paid only by hotel/lodging guests in the unincorporated area from 10.5% to 12.5% providing approximately \$7,600,000 annually to be spent locally, until ended by voters?

A draft ordinance will be brought back to the Board at a future date, likely in August 2026, and will be presented to the Board for consideration pending the outcome of the election to amend Chapter 5.40 of the Monterey County Code.

The County's TOT is currently set at 10.5% on the rent charged to transient guests in hotels/motels and homes rented by owners located in the unincorporated areas of Monterey County. The TOT is commonly known as a "bed tax" or "hotel tax". The County derives this authority from state law (Revenue and Taxation Code section 7280 *et seq.*).

The TOT is a general tax that is used by the County to provide important general county services to the community. These services vary annually based on Board direction but have included road improvements and revenue benefit programs to stimulate tourism, promote the economy, create jobs, and/or a better quality of life in the County. A simple majority of the electorate would have to approve an increase in the County's TOT.

OTHER AGENCY INVOLVEMENT/COMMITTEE ACTIONS:

The Office of the County Counsel has reviewed the resolutions and draft ordinance language as to form.

FINANCING:

Annual revenue from a successful TOT election would increase TOT by an estimated at \$7.6 million. The Board has previously authorized \$103,500 for the community survey and political strategist support. This item requests an additional \$75,000 to fund educational outreach.

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, ext. 3835

Attachments:

Resolution - TOT Tax and Ordinance

Resolution - TOT Budget