

Chapter 3-06
HOSPITALITY INDUSTRY TAX REVENUES

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3-06-001-0001 DEFINITIONS

"Arts and sciences" means support for Flagstaff arts, scientific and cultural activities, events and organizations to provide direct and indirect citizen participation and enhancement of the overall quality of life and community image including support of public art.

"Beautification" means any modification of the urban physical environment to increase pleasure to the senses or pleasurably exalt the mind or spirit or strengthen the urban design framework of the City.

"Economic development" means the encouragement, promotion and assistance of the expansion of economic activity for the purposes of expanding revenue and providing jobs to the community.

"Hospitality industry" means those establishments engaged in business as bar/lounge, restaurant or hotel/motel/campground.

"Hospitality industry tax revenues" means the revenues collected from the two percent (2%) local transaction privilege tax imposed on the lodging, restaurant and lounge businesses by Ordinance No. 1532, as extended through March 31, 2028, by approval of a majority of the qualified electors voting in the City general election held on May 18, 2010. This tax is referred to as the "Bed, Board, and Booze Tax" or "BBB Tax" and is part of the total tax rate imposed pursuant to the City tax code, Sections 3-05-004-0444, Hotels, and 3-05-004-0455, Restaurants and Bars.

"Parks and recreation" means the development and management of public parks, recreational facilities, and programs which are available to the residents and visitors including funding the Flagstaff urban trail system.

"Tourism" means the guidance, management, marketing, accommodation, promotion and encouragement of tourists.

"Tourists/visitors" means individuals or groups which visit Flagstaff and surrounding areas for business, recreational, educational, scientific or cultural purposes. (Ord. No. 1902, Amended, 12/19/95; Ord. 2014-15, Amended, 07/15/2014; Ord. 2015-22, Amended, 01/05/2016)

3-06-001-0002 DISTRIBUTION OF HOSPITALITY INDUSTRY TAX REVENUES

There shall be a separate accounting for all hospitality industry tax revenues collected. Said funds shall be distributed and expended consistent with City ordinances, the City Charter and State law. The funds collected shall be allocated as follows:

- A. Thirty percent (30%) for tourism in conformance with Chapter 2-13, Tourism Commission.
- B. Twenty percent (20%) for beautification in conformance with Chapter 2-14, Beautification and Public Art Commission.
- C. Nine and one-half percent (9.5%) for economic development in conformance with Section [3-06-001-0003\(C\)](#).
- D. Thirty-three percent (33%) for parks and recreation, in conformance with Chapter 2-03, Parks and Recreation Commission.
- E. Seven and one-half percent (7.5%) for arts and science in conformance with Chapter 2-14, Beautification and Public Art Commission. (Ord. No. 1902, Amended, 12/19/95; Ord. 2014-15, Ren&Amd, 07/15/2014. Formerly 3-06-001-0003; Ord. 2015-22, Amended, 01/05/2016)

3-06-001-0003 FINANCIAL CONTROL

- A. Tourism. Those funds designated for tourism shall be administered pursuant to Chapter 2-13, Tourism Commission.
- B. Beautification. Those funds designated for beautification and public art shall be administered pursuant to Chapter 2-14, Beautification and Public Art Commission.
- C. Economic Development. Those funds designated for economic development shall be administered as follows:

The City Council shall:

- 1. Appoint or act as an Economic Development Commission;
- 2. Designate an appropriate public or private economic development agency. Said agency shall be composed of at least two (2) City Council persons and additional members as required;
- 3. This public or private agency shall:
 - a. Develop and transmit to the Council an annual master plan outlining the Commission's or public or private agency's program recommendations for the upcoming year. Said plan shall be presented to the Council prior to April 1st of each year.
 - b. Make recommendations to the Council concerning the annual budgetary allocation of the economic development portion of this tax, to include but not be limited to:

- (1) Developing, acquiring and distributing advertising material to promote economic development.
- (2) Providing financial assistance programs to stimulate relocation and retention of industrial prospects to Flagstaff.
- (3) Retaining of appropriate staff to implement approved programs.
- (4) Perform those additional duties determined by the Council as set forth by ordinance.

D. Parks and Recreation. Those funds designated for parks and recreation shall be administered pursuant to Chapter 2-03, Parks and Recreation Commission.

E. Arts and Science. Those funds designated for arts and science, including an annual amount allocated by the City Council for the support and development of the City's public art program, shall be administered pursuant to Chapter 2-14, Beautification and Public Art Commission. (Ord. No. 1902, Amended, 12/19/95; Ord. 2002-04, Amended, 03/05/2002; Ord. No. 2006-14, Amended, 05/16/2006; Ord. 2014-15, Ren&Amd, 07/15/2014; Ord. 2015-22, Amended, 01/05/2016. Formerly 3-06-001-0004)

3-06-001-0004 EXEMPTION

The hospitality industry tax revenues shall be exempt from the limits imposed on spending by Article IX, Section 20, of the Arizona State Constitution. (Ord. 1532, 11-17-87; Ord. 2014-15, Ren&Amd, 07/15/2014. Formerly 3-06-001-0006)