City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

Social Justice & Equity Commission

Discussion on Lodging Tax Application and Award Process Improvement

Agenda Date: 4/24/2023
Agenda Item Number: 6.C
File Number:23-0262

Type: discussion **Version:** 1 **Status:** In Committee

Title
Discussion on Lodging Tax Application and Award Process Improvement

Recommended Action
Information only. No action requested.

Report Issue:
Discussion on the City of Olympia Lodging Tax application and award process

Staff Contact:
Mike Reid, Economic Development Director, Office of Community Vitality, 360.753.8591
Amelia Layton, Program Specialist, Community Planning and Development, 360.570.3808

Presenter(s):
Mike Reid, Economic Development Director

Background and Analysis:
Each year City leadership and Council identify a slate of items in their “Annual Work Plan”, one of those items this year is to “Update Lodging Tax policies, priorities, and application criteria”. City staff would like to brief the Social Justice and Equity Commission about this project and obtain insight on opportunities for improvements aimed at ensuring a more equitable process and the inclusion of DEI principles in the application, distribution, and review criteria.

Council last developed review criteria in 2007. This criteria is articulated in the Lodging Tax Application that is attached to the staff report.

Lodging taxes and their use are governed by RCW 67.28.1816 and are fairly rigid in what qualifies as an acceptable use of funds. It is a fairly complex taxing program but simply stated it is a tax that is generated by guests staying at local hotels and the funds generated by this tax are required to be utilized on facilities and activities that draw in visitors for a minimum of 50 miles away. Successful awarded applicants are required to provide information on the impact of their funding to the City, which then is provided to the State via the Joint Legislative Audit and Review Committee.

The City has a committee (Lodging Tax Advisory Committee, referred to as LTAC) that reviews applications annually and provides a recommendation to the City Council. The make-up of this committee is also governed by RCW 67.28.1816. Per RCW the LTAC must contain at least five members, including at least two representatives of businesses that are required to collect the lodging tax, at least two people who are involved in activities that are authorized to be funded by the lodging tax, and one elected official from the jurisdiction who serves as chair.

On January 17, 2023 City Council awarded $780,000 to 23 different applicants. City Council opted to not fund Capital Lakefair as a part of the funding recommendation due to concerns raised about discrimination.

Climate Analysis:
Tourism inherently has a climate impact due to the requirement of travel however it may be possible to work with applicants and awardees to address impacts through various efforts like waste reduction strategies and incorporation of public transportation for visitors.

Equity Analysis:
The current review criteria for the Lodging Tax Application is silent on equity and inclusion. There is undoubtedly room for improvement in this program's ability to incorporate DEI principles in the areas of application distribution, application process, and review criteria.

Neighborhood/Community Interests (if known):
Many major community events and facilities receive funding from this program. For some events and facilities the LTAC funding is critical for their continued operation.

Options:
1. Receive a briefing and engage in a discussion on the Lodging Tax Application Process Improvement effort.
2. Do not receive the briefing and engage in a discussion on the Lodging Tax Application Process Improvement effort.

Financial Impact:
There is no financial impact associated with the updating of Lodging Tax policies, priorities, and application criteria.

Attachments:
2023 Lodging Tax Funding Recommendation
2023 Lodging Tax Application