



December 30, 2020

To: City of Monterey Hotel Operators

Subject: Follow-up to December 15, 2020 Memo RE: TOT 12% Rate Effective January 1, 2021

In response to the memo dated December 15, 2020 (reminding hotel operators of the upcoming change in transient occupancy tax (TOT) from 10% to 12% effective January 1, 2021); the City received a request for clarification to one particular aspect of the upcoming implementation as it relates to prepaid reservations. As such, the City wanted to share the response to ensure uniform application.

Per City Ordinance §35-11, "The transient shall pay the tax to the operator of the visitor accommodation facility at the time the rent is paid. If the rent is paid in installments, a proportionate share of the tax shall be paid with each installment." Therefore, advance reservations made and paid prior to January 1, 2021 will not be subject to the increased tax rate. In accordance with City Ordinance §35-19, it is the hotel operators' responsibility to keep detailed accounting records for reservations and prepayments to substantiate any separate reporting of the rents at the 10% rate. All records may be subject to inspection and auditing procedures in order to determine the amount of tax due to the City.

After the December reporting period filing deadline of January 15, 2021 a new form will be made available which will allow for separate reporting of any prepaid advance reservations, for which TOT was already collected at the 10% rate, and rents paid after January 1, 2021 at the new 12% TOT rate.

Thank you for your continued partnership as we work collectively to implement these changes. If you have any questions, please feel free to contact the Finance Department at revenue@monterey.org or 831-646-3944.

Thank you,

A handwritten signature in black ink that reads "Hans Uslar". The signature is fluid and cursive.

Hans Uslar
City Manager

CC: Lauren Lai, Finance Director
Christine Davi, City Attorney
Rob O'Keefe, Interim President and CEO, Monterey County Convention and Visitors Bureau
Monterey County Hospitality Association