

**CITY OF LINCOLN CITY
CITY COUNCIL**

SPECIAL MEETING AGENDA

FRIDAY AUGUST 19, 2022, 10:30 AM

10:30 AM - The Lincoln City Council will hold a Special Meeting in the NW Conference Room, 801 SW Hwy 101 - 3rd Floor, Lincoln City, OR 97367 with some Councilors appearing via Zoom.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, for a hearing-impaired device, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting. To request information in an alternate format or other assistance, please contact the City's ADA Coordinator, Kevin Mattias, at [541-996-1013](tel:541-996-1013) or kmattias@lincolncity.org. Visit the [ADA Accessibility | City of Lincoln City, OR](#) webpage to view how the City continues to remain in compliance with Title II of the Americans with Disabilities Act regarding City programs, services, processes, and facilities.

The Lincoln City Council reserves the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the meeting.

All information for this meeting is available at www.lincolncity.org under "Government" then select "Public Meeting, Agendas, Packets & Video". After the meeting is complete, it will be published on the website.

A. CALL TO ORDER

B. ROLL CALL

C. RESOLUTIONS

1. RESOLUTION NO. 2022-37 A RESOLUTION OF THE CITY OF LINCOLN CITY SUBMITTING TO THE VOTERS THE QUESTION OF AMENDING THE LINCOLN CITY CHARTER TO INCREASE THE TRANSIENT ROOM TAX FROM NINE AND ONE-HALF PERCENT (9.5%) TO TWELVE PERCENT (12%) FOR PUBLIC SAFETY, GENERAL GOVERNMENT AND TOURISM-RELATED FACILITIES.

D. ADJOURNMENT

Council Communication

Resolution 2022-37 TRT Increase

Meeting Date:	August 19, 2022	Primary Staff Contact:	Richard Appicello
Department:	City Attorney	E-Mail:	RAppicello@lincolncity.org
Secondary Dept:		Secondary Contacts:	
Approval:	Daphnee Legarza	Estimated Time:	

Question:

Should the City Council approve Resolution 2022-37 entitled:

RESOLUTION NO. 2022-37

A RESOLUTION OF THE CITY OF LINCOLN CITY SUBMITTING TO THE VOTERS THE QUESTION OF AMENDING THE LINCOLN CITY CHARTER TO INCREASE THE TRANSIENT ROOM TAX FROM NINE AND ONE-HALF PERCENT (9.5%) TO TWELVE PERCENT (12%) FOR PUBLIC SAFETY, GENERAL GOVERNMENT AND TOURISM-RELATED FACILITIES.

Staff Recommendation:

Staff recommends approval of Resolution 2022-37.

Authority:

ORS 320.350(5) & (6) provide:

(5) Subsections (1) and (2) of this section do not apply to a new or increased local transient lodging tax if all of the net revenue from the new or increased tax, following reductions attributed to collection reimbursement charges, is used consistently with subsection (6) of this section to:

- (a) Fund tourism promotion or tourism-related facilities;
- (b) Fund city or county services; or
- (c) Finance or refinance the debt of tourism-related facilities and pay reasonable administrative costs incurred in financing or refinancing that debt, provided that:
 - (A) The net revenue may be used for administrative costs only if the unit of local government provides a collection reimbursement charge; and

(B) Upon retirement of the debt, the unit of local government reduces the tax by the amount by which the tax was increased to finance or refinance the debt.

(6) At least 70 percent of net revenue from a new or increased local transient lodging tax shall be used for the purposes described in subsection (5)(a) or (c) of this section. No more than 30 percent of net revenue from a new or increased local transient lodging tax may be used for the purpose described in subsection (5)(b) of this section.

Background:

Please see attached Resolutions and Exhibits.

Council Options:

Approve the Resolution.

Do not approve the Resolution.

Potential Motions:

Move to approve Resolution 2022-37.

Move to reject the proposed Resolution.

Attachments:

Resolution 2022-37 ra 8-18-22 302pm (DOC)

RESOLUTION NO. 2022-37

A RESOLUTION OF THE CITY OF LINCOLN CITY SUBMITTING TO THE VOTERS THE QUESTION OF AMENDING THE LINCOLN CITY CHARTER TO INCREASE THE TRANSIENT ROOM TAX FROM NINE AND ONE-HALF PERCENT (9.5%) TO TWELVE PERCENT (12%) FOR PUBLIC SAFETY, GENERAL GOVERNMENT AND TOURISM-RELATED FACILITIES

RECITALS

On June 25, 1991, the voters of Lincoln City approved an amendment to the Lincoln City Charter effective January 1, 1992 to impose a transient room tax on the occupant of transient lodging in the amount of seven (7) percent of the charge for the accommodation; and

On May 21, 2002, the voters of Lincoln City approved an amendment to the Lincoln City Charter, effective July 1, 2002, to increase the lodging tax by an additional one (1) percent, to eight percent (8%); and

On May 20, 2008, the voters of Lincoln City approved an amendment to the Lincoln City Charter, effective July 1, 2008, to increase the lodging tax by an additional one and one-half percent (1.5%) to nine and one-half percent (9.5%); and

Section 11.1.5 of the City Charter presently establishes a transient room tax in the amount of nine and one-half percent (9.5%) of the rent charged by hotel, motel and short term rental operators and allocates use of the tax revenues to various purposes; and

The City is in need of revenue to fund desired essential city services, such as narcotics enforcement, as well as funding and development of tourism-related facilities and city park facilities which serve tourists, including but not limited to the proposed D River Visitors Information Center; and

The great number of visitors that come to the City to stay in hotels, motels and short term rentals creates a need for more city services, including but not limited to public safety services, than would be needed were Lincoln City not a destination for visitors; and

1 It is in the economic interest of the City, including the hotel and motel and short term
2 rental industry, that the City be able to provide essential city services to the visitors
3 that come to the City as well as to the City’s residents; and
4

5 The City has adequately budgeted funds for public safety but anticipates needing
6 additional revenue for such purposes, including, for example, a Lincoln Interagency
7 Narcotics Team (LINT) detective; and
8

9 It is in the economic interest of the City, including the hotel and motel and short term
10 rental industry, that the city promote and develop tourism-related facilities, events
11 and programs for visitors during all seasons, including the shoulder and off-seasons;
12 and
13

14 A new lodging tax is currently restricted by state law [ORS 320.350(5)&(6)] in that
15 such funds can be used to fund tourism promotion and tourism-related facilities (at
16 least 70% of net revenue) and other city services (including public safety) of no more
17 than 30% of net revenue; and
18

19 The legislature is entertaining amendments to the above percentages and the City
20 intends to fully comply with the limitations of state law on the use of such TRT funds;
21 and
22

23 The City of Lincoln City has not increased TRT since 2008 while other Lincoln County
24 Communities [such as Newport at twelve percent (12%)] have increased TRT in their
25 communities; and
26

27 The Council finds and determines that it is therefore appropriate to increase the
28 transient room tax from nine and one-half percent (9.5%) to twelve percent (12%) and
29 to allocate such additional revenues as required by law, without changing the
30 previous allocations under the City Charter; and
31

32 It is therefore appropriate to refer to the voters of the City the question of whether to
33 amend the Lincoln City Charter to allow for an increase of two and one-half percent
34 (2.5%) in the transient room tax imposed on visitors to Lincoln City.
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37 **NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF**
38 **LINCOLN CITY, AS FOLLOWS:**

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40 **SECTION 1. RECITALS.**

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The above recitals are true and correct and are incorporated herein by this reference.

SECTION 2. CALL FOR ELECTION.

An election is hereby called to submit to the qualified voters of the City of Lincoln City the question of amending the Lincoln City Charter in accord with the amendment (shown with strike-through and underlined text) set out in **Exhibit A**, attached hereto. **Exhibit D**, attached hereto, shows the (clean) text of the current Lincoln City Charter provisions, as amended, by the proposed change.

SECTION 3. BALLOT TITLE.

The Ballot Title attached hereto as **Exhibit B** is adopted by the Council and shall be filed with the City Recorder in accord with ORS 250.285(1).

SECTION 4. EXPLANATORY STATEMENT.

The explanatory statement to be published in the Lincoln County Voters Pamphlet, as required by ORS 251.345, shall be the Explanatory Statement attached hereto as **Exhibit C**.

SECTION 5. DELEGATION.

The City Manager, City Recorder and City Attorney are hereby authorized and directed to cause this Resolution, Measure Text and Ballot Title, subject to any revisions made in accord with ORS 250.296, and the Explanatory Statement to be submitted to the Lincoln County Elections Officer in a timely manner as required by law, for inclusion on the November 8, 2022 election ballot and in the Lincoln County Voters Pamphlet; and to perform all other acts which may be required or convenient to submit the measure to the voters.

SECTION 6. EFFECTIVE DATE. This Resolution is effective as of the date of its adoption.

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PASSED AND ADOPTED by the City Council of the City of Lincoln City, Oregon, this 19th day of August, 2022.

SUSAN WAHLKE, MAYOR

ATTEST:

JAMIE YOUNG, CITY RECORDER

APPROVED AS TO FORM:

RICHARD APPICELLO, CITY ATTORNEY

1 **Exhibit A**

2

3 *Annotated to show deletions and additions to the charter sections being modified. Deletions are*
 4 ***bold lined through** and additions are **bold underlined**.*

5 Section 11.1.5 of the Charter of the city of Lincoln City, Oregon is hereby amended,
 6 effective July 1, 2023, to read:

7

8 **11.1.5 Imposition and Allocation of Transient Room Tax.**

9

10 (1) For the privilege of occupancy in any hotel, each transient shall pay a tax in the
 11 amount of ~~nine and one-half~~ **twelve** percent of the rent charged by the operator.
 12 The procedures applicable to the collection, administration and enforcement of this
 13 tax shall be governed by ordinance of the city.

14 (2) After payment of the costs associated with administering the fund determined as
 15 provided by ordinance of the city, the net funds collected pursuant to a tax of ~~9.5~~ **12**
 16 percent of the rent charged by the operator shall be distributed as follows:

17 (a) One eighth of the revenue from the 8 percent tax shall be irrevocably
 18 pledged and utilized, while bonds are outstanding, for the repayment of the
 19 general obligation bonds issued for the purpose of acquisition or construction
 20 of a Library and Civic Center at Lincoln Square, and for payment of refunding
 21 bonds, if any are issued to reduce debt service for this issue, except that, while
 22 bonds are outstanding, any surplus of one eighth of the revenue over the debt
 23 service on the bonds or refunding bonds also may be used for renovation,
 24 rehabilitation, improvement, and physical maintenance of Lincoln Square.
 25 Thereafter, this portion of the transient room tax will be allocated to other
 26 capital construction needs of the city.

27 (b) Two eighths of the revenue from the 8 percent tax shall be deposited in the
 28 city's Visitors and Convention Bureau Fund, shall be restricted to marketing
 29 Lincoln City as a tourist destination, and shall be expended solely and directly by
 30 the city's Visitors and Convention Bureau. "Marketing" means those activities
 31 that will increase Lincoln City's share of leisure, motorcoach, and conference
 32 business through advertising, public relations, collateral materials, tourism
 33 research, and operation of a visitor information center.

34 (c) One eighth of the revenue from the 8 percent tax shall be allocated to the
 35 public safety needs of the city.

36 (d) Four eighths of the revenue from the 8 percent tax shall be retained by the
 37 city to be used for the purposes of street construction and maintenance, traffic
 38 control signals, drainage facilities, (including storm drains), pedestrian safety
 39 equipment and features, lighting, right-of-way acquisition, pavement widening,

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grade separation, bridge or culvert construction, channelization, and street extension, for park and recreation facilities construction and maintenance; for community celebrations and the provision and maintenance of visitor-oriented outdoor signs and facilities; and for the actual and reasonable administrative costs allocable to such stated purposes or any of them.

(e) Beginning July 1, 2008, the revenues from the increase of one and one-half percent transient room tax shall be allocated in the following proportion: 30 percent to public safety needs of the city and 70 percent to tourism promotion or tourism-related facilities including programs of the city and eligible non-profit corporations that primarily serve the shoulder and off-season period of September 16 through June 30, and as allocated in the City’s annual budget.

(f) Beginning July 1, 2023, the revenues from the increase of two and one-half percent (2.5%) transient room tax shall be allocated in the proportion prescribed by the state law in effect at the time. If the state law is not changed before July 1, 2023, the allocations shall be as currently described in ORS 320.350(5)&(6).

Exhibit B

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Ballot Title

Caption: Amends Charter to increase lodging tax from 9.5% to 12%.

Question: Should the City of Lincoln City transient room tax be increased from 9.5 percent to 12 percent?

Statement: This Charter amendment will increase the lodging tax paid by visitors to Lincoln City by 2.5 percentage points from nine and one-half percent (9.5%) to twelve percent (12%). The City last increased the transient room tax in May of 2008. This Charter amendment will not change how revenues for the existing 9.5 percent transient room tax are currently allocated in the Charter. The revenues from the additional two and one-half percent (2.5%) tax will be allocated as provided in the state law in effect at the time the increase is effective in July 2023; Currently state law provides that seventy percent (70%) goes to tourism promotion or to tourism-related facilities and no more than thirty percent (30%) goes to the general fund/public safety purposes. The City generally intends to fund police services (narcotics detective) and city park improvements from the general fund portion and tourism promotion and tourism-related facilities (like a new D River visitor information center/ restroom) from the tourism portion.

Exhibit C

Explanatory Statement

Chapter 11 of the Lincoln City Charter currently imposes a lodging tax of nine and one-half percent (9.5%). The tax is imposed on the occupant of the lodging, not the operator of the lodging.

This Charter amendment will increase the amount of lodging tax imposed, from nine and one-half percent (9.5%) to twelve percent (12%).

The main reasons for the Charter amendment are as follows:

1. The additional 2.5 percent lodging tax is estimated to provide additional revenues to the City of \$2,666,667.00. The City is required to fund public safety and essential services for residents and visitors alike. The City anticipates, beginning in 2023, that the city will not have sufficient funds in the general fund to provide all desired essential services, including for example, public safety services, such as a Lincoln Interagency Narcotics Team (LINT) detective. It is appropriate to require visitors, who place additional demand on these city services, to pay a share of the services. Additional revenues will be necessary to provide such public safety services.
2. In 2023-2024, the City anticipates the need for additional funds for adequate services that support the tourism industry including public safety and public facilities used by tourists, including tourism-related facilities. Additional revenues would allow the city to support local tourism programs, and events and provide needed funds for tourist-related facilities. One such tourism-related facility is the proposed new Visitor Information Center / restrooms at the D River State Park. In addition, there is an opportunity to widen the tourism market during the off-season with increased tourism facilities and marketing. For the off-season, such efforts would benefit the lodging industry and associated businesses.
3. Under current state law, unless changed, the City must allocate at least seventy percent (70%) of the estimated revenue or \$1,866,667.00 to tourism promotion and tourism- related facilities. In addition, the City may not use more than thirty percent (30%) of the two and one-half percent (2.5%) increase in the lodging tax (under current state law) for general fund purposes such as public safety (unless the state law is changed). Estimated revenues from the tax increase would be available in the amount of \$800,000.00 for general city services including police services.

1 **Exhibit D**

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3 Section 11.1.5 of the Charter of the city of Lincoln City, Oregon is hereby amended,
4 effective July 1, 2023, to read:

5
6 **11.1.5 Imposition and Allocation of Transient Room Tax.**

7
8 (1) For the privilege of occupancy in any hotel, each transient shall pay a tax in the
9 amount of twelve percent of the rent charged by the operator. The procedures
10 applicable to the collection, administration and enforcement of this tax shall be
11 governed by ordinance of the city.

12 (2) After payment of the costs associated with administering the fund determined as
13 provided by ordinance of the city, the net funds collected pursuant to a tax of 12
14 percent of the rent charged by the operator shall be distributed as follows:

15 (a) One eighth of the revenue from the 8 percent tax shall be irrevocably
16 pledged and utilized, while bonds are outstanding, for the repayment of the
17 general obligation bonds issued for the purpose of acquisition or construction
18 of a Library and Civic Center at Lincoln Square, and for payment of refunding
19 bonds, if any are issued to reduce debt service for this issue, except that, while
20 bonds are outstanding, any surplus of one eighth of the revenue over the debt
21 service on the bonds or refunding bonds also may be used for renovation,
22 rehabilitation, improvement, and physical maintenance of Lincoln Square.
23 Thereafter, this portion of the transient room tax will be allocated to other
24 capital construction needs of the city.

25 (b) Two eighths of the revenue from the 8 percent tax shall be deposited in the
26 city's Visitors and Convention Bureau Fund, shall be restricted to marketing
27 Lincoln City as a tourist destination, and shall be expended solely and directly by
28 the city's Visitors and Convention Bureau. "Marketing" means those activities
29 that will increase Lincoln City's share of leisure, motorcoach, and conference
30 business through advertising, public relations, collateral materials, tourism
31 research, and operation of a visitor information center.

32 (c) One eighth of the revenue from the 8 percent tax shall be allocated to the
33 public safety needs of the city.

34 (d) Four eighths of the revenue from the 8 percent tax shall be retained by the
35 city to be used for the purposes of street construction and maintenance, traffic
36 control signals, drainage facilities, (including storm drains), pedestrian safety
37 equipment and features, lighting, right-of-way acquisition, pavement widening,
38 grade separation, bridge or culvert construction, channelization, and street
39 extension, for park and recreation facilities construction and maintenance; for
40 community celebrations and the provision and maintenance of visitor-oriented

1 outdoor signs and facilities; and for the actual and reasonable administrative
2 costs allocable to such stated purposes or any of them.

3 (e) Beginning July 1, 2008, the revenues from the increase of one and one-half
4 percent transient room tax shall be allocated in the following proportion: 30
5 percent to public safety needs of the city and 70 percent to tourism promotion
6 or tourism-related facilities including programs of the city and eligible non-
7 profit corporations that primarily serve the shoulder and off-season period of
8 September 16 through June 30, and as allocated in the City's annual budget.

9 (f) Beginning July 1, 2023, the revenues from the increase of two and one-half
10 percent (2.5%) transient room tax shall be allocated in the proportion prescribed
11 by the state law in effect at the time. If the state law is not changed before July
12 1, 2023, the allocations shall be as currently described in ORS 320.350(5)&(6).

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