

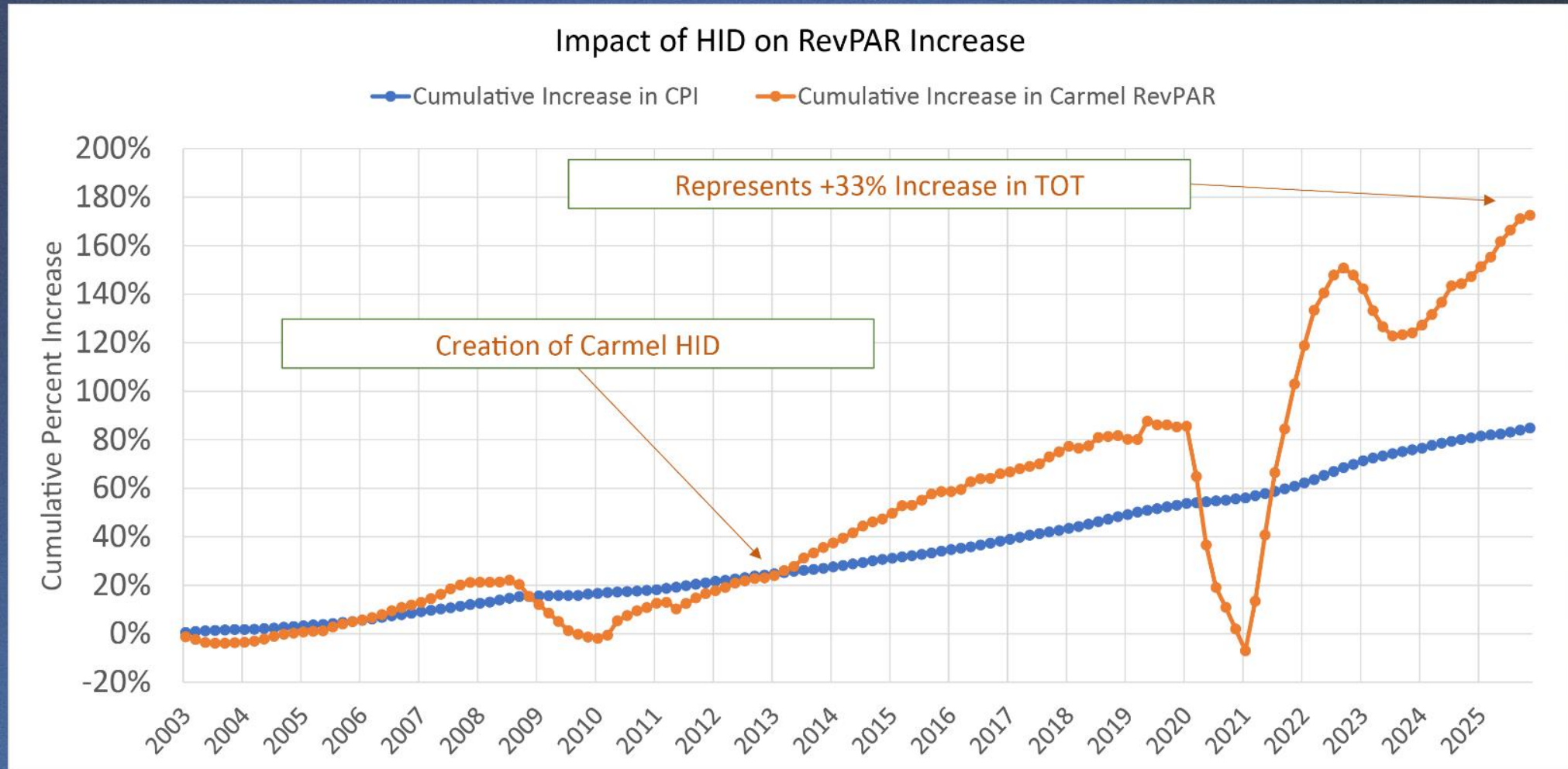


CARMEL
INNKEEPERS
ASSOCIATION

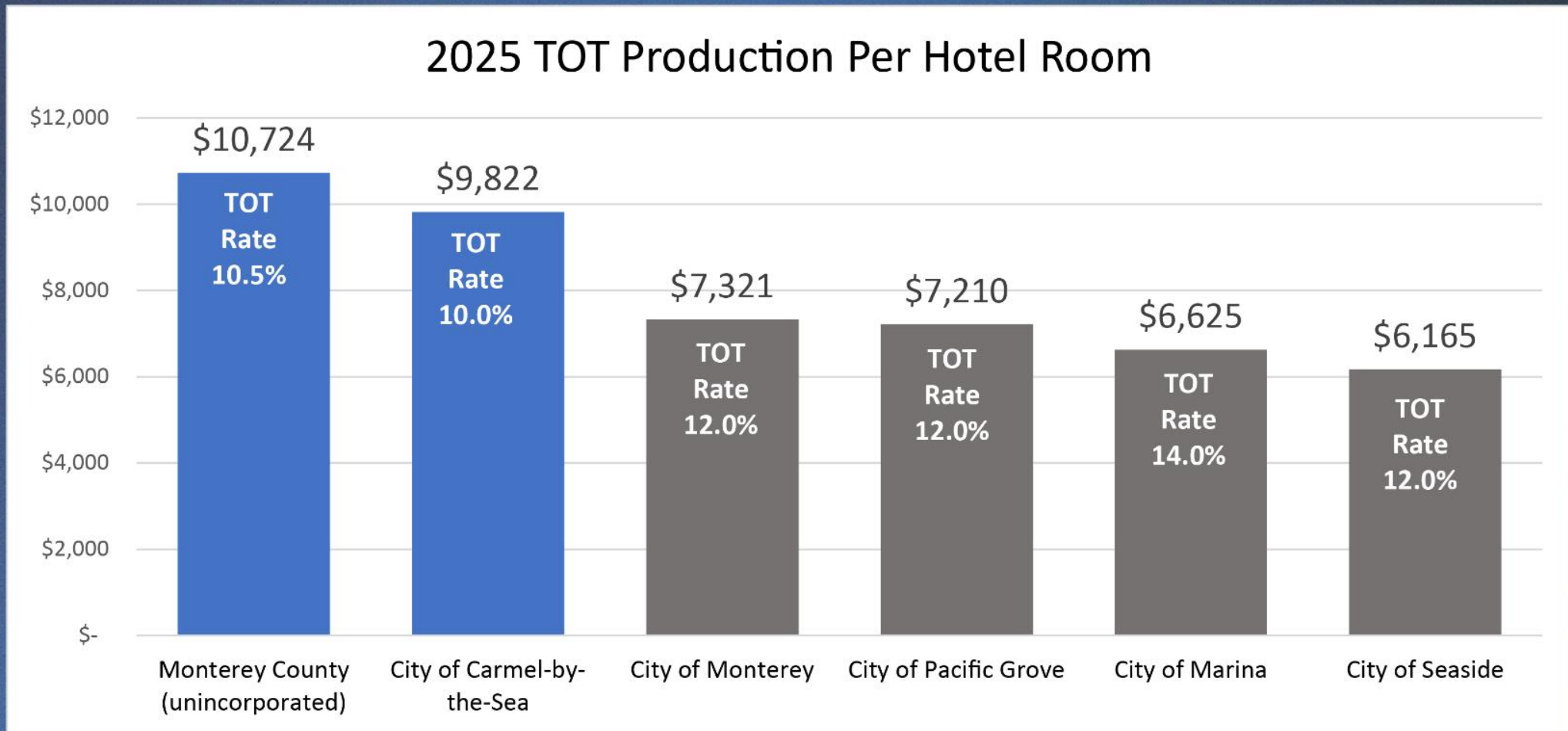
PO Box 1362 • Carmel-by-the-Sea • California 93921

Should Carmel Raise the Hotel Tax?

Smart Marketing and Hotel Improvements Increased TOT More Than a Tax Increase

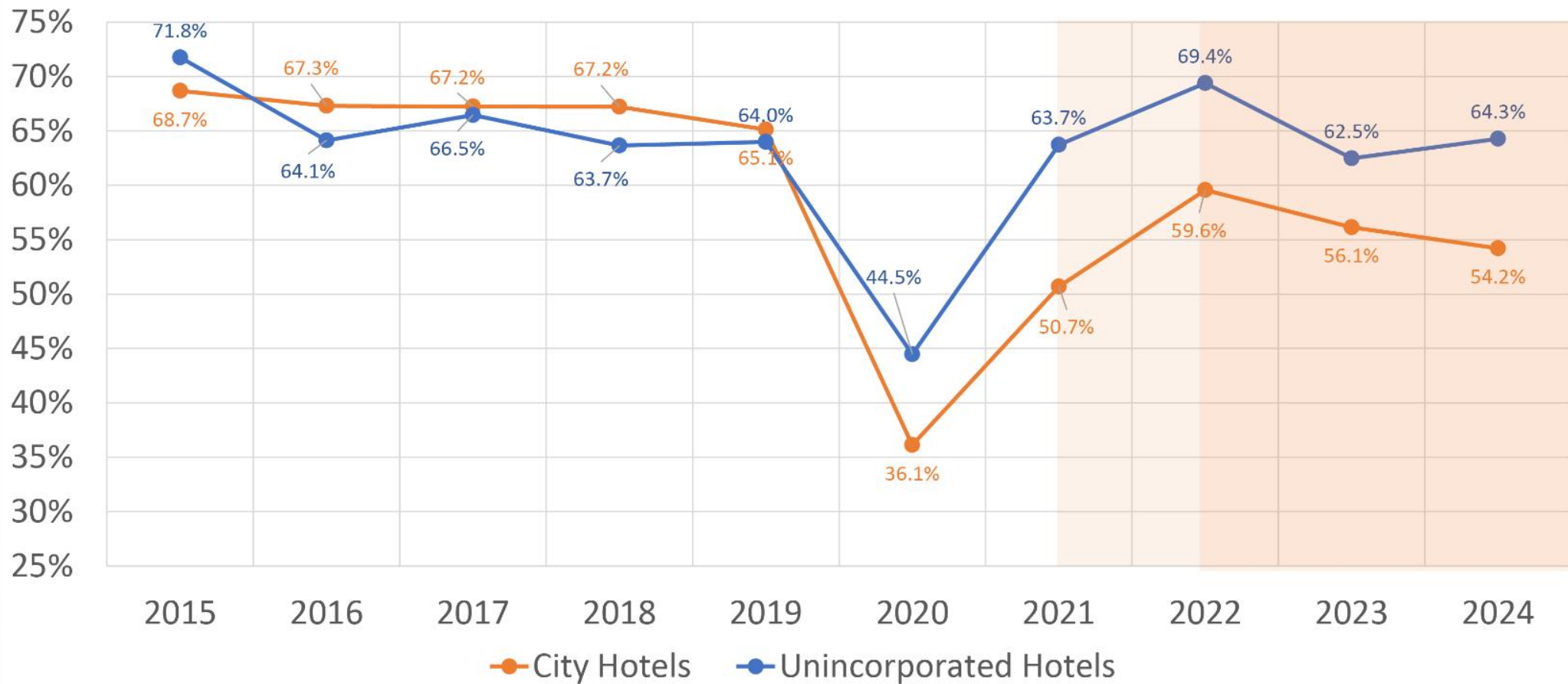


Higher Pricing Power Delivers Higher TOT Not Higher Tax Rates



What Happens When Neighbors Raise Taxes

Half Moon Bay Hotel Occupancy



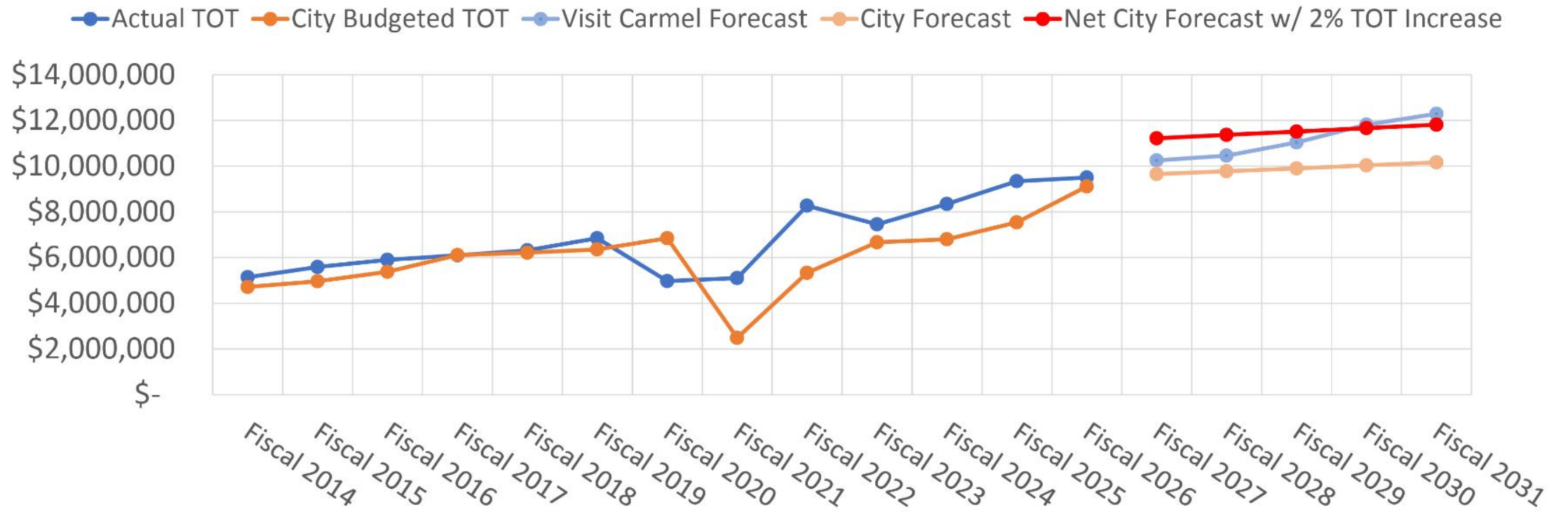
Higher Taxes Decreases Occupancy

Decreased Occupancy Hurts Carmel Businesses

Base for Calculations	12-Months Ended December 2025			
City of Carmel TOT	\$	9,533,718		
City of Carmel Room Nights		244,531		
TOT per Room Night	\$	38.99		
Occupancy		69.4%		
ADR	\$	389.88		
			Lost Hotel	Lost Retail
Year 1 Expected Reduction in Room Nights		<u>Demand Lost</u>	<u>Revenue</u>	<u>Revenue</u>
Upscale Hotels		-2017	\$ (554,675)	
Luxury Hotels		-2993	\$ (1,587,139)	
Total		-5010	\$ (2,141,814)	\$ (1,521,081)
				\$ (3,662,895)

The City Forecast of 1.3% TOT Growth is Too Low Current Growth Will Exceed Forecasted Tax Increase

Carmel-by-the-Sea TOT Revenue Historical and Projected



Carmel's Hotel Model Works

- HID + Reinvestment + Pricing Power = More TOT Revenue
- Higher Taxes Starve Reinvestment
- Higher Taxes = Lost Occupancy and Fewer Overnight Visitors
- We Already Deliver Strong Growth
- Keep Carmel World-Class and Visitor Friendly