



December 15, 2020

TO: City of Monterey Hotel Operators

RE: TOT 12% Rate Effective January 1, 2021

Effective January 1, 2021, the new TOT rate is 12%. On November 3, 2020, 71.7% of the Monterey voters approved Measure Y, "Hotel Tax Measure," which increases the transient occupancy tax (TOT, or hotel tax) from 10% to 12% on the cost of rooms paid by hotel guests. 16% of proceeds are allocated to the Neighborhood and Community Improvement Program, and 84% to essential services such as parks, recreation, library, emergency response, facility rehabilitation, and other unrestricted expenditures. The measure also expanded the tax to apply to online travel companies. In total, the rate increase will provide \$2.8 to \$5.6 million annually, effective until repealed by voters.

Essential public services during this pandemic, including police, fire, emergency management and parks, are dependent on TOT revenues, which is the City's largest revenue source. The City remains steadfast in serving the public, especially public safety, continuing excellence in governance and working in conjunction with our hospitality partners. These services are provided not only to residents and businesses, but to hotel guests as well. The first remittance at the TOT 12% rate is for January 2021 reporting, and this TOT remittance and payment are due February 15, 2021. We respectfully ask that the TOT payments be remitted in a timely manner.

Thank you for your continued partnership. We look forward to continuing to provide outstanding city services to you, your employees, and hotel guests. If you have any questions, please feel free to contact us.

Sincerely,

A handwritten signature in black ink that reads "Hans Uslar". The signature is written in a cursive, flowing style.

Hans Uslar
City Manager

cc: Monterey City Council
Lauren Lai, Finance Director
Rob O'Keefe, Interim President and CEO, Monterey County Convention and Visitors Bureau
Monterey County Hospitality Association