

## SAN DIEGO TOURISM MARKETING DISTRICT

**WHAT IS THE SAN DIEGO TOURISM MARKETING DISTRICT (Official Notice and Ballot):** The San Diego Tourism Marketing District (TMD) is an assessment district encompassing the entire city wherein, over the next five years, hotels with 70 or more sleeping rooms would pay an assessment of 2% of non-exempt gross room revenues in order to provide a funding source for marketing and promotion of San Diego to enhance tourism activity and hotel room night consumption.

**REVENUE DEFINITION (Official Notice and Ballot):** Gross room revenue means the total consideration charged to a transient, as shown on the guest receipt for the occupancy of a room, or portion thereof, in a hotel, and includes consideration for incidentals such as equipment (i.e. rollaway beds, cribs, television sets, and similar items) and in-room services (i.e. movies and other services not subject to California taxes).

**EXEMPT REVENUE DEFINITION (Official Notice and Ballot):** Exempt revenues are those revenues either derived from a person who has exercised occupancy or was entitled to occupancy for more than one month where a month is defined as a period of consecutive days from the first calendar day of occupancy in any month to the same calendar day in the next month following, or the last day of the next month following if no corresponding calendar day exists; or where exempt by treaty or by Federal or State laws, or where the payment is made directly by the United States Government or the State of California or their respective instrumentalities; or where the room charge is \$25 a day or less.

Transient occupancy taxes should not be included when calculating the assessment.

**NOTIFICATION OF CONSUMER (Enabling Ordinance, Page 13):** At the discretion of the business owner the assessment or any portion thereof may be collected from a transient, that said portion shall be specifically called out and identified for the transient in any and all communications from the business owner as a "San Diego Tourism Marketing District Assessment." Notwithstanding the opportunity to collect the assessment or a portion thereof from the transient, the assessment is levied solely upon the business owner within the district, that the business owner is solely responsible for payment of the assessment when due.

**OPERATORS DUTIES AND ACCOUNTING PROCEDURES (District Management Plan, Page 15):** The amount of assessment, if passed on to each Transient, shall be separately stated from the amount of gross room revenue

charged and any other applicable taxes, and each Transient shall receive a receipt for payment from the business. A duplicate of the receipt given to each Transient shall be kept by the business in accordance with subsection (c) below.

- (a) Each business shall account separately for, and maintain separate monthly summary totals for, taxable and non-taxable gross room revenue and for the assessment.
- (b) Each business shall maintain its financial and accounting records in accordance with established accounting principles acceptable to the City Treasurer. It shall be the duty of every business liable for the payment to the City of any assessment imposed to keep and preserve, for a period of three years within the boundaries of this City, all business records as may be necessary to determine the amount of such assessment for which the business is liable for payment to the City. The City Treasurer and authorized deputies or agents in the exercise of duties imposed shall have the right to inspect such records at all reasonable times and to apply auditing procedures necessary to determine the amount of assessment due.
- (c) The costs of additional goods and services, which are not gross room revenue, but which may be sold as a package, or are complimentary with a room, or portion thereof, in a Hotel shall be accounted for in accordance with any administrative rules and regulations promulgated by the City Treasurer.

TIME AND MANNER FOR COLLECTING ASSESSMENTS (District Management Plan, Page 15): The collection of the assessments levied shall be made at the time and in the manner set forth by the San Diego City Council in the resolution establishing the district. It is proposed that assessments will be remitted on a monthly basis to the City Treasurer by each business using a self-reporting form that identifies the accounting periods for the previous month and the applicable gross room revenue and District assessment for each of those accounting periods.

Assessments levied for the purpose of providing improvements and promoting activities that benefit businesses are not taxes for the general benefit of a city, but are assessments for the activities which confer benefits upon the assessed businesses for which the activities are provided.