

PROPOSED HOTEL INCENTIVE PROGRAM (HIP)



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Summary of Requested Actions

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- Receive report on the proposed Hotel Incentive Program (HIP)
- Provide guidance on criteria and components of a possible HIP
- Direct staff to prepare and return for the Board's consideration, an ordinance to amend the County of Santa Barbara's existing Transient Occupancy Tax by incorporating a proposed Hotel Incentive Program.

Economic Vitality in Santa Barbara County

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- Legislative Platform on job growth & economic vitality
 - Develop employment opportunities
 - Promote local businesses
 - Heighten community economic vitality
 - Create public/private partnerships that leverage resources
 - Focus on pursuit of . . .economic vitality and innovation

Economic Vitality in Santa Barbara County

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- Hospitality and Tourism drives a large portion of the local economy
 - ▣ In 2008, visitors spent in excess of \$1.4 Billion
 - ▣ New hotel construction creates local jobs
 - ▣ Generates revenues for local government and schools

Proposed Hotel Incentive Program (HIP)

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- Unincorporated countywide approach
- Creates “new revenues” - Property, Sales, TOT taxes
- Application:
 - ▣ Must have approved Development Plan
 - ▣ Allows County to consider incentives and/or negotiate additional conditions after Development Agreement approval

Proposed Hotel Incentive Program (HIP)

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□ Project Size

- New hotel - \$50 million or greater = Full rebate
- Renovation - \$50 thousand per room or ancillary development in excess of \$1 million = 50% rebate

Proposed Hotel Incentive Program (HIP)

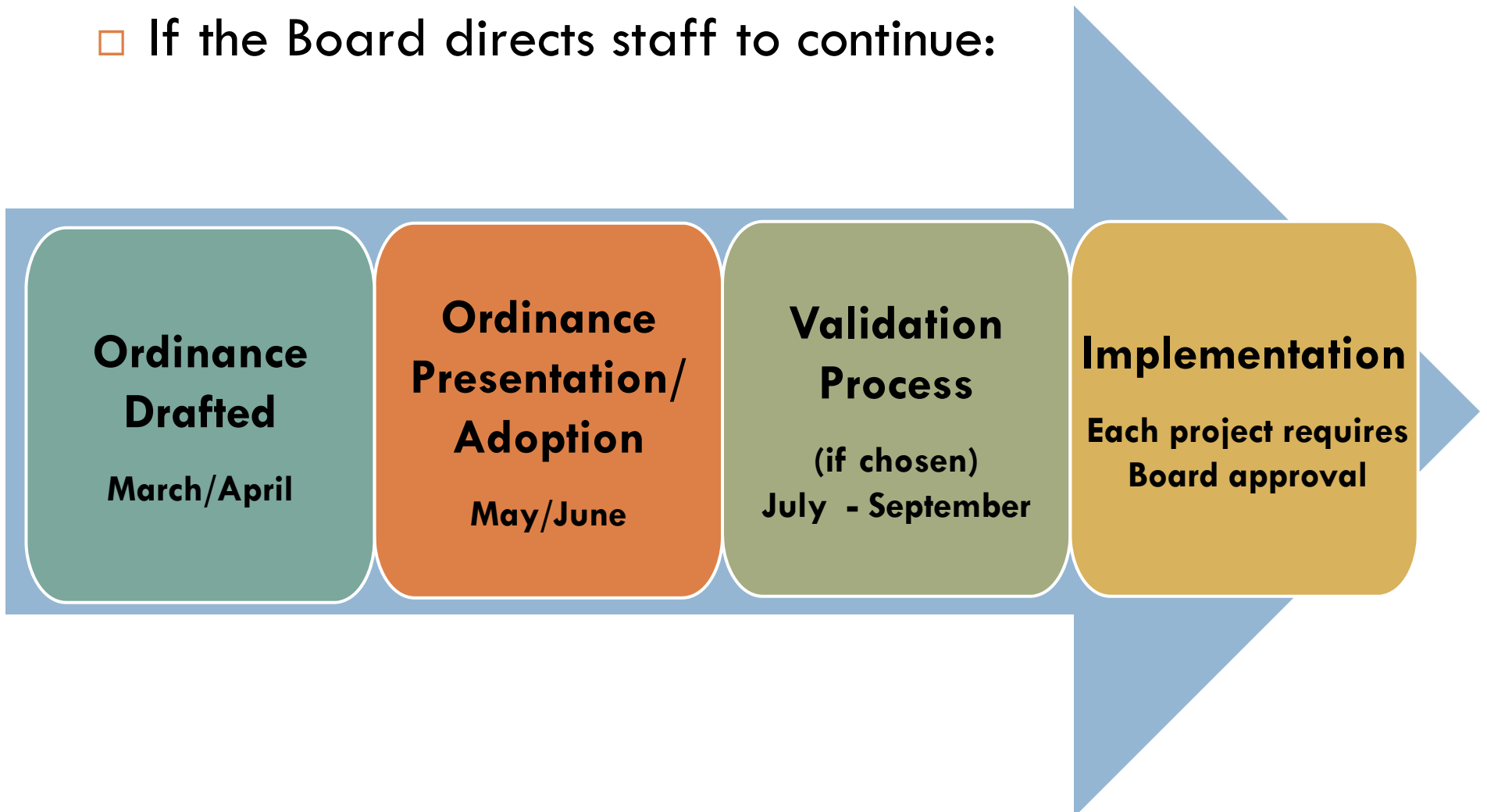
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- Returns TOT for a period of 10 years
- No TOT generated - no incentive is paid
- Must maintain as a luxury hotel (Four/Five Stars)
- Rebate adjusts with decreased assessed value
- Each project a discretionary action by the Board
- Possible validation action

HIP Implementation Timeline

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- If the Board directs staff to continue:



Example Project: Miramar Beach Resort and Bungalows

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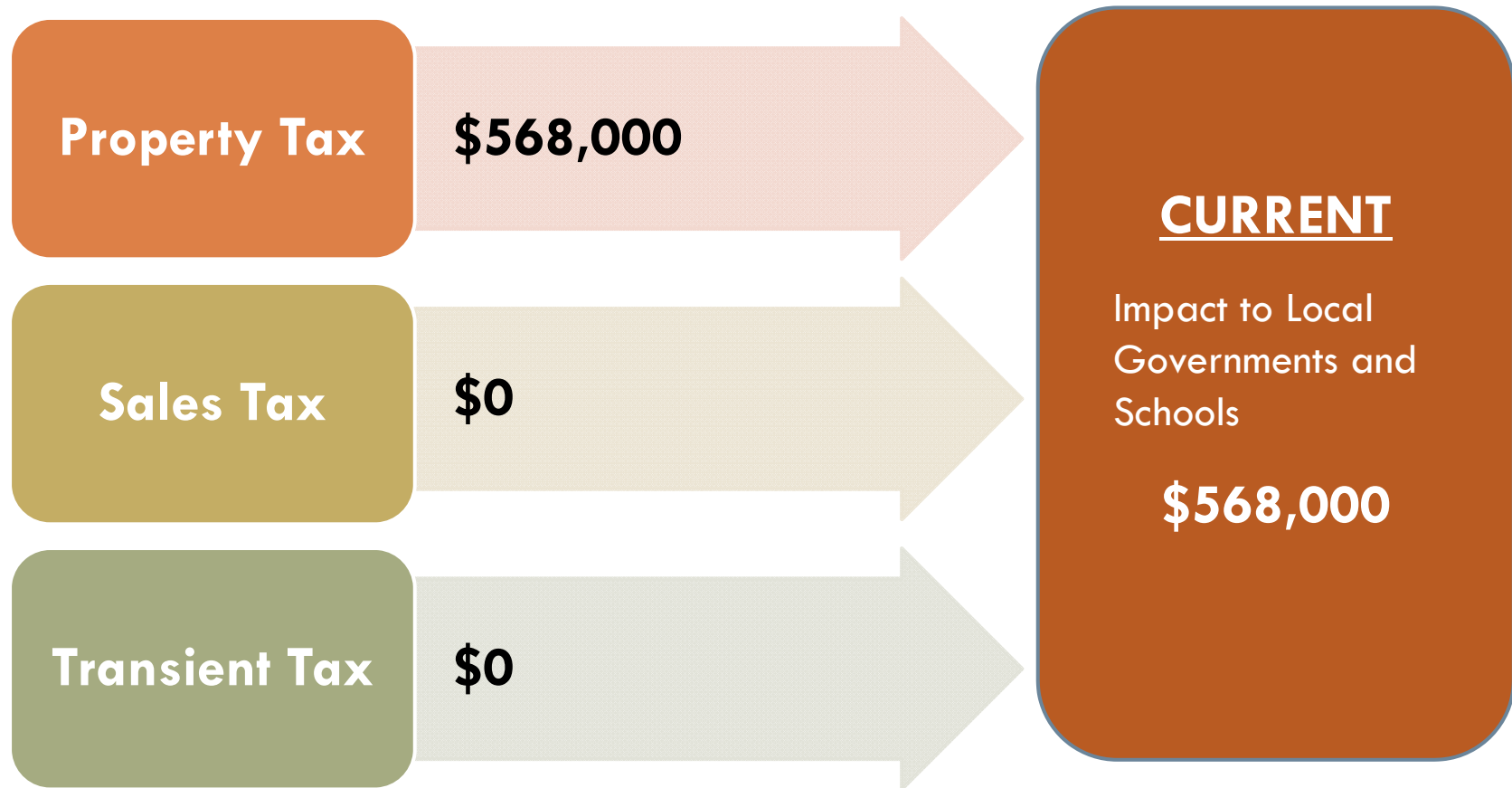
Square Feet	259,000 ft ²
Number of Rooms	186
Ballroom Capacity	500
Other amenities	Beach club and spa
Project Cost Est.	\$170,000,000

Example Project:

Miramar Beach Resort and Bungalows

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- Current annual revenues generated by Miramar property

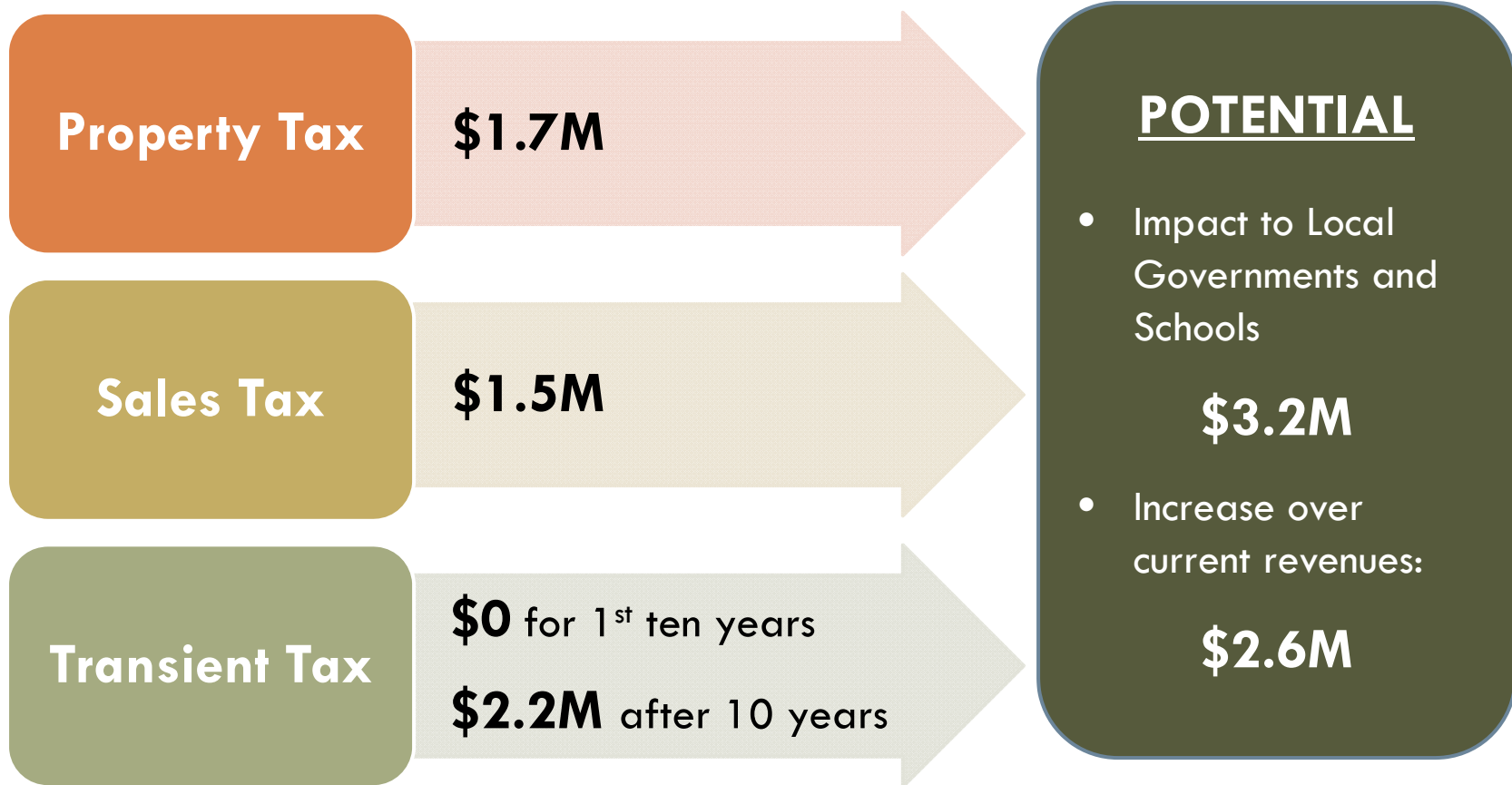


Example Project:

Miramar Beach Resort and Bungalows

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- Estimated potential annual revenues generated by Miramar property with HIP



Example Project:

Miramar Beach Resort and Bungalows

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Increased economic vitality

- 1,000 construction jobs
- 200 hospitality jobs with \$10M annual payroll

Countywide benefit of \$3.2M annually

	Sales Tax	Property Tax
County General Fund		\$257,000
County Dependent Districts	\$250,000	\$168,000
County Special Revenue Funds (e.g. realignment, mental health)	\$250,000	
State	\$1,000,000	
Schools		\$980,000
Independent Special Districts		\$295,000
Total	\$1,500,000	\$1,700,000

Benefits of Countywide HIP Program

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- New revenues (County, Schools, Special Districts)
- Jobs – Construction and hospitality
- Project – Development Plan, additional conditions, Board approval
- Economic vitality: Public/private partnership

Recommended Action

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- Direct staff to prepare ordinance amendments for Chapter 32, Article II of the County Code to incorporate a proposed Hotel Incentive Program into the County of Santa Barbara's existing Transient Occupancy Tax