



# City of Spokane

Lodging Tax Advisory Committee

808 W. Spokane Falls Blvd.

Spokane, Wash., 99201

## ALLOCATION PROCESS

### APPLICATION

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#### *INTRODUCTION*

The objective of the City of Spokane Lodging Tax Advisory Committee (LTAC) is to support projects that encourage eligible tourist-attracting special events, festivals and cultural activities; and to support tourism facilities in Spokane. Eligibility of applications and projects is defined broadly to encourage wide participation and innovative proposals. The source of the funds is the Hotel-Motel (Lodging) Tax authorized in Chapter 67.28 RCW. This tax consists of a two percent special excise tax on all charges for furnishing lodging at hotel, motels and similar establishments and is a credit against the state sales tax. The City has also exercised its option to add an additional two percent as an additional tax.

The general application period will open in September and close in mid-October. At the request of the Mayor or City Council or at the Lodging Tax Advisory Committee's own discretion grant applications can be considered at other times of the year. However, because of the City's budget cycle and because of the Committee's preference to review grant applications simultaneously and comparatively, the likelihood of gaining approval outside of the primary application period is diminished.

### PROJECT ELIGIBILITY

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[RCW 67.28](#) (attached below) provides authority for cities and counties to adopt a lodging tax of up to four percent of lodging charges made by hotels, motels, rooming houses, trailer camps and any similar charges for a license to use real property. Spokane currently collects the maximum allowed by the law. This statute allows the use of lodging tax revenues in any of three broad categories: tourism marketing, the marketing and operations of special events, and festivals, or tourism-related facilities.

## **APPLICATION REQUIREMENTS**

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To be considered, applications must be complete, adhere to the specified format, and be submitted with seven copies of all components.

### *ELIGIBILITY*

Each applicant will be required to concisely define the service to be provided through the proposed project. Essential to this process will be establishing that the project, if funded, will be in compliance with state statutes governing the use of Lodging Tax revenues and the Spokane Municipal Code provisions on ethics [1.04A](#)<sup>1</sup>.

### *SCOPE OF WORK*

The applicant will be required to submit a scope of work that breaks down the overall project into a progression of logical steps.

### *TIMELINE*

The elements and the scope of work must be keyed to milestones indicating when each will be undertaken and/or completed.

### *BUDGET*

The project budget will include both revenue and expense categories; all income (including in-kind) will be broken out by amount and source, and expenses will be itemized. A cash flow projection for the calendar year showing cash needs by month must be provided.

### *REIMBURSEMENT*

The applicant must understand that the City's support for funded projects is on a reimbursement basis and no funds can be advanced in support of a project. Grantees must first incur costs and then bill the City for reimbursement under contract guidelines.

### *HISTORY*

Provide a brief history of your program/organization.

## **SELECTION PROCESS**

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When the application solicitation period opens, Community Development and Planning staff will inform potential applicants of the funding process and its eligibility criteria. During the

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<sup>1</sup> Proposals from organizations directly connected to LTAC members are not eligible under the Code's conflict of interest rules.

period, Community Development and Planning staff will also be available to potential applicants to provide technical assistance as applicants prepare their requests. When the solicitation period closes, qualifying applications will then be forwarded to LTAC for review. The Committee will recommend to the Council projects to be funded and at what levels. **The Council will make the final decision on project approval and funding levels from the list of funding recipients and recommended amounts provided by the Committee. The Council may award amounts different from the Committee's recommended amount, but only after satisfying the procedural requirements of [RCW 67.28.1817 \(2\)](#).** Staff will then consult with applicants of approved projects to develop contracts and scopes of work. After the applicants and the City have signed the contracts, staff will notify applicants to proceed. It is very important that applicants are aware that:

- All contracts are reimbursement based. The grantee must expend funds on approved items and then seek reimbursement under terms of the governing contract;
- No costs incurred prior to the City's signing of a contract for an approved project can be reimbursed;
- The project approval process involves three steps:
  - Advisory committee recommendation
  - The Council's approval of proposal, and
  - The execution of the contract by the Mayor's signature
- Only after these steps are complete is a project grantee authorized to begin incurring only reimbursable costs.
- The City of Spokane does not discriminate on the basis of race, religion, color, sex, national origin, refugee status, marital status, familial status, age, sexual orientation or disability in employment or the provision of services.

## EVALUATION CRITERIA

The criteria listed below constitute the standards and measures by which applications for money from the Lodging Tax Fund are judged. In some cases by their nature some applicant events, activities, programs, organizations and facilities will not be able to meet all criteria. However, it can be said that in general the more criteria met, the stronger the application.

### COMMUNITY ECONOMIC IMPACT

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Potential positive economic impact of tourism on the community is a significant benefit that can be measured. In its most fundamental effect, tourism impacts the community's economy through the dollars generated and spent in Spokane from tourism, special events and festivals, and tourism facilities.

The total impact can be measured in terms of direct dollar expenditures made by the visitors/attendees themselves and indirect dollar expenditures made as the money moves through the community. In evaluating applications in this area, more weight will be given to the former since it is more readily measurable.

In assessing the probable economic impact of the proposal, the Committee will consider:

- The estimated number of visitors/attendees;
- The amount of spending by visitors/attendees;
- The estimated number of overnight stays to be generated;
- The duration of the event, activity or program;
- The generation of economic activities during off-peak tourism seasons or periods;
- The use of local firms and resources in the proposed event, activity, program or facility; and
- First time or expanded events or activities.

### RESOURCES AVAILABLE FOR EVENT OR FACILITY

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The applicant should identify other community capital and labor sources to ensure project success. Multiple-year funding of projects can occur, but it is more difficult to obtain. Seed money that will help establish or grow an activity, program, event, organization, or facility which will later function successfully on its own is preferred.

The Committee will evaluate the following considerations in this regard:

- Is the funding critical to the success for the event?
- Are there alternatives to Lodging Tax Funding?

- Has the applicant leveraged labor and capital?
- Will the granted funds be used mainly as seed money or on-going funding?

### **BUILDS ON IDENTIFIED COMMUNITY ASSETS**

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Community assets include natural amenities, public facilities, identifiable districts, festivals, events and activities that distinguish Spokane in the region, state and nation. Those things both help constitute and promote this City's positive image.

The Committee will consider the proposal's effect in such areas as tourism promotion, cultural heritage, the community's position in regional sporting activities, outdoor recreation, advancing Spokane's regional or national role in the visual or performing arts, and heightening awareness of the area's history or natural amenities.

### **MEETS COMMUNITY OBJECTIVES**

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Events, projects, activities, organizations and facilities that also serve the broader community interests will be given preference.

The Committee will assess whether the proposal:

- Assists in meeting adopted policies, purposes and goals of the City of Spokane;
- Furthers the success of and coordinates with scheduled community events, facilities, and community promotion and marketing efforts; and/or
- Is open to the general public.

### **MEETS THE REQUIREMENTS OF THE HOTEL/MOTEL TAX LAW (67.28.1816)**

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Note: See the attachment for a definition of terms/process (RCW [67.28.080](#) and [67.28.1816](#)).

If you have any questions about your proposal meeting the requirements of the law please call the City Council Office, (509) 625-6255, 808 W. Spokane Falls Blvd., Spokane, WA 99201.

## **RCW 67.28.080**

### **Definitions.**

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Acquisition" includes, but is not limited to, siting, acquisition, design, construction, refurbishing, expansion, repair, and improvement, including paying or securing the payment of all or any portion of general obligation bonds, leases, revenue bonds, or other obligations issued or incurred for such purpose or purposes under this chapter.

(2) "Municipality" means any county, city or town of the state of Washington.

(3) "Operation" includes, but is not limited to, operation, management, and marketing.

(4) "Person" means the federal government or any agency thereof, the state or any agency, subdivision, taxing district or municipal corporation thereof other than county, city or town, any private corporation, partnership, association, or individual.

(5) "Tourism" means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.

(6) "Tourism promotion" means activities, operations, 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 the marketing of or the operation of special events and festivals designed to attract tourists.

(7) "Tourism-related facility" means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) Owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.

## **RCW 67.28.1816**

### **Lodging tax—Tourism promotion.**

(1) Lodging tax revenues under this chapter may be used, directly by any municipality or indirectly through a convention and visitors bureau or destination marketing organization for:

(a) Tourism marketing;

(b) The marketing and operations of special events and festivals designed to attract tourists;

(c) 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

(d) 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.

(2)(a) Except as provided in (b) of this subsection, applicants applying for use of revenues in this chapter must provide the municipality to which they are applying estimates of how any moneys received will result in increases in the number of people traveling for business or pleasure on a trip:

(i) Away from their place of residence or business and staying overnight in paid accommodations;

(ii) To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or

(iii) From another country or state outside of their place of residence or their business.

(b)(i) In a municipality with a population of five thousand or more, applicants applying for use of revenues in this chapter must submit their applications and estimates described under (a) of this subsection to the local lodging tax advisory committee.

(ii) The local lodging tax advisory committee must select the candidates from amongst the applicants applying for use of revenues in this chapter and provide a list of such candidates and recommended amounts of funding to the municipality for final determination. The municipality may choose only recipients from the list of candidates and recommended amounts provided by the local lodging tax advisory committee.

(c)(i) All recipients must submit a report to the municipality describing the actual number of people traveling for business or pleasure on a trip:

(A) Away from their place of residence or business and staying overnight in paid accommodations;

(B) To a place fifty miles or more one way from their place of residence or business for the day or staying overnight; or

(C) From another country or state outside of their place of residence or their business. A municipality receiving a report must: Make such report available to the local legislative body and the public; and furnish copies of the report to the joint legislative audit and review committee and members of the local lodging tax advisory committee.

(ii) The joint legislative audit and review committee must on a biennial basis report to the economic development committees of the legislature on the use of lodging tax revenues by municipalities. Reporting under this subsection must begin in calendar year 2015.

(d) This section does not apply to the revenues of any lodging tax authorized under this chapter imposed by a county with a population of one million five hundred thousand or more.

[ [2013 c 196 § 1](#); [2008 c 28 § 1](#); [2007 c 497 § 2](#).]

#### **NOTES:**

**Effective date—2013 c 196:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2013." [ [2013 c 196 § 3](#).]