



Source: City Manager

Agenda Item No: REP 9-12

*Joni Messana*  
To: City Council  
From: City Manager and Staff

Council Meeting Date: Jan 17, 2012 *MM*

Re: Report: Lodging Tax

**EXECUTIVE SUMMARY:**

Consistent with several goals in the Community Vision, the attached proposal would allow voters to increase the City's tax on hotels and motels, sometimes called a lodging tax. State enabling legislation is desired.

**DISCUSSION:**

The proposal would grant the City authority to increase its lodging tax, with voter approval, from the current four cents up to seven cents of gross daily rental receipts. The tax is in addition to other sales taxes and to any applicable business license fees.

In FY 2011, the four-percent tax brought in \$1,939,309. Based on that, it's estimated that each additional one percent would generate \$484,827, for a total of \$1,454,487 increased revenue per year, with all three percent.

This is one possible strategy to fund Columbia Regional Airport improvements, contributing to both the tourism economy and to job creation. A new airport terminal is estimated to cost at least \$17 million. A three percent increase in the lodging tax would be enough to pay the bonds to build the new terminal. This would help accommodate larger planes, more flights and more travelers.

The attached comparison of Missouri local hotel taxes shows a general range of 3 - 7.75 percent. The nationwide average lodging tax in 2008 was more than 13%, according to a study published by the American Hotel & Lodging Educational Foundation.

**FISCAL IMPACT:**

None at this time - depends on voter preferences

**VISION IMPACT:**

<http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php>

Columbia will attract, retain and encourage business growth by establishing a business-friendly climate, enhancing regional economic partnerships and fostering a digital infrastructure (includes three airport strategies).

**SUGGESTED COUNCIL ACTIONS:**

Provide guidance to staff regarding the lodging tax issue. The next step would be to seek sponsors in our Missouri House and Senate delegation, to alert our contract lobbyist to this activity and to pursue passage during the rest of the legislative session.

**FISCAL and VISION NOTES:**

<b>City Fiscal Impact</b> Enter all that apply		<b>Program Impact</b>		<b>Mandates</b>	
City's current net FY cost	\$0	New Program/Agency?	No	Federal or State mandated?	No
Amount of funds already appropriated	\$0	Duplicates/Expands an existing program?	No	<b>Vision Implementation impact</b>	
Amount of budget amendment needed	\$0	Fiscal Impact on any local political subdivision?	No	Enter all that apply: Refer to Web site	
Estimated 2 year net costs:		<b>Resources Required</b>		Vision Impact?	Yes
One Time	\$0	Requires add'l FTE Personnel?	No	Primary Vision, Strategy and/or Goal Item #	7.2
Operating/Ongoing	\$0	Requires add'l facilities?	No	Secondary Vision, Strategy and/or Goal Item #	
		Requires add'l capital equipment?	No	Fiscal year implementation Task #	NA

## PROPOSED LEGISLATION

### 94.272. Tax on hotels and motels.

1. Any constitutional charter city with a population of more than 100,000 but less than 300,000 inhabitants may impose a license tax of up to 7% of the gross daily rental receipts due from or paid by any transient guests at hotels or motels. Such tax shall not become effective unless the governing body of the city submits to the voters of the city, and the voters approve, a proposal to authorize the governing body of the city to impose such tax.

2. This section is intended as a grant of authority and not as a limitation on the taxing authority of any constitutional charter city.

Missouri Association of Convention & Visitor Bureaus Hotel Tax Comparison October 2011

COMMUNITY	HOTEL TAX	OTHER TOURISM RELATED	TOTAL CHECK OUT
Sedalia	\$2 per room		
Chillicothe	4%		11.23%
Parkville	5.25%		12.35%
Platte City	0.03%		8.23%
Riverside	4.25%		10.85%
Weston	0.73%		8.23%
KCI Corridor	7.75%		15.73%
KCI CID	7.75%		16.73%
Springfield	5%		13.29%
St. Joseph	6%		13.23%
St. Robert City	3%		10.98%
St. Robert Interstate	3%		11.48%
Waynesville	3%		10.73%
Richland	3%		10.98%
Washington	5%		13.35%
Camden County	3%		8.48%
Osage Beach	3%		10.48%
Miller County	5%		10.48%
Morgan County	3%		8.48%
Carthage	4%		7.39%
Cape Girardeau	4%		11.98%
Hermann	3%		11.10%
Joplin	4%		11.50%
Maryland Heights	.50 per \$100	St. Louis 3%	15.18%
Columbia	4%		11.35%
Independence	6.50%		14.10%
Warrensburg	2.50%		10.50%
Ste. Genevieve	2.00%		10.23%
St. Charles	5.00%		14.41%
St. Louis City	7.25%		14.87%
St. Louis County	3.00%		15.47%
Kansas City Downtown	7.50%		15.73%
Hannibal	6%		14.60%
Jefferson City	7%		14.73%