

ORDINANCE NO. 6210, AS AMENDED

AN ORDINANCE AMENDING FGC SEC. 74-117(b) TO CHANGE THE CITY'S ROOM RENTAL TAX ALLOCATION, AMENDING FGC SEC. 74-118(a) TO CHANGE THE RATE OF TAX, AND TO DISTRIBUTE ADDITIONAL FUNDS FOR GOLDEN HEART PLAZA

WHEREAS, the room rental tax was first enacted as the hotel/motel tax 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 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 dollars, cutting staff and expenses over the last ten years; and

WHEREAS, Golden Heart Plaza is a historical landmark that annually attracts many thousands of visitors from all over the world; and

WHEREAS, Golden Heart Plaza has been plagued recently by graffiti, vandalism, and other unlawful behavior and is in desperate need of an increased security presence; and

WHEREAS, Golden Heart Plaza is currently leased and managed by Festival Fairbanks, a non-profit organization that needs help in addressing these issues; and

WHEREAS, failure to address these issues at Golden Heart Plaza will have adverse consequences on visitors, both current and future, to Fairbanks; and

WHEREAS, the change to the allocation formula and the distribution to Festival Fairbanks to provide additional security for Golden Heart Plaza in 2022 will address this pressing situation this summer and give the City Council time to consider long-term solutions to these issues.

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

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

Sec. 74-117. Room rental tax purpose and limitation.

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

(1) The City of Fairbanks will receive ~~33.5~~ 22.5 percent **of the first eight percent and 100% of all revenues above eight percent** for fund collection, administration, ~~and~~ tourism impact, **and public safety**.

(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

In addition to the \$400,000, in 2022, \$227,920 will be distributed to Festival Fairbanks to fund security personnel at Golden Heart Plaza.

(3) All remaining room rental tax revenues will be distributed to the Fairbanks Convention and Visitors Bureau, dba Explore Fairbanks (hereinafter "Explore Fairbanks").

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. Room rental tax levy and collection.

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

Section 32. That the effective date of this Ordinance is the ~~1st~~^{2nd} day of **January 2023**~~July 2022~~.

Jim Matherly, Mayor

AYES: None
NAYS: Cleworth, Marney, Gibson, Clark, Therrien, Rogers
ABSENT: None
FAILED: July 25, 2022

ATTEST:

APPROVED AS TO FORM:

D. Danyielle Snider, MMC, City Clerk

Paul J. Ewers, City Attorney

FAILED

CITY OF FAIRBANKS
FISCAL NOTE

I. REQUEST:

Ordinance or Resolution No: 6210

Abbreviated Title: AMENDING ROOM RENTAL TAX ALLOCATION FOR GOLDEN HEART PLAZA

Department(s): GENERAL

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:	2022	2023	2024+
GOLDEN HEART PLAZA SECURITY PATROL	\$227,920	\$0	\$0
TOTAL	\$227,920	\$0	\$0

FUNDING SOURCE:	2022	2023	2024+
GENERAL FUND (ROOM RENTAL TAXES)	\$227,920	\$475,000	\$487,500
TOTAL	\$227,920	\$475,000	\$487,500

In 2022, the City of Fairbanks will issue \$227,920 to Festival Fairbanks for security patrol at Golden Heart Plaza. In 2023, the room rental tax will increase from 8% to 9% and revenue received above 8% will be retained by the City of Fairbanks. Based on estimated room rental receipts of \$47,500,000 in 2023 and \$48,750,000 in 2024, the city anticipates an increase in revenue of \$475,000 and \$487,500 for fund collection, administration, tourism impact, and public safety, respectively.

Reviewed by Finance Department: Initial mb Date 6/15/2022