

Partial Allocation of Hotel Tax for Arts and Cultural Purposes*

Digest by the Ballot Simplification Committee

Status: Draft for Consideration
On: Monday, July 30, 2018
Members: Packard, Anderson, Patterson, Raveche

Deadline to Request Reconsideration: TBD

The Way It Is Now: The City imposes a hotel tax on the rental of hotel rooms. The tax rate is 14%, including an 8% base tax and an additional 6% tax surcharge. All revenues from the tax go into the General Fund, which the City may use for any public purpose.

The Arts Commission is a City agency that receives money from the General Fund. The Arts Commission:

- Funds arts programs for youth, community, and arts education;
- Approves designs of City-owned structures;
- Oversees City-owned cultural centers; and
- Selects art for City buildings and public spaces.

In addition to funding the Arts Commission, the City runs other programs that fund non-profit organizations to support arts activities and help neighborhoods maintain their unique cultural heritage.

The Proposal: Proposition ___ would allocate up to 1.5% of the money raised from the 8% base hotel tax for specified arts and cultural purposes. It would not change the existing hotel tax rate of 14%.

In each fiscal year, it would require the City to make the arts and cultural allocation up to set dollar amounts for these designated uses:

- Allocation 1: \$16,300,000 to distribute to nonprofit cultural organizations;
- Allocation 2: \$6,400,000 to the Arts Commission for programs related to cultural equity;
- Allocation 3: \$3,800,000 to the Arts Commission to support City-owned community cultural centers;
- Allocation 4: \$3,000,000 to support communities working to maintain cultural heritage in City neighborhoods; and
- Allocation 5: \$2,500,000 to the Arts Commission to address needs in the arts community, as determined by a cultural services allocation plan.

After all of these allocations have been made, any remaining portion of the 1.5% base hotel tax would go into the General Fund, which the City may use for any public purpose.

The allocations that Proposition ___ requires would begin on January 1, 2019 (with half of the set amounts for the initial half fiscal year). Starting in fiscal year 2019-2020, the amounts allocated for each purpose would be adjusted annually by the percentage increase or decrease in revenues from the 1.5% portion of the base tax, compared to the prior fiscal year. For fiscal years 2019-2020 and 2020-2021, one-half of the annual adjustment for Allocation 1 due to an increase in revenues would be allocated instead to Allocation 2. The allocations could also be used for related administration costs.

**Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

A "YES" Vote Means: If you vote "yes," you want the City to allocate up to 1.5% of the money raised from the 8% base tax on the rental of hotel rooms for arts and cultural purposes, with set dollar amounts each year for certain designated uses.

A "NO" Vote Means: If you vote "no," you do not want the City to make this allocation.