

Alternative Means for Financing Convention Center Expansion
Summary Overview of Legal Issues Presented

General Principles

Tax = imposed primarily for revenue raising purposes, rather than in return for (1) a specific benefit conferred or a privilege granted, or (2) as a means to offset the actual costs of a legitimate regulatory or police power activity

= new or increased “special tax” (imposed by a local agency for a particular purpose as opposed to a tax imposed for general revenue raising purposes) must be approved by two-thirds of those voting on the tax.

Fee = usually intended to pay the cost of regulatory activity; generally involves a specific relationship between those who are paying the fee or assessment, and the use of the proceeds. Revenue production a secondary effect, not the reason for imposition.

Assessment = imposed upon persons who will in return receive a “special benefit” from the proceeds of the assessment. An assessment must also generally be proportionate to the benefit received – that is, each parcel or business assessed must be assessed in proportion to the extent of the special benefit they receive.

Funding Mechanism	Tax, Fee or Assessment	Approving Authority	Process
Citywide increase in TOT	Special Tax	City	Submit to Voters, 2/3 approval
Rental Car surcharge	Can be a tax or fee, depending on primary purpose (revenue or regulation)	City; also potentially Port District and/or Airport Authority	Tax – submit to voters Fee – Processed per City department request/Council approval (may not be applicable to rental operations on Port District/Authority lands)
Ticket tax/fee on tourist-related activities	Can be a tax or fee	City (may be subject to limitations in leases or other contractual arrangements)	Tax – submit to voters Fee –City process

Ticket tax/fee on particular venues (e.g. PETCO Park, Cricket Amphitheater, Cox Arena)	Can be a tax or fee	<ul style="list-style-type: none"> - <u>PETCO</u> governed by agreement between City and Padres limiting new taxes, fees or assessments - <u>Cricket</u> located in Chula Vista, CA - <u>Cox Arena</u> on property of CSUSD; may be able to impose tax on types of business conducted there 	<p>Tax – submit to voters</p> <p>Fee – City process</p>
Taxicab airport pick-up/drop-off	Can be a tax or fee	City; subject to limitations, if any, of airport authority’s jurisdiction	<p>Tax – submit to voters</p> <p>Fee – City process</p>
Extend or increase existing TMD	Assessment	City/TMD members	Amend/prepare new assessment engineer’s report; follow state law and local ordinance procedures for voting on amended plan and related assessment
Create new TMD	Assessment	City/proposed TMD members	Engage in assessment district formation process per state law and local ordinance
Tax on food/beverage sales in vicinity of Convention Center	Special tax	City (except City cannot impose its own tax on alcoholic beverage sales)	Tax – submit to voters