

Memorandum



To: Steve Giesbrecht, Borough Manager
CC: Borough Assembly, Debra Thompson, Borough Clerk
From: Jody Tow, Finance Director
Date: 4/22/2015
Re: **Special Revenue Fund – Transient Room Tax**

I am recommending that Transient Room Tax revenue and corresponding expenses be moved to a new special revenue fund. This tax, collected from the lodging industry, is currently shown in the General Fund, yet it has certain restrictions on how any expenditures may be spent.

According to Borough Municipal code 4.33.060 proceeds from the transient room tax must be used to fund visitor related services in the borough. These include membership fees to tourist-related organizations, advertising, and maintenance and operations of a visitor information center.

Currently the tax expenditures are found in the community services budget of the General Fund. The Chamber/Visitor Center is receiving the majority of the transient room tax funds. Moving the Transient Room Tax out of the General Fund and into a Special Revenue Fund will create more transparency when making future budget decisions.

The Transient Room Tax committee met on March 24, 2015 and approved the changes to the Transient Room Tax ordinance. These changes will also repeal Resolution #2004 which were prior guidelines that had been established for the appropriation of funds generated by the Transient Room Tax and confirming the dissolution of the Transient Room Tax Committee.

For informational purposes, the borough currently has six special revenue funds:

- Miscellaneous Grants
- National Forest Receipts - Schools
- National Forest Receipts – Roads
- Property Development Fund
- E911 Surcharge
- Borough Organizational Fund

Please let me know if you have any questions.