



**COUNTY OF SAN LUIS OBISPO
BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor-Controller-Treasurer- Tax Collector	(2) MEETING DATE 12/9/2025	(3) CONTACT/PHONE Kari Lekvold 805-781-4846	
(4) SUBJECT Submittal of a report for the annual fiscal audits of establishments subject to the County Transient Occupancy Tax Ordinance for the period January 1, 2023 through December 31, 2024.			
(5) RECOMMENDED ACTION It is recommended that the Board receive, review, and file the report of the annual fiscal audits of establishments subject to the County Transient Occupancy Tax Ordinance for the period January 1, 2023 through December 31, 2024, and provide direction as deemed necessary.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0	(8) ANNUAL FINANCIAL IMPACT \$0	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date <u>08/22/2023</u>	
(17) EXECUTIVE OFFICE REVIEW Zachary A. Lute			



COUNTY OF SAN LUIS OBISPO

TO: Board of Supervisors

FROM: James W. Hamilton, CPA, Auditor-Controller-Treasurer-Tax Collector

DATE: December 9, 2025

SUBJECT: Submittal of a report for the annual fiscal audits of establishments subject to the County Transient Occupancy Tax Ordinance for the period January 1, 2023 through December 31, 2024.

RECOMMENDATION

It is recommended that the Board receive, review, and file the report of the annual fiscal audits of establishments subject to the County Transient Occupancy Tax Ordinance for the period January 1, 2023 through December 31, 2024, and provide direction as deemed necessary.

DISCUSSION

The County currently collects a 9% Transient Occupancy Tax (TOT) and a 1.5% Tourism Marketing District (TMD) assessment from 2,308 (comprising both hotels and vacation rentals) lodging establishments throughout the unincorporated area. 1,493 establishments collect and remit an additional 2% San Luis Obispo County Business Improvement District (BID) assessment.

The purpose of our audits was to determine the accuracy of the transient occupancy related amounts remitted to the County and to verify that the tax and assessments were calculated in accordance with Chapters 3.08 and 3.09 of the San Luis Obispo County Code and County Resolution 2020-16.

To achieve our purpose, we reviewed the TOT returns submitted for the audit period by the establishments and compared the returns to supporting documentation.

The audits of the two establishments concluded that, collectively, they owed the County \$51,041 in Transient Occupancy Tax (TOT), Tourism Marketing District (TMD), and Business Improvement District (BID). Penalties and interest totaling \$10,719 were waived by ACTTC pursuant to Revenue and Taxation Code Section 4985.2, based on the extended period during which the inaccurate reporting went unidentified. We have attached our Summary of Monetary Audit Findings with details by establishment.

Based on the magnitude of the audit findings, the Internal Audit team elevated the assessed risk of the program and has expanded its monitoring efforts. Six fiscal TOT audits are currently underway, and the results will be reported to the Board upon completion.

OTHER AGENCY INVOLVEMENT/IMPACT

Individualized audit reports were issued to each establishment. The Auditor-Controller-Treasurer-Tax Collector is responsible for the enforcement of all audit findings and recommendations.

FINANCIAL CONSIDERATIONS

The County collected the following total amounts for calendar year 2023:

Transient Occupancy Tax	\$15,979,397
Tourism Marketing District Assessment	\$2,667,923
County Business Improvement District Assessment	\$2,815,050

The County collected the following total amounts for calendar year 2024:

Transient Occupancy Tax	\$16,094,397
Tourism Marketing District Assessment	\$2,685,598
County Business Improvement District Assessment	\$2,854,160

RESULTS

Annual fiscal reviews of Transient Occupancy Tax (TOT), Tourism Marketing District (TMD), and Business Improvement District (BID) assessments serve as a mechanism for verifying the accuracy of reported taxes and assessments in the unincorporated area. The audit team’s work delivers substantial value by enhancing transparency, improving compliance, and safeguarding public revenues. These efforts directly support the County’s commitment to a prosperous and well-governed community.

ATTACHMENTS

- 1 Summary of Audit Findings Transient Occupancy Tax CY 2023 to CY 2024

**County of San Luis Obispo
Transient Occupancy Tax Audits
Summary of Monetary Audit Findings**

Establishment *	Period Under Review	TAXABLE REVENUES			% of Reported Amount	AMOUNT DUE BY AUDIT FINDINGS			
		Reported	Audited	Difference		Taxes/Fees Due/(Refund)	Penalties	Interest	Total Due/(Refund)
1	CY 23-24	10,596,661	10,910,492	313,831	3.0%	40,202			40,202
2	CY 23-24	1,391,965	1,487,045	95,080	6.8%	10,839			10,839
		<u>\$ 11,988,626</u>	<u>\$ 12,397,538</u>	<u>\$ 408,911</u>		<u>\$ 51,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,041</u>

* Establishment names have been removed for purposes of confidentiality.

NOTE:

Transient Occupancy Tax (TOT) rate for the period under review was 9%, TMD was 1.5%, and SLOCTBID was 2%.