**Finance Committee Meeting**

**Meeting Date: March 8, 2022, 3:30-5:00 p.m.**

**Link to meeting:** <https://us02web.zoom.us/j/83460547370?pwd=U2dmRnI1QmhKNWpOWmpNUXpRTEtDZz09>

**Transient Guest Tax Discussion**

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**RECOMMENDATION**

Discuss potential uses of the Transient Guest Tax funds and make recommendations to the City Council.

**BACKGROUND**

The City Council passed Charter Ordinance 27 in November 2015, creating a 9% Transient Guest Tax. Charter Ordinance 29 later replaced Charter Ordinance 27. A transient guest tax is “a levy upon the gross receipts derived from or paid directly or through an accommodations broker by transient guests for sleeping accommodations.”

The original intent was for the City to keep $25,000 of collections for City use as allowed under State Statute, and any excess funds to go back to the Developer as part of the overall Development Agreement for Meadowbrook Park. The Meadowbrook Inn opened in 2020 and has been charging the Transient Guest Tax and remitting to the City as outlined.

In December 2021 the City restructured the Meadowbrook bonds, and in doing so amended the Development Agreement to direct all Transient Guest Tax collections to the City for allowable uses. The current balance in the fund is $112,831, with an estimated annual collection of $280,000.

Per the Charter Ordinance, “Revenues received by the City from the transient guest tax shall be expended for all, or any portion of, community, economic development and cultural activities which encourage or which are deemed to result in increased economic development, visitors and tourism for the City, and to the payments of principal and interest on bonds issued by the City, including bonds issued pursuant to K.S.A. 12-1774.”

The City Council discussed this item on February 22, 2022 and sent to the Finance Committee for thorough review.

**Staff recommends funding the following items immediately using 2022 funds. Please make a motion and vote if desired to fund these items in 2022.**

* Funding additional VillageFest event expenses ($15,000)
* Funding additional JazzFest event expenses to replace sponsorship dollars ($25,000)
* Funding the Holiday Tree Lighting/other holiday expenses ($3,000)
* Funding an event at Meadowbrook Park (Details TBD)

**The following items are potential options for 2023. Please make individual motions if desired on the desired items and take a vote on whether to recommend to the City Council. If the 2022 items are funded, the projected amount available at 1/1/2023 would be $350,000.**

*Staff ideas for use of 2023 funds and estimated amounts include:*

* Funding the City’s annual allocation to the Arts Council ($14,500)
* Funding the City’s annual allocation to the VillageFest Committee ($20,000)
* Funding additional VillageFest event expenses ($15,000)
* Funding the City’s annual allocation to the JazzFest Committee ($10,000)
* Funding additional JazzFest event expenses to replace sponsorship dollars ($25,000)
* Funding the Holiday Tree Lighting/other holiday expenses ($3,000)
* Funding potential partnerships for future events
* Funding Vantrust’s request to consider an event at/near Meadowbrook Park
* Transferring 2% of collections to the General Fund for administration of the program allowable by the Charter Ordinance ($5,600)
* Maintain a minimum fund balance of 10% due to fluctuations in collections ($28,000)

*Members of the Governing Body sent the following recommendations after the February 22, 2022 Council discussion for 2023 funding:*

* Diversity Committee (Current allocation: $10,000) *(Mayor)*
  + Diversity Committee Interpretive Panel Project ($5,000) *(Inga)*
* Drone Light show ($25,000+) for Villagefest in lieu of or supplement Fireworks display *(Terrence)*
* Movies in the Park or Pool ($10,000) *(Terrence)*
* P & R ($105,000+) - New Brand identity universal design and Signage program *(Terrence)*
* P & R  ($25,000+) – Install Polo Club Historical Marker and Play feature *(Terrence)*
* P & R  ($200,000+) – ADA inclusive Play elements into Park network *(Terrence)*
* P & R ($40,000+) – Historical Element inclusive element  at Weltner park for Santa Fe Trail 9 mile marker *(Terrence)*
* Creating a public art fund ($5,000) *(Bonnie)*