

CITY OF NEWARK MEASURE LL  
CITY ATTORNEY'S IMPARTIAL ANALYSIS

The City Council of the City of Newark is submitting to the voters the question of whether to approve an ordinance that would increase the transient occupancy (hotel) tax from 10% to 14%.

The hotel tax is imposed on persons staying in or using a "hotel" which is defined to include motels, inns, and other temporary lodging. The hotel tax applies to persons occupying space in a hotel for periods of 30 consecutive days or less. All hotel operators in the City are required to collect the hotel tax from persons occupying space in a hotel and remit the hotel tax to the City. Currently, the City of Newark imposes a hotel tax rate of 10% of the amount charged to occupants. Other cities in the region, such as Milpitas, Oakland, and San Leandro, have hotel tax rates of 14%.

If approved, Measure LL would increase the City's hotel tax rate to 14%. Additionally, Measure LL would make the City's Director of Finance, instead of the City Clerk, responsible for administration of the Municipal Code provisions related to the hotel tax and establish an independent community oversight committee, consisting of five (5) members of the public, responsible for reviewing the expenditure of revenue from the hotel tax. The hotel tax would continue to be ongoing if Measure LL is approved.

Because Measure LL does not limit the use of hotel tax revenue, it is a "general tax," and the funds provided are available for any legitimate governmental purpose. As noted in the ballot question, examples of uses of revenue from the hotel tax include street and pothole repairs, replacing seismically unsafe fire stations, 911 emergency services, fire protection services, public safety services, and other city services. Measure LL would generate approximately \$2.1 million in additional funds annually that are legally required to be used in Newark for local city services.

A "Yes" vote is a vote to approve an increase of the hotel tax, imposed upon occupants of hotels, motels, inns and other temporary lodging, from 10% to 14% and to make other revisions to the hotel tax. A "No" vote is a vote against adopting the ordinance. Measure LL will be approved if it receives a simple majority of "Yes" votes of those voting on the Measure.

DATED: July 11, 2024

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Kristopher J. Kokotaylo, City Attorney