



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R26-0085
FEB 05 2026

REPORT RE:

**DRAFT BALLOT MEASURES TO INCREASE THE TRANSIENT OCCUPANCY TAX
AND APPLY THE TAX TO ONLINE TRAVEL COMPANIES; AND DRAFT BALLOT
RESOLUTIONS AND ELECTION ORDINANCES PLACING THE BALLOT MEASURE
ON THE JUNE 2, 2026 BALLOT**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 26-1100-S3

Honorable Members:

On January 27, 2026, the City Council requested this Office to prepare two versions of the documents necessary for a ballot measure to increase the City's Transient Occupancy Tax (TOT) both of which also would apply the tax to online travel companies and platforms. This Office hereby transmits the draft ballot resolutions and election ordinances necessary to place either version of the measure on the ballot at the City's Primary Nominating Election to be held on June 2, 2026. The versions are presented as Option A (2% permanent increase) and Option B (1% permanent increase). We have approved the draft ballot resolutions and election ordinances as to form and legality.

Summary of the Measures' Provisions

The City's current TOT rate is 14% of the room charge. The ballot measure presented as Option A would impose a temporary increase in the TOT rate to 18%

through December 31, 2028, and then establish a TOT rate of 16% thereafter. The Option B ballot measure would impose a temporary increase in the TOT rate to 16% through December 31, 2028, and then establish a TOT rate of 15% thereafter. That is, the Option A ballot measure would increase the TOT by 4% temporarily and 2% permanently and the Option B ballot measure would increase the TOT by 2% temporarily and 1% permanently.

Both the Option A and Option B ballot measures would subject all charges and fees owed for the occupancy of a hotel to the City's TOT, including charges and fees of online travel agencies, companies, and platforms and other similar intermediaries. The measures also restate and affirm the collection requirements on all operators of a hotel, including additional reporting requirements with respect to online platforms and other intermediaries.

The Option A and Option B measure each includes a provision stating that it is, and is intended to be, complementary to and not in conflict with the other TOT measure the City Council is considering placing on the same ballot (i.e., the measure that pertains only to applying the TOT to online travel companies; the OTC ballot measure). The provision states that if both measures (the OTC measure and whichever of Option A or Option B is placed on the ballot) receive majority voter approval then all of the provisions of both measures shall be enacted and valid.

The City Administrative Officer has estimated that the amount of tax revenue anticipated to be collected from the 2% permanent rate increase proposed in the Option A measure is approximately \$44 million per fiscal year and from the 1% permanent increase in the Option B measure is approximately \$22 million per fiscal year. The tax revenue collected will be deposited into the City's general fund, similar to all other tax revenue collected from the City's gross receipts tax regime

Voter Approval and Election Requirements

The ballot measure proposes a general tax and therefore must be approved by a majority of the voters of the City of Los Angeles to be adopted. (Cal. Const., Art. XIII C, Section 2(b).)

City Election Code Section 601 requires that a final resolution to place a measure on the ballot must be adopted no less than 110 days before the election. For the June 2, 2026 Election, the deadline for the City Council to adopt the resolution containing the final language of the ballot measure is February 11, 2026.

CEQA

Pursuant to California Environmental Quality Act (CEQA) Guidelines, Section 15378(b)(3), the adoption of the ballot resolution and election ordinance for this measure does not constitute a "project" for purposes of complying with CEQA, and therefore, no further CEQA analysis or findings are necessary to approve the ballot

resolution and election ordinance. If this measure is adopted, staff should also be directed to file a notice of exemption with the County Clerk pursuant to Public Resources Code Section 21152(b).

Rule 38 Referral

A copy of the draft ballot measure has been presented to the Office of the City Administrative Officer, the Chief Legislative Assistant, and the Office of Finance pursuant to Council Rule 38, with a request that all comments, if any, be presented directly to the City Council when it considers this matter.

If you have any questions regarding this matter, please contact Assistant City Attorney Charles Hong at (213) 978-7700 or Assistant City Attorney Harit Trivedi at (213) 978-7100. A member of this Office will be available when you consider this matter and answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By


MICHAEL J. DUNDAS
Chief Assistant City Attorney

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Transmittal