

ORDINANCE NS- 2291

AN ORDINANCE AMENDING THE BEND CODE 12.05.080 REGARDING ADMINISTRATION OF ROOM TAX REVENUES

Findings:

- A. In 2001, the Bend City Council considered an increase to the City's room tax, which was then 7%. The 7% rate had been in effect since 1987.
- B. After a majority of the Council approved an increase to a rate of 9%, discussions later in 2001 including the City and members of the local lodging industry led to an agreement to increase the percentage of total room tax revenues allocated to tourism promotion over time until it reached 30% of total room tax revenues. The City proceeded with the increase to a 9% rate.
- C. In 2003, the state Legislature passed HB 2267, which established a state transient lodging tax and placed some restrictions on local lodging taxes, including the City's room tax. Among other things, the bill provided that as of July 2, 2003, at least 70% of any new or increased local lodging taxes must be directed to tourism promotion or tourism related facilities. The bill did not restrict the remaining 30% of any new or increased local lodging taxes.
- D. On July 2, 2003, the operative date in HB 2267 and the resulting statute, ORS 320.350, the City spent 25.2% of its total room tax revenues on tourism promotion.
- E. The City increased the percentage of total room tax revenues expended on tourism promotion until the allocation reached 30% of total room tax revenues, as agreed.
- F. Among the restrictions it imposed, HB 2267 required local governments to maintain the percentage of total local lodging tax revenues actually expended on tourism promotion or tourism related facilities from July 2, 2003 forward. The Legislature also included a provision that appeared to be directed at the City of Bend, requiring cities that had agreed to increase the percentage of total local transient lodging tax revenues to be expended on tourism to increase the percentage as agreed. As noted above, the City did so, increasing the percentage as agreed until the allocation to tourism reached 30%.
- G. In the November 2013 general election, City voters approved Measure 9-94, an increase in the City's room tax rate from 9% to 10.4%. Of the new 1.4% rate increment, state law requires 70% be allocated to tourism promotion or tourism related facilities. The remaining 30%, while not restricted by state law, is devoted to police and fire services under the terms of the measure approved by the voters.

H. The City currently expends 35.4% of total room tax revenues on tourism promotion. This percentage is a result of blending the allocation devoted to tourism between the two existing rate increments of the City's room tax: 30% of the first 9% rate, and 70% of the rate increment above 9%.

I. A decrease of the tourism allocation to 31.2% of total room tax revenues is consistent with both HB 2267 and the 2001 agreement to increase the tourism allocation to 30% of total room tax revenues.

J. The code change resulting in a decreased allocation of total room tax revenues to tourism would provide additional general fund flexibility, whether for street maintenance or other purposes.

Based on these findings, the City of Bend ordains as follows:

Section 1. Bend Code 12.05.080 is amended to read as shown in Exhibit A.

Section 2. All other provisions of the Bend Code remain unchanged and in full effect.


First Reading Date: April 19, 2017

Second Reading Date: May 3, 2017

Adopted by roll call vote on: May 3, 2017

YES: Casey Roats, Mayor
Sally Russell
Bill Moseley
Bruce Abernethy
Justin Livingston
Nathan Boddie

NO: NONE

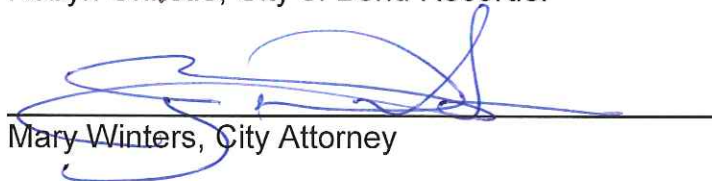


Casey Roats, Mayor Date

ATTEST:



Robyn Christie, City of Bend Recorder



Mary Winters, City Attorney