



SPECIAL MEETING
TOWN OF LOS GATOS
TOWN COUNCIL AD HOC CITIZEN
COMMITTEE

Town Council Ad Hoc Citizen Committee

Marico Sayoc, Vice Mayor

Steve Leonardis, Council Member

Lee Fagot, Resident

Mark Robinson, Resident

Jak Van Nada, Resident

AGENDA

TOWN COUNCIL CHAMBERS
110 EAST MAIN STREET

February 18, 2016 – 1:00 P.M.

MEETING CALLED TO ORDER

ROLL CALL

VERBAL COMMUNICATIONS *(Three minute time limit)*

1. Approve the February 4, 2016 Ad Hoc Committee Draft Minutes
2. Discuss Information Contained in the Staff Report
3. Review of Ad Hoc Citizen Committee Timeline and Next Steps

ADJOURNMENT

Attachments:

1. February 4, 2016 Ad Hoc Committee Draft Minutes (Item 1)
2. Staff Report (Item 2)

cc: Post *(also posted on Town Web)*
Town Council

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Town Manager's Office at (408) 354-6834. Notification 48 hours before the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting [28 CFR §35.102-35.104]

DRAFT

TOWN OF LOS GATOS
AD HOC CITIZEN COMMITTEE
February 4, 2016, 1:00 p.m.

110 E. Main Street
Town Council Chambers
Los Gatos, California

MINUTES

Call to Order

The Ad Hoc Citizen Committee meeting was called to order at 1:00 p.m.

Members and Staff present:

Vice Mayor Marico Sayoc
Council Member Steve Leonardis
Lee Fagot, Resident
Mark Robinson, Resident
Jak Van Nada, Resident
Laurel Prevetti, Town Manager
Jennifer Callaway, Assistant Town Manager
Stephen Conaway, Finance Director
Christina Gilmore, Assistant to the Town Manager
Shelley Neis, Clerk Administrator
Gitta Ungvari, Administrative Analyst

Verbal Communications

None

Agenda Items

1. Welcome and Introductions

The Committee and staff introduced themselves.

2. Selection of Chair and Vice Chair

The Committee unanimously approved Lee Fagot as Chair and Mark Robinson as Vice Chair.

3. Discuss the Committee Role, Scope, and Process

The Committee reviewed and discussed the Committee Role, Scope, and Process as outlined in Attachment 1, including:

- Ad Hoc Citizen Committee scope of work
- Transient Occupancy Tax (TOT)
- Utility Use Tax (UUT)
- Committee Timeline

The Committee requested staff return at the next meeting with additional background materials and information on the Town's finances to assist the Committee in its continued discussion of a potential TOT or UUT ballot measure:

- FY 2015/16 Operating Budget
- General Fund Expenditures and Revenues for the last 10 to 12 years
- Capital Improvement Program Budget
- Unfunded CIP project list
- Police Services Analysis
- Matrix of other jurisdictions' TOT and UUT Revenues over time
- Background information about the Town's prior consideration to place a UUT tax on a ballot
- Report to the Finance Committee (January 2016) regarding unfunded pension liabilities for sworn and non-sworn employees
- Data from the League of California Cities or other sources regarding tax measure success for local governments
- Clarification regarding the Town's role in its own ballot measures

The Committee also requested that the staff begin to prepare information regarding the Town's cost saving measures and other fiscally prudent activities to demonstrate that the Town has taken actions to demonstrate responsible fiscal management. The Committee expressed interest in making sound arguments for a potential revenue source for capital projects.

4. Future Scheduling and Potential Topics

The Committee set the following meeting dates in order to report on its progress to the Town Council in March:

- February 18, 2016
1:00 P.M. -2:30 P.M.
Town Council Chambers

- February 22, 2016
1:00 P.M. -2:30 P.M.
Town Council Chambers

Adjourned at 2:18 p.m.



MEETING DATE: 02/18/16
ITEM NO: 2

AD HOC CITIZEN COMMITTEE REPORT

DATE: FEBRUARY 12, 2016

TO: AD HOC CITIZENS COMMITTEE

FROM: LAUREL PREVETTI, TOWN MANAGER *Laurel Prevetti*

SUBJECT: REVIEW AND DISCUSS BACKGROUND MATERIALS AND INFORMATION ON TOWN FINANCES, UTILITY USER TAX (UUT), AND TRANSIENT OCCUPANCY TAX (TOT) BALLOT INITIATIVES

RECOMMENDATION:

Discuss the information contained in the staff report.

BACKGROUND:

At its February 4, 2016 meeting, the Ad Hoc Citizen Committee directed staff to return with additional background materials and information on the Town's finances to assist the Committee in its continued discussion of a TOT or UUT ballot measure that included the following:

- Fiscal Year (FY) 2015/16 Operating Budget
- Capital Improvement Program Budget
- Police Services Analysis
- General Fund Expenditures and Revenues for the last 10 to 12 years
- Unfunded CIP project list
- Matrix of other jurisdictions' TOT and UUT Revenues over time
- Background information about the Town's prior consideration to place a UUT tax on a ballot
- Report to the Finance Committee (January 2016) regarding unfunded pension liabilities for sworn and non-sworn employees
- Data from the League of California Cities or other sources regarding tax measure success for local governments
- Clarification regarding the Town's role in its own ballot measures

PREPARED BY:

Steve Conway
STEVE CONWAY
Finance Director

CHRISTINA GILMORE *SN for*
Assistant to the Town Manager

Reviewed by: _____ Assistant Town Manager _____ Town Attorney sc Finance

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AD HOC CITIZENS COMMITTEE

SUBJECT: REVIEW AND DISCUSS BACKGROUND MATERIALS AND INFORMATION ON THE
TOWN FINANCES, UTILITY USER TAX (UUT), AND TRANSIENT OCCUPANCY
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FEBRUARY 12, 2016

DISCUSSION:

Information about the Town's FY 2015/16 Operating Budget, Capital Improvement Program and analysis of Police Services can be found on the Town of Los Gatos website. Links to each document are provided below.

FY 2015/16 Operating Budget

<http://www.losgatosca.gov/21/Operating-Budget>

Capital Improvement Program

<http://www.losgatosca.gov/DocumentCenter/View/8270>

Analysis of Police Services In-House and Contract Service Models

<http://www.losgatosca.gov/documentcenter/view/15379>

The analysis of police services in-house and contract service models includes future pension and health benefits. Pension and health benefits are rolled into each Department's annual operating budget. Included in an employee's total compensation is the cost to the Town for benefits, including the current year's benefits and future promises for health and pension. If police services were to be contracted out those future costs would be eliminated. As indicated, this was accounted for in the analysis provided. Existing pension and health promises, those made to current and past employees, will remain the obligation of the Town, regardless of the police services model. The courts have ruled that these benefits are vested rights of the employees and obligations that remain with the jurisdiction promising them. This is further explained in Attachment 9 report to the Finance Committee regarding unfunded pension liabilities for sworn and non-sworn employees. Since these already promised benefits would remain the obligation of the Town, these past promises were not included in the police services analysis.

Additional Background Materials

Detailed General Fund revenues and expenditures are provided from FY 2007/08 to FY 2015/16. The Committee requested ten to twelve years of historical data, however, the current financial system only has data since FY 2007/08. The Town upgraded its financial system in late 2007 and the old financial system is not supported by the former vendor anymore.

Additional background information about the Town's historical data on UUT and TOT ballot initiatives and other information as requested by the Committee are provided as Attachments 1 through 11 to the staff report.

Clarification regarding the Town's role in its own ballot measures

The California Supreme Court, in *Vargas v. City of Salinas* clarified some of the legal ambiguities governing the use of public funds in connection with election campaigns. California Government Code

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section 54964(b) prohibits a local agency's expenditure of funds for "communications that expressly advocate the approval or rejection of a clearly identified ballot measure." In Vargas, the State Supreme

DISCUSSION (cont'd):

Court reverted to the more fact-based, analytical approach of its earlier decisions on public agency electoral activities. This approach emphasizes considering such things as the "style, tenor and timing" of communications to determine when public agency ballot measure materials and activities step over the line (known as the Stanson v. Mott standard). The Court tried to clarify the standard by creating, in essence, three categories of activities:

- Those that are usually impermissible campaign activities;
- Those that are usually permissible informational activities; and
- Those that may require further analysis under the "style, tenor and timing" test.

Impermissible activities include bumper stickers, posters, advertising "floats," television and radio spots, and billboards. Another improper activity is using public resources to disseminate advocacy materials prepared by others. "Promotional campaign brochures" and similar materials are also not allowed, even when those documents contain some useful factual information for the public.

Permissible activities include:

- Taking a position on a ballot measure in an open and public meeting where all perspectives may be shared;
- Preparing staff reports and other analyses to help decision-makers determine the measure's impact and what position to take;
- Responding to inquiries about ballot measures in ways that provide a fair presentation of the facts about the measure and the agency's view of a ballot measure's merits;
- Accepting invitations to present the agency's views to organizations interested in the ballot measure's effects; and
- Sharing the agency's views on and analyses of a measure's impacts and merits.

The safest approach is to share information in a simple, measured, and informative way. The information should be delivered through regular agency communications channels (for example, the agency's existing website and newsletter) in a way that emphasizes facts and does not use inflammatory language or argumentative rhetoric. The communication should not encourage the public to adopt the agency's views, vote one way or another, or take any other actions supporting or opposing the measure.

Consultant Costs

Based on information obtained from a presentation presented at a recent League of California Cities (LCC) City Clerk seminar, consultant costs to place a ballot measure on the November 2016 ballot is

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estimated to be \$40,000 (polling only) to \$150,000 (polling, outreach, and other services) depending on the level of consultant involvement.

CONCLUSION AND NEXT STEPS:

Staff recommends that the Committee review and discuss the information provided as attachments to the staff report.

COORDINATION:

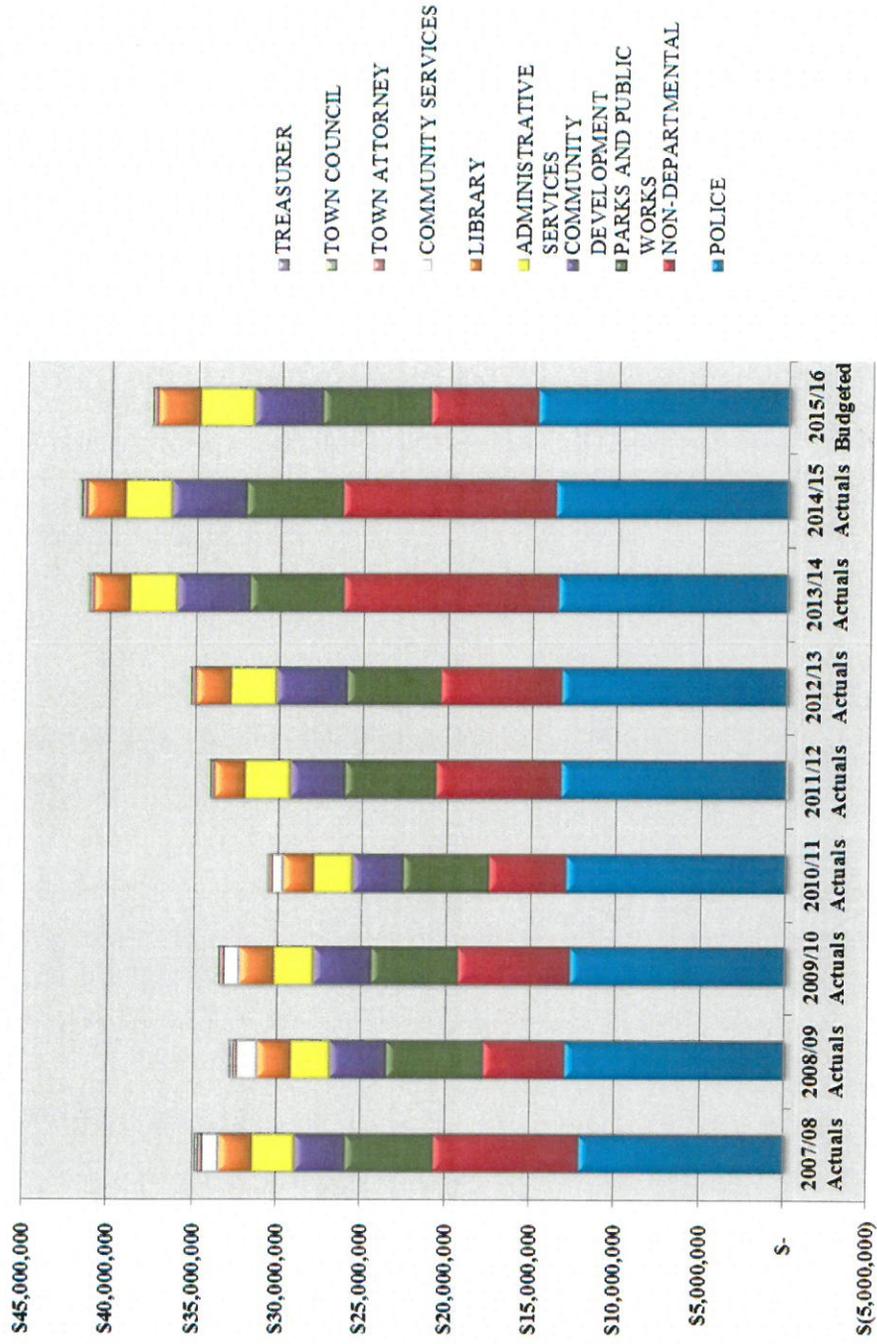
The preparation of this report was coordinated with the Finance Director, the Town Attorney, the Clerk Department, and the Town Manager's Office.

Attachments:

1. General Fund Expenditure by Department (FY 2007/08- FY 2015/16)
2. General Fund Revenue by Type (FY 2007/08- FY 2015/16)
3. Plan Bay Area and VTP 2040 Draft Project List
4. Utility User Tax Facts
5. Utility User Tax Information
6. Transient Occupancy Tax (TOT) Information
 - Exhibit A – Transient Occupancy Tax Town Code (Sec. 25.30.010-25.30.75)
 - Exhibit B – Ordinance No. 911
 - Exhibit C – Ordinance No. 946
 - Exhibit D – Ordinance No. 1289
 - Exhibit E – Ordinance No. 1362
 - Exhibit F – Ordinance No. 1561-A
7. Estimated cost for the November 2016 Election
8. Historical information for 1996 Measure C Ballot Initiative
9. Staff report from December 22, 2016 Finance Committee Meeting
10. League of California Cities Working on a Ballot Measure Campaign: Some Rules for City of Officials
11. Brown Act and Fair Political Reform Act Presentation

The following graph represents the general fund historical expenditures since FY 2007/08. Please note that the Town current financial system only has data available since FY 2007/08.

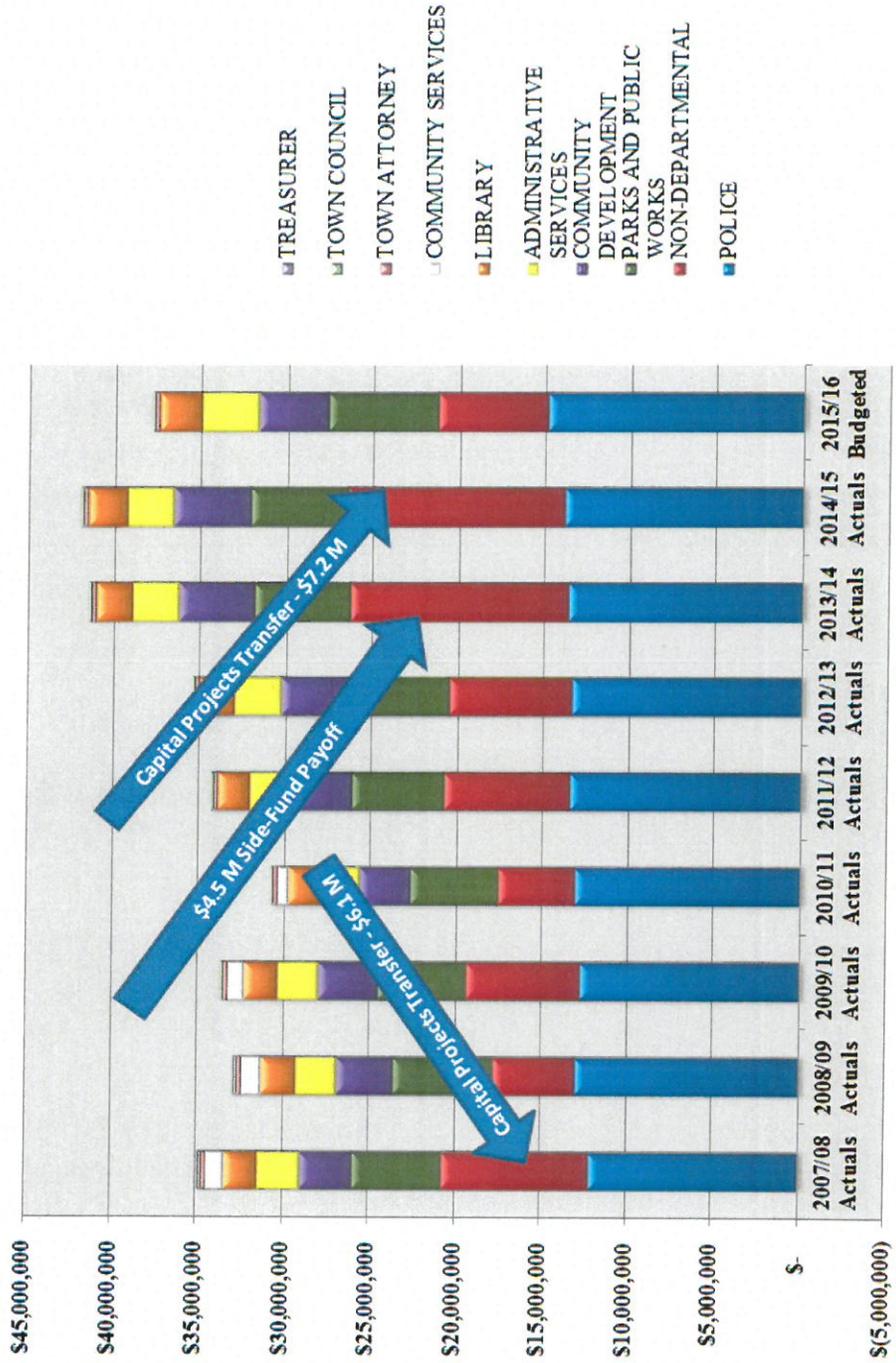
GENERAL FUND EXPENDITURES BY DEPARTMENT



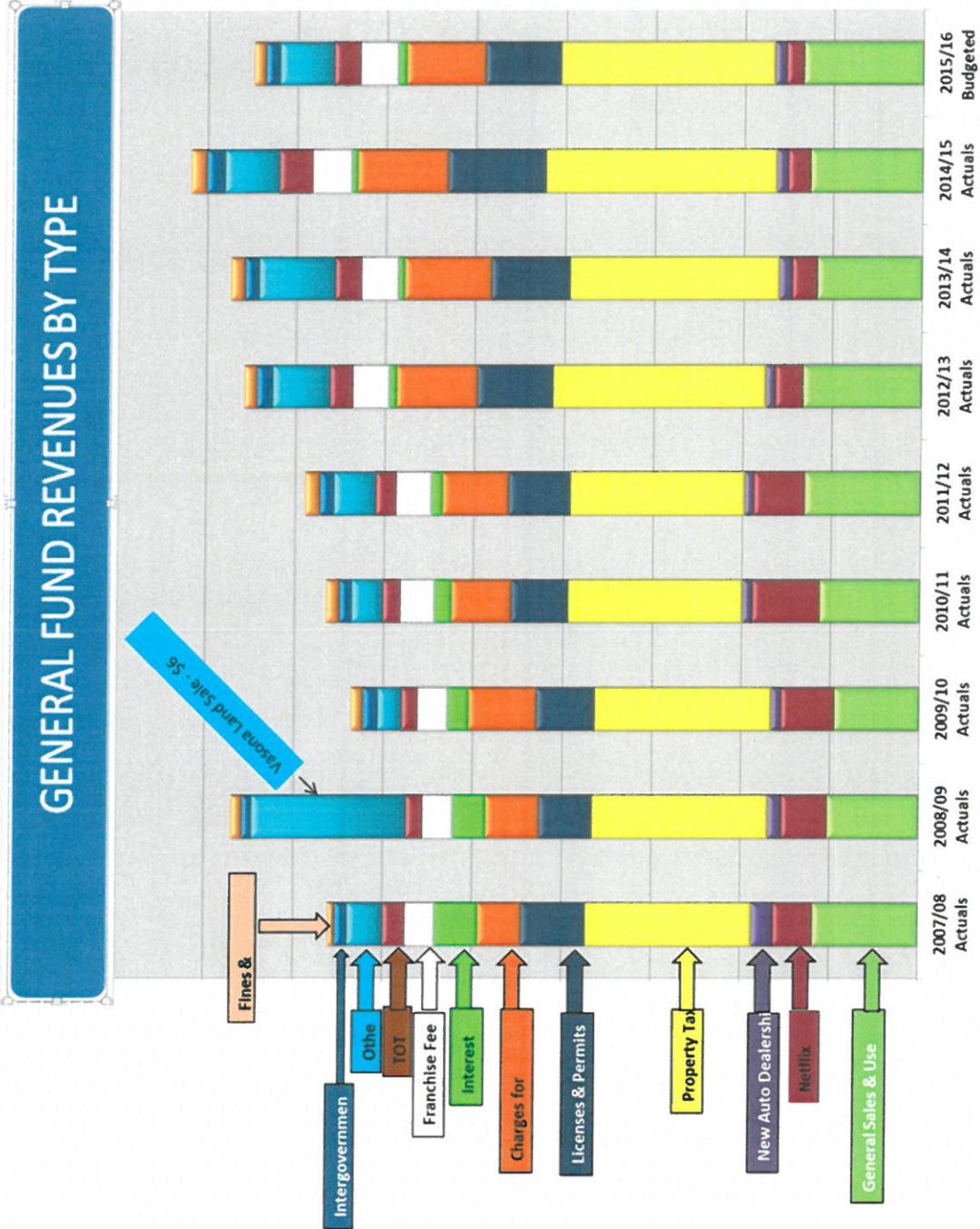
	2007/08 Actuals	2008/09 Actuals	2009/10 Actuals	2010/11 Actuals	2011/12 Actuals	2012/13 Actuals	2013/14 Actuals	2014/15 Actuals	2015/16 Budgeted
POLICE	\$ 12,232,464	\$ 13,055,759	\$ 12,784,152	\$ 13,103,808	\$ 13,441,194	\$ 13,403,435	\$ 13,673,270	\$ 13,861,999	\$ 14,910,621
NON-DEPARTMENTAL	8,532,707	4,772,235	6,648,651	4,471,662	7,307,605	7,094,594	12,644,146	12,601,933	6,413,214
PARKS AND PUBLIC WORKS	5,241,603	5,791,776	5,137,185	5,105,809	5,440,168	5,565,529	5,580,769	5,690,355	6,370,221
COMMUNITY DEVELOPMENT	3,037,483	3,297,602	3,405,712	2,991,866	3,235,675	4,235,832	4,320,634	4,401,510	4,046,424
ADMINISTRATIVE SERVICES	2,436,285	2,342,716	2,357,226	2,294,654	2,641,458	2,664,269	2,707,810	2,716,510	3,219,106
LIBRARY	1,948,016	2,018,590	1,994,569	1,817,842	1,810,809	2,055,069	2,131,438	2,268,844	2,463,638
COMMUNITY SERVICES	1,009,005	1,145,186	925,281	618,641	(1,025)	0	0	0	
TOWN ATTORNEY	251,654	229,978	251,667	197,716	215,794	207,746	238,253	260,740	268,592
TOWN COUNCIL	147,830	163,365	160,202	163,447	188,334	185,084	188,111	208,941	184,557
TREASURER	94,753	101,885							
	\$ 34,931,801	\$ 32,919,093	\$ 33,664,646	\$ 30,765,445	\$ 34,280,012	\$ 35,411,559	\$ 41,484,431	\$ 42,010,832	\$ 37,876,373

The following graph identifies one-time extraordinary expenses

GENERAL FUND EXPENDITURES BY DEPARTMENT



The following graph represents the general fund historical revenues since FY 2007/08. Please note that the Town current financial system only has data available since FY 2007/08.



	2007/08 Actuals	2008/09 Actuals	2009/10 Actuals	2010/11 Actuals	2011/12 Actuals	2012/13 Actuals	2013/14 Actuals	2014/15 Actuals	2015/16 Budgeted
General Sales & Use Tax	\$ 5,914,709	\$ 5,146,864	\$ 4,753,722	\$ 5,609,578	\$ 6,493,000	\$ 6,642,029	\$ 5,884,679	\$ 6,292,985	\$ 6,677,029
Netflix Sales Tax	2,232,090	2,584,997	3,009,885	3,807,295	2,861,840	1,567,400	1,409,902	1,243,712	1,000,000
New Auto Dealership Sales Tax	1,198,633	755,139	553,610	554,536	534,260	547,999	734,990	665,981	660,000
Property Tax (Including MVL Fee)	9,316,200	9,825,336	9,868,549	9,737,192	9,737,192	11,891,652	11,702,343	12,905,526	11,957,477
Licenses & Permits	3,588,885	2,959,114	3,256,110	3,177,322	3,439,130	4,212,527	4,365,142	5,448,463	4,222,662
Charges for Services	2,431,837	3,003,821	3,776,411	3,360,607	3,683,044	4,515,716	4,870,038	5,075,402	4,428,162
Interest	2,371,338	1,777,727	1,129,895	904,474	606,454	386,919	321,555	292,209	424,140
Franchise Fees	1,659,829	1,698,060	1,699,839	1,901,605	1,952,488	2,028,903	2,063,756	2,215,430	2,127,660
Transient Occupancy Tax (TOT)	1,245,078	966,638	923,783	1,004,659	1,174,485	1,295,887	1,512,846	1,896,721	1,500,000
Other	2,038,472	8,628,712	1,372,903	1,743,519	2,359,668	3,214,793	4,220,927	3,025,358	3,023,987
Intergovernmental	691,289	533,315	786,061	694,898	783,020	908,867	804,631	1,004,661	765,964
Fines & Forfeitures	369,292	618,771	662,699	737,903	809,461	688,110	795,684	868,547	686,870
Total Revenues	\$ 33,057,652	\$ 38,498,494	\$ 31,793,467	\$ 33,233,588	\$ 34,434,042	\$ 37,900,802	\$ 38,686,493	\$ 40,934,995	\$ 37,473,951

Plan Bay Area and VTP 2040 Draft Project List

Source	Description	Size	Recommend?
General Plan	Bike Lane Improvements - various throughout Town. Guided by Bicycle and Pedestrian Master Plan.	< \$2M	Yes
General Plan	Blossom Hill Road - Blossom Hill Park to Union Avenue: Widening only to provide for left turn storage lanes, bicycles and pedestrians and safety improvements.	< \$2M	Yes
General Plan	Blossom Hill Road Bridge Widening at Highway 17: Reconstruct and widen bridge over Highway 17 to provide sidewalks and bike lanes on both sides, and evaluate the need for additional street lighting and traffic lanes based on safety considerations for pedestrians and bicyclists.	\$2M to \$10M	Yes
General Plan	Blossom Hill Road - North Side - Union Avenue to Westhill Drive: Widening only as additional land becomes available through right-of-way dedications associated with development approvals, or as additional funding sources become available to the Town for the purpose of acquiring additional land for right-of-way and infrastructure improvements.	< \$2M	Yes
General Plan	Blossom Hill Road -South Side - Union Avenue to Regent Drive: Widen to conform with the roadway width east of Regent Drive.	< \$2M	Yes
General Plan	Hwy 17 Bus Service Improvements	< \$2M	Yes
General Plan	Hwy 9 - SR 17 to Los Gatos Boulevard Complete Street Improvements	< \$2M	Yes
General Plan	Hwy 9 Construct Los Gatos Creek Trail Connector	< \$2M	Yes
General Plan	Hwy 9 at N. Santa Cruz Construct Gateway entrance to downtown	\$2M to \$10M	Yes
General Plan	Knowles Ave - Knowles from Pollard to Winchester Complete Street Improvements	\$2M to \$10M	Yes
General Plan	Lark Ave - Highway 17 to Los Gatos Boulevard: Widen the road to four to six lanes with a median and bike lanes, and provide two westbound right-turn storage lanes for the metered northbound Highway 17 on-ramp.		
General Plan	Lark Ave - Winchester Boulevard to Highway 17: Widen the road to four to six lanes with a median and bike lanes.	\$2M to \$10M	Yes
General Plan	LGB - Camino del Sol to Blossom Hill Road: Provide bike lanes.	< \$2M	Yes
General Plan	Los Gatos -- Saratoga Road (Highway 9) and North Santa Cruz Avenue: Intersection Improvements	< \$2M	Yes
General Plan	Los Gatos Almaden Road Improvements - Sidewalk, bike lane, complete streets	\$2M to \$10M	Yes
General Plan	Los Gatos Blvd - Lark Ave. to Samaritan Dr Widen Roadway	\$2M to \$10M	Yes
General Plan	Los Gatos Boulevard and Lark Avenue: Intersection Improvements	< \$2M	Yes

Source	Description	Size	Recommend?
General Plan	Los Gatos Boulevard and Samaritan Drive: Intersection Improvements	< \$2M	Yes
General Plan	Pollard Road - Knowles Drive from Pollard Avenue to Winchester Boulevard: Widen the road to four lanes plus bike lanes.	< \$2M	Yes
General Plan	Pollard Road - San Tomas Aquino Creek to Burrows Road/San Tomas Aquino Road: Widen the road to four lanes plus a median and bike lanes.	< \$2M	Yes
General Plan	Pollard Road - West Parr Avenue to Knowles Drive: Widen the road to four lanes with no parking, plus bike lanes.	< \$2M	Yes
General Plan	Town Traffic Signal System Upgrade	< \$2M	Yes
General Plan	Union Ave - Blossom Hill Road to Los Gatos - Almaden Road: Widen the road to four lanes plus sidewalks, parking, and bike lanes.	< \$2M	Yes
General Plan	Vasona Light Rail Station	>\$10M	Yes
General Plan	Wedgewood Ave. Traffic and Ped Safety - Phase II	< \$2M	Yes
General Plan	Winchester - Blossom Hill to Lark Complete Street Improvements	< \$2M	Yes
Other	Traffic Busing Model	\$2M to \$10M	Yes

Utility User Tax Facts

The Utility User Tax (UUT) may be imposed by a city on the consumption of utility services, including (but not limited to) electricity, gas, water, sewer, telephone (including cell phone and long distance), sanitation and cable television.ⁱ A county may levy a UUT on the consumption of electricity, gas, water, sewer, telephone, telegraph and cable television services in the unincorporated area.ⁱⁱ

The rate of the tax and the use of its revenues are determined by the local agency. The tax is levied by the city or county on the consumer of the utility services, collected by the utility as a part of its regular billing procedure, and then remitted to the city or county.

Most of the cities and counties with UUTs adopted the taxes prior to 1986 by vote of the city council (or in the case of a county UUT, the county board of supervisors). Any increase or extension of a local tax now requires voter approval. Currently, all city UUT levies in California are general taxes. Statewide, city and county utility user taxes generate nearly \$2 billion per year.

Cities and Counties With UUTs as of 7/1/2015

	Cities	Counties	Total	California Population covered
Number with UUT	158	4	162	50%
Telephone UUTs	150	4	154	49%
Electricity	157	4	161	49%
Gas	157	4	161	49%
Cable TV	90	1	91	20%
Water	86	1	87	21%
Sewer	14	1	15	4%
Garbage	12	0	12	1%

San Francisco is counted as a county

Exemptions

State and federal government agencies, and gas and water used by utility companies to generate electricity are exempt from utility user taxes.

UUTs on Telephony

The application of utility user taxes to certain telephone services has been a topic of substantial legal and legislative turmoil due to changes in technology and federal law.

UUTs and the FET

Many Utility User Taxes in California include reference to the Federal Excise Tax ("FET")ⁱⁱⁱ commonly limiting the application of the utility user taxes to charges that are "subject to" the FET. Telephone calls which are not charged based on both time and distance — such as those paid by coin in phone booths — are exempt from the FET. By reference, these types of calls are also exempt from some local UUT ordinances. Many cell phone bills are based upon a package which provides a mix of local and long-distance calling for a flat rate.

In 2007, several federal courts and the IRS ruled that telephone service packages which provide a mix of local and long-distance calling for a flat rate or a fixed fee are based on neither time nor distance

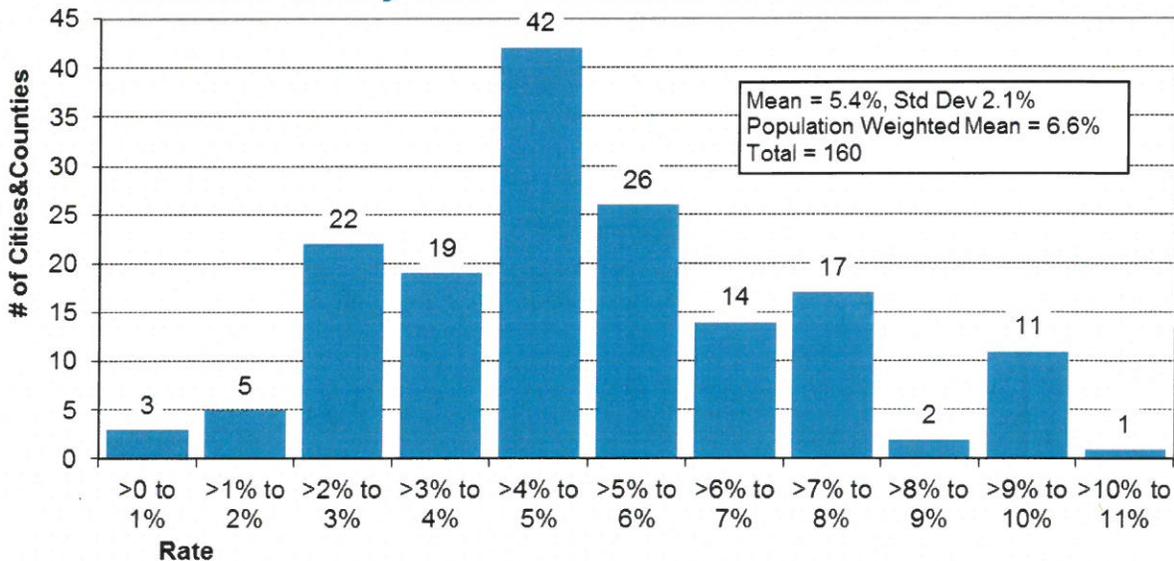
and are therefore not subject to the FET.^{iv} The IRS subsequently adopted a regulation incorporating these rulings.^v That meant that if a city wished to continue to impose its UUT on cell phone or other telephone calls which are not charged on both time and distance, it must amend its ordinance to remove the reference to this exemption to the FET.

A number of cities have amended their UUT ordinances to clarify that they did not wish to adopt the IRS' new practice, but rather wished to continue to impose their UUTs as they had historically been imposed (i.e. on charges based on time or distance). At the time of this writing, several localities are challenging the right of local taxing authorities to amend their ordinances without voter approval, or to continue to collect this revenue without amendment. The lawsuits argue that an amendment to an ordinance to bring it into conformity with the FET ruling is an "increase" subject to voter approval under Proposition 218.

UUTs and the MTSA

Prior to the adoption of the Mobile Telecommunications Sourcing Act of 2000 (MTSA)^{vi} by Congress, cellular carriers had argued that the federal Constitution forbade the application of a utility user tax to telephone calls which neither originated nor terminated within the taxing agency. The MTSA expanded the permissible nexus for taxation to all cellular telephone charges for accounts with a primary place of use in the jurisdiction. However, carriers have argued in the courts that the California Constitution Article XIII C prohibits cities and counties from applying the MTSA nexus rules without voter approval.^{vii}

California Utility User Tax Rates as of 7/1/2015



As a result of these events, doubt has been cast over the application of some outdated local UUT ordinances to certain types of telephone service. Proposition 218 requires voter approval of any change in the "methodology" by which a tax is administered if the change increases the amount of the tax paid by the taxpayer.^{viii} Many agencies that rely on UUTs on telephony have successfully sought voter

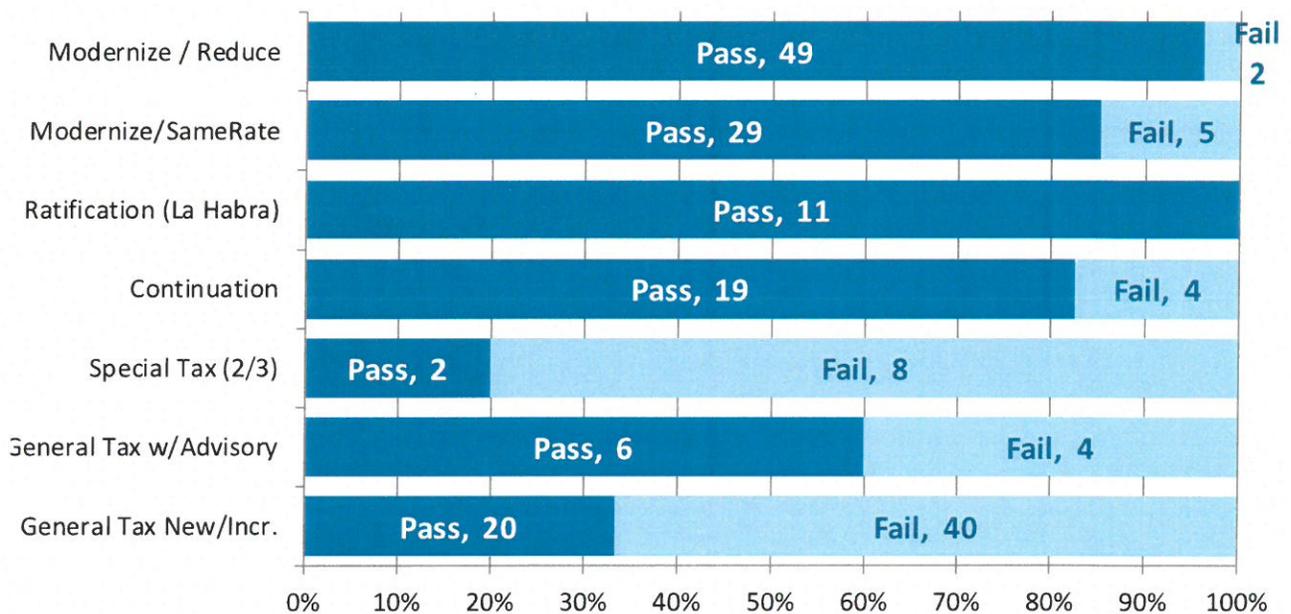
approval of an updated ordinance that reflects the realities of the modern telecommunications industry.

Recent Voter Approval Record

From June 2002 through June 2015, all 80 measures to increase or adopt a new UUT were by cities. Ten were special taxes designated for a specific purpose and requiring two-thirds voter approval. Among the 70 general taxes, 10 were accompanied by advisory measures indicating the use of the funds, the so called “a/b strategy.”

Utility User Tax Measures (increase or expand) June 2002 - June 2015

Cities and counties



Currently, all UUTs are general taxes except two. In June 2003, voters in the City of Desert Hot Springs approved a UUT which dedicates 50% of the proceeds to resolving the city’s bankruptcy related debt.^{ix} In June 2010, voters in the City of Mammoth Lakes approved the extension of the cities sun-setting UUT but earmarking it for “mobility, recreation, and arts and culture.” Ironically, that city later filed for bankruptcy facing a massive court judgment from a land use dispute.

Referenda to Reduce or Repeal UUTs Have Rarely Succeeded

Since 2001 there have been 136 successful utility tax measures including validations, extensions, expansions and increases. During this time there were just **two** successful referenda to repeal or reduce a UUT among 18 qualifying attempts in 12 different cities and one county. Eleven of these measures were decided November 6, 2002 with all failing except a measure reducing the UUT in Greenfield from 6% to 3% passed in 2002. Just three cities and one county have considered UUT

repeals or reductions since then. Of the seven measures (multiple in Seaside and Holtville) voters in the County of Santa Cruz were alone in deciding to repeal their UUT (March 2003).

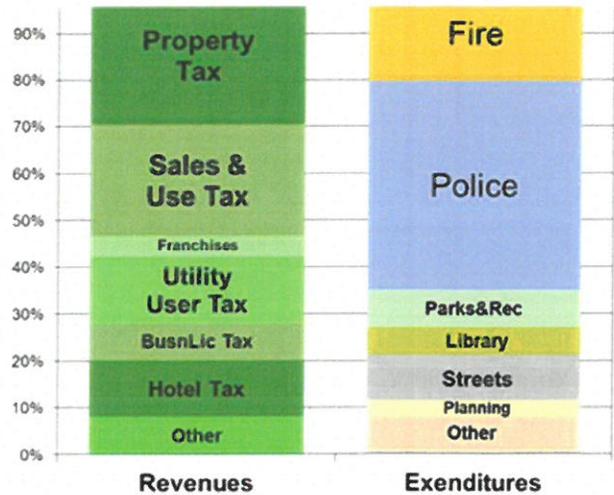
The UUT is Vital to Funding Essential Municipal Services

City utility user tax rates range from 1 percent to 11 percent. The particular utilities to which the tax is applied varies. In some cities different rates apply to residential versus commercial users. The most common rate is 5 percent, applied broadly among many types of utilities. The average rate (mean) is 5.4 percent with a standard deviation of 2.1 percent. Because most large cities have UUTs, roughly half of California residents and businesses pay a utility user tax. Four of the 58 counties levy a UUT (Alameda, Los Angeles, Sacramento and San Francisco).

The UUT is a vital element in the funding of critical city services. On average, the UUT provides 15 percent of general-purpose revenue in cities that levy it. In some cities, the UUT provides as much as one third of the General Fund.

Discretionary Revenues and Spending

Typical Full Service City



Some UUTs Result From State Cuts to City Funds

Many city UUT levies and increases have resulted from cuts to city revenues by the state. In 1992, facing massive deficits in the state budget, the Legislature and Governor began the annual transfer of billions of dollars of property tax revenue from cities, counties and special districts to K-14 schools, allowing the state to reduce its general fund spending on education. Cities and counties, who depend substantially on sales tax and property tax revenues for discretionary income, were already experiencing the same recessionary effects as the state. These property tax shifts, using a mechanism called the “Educational Revenue Augmentation Fund” (ERAF), continue today. In FY 2008-09 the annual property tax shift totals \$7.5 billion including over \$1.2 billion from cities.^x

City property tax revenue, a top source of general purpose revenue for most, was cut from at least 9% and 24% on average. Cities responded by cutting services, deferring infrastructure maintenance, relying more heavily on debt financing, paring down reserves, more aggressively pursuing sales tax generators, and raising taxes and assessments. Within a few years of the beginning of the ERAF property tax shifts, more than fifty (50+) cities increased an existing or levied a new UUT.

Highest Utility User Tax \$ Dependencies FY2013-14

City	UUT as Percent of General Revenues	City	UUT as Percent of General Revenues	City	UUT as Percent of General Revenues
Richmond	42.4% a	Porterville	23.7% a	Seal Beach	21.5% b
Hercules	34.8% d	Moreno Valley	23.6% a	Whittier	21.4% e
Compton	34.6% b	Winters	23.5% b	Brawley	20.7% a
Sierra Madre	34.3% a	Pomona	23.4% a	Covina	20.7% a
Bell	29.9% d	Glendale	23.4% a	Portola Valley	20.7% d
Desert Hot Springs	29.6% d	Orange Cove	23.4% d	Culver City	20.6% b
Holtville	29.4% b	Lynwood	23.0% b	Stockton	20.4% a
Waterford	28.6% d	Inglewood	23.0% a	Bradbury	20.3% d
Rialto	27.0% b	San Gabriel	23.0% b	Woodlake	20.3% f
Firebaugh	26.1% b	Cudahy	22.8% d	Lawndale	20.0% d
Lindsay	25.5% b	Indio	22.6% b	Coachella	19.6% f
Claremont	25.1% d	Bellflower	22.6% d	Burbank	19.6% a
El Segundo	24.7% a	Modesto	22.4% b	Exeter	19.5% b
Pasadena	23.9% a	Irwindale	22.0% e	Huntington Park	19.4% d
Los Alamitos	23.8% d	Torrance	21.6% a	Riverside	19.3% a

Source: CaliforniaCityFinance.com computations from FY12-13 data reported to the California State Controller.

a= full service city

b= city does not provide/fund library services

c= city does not provide/fund library or parks services

d= city does not provide/fund fire, or library services

Highest Utility User Tax \$ Collections FY2013-14

City	UUT per capita	City	UUT per capita
Vernon	\$ 14,338.48	Torrance	\$ 212.22
Irwindale	\$ 2,495.63	Malibu	\$ 193.29
El Segundo	\$ 781.53	Seal Beach	\$ 188.86
Richmond	\$ 452.56	Burbank	\$ 188.60
Sand City	\$ 395.73	Los Alamitos	\$ 186.58
Santa Fe Springs	\$ 382.41	Portola Valley	\$ 177.57
Culver City	\$ 374.94	Benicia	\$ 173.79
Santa Monica	\$ 355.99	Santa Cruz	\$ 164.96
Emeryville	\$ 287.55	Palo Alto	\$ 164.63
Sierra Madre	\$ 260.01	Los Angeles	\$ 160.69
Pasadena	\$ 252.00	Palm Springs	\$ 155.08

Source: CaliforniaCityFinance.com computations from FY12-13 data reported to the California State Controller.



ⁱ Charter cities: Cal. Const. art. XI §5; General Law cities: Cal. Government Code §37100.5.

ⁱⁱ Revenue and Tax Code §7284.2.

ⁱⁱⁱ 42 U.S.C. §§4251 et seq.

^{iv} IRS Notice 2006-50.

^v Revenue Bulletin 2007-5 Section 10.

^{vi} 4 U.S.C. §§116 et seq.

^{vii} Verizon Wireless v. Los Angeles, No. B185373, AB Cellular LA, LLC dba AT&T Wireless v. City of Los Angeles, 150 Cal. App. 4th 747 (2007).

^{viii} Government Code §53750(h).

^{ix} In 2009, those voters increased the tax to 7%.

^x For more information on ERAF, see <http://www.californiacityfinance.com/#ERAF>

Utility User Tax (UUT) Information

Santa Clara County Municipalities -UUT Rate Comparison

Utility User Tax		
Jurisdiction	Type	Rate
Campbell	None	
Saratoga	None	
Cupertino	Telephone/Electricity/Gas	2.4%
Los Altos	Telephone/Electricity/Gas/CATV/Water	3.2%/3.5%/3.5%/3.5%
Los Altos Hills	None	
Palo Alto	Telephone/Electricity/Gas/Water	4.75%/5%/5%/5%
Morgan Hill	None	
Gilroy	Telephone/Electricity/Gas/CATV	4.5%/5%/5%/4.5%
Milpitas	None	
San Jose	Telephone/Electricity/Gas/Water	4.5%/5%/5%/5%
Town of Los Gatos	None	
Monte Sereno	None	
Mountain View	Telephone/Electricity/Gas	3%
Santa Clara	None	
Sunnyvale	Telephone/Electricity/Gas	2%

Santa Clara County Municipalities -UUT Revenue Comparison (based on FY 2015/16 budgeted revenues)

Comparison of Santa Clara County Municipalities

FY 2015/16 General Fund (GF) Budgeted Data

Cities	Population	Utility User Tax			Totals	
		Amount	Per Capita	% of Total GF Revenue	Total GF Revenue	Total GF Expenditure
Campbell	41,871	\$ -	\$ -	0.0%	\$ 47,914,016	\$ 46,982,127
Cupertino	59,777	3,100,000	52	4.5%	68,162,303	67,575,053
Gilroy	52,264	4,517,842	86	9.4%	48,015,671	47,990,486
Los Altos	29,884	2,716,034	91	7.6%	35,872,284	34,189,792
Los Altos Hills	8,330	-	-		9,802,476	6,989,448
LOS GATOS	30,443	-	-		37,475,461	37,875,462
Milpitas	69,903	-	-		76,353,808	76,344,332
Monte Sereno	3,439	-	-		2,692,611	2,692,611
Morgan Hill	41,079	-	-		33,733,525	34,606,402
Mountain View	76,582	7,573,000	99	7.1%	107,133,730	101,888,914
Palo Alto	66,682	11,189,000	168	6.1%	183,940,000	185,672,000
San Jose	1,002,274	93,825,000	94	9.1%	1,034,527,319	1,034,527,319
Santa Clara	120,942	-	-		184,448,049	167,282,934
Saratoga	30,798	-	-		19,167,826	20,474,906
Sunnyvale	146,724	6,809,616	46	4.2%	162,816,725	147,904,766
Average	118,733	\$ 8,648,699	\$ 73	6.8%		

Utility User Tax Facts- California Local Government Finance Almanac (Attachment 1)

Transient Occupancy Tax (TOT) Information

Current Town Code Section of TOT (Exhibit A)

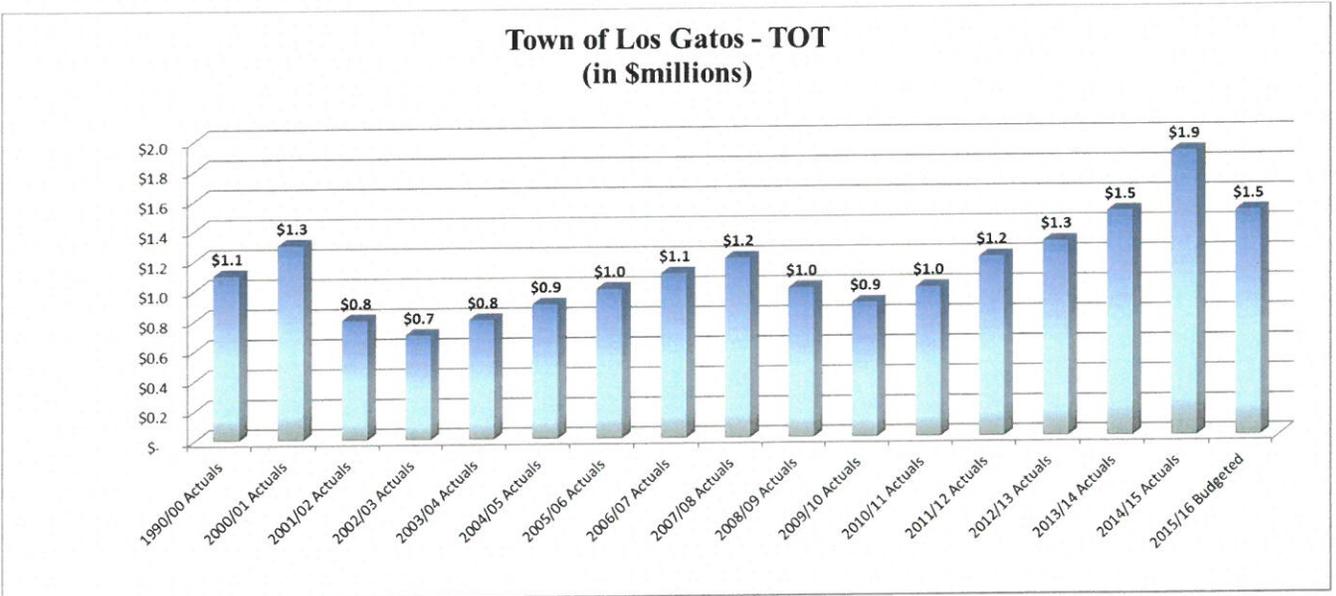
Past Ordinances and Rate Changes of Town of Los Gatos TOT

Ordinance #	Rate	Ordinance Date	Effective Date	
911	4%	June 5, 1967	June 5, 1967	Attachment 2
946	5%	June 17,1968	July 1, 1698	Attachment 3
1289	6%	February 2, 1976	April 1, 1976	Attachment 4
1362	6.5%	June 20,1977	July 1,1977	Attachment 5
1561-A	10%	January 3,1983	February 3, 1983	Attachment 6

List of Hotels and Number of Rooms in Los Gatos

Hotel	# of Rooms
Best Western/Los Gatos Motor Inn	60
Toll House Hotel	115
Los Gatos Garden Inn	29
Hotel Los Gatos	72
Los Gatos Lodge	120

TOT Historical Revenue



Santa Clara County Municipalities - TOT Rate Comparison

Transient Occupancy Tax	
Jurisdiction	Rate
Campbell	12%
Cupertino	12%
Gilroy	9%
Los Altos	10%
Los Altos Hills	N/A
Los Gatos	10%
Milpitas	10%
Monte Sereno	N/A
Morgan Hill	10%
Mountain View	10%
Palo Alto	14%
San Jose	10%
Santa Clara	9.5%
Saratoga	10%
Sunnyvale	10.5%

Santa Clara County Municipalities -TOT Revenue Comparison (based on FY 2015/16 budgeted revenues)

Comparison of Santa Clara County Municipalities

FY 2015/16 General Fund (GF) Budgeted Data

Cities	Population	Transient Occupancy Tax			Totals	
		Amount	Per Capita	% of Total GF Revenue	Total GF Revenue	Total GF Expenditure
Campbell	41,871	\$ 4,300,000	\$ 103	9%	\$ 47,914,016	\$ 46,982,127
Cupertino	59,777	5,072,000	85	7%	68,162,303	67,575,053
Gilroy	52,264	1,361,844	26	3%	48,015,671	47,990,486
Los Altos	29,884	2,345,600	78	7%	35,872,284	34,189,792
Los Altos Hills	8,330	-	-	0%	9,802,476	6,989,448
LOS GATOS	30,443	1,500,000	49	4%	37,475,461	37,875,462
Milpitas	69,903	8,018,000	115	11%	76,353,808	76,344,332
Monte Sereno	3,439	-	-	0%	2,692,611	2,692,611
Morgan Hill	41,079	1,991,850	48	6%	33,733,525	34,606,402
Mountain View	76,582	6,486,000	85	6%	107,133,730	101,888,914
Palo Alto	66,682	18,791,000	282	10%	183,940,000	185,672,000
San Jose	1,002,274	14,700,000	15	1%	1,034,527,319	1,034,527,319
Santa Clara	120,942	17,300,000	143	9%	184,448,049	167,282,934
Saratoga	30,798	310,000	10	2%	19,167,826	20,474,906
Sunnyvale	146,724	11,397,216	78	7%	162,816,725	147,904,766
Average	118,733	\$ 6,238,234	\$ 53	5.5%		

ARTICLE III. - TRANSIENT OCCUPANCY TAX

Sec. 25.30.010. - Definitions.

For the purposes of this article, the following words and phrases shall have the meanings respectively ascribed to them by this section:

Hotel means any structure, or any portion of any structure, which is occupied or intended to be designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, studio hotel, bachelor hotel, lodginghouse, roominghouse, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof.

Occupancy means the use or possession, or the right to the use or possession, of any room or rooms or portion thereof, in any hotel for dwelling, lodging or sleeping purposes.

Operator means the person who is proprietor of the hotel, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee, or any other capacity. Where the operator performs the operator's functions through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an operator for the purposes of this article, and shall have the same duties and liabilities as the managing agent's principal. Compliance with the provisions of this article by either the principal or the managing agent shall, however, be considered to be compliance by both.

Person means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

Rent means the consideration charged, whether or not received, for the occupancy of space in a hotel, 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.

Tax Administrator means the Finance Manager of the Town.

Transient means any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of thirty (30) consecutive calendar days or less, counting portion of calendar days as full days. Any such person so occupying space in a hotel shall be deemed to be a transient until the period of thirty (30) days has expired, unless there is an agreement in writing between the operator and the occupant providing for a longer period of occupancy. In determining whether a person is a transient, uninterrupted periods of time extending both prior and subsequent to the effective date of this article may be considered.

(Ord. No. 911, § 2, 6-5-67; Code 1968, § 28-17; Ord. No. 1913, § II, 9-21-92)

Cross reference— Definitions and rules of construction generally, § 1.10.015.

Sec. 25.30.015. - Tax imposed; when payable.

- (a) For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of ten (10) percent of the rent charged by the operator. Such tax constitutes a debt owed by the transient to the Town, which is extinguished only by payment to the operator or to the Town. The transient shall pay the tax to the operator of the hotel 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. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If for any reason the tax due

is not paid to the operator of the hotel, the Tax Administrator may require that such tax shall be paid directly to the Tax Administrator.

- (b) For purposes of this section, the term "the privilege of occupying a room or rooms in a hotel, inn, tourist home or house, motel, or other lodging" does not include the right of an owner of a timeshare estate in a room or rooms in a timeshare project, or the guest of that owner, to occupy the room, rooms, or other real property in which that owner retains the timeshare estate. For purposes of this paragraph, "timeshare estate" means a timeshare estate, as defined by Business and Professions Code section 11003.5 and the term "guest of that owner" means a person who occupies real property accompanied by the owner of a timeshare estate in that real property, or who exercises that owner's right of occupancy of a timeshare estate without payment of any compensation to the owner. The term "guest of that owner" specifically includes a person occupying a timeshare unit pursuant to any form of exchange program.
- (c) Subsection (b) shall not affect or apply to the authority of the Town to collect a transient occupancy tax from timeshare projects which were in existence as of May 1, 1985, and which timeshare projects were then subject to such tax imposed by this article duly enacted prior to May 1, 1985, pursuant to this section.

(Ord. No. 911, § 3, 6-5-67; Ord. NO. 946, § 1; Ord. No. 1289, § 1, 2-17-76; Ord. No. 1362, § 1, 7-5-77; Ord. No. 1561-A, § 1, 1-3-83; Code 1968, § 28-18)

Sec. 25.30.016. - Exemptions.

No tax shall be imposed upon:

- (a) Any person as to whom, or any occupancy as to which it is beyond the power of the Town to impose the tax herein provided;*
- (b) Any officer or employee of a foreign government who is exempt by reason of expression of federal law or international treaty.

* State and federal employees are not exempt 46 Ops. Atty. Gen. 16.

(Ord. No. 1913, § III, 9-21-92)

Sec. 25.30.020. - Duties of operators.

Each operator shall collect the tax imposed by this article to the same extent and at the same time as the rent is collected from every transient. The amount of tax shall be separately stated from the amount of the rent charged, and each transient shall receive a receipt for payment from the operator. No operator of a hotel shall advertise or state in any manner, whether directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the operator, or that it will not be added to the rent, or that, if added, any part will not be refunded, except in the manner hereinafter provided.

(Ord. No. 911, § 5, 6-5-67; Code 1968, § 28-20)

Sec. 25.30.025. - Registration by operators; transient occupancy registration certificate.

Each operator of any hotel renting occupancy to transients shall register such hotel with the Tax Administrator and obtain from the Tax Administrator a transient occupancy registration certificate, to be at all times posted in a conspicuous place on the premises. Operators beginning business shall so register within thirty (30) days after commencing business. Such certificate shall, among other things, state the following:

- (1) The name of the operator;

- (2) The address of the hotel;
- (3) The date upon which the certificate was issued;
- (4) "This transient occupancy registration certificate signifies that the person named on the face hereof has fulfilled the requirements of article 3 of chapter 25 of the Code of the Town of Los Gatos, California, by registering with the Tax Administrator for the purpose of collecting from transients the transient occupancy tax and remitting such tax to the Tax Administrator. This certificate does not authorize any person to conduct any unlawful business in an unlawful manner, nor to operate a hotel without strictly complying with all local applicable laws, including, but not limited to, those requiring a permit from any board, commission, department or office of this Town. This certificate does not constitute a permit."

(Ord. No. 911, § 6, 6-5-67; Code 1968, § 28-21)

Sec. 25.30.030. - Returns and remitting of tax.

Each operator shall, on or before the last day of the month following the close of each calendar quarter, or at the close of any shorter reporting period which may be established by the Tax Administrator, make a return to the Tax Administrator, on forms provided by the Tax Administrator, of the total rents charged and received and the amount of tax collected for transient occupancies. At the time the return is filed, the full amount of the tax collected shall be remitted to the Tax Administrator. The Tax Administrator may establish shorter reporting periods for any certificate holder if it is deemed necessary in order to ensure timely collection of the tax. The Tax Administrator may also require further information in the return. All taxes collected by operators pursuant to this article shall be held in trust for the account of the Town until payment thereof is made to the Tax Administrator. Returns and payments are due immediately upon cessation of business for any reason.

(Ord. No. 911, § 7, 6-5-67; Code 1968, § 28-22; Ord. No. 1913, § IV, 9-21-92)

Sec. 25.30.035. - Penalties and interest.

- (a) Original delinquency. Any operator who fails to remit any tax imposed by this article within the time required shall pay a penalty of ten (10) percent of the amount of the tax, in addition to the amount of the tax.
- (b) Continued delinquency. Any operator who fails to remit any delinquent remittance on or before each period of thirty (30) days following the date on which the remittance first became delinquent shall pay an additional delinquency penalty of ten (10) percent of the amount of the tax in addition to the amount of the tax and the ten-percent penalties earlier imposed. Such penalties shall continue to accrue until such time as the cumulative penalties reach one hundred (100) percent of the amount of the tax originally due.
- (c) Individual liability.
 - (1) Any person required to collect, truthfully account for, or pay over any tax imposed by this article who willfully fails to collect such tax, or truthfully account for and pay over such tax, or willfully attempts in any manner to evade or defeat any such tax or the payment thereof, shall, in addition to other penalties provided by law, be liable for the penalties described in subsection (b) above on the total amount of the tax evaded, or not collected, or not accounted for and paid over.
 - (2) No penalty shall be imposed pursuant to this subsection unless the tax administrator notifies the operator in writing that persons subject to this subsection shall be liable for such a penalty at least sixty (60) days before the penalty shall apply to those persons.
 - (3) If more than one person is liable for the penalty described in this subsection, each person who paid such a penalty shall be entitled to recover from other persons who are liable for such

penalty an amount equal to the excess of the amount paid by such person over such person's proportionate share of the penalty. Any claim for such a recovery may be made only in a proceeding that is separate from or at the least severed from any action brought by the Town to collect the penalty and tax.

- (4) For purposes of this subsection only, "person required" means the same as the term "person" under interpretations of sections 6671 and 6672 of the Internal Revenue Code, and includes an officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.
- (d) Interest. In addition to the penalties imposed, any operator who fails to remit any tax imposed by this article shall pay interest at the rate of one-half of one percent per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
- (e) Penalties merged with tax. Every penalty imposed and such interest as accrues under the provisions of this section shall become a part of the tax required by this article to be paid.

(Ord. No. 911, § 8, 6-5-67; Code 1968, § 28-23; Ord. No. 1867, §§ I, II, 9-3-91; Ord. No. 1913, § V, 9-21-92; Ord. No. 2026, § XX, 2-18-97)

Sec. 25.30.040. - Failure to collect and report tax; determination of tax by Tax Administrator.

If any operator shall fail or refuses to collect the tax levied by this article and to make, within the time provided in this article, any report and remittance of such tax or any portion thereof required by this article, the Tax Administrator shall proceed in such manner as may be deemed best to obtain facts and information on which to base the estimate of the tax due. As soon as the Tax Administrator shall procure such facts and information as the Tax Administrator is able to obtain upon which to base the assessment of any tax imposed by this article and payable by any operator who has failed or refused to collect the same and to make such report and remittance, the Tax Administrator shall proceed to determine and assess against such operator the tax, interest and penalties provided for by this article. In case such determination is made, the Tax Administrator shall give a notice of the amount so assessed by serving it personally, or by depositing it in the United States mail, postage prepaid, addressed to the operator so assessed at the operator's last known place of address. Such operator may, within ten (10) days after the serving or mailing of such notice, make application in writing to the Tax Administrator for a hearing on the amount assessed. If application by the operator for a hearing is not made within the time prescribed, the tax, interest and penalties, if any, determined by the Tax Administrator, shall become final and conclusive and immediately due and payable. If such application is made, the Tax Administrator shall give not less than five (5) days' written notice in the manner prescribed herein to the operator to show cause at a time and place fixed in such notice why such amount specified therein should not be fixed for such tax, interest and penalties. At such hearing, the operator may appear and offer evidence why such specified tax, interest and penalties should not be so fixed. After such hearing, the Tax Administrator shall determine the proper tax to be remitted, and shall thereafter give written notice to the person in the manner prescribed herein of such determination, and the amount of such tax, interest and penalties. The amount determined to be due shall be payable after fifteen (15) days, unless an appeal is taken as provided in section 25.30.045.

(Ord. No. 911, § 9, 6-5-67; Code 1968, § 28-24)

Sec. 25.30.045. - Appeals from decisions of Tax Administrator.

Any operator aggrieved by any decision of the Tax Administrator with respect to the amount of such tax, interest and penalties, if any, may appeal to the Town Council by filing a notice of appeal with the Town Clerk within fifteen (15) days of the serving or mailing of the determination of tax due. The Town

Council shall fix a time and place for hearing such appeal, and the Town Clerk shall give notice in writing to such operator at the operator's last known place of address. The findings of the Town Council shall be final and conclusive and shall be served upon the appellant in the manner prescribed above for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of notice.

(Ord. No. 911, § 10, 6-5-67; Code 1968, § 28-25)

Sec. 25.30.050. - Records to be kept by operators.

It shall be the duty of every operator liable for the collection and payment to the Town of any tax imposed by this article to keep and preserve, for a period of three (3) years, all records as may be necessary to determine the amount of such tax as the operator may have been liable for the collection of and payment to the Town, which records the Tax Administrator shall have the right to inspect at all reasonable times. The records shall include at least the following:

- (1) Daily summaries of room occupancies;
- (2) A record of each occupancy charge for which an exemption is claimed, including the name of the individual occupying the room, dates of occupancy, and reasons for exemption;
- (3) Lists of bad debts claimed for exemption, including names and addresses of debtor and amount of room rent unpaid.

(Ord. No. 911, § 11, 6-5-67; Code 1968, § 28-26; Ord. No. 1913, § VI, 9-21-92)

Sec. 25.30.055. - Refunds.

- (a) Whenever the amount of any tax, interest or penalty has been overpaid, or paid more than once, or has been erroneously or illegally collected or received by the Town under this article, it may be refunded as provided in subsections (b) and (c) of this section; provided that, a claim in writing therefor, stating under penalty of perjury to specific grounds upon which the claim is founded, shall be filed with the Tax Administrator within three (3) years of the date of payment. The claim shall be on forms furnished by the Tax Administrator.
- (b) An operator may claim a refund or take as credit against taxes collected and remitted the amount overpaid, paid more than once, or erroneously or illegally collected or received, when it is established in a manner prescribed by the Tax Administrator that the person from whom the tax has been collected was not a transient; provided, that neither a refund nor a credit shall be allowed unless the amount of the tax so collected has either been refunded to the transient or credited to rent subsequently payable by the transient to the operator.
- (c) A transient may obtain a refund of taxes overpaid or paid more than once, or erroneously or illegally collected or received by the Town, by filing a claim in the manner provided in subsection (a) of this section, but only when the tax was paid by the transient directly to the Tax Administrator, or when the transient having paid the tax to the operator, establishes to the satisfaction of the Tax Administrator that the transient has been unable to obtain a refund from the operator who collected the tax.
- (d) No refund shall be paid under the provisions of this section unless the claimant establishes the right thereto by written records showing entitlement thereto.

(Ord. No. 911, § 12, 6-5-67; Code 1968, § 28-27)

Sec. 25.30.060. - Collection of tax.

- (a) Actions to collect. Any tax required to be paid by any transient under the provisions of this article shall be deemed to be a debt owed by the transient to the Town. The amount of the tax collected by the operator shall be held to be a special fund in trust for the Town of Los Gatos and shall be deemed to be public monies upon collection. Upon proper notice, the Town may require the person collecting the tax to deposit such amount in a separate account in a federally or state chartered bank located in California and keep the amount of such taxes in that account until payment over to the Town; however, whether the collected taxes are placed in a separate account or not shall have no effect on the trust obligation of the person collecting the tax to hold and remit the taxes to the Town. Any person owing money to the Town under the provisions of this article shall be liable to an action brought in the name of the Town for the recovery of such amount.
- (b) Recording certificate — Lien. If any amount required to be paid to the Town under the ordinance codified in this article is not paid when due, the Tax Administrator, upon expiration of the second delinquency period referenced in section 25.30.035(b), may within three (3) years after the amount is due file for record in the office of the Santa Clara county recorder and in the office of the county recorder of any other county in which the operator owns real property, a certificate specifying the amount of tax, penalties and interest due, the name and address as it appears on the records of the Tax Administrator of the operator liable for the same and the fact that the Tax Administrator has complied with all provisions of this article in the determination of the amount required to be paid. From the time of the filing for record, the amount required to be paid together with penalties and interest constitutes a lien upon any real property in the county owned by the operator or acquired by him afterwards and before the lien expires. The lien has the force, effect and priority of a judgment lien and shall continue for ten (10) years from the time of filing of the certificate unless sooner released or otherwise discharged.
- (c) Priority and lien of tax. The amounts required to be paid by any operator under this article with penalties and interest shall be satisfied first in any of the following cases:
 - (1) Whenever the person is insolvent;
 - (2) Whenever the person makes a voluntary assignment of his assets;
 - (3) Whenever the estate of the person in the hands of executors, administrators or heirs is insufficient to pay all the debts due from the deceased; or
 - (4) Whenever the estate and effects of an absconding, concealed or absent person required to pay any amount under this article levied upon by process of law.

This article does not give the Town a preference over any recorded lien which attached prior to the date when the amounts required to be paid became a lien.

- (d) Warrant for collection of tax. At any time within three (3) years after any operator is delinquent in the payment of any amount herein required to be paid off after the last recording of a certificate of lien under subsection (b) of this section, the Tax Administrator may issue a warrant for the enforcement of any liens and for the collection of any amount required to be paid to the Town under this article. The warrant shall be directed to any sheriff, marshal or constable and shall have the same effect as a writ of execution. The warrant shall be levied and sale made pursuant to it in the same manner and with the same effect as a levy of and a sale pursuant to a writ of execution. The Tax Administrator may pay or advance to the sheriff, marshal or constable the same fees, commissions and expenses for his services as are provided by law for similar services pursuant to a writ of execution.
- (e) Seizure and sale. At any time within three (3) years after any operator is delinquent in the payment of any amount, the Tax Administrator may forthwith collect the amount in the following manner: The Tax Administrator shall seize any property, real or personal, of the operator and sell the property, or a sufficient portion of it, at public auction to pay the amount due together with any penalties and interest imposed for the delinquency and any costs incurred on account of the seizure and sale. Any seizure made to collect occupancy taxes due shall be only of property of the operator not exempt from execution under the provisions of the code of civil procedure.
- (f) Successor's liability.

- (1) Withholding by purchaser. If any operator liable for any amount under this chapter sells out his or her business or quits the business, the operator's successors or assigns shall withhold sufficient of the purchase price to cover such amount until the former owner produces a receipt from the Tax Administrator showing that it has been paid or a certificate stating that no amount is due.
 - (2) Liability of purchaser — Release. If the purchaser of a hotel fails to withhold funds from the purchase price as required, he shall become personally liable for the payment of the amount required to be withheld by him to the extent of the purchase price, valued in money. Within sixty (60) days after receiving a written request from the purchaser for a certificate, or within sixty (60) days from the date the former owner's records are made available for audit, whichever period expires the later, but in any event, not later than ninety (90) days after receiving the request, the Tax Administrator shall either issue the certificate or mail notice to the purchaser at his address as it appears on the records of the Tax Administrator of the amount that must be paid as a condition of issuing the certificate. Failure of the Tax Administrator to mail the notice shall release the purchaser from any further obligation to withhold purchase price as above provided. The time within which the obligation of the successor may be enforced shall start to run at the time the operator sells his business, or at the time that the determination against the operator becomes final, whichever event occurs later.
- (g) Sale of a hotel, dismissal of the operator or other termination of his rights to operate the facility shall not relieve him from liability for taxes due or owing under this article. Any person assuming responsibility for operation of a hotel after causing dismissal of an operator or termination of his rights to operate the facility shall, by such action, the liability for all taxes due and owing under this article. This liability is in addition to and does not extinguish the liability of the former operator.

(Ord. No. 911, § 13, 6-5-67; Code 1968, § 28-28; Ord. No. 1913, § VII, 9-21-92; Ord. No. 2002, § I, 9-5-95)

Sec. 25.30.065. - Receipts to be kept in general fund.

All taxes, interest and penalties collected or received by the Tax Administrator pursuant to this article shall become part of the general fund of the Town.

(Ord. No. 911, § 14, 6-5-67; Ord. No. 1295, § 1, 3-15-76; Code 1968, § 28-29)

Sec. 25.30.070. - Failure to register or make returns.

It shall be unlawful for any operator or other person to fail or refuse to register as required herein, or to furnish any return required to be made, or to fail or refuse to furnish a supplemental return or other data required by the Tax Administrator, or to render a false or fraudulent return or claim.

(Ord. No. 911, § 15, 6-5-67; Code 1968, § 28-30)

Sec. 25.30.075. - False or fraudulent returns.

It shall be unlawful for any person required to make, render, sign or verify any report or claim under this article to make any false or fraudulent report or claim with intent to defeat or evade the determination of any amount due under this article.

(Ord. No. 911, § 15, 6-5-67; Code 1968, § 28-31)

Sec. 25.50.200. - Ceiling on amount of tax: Refunds.

If, in any calendar year, any licensed business user has paid a total amount of tax on any of the utilities excluding penalties and interest, of at least five thousand dollars (\$5,000.00), such user shall be entitled to a refund of the tax paid over five thousand dollars (\$5,000.00) provided such user complies with Section 25.50.175 and 25.50.190 of this article.

(Ord. No. 2001, § I, 7-17-95)

AN ORDINANCE OF THE TOWN OF LOS GATOS
IMPOSING A TAX UPON THE PRIVILEGE OF
TRANSIENT OCCUPANCY AND PROVIDING FOR
THE COLLECTION THEREOF

THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES ORDAIN AS FOLLOWS:

Section 1. TITLE:

This Ordinance shall be known as the Uniform Transient Occupancy Tax Ordinance of the Town of Los Gatos.

Section 2. DEFINITIONS:

Except where the context otherwise requires, the definitions given in this section govern the construction of this Ordinance.

(a) PERSON: "Person" means any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.

(b) HOTEL: "Hotel" means any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, hotel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof.

(c) OCCUPANCY: "Occupancy" means the use or possession, or the right to the use or possession of any room or rooms or portion thereof, in any hotel for dwelling, lodging or sleeping purposes.

(d) TRANSIENT: "Transient" means any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license, or other agreement for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days. Any such person so occupying space

in a hotel shall be deemed to be a transient until the period of thirty (30) days has expired unless there is an agreement in writing between the operator and the occupant providing for a longer period of occupancy, In determining whether a person is a transient, un-interrupted periods of time extending both prior and subsequent to the effective date of this Ordinance may be considered.

(e) RENT: "Rent" means the consideration charged, whether or not received, for the occupancy of space in a hotel 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.

(f) OPERATOR: "Operator" means the person who is proprietor of the hotel, whether in the capacity of owner, lessee, sub-lessee, mortgagee in possession, licensee, or any other capacity. Where the operator performs his functions through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an operator for the purposes of this Ordinance and shall have the same duties and liabilities as his principal. Compliance with the provisions of this Ordinance by either the principal or the managing agent shall, however, be considered to be compliance by both.

(g) TAX ADMINISTRATOR: "Tax Administrator" means the Tax Collector of the Town of Los Gatos.

Section 3. TAX IMPOSED:

For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of four per cent (4%) of the rent charged by the operator. Said tax constitutes a debt owed by the transient to the Town which is extinguished only by payment to the operator or to the Town. The transient shall pay the tax to the operator of the hotel 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. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If for any reason the tax due is not paid to the operator of the hotel, the Tax

Administrator may require that such tax shall be paid directly to the Tax Administrator.

Section 4. EXEMPTIONS:

No tax shall be imposed upon:

(a) Any person as to whom, or any occupancy as to which, it is beyond the power of the Town to impose the tax herein provided;

(b) Any Federal or State of California Officer or employee when on official business;

(c) Any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.

No exemption shall be granted except upon a claim therefor made at the time rent is collected and under penalty of perjury upon a form prescribed by the Tax Administrator.

Section 5. OPERATOR'S DUTIES:

Each operator shall collect the tax imposed by this Ordinance to the same extent and at the same time as the rent is collected from every transient. The amount of tax shall be separately stated from the amount of the rent charged, and each transient shall receive a receipt for payment from the operator. No operator of a hotel shall advertise or state in any manner, whether directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the operator, or that it will not be added to the rent, or that, if added, any part will be refunded except in the manner hereinafter provided.

Section 6. REGISTRATION:

Within thirty (30) days after the effective date of this Ordinance, or within thirty (30) days after commencing business, whichever is later, each operator of any hotel renting occupancy to transients shall register said hotel with the Tax Administrator and obtain from him a "Transient Occupancy Registration Certificate", to be at all times posted in a conspicuous place on the premises. Said certificate shall, among other

things, state the following:

(a) The name of the operator;

(b) The address of the hotel;

(c) The date upon which the certificate was issued;

(d) "This Transient Occupancy Registration Certificate signifies that the person named on the face hereof has fulfilled the requirements of the Uniform Transient Occupancy Tax Ordinance by registering with the Tax Administrator for the purpose of collecting from transients the Transient Occupancy Tax and remitting said tax to the Tax Administrator. This certificate does not authorize any person to conduct any unlawful business in an unlawful manner, nor to operate a hotel without strictly complying with all local applicable laws, including, but not limited to, those requiring a permit from any board, commission, department, or office of this Town. This certificate does not constitute a permit."

Section 7. REPORTING AND REMITTING:

Each operator shall, on or before the last day of the month following the close of each calendar quarter, make a return to the Tax Administrator, on forms provided by him, of the total rents charged and received and the amount of tax collected for transient occupancies. At the time the return is filed, the full amount of the tax collected shall be remitted to the Tax Administrator. Returns and payments are due immediately upon cessation of business for any reason.

Section 8. PENALTIES AND INTEREST:

(a) ORIGINAL DELINQUENCY: Any operator who fails to remit any tax imposed by this Ordinance within the time required shall pay a penalty of 10% of the amount of the tax in addition to the amount of the tax.

(b) CONTINUED DELINQUENCY: Any operator who fails to remit any delinquent remittance on or before a period of thirty (30) days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of 10% of the amount of the

tax in addition to the amount of the tax and the 10% penalty first imposed.

(c) FRAUD: If the Tax Administrator determines that the non-payment of any remittance due under this Ordinance is due to fraud, a penalty of 25% of the amount of the tax shall be added thereto in addition to the penalties stated in sub-paragraphs (a) and (b) of this Section.

(d) INTEREST: In addition to the penalties imposed, any operator who fails to remit any tax imposed by this Ordinance shall pay interest at the rate of one-half of 1% per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.

(e) PENALTIES MERGED WITH TAX: Every penalty imposed and such interest as accrues under the provisions of this Section shall become a part of the tax herein required to be paid.

Section 9. FAILURE TO COLLECT AND REPORT TAX:

DETERMINATION OF TAX BY TAX ADMINISTRATOR:

If any operator shall fail or refuses to collect said tax and to make, within the time provided in this ordinance, any report and remittance of said tax or any portion thereof required by this Ordinance, the Tax Administrator shall proceed in such manner as he may deem best to obtain facts and information on which to base his estimate of the tax due. As soon as the Tax Administrator shall procure such facts and information as he is able to obtain upon which to base the assessment of any tax imposed by this Ordinance and payable by any operator who has failed or refused to collect the same and to make such report and remittance, he shall proceed to determine and assess against such operator the tax, interest and penalties provided for by this Ordinance. In case such determination is made, the Tax Administrator shall give a notice of the amount so assessed by serving it personally, or by depositing it in the United States mail, postage prepaid, addressed to the operator so assessed at his last known place of address. Such operator may within ten days after the serving or mailing of such notice make application in writing to the Tax Administrator for a hearing on the amount assessed. If

application by the operator for a hearing is not made within the time prescribed, the tax, interest and penalties, if any, determined by the Tax Administrator shall become final and conclusive and immediately due and payable. If such application is made, the Tax Administrator shall give not less than five (5) days written notice in the manner prescribed herein to the operator to show cause at a time and place fixed in said notice why said amount specified therein should not be fixed for such tax, interest and penalties. At such hearing, the operator may appear and offer evidence why such specified tax, interest and penalties should not be so fixed. After such hearing the Tax Administrator shall determine the proper tax to be remitted and shall thereafter give written notice to the person in the manner prescribed herein of such determination and the amount of such tax, interest and penalties. The amount determined to be due shall be payable after fifteen (15) days unless an appeal is taken as provided in Section 10.

Section 10. APPEAL:

Any operator aggrieved by any decision of the Tax Administrator with respect to the amount of such tax, interest and penalties, if any, may appeal to the Town Council by filing a notice of appeal with the Town Clerk within fifteen (15) days of the serving or mailing of the determination of tax due. The Town Council shall fix a time and place for hearing such appeal, and the Town Clerk shall give notice in writing to such operator at his last known place of address. The findings of the Town Council shall be final and conclusive and shall be served upon the appellant in the manner prescribed above for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of notice.

Section 11. RECORDS:

It shall be the duty of every operator liable for the collection and payment to the Town of any tax imposed by this ordinance to keep and preserve, for a period of three (3) years, all records as may be necessary to determine the amount of such tax as he may have been liable for the collection of and payment to the Town, which records the Tax Administrator shall have the right to inspect at all reasonable times.

Section 12. REFUNDS:

(a) Whenever the amount of any tax, interest or penalty has been overpaid, or paid more than once, or has been erroneously or illegally collected or received by the Town under this Ordinance, it may be refunded as provided in sub-paragraphs (b) and (c) of this Section provided a claim in writing therefor, stating under penalty of perjury the specific grounds upon which the claim is founded, is filed with the Tax Administrator within three (3) years of the date of payment. The claim shall be on forms furnished by the Tax Administrator.

(b) An operator may claim a refund or take as credit against taxes collected and remitted the amount overpaid, paid more than once, or erroneously or illegally collected or received, when it is established in a manner prescribed by the Tax Administrator that the person from whom the tax has been collected was not a transient; provided, however, that neither a refund nor a credit shall be allowed unless the amount of the tax so collected has either been refunded to the transient or credited to rent subsequently payable by the transient to the operator.

(c) A transient may obtain a refund of taxes overpaid or paid more than once, or erroneously or illegally collected or received by the Town by filing a claim in the manner provided in sub-paragraph (a) of this Section, but only when the tax was paid by the transient directly to the Tax Administrator, or when the transient having paid the tax to the operator, establishes to the satisfaction of the Tax Administrator that the transient has been unable to obtain a refund from the operator who collected the tax.

(d) No refund shall be paid under the provisions of this Section unless the claimant establishes his right thereto by written records showing entitlement thereto.

Section 13. ACTIONS TO COLLECT:

Any tax required to be paid by any transient under the provisions of this Ordinance shall be deemed to be a debt owed by the transient to the Town. Any such tax collected by an operator which has not been paid to the Town shall be deemed a debt owed by the operator to the Town. Any person owing money to the Town under the provisions of this Ordinance shall be liable to

an action brought in the name of the Town of Los Gatos for the recovery of such amount.

Section 14. SEPARATE FUND; DISBURSEMENTS:

All taxes, interest and penalties collected or received by the Tax Administrator pursuant to this Ordinance shall be kept in a separate fund. Disbursements from said fund shall only be made for any one or more of the following purposes, in the discretion of the Town Council, and for no other purpose or purposes; the costs of administering the provisions of this Ordinance; town beautification; community promotion, and cultural development.

Section 15. VIOLATIONS; MISDEMEANOR:

Any person violating any of the provisions of this Ordinance shall be guilty of a misdemeanor and shall be punishable therefor by a fine of not more than five hundred dollars (\$500.00), or by imprisonment in the county jail for a period of not more than six months, or by both such fine and imprisonment.

Any operator or other person who fails or refuses to register as required herein, or to furnish any return required to be made, or who fails or refuses to furnish a supplemental return or other data required by the Tax Administrator, or who renders a false or fraudulent return or claim, is guilty of a misdemeanor, and is punishable as aforesaid. Any person required to make, render, sign or verify any report or claim who makes any false or fraudulent report or claim with intent to defeat or evade the determination of any amount due required by this Ordinance to be made, is guilty of a misdemeanor and is punishable as aforesaid.

Section 16. SEVERABILITY:

If any section, sub-section, sub-division, paragraph, sentence, clause or phrase of this Ordinance, or any part thereof, is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The Town Council hereby declares that it would have passed each section, sub-section, sub-division, paragraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, sub-sections, sub-divisions, paragraphs, sentences, clauses or phrases be declared unconstitutional.

Section 17. EFFECTIVE DATE; PUBLICATION:

This Ordinance shall be effective thirty (30) days from and after the date of its passage, and prior to the expiration of fifteen (15) days after its passage it shall be published once with the names of the members voting for and against the same in the Los Gatos Times-Saratoga Observer, a newspaper published and circulated within the Town of Los Gatos.

INTRODUCED at a continued regular meeting of the Town Council of the Town of Los Gatos on the 22nd day of May, 1967.

PASSED AND ADOPTED AT A regular meeting of the Town Council of the Town of Los Gatos on the 5th day of June, 1967, by the following vote:

AYES:

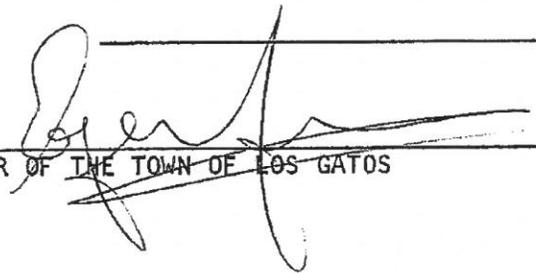
COUNCILMEN: Charles E. DeFreitas
John D. Michaelson
Roland Perry
Egon Jensen

NOES:

COUNCILMEN: None

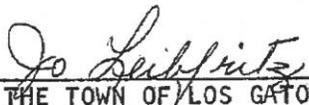
ABSENT:

COUNCILMEN: John Lincoln



MAYOR OF THE TOWN OF LOS GATOS

ATTEST:



CLERK OF THE TOWN OF LOS GATOS

AN ORDINANCE OF THE TOWN OF LOS GATOS
AMENDING ORDINANCE NO. 911, RELATING
TO A HOTEL-MOTEL TAX, SO AS TO
INCREASE THE RATE THEREOF, AND
TO DELETE EXEMPTIONS

THE TOWN COUNCIL OF THE TOWN OF LOS GATOS ORDAINS
AS FOLLOWS:

SECTION 1. Increase In Rate: Section 3 of Ordinance 911, entitled "An Ordinance of the Town of Los Gatos Imposing a Tax Upon the Privilege of Transient Occupancy and Providing for the Collection Thereof", adopted by the Town Council of the Town of Los Gatos on June 5, 1967, is hereby amended so as to increase the tax imposed therein from four per cent (4%) on the rent charged by the operator to five per cent (5%) on the rent charged by the operator.

SECTION 2. Deletion of Exemption: Section 4 of said Ordinance 911 is hereby deleted from said Ordinance.

SECTION 3. Effective Date; Publication: This Ordinance shall take effect July 1, 1968, and prior to the expiration of fifteen (15) days after its passage it shall be published once, with the names of the members voting for and against the same, in the Los Gatos Times-Saratoga Observer, a newspaper published and circulated within the Town of Los Gatos.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on June 17, 1968, by the following vote:

AYES: Councilmen

Seymour J. Abrahams

Charles E. DeFreitas

Egon Jensen

Roland H. Perry

John D. Michaelson

NOES: Councilmen

None

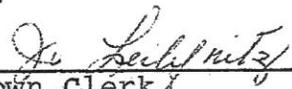
ABSENT: Councilmen

None



Mayor

ATTEST:



Town Clerk

ORDINANCE NO. 1289

ORDINANCE AMENDING THE TRANSIENT
OCCUPANCY TAX OF THE TOWN OF LOS GATOS

THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES ORDAIN:

SECTION 1.

Section 28-18 of the Code of the Town of Los Gatos is amended to read:

SEC. 28-18: TAX IMPOSED; WHEN PAYABLE.

For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of six percent of the rent charged by the operator. Such tax constitutes a debt owed by the transient to the Town, which is extinguished only by payment to the operator or to the Town. The transient shall pay the tax to the operator of the hotel at the time the rent is paid. If the rent is paid in instalments, a proportionate share of the tax shall be paid with each instalment. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If for any reason the tax due is not paid to the operator of the hotel, the tax administrator may require that such tax shall be paid directly to the tax administrator.

SECTION 2.

This ordinance shall be operative as of April 1, 1976. This ordinance shall take effect and shall be in force thirty (30) days after the date of its adoption. The Town Clerk of the

Town of Los Gatos shall cause this ordinance to be published once within fifteen (15) days after its adoption, in the Los Gatos Times-Saratoga Observer, a newspaper of general circulation, published and circulated in the Town of Los Gatos.

The above and foregoing ordinance was duly and regularly introduced at a regular meeting of the Town Council of the Town of Los Gatos held on the 2nd day of February, 1976.

PASSED AND ADOPTED as an ordinance of the Town of Los Gatos, California, at a regular meeting of the Town Council, held on the 17th day of February, 1976.

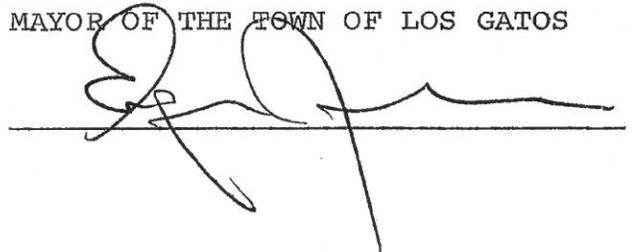
AYES: COUNCIL MEMBERS Ruth Cannon
Mark B. DiDuca
John B. Lochner
Albert B. Smith
Egon Jensen

NOES: COUNCIL MEMBERS None

ABSENT: COUNCIL MEMBERS None

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS



ATTEST:

Jo Seidman
CLERK OF THE TOWN OF LOS GATOS

*Continued to
June 21, 1977*

ORDINANCE NO. 1362

ORDINANCE OF THE TOWN OF LOS GATOS
AMENDING THE TRANSIENT OCCUPANCY TAX

THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES ORDAIN
AS FOLLOWS:

SECTION 1.

Section 28-18 of the Code of the Town of Los Gatos is amended
to read:

SEC. 28-18; TAX IMPOSED; WHEN PAYABLE.

For the privilege of occupancy in any hotel, each transient
is subject to and shall pay a tax in the amount of six and one-half
percent of the rent charged by the operator. Such tax constitutes
a debt owed by the transient to the Town, which is extinguished
only by payment to the operator or to the Town. The transient
shall pay the tax to the operator of the hotel 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. The unpaid
tax shall be due upon the transient's ceasing to occupy space in
the hotel. If for any reason the tax due is not paid to the
operator of the hotel, the tax administrator may require that
such tax shall be paid directly to the tax administrator.

SECTION 2.

This ordinance becomes operative July 1, 1977.

SECTION 3.

This ordinance relates to taxes for the usual and current expenses
of the Town, and is effective immediately upon its adoption. The Town

XI A

Clerk of the Town of Los Gatos shall cause this ordinance to be published once within fifteen days after its adoption, in the Los Gatos Times-Saratoga Observer, a newspaper of general circulation, published and circulated in the Town of Los Gatos.

The above and foregoing ordinance was duly and regularly introduced at a regular meeting of the Town Council of the Town of Los Gatos held on the 20th day of June, 1977.

PASSED AND ADOPTED as an ordinance of the Town of Los Gatos, California, at a regular meeting of the Town Council, held on the 5th day of July, 1977.

AYES: COUNCIL MEMBERS: Ruth Cannon, Mark B. DiDuca,
John B. Lochner and Albert B. Smith

NOES: COUNCIL MEMBERS: Mardi Gualtieri

ABSENT: COUNCIL MEMBERS: None

SIGNED: *Albert B. Smith*
MAYOR OF THE TOWN OF LOS GATOS

ATTEST:

Jo James
CLERK OF THE TOWN OF LOS GATOS

ORDINANCE NO. 1561-A

AN ORDINANCE OF THE TOWN OF LOS GATOS
AMENDING SECTION 28-18 OF THE TOWN
CODE REGARDING THE TRANSIENT OCCUPANCY
TAX.

THE TOWN COUNCIL OF THE TOWN OF LOS GATOS DOES ORDAIN AS
FOLLOWS:

SECTION 1.

Section 28-18 of the Town Code is amended to read as follows:

SEC. 28-18. TAX IMPOSED: WHEN PAYABLE.

For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of ten percent of the rent charged by the operator. Such tax constitutes a debt owed by the transient to the town, which is extinguished only by payment to the operator or to the town. The transient shall pay the tax to the operator of the hotel 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. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If for any reason the tax due is not paid to the operator of the hotel, the tax administrator may require that such tax shall be paid directly to the tax administrator.

SECTION 2.

This ordinance shall take effect and shall be in force thirty days after the date of its adoption. Within 15 days after this ordinance is adopted, the Town Clerk shall cause it to be published once in a newspaper of general circulation published and circulated in the Town.

This ordinance was introduced at a regular meeting of the Town Council of the Town of Los Gatos held on the 6th day of December, 1982, and adopted by the following vote as an ordinance of the Town of Los Gatos at a regular meeting of the Town Council held on the 3rd day of January, 1983.

AYES: COUNCIL MEMBERS Joanne Benjamin, Terrence J. Daily, Thomas J. Ferrito, MarLyn J. Rasmussen and Mayor Brent N. Ventura

NOES: COUNCIL MEMBERS None

ABSENT: COUNCIL MEMBERS None

ABSTAIN: COUNCIL MEMBERS None

SIGNED: 
MAYOR OF THE TOWN OF LOS GATOS

ATTEST:


CLERK OF THE TOWN OF LOS GATOS

**COUNTY OF SANTA CLARA REGISTRAR OF VOTERS
ESTIMATED COST OF THREE 6-PAGE MEASURES
FOR THE TOWN OF LOS GATOS
NOVEMBER 8, 2016 GENERAL ELECTION**

<u>DATA</u>	<u>THREE 6-PAGE MEASURES</u>
Registration as of 01/06/2016	17,492
Projected Registration (110% of current registration)	19,241
Est No. of Sample Ballots Order (115% of current registration)	21,000
* Estimated No. of Voter's Information Pages (VIP) per Measure	6
Estimated No. of Measures	2

<u>COMPUTATION</u>		
FIXED COSTS		
Fixed cost per full-measure page	\$ 5,165	
Est No. of full page per measure	6	
Total est fixed costs per measure	<u>\$ 30,990</u>	
Estimated o. of measure	2	
Total fixed costs of measure		\$ 61,980
PRINTING COSTS		
Est number of sample ballots in English	21,000	
Est number of Voter's Information Pages (VIP) per sample ballot	12	
Total est number of sample ballot pages in English	<u>252,000</u>	
Language Factor	1.4	
Est number of measure pages in the sample ballot for all languages	<u>352,800</u>	
Est printing costs per page	\$ 0.0201	
Total est printing costs		<u>\$ 7,091</u>
TOTAL EST COSTS OF Voter's Information Pages		<u>\$ 69,071</u>
Estimated Cost per 6-page Measure		\$ 34,540
Estimated Cost per Measure Page		\$ 5,760

- NOTE: ESTIMATED INFORMATION PAGES**
1. Text of the Initiative
 2. Impartial analysis of County Counsel
 3. Argument in Favor
 4. Argument Against
 5. Rebuttal to Argument in Favor
 6. Rebuttal to Argument Against

**SANTA CLARA COUNTY REGISTRAR OF VOTERS
ESTIMATED COSTS OF ELECTION FOR NOVEMBER 8, 2016
FOR THE TOWN OF LOS GATOS**
(c/o Shelley Neis; Tel No. 408-354-6888; sneis@osgatosca.gov)

DATA

Registration as of 01/06/2016 17,492
Projected Registration (110% of current registration) 19,241

COMPUTATION

(a) Base charge

1st Issue \$ 24,052
Addl Issue \$ 6,542
Addl Issue \$ 6,542

(b) Absentee Voter Charge

1st Issue \$ 5,965
Addl Issue \$ 2,117
Addl Issue \$ 2,117

(c) Shared Printing Costs

1st Issue \$ 6,734
Addl Issue \$ 3,463
Addl Issue \$ 3,463

Estimated cost of election

\$ 3,17 \$ 36,751 \$ 24,244 \$ 60,995

(d) Est Cost One Measure

\$ 34,540 \$ 69,071 \$ 69,071

(f) 4 Candidate Statements

\$ 1,774 \$ 7,098 \$ 7,098

Estimated cost of election

\$ 43,849 \$ 93,315 \$ 137,164

NOTES:

Prepared by:
TRINH DAO
ACCOUNTANT II
SCC ROY - Fiscal Division
1555 Berger Drive, San Jose, CA 95112
Phone: (408) 282-3024 Fax : (408) 282-3046
Email : trinh.dao@rov.sccgov.org

NOV 2016 GEN ELECTION - CITY'S SCHED ELECTION TWO COUNCIL SEATS & TWO MEASURES				
Unit Cost	City Council	Two 6-Page Meas	Total Cost	
\$ 1.25	\$ 24,052	\$ 24,052	\$ 24,052	
\$ 0.34	\$ 6,542	\$ 6,542	\$ 6,542	
\$ 0.34	\$ 6,542	\$ 6,542	\$ 6,542	
\$ 0.31	\$ 5,965	\$ 5,965	\$ 5,965	
\$ 0.11	\$ 2,117	\$ 2,117	\$ 2,117	
\$ 0.11	\$ 2,117	\$ 2,117	\$ 2,117	
\$ 0.35	\$ 6,734	\$ 6,734	\$ 6,734	
\$ 0.18	\$ 3,463	\$ 3,463	\$ 3,463	
\$ 0.18	\$ 3,463	\$ 3,463	\$ 3,463	
\$ 3.17	\$ 36,751	\$ 24,244	\$ 60,995	
\$ 34,540	\$ 69,071	\$ 69,071	\$ 69,071	
\$ 1,774	\$ 7,098	\$ 7,098	\$ 7,098	
\$ 43,849	\$ 93,315	\$ 137,164		

NOV 2016 GEN ELECTION - CITY'S SCHED ELECTION TWO COUNCIL SEATS & ONE MEASURE				
Unit Cost	City Council	One 6-Page Meas	Total Cost	
\$ 1.25	\$ 24,052	\$ 24,052	\$ 24,052	
\$ 0.34	\$ 6,542	\$ 6,542	\$ 6,542	
\$ 0.31	\$ 5,965	\$ 5,965	\$ 5,965	
\$ 0.11	\$ 2,117	\$ 2,117	\$ 2,117	
\$ 0.35	\$ 6,734	\$ 6,734	\$ 6,734	
\$ 0.18	\$ 3,463	\$ 3,463	\$ 3,463	
\$ 2.54	\$ 36,751	\$ 12,122	\$ 48,873	
\$ 34,540	\$ 34,540	\$ 34,540	\$ 34,540	
\$ 1,774	\$ 7,098	\$ -	\$ 7,098	
\$ 43,849	\$ 46,662	\$ 90,511		

NOV 2016 GEN ELECTION - CITY'S SCHED ELECTION TWO COUNCIL SEATS ONLY				
Unit Cost	City Council	Total Cost		
\$ 1.25	\$ 24,052	\$ 24,052		
\$ 0.31	\$ 5,965	\$ 5,965		
\$ 0.35	\$ 6,734	\$ 6,734		
\$ 1.91	\$ 36,751	\$ 36,751		
\$ 1,774	\$ 7,098	\$ 7,098		
\$ 43,849	\$ 43,849	\$ 43,849		

Pursuant to Elections Code section 10002, the district is required to reimburse the County in full for the elections services it has requested. The full costs of the district's share on the costs of the election will be available at least 60 days after the election. The costs reflected above, are ESTIMATES ONLY and may change following the final calculation of the actual costs of the election.