

City of Republic
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January 12, 2009

Dear Concerned Citizens:

At the December 15th meeting of the City Council, a number of citizens submitted a petition expressing concerns and misconceptions as to how the City Council was spending the Hotel Motel Tax. We do appreciate your concerns. However, the City is limited in how it can spend the funds collected through the Hotel/Motel Tax. Each year the determination or explanation from the State as to how the City can spend hotel/motel monies has changed. Because of this the City Council has, each year as it receives requests for support, instructed the Clerk to contact our Attorney and Municipal Research for their opinion as to whether the request is lawful and meets state guidelines.

An explanation of the Hotel/Motel Tax might be helpful:

- The State imposes and collects a 2% tax on occupancy of all hotel/motel rooms. This is a tax that the business collects from their customers above and beyond in addition to any of their room charges. The state in turn remits 2% to the City.
- The Hotel/Motel Tax law also permits any City to collect an additional 2%; by Ordinance 2003-17 the City of Republic chose to do that.
- The disbursement of both taxes is specifically governed by law. RCW 67.28.1815 provides that *such tax shall be levied only to pay all or part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of a tourism related facility.*
- In an effort to fairly distribute the funds received from the state the City passed a Resolution in 2000 (2000-16) setting the amount of financial support to be given in any calendar year. *A RESOLUTION of the City of Republic, Washington, setting limits on the amount of financial support given to one organization, and the number of times one organization can request financial support.*

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF REPUBLIC, WASHINGTON AS FOLLOWS:

Section 1. The amount of financial support to be given to one organization per calendar year shall be limited to One hundred Dollars (\$100.00)

Section 2. The number of times one organization can request for financial support shall be limited to one (1) per year for two(2) years.

Section 3. Requests will be reviewed for possible exceptions to the limits stated above if financial support is available.

PASSED BY THE CITY COUNCIL OF THE CITY OF REPUBLIC, WASHINGTON this 5th day of December 2000.

This resolution also left the door open for possible exceptions to the limits ***if the City has the money.*** Council has stated in the last two meetings Dec. 1st and 15th that we cannot promise money to the organizations if we do not know if we will have it. Hotel/Motel dollars were down \$6,000 in the third quarter of 2008. We will not know the ending balance of revenues received from that source until the end of January 2009. Through the first of September of 2008 the City paid out approximately \$19,000.00 to organizations requesting funds.

We have included both interpretations from our legal sources. The first one is from Municipal Research and the second is from our City Attorney.

Margo:

Yes, it's my opinion that hotel-motel tax monies may be used for maintenance and upkeep of your parks, as they are used to "accommodate" tourists and "support tourism." RCW 67.28.1815 provides that hotel-motel monies may be used for "paying all or any part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities." (Emphasis added.) I think that the parks can be considered "tourism-related facilities," which are defined in RCW 67.28.080() in part as follows:

real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) Owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.

(Emphasis added.) Since the parks are used for tourist activities, they are used "to support tourism" and "to accommodate tourist activities."

Bob Meinig

Margo,

After reviewing the questions posed, it doesn't appear that the questions relate to how the hotel-motel taxes are spent by the City or about the authority to collect these taxes. Rather, it appears that the questions relate to which organizations the collected tax will be going to and how much they will receive.

The general authority to collect and spend the taxes are under RCW 67.28. There is no statutory requirements as to who is to receive the funds, except that the use must be allowed under RCW 67.28. In other words, the City may select the entities that receive the funds, as well as the amounts, as long as it is an appropriate use under the statute.

Similarly, the Council is not bound by the 2000 Resolution if they do not choose to be. The Council has the authority to designate who receives the funds and in what amounts on a yearly basis as long as it is an appropriate use.

The questions posed should be better answered by the Council, as they relate to how the City intends to distribute the funds. As long as the funds are distributed for purposes authorized under the statute, the Council is the decision maker on the organizations who receive the funds and in what amount.

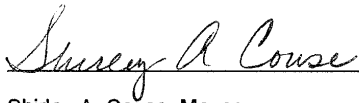
If you have any further questions, please let me know.

Scott

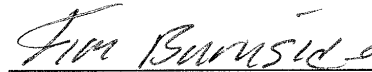
A question has been raised as to whether the City has undergone audits in recent years. By law the City is audited every two years; the last audit was in 2007. All audits include reviewing how Hotel/Motel tax funds are spent. To date the City has not had a finding against how we are spending hotel/motel tax monies.

If you have any other concerns or questions, please feel free to attend the council meeting with them.

Sincerely,



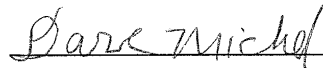
Shirley A. Couse, Mayor



Jim Burnside, Council Position #1



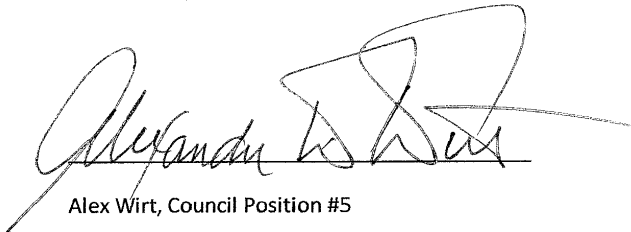
Linda Hall, Council Position #2



Dave Michel, Council Position #3



DiAnne Hewitt, Council Position #4



Alex Wirt, Council Position #5