

# City moves forward on bed tax

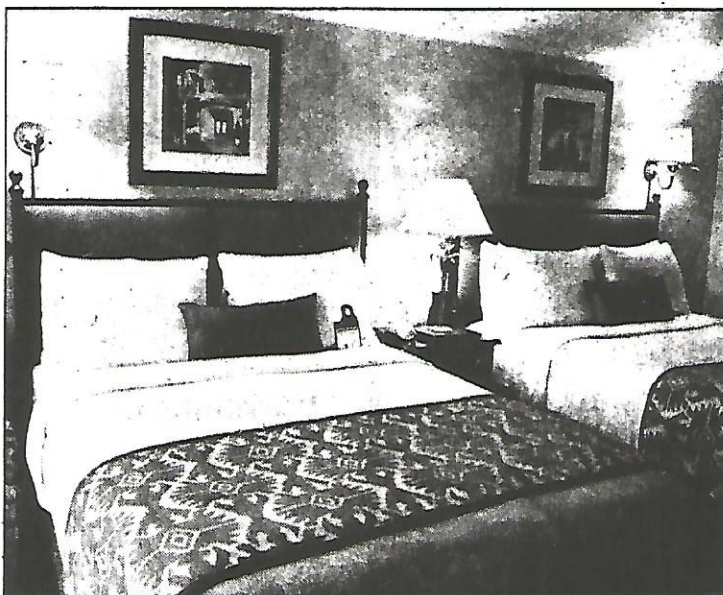
Issue placed on city website for 60-day notice

By Ron Eland  
LARSON NEWSPAPERS

The Sedona Chamber of Commerce took a major step toward securing additional funding to market the city as a tourist destination — and to hold off the ever-increasing competition.

During a special meeting on Wednesday, July 31, the Sedona City Council voted unanimously to place a notice on the city website for the required 60 days regarding a requested 0.5 percent increase to the bed tax. The bed tax, which currently stands at 3 percent, is an additional fee paid when staying at a motel, hotel or bed and breakfast within the city limits.

The city will hold another meeting to discuss the matter



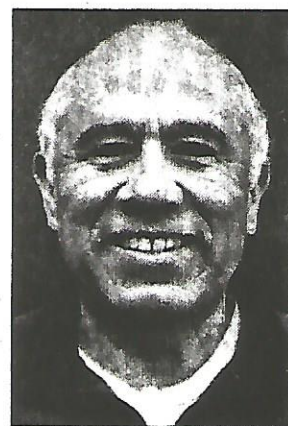
Jordan Reece/Larson Newspapers

**THE SEDONA CHAMBER OF COMMERCE** requested a 0.5 percent increase to the bed tax rate in a meeting on Wednesday, July 31. The tax increase would help fund destination marketing. State law requires that the item be posted on the city's website for 60 days prior to going into effect to allow members of the public to voice their opinions.

in September; before voting on whether or not to raise the tax during its meeting on Tuesday, Oct. 8. If approved, the council

will determine what amount or percentage of the new

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Sedona City Councilman

## **BED:** Council won't vote on tax increase until October

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revenues generated will go toward destination marketing.

"The increase to a 3.5 percent bed tax illustrates the lodging industry's commitment to ensure a strong tourism economy," said Chamber President and CEO Jennifer Wesselhoff after the meeting. "The unanimous vote to post the increase on the city's website is just the first step in a long process to allocate the appropriate tourism tax back to the industry that makes this town prosper."

Currently, about 39 percent of the bed tax in Sedona is directed toward destination marketing — which promotes tourism in a variety of ways — compared to the national average of 60 percent. The proposal, if approved, would be to boost that figure to

56 percent and add 1 percent during each of the next four years until the rate reaches 60 percent.

The chamber currently receives \$500,000 annually from the city — \$275,000 for the operation of the visitor center and \$225,000 for destination marketing. It also received an additional \$80,000 for destination marketing earlier this summer.

Up until just recently, the chamber and the Sedona Lodging Council were seeking a 0.5 percent increase to both the bed and sales tax. Due to a lack of support at this time, the two parties felt it was best to seek only a bed tax increase.

"We know the sales tax issue is a difficult one for residents since it impacts those residents," Wesselhoff said in response to a question from Councilwoman Barbara Litrell. "We felt there was very little interest at the council level to legislatively vote that in. Perhaps at a later date there would be interest in going to the

people and having the people vote in a sales tax increase. We feel that this alternative makes more sense at this time."

Wesselhoff said it's difficult to come up with an exact number, but through independent research she estimates that Sedona sees about two and half million visitors a year, with roughly 40 percent of those being day-trippers. Throughout the year the city's lodging industry reports occupancy rates of approximately 65 percent. Holiday weekends normally boost the occupancy rate to capacity, but during the slower months of January, February, June, July and August, the industry averages only 30 to 35 percent. Despite that trend, Sedona continues to see an increase in visitors above the national average — and well above the state level.

Wesselhoff and members of the council praised the SLC for pursuing this measure, especially when they will have to explain to their guests why they

are paying more in checkout rates.

"The Sedona Lodging council stepped up, came to the plate and personally I feel they hit a home run," said Councilman John Martinez. "It could have been a grand slam but it was still a home run, no doubt about it."

SLC President Steve Segner said Sedona has done well the last four years despite the recession, often relying on residents of Las Vegas and Phoenix who chose to take shorter and less-expensive trips. But, he now feels that is starting to change as the economy improves.

"I'm hearing my clientele say, 'Let's go to Europe or Hawaii. Let's do the things we haven't been able to do,'" Segner said. "Suddenly Napa Valley looks nice as a result of their advertising and because it's top of mind and top of mind is what it's all about."

Ron Eland can be reached at 282-7795, ext. 122 or by email at [roland@larsonnewspapers.com](mailto:roland@larsonnewspapers.com)