

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 and lodging rooms including short-term rentals 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, motels, and short-term rentals.

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 prioritizes efforts that will support hotels night stays and attraction of external visitors (more than 50 miles away).

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

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

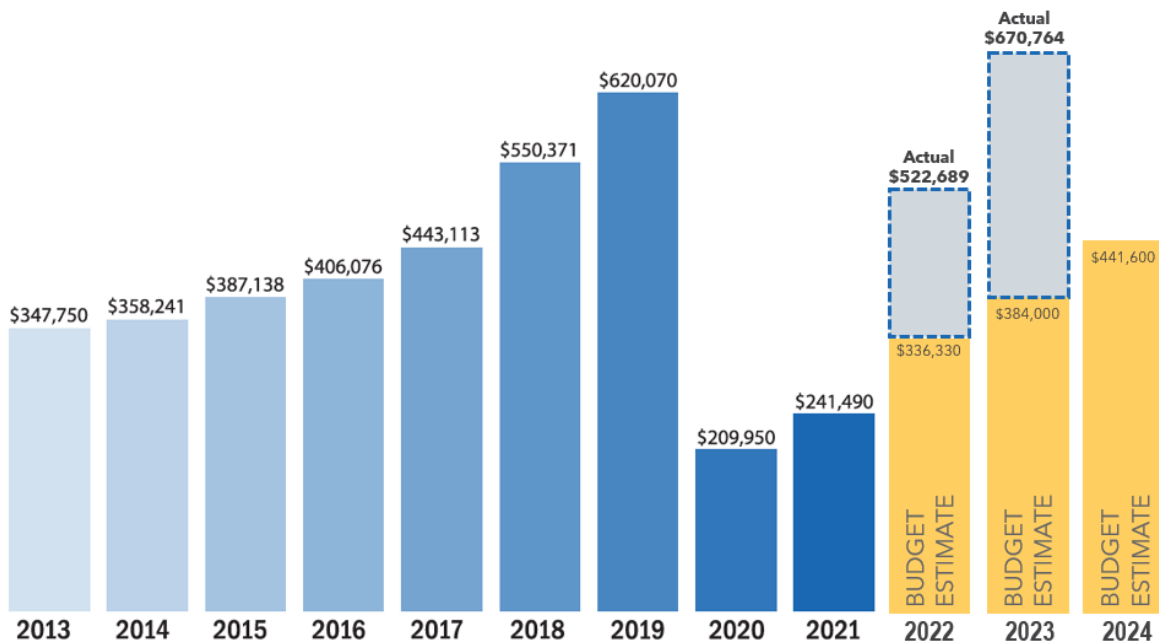
- LTAC can advise on the creation of a Lodging Tax;
- The increase or reduction of a Lodging Tax; or
- The Repeal of a lodging tax
- Review fund applicants and make funding recommendations to the legislative body

How is the lodging tax fund performing?

The lodging tax fund currently holds approximately \$1.2 million in its contingency/reserve fund. While COVID-19 significantly impacted the hotel industry, resulting in a drastic decline in revenue for several years, revenues have now surpassed pre-pandemic levels.

City staff, the LTAC, and tourism partners have collaborated to propose a budget that outlines how to strategically utilize these reserve funds to achieve the priority tourism initiatives outlined in the newly adopted Tourism Strategic Plan.

Historical annual revenue amounts from lodging tax is as follows:



What is the Marketing contract funded by the lodging tax revenues:

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 acquired through a Request for Proposal (RFP) process. Bullseye provides reports throughout the year on the return on investment the city receives in response to their contracted work.

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 grant scoring spreadsheet. Members are 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 2024 grant applicant recommendations.

Can the Council change any of the LTAC funded amounts?

Yes, the City Council can modify LTAC-recommended funding amounts unless the applicant was not funded due to ineligibility for the tourism grant. However, any changes require a 45-day waiting period and must be sent back to LTAC for review before the Council can approve the revised amounts.

Additionally, it's important to consider how these changes affect the overall budget. Per RCW, the Council cannot add new applicants to the final funding approvals.