

# Lodging Tax Advisory Committee – Tourism Enhancement Grants

## SUMMARY

This Fact Sheet covers the City’s policy and procedures related to Tourism Enhancement Grants funded by Lodging Tax revenue.

## BACKGROUND

RCW 67.28.180 authorizes cities to collect an excise tax from businesses that furnish transient accommodations such as hotels, motels, short-term vacation rentals, and recreational vehicle parks. This is called “lodging tax.”

Lodging tax revenue is primarily intended to promote and support tourism activity. A specific focus is events that “put heads in beds” in the same lodging businesses that are required to collect the tax.

## CURRENT STATUS

The City of Sequim established a fund into which lodging taxes paid by businesses located within city limits are collected and then used per statute, including for promoting events that draw tourists to the Sequim area who then stay in local accommodations. See Sequim Municipal Code (SMC) Chapter 3.72.

SMC 3.72 also authorized creation of the Lodging Tax Advisory Committee (LTAC), whose responsibilities are set forth in SMC [Chapter 2.68 LODGING TAX ADVISORY COMMITTEE \(codepublishing.com\)](#). A Sequim City Councilor is the chairperson of the LTAC and the Communications and Marketing Director serves as its Coordinator<sup>1</sup>. Four other members are appointed (see below).

1. Businesses or organizations required to *collect* lodging tax (2 members)

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<sup>1</sup> Non-voting or decision-making position.

## 2. Businesses or organizations allowed to *receive* lodging tax funds (2 members)

One of the LTAC's duties is to review proposals for disbursement of the City's lodging tax revenue toward local tourism promotion and events. Disbursal is in the form of Tourism Enhancement Grants that generally range from \$1,000 up to \$5,000.

Tourism Enhancement Grants application requirements are based on Washington State law. To be considered for funding, applicants must agree to provide information (first predictions, then after-event data) regarding:

- the number of attendees at their event
- the number who traveled over 50 miles to participate
- how many came from out of state or out of the country
- how many stayed in paid overnight lodging
- the number of paid lodging nights

This information provides the City with an accounting of the use of its lodging tax revenue and the impact each event had on tourism and the local economy. LTAC Committees often review this information to determine whether to continue funding an event in the future. This information is also included in an annual report to the Washington State Joint Legislative Audit and Review Committee (JLARC).

Applicants may apply for Tourism Enhancement Grants on a quarterly basis. The applications are reviewed and approved by LTAC then presented to the full City Council at an open public meeting.

Council's role in the LTAC grant process is limited by RCW 67.28.1816(2)(b)(ii) in which Council's only option is to accept or reject individual recommendations from the LTAC Committee. If Council wants to change the recommended amount, it must refer the proposed changes to the LTAC Committee for their consideration at least 45 days before final action is taken.