



Y City of Mission Viejo, Transient Occupancy Tax Increase

Shall City of Mission Viejo’s ordinance be adopted to provide funding for police, crime prevention, emergency response and maintenance of city infrastructure assets, including streets, sidewalks, storm drains, parks and trails, increase the transient occupancy tax paid only by hotel/motel/short-term rental guests from 8% to 12% providing an estimated \$670,000 annually until ended by voters, with requiring public spending disclosure, independent audits, to be effective only upon approval of two-thirds of the voters?

What your vote means

YES	NO
A Yes vote is in favor of the tax increase from an 8% general tax to a 12% special tax.	A No vote is against the tax increase and will maintain the current 8% general tax rate.

For and against

FOR	AGAINST
Doug Zielasko CEO, Mission Viejo Chamber of Commerce	Cathy Schlicht Former Mayor, Mission Viejo



Ballot Measures-Y

Impartial Analysis City of Mission Viejo Measure Y

The City Council placed Measure Y on the ballot for the November 5, 2024, general election. The proposed change in City of Mission Viejo law is an ordinance amendment that increases the City's current transient Occupancy Tax amount charged to short term occupants in the City from the current eight (8%) percent to an increased amount of twelve (12%) percent. The potential new total amount of 12 percent is a special tax, meaning it can only be used for the specific purpose set forth in the ballot language. If approved by two-thirds (2/3rds) of the voters, the new 12 percent special tax will wholly replace the current 8 percent general transient occupancy tax that the City has maintained as it's tax rate for many years. The current general tax Transient Occupancy tax can be used for any lawful purpose.

The proposed 12 percent special tax may only be used for payment of:

- a) Paying for police services
- b) Funding emergency responses as necessary
- c) Maintaining city infrastructure assets as necessary including streets, sidewalks, storm drains and trails.

The expenditures will be audited by an independent auditor and the results disclosed annually.

If the increase to twelve (12%) percent, as a special tax to be used as stated is not approved by two-thirds (2/3rds) of the voters, then the existing eight (8%) percent general tax, which can be used for any lawful purpose will continue without interruption.

A Yes vote is in favor of the tax increase from an 8% general tax to a 12% special tax

A No vote is against the tax increase and will maintain the current 8% general tax rate

The above statement is an impartial analysis of Measure Y. The full text of Measure Y is printed in the Voter's Information Pamphlet and is also available on the City of Mission Viejo's website at: cityofmissionviejo.org. If you desire a copy of the Measure, please call the election official's office at (949) 470-3052 and a copy will be mailed at no cost to you.

Dated: July 22, 2024

s/ William P. Curley, III
Mission Viejo City Attorney



Ballot Measures-Y

Argument in Favor of Measure Y

The TOT is a crucial tool for enhancing the quality of life in Mission Viejo. By increasing the tax from 8% to 12%, an increase of approximately \$670,000 would be realized.

The revenue is vital for several reasons. Safety in the community can be enhanced by allocating additional funds to police, crime prevention, and 911 emergency response services.

Another area to consider is the improvements that could be made to the infrastructure of Mission Viejo. Repair and maintenance of the streets, sidewalks, storm drains, among other various improvements, would make the city more accessible and enjoyable for the small business owners, residents, and the visitors.

Providing community improvements by providing better maintenance of public spaces such as the parks and other recreation areas would enhance the quality of life for residents and would make the city attractive to visitors. Visitors would be exposed to the many restaurants and retail stores the City of Mission Viejo has to offer.

It is important to consider fair market alignment as Mission Viejo has the lowest rate presently at 8% while the County average is 10.4%. Increasing the rate to 12% would align the City more closely with neighboring areas, ensuring that it remains competitive while still generating necessary funds.

TOT primarily affects the tourists and visitors rather than the residents and business owners. This means the financial burden falls on those who are using the services temporarily rather than the permanent residents. Implementing the TOT increase can provide substantial benefits to the City of Mission Viejo, it's businesses and residents ensuring better services and a higher quality of life.

s/ Doug Zielasko
CEO, Mission Viejo Chamber of Commerce

Rebuttal to Argument in Favor of Measure Y

The OCRegister opposes this tax increase and wrote: "Instead of being an excuse to increase the tax, enjoying the lowest TOT in OC ought to be Mission Viejo's brand."

Why is the Mission Viejo Chamber promoting taxes? Aren't chambers supposed to advocate for businesses and oppose taxes?

According to the OCRegister, Chapman University Economic Research Director Raymond Sfeier states: higher TOT caused sales to drop at adjacent businesses. And from the study, "Taxing the Travelers," a \$5.00 increase caused a decrease in occupancy.

Raising taxes actually harms the very businesses it claims to help. Visitors have a budget. More taxes mean less spending.

Claiming that raising the TOT in Mission Viejo would make it more competitive with other cities is ludicrous. Raising prices does NOT make ANYTHING more competitive.

So, what's the real goal for this 50% tax increase? Clearly, raising hotel prices would impair, not increase, visitor spending.

FACT: A \$670,000 increase would be a very small percentage, which would NOT support all the promises for enhancement to public safety and infrastructure.

FACT: TOT revenue has a correlation with the health of the economy. There was a significant drop in TOT revenue with the Great Recession. More recently, a 25% decrease because of COVID. It's foolhardy to rely on TOT for public safety.

FACT: Having one of the highest tax rates in the County could send visitors to neighboring cities.

Don't be fooled by the Chamber's emotional argument. Let's keep Mission Viejo competitive.

A NO vote means more spending in Mission Viejo.

s/ Cathy Schlicht
Former Mayor, Mission Viejo

Ballot Measures-Y**Argument Against Measure Y**

The City of Mission Viejo currently imposes an 8% transit occupancy tax (TOT) on its visitors who stay at our hotels and short-term rentals.

The City Council is asking for a public vote to increase it to 12%, which is excessively high even in Orange County.

The average rate in Orange County is 10.4%.

A 12% tax is such an unreasonably high tax rate that it becomes a deterrent, especially to bookings by such groups as visiting sports teams, because they can simply choose a different competing city.

The City of Laguna Beach produced a June 2024 Staff Report that revealed the following information: the cities of Costa Mesa, Irvine, La Palma, Laguna Hills, Los Alamitos, Mission Viejo and Westminster hotel tax is 8%.

South Orange County cities of Aliso Viejo, Dana Point, Laguna Niguel, Laguna Woods, Lake Forest, San Clemente and San Juan Capistrano are 10%.

A 12% hotel tax is assessed in the cities of Buena Park, Seal Beach and Stanton.

The OC Register opposes this counterproductive 50% tax increase and wrote: "Instead of being an excuse to increase the tax, enjoying the lowest TOT in OC ought to be Mission Viejo's brand."

s/ Cathy Schlicht
Former Mayor, Mission Viejo

Rebuttal to Argument Against Measure Y

The City of Mission Viejo is asking for an increase in the TOT from 8% to 12%. This would mark the first increase in the TOT since the city incorporated in 1988.

There are thirty-one cities in Orange County that have enacted a TOT. There are eight cities or 25.8% of the thirty-one that have enacted a TOT of 12% or higher.

Inflation increases the cost of providing public services such as infrastructure, maintenance, public safety, and sanitation. In raising the TOT, Mission Viejo can ensure sufficient revenue to maintain the quality and availability of essential services.

Inflation has had a significant impact on expenses and the cost of goods over the last 4 years. Police and safety services costs have increased over \$4 million since 2021. These costs continue to rise every year with no end in sight, even though the city receives accolades for being one of the safest cities in the State of California.

Support of the TOT from 8% to 12% would help mitigate the inflation challenges our city faces year in and year out.

s/ Doug Zielasko
CEO, Mission Viejo Chamber of Commerce