

CITY OF FREMONT MEASURE MM

MM

MEASURE MM: Shall the Fremont Municipal Code be amended to increase the transient occupancy tax (commonly called the “hotel tax”) which is charged only to persons who occupy hotel or motel rooms in the City for 30 days or less, from the current 8% to 10%, in order to help maintain basic City services such as public safety and street and park maintenance?

YES

NO

CITY ATTORNEY’S IMPARTIAL ANALYSIS OF MEASURE MM

CITY OF FREMONT MEASURE MM TRANSIENT OCCUPANCY (HOTEL) TAX INCREASE

Measure MM seeks voter approval of a 2% increase in the City of Fremont’s Transient Occupancy Tax rate. The City has an existing ordinance that imposes a tax in the amount of 8% of the rent charged to persons who stay at a hotel within the Fremont city limits. This tax is called the transient occupancy tax (“TOT”). The TOT is assessed only on people who stay in hotels, motels, or the like for periods of thirty days or less. The tax is paid by the hotel room occupant directly to the hotel operator at the time the occupant pays his or her hotel bill. Hotel operators hold the collected taxes in trust for the benefit of the City and remit the taxes monthly to the Director of Finance.

If this measure is approved by the electorate, the ordinance will be modified to increase the TOT by 2% from the present 8% rate to 10%. Therefore, if this measure is approved, a person who stays in a hotel within the City of Fremont will pay 10% of the rent charged by the hotel operator as a TOT. For example, a person staying one night in a \$100 hotel room would pay \$110 rather than the current \$108. According to the City’s Finance Director, if this measure is approved by the voters, it could result in approximately \$800,000 of additional revenue to the City per year. All of the TOT revenues collected by the City are used, and shall continue to be used, for City general fund purposes.

The TOT is a general tax, and as such must be approved by a simple majority of the voters voting in the election. The proceeds of the tax, as a general tax, will be deposited in the City’s general fund and used for general governmental purposes, such as police and fire protection services, and street and park maintenance.

A “yes” vote would approve an increase in the City’s TOT by 2%.

A “no” vote would reject the proposed 2% increase in the City’s TOT.

Respectfully submitted,

s/HARVEY E. LEVINE

City Attorney

ARGUMENT IN FAVOR OF FREMONT 2008 TRANSIENT OCCUPANCY TAX MEASURE MM

A “YES” vote on Measure MM will not raise taxes on the residents of Fremont or local businesses and is only paid by visitors staying in hotels and motels in our City.

A “YES” vote on Measure MM does generate additional funding to provide local services and to promote the economic health of our City.

The Transit Occupancy Tax (TOT) is levied on travelers staying in our hotels using and receiving city services. As temporary residents or visitors, they use City roads, enjoy the amenities and are protected by our police and fire services. The TOT is a primary method by which visitors contribute toward the cost of those services.

Since 1994, Fremont has had one of the lowest TOT rates in the Bay Area. An increase from 8% to 10% will put us at the same level with most of our neighboring cities. At this rate, Fremont will remain competitive with other communities as we attract visitors and businesses to our City. This modest increase is supported by the Fremont Chamber of Commerce as well as representatives of Fremont’s hotel and motel industry.

It is important for Fremont to have a local revenue source that cannot be taken away by Sacramento to balance its budget.

City Council’s budget priority allocates about 85% of the city’s general funds towards public safety and street and park maintenance. Additional revenue for these services is vital to maintaining the high quality of life Fremont residents expect and deserve. An increase of 2%, (which is about \$2.00 more a night for a room that costs \$100) will help raise about \$800,000 for the City’s general fund.

Please join us in voting “Yes” for Measure MM in order to maintain quality City services. For more information, please visit www.FremontFirst.com.

s/Bill Harrison

Vice Mayor

s/Anu Natarajan

Council Member

s/Cindy Bonior

Fremont Chamber of Commerce, President/CEO

s/Callete Nielsen

Fremont Marriott, General Manager

s/William Marshak

Publisher