

CITY OF SAN DIEGO

Proposition J

(This proposition will appear on the ballot in the following form.)

PROP J **TRANSIENT OCCUPANCY TAX.** Shall the City Charter and the San Diego Municipal Code be amended to increase the transient occupancy tax (TOT) paid solely by hotel and motel visitors from 10.5% to 13% to be used for general governmental purposes?

This proposition requires approval by a majority (over 50%) of the voters.

<p>Full text of this proposition follows the arguments.</p>
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CITY ATTORNEY'S IMPARTIAL ANALYSIS

The City Council has authorized the placement of a proposition on the ballot seeking voter approval of a measure that would amend the San Diego City Charter and the San Diego Municipal Code to raise the Transient Occupancy Tax [TOT] from the current rate of 10.5 percent to 13 percent. The TOT is a tax paid by hotel and motel guests who reside for one month or less in a hotel or motel in the City. Because the revenues derived from raising the TOT rate would be used for general governmental purposes, and because the increase will be implemented by an amendment of the City's Charter, this measure is a general tax which will take effect if passed by a simple majority of City voters.

CITY MANAGER'S FISCAL ANALYSIS

This ballot measure, if passed, would increase the City's Transient Occupancy Tax (TOT) rate to a total of 13 percent. The City's TOT is currently levied at a rate of 10.5 percent, which is estimated to generate approximately \$120 million in Fiscal Year 2005.

Based on the current TOT revenue estimate at the 10.5 percent rate, the proposed increase could generate additional revenue in excess of \$28 million annually into the City's General Fund. Since this proposition would become effective February 1, 2005, it would generate approximately \$12 million in additional revenue in Fiscal Year 2005.

ARGUMENT IN FAVOR OF PROPOSITION J

NO NEW TAXES ON SAN DIEGO RESIDENTS!

YES on Proposition J will provide much needed revenue to the City's General Fund which can be used to improve PUBLIC SAFETY.

- Reduce emergency response times for fire fighters and police.
- Replace outdated 20 year old fire trucks.
- Hire more fire fighters and police.
- Improve our 911 emergency communications system.

YES on Proposition J Does Not Tax the People of San Diego.

The hotel room tax in this proposition will not increase your taxes. In return for enjoying our beaches and using our roads and other services, it asks tourists to pay 2½ cents more per dollar spent on hotel rooms. While San Diego taxpayers won't pay this tax, we will still get BIG benefits, from enhancing public safety and neighborhood services to providing funds that can be used to solve our affordable housing crisis.

YES on Proposition J means hotel visitors will provide revenues to help the City buy new public safety equipment we badly need.

Last year's wildfires endangered lives and destroyed neighborhoods. Proposition J will provide money that can pay to modernize our outdated 911 emergency system that hindered fire fighters' response to the fires.

"As a parent and fire fighter for 28 years, I want to know families are safe and that emergency services can respond when we need help. Proposition J will help improve response times and protect San Diego's families."

*John Thomson
San Diego Fire Fighter*

YES on Proposition J will support OUR LOCAL FIRE FIGHTERS AND POLICE OFFICERS.

The San Diego City Fire Fighters and the San Diego Police Officers Association understand the public safety needs of our communities, and they urge you to join them in voting **YES on Proposition J.**

BETTER EMERGENCY SERVICES. NO TAX INCREASE ON RESIDENTS.

YES ON J!

JEFF BOWMAN
Fire Chief
San Diego Fire-Rescue Department

WILLIAM M. LANSDOWNE
Chief of Police
San Diego Police Department

RONALD L. SAATHOFF
President
San Diego City Firefighters

BILL FARRAR
President
San Diego Police Officers Association

NORMA DAMASHEK
Vice President
League of Women Voters

ARGUMENT AGAINST PROPOSITION J

Vote NO on Proposition J. It's a city council sponsored TAX INCREASE that doesn't include any taxpayer protections against misuse of funds for politician's pet projects.

VOTE NO on J – Protect taxpayers against misuse of our tax dollars!

NOT EARMARKED – WASTE/MISUSE IS GUARANTEED

Proposition J is NOT earmarked for ANY specific purpose. If politicians WANTED to guarantee funding for public safety or other legitimate uses they could have earmarked the tax for those uses. They chose NOT to earmark.

Here is what a public safety leader says:

“Proposition J is fatally flawed. It DOESN'T GUARANTEE new revenue for desperately needed public safety equipment, apparatus or communications systems in San Diego. Vote NO on Proposition J.”

Mark Muir, Chairman

Golden State Fire Fighters

Proposition J funds can legally be used for ANY PURPOSE supported by the city council. 100% of the tax could be used for salary increases at city hall, or for a new football stadium.

If taxes are to be raised politicians should earmark them so we know exactly how our money will be spent.

Vote NO on J – Let's hold politicians accountable for how our taxes are spent!

HURTS TOURISM, JOBS, LOCAL ECONOMY

Tourism generates 110,000 jobs and \$11 BILLION in annual economic benefits to our region. This politician sponsored tax hike will DRIVE TOURISM BUSINESS AWAY – REDUCING LOCAL JOBS and harming one of our most vital economic engines.

Vote NO on J – This is no time to harm our local economy!

BLANK CHECK FOR BAD GOVERNMENT

Proposition J is a blank check tax hike that throws good money after bad. The city hasn't been accountable for its finances. Instead of eliminating bureaucratic waste, now the politicians want EVEN MORE OF OUR TAX MONEY.

Vote NO on J – Don't reward poor performance!

C. TERRY BROWN
Chairman
San Diego Lodging Industry Association

JON COUPAL
President
Howard Jarvis Taxpayers Association

LISA BRIGGS
Executive Director
San Diego County Taxpayers Association

MARK A. MUIR
Chairman
Golden State Fire Fighters

PROPOSED CHARTER AMENDMENT

(The portion of the charter to be added is underlined.)

That Article VII of the City Charter is amended by adding section 77c to read as follows:

Section 77c: General Tax Increase to Transient Occupancy Tax

Notwithstanding any provision of law to the contrary, and in addition to any transient occupancy tax being imposed by the City as of the effective date of this section, commencing on February 1, 2005, for the privilege of Occupancy in any Hotel, each Transient is subject to and shall pay an additional tax in the amount of two and one-half percent (2.5%) of the Rent charged by operators of such Hotels. Such tax to be imposed and administered consistent with Chapter 3, Article 5, Division 1, of the San Diego Municipal Code.

That Chapter 3, Article 5, Division 1, of the San Diego Municipal Code is amended by repealing sections 35.0103, 35.0104, 35.0105, 35.0106, 35.0107, and 35.0108, which collectively have imposed a 10.5 percent transient occupancy tax for the privilege of occupancy in hotels, recreational vehicle parks, and campgrounds.

That Chapter 3, Article 5, Division 1, of the San Diego Municipal Code is amended by adding new section 35.0103, to read as follows:

§ 35.0103 Tax Imposed

For the privilege of Occupancy in any Hotel, any Recreational Vehicle Park, or any Campground, each Transient is subject to and shall pay a tax in the amount of 13 percent (13%) of the Rent charged by the Operator.

That Chapter 3, Article 5, Division 1, of the San Diego Municipal Code is amended by repealing sections 35.0128, 35.0129, 35.0130, 35.0131, 35.0132, and 35.0133, which collectively have established the process for utilizing revenues collected from transient occupancy taxes.

That Chapter 3, Article 5, Division 1, of the San Diego Municipal Code is amended by adding new sections 35.0130 to read as follows:

§ 35.0130 Utilization of Revenues from Tax Imposed by Section 35.0103

All revenues collected pursuant to the tax imposed by the City under section 35.0103 shall be deposited in the General Fund of the City and be used for general governmental purposes as the City Council may from time to time provide in accordance with the Charter of the City of San Diego and the City Council's Annual Appropriation Ordinance.

That the amendments to Article VII of the City Charter and Chapter 3, Article 5, Division 1, of the San Diego Municipal Code described in this proposition shall not take effect until February 1, 2005.

If, at the time this ballot measure is presented to the people for their approval, there is on the same ballot any additional ballot measures relating to an increase in transient occupancy taxes, and more than one ballot measure relating to an increase in transient occupancy taxes is approved by the voters, the ballot measure receiving the most votes shall be declared the prevailing measure, and shall be given full force and effect.