



Agenda Item No: 3.b

## **PLACENTIA CITY COUNCIL AGENDA REPORT**

Meeting Date: June 16, 2026

Submitted by: Brooke Lovell

From: City Attorney's Office

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### **Subject:**

**RESOLUTION SUBMITTING A HOTEL TAX MEASURE TO THE ELECTORATE AT THE NOVEMBER 3, 2026 GENERAL MUNICIPAL ELECTION AND REQUESTING THAT THE ELECTION BE CONSOLIDATED WITH OTHER ELECTIONS TO BE HELD ON THAT DATE**

### **Financial Impact:**

If enacted by voters, generates approximately \$715,000 annually in new locally-controlled revenue. One time election-related costs of approximately \$8,500.

### **Summary:**

The Transient Occupancy Tax ("TOT") is a tax imposed on visitors who stay in hotels, short-term rentals, and similar lodging establishments within the City. Commonly referred to as a "hotel tax," the TOT has remained at a rate of ten percent (10%) for decades. The tax is paid by visitors occupying lodging accommodations within the City for periods of thirty (30) consecutive days or less. Revenue generated through TOT supports essential municipal services and helps offset the increased demand placed on City infrastructure, public safety, and other public services by visitors and hotel occupants. TOT revenue may be used to support a variety of municipal functions, including, but not limited to, neighborhood police patrols, fire protection, 911 response, and road repairs. Similar transient occupancy taxes are imposed by over 95% of cities throughout California.

Given increasing operational costs, inflationary pressures, and ongoing demands for municipal services, it is appropriate for the City to evaluate the feasibility of adjusting the TOT rate. Such an evaluation would help ensure that City revenues remain adequate to sustain current service levels, address future community needs, and support the City's long-term fiscal stability. Additionally, a potential adjustment to the TOT rate would help ensure that visitors and overnight guests contribute an equitable share toward the municipal services and infrastructure they utilize while staying in the City of Placentia.

Pursuant to California law, any increase to the City's TOT rate must be approved by the voters. The proposed action would adopt a Resolution placing before the voters, at the November 3, 2026 General Municipal Election, a ballot measure to increase the City's TOT rate by four percent (4%), increasing the rate from ten percent (10%) to fourteen percent (14%). The Resolution also directs the City Attorney to prepare an impartial analysis of the measure and authorizes the filing of ballot arguments and rebuttals in accordance with

applicable law.

**Recommended Action:**

It is recommended that the City Council:

1. Approve Resolution No. R-2026-49, a Resolution of the City Council of the City of Placentia, California Submitting a Hotel Tax Measure to the Electorate at the November 3, 2026 General Municipal Election and Reiterating its Request that the Election be Consolidated with Other Elections to be Held on that Date; and
2. Authorize the City Administrator, or designee, to execute all necessary documents and take all actions necessary to effectuate the intent of the Resolution, subject to approval as to form by the City Attorney.

**Strategic Plan Statement:**

This item is consistent with the City Council's adopted Strategic Goals to ensure the City's long-term financial stability through responsible fiscal management, strategic investment, and the maintenance of a balanced budget that supports high-quality municipal services.

If approved by the voters, the proposed TOT increase would provide an ongoing locally controlled revenue source to continue to support essential City services and programs, including but not limited to public safety, infrastructure maintenance and improvements, parks and recreational amenities, and community programs serving residents, seniors, and youth.

**Discussion:**

In March 2026, the City engaged William Berry and Embold Research to assist in evaluating the feasibility of placing a Transient Occupancy Tax increase before the voters. As part of this effort, community polling and outreach were conducted to obtain public input regarding their interest in a revenue measure that could appear on the November 3, 2026 General Municipal Election ballot.

The polling results indicated voter support for a proposed TOT increase at levels exceeding the simple majority threshold required for passage. In addition to public polling, the City developed an informational webpage and will be holding community engagement meetings to provide information regarding the proposed measure and solicit community feedback through surveys and public discussion. City staff has continued outreach efforts through existing City communication channels, including social media, email communications, and participation in community organizations and stakeholder meetings.

Based on the results of this outreach and community engagement process, staff has prepared a proposed ordinance that would increase the City's Transient Occupancy Tax rate by four percent (4%), from ten percent (10%) to fourteen percent (14%), subject to voter approval.

If approved by the voters, the measure is estimated to generate approximately \$715,000 annually in additional revenue.

**ANALYSIS:**

The City of Placentia is committed to maintaining a high quality of life and providing reliable municipal services that support residents, businesses, and visitors. Maintaining these services requires ongoing investment in public safety, infrastructure, parks, and community programs.

If approved by the voters, the proposed TOT increase would diversify and strengthen the City's revenue base by generating additional locally controlled funding paid by visitors staying

in local lodging establishments. This increase would also ensure that out-of-town visitors pay their fair share of the local services they use when in Placentia.

The City currently imposes a ten percent (10%) TOT, which has remained unchanged since 1985. During that period, the City has experienced significant changes in tourism patterns, lodging accommodations, operational costs, and inflation. Additionally, the growth of short-term rental platforms has expanded the lodging market beyond traditional hotels and motels.

Compared to surrounding jurisdictions, the City's current TOT rate remains relatively modest. A four percent (4%) increase would align the City more closely with rates imposed by neighboring cities, such as Anaheim which is currently at 15%.

Based on the available lodging data for Placentia, the estimated average daily room rate is about \$145 per night. A proposed increase in the TOT from 10% to 14% would add an extra 4% tax to the nightly rate. This increase is estimated to result in an additional cost of approximately \$5.80 per night on average for hotel and short-term rental guests.

Following adoption of the Resolution, City staff will complete all actions necessary to place the measure before the voters at the November 3, 2026 General Municipal Election. These actions include publication requirements, coordination with the Orange County Registrar of Voters, preparation of the City Attorney's impartial analysis, and administration of the ballot argument and rebuttal process pursuant to applicable provisions of the California Elections Code.

**Financial Summary:**

If approved by the voters, the proposed four percent (4%) increase in the Transient Occupancy Tax is estimated to generate approximately \$715,000 annually in additional General Fund revenue.

The estimated incremental cost associated with placing the measure on the November 3, 2026 General Municipal Election ballot is \$8,500.

If approved by the electorate, the Ordinance would become operative on January 1, 2027.

**Attachments**

[CC RES R-2026-49 -TOT.docx](#)

[Exhibit A - Placentia TOT Ordinance.docx](#)