

Debbie Myers

From: Zera Lowe
Sent: Friday, July 06, 2012 4:39 PM
To: Debbie Myers
Cc: Judy Pless; Angela Bugni
Subject: Hotel-Motel Tax Expenditures after June 30, 2013
Attachments: Kitt Valley Jr Soccer #2-review.pdf

Debbie --

Per the recent article I sent you recently from the June MRSC Insight: Local Government, regarding the hotel-motel tax alert, here is what I conclude in relation to the Kittitas Valley Junior Soccer Association:

- The funds appear to be granted for the outdoor soccer tournament "operation," or support of operations and capital expenditures of tourism-related facilities owned by a non-profit organization.
- Per RCW 67.28.1816, there is a **reporting requirement** to the legislature for expanded uses under the law. The expanded uses allowed hotel-motel tax funds to be used for "operation" as opposed to "marketing" of special events and/or festivals designed to attract tourists, and for support of the operations and capital expenditures of tourism-related facilities owned by non-profit organizations. Reporting under this law was to begin with calendar year 2008.
- However, the section allowing these kinds of expenditures will expire **June 30, 2013**, unless changed or extended by the legislature. At this time it is unknown whether the legislature will extend the sunset date. Therefore there is a risk that any funds paid by the county from the hotel-motel tax account, which are paid after June 30, 2013, would run afoul of the law.
- In order to avoid the possibility of an illegal award, I suggest the board modify its award and previous agreement with the KVJSA. I will forward an amendment for the board's consideration.
- That way, the County is assured that the expenditures will be completed by June 30, 2013 in order to comply with the law.
- If the legislature should act during or before the first quarter of 2013 to extend the deadline, then the board could revisit the contract and make another amendment allowing the KVJSA a few additional months in which to allocate their reimbursable expenses.

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