

The Honorable Steve Lavagnino
Chair, Board of Supervisors
County of Santa Barbara
105 E Anapamu Street
Santa Barbara CA 93101

June 3, 2024

Dear Chair Lavagnino, and members of the Board of Supervisors:

We, a diverse coalition of Santa Barbara County lodging, restaurants, attractions and transportation businesses, strongly oppose any transient occupancy tax (TOT) increase within the County of Santa Barbara. The loss of travelers to neighboring counties, as well as the loss of dollars for customers to spend at our restaurants and retail outlets, would add even more of a burden to an already challenging business environment. We urge the Board of Supervisors to table any discussion of new or increased, targeted taxes on hospitality businesses and on our guests. We further implore you to partner with us to maximize the economic impact generated by the leisure and hospitality industry and to improve, not threaten, our shared success.

Increased Taxes Create a Competitive Disadvantage

Santa Barbara County, and most incorporated cities within it, already have the highest transient occupancy taxes on the Central Coast at 12%. To win new customers and retain existing visitors, our businesses and attractions constantly compete with other desirable destinations in Ventura County (whose TOT is 8%), San Luis Obispo County (at 9%) and Monterey County (10.5%). **Any increase above 12% would be a true “unforced error” – a completely avoidable competitive disadvantage.**

The Hospitality Industry Pays More Than Enough

Visitors throughout Santa Barbara County are consistently taxed more than residents, while consuming significantly fewer public services. While sales tax ranges from 7.75% to 9.25%, almost no visitor spending categories are tax exempt, while residents rightly receive exemptions for many necessities such as groceries and medications. Similarly, the average overnight visitor pays the TOT, while our hotel, inn and short-term-rental businesses also pay property taxes similar to residents. Throughout the county, visitors consistently pay for general fund services that are disproportionately enjoyed by non-visitors. **Rhetoric that visitors should “pay their fair share” does not acknowledge that visitors already pay more than residents on a per day basis.**

Threats From Every Corner

Dark clouds are gathering once again. Our destination’s annual hotel vacancy rate (i.e., empty rooms) is above 30%. If any other sector of the economy had a 30%+ vacancy rate (such as store fronts, farms, residential real estate) we believe you would rightfully jump to action.

Discretionary consumer spending on categories such as travel has already peaked. After years of inflation, the Federal Reserve is intentionally slowing the economy through higher interest rates and all our businesses are in an uphill battle to maintain our customers. Indeed, even unemployment is on the rise in Santa Barbara County. **Regardless of the headlines, hospitality is a sector in recession.**

While it may be tempting to think of us as faceless organizations, remember the human impact of such a recession. Our industry’s success has always come from teams of dedicated employees who work to

provide upbeat service, welcome visitors and create lasting memories for our customers. Overnight visitation is directly correlated to these critical jobs. High lodging vacancy rates lead to unemployment, falling wages and salaries, less predictable schedules, fewer tips and less spending by employees' families across the community. **Taxes targeting our industry lower the value of overnight travel to our region and increase all of these threats.**

We are reliant on you as leaders to help during these challenges, not cause further harm. We urge you to cease any effort to increase targeted taxes such as the TOT.

Agreed to, and respectfully submitted jointly by the undersigned:

Chris Cline
General Manager
Hotel Santa Barbara

Tom Patton
General Manager/Partner
Ramada by Wyndham, Santa Barbara

Andrew Firestone
Principal
StonePark Capital

Kathy Janega-Dykes
President/CEO
Visit Santa Barbara

Kristen Miller
President/CEO
Santa Barbara South Coast Chamber

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Cc:

Mona Misyasato
Nancy Anderson
Brittany Odermann
Clerk of the Board of Supervisors