

LTAC and Tourism Overview FAQ's

How did the Lodging Tax Advisory Committee begin?

An advisory committee was assembled in accordance with the State regulations to weigh-in on the creating of a hotel/motel tax.

When was Committee and Tax implemented?

- 1998 LTAC was formed
- 1999 the Lodging tax was implemented
- Funding for this program is made possible through revenues Redmond collects from a one percent (1%) lodging tax on the rental of hotel/lodging rooms in Redmond.

Where does the funding come from?

The Revised Code of Washington (RCW) 67.28.180 provides authority for cities to adopt a lodging tax. A 1% tax is charged on each overnight stay at Redmond hotels and motels.

What are the allowed uses of the lodging tax dollars?

Specific RCW language is as follows:

"(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."

What are the goals and limitations of the revenue?

These funds must be used to attract visitors external to the city. Due to the funding being generated by Redmond hotels/motels, grants and uses of the tax revenue often prioritizes efforts that will support hotels night stays, but attraction of external visitors (more than 50 miles away) to Redmond small businesses and enrichment of the community is also heavily weighted.

Specific RCW 67.28.1816 language can be viewed [here](#).

What is LTAC's role per current RMC 4.37 and [RCW 68.28](#)?

- LTAC can advise on the creation of a Lodging Tax;
- The increase or reduction of a Lodging Tax; or
- The Repeal of a lodging tax
- Review fund applicants and make funding recommendations to the legislative body

How are the funds used at the City of Redmond currently?

- At the city, the LTAC and City Council predetermined how the tax dollars are spent via an adopted allocation split in 2005 as follows:
 - 50% to marketing
 - 39% to City signature events & cultural arts programming
 - 9% to tourism grants
 - 2% to administration

What were the past recommended tourism grant funding amounts?

Year	# Of Applicants*	LTAC Recommendation*	Notes
2015	7	\$ 42,500	
2016	10	\$ 70,000	
2017	16	\$ 126,000	
2018	12	\$ 114,500	
2019	17	\$ 146,000	
2020	16	\$ 150,000*	*Only \$48,837 was used due to the pandemic and most events were cancelled. The City reimbursed fees incurred regardless of event status to help the applicants.
2021	5	\$ 45,000	
2022	23	\$ 252,500	2 application rounds held due to covid impacts
2023	18	\$ 154,000	

**These are estimates based on past documents and Council memos staff located*

What were the past recommended City signature events and cultural arts funding amounts?

Year	City Signature Events/Arts Allocations	Notes
2015	\$ 140,000	
2016	\$ 140,000	
2017	\$ 140,000	
2018	\$ 160,000	
2019	\$ 194,000	
2020	\$ 205,000*	*Only \$9,120 was used due to the pandemic.
2021	\$ 75,000	
2022	\$ 150,000	
2023	\$ 146,000	

**These are estimates based on past documents and Council memos staff located*

What is the process or requirements for City signature events and cultural arts programming lodging tax dollars?

They do not have to go through the full grant process. The money was designated outright and is not a part of the annual tourism grant process or 9% allocation.

All dollars allocated to city signature events and cultural arts programming shall follow the same guideline and limitation on how the dollars may be spent. All funds used must align with expenditures requirements in RCW 67.28 and city specific instructions.

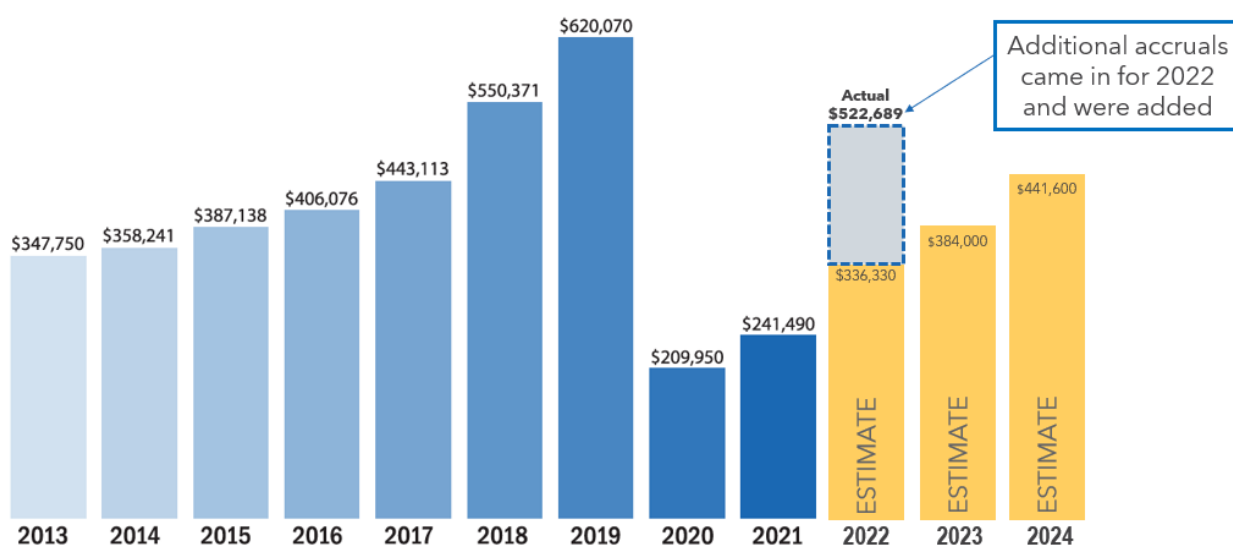
At the end of each calendar year, the city will need to provide an outline to the state of how the dollars were used, and performance summary data like that of the tourism grants. The city is required annually to submit summary outcomes for all uses of tax dollars.

If there are any unused funds at the end of the year those dollars shall be transferred back to the end fund balance. Finance may determine preference on annual transfer of allocated funding upfront and retransfer of an unspent funds or smaller transfers throughout the year.

How is the lodging tax fund performing?

The lodging tax fund currently has approximately 758K in the end fund balance (as of April 30, 2023). The impacts of covid on the hotel industry drastically declined incoming funds over the past few years. City staff and Finance worked together to make some educated estimates on what the fund recovery may look like in July 2022 as a part of the budgeting process for 2023/2024. Below is a snapshot of the fund and future estimates with the actuals from 2022 incorporated. 2022 performed much better than anticipated.

Historical annual revenue amounts from lodging tax is as follows:



How does the City use the “Marketing” portion of the lodging tax fund:

The city has a current contract with Bullseye Creative for \$178,000 a year to manage and staff the Experience Redmond brand needs. The contract is in its last renewal option and will require an RFP to be completed prior to the conclusion of the contract in 2024. Bullseye provides reports throughout the year on the return on investment the city receives in response to their contracted work.

The remainder of the marketing balance not used on the Bullseye contract has traditionally been used to help fund additional community grants above the 9% allocation. However, due to the reduction of revenue as a result of the pandemic, dollars from the end-fund balance were used to help maintain historical tourism granting levels.

How does the LTAC handle conflict of interest when reviewing tourism grant applicants?

Conflicts of interest with applicants are common on this committee due to the requirement that members must either be an entity for which the tax is charged or an entity that might receive grant dollars. Conflicts of interest are noted in the full scoring spreadsheet. Members were not asked to recuse themselves from the tourism grant recommendation vote or discussion per the MRSC guidance. However, staff did request that if a personal financial interest was involved, that a recusal would be requested. No personal financial interests were present or noted for the 2023 applicant recommendations.