

Facts & Questions on the Proposed North Lake Tahoe TBID

What is a TBID?

A Tourism Business Improvement District, or TBID, is a mechanism for funding tourism promotion and economic development activities that are designed to increase revenues for the assessed businesses. An assessment is placed on certain revenues and businesses within a designated geographic area, with the funds raised used only for specific purposes designed to benefit the assessed businesses. Those purposes will be specified in a Management District Plan (MDP), and are discussed in more detail below.

What will the proposed North Lake Tahoe TBID do?

The proposed North Lake Tahoe TBID's mission will accomplish the following:

- 1) The TBID revenues will replace the \$3.9 million in Transient Occupancy Taxes (TOT) which Placer County currently uses to fund the North Lake Tahoe Resort Association (NLTRA). Then, through a contractual agreement with Placer County, those TOT funds will be redirected to be exclusively used for workforce housing and transportation projects in Eastern Placer County. Decisions directing the use of the \$3.9 million will be made in consultation with the assessed businesses through NLTRA's Board of Directors and Committees.
- 2). Unlike TOT dollars, which are controlled by the Placer County Board of Supervisors, funds raised by the TBID will be controlled by the North Lake Tahoe businesses who are members of the TBID; these funds cannot be diverted to the County General Fund or for any other purpose other than what is outlined in the Management District Plan.
- 3). Forming a TBID will give NLTRA a strong, independent voice, which will strengthen the Association's position in negotiations with Placer County, especially related to uses of TOT funds, 98% of which is collected in the North Lake Tahoe region.
- 4). The timing to form a TBID is right! Our current supervisor and North Shore resident, Cindy Gustafson, has secured the support of other Placer County supervisors for redirecting the \$3.9 million of TOT to Transportation and Workforce Housing initiatives in the region. Looking forward it is unlikely we will have another supervisor who is a resident of the North Shore and also is as committed as Cindy to supporting the needs of the North Lake Tahoe region. This is because 80% of the registered voters in Cindy's district are residents of the west side of Placer County - and that percentage is growing.
- 5). It will continue the efforts of the NLTRA's Chamber of Commerce services for business support, development and advocacy for local businesses. The business support, development and advocacy programs will strengthen the local economy by gathering and analyzing economic data, providing information on opportunities and resources, and supporting new business development. The TBID will fund the activities of the North Tahoe Business Association, Tahoe City Downtown Association and the West Shore Association, including in-market events, marketing and services. Funding from the TBID will replace Placer County funding and membership fees.
- 6). The formation of a TBID will insure the continuation of NLTRA's primary mission, to promote and improve tourism in the North Lake Tahoe region. Activities will include advertising, website operations, special events, group and conference sales, and other significant marketing programs. Also included will be the continuation of visitor information services. The primary purpose of these activities is to bring more tourists into the North Lake Tahoe region during mid-week and shoulder seasons, increasing economic stability and increasing revenues for assessed businesses

7). In addition to the \$3.9 million of TOT funds which will be redirected to workforce housing and transportation projects the TBID budget will also provide an additional \$600 thousand of funding for economic development opportunities and, transportation projects.

Why does North Lake Tahoe need a TBID?

North Lake Tahoe has some significant challenges and to address those needs we need to raise more funding. A TBID allows funding to be raised and overseen directly by those assessed. That is why most major tourist destinations in California now operate TBIDs. Forming a TBID will allow the North Lake Tahoe region to effectively compete with its neighbors, including South Lake Tahoe and Truckee, who have formed their own TBIDs. It will also provide for the type of enhanced business support, development, economic tracking and advocacy, that our other competitors already have.

What other regions have TBIDs?

Many of the North Lake Tahoe region's direct competitors have formed TBIDs, including Mammoth Lakes, Big Bear, South Lake Tahoe, Truckee, Folsom, San Francisco, Napa, and Sonoma. Throughout the state there are currently 109 TBIDs in operation. Other notable destinations with TBIDs include San Diego, Long Beach, Monterey County, Sacramento, and Palm Springs. Many cities and counties are also currently in the process of forming new TBIDs.

Formation Process

How will the North Lake Tahoe TBID be established?

The North Lake Tahoe TBID will be established under California's Property and Business Improvement District Law of 1994. This law requires a thorough approval process, which begins with the submission of petitions from businesses that will be assessed by the district. Businesses which will pay more than half of the proposed assessment must sign petitions to start the formation process.

What happens after the petitions are signed?

Signed petitions are turned into the Placer County Board of Supervisors, which will initiate the official formation procedures during a hearing. The Board will then adopt a Resolution expressing its intention to form the district, and mail notices to all businesses to be assessed by the TBID. Those businesses will have at least 45 days to protest to the Board of Supervisors, and the Board of Supervisors will hold a public meeting and a public hearing to give businesses the opportunity to express their opinions. The Board can then adopt a resolution forming the district if no majority protest exists.

Is the TBID established permanently?

No. The TBID will be established for a period of five years. After those five years, the TBID can be renewed, following the petition and hearing process again, for up to ten years.

How much power does my petition signature have?

The "weight" of each petition, or its total value, is calculated based on the estimated assessment the business will pay. The amount of assessment each establishment will pay is calculated using the prior year's sales tax information or TOT to determine total revenue. For example, if the total assessment to be paid by all establishments was \$100,000, an establishment that would pay \$10,000 would have 10% of the petitioning power. Thus, every establishment's vote is proportional to the assessment it will pay.

Management

How will the North Lake Tahoe TBID be managed?

The North Lake Tahoe Resort Association (NLTRA) will be responsible for managing the TBID. Representatives of businesses paying the assessment will serve on a managing committee established by NLTRA. This will ensure that TBID funds are spent on the most effective programs for the benefit of assessed businesses in the North Lake Tahoe Region. Simply put, the TBID is established and managed by the businesses paying the TBID assessment.

Is there a written document governing the TBID?

Yes. The TBID will be operated in accordance with a Management District Plan (MDP). The plan will be prepared by representatives of businesses paying the assessment during the TBID formation process. During the formation process the MDP will be on file with the County Clerk and available for review. The MDP will contain specific information like the assessment rate, collection process, budget, and activities to be funded. Additionally, the Resolutions adopted by the Board of Supervisors will contain these provisions.

What kind of oversight is there?

Every year the NLTRA will be required to submit a report to the Board of Supervisors detailing the TBID's budget and activities for the upcoming year. In accordance with the Ralph M. Brown Act, notice of meetings where TBID business will be discussed must be posted in advance and are open to the public. TBID records must be kept in compliance with the California Public Records Act.

Can the County use assessment money for whatever they want?

No. The money raised with the assessment must be used in accordance with the provisions of the Management District Plan (MDP). The money cannot be diverted to the County's general fund, or spent for any purpose other than those given in the MDP, which will be marketing and economic development projects for the North Lake Tahoe region.

Budget

How much will the assessment be?

1) Lodging - The assessment will be 1% of lodging gross revenues for Squaw Valley/Alpine Meadows and Northstar and 2% on remaining lodging in the proposed TBID district. The differential is because both Squaw/Alpine and Northstar areas already have assessments in place to fund transportation and other additional services. To be equitable, the additional 1% assessment on lodging at the North Shore will be dedicated to provide specific services for this area. This will be accomplished by establishing Zones of Benefit.

2) Food & Beverage, Recreation, and Retail - 1% of all gross revenues on tourism related businesses.

This sounds like a tax. Is it?

No. State law specifically distinguishes assessments from taxes. The TBID assessment differs greatly from a tax because money raised will not go into a government fund. Instead, it will be returned to a non-profit corporation which will spend the money for the direct benefit of the assessed businesses. Additionally, an assessment differs from a tax because it is requested and approved by the majority of the businesses who will pay the assessment, rather than the general public..

Isn't this the same as the transient occupancy tax or sales tax?

No. Transient occupancy taxes and sales taxes go to a city or county fund. There is no guarantee that tax funds will be used for programs that benefit businesses paying the tax. In fact, as city and county budgets decrease, tourism promotion funding and other business development programs

are often among the first things to be reduced or eliminated. The TBID, unlike taxes, will ensure consistent funding for tourism promotion activities, business development, and advocacy.

Are there limits on how money raised is spent?

There are very strict limits on how funds raised are spent. They cannot be diverted to any government program. Funds must be spent on programs and activities that directly benefit the businesses paying the assessment and which are included in the Management District Plan.

Can businesses pass the assessment on to customers and guests?

Most businesses do chose to pass the assessment on to their customers. The assessment must be shown on the receipt and in the case of lodging, must be disclosed to the guest in advance, when they book the room.