



Lodgers' Tax: How Heads in Beds can Earn you Bread





Lodgers' Tax: What

Enacted in 1969, the Lodgers' Tax Act (Sections 3-38-13 et seq., NMSA 1978) enables an optional tax, imposed at the city or county level, on persons using commercial lodging accommodations. The tax provides revenues to administer the taxing program and to promote tourist-related events and other activities including advertising for promotion of events and supporting tourist-related facilities. The Act requires a five-member Lodgers' Tax Advisory Board appointed by the mayor or county commission chairman.





Lodgers' Tax: Use

In determining whether an expenditure is an appropriate use of lodgers' tax revenues, local governments reported that they consider:

- Will the event or use of funds bring people from out of town?
- Will the out-of-town visitors stay at motels, hotels, motor or trailers courts or other lodging facilities?
- Will out-of-town visitors be eating at local restaurants?
- Will out-of-town visitors frequent other stores, sites or attractions in the local area?

Sounds pretty similar to MainStreet right?



Lodgers' Tax: Use

- The law does not further specify the types of acceptable expenditures.
- The law also does not mandate particular disclosures of expenditures at the county or municipality level. Counties and municipalities have broad purview in using lodgers' tax revenue.
- The Act does state that proceeds from the occupancy tax that are required to be used to advertise, publicize and promote tourist-related facilities and attractions [facilities] and tourist-related events shall be used within two years of the close of the fiscal year in which they were collected and shall not be accumulated beyond that date or used for any other purpose.

*From Government Accountability Office, New Mexico Office of the State Auditor, Transparency Report Lodgers' Tax Expenditures



Local Ordinance

- Uses the Act to define: lodgers, tourists, tourist-related activities & facilities, etc.
- Determines % being collected based on the size of the community
- Sets requirements for collecting tax from lodgers
- Sets requirements for quarterly reporting
- Set requirements for how to administer the funding
- Sets requirements for how funds will be used





Lodgers' Tax: How

- Based on advice of their legal counsel to interpret the Lodgers' Tax locally (State Statute & Local Ordinance).
- The municipality/local government issues a funding opportunity.
- Technical Assistance is offered prior to grant deadline.
- Determine eligibility, review applications, & make funding recommendations.
- Request approval by advisory committees/boards and approval from the governing body.
- Issue a contract for services with reporting requirements.
- Typically payments are on a reimbursement basis.
- Project Evaluation (interim or final reporting).
- Local government typically requires proof of liability insurance for funded projects.



Lodgers' Tax: Project

- What is your project (new or established event)
- If established how many years presented
- Have you received Lodgers' Tax before (funding history)
- Is it for a peak session or shoulder event or collaborative marketing (each can be positioned depending on the funding opportunity)
- What is your project budget (income & expenses)
 - You may need to demonstrate community support, in-kind, individual, business/corporate support, etc.
 - Total Expenses related to promotional activities
 - How funding will be used towards promotion
- When will your activity take place (dates)
- Where will your activity take place (location)



Lodgers' Tax: Project

- What are your promotional activities (could be a simple paragraph or could require a more comprehensive marketing plan)
 - What media is targeted local, regional, national, etc.
 - What types of media, i.e., print, radio, television, digital media, social media, other.
 - Types of publications/media – i.e., if you are doing a bluegrass festival demonstrating reach to regional bluegrass networks, publications, etc.
 - The issuing agency may set priorities for reaching visitors in specific drive markets



Common Themes

- Typically a funding agency is interested in how your proposed project is adding value to the “brand” that is your city, town, or region.
 - How many overnight visitors will you bring in?
 - How many nights will they stay?
 - Might set minimums for overnight visitors & funding amounts
 - Might stipulate marketing efforts should reach 60+ miles





Common Themes

- Total Attendance/demographics: specifics about where visitors are coming from, if diverse populations are served, number of youth participants, etc.
- What is the direct Economic Impact:
 - How do you calculate your attendance figures or economic impact? —Avoid using figures without explanation.
 - What is the impact on local businesses





Logos and Credit

Funded projects may require use of logo(s) or specific language for PSAs, print media etc, that show that the project is supported by the Lodgers' Tax and/or issuing agency.





City of Gallup Example

By submitting this application you agree to the following (initial next to each):

- Promote a positive image for Gallup
- Promote a positive service culture in Gallup
- Increase your organization's capacity to develop resources and funds, and reduce reliance on Lodgers' tax funding
- Submit materials only related to advertising, promotion, and marketing of Gallup that use the Lodgers' Tax and GallupRealTrue logos per brand guidelines
- You will NOT use the City of Gallup logo without written email permission from the Tourism and Marketing Manager





Sample Eligibility

- C. **ELIGIBILITY:** Any organization, which promotes travel and tourism for the benefit of the Gallup McKinley County area and has an established organization and leadership which can accomplish the proposed project and can comply with all applicable conditions. The application will be reviewed by the Lodgers' Tax Committee for recommendation for approval or disapproval by the City Council. Decisions will be returned in writing to the applicant indicating approval or disapproval. Approved projects will receive notification of the funding amount, administrative guidelines and any special conditions of funding.
- D. **CRITERIA FOR APPROVAL:** The following guidelines will be used to evaluate proposals: Tourism Promotion; Compatibility with Year- Round Calendar of Events; Innovativeness; Funding History; Marketing Effectiveness; Positive Image of Gallup; Project Business and Marketing Scope; Past and Projected Results and Project Evaluation.



Other Useful Tips

- Present your information in a consistent fashion:
 - Ensure data listed in one area of an application, matches other references
 - Helps prevent questions from reviewers
- Establish methods for tracking attendance
- Establish methods to evaluate program success
- Make sure your project budget delineates Lodgers' Tax correctly
- Make sure your economic impact figures make sense
- Make sure you demonstrate how your project serves the community brand
- Your organization benefits from recognition from the community that your project is worth investing in.
- Local governments, organizations, and communities benefit from a unique funding source that ensures well-funded successful events.



Lodgers' Tax: Uses

Use of lodgers' tax revenues are usually for the purpose of advertising, publicizing and promoting facilities and tourist attractions; acquiring, constructing and maintaining tourist attractions and recreational facilities.

1. Debt service for Convention Center
2. Marketing and/or operations of the Convention Center
3. Visitors' Centers
4. Administration of Funds
5. Chambers of Commerce
6. Cultural Facilities, Nonprofits, Cultural Arts
7. Event Centers
8. Special Events
9. Transit, solid waste and police and fire overtime in support of tourism activity
10. Special uses allocations for marketing



Lodgers' Tax: Revenues & Expenditures

Summary of Case Study Data

Municipality	FY14 Audited Revenue*	FY14 Reported Expenditure
Albuquerque	\$10,789,915	\$10,229,863
Carlsbad	\$ 1,867,404	\$1,154,266
Gallup	\$ 1,253,927	\$1,518,467
Hobbs	\$ 1,524,140	\$1,573,328
Las Cruces	\$ 1,910,846	\$2,244,392
Santa Fe	\$ 8,376,475	\$8,000,000
Taos	\$ 1,034,548	\$ 1,119,928

* Revenue does not include rollover from previous years.



Lodgers' Tax: Santa Fe

The City of Santa Fe uses lodgers' tax revenues for the purpose of advertising, publicizing and promoting facilities and tourist attractions; acquiring, constructing and maintaining tourist attractions and recreational facilities; and for all other legally permissible purposes. The City of Santa Fe also imposes a tax on lodging specifically for the Convention Center at an additional rate of two percent, with the revenue used to service debt associated with the Convention Center. In contrast, lodgers' tax revenue finances the operations of the Convention Center. The City of Santa Fe's largest expenditures of lodgers' tax revenue were for the following:

1. Debt service for the Convention Center (\$2,285,714)
2. Marketing for the Convention Center (\$1,714,286)
3. Operations for Convention and Visitors' Bureau (\$1,142,857)
4. Arts Commission (\$1,142,857)
5. Special uses allocations distributed to the Convention and Visitors' Bureau for marketing (\$1,114,286)
6. Transit, solid waste and police and fire overtime in support of tourism activity (\$600,000)



Lodgers' Tax: Carlsbad

The City of Carlsbad reports that it uses lodgers' tax revenue to defray costs of advertising, publicizing, and promoting tourist-related attractions, facilities and events of the municipality or county and tourist facilities within the area. The City of Carlsbad also uses lodgers' tax funds for the Chamber of Commerce's management of its conference center as well as operations for its performing arts center and other promotional events. The City of Carlsbad's largest expenditures of lodgers' tax revenue were payments for the following:

1. Chamber of Commerce general advertising (\$303,083)
2. City facility management (\$282,333)
3. Erosion control at Pecos River Village (\$253,434)
4. Paving at Pecos River Village (\$80,875)
5. Museum exhibit expenses (\$46,314)
6. Nuclear Summit advertising (\$40,234)

*From Government Accountability Office, New Mexico Office of the State Auditor, Transparency Report Lodgers' Tax Expenditures



Lodgers' Tax: Hobbs

The City of Hobbs reports using lodgers' tax revenues for advertising; promoting certain recreational and tourist-related attractions, facilities and events; and acquiring, establishing and operating tourist-related attractions, facilities or transportation systems. The City of Hobbs' largest expenditures of lodgers' tax revenue were for the following:

1. Payments to the Lea County Economic Development Corporation in connection with airline subsidies for the Lea County Regional Airport (\$500,000)
2. City of Hobbs security in connection with the Hobbs United States Specialty Sports Association League (\$228,604)
3. Lea County Fair and Rodeo Board (\$150,000)
4. Lea County Event Center (\$127,500)
5. Lea County Economic Development Corporation for airline advertising (\$106,674)
6. Southwest Symphony (\$91,990)

*From Government Accountability Office, New Mexico Office of the State Auditor, Transparency Report Lodgers' Tax Expenditures



Sample Application

CITY OF LOVINGTON LODGERS TAX BOARD REQUEST FOR FUNDING

Requests must be received seven (7) days before Lodgers Tax Board meeting.

PART I: PROJECT INFORMATION

A funding application must be completed and submitted for each individual event or project.

Organization Name: _____
Event Name: _____
Event Location: _____
Event Start Date: _____ Event End Date: _____
Is this a new event? Yes No
If this is a repeat event, how many individuals attended previously? _____
What means did you utilize to calculate attendance? (Evaluations, ticket sales, estimation, etc) _____

PART II: PREVIOUS FUNDING REQUESTS

Did your organization receive Lodgers Tax funding in the previous quarter? Yes No
If No, proceed to Part III

What amount of funding did you receive? _____

Have all reimbursement requests been received by City staff? Yes No

If you have outstanding reimbursements, what is the total amount pending? _____

PART III: PROJECT DETAIL

Define/describe the overall project or event: *(Attach additional sheets if necessary)*

Describe the specific way Lodgers' Tax funds will be used with the project/activity/event: *(Attach additional sheets if necessary)*



Sample Application

Provide an itemized listing of what Lodgers' Tax funds will be used for. Requests must have specific details and not broad categories. If additional space is needed, please attach additional pages utilizing the same format to this application.

Description	Unit Cost	Quantity	Total	Staff Review

TOTAL AMOUNT OF LODGERS TAX FUNDING REQUESTED: _____

Staff Review Amount



Sample Evaluation

Lovington Application Review Criteria:

A. Lodgers' Tax Impact (20 Points)

1. How does your event create the need for an overnight stay thus creating lodgers tax revenue?

B. Size and Demographic of Audience Served (15 Points)

1. How many individuals are anticipated to attend the event?
2. How do you intend to count attendance and evaluate attendance in this program or event?

C. Quality of Life (25 Points)

1. Does this provide a new program or event for the community?
2. Please provide any other financial impact to the City of Lovington this project or event will create.



Sample Evaluation

D. Financial Information (20 Points)

1. What is the total amount budgeted for this event, including Lodgers' Tax funding request?
2. Where are matching funds and other sources of funding being obtained? Include sources and amounts.

E. Marketing Plan (20 Points)

1. Provide details on where and how you plan to market and advertise the event.
2. What percentage of advertising will reach an audience outside a 50 mile radius of Lovington?





Org Evaluation



EVALUATION FORM: 2017-2018 LODGERS' TAX EVENT REPORT (Turn in with final funding draw of grant, NOT with the application)

PART I: CONTACT INFORMATION Date of this Evaluation Form: _____

Organization Name (As Listed on W9):	
Event Name:	
Event Date(s):	
Event Organizer & Title within Organization:	
Phone Number of Organizer:	
Email of Organizer:	
Event Location(s):	

PART II: RESULTS

Number of participants at your event (not volunteers/staff):	
Number of volunteers/staff at your event:	

How did you calculate your event attendance:

Describe your advertising/marketing/promotional plan and how you used the funds to achieve it:

Describe the event's impact on businesses and residents located in Gallup:

Include your expense report, receipts, cancelled check, credit card receipts. You may make up to three reimbursement requests. Failure to submit an evaluation form and post-event expense report will result in denial of further funds in upcoming years.



Great Resource

A screenshot of a web browser displaying the page "Lodgers Tax | Gallup, NM". The browser's address bar shows the URL "http://www.gallupnm.gov/451/Lodgers-Tax". The page content is divided into two main columns. The left column is titled "Information about Lodgers' Tax" and contains text about the tax's purpose and a list of its uses. The right column is titled "2017-2018 Deadlines" and lists specific dates for grant applications. A sidebar on the left contains social media icons for Facebook, Twitter, Instagram, YouTube, and a settings gear. At the bottom right, there is a logo for "GALLUP Real TRUE".

← → http://www.gallupnm.gov/451/Lodgers-Tax Lodgers Tax | Gallup, NM - ... ×

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Create an Account - Increase your productivity, customize your experience, and engage in information you care about. Sign In

Information about Lodgers' Tax

Under the authority of City Code 3-2C, the city has established a lodgers' tax paid by persons using commercial lodging accommodations. Lodger's tax provides revenues for the purposes of:

- advertising, publicizing, and promoting facilities, tourist attractions; and
- acquisition, construction, and maintenance of certain facilities related to tourism.

In the City of Gallup, the Lodgers Tax is executed the Tourism and Marketing department and through awarding of Grant Funds to qualified applicants. The tax is administered in compliance with the New Mexico Department of Finance Administration rules, but for the convenience of Grant Applicants, a handbook was created to assist with interpreting the NMDFA's rules for the administration of the Tax. That information can be found below.

Lodging operators are required to report lodging receipts by the twenty-fifth day of each month on city-approved forms for the preceding calendar month, and to remit payment of the amounts due. The tax rate is 5% on the gross taxable amount paid for lodging. See the Lodger's Tax Ordinance for information on exemptions.

2017-2018 Deadlines

For best consideration for an Advertising/Promotions Grant from the Lodgers' Tax Fund submit applications by the following quarterly dates:

For events between July 1, 2017 and June 30, 2018 best consideration for funding submit by the following dates. Applications for events before July 1, 2017 are no longer under consideration.

April 14, 2017

July 14, 2017

October 13, 2017

January 12, 2018

March 16, 2018

GALLUP Real TRUE



Great Resource

A screenshot of a web browser displaying the "Lodgers Tax" page on the City of Gallup website. The browser's address bar shows the URL "http://www.gallupnm.gov/4512/Lodgers-Tax". The page content includes a navigation bar with a "Sign In" button, a main heading "Important Documents and Information:", and a list of links: "FY 18 Application", "Gallup Lodgers Tax Advertising Handbook and Expenditures Guide", "Sample Budget Document", "City Event Permit", "Lodgers Tax Logos", "Gallup Real True Logos", "State Statute", and "City Ordinance". A sidebar on the left contains social media icons for Facebook, Twitter, Instagram, YouTube, and a gear icon. At the bottom, there is a dark teal navigation bar with icons and labels for "Report a Concern", "Notify Me", "Bid/RFP", "Online Payments", "Agendas & Minutes", and "Job Listing". The footer includes the "City of" logo, "Contact Us" (110 West Aztec Avenue), "Helpful Links" (Archive Center, Bid & Request for), "FAQs" (How do I contact a city), and "Site Links" (Home, Site Map).

Create an Account - Increase your productivity, customize your experience, and engage in information you care about.

Sign In

paid for lodging. See the Lodger's Tax Ordinance for information on exemptions.

Important Documents and Information:

- [FY 18 Application](#)
- [Gallup Lodgers Tax Advertising Handbook and Expenditures Guide](#)
- [Sample Budget Document](#)
- [City Event Permit](#)
- [Lodgers Tax Logos](#)
- [Gallup Real True Logos](#)
- [State Statute](#)
- [City Ordinance](#)

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Site Map



Other Resources

- Government Accountability Office, New Mexico Office of the State Auditor, Transparency Report Lodgers' Tax Expenditures:
 - https://www.saonm.org/media/uploads/Transparency_Report_-_Lodgers_Tax_Update_Feb_11_2016.pdf
- City of Lovington Lodgers' Tax Board:
 - <http://www.lovington.org/city-forms.html>
- City of Gallup Lodgers' Tax:
 - <http://www.gallupnm.gov/451/Lodgers-Tax>
- City of Moriarty Lodgers' Tax Ordinance:
 - <http://www.cityofmoriarty.org/uploads/downloads/lodgers%20tax/Lodgers%20Tax%20Ordinance.pdf>



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