

RESOLUTION NUMBER 119 - 2016

RESOLUTION REVISING THE POLICY FOR THE DISTRIBUTION  
OF LODGING TAX REVENUE

**WHEREAS**, RCW 67.28.180 states that the legislative body of any municipality may impose an excise tax on the sale of or charge made for the furnishing of lodging that is subject to tax under RCW 82.08; and

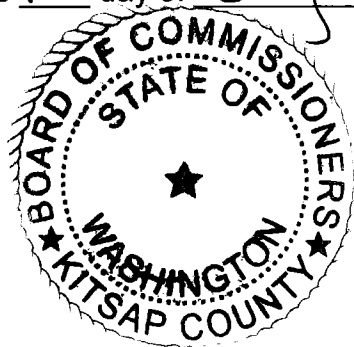
**WHEREAS**, RCW 67.28.1815 states that all revenue from taxes imposed under this chapter shall be credited to a special fund in the treasury of the municipality imposing such tax and used solely for the purpose of paying all or any part of the cost of tourism promotion, acquisition of tourism-related facilities, or operation of tourism-related facilities; and

**WHEREAS**, the Board of County Commissioners has adopted Resolution 264-1997 creating the Lodging Tax Advisory Committee in accordance with RCW 67.28.1817; and

**WHEREAS**, the Board of County Commissioners established a policy regarding the annual distribution of the available lodging tax revenue with Resolution 185-2005 and revised that policy with Resolution 179-2006, Resolution 189-2008 and Resolution 147-2014; and

**NOW, THEREFORE, BE IT RESOLVED**, by the Kitsap County Board of Commissioners, in regular session assembled, hereby revises the policy regarding the distribution of the available lodging tax revenue as set forth in the attached Policy.

DATED this 11<sup>th</sup> day of July, 2016



BOARD OF COUNTY COMMISSIONERS  
KITSAP COUNTY, WASHINGTON

Edward E. Wolfe  
EDWARD E. WOLFE, Chair

Charlotte Garrido  
CHARLOTTE GARRIDO, Commissioner

Robert Gelder  
ROBERT GELDER, Commissioner

ATTEST:

Dana Daniels

Dana Daniels  
Clerk of the Board

# POLICY

## DISTRIBUTION OF LODGING TAX

Approved by: BCC

### **POL - 300.9     DISTRIBUTION OF LODGING TAX**

The lodging tax will be used to fund tourism promotion and tourism-related facilities within Kitsap County. The Board of County Commissioners (the Board) will budget and distribute funds from lodging tax revenues as described in this policy in accordance with RCW 67.28 and Ordinance No. 70-A-1998. The Board will authorize support for specified projects and distribute remaining funds to qualified applicants. Kitsap County Resolution #264-1997 establishes the Lodging Tax Advisory Committee which will review applicant packages and provide recommendations to the Board.

The following distribution schedule is dependent on revenue collected from utilization of those facilities in unincorporated Kitsap County. As lodging facilities are increased or decreased in incorporated Kitsap County, the distribution of lodging tax may change.

#### **1. Definitions:**

The following are RCW 67.28 definitions of tourism:

“Tourism-related facility” means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor, and used to support tourism, performing arts, or to accommodate tourist activities.

“Tourism promotion” means activities and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding marketing of special events and festivals designed to attract tourists.

#### **2. Kitsap County Tourism Support Objectives**

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

A. Create and support tourism infrastructure that results in long-term

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benefits to the community.

- B. Leverage fund support with other sources, both cash and in-kind.
- C. Establish clear, meaningful and measurable indicators that support tourism.
- D. Maximize economic benefit to the community.
- E. Increase out-of-town or long-term day trips to Kitsap County.

To ensure tax dollars are used to support tourism-related activities in accordance with RCW 67.28, each project supported will be required to provide the Board with a projected budget for the up-coming year with their application for funding and provide a final budget report for last year's actual expenditures by the first week of February. These reports will include all income and expenses for the entire project, including matching funds and in-kind contributions and clearly show for which expenses lodging tax dollars were used.

To measure the effectiveness of the programs supported, at project completion or each year, supported organizations will provide the Board performance indicators that demonstrate a positive outcome towards tourism in Kitsap County.

### **3. Funding Distributions**

The Board will distribute funds as follows:

- A. The Board intends to provide approximately \$24,000 per year for debt service payments on infrastructure-related projects that support tourism.
- B. Tourism Marketing projects and visitor centers in unincorporated areas that support Kitsap tourism will be prioritized over other applicants as recommended by the Lodging Tax Advisory Committee and adopted by the Board of County Commissioners.

### **4. Applications from Qualified Agencies**

Qualified agencies may apply for lodging tax funds. The Board establishes high priority to those applicants who show other funding sources as primary and the County as a less significant contributor to the overall project when appropriate. The Board will also consider the history of successes demonstrated by past activities using public funds to

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promote tourism. Organizations designed to attract tourists may receive funds to expend only on advertising and promotion to attract tourists, payable on submission of itemized invoices.

Public Notice calling for applications will be posted each year for remaining budgeted funds. Applicants will be required to provide an application and supporting documentation by the published deadline. The Lodging Tax Advisory Committee will evaluate applications and deliver recommendations to the Board. The Board will fund those projects that meet Kitsap County's tourism objectives for the following year. Applications will be scored using an evaluation worksheet to prioritize recommendations to the Board of County Commissioners.

#### Project Decision-Making Criteria:

- Meets the definition of tourism-related activity
- Completed application including all required documentation, including the organization's most recent tax return. If no tax return is available, the organization must provide their most recent annual financial statement created by an independent source. Other documentation showing financial viability may be considered if agency is newly created and the documentation is prepared by an independent source.
- Received by deadline
- Draws visitors from outside Kitsap County
- Leverages other funding sources
- Results in economic benefit to the community
- Budgetary information is clear and sufficiently detailed
- Provides measurable outcome performance indicators

#### **5. Multi-Year Awards**

Funding is allocated each year as part of the budgeting process; however, the Board may choose to forecast support for specific projects across fiscal years. These projections can change if priorities change, resources are not available, the program does not comply with policy requirements, or the program no longer fits within the intent of RCW 67.28.

Multi-year recipients must provide projected budget for the upcoming year by the first Friday of November and provide a final budget report for last year's actual expenditures by the first week of February. These reports will

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include all income and expenses for the entire project, including matching funds and in-kind contributions and clearly show expenses on which lodging tax dollars were spent.

To measure the effectiveness of the programs supported, at project completion or each year, supported organizations will provide the Board performance indicators that demonstrate a positive outcome towards tourism in Kitsap County, as well as all data required by state statute.

### 6. The Lodging Tax Advisory Committee

The County utilizes a Lodging Tax Advisory Committee established to oversee the process of promoting tourism through revenue collected from the lodging tax. The appointed committee will receive applications and evaluate the applicants and rate them on a project evaluation sheet. The committee will meet and provide a list of recommendations in order of importance to the Board for consideration.

### 7. Time Line

1. Public Notice
2. Applications Submitted for Evaluation
3. Advisory Committee reviews applications
4. Recommendations to Board
5. Board Adopts Distribution Plan for the following year

### 8. Contracts for Services

Each agency receiving funding from lodging tax revenue will execute a contract for services with the County. Agencies receiving funding through a contract must demonstrate that it has performed the services required under the contract before funds will be disbursed. The recipient will also provide to the County all documents required in the contract prior to any funds being disbursed. All disbursements are dependent on adequate cash flow in the lodging tax fund.