

ORDINANCE NO. 6239

**AN ORDINANCE AMENDING FAIRBANKS GENERAL CODE
CHAPTER 74, ARTICLE V, SECTION 74-117 ROOM RENTAL TAX
PURPOSE AND LIMITATION**

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, the current allocation method has not been amended in twenty years;
and

WHEREAS, the council has a fiduciary duty to the citizens of Fairbanks to closely
monitor the spending of these funds; and

WHEREAS, the current allocation requires the City of Fairbanks taxpayers to
subsidize distributions over the room rental 1999 level of \$2,233,308 per City of Fairbanks
Charter 6.5.C.

**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.

(a) The tax on the daily rental of rooms levied by this article is for the
primary purpose of funding services for the promotion of the tourist industry
and other economic development, and for the funding of services for the
general public.

(b) ~~Subject to annual appropriation, revenues collected under this article
will be allocated as follows:~~ **Distribution of revenues collected under this
article is subject to annual appropriation through the annual
budgeting process. The Discretionary Fund Committee will
recommend award for applications less than \$100,000. The mayor will**

recommend award for applications \$100,000 or more. The city council retains final approval authority for distribution of funds.

~~(1) The City of Fairbanks will receive 22.5 percent for fund collection, administration, and tourism impact.~~

~~(2) \$400,000.00 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 room rental tax revenues will be distributed to the Fairbanks Convention and Visitors Bureau dba Explore Fairbanks (hereinafter "Explore Fairbanks").~~

(c) Revenue collected under this article will be made available **to agencies awarded more than \$100,000** to Explore Fairbanks, the Fairbanks Economic Development Corporation, and Golden Heart Plaza and Barnette Landing Maintenance no later than the last day of the month directly following the month in which the revenues are collected by the city **unless other arrangements have been approved by the CFO.**

(d) Any organization, public or private, or any person may submit a discretionary grant application and proposal to the city no later than ~~October 31st~~ **September 30th** for distribution in the next calendar year. The city council will establish standards and criteria for selection and publish them for a reasonable period before the applications are to be submitted. The mayor will appoint a committee, with city council concurrence, to review the proposals and make recommendations to the city council no later than the first regular meeting in January.

(e) Any recipient of funding under this article must 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, Explore Fairbanks and the Fairbanks Economic Development Corporation board of directors and/or director must 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 as a condition of funding. At the same time each of these agencies must submit a complete and detailed report of current year's progress and accomplishments.~~

(f) Discretionary grant recipients will be required to report to the CFO that funds were used exclusively for the purposes stated in the grant application. Ten percent of these appropriations will be withheld until the complete report is filed with the CFO. Prior to receiving any funding under

this section, applicants must agree to reimburse the city the full amount of any grant funds not used for the purposes stated on the application. Certification that funds were used as approved is due by ~~October 31~~ **September 30** of the year of grant funding; funds not spent or encumbered for approved purposes must be returned by that date. An organization that fails to comply with the ~~October 31~~ **September 30** deadline is ineligible to seek funding for the following year, but if complete reporting and repayment is made by ~~October 31~~ **September 30** of the following year, the organization may reapply for future funding. An organization that does not comply within one year of the deadline is ineligible to receive funding for three additional years.

(g) The city council establishes the following criteria and process for discretionary grants.

(1) The primary purpose of discretionary grants is the promotion of the tourism industry and other economic development in the City of Fairbanks. Discretionary grants cannot support the following:

- a. Loans, deficits, or debt reduction.
- b. Endowments.
- c. Scholarships.
- d. Health and social services activities.

(2) A discretionary fund committee will be composed of five community members and a council person, who will function as the chair, all appointed by the mayor. The members of the committee will serve three-year terms with a limit of two consecutive full terms. Unless appointed to fill a vacancy, terms begin July 1 and expire June 30.

(3) Grant guidelines:

- a. The applicant must complete the application in its entirety and may submit financial information in their format including:
 1. Balance sheet for the last fiscal year.
 2. Income and expense statement for the last fiscal year.
 3. Applicant's projected budget for the upcoming year.
 4. Wage and salary information for employees for current and upcoming year.

b. If an applicant has the disbursement responsibility for other organizations, they must list all organizations that they represent.

c. The applicant must explain how use of the funds will contribute significantly to the growth and promotion of Fairbanks.

d. The applicant must explain how the funds will be used to supplement a successful ongoing program of activities or a new program that will need initial support to accomplish its stated goals.

e. The applicant must answer questions in the order provided but need not have the questions and answers appear on specific pages.

(4) Grant applications approved by the discretionary fund committee will be available from the office of the city clerk and must be submitted or postmarked no later than ~~October 31~~ **September 30** of each year.

(5) Procedures for scoring proposals from applicants will be decided by the committee during its first organizational meeting. Members at this meeting will be made aware of procedures in place in case of conflicts of interest.

(6) A distribution meeting will be held for members to present their award for each eligible grant application. Prior to the distribution meeting, committee members must submit their award amounts to the CFO. Members will disclose their award amounts by reading them into the record during the distribution meeting. An award will be made for each eligible grant applicant by averaging the award amounts. Awards are subject to city council approval.

(7) Successful applicants are required to report to the CFO as stated in section 74-117(f). ~~Ten percent of these appropriations will be withheld until a report is filed with the CFO.~~

Section 2. The effective date of this Ordinance is five days after adoption.

Section 3. The current distribution will remain in effect until December 31, 2023.

David Pruhs, Mayor

AYES: Ringstad, Marney
NAYS: Tidwell, Rogers, Cleworth
ABSTAIN: Sprinkle
FAILED: April 10, 2023

ATTEST:

APPROVED AS TO FORM:

D. Danyielle Snider, MMC, City Clerk

Thomas Chard, City Attorney

FAILED