

Council Business Meeting

June 5, 2018

Title: Ordinance Amending AMC 4.24.020 Allowing for the Tax Imposed to be set by Resolution with the Intent to Increase the Transient Occupancy Tax to 10 percent

From: Mark Welch Director of Finance
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Summary:

The proposed Ordinance amends the Ashland Municipal Code Chapter 4.24.020 allowing for the Transient Occupancy Tax to be set by a separate resolution. The intent of the change will be an increase in the rate from 9 percent to 10 percent, which will be presented to Council for consideration along with the second reading of this ordinance.

Actions, Options, or Potential Motions:

I move to approve First Reading, and placement on a future Council meeting agenda for Second Reading, of the proposed ordinance designated as Attachment A titled “An Ordinance Amending AMC 4.24.020, Increasing the Transient Occupancy Tax”.

Staff Recommendation:

Staff recommends approval of the proposed Ordinance amending AMC 4.24.020.

Resource Requirements:

N/A

Policies, Plans and Goals Supported:

N/A

Background and Additional Information:

Over the course of the last year, the City Council has discussed methods to raise additional revenue to support the hiring of additional Police Officers. At the April 17, 2018 City Council Meeting, a motion was approved to direct staff to prepare an Ordinance change to increase the Transient Occupancy Tax rate from 9 percent to 10 percent. The proposed Ordinance Change will remove the setting of the rate in ordinance, but rather allow the tax rate imposed to be set by separate Council resolution.

The intent of the Ordinance Change is to increase the rate and as such named that way. The resolution to increase the tax rate via resolution will be presented at the same time as the Ordinance second reading. The same meeting will include a resolution to allocate the new Transient Occupancy Tax revenue into its restricted and unrestricted components.

Attachments:

Attachment A: Ordinance Amending AMC 4.24.020

1 **ORDINANCE NO. 3153**

2 **AN ORDINANCE AMENDING THE ASHLAND MUNICIPAL CODE 4.24.020,**
3 **INCREASING THE TRANSIENT OCCUPANCY TAX**

4 Annotated to show deletions and additions to the Ashland Municipal Code
5 sections being modified. Deletions are ~~bold lined through~~, and additions are

6
7 **WHEREAS**, ORS 320.350(6) authorizes local governments to increase transient occupancy
8 taxes provided certain limitations and restrictions are imposed on the funds collected; and

9 **WHEREAS**, the City of Ashland conducted a public hearing on June 5, 2018 on the question of
10 whether the City’s nine (9%) percent transient occupancy tax should be increased by one (1%)
11 percent; and

12 **WHEREAS**, after due consideration from the public, staff and due deliberation, the City of
13 Ashland finds it desirable to increase the City’s transient occupancy tax from nine (9%) percent
14 to ten (10%) percent to promote tourism, tourism-related facilities, economic development and
15 other appropriate purposes consistent with the limitation in state law for use of such funds.

16 **THE PEOPLE OF THE CITY OF ASHLAND DO ORDAIN AS FOLLOWS:**

17 **SECTION 1.** Ashland Municipal Code 4.24.020 is hereby amended to read as follows:

18 **4.24.020 Tax Imposed.**

19 For the privilege of occupancy in any transient lodging, each transient is subject to and must pay
20 a tax in the amount of ~~of nine (9%) percent of the total rent paid by a transient, as defined in~~
21 ~~Section 4.24.010.E~~ **set by separate City Council Resolution.** Said tax constitutes a debt owed
22 by the transient to the City which is extinguished only by payment to the operator of the transient
23 lodging at the time the rent is paid. The operator must collect and record the tax into the record
24 when rent is collected, if the operator keeps records on the cash basis of accounting, and when
25 earned if the operator keeps records on the accrual accounting basis. If the rent is paid in
26 installments, a proportionate share of the tax must be paid with each installment. The unpaid tax
27 is due upon the transient’s ceasing to occupy space in the transient lodging. If for any reason the
28 tax due is not paid to the operator of the transient lodging, the Tax Administrator may require
29 that such tax be paid directly to the Tax Administrator.

30 **SECTION 2. Savings.** Notwithstanding this amendment/repeal, the City ordinances in existence

1 at the time any criminal or civil enforcement actions were commenced, shall remain valid and in
2 full force and effect for purposes of all cases filed or commenced during the times said
3 ordinances(s) or portions thereof were operative. This section simply clarifies the existing
4 situation that nothing in this Ordinance affects the validity of prosecutions commenced and
5 continued under the laws in effect at the time the matters were originally filed.

6 **SECTION 3. Severability.** The sections, subsections, paragraphs and clauses of this ordinance
7 are severable. The invalidity of one section, subsection, paragraph, or clause shall not affect the
8 validity of the remaining sections, subsections, paragraphs and clauses.

9 **SECTION 4. Codification.** Provisions of this Ordinance shall be incorporated in the City Code,
10 and the word “ordinance” may be changed to “code”, “article”, “section”, or another word, and
11 the sections of this Ordinance may be renumbered or re-lettered, provided however, that any
12 Whereas clauses and boilerplate provisions (*i.e.*, Sections Nos. 2-4) need not be codified, and the
13 City Recorder is authorized to correct any cross-references and any typographical errors.

14 The foregoing ordinance was first read by title only in accordance with Article X, Section 2(C)
15 of the City Charter on the ____ day of _____, 2018, and duly PASSED and ADOPTED
16 this ____ day of _____, 2018.

17
18 _____
19 Melissa Huhtala, City Recorder

20
21 SIGNED and APPROVED this ____ day of _____, 2018.

22
23 _____
24 John Stromberg, Mayor

25 Reviewed as to form:

26
27 _____
28 David H. Lohman, City Attorney