

**KITSAP COUNTY
LODGING TAX FUNDING AWARD PROCESS**

INTRODUCTION

Chapter 67.28 RCW provides authority for counties to adopt a lodging tax of up to 4% of lodging charges. Kitsap County currently collects lodging tax on overnight stays at hotels, motels, short-term rentals, RV parks, and other short-term housing and lodging accommodations within County limits.

The Kitsap County Board of County Commissioners (Board) looks forward to this year's allocation process and encourages collaborative tourism promotion and community-wide events.

Lodging tax revenues may be used, directly by the County or indirectly through a convention and visitors bureau or destination marketing organization for:

- Tourism marketing;
- The marketing and operations of special events and festivals designed to attract tourists;
- Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district created under chapters 35.57 and 36.100 RCW; or
- Supporting the operations of tourism-related facilities owned or operated by nonprofit organizations described under 26 U.S.C. Sec. 501(c)(3) and 26 U.S.C. Sec. 501(c)(6) of the internal revenue code of 1986, as amended.

Lodging tax funds are awarded to applicants by recommendation of the Lodging Tax Advisory Committee (LTAC) with approval by the Board.

The Board considers tourism an important aspect of Kitsap County's economy and quality of life. Funds collected through the lodging tax will be used to support the following objectives:

- Create and support tourism infrastructure that results in long-term benefits to the community;
- Leverage fund support with other sources, both cash and in-kind;
- Establish clear, meaningful, and measurable indicators that support tourism;
- Maximize economic benefit to the community;
- Highlight the County's cultural and natural assets; and
- Increase out-of-town or long-term day trips to Kitsap County.

AWARD PROCESS

1. **Application Period.** The application period opens on **August 9, 2024**, and closes on **August 30, 2024, at 2:00 PM**. Applications received after the due date, will not be considered.

2. **Who May Apply**
 - Visitor and Convention Bureaus
 - Destination Marketing Organizations or Businesses
 - Non-Profit 501(c)(3) and 501(c)(6) Organizations, including Main Street Organizations, Lodging Associations, or Chambers of Commerce
 - Municipalities or Public Facilities Districts owning or operating tourism-related facilities
 - Organizers of special events and festivals
 - Other Organizations that meet funding criteria

3. **Project Eligibility.**
 - A. Applicants can request funding for the following with the goal of attracting out-of-area tourists:
 - Tourism marketing;
 - The marketing and operations of special events and festivals designed to attract tourists;
 - Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district; or
 - Supporting the operations of tourism-related facilities owned or operated by nonprofit 501(c)(3) and 501(c)(6) organizations.

 - B. The following definitions from RCW 67.28.080 apply:
 - "Operation" includes, but is not limited to, operation, management, and marketing.
 - "Tourism" means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.
 - "Tourism promotion" is defined as activities designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information to attract and welcome tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding marketing of special events and festivals designed to attract tourists. Advertising and publicity can include: printed brochures, flyers, posters, website, social media, radio, or newspaper ads.
 - "Tourism-related facility" is defined as real or tangible personal property with a usable life of three (3) or more years, or is constructed with volunteer labor, that is used to support tourism, performing arts, or to accommodate tourist activities, and is owned by:
 - i. a public entity;
 - ii. a nonprofit 501(c)(3) organization; or
 - iii. a nonprofit 501(c)(6) organization - business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce.

4. **Selection Process.** The LTAC will evaluate applications based on stated criteria and deliver recommendations to the Board. Applications will be scored using an evaluation worksheet to prioritize recommendations to the Board.
5. **Board Approval.** After review of all complete applications, the LTAC will select funding candidates from amongst the applicants and provide a list of candidates and recommended amounts of funding to the Board for final determination.
6. **Contracts for Services.** Following Board approval of a lodging tax fund award, County administrative staff will consult with an awardee to develop a contract scope of work and process the Tourism Promotion Agreement (Attachment A). After an awardee and the County have executed the Tourism Promotion Agreement, County administrative staff will notify awardees to proceed. No costs incurred before the contract period for an approved project will be reimbursed by the County.
7. **Award Distribution.** Lodging tax fund awards are distributed through cost reimbursement. To receive funding, lodging tax fund awardees must submit an invoice(s) to the County using the Lodging Tax Fund Reimbursement Request Form. Each invoice must identify the expenditures or purchase(s) made and corresponding dates, receipts of expenditures or purchases, and any other information requested by the County. Once approved by the County, reimbursement is processed by Direct Deposit via Automated Clearing House (ACH), unless otherwise agreed to by the parties.
8. **Reporting.** All lodging tax fund awardees will be required to submit a report(s) to the County describing the actual number of people traveling for business or pleasure on a trip:
 - Away from their place of residence or business and staying overnight in paid accommodations;
 - To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
 - From another country or state outside of their place of residence or their business.

Kitsap County does not discriminate based on race, religion, color, sex, national origin, marital status, familial status, age, sexual orientation, and disability in employment or the provision of services.

APPLICATION REQUIREMENTS

1. **Application Due Date.** All applications must be submitted by **August 30, 2024, at 2:00 PM.** Applications received after the due date, will not be considered by the LTAC.
2. **Application Format.** To be considered, applications must be submitted in one combined PDF document and emailed to purchasing@kitsap.gov. Hardcopies will not be accepted.
3. **Application Contents.** Applications must include the following:
 - A. Application Funding Cover Sheet. An application must include an Application Funding Cover Sheet (Attachment B) signed by an Authorized Representative.
 - B. Project Description. A description of the proposed project with an explanation of how it will assist in building tourism and/or promoting events or activities that will bring tourists to Kitsap County, including estimates of how any moneys received will result in increases in the number of people traveling for business or pleasure on a trip:
 - Away from their place of residence or business and staying overnight in paid accommodations;
 - To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or
 - From another country or state outside of their place of residence or their business.
 - C. Scope of Work. The scope of work will break down the overall project into a progression of logical steps.
 - D. Project Timeline. The project timeline should include milestones indicating when each will be undertaken and/or completed.
 - E. Budget. A budget description including all income and expenses for the entire project and clearly showing expenses for which County lodging tax dollars will be used. The project budget will include:
 - Revenue and expense categories.
 - All income (including matching funds and in-kind contributions) broken out by amount and source.
 - Itemized expenses.
 - A cash flow projection for the calendar year showing cash needs by month must be provided.
 - Salaries and related personal expenses, as well as travel and administrative costs (eligible for tourism related facilities to support the operations of a facility that promotes tourism in Kitsap County).
 - F. History. A brief history of applicant's program/organization. Applicants should indicate if they have received lodging tax funding in prior years.
 - G. Business Qualification. Documentation that the applicant is qualified to do business in Washington State.

- H. Tax Information. Applicant's most recent tax return or most recent annual financial statement created by an independent source should a tax return not be available. Other documentation showing financial viability may be considered if the applicant is a newly created entity and the documentation is prepared by an independent source.
- I. Certificate of Insurance. Certificate of Insurance evidencing that any required insurance coverages are, or will be, in effect through the funded calendar year. Required insurance coverage is stated in Section 7 of Attachment A. If applicant is not subject to Title 51 Insurance, applicant must provide evidence of exempt status.
4. **Conflict Of Interest**. An applicant shall disclose whether the applicant is an immediate family member of or engaged in any business enterprise with a County employee or elected or appointed official with authority to award the contract. Such disclosure shall be identified in writing in the application materials.
5. **Incurring Costs**. The County is not liable for any cost incurred by an applicant in the process of applying for lodging tax funds, including but not limited to the cost of preparing and submitting an application or other related activities.
6. **Public Records, Confidential Information**. All applications and other materials submitted to the County are County property and subject to release pursuant to the Public Records Act (Act), Chapter 42.56 RCW.

*Questions regarding the application process can be submitted to
Kitsap County Administrative Services at (360) 337- 4789 or purchasing@kitsap.gov.*

EVALUATION CRITERIA

The criteria listed below constitute the standards and measures by which applications for lodging tax funds are evaluated. The County acknowledges that in some cases, given the nature of an applicant's project some criteria may be inapplicable.

1. Application Completeness. Application includes all required materials.
 - Signed Application Funding Cover Sheet
 - Project Description
 - Scope of Work
 - Project Timeline
 - Budget
 - History of Program/Organization
 - Business Qualification
 - Tax Information
 - Certificate of Insurance

2. Funding Eligibility. Applicant's project meets the lodging tax funding eligibility requirements of chapter 67.28 RCW. Applicant is requesting funding for one or more of the following:
 - Tourism marketing;
 - Marketing and operations of special events and festivals designed to attract tourists;
 - Operations and capital expenditures of a tourism-related facility owned or operated by a municipality or a public facilities district; or
 - Operation of a tourism-related facilities owned or operated by nonprofit 501(c)(3) and 501(c)(6) organizations.

3. County Tourism Objectives. Applicant's project supports the County's Tourism Objectives. In determining whether the project supports the County's Tourism Objectives, LTAC will consider whether the project:
 - A. Creates and supports tourism infrastructure that results in long-term benefits to the County.
 - What is the duration of the project?
 - Is the project open to the public?
 - Does the project further the success of and coordinate with community facilities and community promotion and marketing efforts?
 - Does the project promote the County's position in regional sporting activities and/or outdoor recreation?
 - Does the project promote the County's regional or national role in the visual or performing arts?
 - Does the project promote awareness of the County's history, culture, or natural amenities?

 - B. Leverages fund support from other sources, both cash in-kind.
 - Are lodging tax funds essential to the success of the activity?
 - Are there alternatives to lodging tax funding?
 - Has the applicant leveraged labor and capital?
 - Will the awarded funds be used as seed money or ongoing funding?

 - C. Establishes clear, meaningful, and measurable indicators that support tourism.

 - D. Maximizes economic benefit to the community.
 - Does project use of local firms and resources?

- Does the project include new or first-time activities?
 - Does the project generate economic activities during off-peak tourism seasons or periods?
- E. Increases out-of-town or long-term day trips to Kitsap County.
- What is the estimated number of visits to the County to be generated?
 - What is the estimated number of overnight stays in the County to be generated?