



**Meeting Date:** 03.06.2019  
**Agenda Item:** #\_\_\_\_\_

**Mission Statement**

To provide our growing dynamic community excellent municipal services to make Fernley a great place to live, work, and play.

Together, we enhance the desirability, safety, friendliness, aesthetics and quality of life in our city.

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**FERNLEY CITY COUNCIL MEETING - STAFF REPORT**

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**REPORT TO:** Mayor & City Council

**REPORT THRU:** **Daphne Hooper, City Manager**

**REVIEWED BY:** Brandi Jensen, City Attorney

**REVIEWED BY:** Denise Lewis, Finance Director

**AGENDA ITEM:** **First Reading, Introduction Bill #274** - Increase the Transient Lodging Tax – Discussion and possible action to introduce Bill #274, an ordinance modifying Title 26 Taxation, Chapter 3 Transient Lodging Tax of the Fernley Municipal Code, by increasing the assessment of the Transient Lodging Tax to eleven percent (11%)

**ACTION REQUESTED:** \_\_\_Consent  X Ordinance \_\_\_Resolution  X Motion \_\_\_Receive/File

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**RECOMMENDED ACTION BY CITY COUNCIL**

“I move to introduce Bill #274, to modify the City of Fernley Municipal Code Title 26 Taxation, Chapter 3 Transient Lodging Tax assessment of the Transient Lodging Tax, the collection and distribution thereof and other matters properly related to thereto and set a new transient lodging tax of 11% effective July 1, 2019 and set the public hearing for the possible adoption of Bill #274 at the regularly scheduled City Council meeting on March 20, 2019.”

**Key Points:**

1. On October 3, 2018 City Council approved staff to initiate a business impact study process to a possible increase in the transient lodging tax from 9% to 11%.
2. Following NRS 237.090, staff conducted a business impact study to look at the impact of increasing the transient lodging tax: public notices were mailed on October 9, 2018 to licensed transient lodging rental businesses in the City of Fernley; a public workshop was held on October 23, 2018 at City Hall; public notice was also published in the Fernley Leader Courier newspaper on October 17<sup>th</sup> and 24<sup>th</sup>, 2018; and public notice was also posted on the City website [www.cityoffernley.org](http://www.cityoffernley.org).
3. On December 19, 2018 Council approved the business impact statement and directed staff to present a bill modifying Title 26 (Taxation), Chapter 3 of the Fernley Municipal Code, increasing the assessment of the transient lodging tax from 9% to 11%.

**POLICY REFERENCE**

*Nevada Statutes:* NRS 268.095, NRS 237.090

*Fernley Municipal Code:* FMC Title 26, Chapter 3

*Policies & Procedure Manual:*

*Community Assessment:* N/A

*Other:*

**SUPPORTING INFORMATION**

On October 3<sup>rd</sup>, 2018 Council directed staff to start a business impact study on the potential increase of the transient lodging tax from 9% to 11%. Transient Lodging Tax (“TLT”), also sometimes called “room tax,” applies to the rent charged to guests staying in motels, hotels, recreational vehicle parks and other short-term rentals located in the City of Fernley. Room tax rates vary from city to city. In the state of Nevada, the room tax rates range from 5% to 16%. The surrounding counties and cities room tax range from 6% to 13.5%. The current City of Fernley room tax is 9%. The hotel guest is responsible for paying the tax.

**Approval of Business Impact Study & Statement**

On October 9, 2018 staff mailed a public notice to the licensed transient lodging rental businesses in the City of Fernley along with a public comment form and an invitation to the public workshop, held on October 23, 2018 from 5:00 pm – 6:00 pm. The public notice and comment forms were provided at the workshop. The public notice soliciting comment to the proposed increase and invitation to the workshop were published in the Fernley Leader Courier newspaper on October 17<sup>th</sup>, 2018 and October 24<sup>th</sup>, 2018. Additionally, the public notice was posted on the City website, [www.cityoffernley.org](http://www.cityoffernley.org), on October 10<sup>th</sup>, 2018 through November 7<sup>th</sup>, 2018. The Business Impact Statement was approved by City Council December 19, 2018 and staff was directed to present a bill to modify the TLT to 11%.

**Purpose of Tax Increase**

Increasing the TLT will place the City of Fernley in a better financial position to pay for the construction, operation, and maintenance of the future Fernley Community Center. The measure will enact a modest 2% increase in a tax paid by out-of- town visitors staying in the City of Fernley motels, hotels, and other short-term rentals. The projected increase in revenue generated from the 2% increase is \$87,062.

**Eliminating Ten Day Grace Period**

In Sec. 26.03.09 Payment of tax, interest and penalties of the TLT ordinance, the licensee is allowed a ten (10) day grace period after the due date of the transient lodging tax before late penalties accrue. It is recommended by staff to eliminate the ten (10) day grace period for this tax. This would mean the TLT tax would be delinquent after the 10<sup>th</sup> day of the month and penalties shall accrue.

**FINANCIAL INFORMATION**

**FISCAL IMPACT:**

- 1. Is There a Fiscal Impact? Yes
- 2. Is it Currently Budgeted? No
- 3. If Budgeted, Which Line Item/Account?  
    225-310-300    \_\_\_\_\_

**FISCAL SYNOPSIS:**

Increasing the room tax may increase the transient lodging tax revenue.

**PRIOR COUNCIL ACTION/REVIEW**

December 19, 2018 – Council unanimously approved the business impact statement and directed staff to present a bill to modify the TLT to 11%.

October 3, 2018 – Council directed staff to initiate a business impact statement process to possibly increase the transient lodging tax from 9% to 11%.

December 2011 - Bill #170, Ordinance 2011-009 passed unanimously to modify the penalty for non-compliant monthly transient lodging tax returns and other matters.

August 2010 - Bill #157, Ordinance 2010-013 passed 3-2 to modify the TLT in the total amount of 9%.

February 2010 - Bill #147, Ordinance 2010-006 passed 4-0 amending the municipal code by establishing the Fernley Convention and Tourism Authority

December 2009 - Bill #142, Ordinance 2009-022 passed unanimously to modify the TLT, depositing all of the 5% of the tax into a TLT fund, the transient lodging tax of the City, removing the original designation of 2% into the park and recreation fund and the 1% into the general obligation fund.

November 2009 - Council unanimously passed Bill #138, Ordinance 2009-018 for the assessment of a transient lodging tax (TLT) in the total amount of 6%.

**ATTACHED INFORMATION**

Bill #274 Transient Lodging Tax Increase