

STAFF REPORT



COMMUNITY DEVELOPMENT

DATE: June 16, 2026

TO: Justin Hess, City Manager

FROM: Patrick Prescott, Community Development Department Director
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BY: Simone McFarland, Assistant Community Development Director
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SUBJECT: Adoption of a Resolution Calling for the Placement of a General Tax Measure on the November 3, 2026 General Municipal Election Ballot for the Submission to Qualified Voters of a Proposed Ordinance Amending the City's Transient Occupancy Tax ("TOT") by Increasing the Maximum Rate from Ten Percent (10%) to Twelve Percent (12%) Effective January 1, 2027; Directing the City Attorney to Prepare an Impartial Analysis; and Directing the City Clerk to Set Rules and Deadlines for Arguments and Rebuttals for and Against the Measure

RECOMMENDATION

1. Adopt A RESOLUTION OF THE COUNCIL OF THE CITY OF BURBANK CALLING FOR THE PLACEMENT OF A GENERAL TAX MEASURE ON THE NOVEMBER 3, 2026 GENERAL MUNICIPAL ELECTION BALLOT FOR THE SUBMISSION TO QUALIFIED VOTERS OF A PROPOSED ORDINANCE AMENDING THE CITY'S TRANSIENT OCCUPANCY TAX ("TOT") BY INCREASING THE MAXIMUM RATE FROM TEN PERCENT (10%) TO TWELVE PERCENT (12%) EFFECTIVE JANUARY 1, 2027; DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS; AND DIRECTING THE CITY CLERK TO SET RULES AND DEADLINES FOR ARGUMENTS AND REBUTTALS FOR AND AGAINST THE MEASURE; and
2. Authorize the City Council to create an Ad-Hoc Subcommittee consisting of the Mayor and Vice-Mayor, to prepare an argument in favor of the measure and if necessary, submit a rebuttal argument.

EXECUTIVE SUMMARY

The City of Burbank (City) is evaluating a proposed increase to its Transient Occupancy Tax (TOT) from ten percent (10%) to twelve percent (12%) to help address projected long-term fiscal challenges while maintaining essential City services. The TOT, paid by visitors staying in hotels and other short-term lodging accommodations for fewer than 30 days, has remained unchanged since 1983. Even with a proposed increase, the City's TOT rate would remain competitive with neighboring jurisdictions, many of which currently impose higher combined lodging-related taxes and assessments. The proposed increase is projected to generate approximately \$3 million annually in additional General Fund revenue to support services such as police, fire, emergency response, parks, homelessness programs, youth and senior services, and general municipal operations.

The City's long-range financial forecast projects expenditures will continue to outpace revenues through Fiscal Year 2030-31 despite recent cost-control and revenue-generating efforts implemented by the City. Staff therefore recommends that the City Council consider placing a proposed measure on the November 3, 2026 ballot for qualified voter consideration to increase the TOT rate. If approved by a majority vote, the increase would take effect on January 1, 2027. Staff would also conduct a public education and outreach program and prepare the required ballot materials, including resolutions, ordinance language, and impartial analysis. City Council can elect to draft the ballot.

BACKGROUND

A Transient Occupancy Tax (TOT), often referred to as a hotel or lodging tax, is a local tax imposed on individuals who rent hotel accommodations¹ for a short-term stay, typically for 30 consecutive days or less. The tax is paid by visitors and collected by hotels, motels, inns, and other lodging providers as part of the guest's bill and then remitted to the City. TOT revenues are a locally controlled funding mechanism that helps maintain general municipal services such as public safety, emergency response, parks and recreation programs such as youth programs and senior services, homelessness prevention, and community development projects. The tax rate and specific regulations vary by jurisdiction, with some cities and counties applying additional assessments for tourism or convention funding.

Burbank adopted a TOT in 1964 and has not increased the rate of ten percent (10%) since 1983. As depicted in Figure 1 below, Burbank's current TOT rate of 10% is less than several comparable neighboring jurisdictions, including Pasadena (12.11%), Glendale (12%), Los Angeles (14%), West Hollywood (12.50%), and Santa Monica (15%).

¹ Per BMC §2-4-602, Hotel Accommodation is defined as any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location.

Figure 1- TOT Comparison

Destination	TOT	TBID Assessment	Total Charge*
Santa Monica	15.00%	\$2.20 / \$6.00 / \$7.00 per room night ¹	19.36%
Pasadena	12.11%	4.89%	17.00%
West Hollywood	12.50%	4.00%	16.50%
Los Angeles	14.00%	2.00%	16.00%
Oxnard	10.00%	4.00% ²	14.00%
Ventura	10.00%	4.00% ²	14.00%
Beverly Hills	14.00% ³	N/A	14.00%
Conejo Valley	10.00% - 12.00% ⁴	2.00%	12.00 - 14.00%
Camarillo	9.00%	4.00% ²	13.00%
Santa Clarita	10.00%	2.00%	12.00%
Simi Valley	10.00%	2.00%	12.00%
Glendale	12.00%	N/A	12.00%
Burbank (Existing)	10.00%	1.75%	11.75%
Burbank (Proposed)	12.00%	1.75%	13.75%

Cities such as Burbank also commonly establish a Tourism Business Improvement District (TBID), which assesses overnight hotel room rentals to generate funding for tourism promotion and destination marketing efforts in addition to TOT. When comparing Burbank to other cities, both assessments must be evaluated as they add to the room rate totals.

As shown in Figure 1 above, when the TOT and TBID assessments are considered together, Burbank continues to remain highly competitive relative to neighboring jurisdictions. Even with a potential increase in the TOT rate, the City's combined hotel-related charges would continue to be competitive.

Budget Considerations

The City currently faces a projected budget deficit that can be offset by the increase in the TOT rate. Although the local economy entering FY 2026–27 is expected to remain stable, the City is faced with sluggish retail sales and ongoing volatility in the entertainment sector, Burbank's leading source of employment. The security of Burbank's federal funding sources and the performance of pension investment returns also remain a concern due to the impact of shifting federal policies on the stock market and the overall U.S. economy. While U.S. economists are not currently projecting a recession in 2026, the risk is now considered elevated due to rising inflation, weak job growth, and geopolitical conflicts. Consequently, as Burbank heads into a new fiscal year, the City is projecting slower revenue growth and heightened uncertainty compared to prior years.

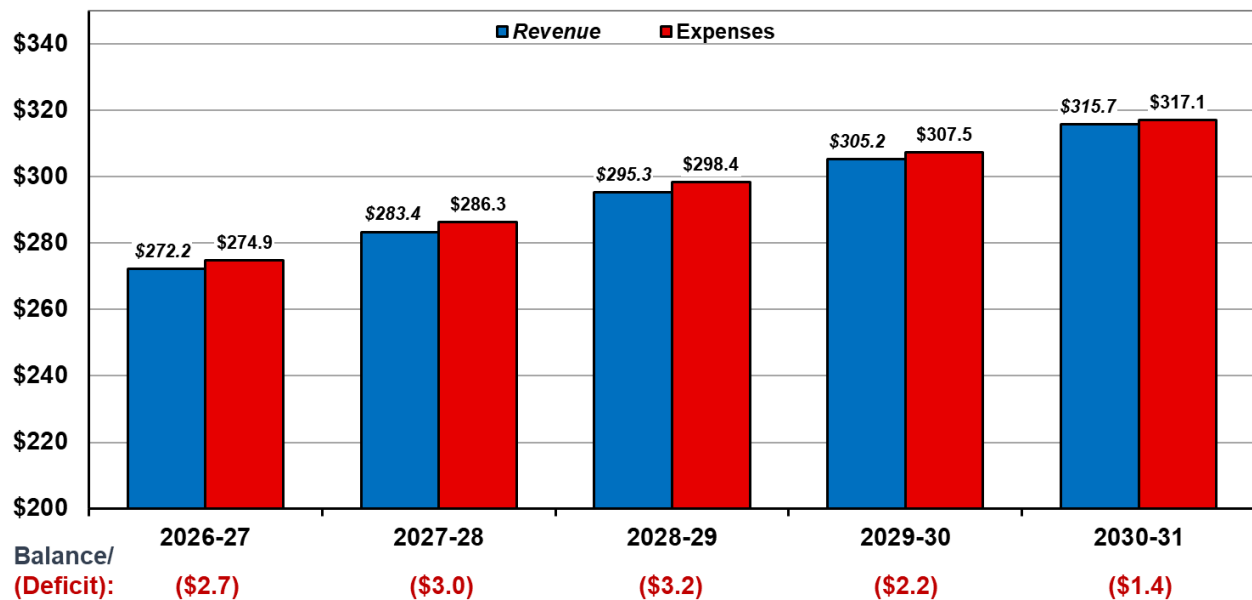
At the Mid-Year Financial Report on March 10, 2026, staff presented to the City Council a forecasted recurring General Fund deficit of \$4.2 million heading into FY 2026-27. The City began the FY 2026-27 budget development process striving to reduce the deficit while avoiding any significant budget cuts that would negatively impact programs and services that benefit the Burbank community. This was accomplished through a combination of actions, including limiting new recurring budget requests to items critical to maintaining operations, working with labor to implement cost savings measures, and investing one-time funds in areas that can generate future recurring savings.

Despite the efforts outlined above, the General Fund financial forecast continues to reflect a recurring budget deficit for the next five fiscal years. The FY 2026-27 Budget was presented to the City Council on May 5, 2026. Staff utilized a conservative and responsible approach for both revenues and appropriations; however, increases in labor agreements, rising pension costs, and inflationary impacts on the prices of goods and services create upward pressure on expenditure growth. As such, the proposed budget included the use of approximately \$2.7 million in one-time funds to balance the recurring budget, avoiding significant cuts to City programs and services. Staff continue to evaluate options for future efficiencies and explore new sources of revenue to preserve existing service levels for the community. The City Council adopted the FY 2026-27 Budget on June 2, 2026.

DISCUSSION

As shown in Figure 2 below, the General Fund's Five-Year Financial Forecast includes a recurring deficit of approximately \$2.7 million for FY 2026-27, growing to \$3.2 million by FY 2028-29. The City will continue to face fiscal challenges over the next several years, as expenditures are currently projected to outpace the growth of revenues, resulting in a projected deficit through FY 2030-31. It should be noted that these projections are subject to change as the conditions impacting Burbank's economy continue to fluctuate.

Figure 2 -General Fund Financial Forecast FY 2026-27 through FY 2030-31
(in millions)



As Burbank works to mitigate this structural imbalance, enhancing local revenues is a necessary component to maintaining and providing services at the levels our community members expect and deserve. Given the projected budgetary deficit the City is projected to face in the upcoming years, the City implemented cost-cutting actions by prioritizing and reducing new funding requests within the FY 2026-27 budget, implementing a hiring “chill,” and reducing outstanding workers compensation liability. Previously instituted cost reduction and revenue enhancement actions have included implementing a Pension Funding Policy, fully funding other post-employment benefits (OPEB), establishing a cost recovery policy, and implementing paid parking.

If enacted, the proposed measure would provide an estimated \$3 million in additional local revenue annually to the City’s General Fund, affording the City the opportunity to maintain and provide City services such as police, fire, parks, and general municipal services and address local needs. Additionally, the City will continue its high standards for fiscal accountability and transparency through annual audited financial reports to City Council that will include an accounting of TOT funds.

A TOT rate increase will benefit the City financially as 100% of these revenues are used directly to fund general City services. Furthermore, an increase in the TOT rate will align the City’s TOT rate with rates of surrounding jurisdictions.

Election Measure

The proposed Resolution (Attachment 1) calls for a local general election and consolidation with the Statewide General Election, submits to the electors for approval a

ballot measure to increase TOT by two percent (2%,) amends Article 6 of Chapter 4 of Title 2 of the Burbank Municipal Code, establishes policies and procedures for the election, directs the City Attorney to prepare an impartial analysis, and authorizes the filing of rebuttal arguments. The Resolution must also contain the specific wording of the question to be submitted to the voters ("Ballot Measure Text").

Pursuant to Proposition 218 (California Constitution, Article XIII C), all general taxes which are imposed, extended, or increased must be submitted to the electorate and approved by a majority vote of the qualified electors voting in the election. The general rule is that any local election for the approval of an increase to a general tax must be consolidated with a regularly scheduled general election for members of the governing body of the local government.

The City Council has the authority to place a measure on the ballot regarding the imposition, extension or rate increase to a TOT for consideration by the voters at a Municipal Election pursuant to Section 9222 of the California Elections Code and Section 7280 and 7281 of the California Revenue and Taxation Code. The City Council would achieve this action by approving both the Resolution and Ordinance (Attachment 1, Exhibit A) that would place the measure on the ballot for consideration by qualified Burbank voters.

Staff recommends placing the proposed ballot measure on the November 3, 2026, election ballot. For the measure to pass, it would require a 50% +1 approval vote. If approved, it would go into effect January 1, 2027.

If the ballot measure is rejected by the qualified voters, the TOT rate would remain at ten percent (10%) with no amendments to the Municipal Code.

Ballot Measure Question Language

The proposed ballot measure is limited to 75 words, including title and questions, and would read as follows:

CITY OF BURBANK CITY SERVICES MEASURE: "To maintain services including fire, paramedic, police, 911 response; prepare for/respond to wildfires/other disasters; prevent property crimes; keep public areas/neighborhoods clean/safe; address homelessness; support youth programs, senior services, other general city services; shall the measure increasing Burbank's transient occupancy tax, paid only by hotel/motel guests, from 10% to 12%, providing approximately \$3,000,000 annually until ended by voters, requiring audits, spending disclosures, funds used locally, be adopted?"

Impartial Analysis

If the City Council elects to approve the proposed Resolution, the City Attorney will be directed and required to provide an Impartial Analysis for the measure pursuant to BMC Section 2-3-1104. The Impartial Analysis will be printed preceding the arguments for and/or against the measure, may not exceed 500 words in length, and is due on August 14, 2026.

Arguments For and/or Against Elections

California Elections Code Section 9282 states that the City Council or any member or members of the City Council authorized by the body, or an individual voter who is eligible to vote on the measure, or a bona fide association of citizens, or a combination of voters and associations, may file a written argument for or against the measure. The argument is not to exceed 300 words in length². If the City Council desires, they can elect to create an ad-hoc subcommittee of two City Council members who could draft an argument in favor of the measure and approved by the City Council as a whole.

Additionally, California Elections Code Section 9287 and BMC 2-3-1205 authorizes the City Clerk to give preference and priority to the order in which the arguments will be placed into the sample ballot pamphlet. This includes the City Council or authorized members' argument, if arguments are received from multiple parties.

Through the resolution calling the election, the City Council is allowing for Rebuttal Arguments, (Elections Code §9285). Rebuttal arguments are limited to a maximum of 250 words. Rebuttal arguments shall be filed with the City Clerk no later than 10 days after the final filing date for Election primary arguments. The deadline for submission of Rebuttal Arguments is August 24, 2026.

COMMUNITY OUTREACH

If City Council elects to move forward with placing a TOT measure on the ballot, the City will conduct an education program that will consist of staff speaking at meetings with local civic organizations, posting information on social media, bulletins on the Burbank Channel, education material at public counters, utility bill insert(s), public announcements, digital advertising, direct mail, and posting materials on the City's website.

ENVIRONMENTAL REVIEW

The City Council exercises its independent judgment and finds that this ordinance is not subject to California Environmental Quality Act (CEQA) pursuant the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, Sections: 15060(c)(2), because the ordinance will not result in a direct or reasonably foreseeable indirect physical change in the environment; 15061(b)(3), because the ordinance is covered by

²Municipal Information Booklet, General Election November 3, 2026, page 35-39.

the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment; and 15378(b)(4), because governmental fiscal and administrative activities that are not committed to any project, are not considered projects under CEQA. Therefore, the adoption of this ordinance is exempt from CEQA, and no further environmental review is necessary.

FISCAL IMPACT

Los Angeles County estimates the cost of the consolidated November 3, 2026, election at \$427,000, including a cost of approximately \$43,520 for the TOT measure. This estimate does not include a potential recall measure, which would increase the election cost. The estimate is for the Los Angeles County election services only and does not include mandated legal notices, translation costs, and voter outreach.

If voters approve the proposed measure, the City is estimated to receive an additional \$3 million in annual General Fund revenue, which would be allocated directly for general City services and would largely eliminate the City's General Fund deficit as projected in the Fiscal Year (FY) 2026-27 Proposed Budget. In the FY 2026-27 Proposed Budget, the City Clerk's Office also requested an appropriation of \$179,368 for all City election costs and will request to carryover funds from the FY 2025-26 Budget of approximately \$410,000. If additional election costs are incurred, the City agrees to reimburse Los Angeles County for any costs. If all City election costs exceed \$589,368, the Clerk's Office will return to City Council seeking additional funding.

CONCLUSION

Increasing the TOT would provide the City with an additional source of General Fund revenue to help maintain essential municipal services and address projected long-term fiscal challenges. Because the tax is primarily paid by visitors staying in local hotel accommodations, the proposed measure would minimize direct financial impacts on Burbank residents while allowing the City to remain competitive within the regional hospitality market. Staff recommends that the City Council adopt the proposed Resolution to call the general election, consolidate the election, and place the proposed TOT rate increase on the election ballot for consideration by qualified Burbank voters at the November 3, 2026, Municipal Election.

ATTACHMENT

Attachment 1 – Resolution