



TO: City Council

FROM: Steve Groom, Finance Director

DATE: November 5, 2020

RE: City Council's Lodging Tax options for 2021 Budget

The allocations proposed and reviewed by the LTAC are:

		A		B	C
	Adopted Budget 2020	All Applicant Requests 2021	CM Proposed Budget	LTAC Recommendation August 27	LTAC Recommendation October 22
Revenue forecast	1,620,000	1,400,000	1,400,000	1,310,000	1,310,470
Less, existing city obligations					
Convention Center debt	486,000	347,051	347,051	347,051	347,051
Convention Center capital exp	238,430	72,949	72,949	72,949	65,654
Convention Center operations	489,600	606,000	606,000	606,000	545,400
Visitor Center Operations	74,020	76,500	76,500	52,900	57,375
Sports Commission Operations	84,660	87,500	87,500	87,500	78,750
	1,372,710	1,190,000	1,190,000	1,166,400	1,094,230
Capitol Theatre Operations	198,910	206,000	206,000	75,000	154,500
SunDome	48,380	48,600	48,600	48,600	43,740
Airport	-	100,000	50,000	-	-
SOZO	-	20,000	-	20,000	18,000
Museum	-	10,000	-	-	-
Total Expenses	1,620,000	1,574,600	1,494,600	1,310,000	1,310,470
Surplus (Deficit)	-	(174,600)	(94,600)	-	0

City Council's options. The allocations LTAC has reviewed and commented on, are:

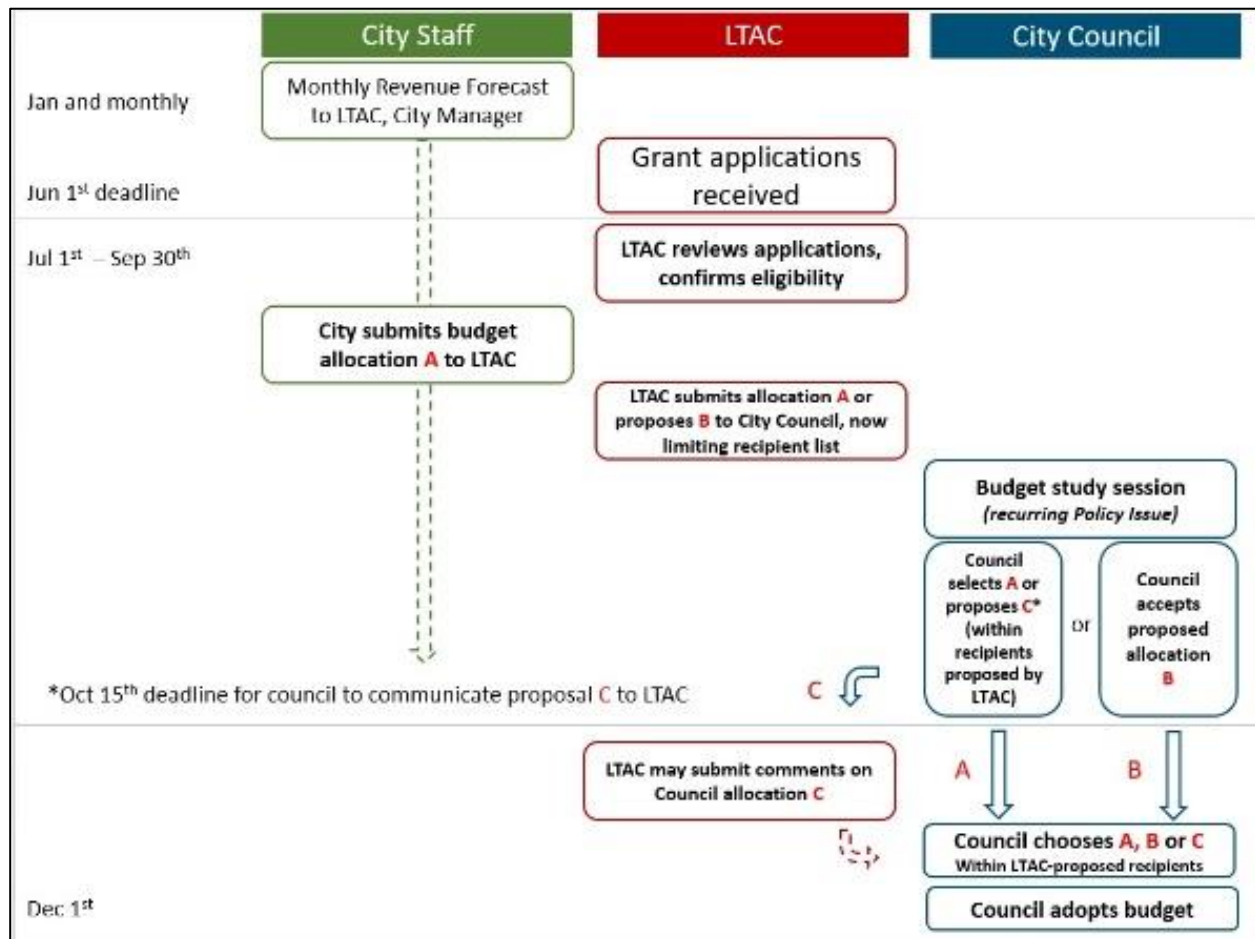
- 1) Allocation A was reviewed by LTAC on August 27th.
- 2) Allocation B was proposed by LTAC on August 27th eliminating Airport and Museum from further City allocation proposals, (Per RCW 67.28.1816 §2 (b) ii "The municipality may choose only recipients from the list of candidates and recommended amounts provided by the local lodging tax advisory committee")
- 3) Allocation C was proposed by LTAC October 22nd

Timing. A motion may be made at the city council business meetings on November 17th or December 1st during the agenda item for the 2021 Budget. *The LTAC's recommends Allocation C, revised on October 22nd, will be budgeted.*

The statutory deadline for city council to make any new proposals has passed (45 days prior to adoption, October 15th, prior to expected adoption on December 1st (RCW 67.28.1817 §2). *Council may make no new allocation proposals prior to adoption on December 1st.*



The annual process is:



Timeline Review. The LTAC (Lodging Tax Advisory Committee) received several applications during the publicly-noticed application period from March 1st through June 1st, met on June 9th, August 14th and August 27th and made recommendation to City Council. On October 13th, City council requested LTAC to reconsider and revise their recommendation. LTAC met on October 22nd and proposed a revised allocation.



RCW 67.28.1816

Lodging tax—Tourism promotion.

1. Lodging tax revenues under this chapter may be used, directly by any municipality or indirectly through a convention and visitors bureau or destination marketing organization for:
 - a) Tourism marketing;
 - b) The marketing and operations of special events and festivals designed to attract tourists;
 - c) Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district created under chapters 35.57 and 36.100 RCW; or
 - d) Supporting the operations of tourism-related facilities owned or operated by nonprofit organizations described under 26 U.S.C. Sec. 501(c)(3) and 26 U.S.C. Sec. 501(c)(6) of the internal revenue code of 1986, as amended.
2.
 - a)
 - (a) Except as provided in (b) of this subsection, applicants applying for use of revenues in this chapter must provide the municipality to which they are applying estimates of how any moneys received will result in increases in the number of people traveling for business or pleasure on a trip:
 - i. Away from their place of residence or business and staying overnight in paid accommodations;
 - ii. To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
 - iii. From another country or state outside of their place of residence or their business.
 - b)
 - i. In a municipality with a population of five thousand or more, applicants applying for use of revenues in this chapter must submit their applications and estimates described under (a) of this subsection to the local lodging tax advisory committee.
 - ii. The local lodging tax advisory committee must select the candidates from amongst the applicants applying for use of revenues in this chapter and provide a list of such candidates and recommended amounts of funding to the municipality for final determination. The municipality may choose only recipients from the list of candidates and recommended amounts provided by the local lodging tax advisory committee.
 - c)
 - i. All recipients must submit a report to the municipality describing the actual number of people traveling for business or pleasure on a trip:
 - A. Away from their place of residence or business and staying overnight in paid accommodations;
 - B. To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
 - C. From another country or state outside of their place of residence or their business. A municipality receiving a report must: Make such report available to the local legislative body and the public; and furnish copies of the report to the joint legislative audit and review committee and members of the local lodging tax advisory committee.
 - ii. The joint legislative audit and review committee must on a biennial basis report to the economic development committees of the legislature on the use of lodging tax revenues by municipalities. Reporting under this subsection must begin in calendar year 2015.
 - d) This section does not apply to the revenues of any lodging tax authorized under this chapter imposed by a county with a population of one million five hundred thousand or more.



RCW 67.28.1817

Lodging tax advisory committee in large municipalities—Submission of proposal for imposition of or change in tax or use—Comments.

- (1) Before proposing imposition of a new tax under this chapter, an increase in the rate of a tax imposed under this chapter, repeal of an exemption from a tax imposed under this chapter, or a change in the use of revenue received under this chapter, a municipality with a population of five thousand or more shall establish a lodging tax advisory committee under this section.
 - A lodging tax advisory committee shall consist of at least five members, appointed by the legislative body of the municipality, unless the municipality has a charter providing for a different appointment authority. The committee membership shall include:
 - (a) At least two members who are representatives of businesses required to collect tax under this chapter; and
 - (b) at least two members who are persons involved in activities authorized to be funded by revenue received under this chapter. Persons who are eligible for appointment under (a) of this subsection are not eligible for appointment under (b) of this subsection. Persons who are eligible for appointment under (b) of this subsection are not eligible for appointment under (a) of this subsection. Organizations representing businesses required to collect tax under this chapter, organizations involved in activities authorized to be funded by revenue received under this chapter, and local agencies involved in tourism promotion may submit recommendations for membership on the committee.
 - The number of members who are representatives of businesses required to collect tax under this chapter shall equal the number of members who are involved in activities authorized to be funded by revenue received under this chapter.
 - One member shall be an elected official of the municipality who shall serve as chair of the committee.
 - An advisory committee for a county may include one nonvoting member who is an elected official of a city or town in the county. An advisory committee for a city or town may include one nonvoting member who is an elected official of the county in which the city or town is located.
 - The appointing authority shall review the membership of the advisory committee annually and make changes as appropriate.
- (2) Any municipality that proposes imposition of a tax under this chapter, an increase in the rate of a tax imposed under this chapter, repeal of an exemption from a tax imposed under this chapter, or a change in the use of revenue received under this chapter shall submit the proposal to the lodging tax advisory committee for review and comment.
 - The submission shall occur at least forty-five days before final action on or passage of the proposal by the municipality.
 - The advisory committee shall submit comments on the proposal in a timely manner through generally applicable public comment procedures.
 - The comments shall include an analysis of the extent to which the proposal will accommodate activities for tourists or increase tourism, and the extent to which the proposal will affect the long-term stability of the fund created under RCW 67.28.1815.
 - Failure of the advisory committee to submit comments before final action on or passage of the proposal shall not prevent the municipality from acting on the proposal.
 - A municipality is not required to submit an amended proposal to an advisory committee under this section.