



*SJI'S
VISITORS
BUREAU*

TRANSITION

LODGING TAX

- RCW [67.28.1816](#)
- Lodging tax—Tourism promotion.
- (1) Lodging tax revenues under this chapter may be used, directly by any municipality or indirectly through a convention and visitors bureau or destination marketing organization for:
 - (a) Tourism marketing;
 - (b) The marketing and operations of special events and festivals designed to attract tourists;
 - (c) Supporting the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district created under chapters [35.57](#) and [36.100](#) RCW; or
 - (d) Supporting the operations of tourism-related facilities owned or operated by nonprofit organizations described under 26 U.S.C. Sec. 501(c)(3) and 26 U.S.C. Sec. 501(c)(6) of the internal revenue code of 1986, as amended.

- Beginning in 2015, cities and counties may also use lodging tax revenues to repay general obligation bonds ([RCW 67.28.150](#)) or revenue bonds ([RCW 67.28.160](#)) issued for affordable workforce housing within a half-mile of a transit station. While these two statutes do not specifically define "transit station," a definition is provided in [RCW 67.28.180\(3\)\(d\)\(ii\)\(A\)](#) discussing the requirements for King County. The definition references [RCW 9.91.025](#), which is very broad and includes any bus stops or zones.

LTAC/ THE ADVISORY COMMITTEE

- Any city or county with a population of 5,000 or more that imposes any lodging tax must also establish a **lodging tax advisory committee (LTAC)**.
- The LTAC must be appointed by the legislative body (city council or county commission) and must contain at least five members, including:
 - two representatives of businesses that are required to collect the lodging tax
 - two people who are involved in activities that are authorized to be funded by the lodging tax
 - one elected official from the jurisdiction who serves as chair (RCW 67.28.1817)

The LTAC receives all applications for lodging tax revenue and recommends a list of candidates and funding levels to city or county legislative body for final determination.

There is no requirement that priority for funding be given to applicants expected to generate the largest number of tourists, and **lodging tax revenue may still be awarded to recipients who provide services that indirectly increase tourism such as destination marketing organizations.**

San Juan County collects a 4% lodging tax.

2% funds to promotional activities, and 2% to facilities. As funds have become more available, the LTAC has recommended using some of the "Promotion" funds for facilities/activities, and Council has agreed to those recommendations.

Lodging Tax Expense by Dept, excluding cash	2018 Actuals	2019 Budget	2020 Status Quo	2021 Status Quo	2020 Dept Req	2021 Dept Req	2020 Prelim	2021 Prelim
Facilities Account	880,995	1,050,270	1,028,161	998,097	1,028,161	998,097	1,028,161	998,097
Promotion Account	699,826	863,374	878,324	881,541	878,324	881,541	878,324	881,541
Total	1,580,821	1,913,644	1,906,485	1,879,638	1,906,485	1,879,638	1,906,485	1,879,638

Lodging Tax Revenue by Dept, excluding cash	2018 Actuals	2019 Budget	2020 Status Quo	2021 Status Quo	2020 Dept Req	2021 Dept Req	2020 Prelim	2021 Prelim
Facilities Account	783,758	909,236	915,900	934,528	915,900	934,528	915,900	934,528
Promotion Account	785,816	806,803	915,900	934,528	915,900	934,528	915,900	934,528
Total	1,569,574	1,716,039	1,831,800	1,869,056	1,831,800	1,869,056	1,831,800	1,869,056

THE VISITORS BUREAU/SJIVB

- *The Business Association of San Juan County*, dba San Juan Islands Visitors Bureau (SJIVB), was formed in 1999. It is a non-profit, 501(c)6 economic development agency responsible for competitively marketing the Islands as a premier, year-round travel destination. The SJIVB has served as San Juan County's and the Town of Friday Harbor's contracted, locally-staffed **destination marketing organization** (DMO) since 2003.
- Its mission is: *" To enhance the economic prosperity of San Juan County by promoting the San Juan Islands as a preferred, year-round travel destination, while respecting and sustaining the Islands' unique and diverse ecosystems, environments, lifestyles and cultures. "*

Revenue Sources:

County lodging tax contract	\$476,491 (58%)
Friday Harbor lodging tax grant	180,538 (22%)
Membership dues, website ads, additional listings	<u>169,976 (20%)</u>
Total	\$827,005.00

Investments/Expenses:

Seasonal & meetings/retreats ad campaigns (media buys & mgmt.)	\$243,120 (29.4%)
Media relations (media marketplaces, press trips, tracking, etc.)	40,854 (5%)
Website (Drupal 8 upgrades, hosting, maintenance, new technology, etc.)	61,395 (7.4%)
Other mktg. & mgmt. (brochures, travel trade, research, stewardship, etc.)	76,825 (9.2%)
Visitor services (phones & postage)	6,795 (0.8%)
Marketing personnel (5 FTE) (payroll, taxes, benefits, prof. dev.)	348,932 (42.2%)
Administration (rent, internet, insurance, bookkeeping, etc.)	<u>49,084 (6%)</u>
Total	\$827,005.00

(source: SJIVB 2019 Annual Destination Marketing & Management Report)



....but is it working???

The Department of Community Development conducted a series of community workshops and an online survey in the fall of 2018 to obtain feedback on the update to the Comprehensive Plan

Respondents for both the workshops and the online survey *overwhelmingly favored reducing or eliminating funding for advertising and marketing from lodging tax funds and preferred to use some or all of the lodging tax funds to support improvements in tourism infrastructure*

SOURCE: COMPREHENSIVE PLAN SECTION B, ELEMENT 10
ECONOMIC DEVELOPMENT
SEPTEMBER 4, 2019

ANOTHER report:

Tourism and visitor management in the San Juan

Released January 2020 | Part IV: Conclusions and recommendations

(for full report: <https://sjclandbank.org/wp-content/uploads/2020/10/Tourism-in-the-San-Juan-Islands-Part-IV-conclusions-and-recommendations-v2.pdf>)

2. Common concerns about tourism impacts:

Most residents and businesses understand that tourism brings **economic benefits** and a greater array of amenities than residents could sustain on their own. But both groups recognize that high-uses **summer visitation also produces negative impacts**. Residents and businesses report more crowding than visitors, and they use several coping strategies to avoid crowded conditions.

Many appear concerned that ever-increasing tourism will threaten the values that enticed them to live and work in the islands. Businesses and visitors (especially boaters) are slightly more likely than residents to accept the negative trade-offs that come with tourism, but they also recognize that summer peaks are challenging to handle and strain infrastructure. **Taken together, results suggest there is likely to be strong public support for coordinated efforts to reduce tourism impacts.**

4. Are the San Juan Islands approaching visitor capacity?

Very few residents think the islands “can handle more tourists” (6%), and 94% report the islands are at capacity (52%) or over capacity (42%) during the peak summer months. Similarly, few businesses (20%) say the islands can handle more tourists, and 79% report the islands are at (54%) or over (25%) capacity. Majorities of both groups chose the “at capacity” response (defined in the question as “a good balance between the number of tourists and the ability to handle them”), so **most people probably would not advocate for a reduction in tourism. But most would not advocate for an increase either.**

13. More nuanced tourism promotion strategies

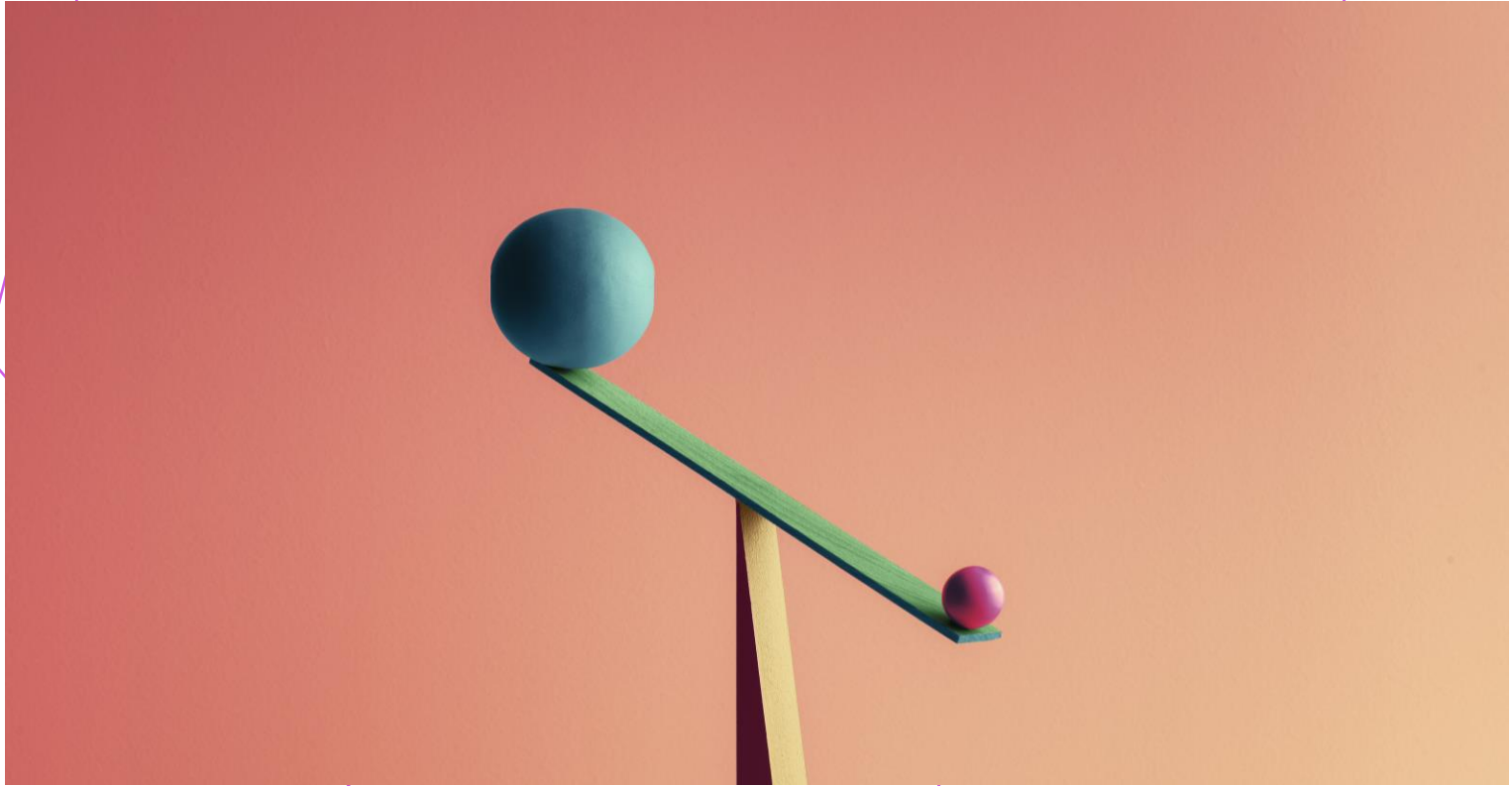
A majority of residents want less tourism promotion, and this is consistent with their concerns about impacts and growth. A majority of businesses see a place for additional promotion. The surveys provide information about specific targets for promotion, which can help develop more nuanced promotion strategies.

Finally, tourism promotion strategies can recognize distinctions among islands. Lopez has requested less tourism promotion in the past, but perhaps made exceptions for cycling-based tourism. San Juan Island appears more open to tourism promotion, while Orcas appears to seek a middle ground.

Tourism in San Juan Islands – **Conclusions and recommendations**

- Identify the special values that attract residents, businesses, and visitors to the islands.
- Connect sustainability goals and objectives to those values.
- Establish indicators and standards that define acceptable levels of impact.
- Develop monitoring strategies to assess whether impacts threaten to exceed standards.
- Consider specific management actions to address impacts that exceed standards.

*These are compelling recommendations. **What entity is best suited to accomplish this?***



*IT SEEMS
WE ARE
AT A
TIPPING
POINT*

- The SJIVB does an amazing job.
- But it is not only the key tourism agency for the county, it also represents the interest of several hundred business member.
- Perhaps now is the time for the people of SJC to *also* have some representation in how the islands are leveraged for tourism.

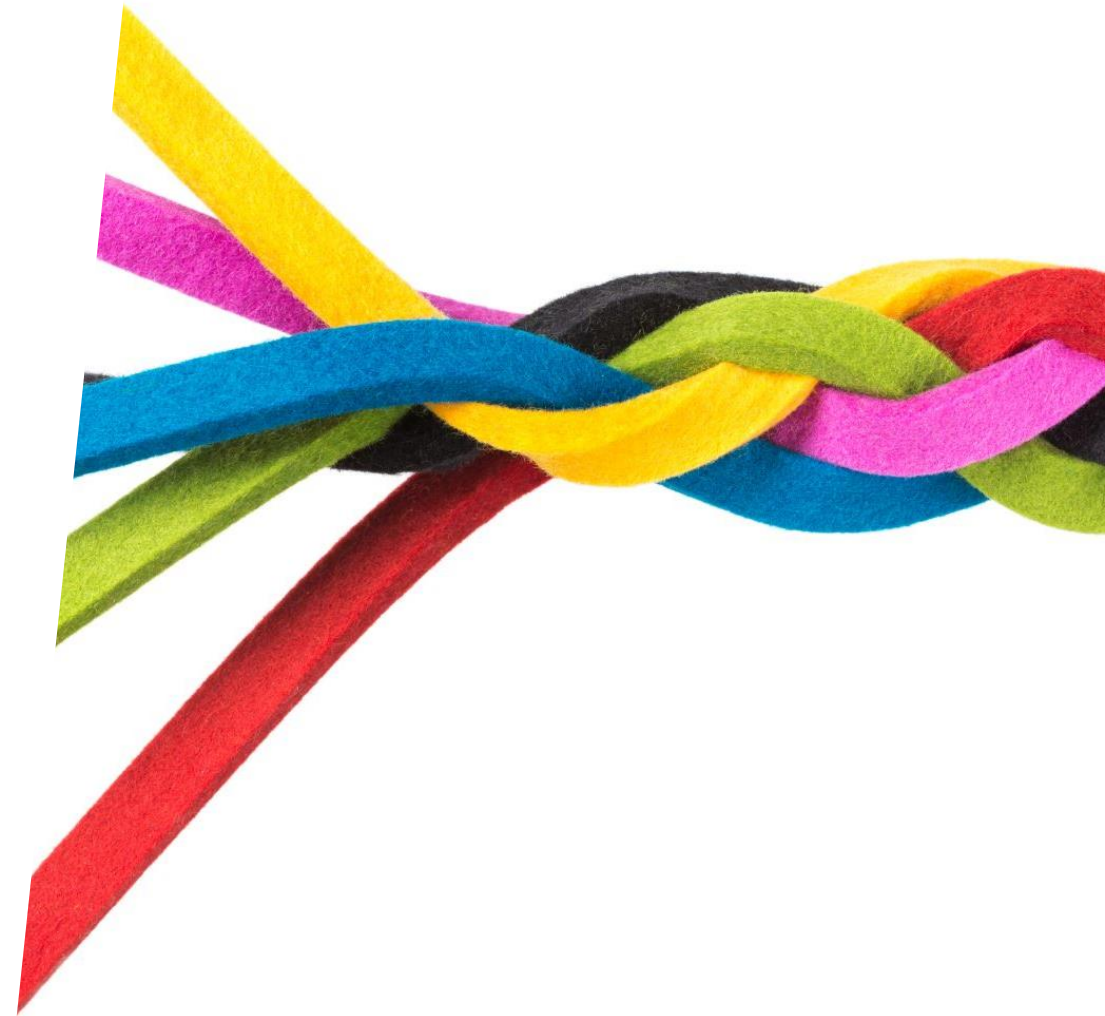


A NEW idea:

- What if the county took over tourism promotion after the expiration of the current SJVB contract in 12/22?
- Would that allow for more control of messaging? Messaging accountable to the people of SJC?
- Would there be a cost savings?

As an amendment to the Charter:

- 1). If passed in November, this would allow the county more than a year to strategize transition.
- 2). It could develop a tourism Master Plan (which the SJVB has been asking for for years).
- 3). It would need to resolve how to untangle islands promotion and business promotion. Could the current SJVB maintain its business memberships and continue as an “uber” county CoC?
- 4). Perhaps add a review of the concept in the amendment at 3 years – so should this NOT work, it could go back to the previous model





QUESTIONS?