



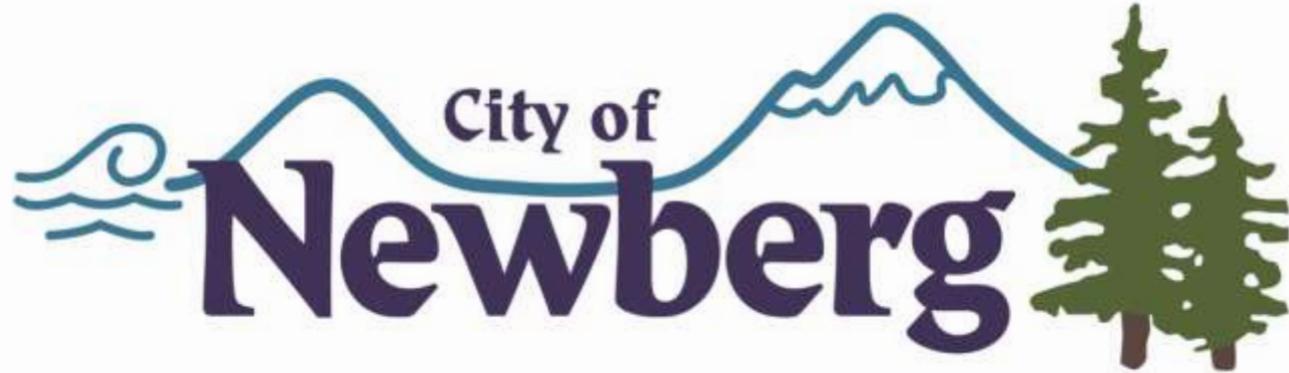
**CITY COUNCIL WORK SESSION  
MARCH 16, 2015, 6:00 PM  
NEWBERG PUBLIC SAFETY BUILDING (401 EAST THIRD STREET)**

WORK SESSIONS ARE INTENDED FOR DISCUSSION. NO ACTION WILL BE TAKEN ON THE AGENDA ITEMS AND NO DECISIONS WILL BE MADE. NO ORAL OR WRITTEN TESTIMONY WILL BE HEARD OR RECEIVED FROM THE PUBLIC.

- I. CALL MEETING TO ORDER**
- II. ROLL CALL**
- III. REVIEW OF COUNCIL AGENDA AND MEETING**
- IV. COUNCIL ITEMS**
  1. Transient Lodging Tax 101
- V. ADJOURNMENT**

***ACCOMMODATION OF PHYSICAL IMPAIRMENTS:***

*In order to accommodate persons with physical impairments, please notify the City Recorder's Office of any special physical accommodations you may need as far in advance of the meeting as possible and no later than two business days prior to the meeting. To request these arrangements, please contact the city recorder at (503) 537-1283. For TTY service please dial 711.*



# Transient Lodging Tax 101

# City Ordinances

- In 1976, **Ordinance 1976-1835A** established the Transient Room Tax for the purpose of collecting revenues by providing for a 6% transient room tax, outlining the method of collecting room taxes and providing penalties for violations.

# City Ordinances

- In 1996, **Ordinance 1996-2433** clarified how the revenues collected were to be used amending Section 1(h) and Section 2, compilation designation 7.16, to allocate 50% of monies collected to be used to fund a visitor center for the City of Newberg.

# City Ordinances

- In 1997, **Ordinance 1997-2478** amended Ordinance 1996-2433 Section 2, Compilation designation 7.16: Expenditure of Funds and Collection Fee, stating all monies collected through the transient room tax shall be the general funds of the City of Newberg and may be used in any lawful manner that the City deems necessary and appropriate.
- The City Council shall approve via resolution specific expenditures for services or programs to be funded from the proceeds of the transient room tax

# City Ordinances

- In 1998, **Ordinance 1998-2498** reduced the amount that the City has allowed motel and hotel operators to keep for collecting from 15 to 5% with the difference going towards the Visitor's Center.

# State Statute

## Use Restrictions on 6% TLT

- Cities are required to maintain the percentage of existing lodging tax used for tourism promotion and tourism facilities, from July 2, 2003 forward.
- **The recipients of the tax may change, but the percentage used for tourism purposes cannot change.**

# State Statute

## Use Restrictions on 3% TLT

- At least 70 percent of net revenue from an increased local TLT shall be used for:
  - (a) Fund ***Tourism promotion*** or ***tourism-related facilities***; or
  - (b) Finance debt for the uses in (a).
- No more than 30 percent may be used for City Services.

# Definitions

- **“Tourism promotion”** means any of the following activities:
  - (a) Advertising, publicizing or distributing information for the purpose of attracting and welcoming tourists;
  - (b) Conducting strategic planning and research necessary to stimulate future tourism development;
  - (c) Operating tourism promotion agencies; and
  - (d) Marketing special events and festivals designed to attract tourists.

# Definitions cont.

- **“Tourism-related facility”** means:
  - (a) A conference center, convention center or visitor information center; and
  - (b) Other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities.

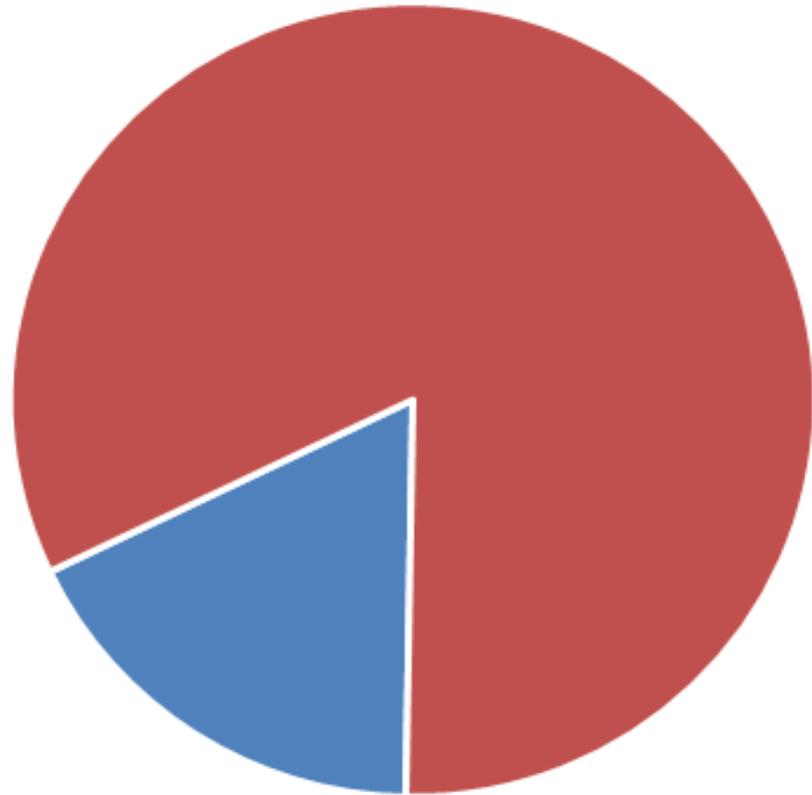
# Definitions cont.

- **“Tourism”** means economic activity resulting from “tourists.”
- **“Tourist”** means a person who, for business, pleasure, recreation or participation in events related to the arts, heritage or culture, travels from the community in which that person is a resident to a different community that is separate, distinct from and unrelated to the person’s community of residence, and that trip:
  - (a) Requires the person to travel more than 50 miles from the community of residence; or
  - (b) Includes an overnight stay.

# TLT Distribution per \$1,000 (6% tax rate)

Hotel/Motel Sales Revenue	1,000
Tax (6%)	60
Less 5% of tax retain by operator	<u>(3)</u>
Tax Paid to City	57
Tourism (17.6%)	10
City Services (82.4%)	47

## TLT Distribution per Tax Dollar (6% tax rate)

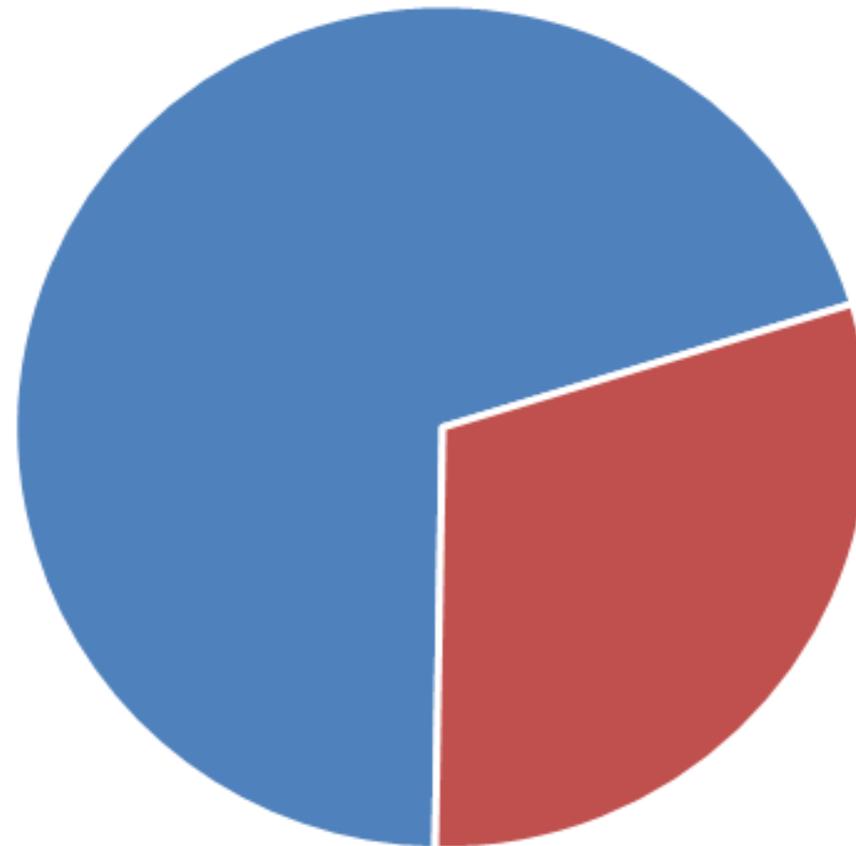


■ Tourism (17.6%)   ■ City Services (82.4%)

# TLT Distribution per \$1,000 (3% tax rate)

Hotel/Motel Sales Revenue	1,000
Tax (3%)	30.00
Less 5% of tax retain by operator	<u>(1.50)</u>
Tax Paid to City	28.50
Tourism (70%)	19.95
City Services (30%)	8.55

## TLT Distribution per Tax Dollar (3% tax rate)



■ Tourism (70%)   ■ City Services (30%)

# TLT Distribution per \$1,000 (9% tax rate)

	<u>Tax Calculation</u>	<u>City Services</u>	<u>Tourism</u>
Subject Revenue	1,000.00		
6% Tax	60.00		
Less 5% of tax retain by operator	<u>(3.00)</u>		
Tax Paid to City	57.00		
	17.6%	10.03	10.03
	82.4%	46.97	
3% Tax	30.00		
Less 5% of tax retain by operator	<u>(1.50)</u>		
Tax Paid to City	28.50		
	70%	19.95	19.95
	30%	8.55	
Total Tax Paid to City	<u>85.50</u>	<u>55.52</u>	<u>29.98</u>
Percent of Subject Revenue		5.55%	3.00%
Percent of Tax Received		64.94%	35.06%

# TLT Distribution per \$100



Tourism  
\$35.07



City Services  
\$64.93

# Transient Lodging Tax Estimate

## FY15-16

Hotel/Motel Sales Revenue	10,000,000
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Tax (9%)	900,000
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Less 5% of tax retain by operator	<u>(45,000)</u>
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Tax Paid to City	855,000
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Tourism (35.07%)	299,820
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City Services (64.93%)	555,180
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### Sample Tourism Breakdown

CVCC	137,000
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Other	<u>162,820</u>
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	<u><u>299,820</u></u>
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The End