

ORDINANCE NO. 6084

**AN ORDINANCE AMENDING FAIRBANKS GENERAL CODE
CHAPTER 74, ARTICLE IV HOTEL/MOTEL TAX TO
INCREASE THE TAX RATE AND THE CITY'S PERCENTAGE**

WHEREAS, the hotel/motel tax was first enacted in 1979; and

WHEREAS, the rate of the tax was increased to the current 8 percent in 1985; and

WHEREAS, the "purpose and limitation" section of the hotel/motel tax ordinance has been amended at least 10 times since 1979; and

WHEREAS, Explore Fairbanks deserves recognition for its diligent hard work which has resulted in an increase in tourism for the Fairbanks North Star Borough, especially during the winter tourist season; and

WHEREAS, the City has been a good steward of taxpayer's resources, cutting staff and expenses over the last ten years, as shown in Attachment A; and

WHEREAS, City revenues have not grown at the same rate as the cost of living, as shown in Attachment B; and

WHEREAS, increases in the City's mission, along with additional resource demands, are causing an imbalance in City finances; and

WHEREAS, certain sections of Chapter 74, Article IV, need to be amended to delete language regarding distributions to the community service patrol that have expired.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:

Section 1. FGC Sec. 74-117(c) and (e) are amended as follows [new text in **bold/underline** font; deleted text in ~~strikethrough~~ font]:

Sec. 74-117. Hotel/motel tax purpose and limitation.

(c) Subject to annual appropriation, revenues collected under this article shall be allocated as follows:

- (1) The City of Fairbanks will receive 22.5 percent **of the first 8 percent and 100 percent of all taxes above 8 percent** for

fund collection, administration, and tourism impact, **and general public services.**

(2) \$400,000 will be distributed annually as follows:

Fairbanks Economic Development Corporation	\$100,000.00
Golden Heart Plaza and Barnette Landing Maintenance	\$30,000.00
Discretionary Grants	\$270,000.00

(3) All remaining hotel/motel tax revenues to the Fairbanks Convention and Visitors Bureau, **dba Explore Fairbanks.**

~~(4) From the city's 22.5 percent under (1), \$50,000 annually shall be granted for the community service patrol for 2011, 2012, 2013 and 2014 only.~~

(e) Any recipient of funding under this article shall execute a contract with the city setting forth terms and conditions deemed necessary to enable the city to assure compliance with the purposes and limitations under this section. In addition, the Fairbanks Convention and Visitors Bureau and the Fairbanks Economic Development Corporation board of directors and/or director shall remit complete and fully detailed budget documents and a plan outlining projected goals and objectives directly to the city council before November 1st of each year for presentation and review and as a condition of funding. At the same time each of these agencies shall submit a complete and detailed report of current year's progress and accomplishments. ~~The grant for the community service patrol set out in (c)(4) shall require a yearly cash match of \$140,000. As a further condition for the city grant, the community service patrol shall engage tactical coordination with the Fairbanks Police Department and, if different, make seasonal adjustments to the patrol boundary.~~

Section 2. FGC Sec. 74-118(a) is amended as follows [new text in **bold/underline** font; deleted text in ~~strikethrough~~ font]:

Sec. 74-118. Tax levy and collection.

(a) There is levied and imposed upon the use and privilege of renting a room within the city a tax on the daily rate charged for each such room rented for each 24-hour period or any portion of such period. The tax shall be equal to **9.5% for 2019, 10% for 2020, and 10.5% for 2021** ~~eight percent~~ of each daily rate. This tax is imposed upon all room rentals unless the rental is specifically exempted herein or by other applicable law. The tax shall not be levied and imposed upon a permanent resident of a room.

Section 3. FGC Sec. 74-119(1) is amended as follows [new text in **bold/underline** font; deleted text in ~~strikethrough~~ font]:

Sec. 74-119. Exemptions from room tax collection.

- (1) Rent paid directly to the operator using a purchase order or other means of direct payment by a federal, state, or local government. Government employees traveling on a reimbursement basis are not exempt from taxation and shall be charged the ~~eight percent~~ tax.

Section 4. That the effective date of this Ordinance is the ___ day of ___ 2019.

Jim Matherly, Mayor

AYES: None
NAYS: Cleworth, Pruhs, Rogers, Kun, Ottersten, Therrien
ABSENT: None
FAILED: June 10, 2019

ATTEST:

APPROVED AS TO FORM:

D. Danyielle Snider, CMC, City Clerk

Paul J. Ewers, City Attorney

CITY OF FAIRBANKS
FISCAL NOTE

I. REQUEST:

Ordinance or Resolution No: 6084

Abbreviated Title: HOTEL/MOTEL TAX INCREASE

Department(s): MAYOR

Does the adoption of this ordinance or resolution authorize:

1) additional costs beyond the current adopted budget? Yes _____ No x

2) additional support or maintenance costs? Yes _____ No x

If yes, what is the estimate? see below

3) additional positions beyond the current adopted budget? Yes _____ No x

If yes, how many positions? _____

If yes, type of positions? _____ (F - Full Time, P - Part Time, T - Temporary)

II. FINANCIAL DETAIL:

EXPENDITURES:	2019	2020	2021	Total
	\$0	\$0	\$0	\$0
TOTAL	\$0	\$0	\$0	\$0

FUNDING SOURCE:	2019	2020	2021	Total
Hotel/Motel Tax Increase (General Fund)	\$600,000	\$800,000	\$1,000,000	\$2,400,000
TOTAL	\$600,000	\$800,000	\$1,000,000	\$2,400,000

This fiscal note presents the portion in excess of 8% for \$40,000,000 in hotel/motel revenues.

Reviewed by Finance Department:

Initial mb

Date 9/20/2018