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Finance Committee

Budget Snapshot - 2021 Lodging Tax & Washington Center for Performing Arts

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Title

Budget Snapshot - 2021 Lodging Tax & Washington Center for Performing Arts

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Receive a Budget Snapshot on 2021 Lodging Tax & Washington Center Performing Arts.

Report

Issue:

Whether to receive a Budget Snapshot on 2021 Lodging Tax & Washington Center Endowment.

Staff Contact:

Nanci Lien, Finance Director, 360.756.8465

Presenter(s):

Nanci Lien, Finance Director, Finance Department
Jana Brown, Accounting Manager, Finance Department

Background and Analysis:

Washington Center Endowment

The Washington Center building is owned by the City of Olympia and operated by the Washington Center for the Performing Arts (The Center), a not-for-profit organization. City funding related to The Center is accounted for in two funds; 1) The Washington Center for the Performing Arts Endowment Fund; and 2) The Washington Center for the Performing Arts Operations & Maintenance Fund.

Lodging Tax

Two State statutes (RCW 67.28.180 and RCW 67.28.181(l)) authorize the City to collect an excise tax referred to as lodging (or hotel/motel) tax. The tax is collected in two, 2% components, each with different requirements. Olympia collects 4% lodging tax and uses 2% for tourism-related expenditures and 2% is allocated to The Center.

A Lodging Tax Advisory Committee (LTAC) makes a recommendation to the City Council annually on how to distribute the 2% collected for tourism-related expenditures. Due to COVID-19 and the

uncertainty of when and how State and County agencies would allow events and business to operate in 2021, no appropriations were included in the City's 2021 budget for use of the 2% lodging tax. LTAC's recommendations will be brought forward in 2021 for appropriation consideration.

Staff will present on overview of the Washington Center funding and Lodging Tax.

Neighborhood/Community Interests (if known):

50% of lodging tax revenue supports the Center, and the other 50% supports various marketing and operating expenses for community festivals and events to attract tourists.

Options:

1. Receive the briefing.
2. Do not receive the briefing.
3. Receive the briefing at another time.

Financial Impact:

From 2017 through 2019, lodging tax typically generated ~\$1 million per year. In 2020, lodging tax revenue dropped to \$657K due to the impacts of the pandemic.

Attachments

None