



FOR IMMEDIATE RELEASE

Contact: Spencer Nebel
City Manager

541.574.0603

**NEWPORT CITY COUNCIL
TO HOLD PUBLIC HEARING ON A
POTENTIAL TRANSIENT ROOM TAX INCREASE**

The Newport City Council will hold a public hearing on Monday, May 17, 2021, during its regularly scheduled City Council meeting to take public comment on a potential increase of the transient room tax imposed by the city to 12%. The current transient room tax rate is 9.5% for hotels, motels, vacation rentals, and campgrounds. The meeting will begin at 6:00 P.M., and the agenda will be accessible on the city website at newportoregon.gov, at the close of business on May 13, 2021.

Over the past three years, the Newport City Council tasked its Finance Work Groups with developing a system for projecting the city's long-range financial condition; identifying options to address the structural deficit in the General Fund by reducing expenditures and/or increasing revenues; and developing a five-year financial plan for the city that achieves financial sustainability during this period.

In addition, the Work Groups reviewed estimates of future funding needed to properly maintain the 48 public structures and facilities supported by the General Fund. These community amenities include the Library, Performing Arts Center, Visual Arts Center, Recreation Center, 60+ Center, numerous parks and trails, fire stations, city hall, airport, and other key pieces of the infrastructure, some of which currently require significant reinvestment at this stage in order to extend their life spans. The city has a significant gap in meeting the estimated cost of replacing roofs, windows, and siding, and interior maintenance while also funding other required needs for its many facilities. These are the very amenities that make Newport a special place for its residents and visitors. The Finance Work Group outlined a number of steps for the city to increase revenues while

maintaining control of expenses. These measures will not, by themselves, address the significant financial requirements needed for the next five-year period and beyond.

The Finance Work Groups reviewed options to address this issue recognizing that the city already significantly reduced expenditures in the current fiscal year as part of its COVID-19 budget, including the elimination of 22 full-time-equivalent positions effective on July 1, 2020, and the mandatory furlough of all non-represented employees for a period of 12 days from July to December of 2020.

After reviewing opportunities to reduce expenses, the Finance Work Groups focused on revenue options that would share the burden of financing government services and facilities between residents and visitors using city services. While many cities resort to the use of special tax levies, public safety fees, and other charges on utility bills to meet financial needs, the Finance Work Group recommended that the city focus on mechanisms to draw revenues from all users of the city's infrastructure. The Work Group recommended that the City Council consider increasing the transient room tax, beginning with the fiscal year that starts on July 1, 2021, from the current 9.5% to 12% to fund both tourism promotion and facilities that provide services to visitors, as well as additional support to the General Fund for public safety, general government, and other activities. Instead of imposing a property tax increase or fees on water bills to cover things like public safety or other city programs, which would directly impact property owners, including hotels, motels, and vacation rentals, the room tax proposal passes that expense on as a consumer tax instead.

Transient room tax is imposed by cities and counties across Oregon, and under current state law, 70% is required to be spent on advertising/marketing and tourist facilities, which benefits lodging properties. ECO Northwest compiled 2018 room tax information as part of its local transient lodging tax expenditure and administration report. The room tax rates on the coast are generally higher than in the rest of the state. Coastal respondent's transient room tax rates range from 1% for the City of Tillamook to 12% in Warrenton. Astoria is 11%, unincorporated Clatsop County is 10.5%, Lincoln County, Rockaway Beach, Seaside, and Tillamook County are at 10%, with Newport at 9.5%, as reported for 2018.

How can you participate in a City Council meeting during COVID-19 restrictions? City Council meetings are conducted in a hybrid format. Hybrid meetings are held in the City

Council Chambers of the Newport City Hall. In-person audience size is limited to 15 - 18 people.

All virtual public meetings of the City of Newport are livestreamed and televised on Charter Channel 190. To access the livestream, visit the City of Newport website at www.newportoregon.gov. Once there, click on "City Government;" then click on "City Council;" then an "in progress" note will appear if the meeting is underway; click on the "in progress" link to watch the livestream. It is not possible to get into a meeting that will be livestreamed before the meeting starts.

If you wish to make a "real time" comment at this public hearing, a request to speak should be made by noon, on May 17, 2021. The request should be e-mailed to publiccomment@newportoregon.gov. Once a request to speak has been received, staff will send the requestor the Zoom meeting link. This link will allow a requestor to participate via video or telephone. Please note that anyone participating by Zoom will be in the waiting room until the item the public hearing is opened by the Mayor.

To submit a written public comment for this hearing, e-mail the written comment to publiccomment@newportoregon.gov. The e-mail must be received by noon on May 17, 2021. Written public comment received by noon on May 17 will be included in the meeting materials, and acknowledged, at the appropriate time, by the Mayor. If a specific request is made to read written public comment into the record during a meeting, the City Recorder, or designee, will be provided a maximum of three minutes to read the comment during the meeting.

The Finance Work Group report is available here.

We encourage your participation in this public hearing, and look forward to your input.

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