



April 17, 2026
Assemblymember Liz Ortega
Chair, Committee on Labor and Employment
1020 N Street, Room 155
Sacramento, CA 95814

SUBJECT: Assembly Bill 1869 (Haney) – Oppose

Chair Ortega,

On behalf of California's 6,000+ hotels and boutique inns whose interests are represented by the California Hotel + Lodging Association and the industries/businesses listed below, we write to respectfully urge you to **OPPOSE ASSEMBLY BILL 1869 (Haney)** because it threatens incalculable damage to the hotel industry, local communities and employees, and to the retirement dreams of everyday Californians.

Real Estate Investment Trusts ("REITs") are legal entities specifically created to enable everyday people to pool their retirement savings to invest in large projects, like hotels.¹ These may seem like large companies, but that's by design – millions of people, including 56% of Californians, invest their life savings into these entities directly and through retirement funds in the hopes of earning enough to retire, sending their children to college, and chasing their dreams.² In turn, these REITs invest in hotels which fund local governments, create well-paying jobs for Californians, and support the local community.

Assembly Bill 1869 would jeopardize all of their futures and broader California hotel stability by undermining state conformity with federal law through a reporting provision which misrepresents and indirectly contravenes existing law.³ Under this bill, REITs which are acting within the law, would face the threat of fines, penalties, and loss of tax status for standard contract terms and for possessing tools given to them by Congress to protect the interests of those everyday people who invest in hotel REITs. Further, this measure would force at least two state agencies to assume more costs via an unwieldy reporting scheme which would generate no additional compliance benefit.

California hotels are declaring bankruptcy at alarming rates⁴. Instead of helping workers in an industry which has been battered by inflation, international travel slumps, COVID-19, etc., this

¹ [IRS Investor Bulletin: Real Estate Investment Trusts, 2011](#)

² [Survey, NAREIT Research Note](#)

³ In 2024, the Chief Counsel for the IRS (a Biden appointee) stated the test to determine whether a taxable REIT subsidiary is operating or managing a facility. This test is generally defined as "The IRC states that a TRS may not directly or indirectly operate or manage a lodging facility. Whether the activities of a TRS constitute the direct or indirect management and operation of a lodging facility is determined by analysis of the facts and circumstances surrounding the day-to-day operations of the lodging facility." <https://aboutblaw.com/bfud>

⁴ <https://therealdeal.com/san-francisco/2026/04/02/hyatt-house-hotels-in-east-bay-sell-at-foreclosure/>

measure would change the law, spend California money to create misleading state-level complaint systems, and further slow/stop investment into California hotels which, as a result, will destabilize cities, communities, and the future of hotel employees for years to come.

Conclusion

Assembly Bill 1869 (Haney) would undermine state conformity with federal law to introduce instability into California's hotel industry in a manner that threatens the future of hotels in California, downtown recoveries across the state, and the savings of hard-working Californians at a time when affordability frustrations are around every corner and our futures are uncertain.

For these reasons, we respectfully urge you to **OPPOSE ASSEMBLY BILL 1869 (Haney)**.

If you have any questions, please contact A.J. Rossitto via email at aj@calodging.com.

Respectfully,



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