



REQUEST FOR COUNCIL ACTION

Title: Request for Council Action – Transient Lodging Tax (TLT) IGA

Preferred Agenda: April, 13, 2021

Submitted By: Julie Fisher, Administrative Assistant

Reviewed By: Ray Towry, City Manager

Type of Action: Resolution ____ Motion X Roll Call ____ Other ____

Relevant Code/Policy: City of Sweet Home Financial Policies

Towards Council Goal: Be an Effective and Efficient Government.

Attachments: IGA Linn County

Purpose of this RCA:

Council approval of an IGA that would allow the City to bill for Linn County’s Transient Lodging Tax simultaneously with the City’s Transient Lodging Tax (TLT).

Background/Context:

The City of Sweet Home has been collecting a 6% TLT since 1990. A TLT is paid by people who rent a room in a hotel, campsite or other temporary lodging facility. A portion of the revenue collected from the tax is appropriated by the City Council to help support tourism projects in Sweet Home.

The last amendment to the original ordinance was in 2001 to update some definitions. In 2003 the State imposed a 1% state-wide transient lodging tax and placed some restrictions on use of the local lodging taxes. Sweet Home’s current ordinance is grandfathered in from the restrictions.

The 2017 Legislature has authorized the Oregon Department of Revenue to collect local lodging taxes on behalf of a local government if the local government enters into an intergovernmental agreement similar to the IGAs used for local marijuana tax collection. The City Council adopted language that would allow the State to collect our TLT 2017. The state is not prepared to collect the tax yet, so we are still collecting the tax.

In 2018, Linn County asked if the City would bill for their TLT when billing for ours and then pass the County’s funds through to them. In return the City will keep 5% of what we collect. The City is not responsible for enforcement or anything other than initial billing of the TLT. We then report what we did and did not collect on their behalf to the County. The County will enforce any measures beyond that to collect unpaid TLT.

The 2021 IGA would be a renewal of previous terms and conditions.

Legal staff has read through and approved the IGA as to form.

The Challenge/Problem:

Should the City collect TLT from local transient rental establishments for the county and earn 5% of the collected amount in return?

Stakeholders:

- City of Sweet Home Residents. The TLT is collected and utilized by the Chamber of Commerce to operate a visitor's Center.
- Transient Lodging Merchants: Local merchants will now only need to fill out one piece of paperwork and write one check to pay their tax.
- City Staff: Staff will collect and "pass through" the County TLT.

Issues and Financial Impacts:

City will gain 5% of the County TLT with minimal work.

Elements of a Stable Solution:

Decision from the Council to accept or reject the IGA.

Options:

1. Do Nothing. The County will have to collect their own tax. Businesses will have to figure their numbers twice, and essentially do twice the paperwork.
2. Approve the IGA as presented. We will then collect the County's Transient Lodging Tax in return for 5% of the amount we collect on their behalf
3. Suggest changes to the IGA.
4. Reject the IGA.

Recommendation:

Staff recommends Council choose option #2, **Motion to approve the IGA with Linn County and collect their Transient Lodging Tax in return for 5% of the amount the City collects on Linn County's behalf.**