

December 3, 2007

Dear San Diego Hotelier:

On behalf of the San Diego County Hotel-Motel Association and the San Diego Lodging Industry Association, we are pleased to announce that the San Diego hotel community has voted in favor of establishing the San Diego Tourism Marketing District! The Tourism Marketing District (TMD) will generate over \$25 million for our tourism marketing organizations and will finally provide our industry the opportunity to fully market San Diego as the premier destination.

Attached is an outline of the details of the TMD and below are some specifics regarding the TMD that you will need to know before it takes effect on January 1, 2008:

The TMD is a 2 percent assessment on the total room revenue at hotels with 70 rooms or more located in the City of San Diego. You must start collecting the TMD assessment on January 1, 2008.

The assessment may be passed on to your guests. If you do pass the assessment on to your guests, the assessment must be identified separately from all the other charges on the guest folio as "San Diego Tourism Marketing District Assessment."

If you decide not to pass it along to the consumer, the hotel is liable for the assessment.

The assessment will be collected and reported at the same time and in the same manner as the Transient Occupancy Tax (T.O.T.). As a convenience to you, the City of San Diego Treasurer's office will be sending you one payment voucher with two separate sections to report your T.O.T. and TMD.

Hotels must account separately for, and maintain separate monthly summary totals for, taxable and non-taxable gross room revenue and for the TMD assessment. It is important to discuss this requirement with your IT departments to see if any changes need to be made to your computer systems.

Your sales departments should immediately start advising groups arriving on or after January 1, 2008, about the 2 percent TMD assessment.

We are here to help you through this transition. A seminar is in the process of being scheduled with representatives from the City of San Diego so they can give you first-hand advice on how to collect, process, and report the TMD assessment. You should plan to bring anyone from your property who will have any contact with the assessment, i.e. front office staff, controllers, revenue managers, sales teams, etc. You will receive more information on the seminar in the next few weeks.

Please do not hesitate to contact us at 619-224-2811 or info@sdhma.com with any questions or concerns.

Sincerely,

Mohsen Khaleghi
President