

CITY OF COLFAX

TRANSIENT OCCUPANCY TAX

Frequently Asked Questions

NOVEMBER 2022 BALLOT MEASURE - TRANSIENT OCCUPANCY TAX (TOT)

The Colfax City Council unanimously placed this measure on the November 8, 2022 ballot. If enacted by voters, this would increase the Transient Occupancy Tax (TOT) from 8% to 10% and expand the definition of “operator” to include on-line room sellers, resellers, and brokers who contract with a hotel to arrange for rental of its rooms.

The TOT tax rate in Colfax is currently the second lowest hotel tax rate in the County and has been in place since 1975. The Transient Occupancy Tax is a “pass-through” tax in that it is collected by the hotel operators from their customers and passed along to the City. The TOT is not a tax on the residents or hotel operators themselves, although hotel operators are responsible for collecting the tax from their customers and transmitting the tax collected to the City. It is a tax on hotel customers, who are typically not Colfax residents, for the privilege of temporarily occupying a hotel room in Colfax.

Revenue generated from this measure cannot be taken by the State, and would provide locally controlled funding to help maintain and protect vital city services.

WHAT IS A TRANSIENT OCCUPANCY TAX?

The Transient Occupancy Tax (TOT) is a tax paid only by visitors and tourists to our City. Visitors pay this tax when they stay at a Colfax hotel, motel, or other short-term lodging. It is used to help fund local services that visitors use when staying in the City.

WHO PAYS THE TOT?

The TOT is not paid by any local hotel operator, but solely by guests staying at hotels located within Colfax, who are normally visitors and not residents.

DOES THE TOT COST LOCAL BUSINESSES?

No. This tax is considered a “pass-through” tax because it doesn’t tax local residents or businesses. Only the visitor staying at the lodging property pays the tax.

HOW MUCH ADDITIONAL REVENUE WILL BE GENERATED?

The 2% increase is estimated to produce \$29,000 additional revenue every year and will remain in effect unless and until it is ended by the voters.

WHAT WILL THE FUNDING BE USED FOR?

The TOT is a general tax, which means that the proceeds of TOT collection can be used for general City expenditures, including but not limited to police, fire, road and pothole repair, and parks and recreation.



Fire Protection



Police



Street Repairs



Parks & Recreation

WILL FUNDING BE SPENT LOCALLY?

Yes. The City's revenue cannot be taken by the State.

DOES THE TOT APPLY TO RENTERS IN COLFAX?

No. The TOT tax only applies to persons who occupy a hotel, motel, or short-term lodging for a period of less than 30 days.

HOW COMMON IS A TOT TAX?

Most cities and counties in the state charge a TOT Tax.

HOW DOES COLFAX'S RATE COMPARE TO SIMILAR CITIES?

The City's current TOT rate of 8% is lower than several nearby Cities:

County	City	Tax Rate
Placer	Auburn	8%
Placer	Colfax	8%
Placer	Lincoln	10%
Placer	Loomis	8%
Placer	Rocklin	8%
Placer	Roseville	6%*
El Dorado	Placerville	10%
Nevada	Grass Valley	10%
Nevada	Nevada City	10%
Nevada	Truckee	10%

*Proposed 2022 measure to increase rate to 10%

HOW DO WE KNOW THAT FUNDS WILL BE SPENT RESPONSIBLY?

Every dollar raised by a TOT is deposited in the City's general fund which is subject to an annual public budgetary review to ensure that expenditures are accounted for and spent appropriately.

WHEN IS THE ELECTION?

Look for this measure on your November 8, 2022 ballot. For more election information and to register to vote online, visit the Placer County Registrar of Voters at placercountyelections.gov.

HOW CAN I FIND OUT MORE INFORMATION?

We are conducting extensive outreach to hear from our residents and businesses about this TOT measure and what it means for our City.

For **additional information on the potential TOT measure** and to learn about the type of City services it could help maintain, please **visit <https://localinput.net/>**.

You can email any questions to city.clerk@colfax-ca.gov.

