

# Board Inquiry Form

Inquiry Number: 31

Board Member	
Carbajal	
Wolf	X
Farr	
Gray	
Lavagnino	

Department: CEO

Date: 6/11/12

Page(s) of Budget Book:

## Request/ Question:

What would the revenue increase be if we increased the Transient Occupancy Tax?

Response Prepared by: Tom Alvarez

## Response:

The analysis below was prepared in November 2011 and can be updated; however, we wanted to respond as quickly as possible.

The impact in FY 2012-13 from changing the TOT rate from 10% to 12% was estimated to be between \$1.2 million to \$1.4 million, after netting out impact of Goleta Neutrality.

Using the actual data from FY 2010-11 and backing out the Goleta portion (expires 6/30/12) the increase attributable to increasing TOT from 10% to 12% would be \$1,127,037. The FY 2011-12 Q1 TOT increases from the prior year were 22.8% July, 14.5% August and 13.7% for September. The FY2010-11 increase in TOT revenue over FY2009-10 revenue was 15.7%. If we assume an increase of 15% in FY 2011-12, the impact of the 2% increase in the rate would be approximately \$1.3 million. We can estimate the impact for FY 2012-13 as \$1.2 million to \$1.4 million, depending on the growth in FY 2011-12 and FY 2012-13.