



**CITY OF BEVERLY HILLS
STAFF REPORT**

Meeting Date: April 21, 2011
To: Honorable Mayor & City Council
From: Cheryl Friedling, Deputy City Manager for Public Affairs
Subject: Request by Councilmember Mirisch To Review the Transient Occupancy Tax Program
Attachments: None

INTRODUCTION

This item provides City Council with an opportunity to review the allocation of Transient Occupancy Tax (TOT) for the purposes of funding tourism and marketing programs.

DISCUSSION

For approximately sixteen years, the City has maintained a policy of funding its tourism and marketing programs from a specific allocation of the TOT, known informally as "2% TOT for Marketing." The City collects a total of fourteen percent (14%) TOT based on gross room sales from the City's hotels. Two of the fourteen percent (i.e. one seventh of the total TOT) has been the basis of calculation for funding for tourism and marketing programs in Beverly Hills.

In recent years, this funding has been used to fund the Beverly Hills Conference and Visitors Bureau, along with special marketing programs such as holiday décor, City-sponsored special events, Rodeo Drive Committee events, among others.

The CVB/Marketing Liaison Committee met late last week to review this issue, evaluate City funding for tourism and marketing programs, and to offer a recommendation to the City Council regarding FY 2011-12 funding.

FISCAL IMPACT

2011-2012 - revenue projection: At the time of printing, the total projected TOT is anticipated to be \$25,375,000 of which tourism and marketing funding would be \$3,696,400 (representing one seventh of the total projected TOT). If Council elects to continue its policy of allocating 2% of the gross hotel revenues (one seventh of actual TOT collected) to fund tourism and marketing programs, this amount would be included in the City budget. Staff would bring back recommendations for funding individual programs during the budget deliberation period.

It should be noted that as part of the adopted budget for 2009-2010 and 2010-2011, the City Council directed that approximately \$220,700 of tourism and marketing funds be re-allocated to the Community Assistance Grant Program and to the Library.

RECOMMENDATION

Councilmember Mirisch has asked to review the current TOT policy or modify it as part of the upcoming budget adoption process. Direction on this issue from the City Council will enable staff to better prepare budget presentations for the range of programs currently funded from the TOT budget.

Cheryl Friedling
Approved By

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CF