

RESOLUTION NO. 2920

A RESOLUTION CALLING FOR AN ELECTION ON AN
INCREASE IN ROOM TAX RATES

Findings

- A. The tourism industry contributes over half a billion dollars annually to Central Oregon's economy and is a leading employer in the region.
- B. Over two million tourists visit Bend annually; using city streets, water, sewer, police and fire services, and other city services.
- C. Guests who pay for short-term lodging at a Bend hotel, motel, or other lodging facility pay a city lodging tax of 9%.
- E. Council has been requested to refer to the voters a staged lodging tax increase from the current 9% to 10.4%, with an increase to 10% to take effect on June 1, 2014 and an increase to 10.4% to take effect on June 1, 2015.
- F. If the increase is approved, state law dictates that 70% of the incremental lodging tax revenue be allocated to tourism promotion or facilities. The increase, if approved would result in approximately \$410,000 annually in incremental tourism promotion funds that will be used primarily to promote Bend's winter and shoulder season tourism.
- G. If the increase is approved, the remaining 30% of the incremental lodging tax revenue will be allocated to providing police and fire services. This would result in approximately \$175,000 annually in incremental revenues for police and fire services.
- H. City of Bend Charter Section 40 requires voter approval of any new or increased tax on the sale of goods or services, and the Council considers the room tax to be a tax imposed on services. The City Council is adopting this resolution to allow the voters to decide whether to approve an increase in the temporary lodging tax rate from 9% to 10% effective June 1, 2014 and from 10% to 10.4% effective June 1, 2015.

Based on these findings,

THE CITY OF BEND RESOLVES AS FOLLOWS:

- Section 1. An election is called in and for the City of Bend for the purpose of submitting to the legal voters of the City the following question;

Shall the City of Bend increase the temporary lodging tax rate from the current 9% to 10.4%?

- Section 2. Tuesday, November 5, 2013, is designated as the date for holding the election on the question stated in Section 1;
- Section 3. The election will be conducted by the Deschutes County Elections Department;
- Section 4. The precincts for the election shall include all territory within the City of Bend and no other territory; and
- Section 5. The ballot title to appear on the ballot shall be:

CAPTION

Increase in Bend's temporary lodging tax

QUESTION

Shall Bend increase the temporary lodging tax rate from the 9% to 10% and then to 10.4% ?

SUMMARY

The measure, if approved, would increase the temporary lodging tax rate from 9% to 10% on June 1, 2014 and to 10.4% on June 1, 2015. Temporary lodging is a stay of less than 30 days in temporary lodging such as a hotel, motel, vacation rental or similar lodging facilities.

If approved, the increase is likely to lead to increased revenue for the City of Bend. Under state law, 70% of the incremental revenue resulting from the increased tax, if approved, would be allocated to the promotion of tourism. The incremental amount allocated to tourism promotion is estimated to total about \$410,000 per year once the full 1.4% increase is fully implemented. It is anticipated that the additional revenues, if the increase is approved, would be used to promote winter and shoulder season tourism in Bend. The remaining 30% of the incremental revenue, estimated to total about \$175,000 per year, if the measure is approved, would be used for police and fire services.

The increase may result in some reduction in tourism in Bend.

- Section 6. The Council adopts the Explanatory Statement for the Voters' Pamphlet attached as Exhibit A.
- Section 7. The City Recorder and staff shall take all necessary steps to effectuate this resolution, including providing public notice and submitting required

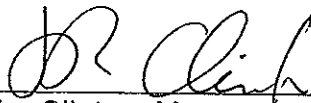
materials to the County Elections Officer. If the measure is approved, the City will act consistently with the ballot title and explanatory statement.

Section 8. This resolution takes effect immediately upon passage.

Adopted by a roll call vote of the Bend City Council on July 10, 2013.

YES: Mayor Jim Clinton
Councilor Jodie Barram
Councilor Mark Capell
Councilor Doug Knight
Councilor Sally Russell

NO: Councilor Victor Chudowsky
Councilor Scott Ramsay



Jim Clinton, Mayor

ATTEST:



Robyn Christie, City Recorder

APPROVED AS TO FORM:



Mary A. Winters, City Attorney

EXHIBIT A

EXPLANATORY STATEMENT

The measure, if approved, would increase the temporary lodging tax rate from 9% to 10% of the rent charged for the short term lodging effective June 1, 2014 and would increase the temporary lodging tax rate to 10.4% effective June 1, 2015. Short-term lodging is a stay of less than 30 days in short-term lodging such as a hotel, motel, vacation rental or similar lodging facility. If approved, the first sentence of Bend Code Section 12.05.015(1) would be amended as follows:

(1) Each occupant shall pay a tax in the amount of 10% of the rent for the period from June 1, 2014 to May 31, 2015. Each occupant shall pay a tax in the amount of 10.4% of the rent effective June 1, 2015. The occupant shall pay the room tax with the rent payment.

If approved, the increase is likely to lead to increased revenue for the City of Bend. Under state law, 70% of the incremental revenue resulting from the increased tax would be allocated to the promotion of tourism. If approved, the incremental amount allocated to tourism promotion is estimated to total about \$410,000 per year once the full 1.4% increase is fully implemented. It is anticipated that additional revenues, if the increase is approved, would be used to expand marketing and advertising Bend as a destination to select markets, promote winter and shoulder season tourism in Bend, and provide for other tourism promotion efforts. The remaining 30% of the incremental revenue, if the measure is approved, would be used for police and fire services.

There is some possibility that the increase in the lodging tax rate, if approved, would result in some reduction in temporary lodging stays in Bend.