

**RESOLUTION No. 111 -2025
REVISING THE POLICY
FOR DISTRIBUTION OF LODGING TAX REVENUE**

WHEREAS, RCW 67.28.180 authorizes the legislative body of any municipality may impose an excise tax on the sale of or charge made for the furnishing of lodging that is subject to tax under RCW 82.08;

WHEREAS, RCW 67.28.1815 provides that all revenue from taxes imposed under this chapter shall be credited to a special fund in the treasury of the municipality imposing such tax and used solely for the purpose of paying all or any part of the cost of tourism promotion and the acquisition or operation of tourism related facilities;

WHEREAS, the Board of County Commissioners has adopted Resolution 264-1997 creating the Lodging Tax Advisory Committee in accordance with RCW 67.28.1817; and

WHEREAS, the Board of County Commissioners established a policy regarding the annual distribution of the available lodging tax revenue with Resolution 185-2005 and revised that policy with Resolutions 179-2006, 189-2008, 147-2014, 119-2016; and 030-2024.

NOW, THEREFORE, BE IT RESOLVED, by the Kitsap County Board of Commissioners, in regular session assembled, hereby revises the policy regarding the distribution of the available lodging tax revenue as set forth in the attached Policy.

DATED this 23 day of June, 2025

BOARD OF COUNTY COMMISSIONERS
KITSAP COUNTY, WASHINGTON


CHRISTINE ROLFES, Chair


ORAN ROOT, Commissioner


KATHERINE T. WALTERS, Commissioner



ATTEST:


Dana Daniels, Clerk of the Board

Lodging Tax Distribution Policy

Distribution of Lodging Tax

Lodging tax will be used to fund tourism promotion and tourism-related facilities within Kitsap County. The Board of County Commissioners (Board) will budget and distribute funds from lodging tax revenues as described in this policy in accordance with chapter 67.28 RCW (Public Stadium, Convention, Arts, and Tourism Facilities) and Kitsap County Code chapter 4.40 (Lodging Excise Tax).

The Board will authorize support for specified projects and distribute lodging tax funds to qualified applicants. The amount of lodging tax funds distributed is dependent on the total revenue collected from lodging facilities in unincorporated Kitsap County and is subject to change.

1. **Definitions.** The definitions are as provided in RCW 67.28.080, and as amended.
 - A. "Operation" includes, but is not limited to, operation, management, and marketing.
 - B. "Tourism" means economic activity resulting from tourists, which may include sales of overnight lodging, meals, tours, gifts, or souvenirs.
 - C. "Tourism promotion" means activities, operations, and expenditures designed to increase tourism, including but not limited to advertising, publicizing, or otherwise distributing information for the purpose of attracting and welcoming tourists; developing strategies to expand tourism; operating tourism promotion agencies; and funding the marketing of or the operation of special events and festivals designed to attract tourists.
 - D. "Tourism-related facility" means real or tangible personal property with a usable life of three or more years, or constructed with volunteer labor that is: (a)(i) Owned by a public entity; (ii) owned by a nonprofit organization described under section 501(c)(3) of the federal internal revenue code of 1986, as amended; or (iii) owned by a nonprofit organization described under section 501(c)(6) of the federal internal revenue code of 1986, as amended, a business organization, destination marketing organization, main street organization, lodging association, or chamber of commerce and (b) used to support tourism, performing arts, or to accommodate tourist activities.
2. **Kitsap County Tourism Support Objectives.** The Board recognizes tourism as a vital contributor to Kitsap County's economic growth, quality of life, and long-term development. Lodging tax funds will be allocated to achieve the following objectives, consistent with the provisions of RCW 67.28.1816:
 - **Increase tourism-related infrastructure** that provides lasting benefits and attracts sustained visitor engagement.
 - **Expand funding impact** by leveraging lodging tax revenue with additional financial and in-kind contributions.
 - **Improve tourism measurement and accountability** by establishing clear, data-driven criteria to assess visitor spending and overnight stays.
 - **Boost regional and national tourism** by prioritizing projects with significant economic impact that attract visitors from beyond Kitsap County.
 - **Grow overnight visits** by funding initiatives that attract travelers from 50+ miles away, rather than those primarily serving local or day-trip attendees.

3. **Funding Distribution.** The Board will distribute funds as follows:

- A. The Board intends to provide a portion of the funds each year to pay for County staff support of the lodging tax advisory committee.
- B. The Board intends to provide a portion of the funds each year for repayment of bonds issued for infrastructure-related projects that support tourism when such debt service payments exist.
- C. The Board intends to provide the remaining lodging tax funds for:
 - Tourism marketing projects that demonstrably attract visitors from 50+ miles away and contribute to overnight stays. This includes marketing and operations of special events and festivals that align with the County's tourism objectives by drawing regional, national, or international visitors, thereby generating significant economic impact. Additionally, funds may be directed to the operations and capital expenditures of tourism-related facilities owned or operated by a municipality or a public facilities district created under chapters 35.57 and 36.100 RCW , provided they contribute to sustained visitor engagement and economic benefit. RCW 67.28.1816
 - Operations of tourism-related facilities owned or operated by nonprofit organizations recognized under 26 U.S.C. Sec. 501(c)(3) or 501(c)(6), provided these facilities demonstrably support long-term tourism growth and attract visitors from outside the local area.

Targeted funding priorities may be highlighted on formal applications when relevant to ensure alignment with the County's tourism objectives.

4. **Lodging Tax Advisory Committee.** Consistent with RCW 67.28.1817, the Board established a lodging tax advisory committee ("Committee") to provide recommendations on the award of funds collected per Kitsap County Code Chapter 4.40 "Lodging Excise Tax." (Kitsap County Resolution #264-1997).

- A. **Membership.** The Board shall review the membership of the Committee annually and make changes as appropriate. The Committee shall consist of at least five (5) members and will include:
 - i. An elected official of the County, who will serve as chair of the Committee;
 - ii. At least two (2) members who are representatives of businesses required to collect lodging tax; and
 - iii. At least two (2) members who are persons involved in activities authorized to be funded by revenue received by lodging tax.

Persons who are eligible for appointment under (ii) of this subsection are not eligible for appointment under (iii) of this subsection. Persons who are eligible for appointment under (iii) of this subsection are not eligible for appointment under (ii) of this subsection.

Organizations representing businesses required to collect lodging tax, organizations involved in activities authorized to be funded by revenue received by lodging tax, and local agencies involved in tourism promotion may submit recommendations for membership on

the Committee. The number of members who are representatives of businesses required to collect lodging tax shall equal the number of members who are involved in activities authorized to be funded by lodging tax.

Additional Member: The Committee may also include one nonvoting member who is an elected official of a city or town in the County.

B. Duties.

- i. The Committee will review lodging tax fund applications, evaluate candidates based on established tourism objectives, and provide the Board with a list of recommended recipients and funding amounts for final determination.
- ii. Committee members must comply with the Open Public Meetings Act (Chapter 42.30 RCW).
- iii. Priority funding will be given to events and organizations that align with the County's tourism objectives, particularly those that attract visitors from 50+ miles away and generate overnight stays. Events primarily serving local or day-trip attendees will not be prioritized.
- iv. Committee members will evaluate applications and submit them to the board along with funding recommendations.
- v. A Committee member may not vote, influence, or attempt to influence another member regarding an allocation to an entity that the Committee member represents, owns, or is employed by.

5. Applications For Lodging Tax Funds

- A. **Applicants.** Any individual, organization, or local government entity, including the County itself, may make application to the Committee for use of lodging tax funds. The use of the funds must meet the criteria set forth in chapter 67.28 RCW and this policy.

Applicants must be in good standing with the County. Organizations that received funding in the prior year must have submitted all required invoices, receipts, and final reports to the County.

- B. **Application Timeline.** Public Notice calling for applications will be posted each year for remaining budgeted funds. Per RCW 67.28.1817(2), any proposed use of lodging tax funds must be submitted to the Committee for review and comment at least 45 days before the Board may authorize the use of funds.

Applicants will be required to provide an application and supporting documentation by the published deadline. Applications, or incomplete applications, received after the published deadline will not be considered by the Committee.

- C. **Application Requirements.** Applications which do not meet the application requirements and funding criteria set forth in this policy will not be considered by the Committee. At a minimum, applications will include:

- i. A detailed description of the proposed project, demonstrating how it will increase tourism in Kitsap County and meet funding priorities. The application must include estimates of how the project will result in an increase in visitors who:
 - Stay overnight in paid accommodations;

- Travel 50 miles or more one way from their place of residence or business; or
- Visit from another country or state outside of their place of residence or business.

Projects that primarily serve local residents or day-trip attendees will not be prioritized.

- ii. A complete budget detailing all income and expenses for the entire project, including:
 - Matching funds and in-kind contributions;
 - A clear breakdown of how County lodging tax dollars will be used;
 - Evidence of financial sustainability and economic impact.
- i. Documentation that the applicant is qualified to do business in Washington State.
- ii. The applicant's most recent tax return or most recent annual financial statement created by an independent source should a tax return not be available. Other documentation showing financial viability may be considered if the applicant is a newly created entity and the documentation is prepared by an independent source.
- iii. Certificate of Insurance evidencing that any required insurance coverages are, or will be, in effect through the funded calendar year.

The County may also require other information or documentation as determined necessary or applicable. The County will notify applicants if such additional information or documentation is required and provide a deadline for submission.

D. **Application Evaluation.** The Committee will evaluate applications, score them using Attachment A (Lodging Tax Evaluation Form) and deliver the applications and the prioritized funding recommendations to the Board.

E. **Award of Funds.** After review of all complete applications, the Committee will select candidates from amongst the applicants and provide a list of the candidates and recommended amounts of funding to the Board for final determination.

6. The Board may choose only recipients from the list of candidates and recommended amounts provided by the Committee. If the Board desires to authorize an allocation different from the amount recommended by the Committee, it may do so after providing the Committee up to 45 days to comment on the revised allocation. RCW 67.28.1817.

Any use of lodging tax funds must be authorized by the Board by resolution, ordinance, or authorization of a contract.

7. **Contracts for Services.** Each agency receiving funding from lodging tax revenue will execute a contract for services with the County. Recipients will be required to submit invoices along with receipts demonstrating how lodging tax funds were spent using Attachment C (Lodging Tax Reimbursement Form). Additionally, all recipients must submit Attachment D (Lodging Tax Reporting Form) to the County that includes data on the actual number of people traveling for business or pleasure, as defined by the following criteria:

- Traveling away from their place of residence or business and staying overnight in paid

accommodations;

- Traveling 50 miles or more one way from their place of residence or business, either for the day or staying overnight; or
- Traveling from another country or state outside of their place of residence or business.

8. **Audits**. The County, in its discretion, may conduct an audit of any and all applicants to determine if an applicant's use of lodging tax funds complies with the award of funds and/or contract for services.

**ATTACHMENT A
LODGING TAX EVALUATION FORM**

Organization:		
Project Title:		
Evaluator:		
Qualification Criteria:		
<p>These criteria can help ensure that lodging tax funds are allocated to projects that maximize tourism and economic benefits for the community. The criteria will be weighted with associated number system and will be added to the end of the evaluation process.</p> <p>1 – 10 scale (1 being lowest and 10 being the highest).</p>		
Tourism Promotion Alignment: Does the project comply with state and county requirements for promoting tourism, as outlined in RCW 67.28 and KCC 4.40? This includes activities like advertising, publicizing, hosting events that attract tourists, or the development of tourism-related infrastructure.	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Compliance with Guidelines: Does the application meet all submission requirements, including deadlines, necessary documentation, and is in good standing with the County?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Weighted Criteria:		Points
1. Is the project located in unincorporated Kitsap County?	Yes <input type="checkbox"/> No <input type="checkbox"/>	10 pts
2. Funding Focus: Does the project meet 2026 funding priorities (FIFA)?	Yes <input type="checkbox"/> No <input type="checkbox"/>	10 pts
3. Project Scale and Scope: Does the project have the potential to attract a significant number of travelers from 50+ miles away, particularly those requiring overnight stays, rather than primarily serving local or day-trip attendees?	Yes <input type="checkbox"/> No <input type="checkbox"/>	10 pts
4. Measurable Outcomes: Does the project outline measurable goals and deliverables to assess its success in promoting tourism and	Yes <input type="checkbox"/> No <input type="checkbox"/>	8 pts

economic	benefits?		
5. Community and Regional Promotion: Does the project enhance the visibility of the County beyond its borders? This could include marketing campaigns or events that draw attention to the area's unique amenities, history, or natural beauty.	Yes <input type="checkbox"/> No <input type="checkbox"/>		8 pts
6. Demonstrated Need: Has the applicant provided evidence or data demonstrating a need for the project in the community or its potential to fill a gap in current tourism offerings?	Yes <input type="checkbox"/> No <input type="checkbox"/>		8 pts
7. Economic Benefit: Does the project contribute to the local economy by increasing spending at local businesses, restaurants, and attractions, supporting measurable economic impacts?	Yes <input type="checkbox"/> No <input type="checkbox"/>		8 pts
8. Visitor Retention: Does the project have the potential not only to attract new visitors but also to encourage repeat visits, contributing to sustained tourism growth?	Yes <input type="checkbox"/> No <input type="checkbox"/>		6 pts
9. Budget and Feasibility: Is the project financially viable, and does it include a clear and realistic budget that leverages additional financial or in-kind contributions to expand funding impact?	Yes <input type="checkbox"/> No <input type="checkbox"/>		6 pts
10. Sustainability and Growth: Does the project have the potential to grow and sustain itself in the future without relying solely on lodging tax funds?	Yes <input type="checkbox"/> No <input type="checkbox"/>		6 pts
11. Collaboration and Resource Leveraging: Does the project actively partner with other destination marketing organizations, chambers, or non-profits to maximize the impact of limited funds?	Yes <input type="checkbox"/> No <input type="checkbox"/>		5 pts

TOTAL:

Comments: