

Ballot Simplification Committee
Hotel Tax Clarification and Definitions

**FINAL Digest after Reconsideration—by Packard, Fasick, Fraps, Jorgensen, Unruh, 11:39 a.m.
August 5, 2010**

Requests for Reconsideration were due by 1:00 p.m. on Tuesday, August 3, 2010

The Way It Is Now: The City charges a 14% tax on the rental of hotel rooms and related charges, and that money goes to the General Fund. In addition, a fee of 1% to 1 ½% for improving Moscone Convention Center and promoting San Francisco is assessed.

The hotel tax applies to the amount a guest pays to occupy a room and related charges, and the hotel "operator" must collect the tax when it collects the payment. The hotel tax does not apply to payment from a "permanent resident" who occupies a hotel room for at least 30 consecutive days. The Tax Code defines "operator" and "permanent resident." (See "Words You Need to Know.")

The Proposal: Proposition K would keep the hotel tax rate at 14%.

Proposition K would confirm that the hotel tax applies to the amount a guest pays to occupy a room and related charges, and that anyone collecting payment from a hotel guest must collect the tax on that amount and pay it to the City.

Proposition K would define "permanent resident" so that only an individual could qualify for the "permanent resident" exemption.

Proposition K would combine different definitions of "operator" in the Tax Code into one definition.

If the voters adopt both Proposition K and Proposition J, the hotel tax rate would be determined by the proposition receiving the most votes.

A "YES" Vote Means: If you vote "yes," you want to:

- keep the hotel tax rate at 14%,
- confirm that anyone collecting rent from a hotel guest must also collect tax on room rental and related charges, and
- define "permanent resident" so that only an individual could qualify for the "permanent resident" exemption.

A "NO" Vote Means: If you vote "no," you do not want to make these changes to the Tax Code.

word count: 289 [suggested word limit: 300]