

BALLOT INITIATIVE (June 2026)

City of Los Angeles Transient Occupancy Tax (TOT) [Increase](#), and [Expansion](#) to Include Online Travel Firms

SUMMARY & OVERVIEW:

Los Angeles voters will be asked to weigh in on two related but separate changes to the city's hotel tax, formally known as the Transient Occupancy Tax or TOT. One measure raises the tax rate. The other closes a longstanding loophole that has allowed online travel companies to avoid paying taxes on a portion of what they charge customers.

Measure One: A Rate Increase

When you book a hotel room, a short-term rental, or similar lodging in Los Angeles, the city charges a tax on top of the room rate. This measure would increase that tax.

Specifically, it would add a 2% surcharge during the Olympics and other major events, running from January 2027 through December 2028. After that period ends, a permanent 1% increase would remain in place. The city estimates this would generate approximately \$45 million in additional annual revenue, with higher amounts during the temporary surcharge years.

It is worth noting that the Chamber engaged actively on this proposal. The original draft called for a 4% increase. As a result of the Chamber's advocacy, that figure was reduced to 2%.

Measure Two: Closing the Online Travel Company Loophole

When you book a hotel room through an online travel company — such as Expedia, Booking.com, or similar platforms — the company typically pays the hotel a wholesale rate, then charges you a higher retail price, keeping the difference as its markup. Under current law, Los Angeles only collects the hotel tax on the wholesale amount the hotel receives, not on the full price you actually paid. The markup the online company pockets goes untaxed.

This measure would close that gap. If passed, online travel companies would be required to collect and pay the hotel tax on the full amount customers are charged — including their markup — putting them on equal footing with hotels and other lodging providers that already pay tax on the full room rate.

Endorsements:

- City of Los Angeles

Arguments in Support:

- Revenues raised would support essential city services
- Capitalizes on influx of visitors during major events

[Prepared by L.A. Area Chamber of Commerce Policy Staff as of April 8, 2026]

- Brings rates more in line with other cities (Malibu, Santa Monica, Beverly Hills at 15%)

Opposition:

- Tourism boosters
- Hotel industry groups

Arguments in Opposition:

- Higher tax rates compound cost pressures when hotels are already facing rising wage requirements and weaker demand
- Tourists may be deterred by higher lodging costs
- Tax fatigue

CHAMBER POLICY STAFF RECOMMENDATION:

Hotel Tax Rate Increase — Recommended Position: OPPOSE

Chamber staff recommends opposing the measure that would raise the hotel tax rate.

While the Chamber and its partners succeeded in persuading city officials to reduce the proposed increase from 4% to 2%, we believe the measure still moves in the wrong direction. Making Los Angeles more expensive to visit — at this particular moment — adds pressure to an industry that is already under serious strain. The hotel sector has not yet fully recovered from the COVID-19 pandemic, and it is now navigating the added challenges of the January wildfires, rising costs driven by tariffs, and the economic disruption caused by immigration enforcement actions. The City Council and Mayor have compounded these pressures further by mandating substantially higher minimum wages for hotel workers.

Taken together, a tax increase layered on top of these existing burdens risks accelerating hotel closures, discouraging visitors, and undermining the city's ability to capitalize on the major global events — the World Cup and the Olympics — that Los Angeles is counting on for its economic recovery.

Online Travel Company Tax Expansion — Recommended Position: SUPPORT

Chamber staff recommends supporting the measure that would require online travel companies to pay the hotel tax on the full amount customers are charged, including the markup those companies retain.

We want to be transparent that this analysis has been difficult. Reliable data on the volume and value of these markups is limited, which makes it hard to predict the full fiscal impact with confidence. That said, the principle here is straightforward: online travel companies are currently able to pocket a portion of what customers pay without contributing to the city's tax base, while our member hotels pay taxes on every dollar they receive. This measure would

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correct that imbalance. It does not raise rates — it simply ensures that all parties operating in the same market are playing by the same rules.

Government & Fiscal Affairs Policy Council Position: OPPOSE (the TOT tax increase)