

Room tax expected to increase 3% in Douglas County

By Kathryn Reed

MINDEN – Starting June 1 the cost of a hotel room in Douglas County is likely going to be 3 percent higher.

Notices were sent out Tuesday to the hundreds of properties that will be affected by increasing the hotel tax from 10 percent to 13 percent. The commissioners on April 15 will hear the first reading of the ordinance to create the higher tax, with implementation expected June 1.

For every 1 percent increase it's expected to generate \$400,000 at Lake Tahoe and \$60,000 in the Carson Valley. The 3 percent will be split with 1 percent going to the county for parks and recreation and the tourism agencies taking 2 percent. The money generated at the lake stays at the lake; the money in the valley stays there.



The room tax at Stateline casinos may go from 10 to 13 percent in June.

Photo/Kathryn Reed

“The additional fees collected will bolster Lake Tahoe South Shore’s efforts to stay competitive as a premier vacation destination,” said Carol Chaplin, executive director of Tahoe Douglas and Lake Tahoe visitors’ authorities. “Uses for the increased revenues have yet to be discussed, but should the license fee be implemented, it allows us to look toward the 2011 budget for a more impactful presence in our markets through advertising, online and public relations efforts.”

TDVA board chairman John Packer did not return multiple calls.

“I like the nexus between the tax and the service,” Douglas County Manager Michael Brown said. “If the promotional agencies were not pushing for it, we wouldn’t be doing it.”

Tourism is the largest industry in Douglas County. Officially called the Transient Lodgers License Tax, the fee is assessed on every room in the county including vacation rentals. With fewer people traveling and hoteliers dropping room rates to attract people, the income generated has been declining for the past 10 years.

In 2000-01, just more than \$7 million was collected from the room tax. That figure dropped to \$5.46 million in 2008-09.

From the 10 percent collected at the lake the division is:

- 1 percent goes to the Tahoe Douglas Visitors Authority;
- 1 percent to the Tahoe Douglas Transportation District;
- 1 percent is split with five-eighths going to the State Economic Development, \$75,000 of three-eighths going to the South Shore Lake Tahoe Chamber of Commerce, and the rest of the three-eighths to the Lake Tahoe Visitors Authority;
- 7 percent is split with TDVA getting 65 percent of the 7 percent and the county getting 35 percent.

The threat of the state taking money from local jurisdictions

is one reason Douglas officials opted to not have the voters decide the measure. Even if the outcome were to increase TOT, the state would have to sign off on it and could have redirected where the money was spent.

With the county implementing the plan, the state cannot take the money.

In a memo from Brown to the commissioners dated March 24, it says, "The state may impose a 3 percent increase in the TOT rate for all Nevada counties in order to raise funds to help address its financial crisis. In the last legislative session, the state increased the TOT 3 percent to be charged and collected in Washoe and Clark counties. The extra funds collected can be used for a variety of state [not local] purposes until 2011 when the funds will be directed to 'public education'."

If the state increases TOT, this would be on top of what Douglas County is proposing.

Plus, the language is being written so tourism agencies at the lake and in the valley get the money and the county can't change its mind about how to distribute it. This is partly in response to what many say South Lake Tahoe did with the hotel tax collected in the city – it uses the money for things other than marketing the area to tourists even though tourists have paid the tax.

The other benefit is being able to start collections a year earlier than if the state were involved. This equates to a projected \$1.36 million.

"Putting these additional funds to work as soon as possible is critical to support our local economy, as well as our park and recreation facility and equipment needs," Brown said in his report.

A 13 percent room tax is in line with other areas. Reno's

ranges from 12-13.5 percent; South Lake Tahoe is from 10-12 percent, plus the Tourism Improvement District flat rate fee of a few dollars a night; San Francisco is 14 percent; Seattle 16 percent and Houston 17 percent.