

PROPOSITION TC
(Adopted by the Voters of Los Angeles at the Election held on June 2, 2026)

ORDINANCE NO. 188970

An ordinance amending portions of Article 1.7 of Chapter II of the Los Angeles Municipal Code to require online travel agencies, companies, and platforms to collect and remit the City of Los Angeles Transient Occupancy Tax on all charges and fees imposed for a hotel room. (Changes to the language of the Municipal Code are shown in underline type for added language and ~~strikeout~~ type for deleted language.)

WHEREAS, the Los Angeles Municipal Code establishes the City's Transient Occupancy Tax (TOT), which is a tax paid by a person who occupies a room or space in a hotel as defined in the TOT ordinance;

WHEREAS, the Office of Finance has issued reports analyzing the TOT collection deficiency that arises when hotel rooms are booked through online travel companies (See Council File Nos. 23-0318 and 24-1456);

WHEREAS, as analyzed in the Office of Finance reports, the business model used by online travel companies, in which the online travel company negotiates a discounted or wholesale rate for hotel rooms but then charges the customer a higher amount for the right to occupy the room, results in room-related charges that are outside the scope of the current TOT;

WHEREAS, the City Administrative Officer has issued a report noting the fiscal benefits to the City's general operating budget in addressing this TOT collection gap arising from the monetary difference between wholesale or discounted rates paid by online travel companies and the amount paid by hotel guests who pay for hotel rooms through an online travel company; and

WHEREAS, this ballot measure, if approved by the voters, would update the City's existing TOT ordinance to address the collection deficiency arising from the business activity of online travel companies.

NOW THEREFORE,

THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:

Section 1. The first paragraph of Section 21.7.2 of Article 1.7, Chapter II of the Los Angeles Municipal Code is amended to read as follows:

Except where the context otherwise requires, the definitions given in this section govern the construction of this article. The definitions are intended to be

broadly construed in favor of the imposition, collection, and remittance of the tax under this article.

Sec. 2. Subsection (e) of Section 21.7.2 of Article 1.7, Chapter II of the Los Angeles Municipal Code is amended to read as follows:

(e) Rent. "Rent" means the consideration charged, whether or not received, for the occupancy of space in a hotel valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever, and includes, but is not limited to, the following: ~~Nothing in this definition shall be construed to mean that rent is charged directly or indirectly for the occupancy of space in a hotel when that space is provided to the occupant as a compliment from the operator and no consideration is charged to or received from any other person~~

1. discount room charges and facilitation fees;
2. transaction fees, service fees, booking fees, processing fees, retail markups, commissions, cancellation and attrition fees, and California Tourism Marketing Assessments;
3. unrefunded advance reservation and other rental deposits;
4. charges levied for items or services including, but not limited to charges for furniture, fixtures, appliances, linens, towels, non-coin-operated safes; spa or fitness center usage or access; resort usage or access (commonly referred to as resort or destination fees); internet, television, and phone access or usage; housekeeping or room cleaning; pet occupancy, pet fees, or pet-related cleaning; additional guests/transients; and/or partial days, or early or late arrival or departure;
5. consideration or value received by an operator from an award or reward program, including the redemption of award or reward points, incentives, or bonuses; and
6. any other charge reasonably attributable to rent that is part of a travel package.

Nothing in this definition shall be construed to mean that rent is charged directly or indirectly for the occupancy of space in a hotel when that space is provided to the occupant as a compliment from the operator and no consideration is charged to or received from any other person.

Sec. 3. Subsection (f) of Section 21.7.2 of Article 1.7, Chapter II of the Los Angeles Municipal Code is amended to read as follows:

(f) Operator. “Operator” means any person who is a principal operator or a secondary operator.~~the person who is either the proprietor of the hotel or any other person who has the right to rent rooms within the hotel, whether in the capacity of owner, lessee, mortgagee in possession, licensee or any other capacity. The owner or proprietor who is primarily responsible for operation of the hotel shall be deemed to be the principal operator. If the principal operator performs or assigns its functions, in whole or in part, through a managing agent, a booking agent, a room seller or room reseller, or any other agent or contractee, including but not limited to Hosting Platforms as defined in 12.03 of this Code, on-line room sellers, on-line room resellers, and on-line travel agents, of any type or character other than an employee, those persons shall be deemed to be secondary operators.~~

~~A secondary operator shall be deemed an operator for purposes of this article and shall have the same duties and liabilities as the principal operator, including, but not limited to, the collection and remittance of the full amount of the tax owed under the provisions of this article to the City. A secondary operator may satisfy its obligations under the provisions of this article by submitting the full amount of tax due under this article, with credit for any taxes remitted to any other operator, either directly to the Director of Finance or through the principal operator.~~

~~—Compliance with the provisions of this article by either the principal operator or the secondary operator shall be deemed compliance by both and no provision of this article shall be deemed to require the payment and/or remittance of any amount other than the full amount of the tax owed by the transient.~~

Sec. 4. New Subsections (g) through (n) are added to Section 21.7.2 of Article 1.7, Chapter II of the Los Angeles Municipal Code to read as follows:

(g) Facilitation Fee. “Facilitation Fee” means the amount by which the posted room charge exceeds the discount room charge, if any.

(h) Intermediary. “Intermediary” means any person that directly or indirectly (i) facilitates the occupancy in a hotel, and (ii) charges, collects, or receives rent in connection with such occupancy, which may include, without limitation, a facilitation fee. Intermediary includes, without limitation, a travel or booking agent, Hosting Platform as defined under Section 12.22 A.32 of this Code, a room seller or reseller, an online room seller or reseller, and an online travel agent or company of any type or nature whatsoever.

(i) Facilitates the occupancy in a hotel. “Facilitates the occupancy in a hotel” means brokering, coordinating, or in any other way arranging for the

purchase of, the sale for, or right to, occupancy in a hotel by the (customer) general public.

(j) Discount Room Charge. "Discount Room Charge" means the total amount charged by the operator to the secondary operator for occupancy in a hotel for rent.

(k) Posted Room Charge. "Posted Room Charge" means the total consideration charged by an intermediary to a transient, including any fee or charge imposed in connection with the sale before taxes.

(l) Travel Package. "Travel Package" means an accommodation bundled with one or more separate components such as air transportation, car rental, or similar items and charged for a single retail price.

(m) Secondary Operator. "Secondary Operator" means any person that is a managing agent, a booking agent, a room seller or room reseller, broker, intermediary, or any other agent or contractee, including but not limited to a Hosting Platform as defined in Section 12.22 A.32 of this Code, online room seller, online room reseller, and online travel agent, of any type or character to whom a principal operator assigns any of its functions, in whole or in part, other than an employee.

(n) Principal Operator. "Principal Operator" means any person who has the right to rent rooms within a hotel, whether in the capacity of owner, lessee, mortgagee in possession, licensee, or any other capacity and who is primarily responsible for the operation of the hotel.

Sec. 5. Section 21.7.5 of Article 1.7, Chapter II of the Los Angeles Municipal Code is amended to read as follows:

SEC. 21.7.5. OPERATOR'S DUTIES.

Each operator shall collect the tax imposed by this article to the same extent and at the same time as the rent is collected from every transient. The amount of tax shall be separately stated from the amount of the rent charged and each transient shall receive a receipt for payment from the operator. No operator ~~of a hotel~~ shall advertise or state in any manner, whether directly or indirectly, that the tax or any part thereof will be assumed or absorbed by ~~the~~ such operator, or that it will not be added to the rent, or that, if added, any part will be refunded except in the manner herein provided. A secondary operator may satisfy its obligations under the provisions of this article by submitting the full amount of tax due under this article, with credit for any taxes remitted to the relevant operator, either directly to the Director of Finance or through such other relevant operator. Compliance with the provisions of this article by either the principal operator or the secondary operator shall be deemed compliance by both

with respect to the applicable tax obligation and no provision of this article shall be deemed to require the payment and/or remittance of any amount other than the full amount of the tax owed by the transient.

Sec. 6. The first paragraph of Section 21.7.7 of Article 1.7, Chapter II of the Los Angeles Municipal Code is amended to read as follows:

~~Each~~ An operator shall, on or before the 25th day of each calendar month, make a statement to the Director of Finance of the total rents charged and received, and the amount of tax collected for transient occupancies during the preceding calendar month, including a statement of the amount of rent received from each secondary operator for such preceding calendar month, to the extent applicable. At the time the statement is filed, the full amount of the tax collected and tax not collected but required to be collected, shall be remitted to the Director of Finance. Except as provided in Sec. 21.7.8, an operator shall not be required to remit to the Director of Finance any amount of tax not collected and not required to be collected from a transient. All taxes collected and required to be collected by operators pursuant to this article shall be held in trust for the account of the City until payment thereof is made to the City. The full amount of tax due, whether collected or owed but not collected, under this Article shall be deemed a debt owed to the City by the operator and shall be discharged only upon payment to the City.

Sec. 7. Submission to voters. The ordinance herein shall be submitted to the voters of the City. If the ordinance is approved by a majority of the votes cast, the ordinance shall be enacted and the applicable sections set forth herein shall thereafter be considered part of the Los Angeles Municipal Code.

Sec. 8. Amendments. The Council may amend any provision of this ordinance, but any amendment that would result in a tax being imposed, extended or increased would require voter approval.

Sec. 9. Severability. If any section, subsection, clause, sentence, phrase, or application of this ordinance or any portion thereof is held unconstitutional or invalid by any court or tribunal of competent jurisdiction, the remaining sections, subsections, clauses, sentences, phrases, portions, or applications of the ordinance shall remain in full force and effect, and to this end the provisions of this ordinance are severable. In addition, the voters declare that they would have passed all sections, subsections, clauses, sentences, phrases, portions and applications of this ordinance without the section, subsection, clause, sentence, phrase, portion or application held unconstitutional or invalid.

Sec. 10. This measure is intended by the City Council and the voters to be complementary and supplementary to the ballot measure related to increasing the Transient Occupancy Tax that has been submitted to the voters by the City Council to appear on the same ballot as this measure. In the event that both measures receive

approval by a majority of the voters, the provisions of the measures shall be deemed complementary and supplementary to each other and not in conflict, and all of the provisions of both measures shall be enacted and valid.