

Lodging tax debated at City Council

Written by Kyle Arnoldy

A notice sent to all registered Holyoke voters regarding a lodging tax question on the Nov. 5 ballot was met with its fair share of criticism at the Holyoke City Council meeting Tuesday, Oct. 1.

Those with ties to the three lodging facilities in town raised concerns with the wording of the ballot question, the intentions for the money collected from the tax, the flexibility of the percentage chosen and why those who run lodging facilities were not included in the decision-making process.

Phillips County Economic Development director Julie Worley expressed her support of the tax but was concerned that no mention was made of what the funds from the tax would go toward.

Hank Hassler, a Cobblestone Inn investor, echoed her sentiment, stating, "No one in town knows where this money is going. That letter was poorly written. People need to know where this money is going, who is going to get to use it and how."

Four days prior to the meeting, Worley had provided council members with a Colorado statute that mandates that all funds raised from the lodging tax must go toward the advertising and marketing of local tourism. Throughout the meeting, council members operated under the belief that they were under the restrictions of the statute.

City attorney Al Wall, who was not present at Tuesday's meeting, was able to determine after the fact that the law actually did not pertain to Holyoke as it was meant to define a countywide lodging tax, not a city tax like the one proposed by the city.

Contrary to what was decided Tuesday night, the city has decided not to move forward with the creation of a tourism board and the funds will be collected into the general fund with the use to be determined at a later time.

Following Tuesday's meeting, the city released the following statement Friday, Oct. 4:

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“The City of Holyoke has authorized a ballot issue for the Nov. 5 election to approve a Hotel and Lodging Tax up to 5 percent. The exact percentage has not been determined. The exact percentage will be determined when and if the vote is favorable. The City welcomes all comments as to the use of the funds collected so adoption of an ordinance can be enacted at a later date.”

While council members had previously talked about setting the tax at 5 percent, the wording of the ballot question opened up dialogue about how such an aggressive amount was determined. As the ballot question states “up to 5 percent,” there is wiggle room with the exact amount.

Worley provided those in attendance with a list of state-wide lodging taxes at various cities from 2008. While Wray has its tax set at 5 percent, most cities of similar size to Holyoke have a tax of closer to 2 percent set in place. At 5 percent, the city anticipates generating just under \$43,000, causing Hassler to question how that amount compares to previous budgets set for advertising and marketing.

City Clerk/Treasurer Kathy Olofson noted that in the past, budgets have been between \$1,500-\$2,000 for tourism advertising with the exception of this past year as the funds were expanded to \$10,000 due to the city’s 125th anniversary celebration.

Gayln Einspahr, a Cobblestone Inn investor, wanted to know if this money would stay in Holyoke and if spending \$40,000 on advertising would bring in \$40,000 worth of business. Mayor Orville Tonsing responded that the funds would stay in town and could be used to sponsor an event that brings in tourism, but council members had no answer for the latter question.

The issue of advertising budgets was resolved later last week when the state statute was identified as a county restriction, no longer requiring that the collected tax go toward tourism advertising and marketing for the City of Holyoke.

Einspahr then asked if any of the lodging facilities in town had been contacted prior to a decision being made on the subject, which was greeted with a firm no by those in the meeting

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representing Cobblestone Inn, Burge Hotel and Golden Plains Motel.

Carolyn Wirges, from Burge Hotel, was upset that those who will be collecting the tax were not included in the discussion, especially since the decision will force them to adjust their rates. Einspahr agreed, commenting, "I think it's pretty amazing that you have three businesses here that are going to collect the taxes and not in support of this tax."

Jim Kienholz from Golden Plains Motel voiced his opinion that 5 percent was too much for the area, which those in attendance agreed with.

Basic rooms available in Holyoke range in price from about \$45-\$100 for one occupant. A 5 percent tax would cost visitors to the lodging facilities an additional \$2.25-\$5.

Of the surrounding areas, both Wray and Burlington have a lodging tax set in place with the money collected going into their general fund.

"So what I'm gathering is it was 'Well if we're going to do it we might as well go big, and we don't have a plan or a budget; we're just going to get as much as we can, then we're going to spend it,'" said Steve Young, who also invested in Cobblestone Inn.

Hassler added, "If you're going to do this, why didn't you step into it a little bit easier? My opinion is that you're going to upset some people so they don't stay here."

After conversation about the tax waned, council members and those associated with the lodging facilities agreed that more communication on the matter was necessary to pinpoint a percentage that benefits the community without putting too heavy of a burden on those who will collect the tax.

"I don't want to give you the wrong impression," said Young. "I think all of us here want tourism; I mean it's good for the community. I think probably the biggest thing is that we felt like we didn't

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get much information or have any input.”

After listening to the concerns of those involved with tax collecting, council member Brian Akey stated, “After looking at this, maybe 5 percent is a little aggressive. For our area, 5 percent is way out of the ballpark.”

Holyoke Enterprise October 10, 2013