

REQUEST FOR BOARD ACTION

HENDERSON COUNTY

BOARD OF COMMISSIONERS

MEETING DATE: 20 May 2010

SUBJECT: Room Occupancy Tax

SUMMARY OF REQUEST:

Henderson County levies a four percent "Room Occupancy and Tourism Development Tax". The Henderson County Travel and Tourism Committee on 25 March 2010 requested this Board to increase in this tax to five percent, which is permitted under the enabling legislation for the tax (attached).

This Board last addressed the rate of this tax in September of 2007, when the rate was increased to four percent from three percent. The additional percent was dedicated one-half to payment for the cost of the renovation work on the Travel and Tourism offices, and one-half to defray the costs of operation of the Historic Courthouse. The portion dedicated for the costs of operation of the Historic Courthouse is currently paid to Henderson County Historic Courthouse Corporation, to assist in the operation of the Henderson County Heritage Museum.

The Travel and Tourism Board cites declining revenue from the existing tax, declining outside sponsorship revenue, and the need in the current economy to continue to strongly promote this industry as the reasons for the proposed increase. This industry is vital to Henderson County's economy, contributing over \$175 million annually.

Travel and Tourism staff and your county attorney recommend that the increase become effective 1 July 2010, to allow innkeepers to be made aware of the change.

County staff will be available to present further information on this matter.

BOARD ACTION REQUESTED:

Approval of the change in the tax rate.

If the Board is so inclined, the following motion is suggested:

I move that the Board increase the rate of the Room Occupancy and Tourism Development Tax to five percent from the current four percent, effective 1 July 2010.