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**OFFICE OF THE
CITY ATTORNEY**

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**CITY OF SACRAMENTO
CALIFORNIA**

May 12, 1987

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MEMORANDUM

**TO: Councilman David Shore
Mayor/Council Office**

**FROM: Diane B. Balter
Deputy City Attorney**

**RE: AB 992 (Hannigan) Relating to
Transient Occupancy Taxes**

According to the League of California Cities, this bill which would have earmarked new or increased transient occupancy taxes for limited purposes has been dropped for this session; it is likely that some attempt to limit the transient occupancy tax will be seen again next year.

At this time, we will drop the matter from the Law and Legislation Committee agenda.



DIANE B. BALTER
Deputy City Attorney

DBB:rmn

3. DROPPED

*Leape
Bulletin
5/8/87*

Transient Occupancy Tax: Required Earmarking of Any
Tax Increase and 2/3rds Vote Requirement. AB 992
(Hannigan). Bill Apparently Dropped for this Year.

As noted in last week's Bulletin, AB 992 was completely amended on April 28 and was scheduled for hearing on May 4. The amended version of AB 992 would have required cities to earmark revenues from a newly adopted or increased transient occupancy tax (TOT) after January 1, 1988 and dedicate the increased revenue to convention and visitor bureau facilities and services, and tourism promotion and information. Because the revenue from any increase would be earmarked, it becomes a "special tax" and Proposition 62 would require a 2/3rds voter approval, rather than the current majority vote required for a general tax increase in the TOT.

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MAY 8, 1987

Thanks to a prompt response by cities, the bill was removed from its scheduled hearing. Representatives of the bill's sponsors, the California Hotel and Motel Association, have stated that they are no longer going forward with the bill this year and they are going back to their client to discuss how they might better approach cities on this issue. It is likely that some attempt to limit the transient occupancy tax will be seen again next year. (Referred to previously in Bulletin #14-1987.)

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TO: JIM JACKSON, CITY ATTORNEY
FROM: LORRAINE MAGANA, CITY CLERK
SUBJECT: REFERRAL OF ITEM NO. #27-2, COUNCIL
AGENDA OF MAY 5, 1987
DATE: MAY 15, 1987

Pursuant to Council action, the following matter is referred to you:

Hearing to be held on 05-11-87 on proposed legislation for
transient occupancy tax.

LM/lmh/#27-2