

Council Business Meeting

June 19, 2018

Title: Public Hearing Adopting a Resolution Allocating Transient Occupancy Tax

From: Mark Welch Administrative Services Director
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Summary:

The City of Ashland allocated Transient Occupancy Tax Revenue by resolution to meet State legal requirements as well as for ongoing implementation of local City Council goals and objectives.

With proposed increase in Transient Occupancy Tax Rate from 9 percent to 10 percent, the allocation of the increase revenue are incorporated into the existing allocation resolution. The only change to Resolution 2017-03 is the inclusion of the additional revenue.

Actions, Options, or Potential Motions:

I move to approve “A resolution of the City Council of the City of Ashland allocating anticipated revenues from the Transient Occupancy Tax for the biennium 2017-19 budget and repealing Resolution 2017-03.”

Staff Recommendation:

Staff recommends approval of the resolution setting the Transient Occupancy Tax Rate

Policies, Plans and Goals Supported:

2.1 Engage community in conversation about core services, desired service levels and funding mechanisms.

Background and Additional Information:

With the increase in TOT Rate effective August 1, 2018 the City will revenue additional revenue in the amount of \$348,658. Consistent with previous discussion the allocation resolution allocates the 70 percent restricted funds to long-term parking supply in compliance with ORS Chapter 818. The 30 percent unrestricted funds will be utilized for General Fund Public Safety, with the intent to fund one additional Police Officer.

Attachments:

Transient Occupancy Tax Allocation Resolution

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ASHLAND
ALLOCATING ANTICIPATED REVENUES FROM THE TRANSIENT
OCCUPANCY TAX FOR THE BIENNIUM 2017-2019 BUDGET AND
REPEALING RESOLUTION 2017-03.**

RECITALS:

- A. That the City of Ashland collects a Transient Occupancy Tax (TOT) pursuant to Ashland Municipal Code 4.24. Revenues from the Transient Occupancy Tax are used to fund general governmental expenses, economic development, tourism promotion and related infrastructure and the City’s Economic, Cultural, and Sustainability Grant program.
- B. The City of Ashland has determined that as of July 1, 2003, \$186,657 or 14.23% of the City of Ashland’s total Hotel/Motel tax revenues were expended on tourism promotion, as defined in Chapter 818 of the 2003 Oregon Laws.
- C. Chapter 818 requires 70% of any increased TOT revenue generated by tax rate increases after 2003 be committed to tourism promotion.
- D. Appropriations for tourism promotion are based upon the following percentages established in FY 2009-10 when the rate was increased from 7%-9%:
- A minimum of 14.23% of the estimated TOT revenue generated by the original 7% tax rate for tourism promotion per Chapter 818 and,
 - A minimum of 70% of the estimated TOT revenue generated by additional tax rates approved by Council on June 3, 2008 consistent with Chapter 818.
- E. Appropriations for the Tax Rate increase of one percent on August 1, 2018 are based on projected collections and allocated as follows:
- 70% of the estimated TOT revenue generated by the additional 1% tax rate for long term parking supply pursuant Chapter 818 and,
 - 30% of the estimated TOT revenue generated by additional 1% tax rate.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1.

For the Biennium 2017-2019, the City of Ashland expects to budget an estimated \$5,875,900 for Transient Occupancy Tax collections. The annual allocation between tourism and general governmental operations is as follows:

TOT Anticipated Revenues	% of Total	FY 2017-18	FY 2018-19
Tourism	23.88%	770,070	797,033
General Government Operations	65.67%	2,117,330	2,191,467
Increased TOT 1 percent (from 9 to 10 percent)	10.45%	0	348,658
TOTALS	100%	\$2,887,400	\$3,337,158

Tourism Portion

Tourism restricted funds will be allocated as follows:

Tourism Restricted TOT Allocation	% of Tourism	2017-2018	2018-2019
Chamber of Commerce – Visitor & Convention Bureau	56%	431,239	446,338
Oregon Shakespeare Festival – (14.3% & 13.8%)	Fixed	110,000	110,000
City Economic, Cultural, and Sustainability Grants	10%	77,007	79,703
Public Art	3%	23,102	23,911
Other City Tourism eligible Capital Projects	Remainder	128,722	137,080
Long Term Parking Supply	70% of Increased TOT	0	244,060
TOTALS		\$770,070	\$797,033

If actual tourism specific TOT revenue collections exceed the above allocations or if actual, qualifying expenditures in the year are less than the appropriated amount, the additional or unused amount(s) will be reserved for qualifying future Tourism related expenditures as determined by Council.

Non Tourism Portion

The remaining estimated TOT revenue allocated for general government operations will be 100% appropriated through the budget process to fund the Economic Development program and Economic, Cultural, and Sustainability Grant program as specified below and other uses as directed by Council.

Unrestricted TOT Allocation	% of Unrestricted	2017-2018	2018-2019
City Economic Development Program	8%	175,000	185,000
City Economic, Cultural, and Sustainability Grants	7%	150,000	150,000
General Fund – General Governmental Operations	85%	1,792,330	1,856,467
General Fund-Public Safety Operations	30% of Increased TOT	0	104,598
TOTALS		\$2,117,330	\$2,296,065

Unrestricted TOT revenue unspent in a budget year becomes part of the General Fund unrestricted ending fund balance unless otherwise determined by City Council.

SECTION 2. Resolution 2017-03 is repealed upon passage of this resolution.

SECTION 3. This resolution was duly PASSED and ADOPTED this _____, day of _____, 2018 and takes effect upon signing by the Mayor.

Melissa Huhtala, City Recorder

SIGNED and APPROVED this ____ day of _____, 2018.

John Stromberg, Mayor

Reviewed as to form:

David Lohman, City Attorney