

City of Gustavus

Policies and Procedures

Title: Disbursement of Room Tax Monies to the Gustavus Visitors' Association

BACKGROUND:

As stated in the Petition for Incorporation as a Second Class City (Petition) compiled and submitted to the State of Alaska in 2003 by a group of Gustavus residents (Petitioner), in Exhibit F: Transition Plan, the Petitioner proposed a tax levy and collection plan to be enacted by ordinance by the future City Council, while acknowledging that "The Petitioner recognizes that it cannot bind a future City Council" (Exhibit F, page 18). Within that paragraph, the Petitioner went on to state that "while the council cannot be bound by the Petitioner, it is proposed that one-half of the proceeds of the commercial overnight accommodations (bed tax) collected by vendors will be granted to the Gustavus Visitors Association to be used for promotion of the Gustavus visitor industry" (Exhibit F, Petition for Incorporation, page 18). In establishing the possible viability of this proposal transfer tax funds to a non-City entity, in Exhibit E of the Petition, the Petitioner projected that including only half of the 4% bed tax could result in a viable City operating budget, and in Footnote 11 to the projected budget the petitioners stated: "Actual bed tax will be 4% but one half of this amount goes to Gustavus Visitors Association [...] for advertising by GVA" (Exhibit E, Petition to Incorporate, page 16). The Petition was approved by Gustavus voters on April, 2004.

POLICY:

In compliance with its fiduciary responsibility as established in State statute and City code, and in accordance with budgetary and reporting requirements established for all City committees and boards, the City of Gustavus adopts a policy to provide the Gustavus Visitors' Association up to 50% of Room Tax Revenues for the period calculated October 1 to September 30 each year for purposes of tourism enhancement, under the following set of procedures.

PROCEDURE:

The Gustavus Visitors' Association will submit, for approval, a yearly marketing plan for tourism enhancement to the City Council as per Gustavus Municipal Code 04.14.200(b) by February 1 of each year.

The City Clerk shall tally the Room Tax through the end of September 30 of each year and present that figure to the Finance Committee. The Finance Committee shall present that figure to the Gustavus City Council during the October General Meeting for their consideration.

If the Room Tax collected was less than the budgeted amount, the Gustavus Visitor's Association Board will meet with the Finance Committee to re-evaluate their budget as

provided the previous February. Room Tax will then be re-tallied and that figure made available by the first work session in November for the Council's information. This will allow for Room Tax submitted through September 30 to be included in the final tally. At that time, the Council will determine if there was sufficient Room Tax to meet the budget. If an amount over the anticipated budget amount is collected, the Council may choose to increase the budgeted amount to the Gustavus Visitor's Association. The amount originally budgeted will be transferred by November 15 as per Section 04.14.200(c) of the Gustavus Municipal Code. If additional funds are available and the council so chooses, the balance will be paid by January 1 of the next year to allow for a Non-code Ordinance publication and acceptance.

Payment of the budgeted amount of Room Tax does not require a vote of the Council unless the funds collected for the season (May 1 through September 30) were less than budgeted.

Signed

Mayor of the City of Gustavus