

CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE E

The St. Helena City Council has placed Measure E on the ballot. Measure E would increase the existing transient occupancy tax on rental of hotel rooms, referred to as the "TOT," by one percent (1%) within St. Helena.

All revenues from the increase would be restricted to programs and services for affordable and workforce housing.

Currently, the TOT rate in St. Helena is 12% of the room rental rate. Measure E would increase the TOT rate by 1%, to 13% of the room rent. This is in addition to a 2% Napa Valley Tourism Improvement District assessment that is currently imposed on hotels and passed on to hotel visitors. The effective rate of the City's TOT combined with the assessment, now 14%, would be 15% if St. Helena's voters approve Measure E.

The tax is paid only by persons, primarily visitors, who rent hotel rooms for 30 days or less. The 1% increase would result in additional revenue of approximately \$279,000 annually, and has no sunset provision.

Affordable and workforce housing services and programs funded from Measure E include activities to increase, improve and preserve the City's supply of rental and for-sale housing for households earning up to 120% of area median income. Examples include construction of new affordable housing, conversion of market rate units to affordable units, preservation, rehabilitation, or maintenance of affordable units, and acquisition of real property for any of the programs.

Households eligible to occupy housing funded by this 1% increase include "moderate income households" (earning up to 120% of area median income), "median income households" (up to 100% of area median income), "low-income households" or "lower income households" (up to 80% of area median income), "very low-income households" (up to 50% of area median income), or an "extremely low income household" (up to 30% of area median income). The current median income for a four person household in Napa County is \$91,000.00.

Because Measure E restricts the use of tax revenue from the 1% increase to programs and services for affordable and workforce housing, it is a "special tax." All revenues would be placed in a separate account and would not be comingled with other City funds. An annual report must be filed detailing the amount of special tax revenues collected and expended. Measure E will be approved if at least two-thirds of those voting vote "Yes".

A "Yes" vote is a vote in favor of the tax. A "No" vote is a vote against the tax.

Voters in St. Helena also will have an opportunity to vote on a similar Napa County Measure I. Measure I will only impact taxes charged in hotels located outside the City limits.

This statement is an impartial analysis of Measure E. If you desire a copy of Measure E, please contact the City Clerk's office at 707-968-2640 or cityclerk@cityofsthenelena.org. A copy will be provided at no cost.

DATED: August 1, 2018

Thomas B. Brown, St. Helena City Attorney