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MEMORANDUM

Community Development

To: Mayor Jackola and City Council
From: Kelly Hart, Community Development Director
Subject: Transient Lodging Tax Policy Discussion

Date: June 28, 2024

I. INTRODUCTION

During the course of this year, two organizations have petitioned the City Council for funding for capital projects geared towards promoting tourism. These requests were approved based on the surplus reserves available in the Transient Lodging Tax (TLT) fund after the fund's annual budgeting was completed.

The TLT revenue consistently funds:

- Lebanon Chamber of Commerce's operation of the Visitors' Center (\$42,000 for 2024)
- Lebanon Downtown Association funding to support the arts commission, tourism events, and the Main Street Manager position (\$30,000 for 2024)
- Tourism Grant Program administered by the Lebanon Chamber of Commerce (\$43,000 for 2024)
- Downtown Building Restoration Grant Program (\$50,000 for 2024)
- Partial funding of City staff salary to work on tourism and economic development
- City capital improvement projects to promote tourism (e.g., parks projects, etc.) as budgeted

The remaining funds are unallocated and have traditionally been budgeted for special projects or accrued over time to help fund a capital park project. With outside interests now requesting access to the funds, the Council directed staff to propose a policy and procedure for outside organization requests and establish evaluation criteria.

II. CURRENT REPORT

City staff has evaluated our existing grant programs, the Oregon Revised Statutes (ORS) regarding the appropriate use of TLT funds and propose the following framework for a policy and decision criteria:

1. Scope of Request:

- Staff recommends that all event-based funding requests be submitted to the Chamber of Commerce through the existing tourism grant program.

- Staff recommends that all funding requests that fall within the scope of the Downtown Building Restoration Program shall be submitted and evaluated for funding through the existing competitive grant program.
 - Currently, the program offers one large \$25,000 grant and up to five \$5,000 grants; depending on the number of applications submitted per cycle, larger grants may be awarded up to the maximum \$50,000 annual budget.
 - Additional State grants, such as the Diamonds in the Rough grant program, are available to further assist with historic preservation projects.
- All other tourism-related capital improvement projects that do not fall within existing City grant programs may request TLT funds, subject to City Council approval.

2. TLT Budgeting and Allocation:

- TLT funds are budgeted annually and approved by the City Council. In the introduction, a summary of the annual budget items in the TLT was provided. Based on anticipated projects, staff may also propose additional budget items in the fund, varying the amount of available unallocated funds each fiscal year.
- Staff recommends that tourism-related capital improvement projects may be requested to the City Council, outside a formal grant program, based on the annual availability of unallocated funds in the TLT each fiscal year.

3. Application Process:

- Organizations requesting tourism-related capital improvement projects may submit their requests to the City Recorder on a form to be created.
- Information to be provided includes a project description, site map/aerial map of the site, any architectural/engineering plans available that demonstrate the scope of proposed improvements, a statement of community benefit, identification of matching funds/private investment, timeline for improvements, and findings for decision criteria.
- The application form and packet submittal will be compiled and submitted to the Council in the agenda packet for review.
- The Council would review the materials and decide on the funding request based on the decision criteria included in the policy and ORS.

4. Decision Criteria:

- Does the project provide a community benefit?
- Does the project meet the definition of a tourism-related facility per ORS 320.300(9)
 - Means a conference center, convention center, or visitor information center; and
 - Means other improved real property with a useful life of 10 or more years and a substantial purpose of supporting tourism or accommodating tourist activities.

III. RECOMMENDED ACTION

Receive and file the report and provide staff with direction.