



Ordinance No. 2869 refers STR Tax to voters

- 20 year term
- 9% maximum rate
- Revenues restricted to affordable and attainable housing purposes

Voter approval does not impose the tax, Charter requires an ordinance

- New section in City's tax code
 - exemptions
 - tax rate
 - property and transactions subject to the tax
 - reporting and remitting schedules and other administrative details

Effective date of STR Tax will be January 1, 2023

Effective date of ordinance no sooner than November 9, 2022

- Lodging community will not know 2023 tax rates until day after election
- Advance bookings for 2023 made prior to effective date of ordinance would be subject to tax
- Administrative burden for lodging businesses
- Surprise billing for lodging customers

Should the City create exemption for pre-Nov. 9, 2022 reservations?

- All reservations, deposit, or fully pre-paid?

Other Exemptions

Tax would apply to Short-Term Rentals

- STR defined as short-term use of a dwelling unit
- STR use and hotel use overlap somewhat
 - properties operate like a hotel but have individual unit ownership (“quasi-hotel”)
- Staff proposes to treat these properties as short-term rentals but exempt from licensing
 - On-site staff to manage impacts
 - Green zone location

Should “quasi-hotel” properties be subject to the proposed STR Tax?

- Fairness to owners of competing STR properties that will be subject to tax
- Assessed as residential property for purposes of real property taxation
- Could be defined as STRs but exempted from licensing

Voter approval authorizes, doesn't require Council to impose tax

- Council may impose tax at 9% rate
- Council may impose tax at lesser rate
- Council may elect not to impose tax at all

Modifications

- Council may modify or eliminate tax at any time by adopting an ordinance
- Reducing or eliminating tax could be made retroactive via refunds
- Rate increase (assuming initially imposed at less than 9%) cannot be retroactive

Should STR Tax ordinance set rate at 9%?

Should the City create exemption for pre-Nov. 9, 2022 reservations?

Should “quasi-hotel” properties be subject to the proposed STR Tax?

Should STR Tax ordinance set rate at 9%?