



DEPARTMENT OF  
FINANCE

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 14  
915 I STREET  
SACRAMENTO, CA  
95814-2685

BETTY MASUOKA  
DIRECTOR

October 11, 1989  
FA89149:EM:ldm

916-449-5736

Budget and Finance Committee  
Sacramento, California

DIVISIONS:  
ACCOUNTING  
BUDGET  
REVENUE  
RISK MANAGEMENT

Honorable Members in Session:

SUBJECT: **ADDITIONAL ONE AND ONE-HALF PERCENT UNIFORM TRANSIENT  
OCCUPANCY TAX**

SUMMARY

This report requests that the Budget and Finance Committee recommend that the City Council adopt the attached ordinance that imposes an additional one and one-half percent Uniform Transient Occupancy Tax for General Fund purposes.

BACKGROUND

On Tuesday, September 12, 1989 the City Council approved, in concept, the imposition of an additional one and one-half percent Uniform Transient Occupancy Tax for General Fund purposes. The City Council directed staff to present, for Council consideration, an ordinance to impose the tax.

DISCUSSION

The attached ordinance imposes an additional one and one-half percent Uniform Transient Occupancy Tax effective July 1, 1990 to be used for General Fund purposes. The July 1, 1990 implementation date allows the hotel/motel industry sufficient advance time to notify booked customers of the change and to modify promotional material to reflect the increase.

The City intends to combine the Certificates of Participation (COP) issue to secure an NFL franchise with the FY 1989/90 COP issue which had already been planned to finance previously identified capital projects. The transient occupancy tax ordinance recommended by this report is one of numerous sources of general fund revenues, which in the aggregate demonstrate that there are sufficient revenues to meet the expenditures of the General Fund, including the proposed COP issue. The receipts from the transient occupancy tax would amount to a .7% increase in the General Fund. The receipts would be legally available for any valid public purpose and would be subject to the discretionary budget process each year. As with all monies in the General Fund, the receipts would not be limited to payments on the COP issue. Enactment of the transient occupancy tax ordinance is necessary at this time in order to avoid delay in issuing the FY 1989/90 COP, which delay, in the opinion of the City Treasurer, might preclude the City from receiving the financial benefit of the current

favorable investment market and the economics of scale from using a single financing issue.

#### FINANCIAL DATA

The following schedule estimates the additional General Fund revenue for FY 1990/91 through FY 1994/95 that will result from this revenue source, based upon the November 1987 Uniform Transient Occupancy Tax revenue forecast prepared by Data Resources, Inc.

<u>Fiscal Year</u>	<u>Additional Revenue</u>
1990/91	\$1,039,156
1991/92	\$1,176,004
1992/93	\$1,349,238
1993/94	\$1,523,115
1994/95	\$1,738,115

#### POLICY CONSIDERATIONS

The attached ordinance fulfills the City Council's direction to staff on September 12, 1989 to present an ordinance, for Council consideration, imposing an additional one and one-half percent Uniform Transient Occupancy Tax for General Fund purposes.

#### MBE/WBE EFFORTS

Not applicable.

#### RECOMMENDATION

It is requested that the Budget and Finance Committee recommend that the City Council adopt the attached ordinance that imposes an additional one and one-half percent Uniform Transient Occupancy Tax for General Fund purposes.

Respectfully submitted,



Betty Masuoka  
Director of Finance

RECOMMENDATION APPROVED:

  
\_\_\_\_\_  
JACK R. CRIST  
Deputy City Manager

CONTACT PERSON: Betty Masuoka, Director of Finance, 449-5736

Attachment

October 26, 1989  
All Districts

# ORDINANCE NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

AN ORDINANCE ADDING SECTION 41.23-2 TO THE SACRAMENTO CITY CODE, ADDING AN ADDITIONAL ONE AND ONE-HALF PERCENT (1.5%) UNIFORM TRANSIENT OCCUPANCY TAX, THE PROCEEDS OF WHICH SHALL BE PAID TO THE GENERAL FUND FOR THE USUAL AND CURRENT EXPENSES OF THE CITY

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1

Section 41.23-2 is hereby added to the Sacramento City Code, to read as follows:

Sec. 41.23-2 Additional one and one-half percent tax established.

On and after July 1, 1990, an additional tax to those taxes imposed by Section 41.23 and Section 41.23-1 of the City Code is hereby levied in the amount of an additional one and one-half percent (1.5%) of the rent charged by the operator. Such additional tax shall in all respects be subject to the provisions of this article to the extent and in the same manner as the tax levied by Section 41.23, except that any other provision of this article notwithstanding, the proceeds of the tax imposed by this section shall be paid to the general fund for the usual and current expenses of the City, including but not limited to meeting operating expenses, including wage rates and fringe benefits, purchasing or leasing supplies, equipment or materials, and meeting financial reserve needs and requirements.

DATE PASSED FOR PUBLICATION:

DATE ENACTED:

DATE EFFECTIVE:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

FOR CITY CLERK USE ONLY

ORDINANCE NO.: \_\_\_\_\_

DATE ADOPTED