

City of Monterey

Visitor Accommodation Facility (VAF) Guidelines

Supplemental Guide for implementation of the City’s Uniform Transient Occupancy Tax Code, City Code Chapter 35, Article 3: <http://www.codepublishing.com/CA/Monterey/>

1. City’s VAF rates:

Assessment	Applies To	Rate
Transient Occupancy Tax (TOT)	All VAFs	12% of all rent
Conference Center Facilities District (CCFD)	Adjacent hotels (within 100’ of Conference Center)	4.15% of all rent
Conference Center Facilities District (CCFD)	Nonadjacent Full Service Hotels	1.60% of all rent
Conference Center Facilities District (CCFD)	Nonadjacent, Non-Full Service	0.80% of all rent
Tourism Improvement District (TID) Assessment	Luxury Lodging Businesses *Currently, doesn’t apply to hotels in the City of Monterey	*\$7.00 per occupied room night
Tourism Improvement District (TID) Assessment	Non-luxury Full Service Lodging Businesses	*\$4.50 per occupied room night
Tourism Improvement District (TID) Assessment	Limited-service Lodging Businesses	*\$1.50 per occupied room night

***New Rate – Starting 07-01-23 through 06-30-25**

2. **Definition of Full Service Hotel:** Lodging with food and beverage, as defined by Smith Travel Research.

3. Distribution of VAF taxes and assessments:

TOT	16% to Neighborhood and Community Improvement Program, 84% to City’s General Fund
CCFD Assessment	To Conference Center Facilities District to repay debt issued for Conference Center renovation
TID Assessment	To Monterey County Convention & Visitors’ Bureau for tourism promotion

4. **Definition of “Rent:”** Rent is defined for purposes of TOT and CCFD assessments as “The consideration charged, whether or not received, for the occupancy of space in a visitor accommodation facility, valued in money, whether to be received in money,

goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Rent includes charges for amenities, including but not limited to movie/DVD fees, mini bar fees, telephone fees, parking fees, resort fees, charges for rollaway beds, cribs, pet fees, and internet fees, in addition to online booking fees and charges.”

Please see the list below for examples of specific items. If you have further questions about whether charges are subject to taxes or assessments, please call the Finance Department at (831) 646-3944.

Subject To:	TOT	CCFD	TID
Resort Fees – based on occupancy	Yes		N/A
Facility Fees – based on occupancy	Yes		N/A
Facility Fees – based on usage	No		N/A
Administrative Fees	Yes		N/A
Internet/Movie/DVD/VCR fees	Yes		N/A
Fax/Copy charges – based on usage	No		N/A
Bartered rooms – exchanged for goods or services	Yes		Yes
Complimentary rooms - nothing received in exchange	No		Yes
Guest Parking or valet – based on occupancy	Yes		N/A
Parking – based on usage (e.g. Conference attendees)	No		N/A
Extra Person/Bed Fees	Yes		N/A
Rollaway Bed Fees	Yes		N/A
Pet Fees, nonrefundable pet deposits	Yes		N/A
No-Show Fees	Yes		No
“Packages” including golf, aquarium, etc.	No, as long as non-rent items are listed separately on guest receipt		N/A
Food/Beverage subject to sales tax and accounted for separately	No		N/A
Government Employees	See below	Yes	Yes
Employees of Nonprofit Agencies	Yes		Yes

- 5. Revenues for non-refundable/guaranteed no-shows/cancellation/attrition:**
Revenues are taxable as the definition of “occupancy” includes not only physical occupancy, but also “the right to the use or possession” of any room. Such fees are used to ensure availability of a room.

6. **Exemption for government employees:** The following government employees are exempted from TOT only (CCFD and TID are still charged):
 - a. Federal officer or employee on official business, or
 - b. Officer or employee of a foreign government who is exempt by reason of express provisions of federal law or international treaty.
7. **Information required on Guests' receipts:** TOT, CCFD and the TID assessment must be listed separately on the guest receipt and they cannot be combined with other charges.
8. **Contracts with hotels for room rentals more than 30 days, but occupied for less than 30 days per individual (e.g. rented by airlines for use by rotating flight crews):** Rooms are subject to TOT and CCFD and TID unless the same individual occupies the room for more than 30 consecutive days.
9. **Short-term rentals through AirBnB, VRBO, etc.:** Short-Term Rentals (STR), less than 30 days, are not permitted in any areas except those zoned for Visitor Accommodation Facilities (VAF) in the City of Monterey. Any such persons operating an STR are required, by the City Ordinance, to collect and remit the Transient Occupancy Tax to the City by the due date of the 15th of the following month.

Per City Ordinance Sec 35-10, A VAF is defined as: Any structure, or any portion of a structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes for periods of 30 days or less, including any inn, residential dwelling unit, motel, or lodging house, bed and breakfast inn, single room occupancy hotel, hostel, rental unit, public or private residential club, mobile home, house trailer at a fixed location, or other structure or portion of a structure. This definition includes Vacation Rentals, such as those marketed by VRBO and Airbnb, whether or not such rentals are permitted to operate within the City of Monterey.

Questions about TOT, CCFD, and TID assessments? Please call the City of Monterey Finance Department at (831) 646-3944.