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B I L L R E F E R R A L

DATE: March 29, 1988 COMMITTEE ACTION: \_\_\_\_\_

TO: CITY MANAGER DATE: \_\_\_\_\_  
~~FINANCE DEPARTMENT~~

FROM: ~~KENNETH EMANUELS~~, LEGISLATIVE REPRESENTATIVE

REPLY NO LATER THAN: \_\_\_\_\_

A.B. 4521 (Hannigan) S.B. \_\_\_\_\_ Relating to transient  
occupancy taxes

STATUS:

Please review the attached measure to determine its effect upon the City of Sacramento and complete the following questions as appropriate. During your analysis of this measure, if questions arise, please feel free to contact Kenneth Emanuels at 442-0412. This questionnaire should be returned to the City Attorney's Office for presentation to the Council Committee on Law and Legislation. PLEASE LEAVE THE BILL ATTACHED TO THIS FORM.

If you think no Committee action on this bill should be taken, either because the bill is not of sufficient importance to the City or for any other reason, please mark here, do not fill out the rest of the form, and return this form to the City Attorney's Office. \_\_\_\_\_

PLEASE TYPE YOUR RESPONSE

1. Briefly describe the provisions of the bill (attach additional sheets if necessary).

AB 4521 restricts the use of new transient occupancy taxes and any increases in existing transient occupancy taxes levied on or after July 1, 1989 for specified purposes relating to convention, tourism and travel promotion, services and facilities.

2. Should this measure be: (Please circle desired position)

Supported

Opposed

Supported if Amended

Placed on Watch List

Other (explain)

3. Please explain your reasons for the above determination, including how this measure effects your Department and the fiscal impact of this measure to the City. Please make your comments in a format that can be used in a letter to State officials. (Continue on next page or attach additional sheets if necessary.)

(Continue answer to Question No. 3 here)

The Legislature should not interfere with local government's ability to raise revenue.

4. Specify the City's legislative policy guideline(s) applicable to this measure (if any).

None

5. If this measure could be amended to either improve its favorable aspects or to minimize its adverse aspects, which amendments would you propose?

None

6. List known support or opposition to this measure by groups with which you are familiar and include addresses and phone numbers, if known. League of California Cities position:

League of California Cities opposes AB 4521.

7. Does this bill involve a State-mandated local program? If so, does the bill contain an S.B. 90 waiver, or an appropriation for allocation and disbursement to local agencies pursuant to Revenue and Taxation Code Section 2231?

Yes. AB 4521 acknowledges State-mandate but does not appropriate funds for reimbursement.

8. Using a rating scale of 1 to 10 (with 10 as the most important), how important do you think this bill is to the City of Sacramento?

5

FORM COMPLETED BY:

Mike Medina

DATE:

4/4/88

**ASSEMBLY BILL**

**No. 4521**

**Introduced by Assembly Member Hannigan**

**February 19, 1988**

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**An act to amend Section 7280 of the Revenue and Taxation Code, relating to taxation.**

**LEGISLATIVE COUNSEL'S DIGEST**

**AB 4521, as introduced, Hannigan. Transient occupancy taxes.**

Under existing law, the legislative body of any city or county may levy a tax on the privilege of occupying a room or rooms in a hotel, inn, tourist home or house, motel, or other lodging unless the occupancy is for any period of more than 30 days.

This bill would impose a state-mandated local program by requiring counties and cities to expend the proceeds from any new transient occupancy taxes and any increases in existing transient occupancy taxes levied on or after July 1, 1989, solely for specified purposes relating to convention, tourism, and travel promotion, services, and facilities.

This bill would also impose a state-mandated local program by requiring counties and cities which expended any portion of an existing transient occupancy tax for the purposes specified above to continue to expend the same portion of the existing tax for those purposes when levying any increase in the tax on or after July 1, 1989.

**Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.**

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 7280 of the Revenue and  
2 Taxation Code is amended to read:

3 7280. (a) The legislative body of any city or county  
4 may levy a tax on the privilege of occupying a room or  
5 rooms in a hotel, inn, tourist home or house, motel, or  
6 other lodging unless the occupancy is for any period of  
7 more than 30 days. The tax when levied by the legislative  
8 body of a county shall apply only to the unincorporated  
9 areas of the county.

10 (b) For purposes of this section, the term "the  
11 privilege of occupying a room or rooms in a hotel, inn,  
12 tourist home or house, motel, or other lodging" does not  
13 include the right of an owner of a timeshare estate in a  
14 room or rooms in a timeshare project, or the guest of that  
15 owner, to occupy the room, rooms, or other real property  
16 in which that owner retains the timeshare estate.

17 For purposes of this subdivision, "timeshare estate"  
18 means a timeshare estate, as defined by Section 11003.5  
19 of the Business and Professions Code, and the term "guest  
20 of that owner" means a person who occupies real  
21 property accompanied by the owner of a timeshare estate  
22 in that real property, or who exercises that owner's right  
23 of occupancy of a timeshare estate without payment of  
24 any compensation to the owner. The term "guest of that  
25 owner" specifically includes a person occupying a  
26 timeshare unit pursuant to any form of exchange  
27 program.

28 (c) Subdivision (b) shall not affect or apply to the  
29 authority of any city or county to collect a transient  
30 occupancy tax from timeshare projects which were in  
31 existence as of May 1, 1985, and which timeshare projects  
32 were then subject to such a tax imposed by an ordinance  
33 duly enacted prior to May 1, 1985, pursuant to this section.  
34 The act adding this subdivision shall not in any way affect  
35 any litigation pending on or prior to December 31, 1985.

36 (d) *Whenever, on or after July 1, 1989, the legislative*  
37 *body of any city or county levies, pursuant to this section,*  
38 *a new tax or increases an existing tax which was originally*

1 levied prior to that date, the total amount of proceeds  
2 from the tax or the increase in the existing tax shall be  
3 utilized solely for the following purposes:

4 (1) Convention, trade show, and exhibition facilities  
5 and services (including registration and room  
6 reservation services) which are directly related to  
7 convention, trade show, and exhibition activities.

8 (2) Convention and visitors bureau facilities and  
9 operations.

10 (3) Tourism promotion activities, including  
11 advertisements, direct sales efforts, publications, and  
12 travel shows.

13 (4) Tourist and traveler information services and  
14 support facilities.

15 (5) Travel and trade conferences.

16 (e) If, on or after July 1, 1989, the legislative body of a  
17 city or county levies, pursuant to this section, an increase  
18 in the amount of an existing tax which was originally  
19 levied prior to that date and any portion of the proceeds  
20 from that existing tax is being utilized for any of the  
21 purposes specified in subdivision (d), the same  
22 proportionate amount of the proceeds from that existing  
23 tax, excluding any increase levied on or after July 1, 1989,  
24 shall continue to be expended solely for the purposes  
25 specified in subdivision (d).

26 SEC. 2. No reimbursement shall be made from the  
27 State Mandates Claims Fund pursuant to Part 7  
28 (commencing with Section 17500) of Division 4 of Title  
29 2 of the Government Code for costs mandated by the  
30 state pursuant to this act. It is recognized, however, that  
31 a local agency or school district may pursue any remedies  
32 to obtain reimbursement available to it under Part 7  
33 (commencing with Section 17500) and any other  
34 provisions of law.

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