

Communication from Public

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Council File No: 25-0029
Comments for Public Posting: Opposition to a Transient Occupancy Tax (TOT) Increase (Council File 25-0029) on behalf of the Hotel Association of Los Angeles (HALA), representing Los Angeles hotels ranging from locally owned “mom-and-pop” properties to large branded hotels. Please find Letter attached.



February 2, 2026

Honorable Members of the Los Angeles City Council
200 N. Spring Street
Los Angeles, CA 90012

RE: Opposition to a Transient Occupancy Tax (TOT) Increase (Council File 25-0029)

Dear Council President Harris-Dawson and Members of the City Council:

On behalf of the Hotel Association of Los Angeles (HALA), I write to express strong concern regarding proposals under Council File 25-0029 to increase the City's Transient Occupancy Tax (TOT). While we recognize the City faces real fiscal pressures, increasing the hotel tax during a period of weakened demand and declining hotel performance would place additional strain on an industry that remains a critical driver of jobs, tourism spending, and City revenues. The City's current TOT rate is already 14%, and further increases risk making Los Angeles materially less competitive on price—particularly during major citywide events that should be leveraged to strengthen visitation and tax receipts.

Los Angeles hotels are not operating in a position of surplus pricing power, and recent City revenue trends reflect that reality. Los Angeles has already experienced a \$14.3 million TOT budget shortfall in FY 2023–24, followed by an additional \$13.9 million shortfall within the first six months of FY 2024–25, underscoring that lodging demand and revenue generation are already underperforming relative to assumptions. Increasing the tax burden on hotel guests in this environment risks further suppressing demand, particularly for group and leisure travelers who are highly price-sensitive and can shift their stays outside City limits.

A TOT increase also creates an avoidable competitive disadvantage versus adjacent markets—especially for large events where hotel demand is distributed across the region. Cities such as Long Beach, Beverly Hills, and Santa Monica are active competitors for major event room blocks, and higher City of Los Angeles taxes would further encourage event organizers and visitors to shift bookings to surrounding jurisdictions. This risk is heightened at a time when uncertainty around visa processing and the possibility of international visitor hesitation or boycotts has already introduced questions about expected inbound travel for the World Cup and Olympic period. Implementing an additional lodging tax increase during these global events is likely to work against the City's stated goals of maximizing visitation, hotel occupancy, and economic activity.

Additionally, increasing TOT is not a durable revenue solution if it undermines hotel investment and reduces future hotel supply growth inside the City. Los Angeles has already seen signs of limited new hotel development and reduced reinvestment, as owners face elevated operating costs, high interest rates, and financing challenges. These conditions directly affect the City's longer-term revenue capacity: when hotel projects are delayed, cancelled, or moved to other markets, the City loses not only future TOT potential but also construction jobs, permanent hospitality jobs, and downstream visitor spending.

Finally, the City has made significant long-term commitments to strengthening Los Angeles' competitiveness as a convention and meetings destination, including its investment in the Los Angeles Convention Center modernization and expansion. That work is intended to improve Los Angeles' ability to compete for large-scale meetings and events based on capacity and modern amenities. A TOT increase moves in the opposite direction by raising the total cost of staying in the City, reducing Los Angeles' price competitiveness at the exact moment the City should be strengthening its value proposition to meeting planners and visitors.

For these reasons, HALA respectfully urges the City Council to reject any near-term increase to the Transient Occupancy Tax and instead focus on revenue and compliance strategies that do not further weaken hotel demand, reduce competitiveness, or shift visitation outside City boundaries. We welcome the opportunity to work with the City on alternatives that stabilize core services without undermining one of Los Angeles' largest private-sector employers and most reliable long-term revenue engines.

Thank you for your consideration.

Sincerely,

Jackie Filla, PhD

President & CEO
Hotel Association of Los Angeles (HALA)