



## CITY OF MURRIETA

June 26, 2023

The Honorable Monique Limón  
California State Senate  
1021 O Street, Room 6510  
Sacramento, CA 95814

**Re: SB 584 (Limón) Laborforce Housing: Short-Term Rental Tax Law  
– Notice of Opposition**

Dear Senator Limón,

On behalf of the City of Murrieta, I write in respectful **opposition to SB 584**, which requires a 15% statewide short-term rental (STR) occupancy tax to be collected and used for labor force housing. SB 584 defines a “short-term rental” as the occupancy of a home, house, a room in a home or house, or other lodgings that are not a hotel, inn, motel, or bed and breakfast in this state for a period of 30 days or less.

While Murrieta finds the intent of SB 584 laudable and appreciates the author’s desire to provide cities with funding for housing development, the ends do not always justify the means. This measure takes a flawed approach by creating a statewide 15% tax on the occupancy of short-term rentals, paid for by the renter of the property. Currently, more than 400 cities and 55 counties impose a local Transient Occupancy Tax (TOT), with the most common rate being 10%. It should be noted that current TOT rates have taken a long time to reach their current levels, often being increased incrementally over many years. Should the Senate bill pass, the effective TOT rate of the City will be 25% (10% City, 15% state); this could create a potential barrier for increasing TOT in the future to appropriately fund City services.

This bill would give the Department of Housing and Community Development (HCD) unilateral authority over the collected funds with no guarantee that the resources will be equitably reinvested in our community. Moreover, this bill creates complex and burdensome obligations by establishing the first-ever statewide assessment on STRs. Finally, SB 584 mandates the use of project labor agreements for all construction and rehabilitation work that would take place, creating a significant hurdle to achieving the housing goals of this bill, this will cause an unnecessary financial strain on the City and our community.

For these reasons, the City of Murrieta respectfully opposes SB 584.

Sincerely,

Lisa DeForest  
Mayor