ORDINANCE NO. __________

AN ORDINANCE OF THE COUNTY OF MONTEREY, STATE OF CALIFORNIA, AMENDING CHAPTER 5.40 OF THE MONTEREY COUNTY CODE TO INCREASE THE TRANSIENT OCCUPANCY TAX RATE

County Counsel Summary

This ordinance amends Chapter 5.40 of the Monterey County Code to increase the existing transient occupancy tax in the unincorporated area of Monterey County. The ordinance increases the transient occupancy tax rate from 10.5% to 12.5% for hotels, as defined in this ordinance. The transient occupancy tax remains for general governmental purposes and the increase will go into effect only if the tax increase is approved by a majority of the voters voting on the tax at the November 3, 2026 general election.

The Board of Supervisors of the County of Monterey ordains as follows:

SECTION 1. Findings and Declarations.

A. Pursuant to Article XI, section 7 of the California Constitution, the County of Monterey may adopt and enforce ordinances and regulations not in conflict with general laws to protect and promote the public health, safety, and welfare of its citizens.

B. Visitors are drawn to Monterey County by its unique natural beauty and historical attractions, and the economic impact of tourism is vital to Monterey County's economy.

C. Balancing the costs and benefits of tourism is essential to the preservation of Monterey County's communities and quality of life, and a transient occupancy tax ("TOT") is an important part of that balance, as it can help offset certain costs of tourism such as use of the County's infrastructure and services.

D. Revenue and Taxation Code section 7280 authorizes a county to levy a tax for the privilege of occupying a room or other living space in a hotel, motel or other lodging, where the lodging is for 30 days or less.

E. The County of Monterey, pursuant to the authority of Revenue and Taxation Code section 7280, has previously enacted ordinances codified at Chapter 5.40 of the Monterey County Code which impose a transient occupancy tax of 10.5% in the unincorporated area of Monterey County on the rent charged by the operator for the occupancy of hotels, motels, inns or other lodging, with exceptions.

F. A transient occupancy tax rate of four percent (4%) was approved by the voters as a general tax in 1965 and, therefore, may be used for any general government purpose. The tax rate has been raised and lowered throughout the years and was last increased in 1995 from ten percent

(10%) to ten and one-half percent (10.5%).

G. The Board of Supervisors desires that the existing ten and one-half percent (10.5%) transient occupancy tax rate in the unincorporated area of the County remain a general tax and increase by two percent (2%).

H. The Board of Supervisors desires that the matter of the increases in the transient occupancy tax rates in unincorporated Monterey County be submitted to the voters for approval as a general tax.

SECTION 2. Section 5.40.030 of the Monterey County Code is hereby amended to read as follows:

For the privilege of occupancy in any hotel, each transient is subject and shall pay a tax in the amount of ~~ten~~ twelve and one-half (12~~0~~.5) percent of the rent charged by the operator. The tax constitutes a debt owed by the transient to the County which is extinguished only by payment to the operator or to the County.

A. The transient shall pay the tax to the operator of the hotel at the time the rent is paid. If the rent is paid in installments, a proportionate share of the tax shall be paid with each installment. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If for any reason the tax due is not paid to the operator of the hotel, the Tax Collector may require that such tax shall be paid directly to the Tax Collector.

B. Any tax imposed by this Chapter which is itemized on the guest receipt shall be remitted to the County. The amount allocated to room rental rates, number of rooms rented, tax, and products or services shall be readily identifiable in the operator's accounting records. The allocation to non-rent items shall not exceed the prices normally charged for those items.

C. Any operator offering a package rate must separately identify on the guest receipt of the room portion of the package rate, the transient occupancy tax applicable to the room portion of the package rate, the non-room portion of the package rate, and any transaction and use tax sales tax) on the non-room portion of the package rate. The operator shall bear the burden of proving that the allocation of taxes between the room portion and the non-room portion of the package rate was properly made and that the proper amounts of taxes were collected and remitted to the appropriate agencies. Allocation of room rents from the package amount shall not be below prevailing room rates for the same area as determined by the Tax Collector or County Auditor-Controller.

SECTION 3. SEVERABILITY. If any subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance, which shall remain in full force and effect. The Board of Supervisors hereby declares that it would have adopted this Ordinance and each and every subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the article would be subsequently declared invalid or unconstitutional. The courts are hereby authorized to reform the provisions of this Section in order to preserve the maximum permissible effect of each subsection herein.

SECTION 4. EFFECTIVE DATE. This ordinance shall take effect on the thirtieth day following its adoption. This ordinance shall only become operative on January 1, 2027 if approved by a majority of the voters voting on the tax at the November 3, 2026 election.

PASSED AND ADOPTED this ____ day of _____ 2026, by the following vote:

AYES:

NOES:

ABSENT:

____
Wendy Root Askew
Chair, Monterey County Board of Supervisors

A T T E S T:

VALERIE RALPH
Clerk of the Board of Supervisors

By: ___________________________
Deputy

APPROVED AS TO FORM

Kelly L. Donlon
Chief Assistant County Counsel