

Hello Concerned Citizens,

(The SEDONA LODGING COUNCIL, 45 Sunset Drive, Sedona, AZ 86336 (Fax: 928-204-1064) is circulating and obtaining signatures to the form letter/propaganda below. BTW, 45 Sunset Drive is the address of the Chamber of Commerce.

The .5% City Sales Tax increase and the .5% Bed Tax increase were dubbed the Wesselhoff Tax by City Manager Tim Ernster during the March 14th Special City Council Meeting wherein the Council agreed by consensus to move forward with these taxes. However, the Council PULLED both tax increase matters on March 26th.

F.Y.I.: The Budget Oversight Commission stated a 1% sales tax increase would bring in \$3.6 million/year near the beginning of the April 26th Council Budget Workshop. Obviously, .5% = \$1.8M/year. A .5% Bed Tax increase is estimated to bring in around \$258,000/year. While these tax increases are not on the Council Agenda for May 28th, the tentative budget of \$36.2 million for next fiscal year is (Item 9e). Included in this budget is \$350,000 to the Chamber for destination marketing. Plus an additional \$100,000 is earmarked for the winning marketing product proposal to increase revenue generation.

ACCORDING TO ARIZONA LAW, THE CITY HAS THE OPTION OF PUTTING SALES TAX INCREASES, IF ANY, BEFORE THE ELECTORATE.)

FORM LETTER:

Dear Mayor and City Council,

My business depends on a strong and healthy tourism industry in Sedona. The quality and quantity of visitors to Sedona is paramount to my livelihood, the livelihood of my employees, and the overall success of my business. It is imperative that Sedona remain competitive in the global tourism industry and, in order to do so we must invest in destination marketing, sales, public relations and product development to position Sedona as a premier travel destination.

For that reason, I support the Sedona Lodging Council's proposal to increase the City sales tax by .5% and to increase the bed tax by .5%. My support is contingent on the dedication of 45% of the total bed tax collections be allocated to the City's Official Destination Marketing Organization for marketing, 15% dedicated to visitor center management and 20% be allocated for tourism product development for as long as this tax is in place. Furthermore, a significant portion of funds generated from the .5% saletax should be allocated at the City's discretion for priority capital improvement projects.

While I don't particularly care for the idea of increased taxes, I realize that the timing is right and the current situation is a win-win scenario:

Win for the City: As reported by the city staff, in approximately 3 years there will be no funding available for capital improvement projects. This additional revenue will generate the needed funds to be used at the discretion of City Council for priority capital projects. The City will also benefit from the additional incremental revenue generated by increased visitor spending, a result of effective marketing efforts conducted by the Chamber of Commerce.

Win for the Sedona Residents: The residents will see a .5% decrease in overall saletax since the 1% state sales tax will be removed on May 31. The residents will also benefit from the additional funds allocated to capital projects such as improved drainage, sidewalks, roads etc. In addition, there will be more revenue to the general fund based on increased visitor spending. The increases to the