

TOWN COUNCIL STAFF REPORT

Title: Resolution of Intention to Modify the Mammoth Lakes Tourism Business Improvement District Management District Plan.

Meeting Date: April 5, 2023

Prepared by: Dan Holler – Town Manager
Rob Patterson – Administrative Services / Finance Director

RECOMMENDATION:

Adoption the Resolution with the intent to modify the Mammoth Lakes Tourism Business Improvement District (MLTBID) Management District Plan (MDP) to address a recent opinion on the taxability of certain elements of the plan. Adoption of this resolution will result in a public hearing on April 19, 2023 on the Management District Plan.

BACKGROUND:

The MLTBID is a benefit assessment district to help fund sales, marketing, media relations and communications programs, and air service subsidy marketing programs for Mammoth Lakes Tourism businesses paying the assessment. This approach has been used successfully in other destination areas throughout the State to increase tourism and commerce at assessed businesses. The MLTBID currently includes all tourism businesses located within the boundaries of the Town of Mammoth Lakes. As used herein, the term “tourism business(es)” includes all tourism businesses: lodging businesses, restaurants, retail businesses, and ski resorts.

The Property and Business Improvement District Law of 1994, Streets and Highways Code §36600 et seq., allows for the Owners’ Association to request that the Town modify the MDP. The MLTBID Owners’ Association, Mammoth Lakes Tourism, has provided a written request to the Town Council to modify the authorized expenditures to be funded with the revenue derived from the levy of the assessments, as shown in the modified MDP. A copy of the request letter and the MDP are included herein as Exhibit A and Exhibit B respectively. Mammoth Lakes Tourism requested this change to the MDP to be consistent with the authorized expenditures proposed for the upcoming renewal of the MLTBID.

ANALYSIS:

Mammoth Lake Tourism has been working with local retail and restaurant businesses that collect sales tax and also pay the Tourism Improvement Business District (TBID) assessment. The State of California recently informed the businesses that they need to treat the TBID Assessment as revenue and pay sales tax on the revenue collected. This State action has resulted in a recommended amendment to the TBID District Management Plan. The amendment allows businesses that pay sales tax on transactions subject to the TBID to collect the required 1.5% TBID assessment on the transaction and remit an assessment amount equal to 1.38% to the Town as their TBID payment. The other 0.12% of the amount

collected is retained by the business to pay the required sales tax on the assessment transaction. The modification only affects those businesses required to collect the 1.5% TBID on transactions which require sales tax to be paid.

The modification in the actual TBID assessment of 1.38% to be collected and remitted to the Town requires the TBID Management District Plan (MDP) to be amended. The attached Resolution of Intention to Modify the TBID Management District Plan is presented for Council consideration. The amended MDP is provide for Council information. The Resolution of Intention to Modify the District outlines the modification, makes the amended MDP available, and sets the public hearing date on the modified MDP. The proposed hearing date is April 19, 2023. A copy of the resolution of intention will be mailed to all the affected businesses and notice of the public hearing published at least seven days before the hearing date.

There are no other proposed modifications to the current TBID Management District Plan. The change in the amount of TBID Assessment to be remitted to the Town will be effective on transactions conducted in April and paid to the Town by May 22, 2023.

Management District Plan – Modification schedule

April 5, 2023

RESOLUTION OF INTENTION

Upon the written request by the MLTBID Owners’ Association, Mammoth Lakes Tourism, the Town Council may adopt a resolution of intention which states the proposed modification to the MLTBID. Mammoth Lakes Tourism provided a written request for the proposed modification to the Town Council dated March 29, 2023. Receipt of this written request allows the Town Council to initiate proceedings for MLTBID MDP modification at the April 5, 2023 meeting.

April 8 & 11, 2023

NOTICE

The Property and Business Improvement District Law of 1994 requires the Town to publish the Resolution of Intention in a newspaper of general circulation in the Town at least seven (7) days before the public hearing and mail a complete copy of the Resolution of Intention to each tourism business owner affected by the proposed modification at least ten (10) days before the public hearing.

April 19, 2023

PUBLIC HEARING & RESOLUTION OF MODIFICATION

The Town Council shall hold a public hearing on the proposed MLTBID MDP modifications. If the Town Council, following the public hearing, decides to modify the MLTBID, the Town Council shall adopt a Resolution of Modification.

OPTIONS ANALYSIS

Option 1: Adoption the Resolution with the intent to modify the Mammoth Lakes Tourism Business Improvement District (MLTBID) Management District Plan (MDP) to address a recent opinion on the taxability of certain elements of the plan. Adoption of this resolution will result in a public hearing on April 19, 2023 on the Management District Plan.

Option 2: Provide staff with alternate direction on the proposed process.

EXHIBITS:

A – Modification Request Letter

B – Modified Management District Plan

C—Resolution of Intention to Modify