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Division of Travel of Tourism
Development

Tourism funding approval power goes to citizens

Lubbock County (Texas) voters will decide on a proposed increase to hotel/motel occupancy and rental car taxes to fund a multiuse arena.

The proposal includes a 2 percent hike on the city's hotel/motel occupancy tax and up to a 5 percent tax increase on rental cars to pay for the dirt floor arena.

Manhattan Beach (California) will add a measure to the March ballot allowing voters a say in an increase to the occupancy tax of up to 4 percent.

Manhattan Beach's current bed tax, which is for any person staying 30 days or less, is 10 percent. The city collects \$5.2 million annually from its 12 hotels. Every 1 percent increase would generate \$500,000 annually.

Revenues fund everything from city-paid employees and emergency response services to infrastructure projects such as road improvements.

Source: travelsmartnews



Neworleans.com

Tug of war over tourism funding

DMOs, local government continue to tussle over who gets priority

"Bed tax" benefits have traditionally been targeted toward tourism promotions, generally through a state agency, contract partner or local CVB.

But efforts continue across the country to divert such funding back to city or state budgets, to varying degrees of success.

Here are some recent examples:

New Orleans

A night's stay at a New Orleans hotel can take as much as a 15 percent bite in taxes and fees. Yet barely more than 1 in 10 of those tax and fee dollars — out of an estimated \$166 million collected annually — finds its way into city coffers in this leading Southern tourist destination.

That's according to estimates by an independent research agency that last calculated the figure in 2015.

New Orleans Mayor LaToya Cantrell's

still-new administration says the city needs and deserves a bigger share.

When Cantrell took office in May, she inherited many lingering infrastructure challenges: potholed streets, drainage problems and a drinking water system plagued by periodic boil-water advisories. But an attempt to get a bigger slice of that tourism revenue to address those needs could be a tall political order for the new mayor of this city famed for Mardi Gras, Jazz Fest, Bourbon Street carousing and much more.

Much of the money goes to major state-owned tourism draws: the Superdome and its neighboring arena as well as the massive Ernest N. Morial Convention Center beside the Mississippi River. Changing the flow of money would require legislative action.

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Tug of war continues over tourism taxes

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But so far the mayor's call for a "fair share" for the city has gotten a cool reception from one of the top spokesmen for the tourism industry.

"Over time, the city of New Orleans has not put one dollar into the building of the Superdome, the building of the convention center; has not put one dollar into the operations of the Superdome or the Convention Center; has not put one dollar into the average, every-year renewal and refurbishment that has to take place," said Steve Perry, CEO of the nonprofit New Orleans & Company, which promotes local tourism.

John Pourciau, the mayor's chief of staff, said the projected annual bill for the city's infrastructure needs is estimated at between \$80 million and \$100 million.

Pourciau stressed that revenue from the 4 percent hotel tax going to the Louisiana Stadium and Exposition District — for the Superdome and adjacent arena — and the 3 percent tax dedicated to the authority that runs the Ernest N. Morial Convention Center are not the only parts of the hotel tax that the administration believes should be up for discussion.

Pourciau said nonhotel levies, such as a food and beverage tax that goes to the convention center, are also being eyed.



Wyoming Office of Tourism

"She's looking at any and all revenue-raising opportunities that are currently directed to hospitality," Pourciau said.

Wyoming

Wyoming legislators are considering a statewide lodging tax that would effectively increase the amount of money local governments can use to mitigate the impacts of tourism, rather than the promotion it's designated for now.

As it stands, each county and town in Wyoming has the option to set a lodging tax of up to 4 percent. But the state Revenue Committee recently endorsed a bill that would impose a 5 percent tax statewide, with 3 percent going to the Office of Tourism and the other 2 percent to local government.

The tourism industry and members of the Revenue Committee said the proposed tax would yield much-needed funding for the Office of Tourism, which hasn't seen a budget increase in nearly a decade.

The Revenue Committee members

agreed there should be a cap on the amount of money the Office of Tourism can receive each year from the lodging tax. While some argued the excess should go to towns and counties, others tried to claim it for the state's general fund. They left the matter unresolved.

Manhattan City, KS

The Manhattan City Commission unanimously approved a half-percent transient guest tax for a proposed expansion project at the Manhattan Conference Center.

The increase, which administrators expect to go into effect in June, would change the hotel guest tax, also called a bed tax, in Manhattan from 7 percent to 7.5 percent.

Officials estimate the increase will generate \$130,000 annually to assist with the debt service for the proposed expansion. The center opened in 2011.

Sources: Associated Press, jhnewsandguide.com & themercury.com