



**TOT IMPACTS
TO BUSINESS**

Risks to Consider



IMPACTS TO INCREASING TOT

- **Taxes compound across room blocks** & multi-night stays for group business, conferences, & tournaments
- Guests consider **total costs**-including parking, resort fees & taxes-additional tax increases overall expenses
- Destinations are chosen for **affordability**; travelers seek alternatives, shifting tax revenue to nearby cities
- Limited-service/midscale hotels compete **mainly on price**
- Planners/repeat visitors can create long-term competitive loss by establishing new booking patterns
- Higher lodging costs hit harder during **economic uncertainty/inflation**
- OTAs let consumers compare total stay costs, highlighting tax differences
- Fewer visitors reduce revenue **beyond TOT** (sales tax, restaurant, retail)
- **Employment** in hotels and related food, event, and retail services is affected

Anticipated increase in TOT revenue may not fully materialize due to reduced room-night demand. The industry faces rising labor, insurance, utility, and operating costs; additional tax burdens may further pressure margins/staffing decisions.



TOT TAX IMPACTS GROUP BUSINESS

	*Average Daily Rate	Group Revenue Without Tax	Current Taxes (8% TOT, 3% BIA)	+1% Point (9% TOT, 3% BIA)	+2% Point (10% TOT, 3% BIA)	+3% Point (11% TOT, 3% BIA)
Average **Group Size 259 rooms	\$194.85	\$50,466.15	\$5,551.28 TAX TOTAL Cost of Program \$56,017.43	\$6,055.94 TAX TOTAL Cost of Program \$56,522.09	\$6,560.60 TAX TOTAL Cost of Program \$57,026.75	\$7,065.26 Tax TOTAL Cost of Program \$57,531.41

*YTD through April 2026

**IDSS group room size reflects that of TCM's Destination Sales Executive Only



TOT TAX IMPACTS ON HOTEL SEGMENTS OF BUSINESS

	*Average Daily Rate	Current Taxes 11% (8% TOT, 3% BIA)	+1% Point 12% (9% TOT, 3% BIA)	+2% Point 13% (10% TOT, 3% BIA)	+3% Point 14% (11% TOT, 3% BIA)
Transient	\$185.25	\$205.63	\$207.48	\$209.33	\$211.19
Group	\$194.85	\$216.28	\$218.23	\$220.18	\$222.13
Contract	\$129.53	\$143.78	\$145.07	\$146.31	\$147.66

*YTD through April 2026



City/DMO	TOT %	TBID %	Comments
Anaheim	15	2.0	
Buena Park	12	2.0	\$500k from city to operate Visit Buena Park
Costa Mesa	8	3.0 BIA	
Dana Point	10	Revised in 2025 • 1.5 on rooms over 190 • 1 on <190 rooms	2.5% & 1.5% increase in year 3
Garden Grove	14.5	2.5	
HB	10	6.0	
Irvine	8	2.0	
Laguna Beach	12	2.0	
Newport Beach	10	5.0 (MAP) + 23 of TOT	<ul style="list-style-type: none"> • 23% of funds from TOT goes to online marketing • 5% Meetings Assessment Partnership (MAP) 10-year agreement
Santa Ana	11	2.0	