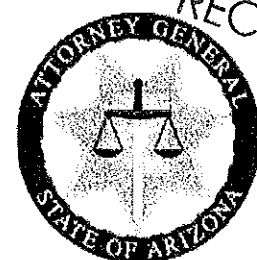




Office of Arizona Attorney General
Mark Brnovich

Legislator Request for Attorney General Investigation of
Alleged State-Law Violation by County, City, or Town



PAD/CPA
JUL 12 2018
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How to Submit a Request to Investigate

Under A.R.S. § 41-194.01, one or more members of the Legislature may ask the Attorney General to investigate whether an ordinance, regulation, order, or other official action adopted or taken by the governing body of a county, city, or town violates state law or the Arizona constitution. A request is made by submitting the form on pages 2-3 of this document to the Attorney General's Office (the "Office"). The physical address or email to submit the form is provided on the bottom of page 3.

Upon receiving a request, the Office will open an investigation. A request will not be deemed received, however, and therefore the 30-day investigation period will not start, until all required information is submitted. In addition, a separate request form must be submitted for each separate legal question. An attorney or staff member from the Office will reach out to the contact person identified in the request form to address any issues that prevent the Office from commencing an investigation.

How We Conduct Investigations

After a complete request is deemed received by the Office, the assigned attorney(s) and staff will conduct an investigation during a thirty-day period. The Office generally will contact the county, city, or town for a response to the allegations and any other relevant evidence. At the conclusion of this investigation period, the Attorney General will make a written report of findings and conclusions, including whether the complained-of action violates, may violate, or does not violate state law and the Arizona constitution. Copies of the report will be provided to the member(s) of the Legislature who made the request and other officials listed in A.R.S. § 41-194.01.

If the Attorney General determines the complained-of action violates state law, the Office will then provide notice to the county, city, or town that it has thirty days to resolve the violation. If the violation is not resolved within that timeframe, the Office will notify the Treasurer pursuant to A.R.S. § 41-194.01. If the Attorney General determines that the complained-of action may violate state law, the Office will take steps to obtain a judicial determination of the issue. If the Attorney General determines that the complained-of action does not violate state law, the Office will close the complaint file and take no further action.

How You Can Help Us

To expedite an investigation, please provide as much specific information as possible about the alleged violation, including the specific county, city, or town action that constitutes the violation; the specific state law or Arizona constitutional provision violated; the relevant facts, such as the dates of key events and names of persons with relevant knowledge; and all legal authority you are aware of regarding your allegations. Please also attach any documents or other evidence relevant to your allegations.

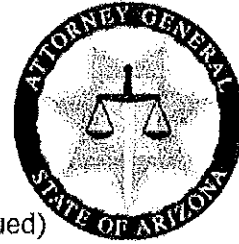
Rev. 8-2016



Office of Arizona Attorney General

Mark Brnovich

Legislator Request for Attorney General Investigation of Alleged State-Law Violation by County, City, or Town (Continued)



*Identify the member(s) of the Legislature submitting this request for investigation (attach additional sheet if necessary):

Senator Judy Burges

*Provide a contact person for communications from the Attorney General's Office regarding this request (may be a Legislator listed above or an employee of the Legislature).

*Name: Jeffrey Kros

*Email address: jkros@azleg.gov

*Phone number: 602-926-5418

*Mailing address: Arizona State Senate - Majority Staff

1700 West Washington St.

Phoenix, AZ 85007

*The specific question for the Attorney General to investigate is: Whether Sedona's bed tax and agreement with the Chamber of Commerce

violates the Gift Clause of the Arizona Constitution.

*The name of the county, city, or town that is the subject of this request: City of Sedona

*The specific ordinance, regulation, order, or other official action adopted or taken by the governing body of the county, city, or town and the date thereof: Ordinance No. 2013-07

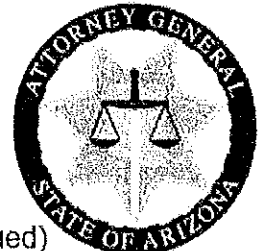
October 8, 2013

*The specific Arizona statute(s) and/or constitutional provision(s) with which the action conflicts :

Arizona Constitution Art. 9, Sec. 7.



Office of Arizona Attorney General
Mark Brnovich



Legislator Request for Attorney General Investigation of
 Alleged State-Law Violation by County, City, or Town (Continued)

*All relevant facts of which you are aware (attach separate sheet if necessary):

A copy of the ordinance, a Tourism Promotion & Visitor Services Agreement, and a Memorandum of Understanding is attached to this email.

*All relevant legal authority, including federal and state case law, of which you are aware (attach separate sheet if necessary):

Turken v. Gordon, 223 Ariz. 342 (2010)
 Smith v. City of Pigeon Forge, 600 SW2nd 231 (Tenn. 1980)

*Any litigation involving this issue of which you are aware (include case name, number, and court where filed) :

Check this box if you are attaching supporting documentation.

NOTE: This form and other information submitted to the Attorney General's Office is subject to the public records law, A.R.S. § 39-121 et seq.

I, a current member of the Legislature, verify that I and the other Legislators listed on the previous page (if any) are submitting this request for investigation under A.R.S. § 41-194.01.

*First Name: Jude *Last Name: Burgess

*Signature: Jude M Burgess *Date: 7-6-18

Please submit the completed form to:
 Arizona Attorney General's Office
 Attn: Civil Litigation Division/A.R.S. § 41-194.01
 2005 N Central Avenue
 Phoenix, Arizona 85004
clinvestigations@azag.gov

* required field
 Rev. 8-2016

Attorney General Brnovich,

Pursuant to A.R.S. § 41-194.01, the undersigned state legislator requests that the Office of the Attorney General investigate the City of Sedona, Arizona for a violation of the Arizona Constitution's restriction of and requirement of taxation for "public purposes only," AZ Const. Art. 9 § 1, under the persuasive precedent of *Smith v. City of Pigeon Forge*, 600 S.W.2d 231 (Tenn. 1980), and its violation of the Arizona Constitution's Gift Clause, AZ Const. Art. 9 § 7, under *Turken v. Gordon*, 223 Ariz. 342 (2010), by:

(1) Passing a bed tax under Ordinance NO. 2013-07 , executed October 8th, 2013, of which 55% of the revenues, (in excess of \$8 million since date of ordinance and in excess of \$13 million ever to date, all without competitive bidding), must be distributed to the Sedona Chamber of Commerce, a private nonprofit corporation (a genuine copy of said ordinance is attached hereto); and/or

(2) Entering into a marketing contract/ Tourism Promotion & Visitor Services Agreement on April 11th, 2017 with the Sedona Chamber of Commerce, a private nonprofit corporation, in which 55% of all transient bed tax revenues was promised to be paid and/or has been paid to said Chamber for tourist and meetings promotional programs, servicing of visitors and to pursue tourism product development initiatives in Sedona, based on a generalized invoice submitted in advance of any performance, without any specific guarantee of the valuable consideration to be furnished to the City in return , (i.e. without any contractual terms defining and guaranteeing fulfillment of key performance indicators, metrics or outputs or otherwise requiring any evidence of consideration being furnished in exchange for the city's payment of public funds), without any auditing of the Chamber's performance, without any practice of requiring or receiving line item detailed reporting or invoicing of the Chamber's performance, and with such payments being grossly disproportionate to any consideration given to the city (a genuine copy of said marketing contract is attached hereto); and/or

(3) Entering into a partnership and/or joint ownership venture agreement / Memorandum of Understanding with the Sedona Chamber of Commerce , executed July 18,2017 , (attached hereto is a genuine copy of said contract) ,authorizing, acknowledging and ratifying the Chamber's acquisition and development of certain real property located at 401 Jordan Rd., Sedona, AZ. and creating a contractual and co ownership relationship between the city and Chamber related thereto, with the city expending public funds in the estimated amount of \$50,000, to improve said property without receiving any consideration in return (which expenditure functioned either as a de facto equity investment or a gratuity).

Thank you for your attention to this matter.

Sincerely,

Senator Judy Burges

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("Agreement") is hereby made by and between the CITY OF SEDONA, a municipal corporation, ("City"), and the Sedona Chamber of Commerce and Tourism Bureau ("SCC&TB").

WITNESSETH

WHEREAS, City and SCC&TB have entered into a Tourism Promotion & Visitor Services Agreement to partner in destination marketing and tourism product development activities; and

WHEREAS, SCC&TB annually develops a Destination Marketing and Development Plan for approval by the Sedona City Council; and

WHEREAS, the Destination Marketing and Development Plan considers initiatives to enhance existing products, identify new areas of development focus that would address future opportunities, identify a range of potential options for product development, and recommend product development programs; and

WHEREAS, SCC&TB works cooperatively with City staff in reviewing and preparing a final list of product development recommendations for each fiscal year; and

WHEREAS, SCC&TB has identified an opportunity for the acquisition of a certain parcel of real property within the City of Sedona at 401 Jordan Road that has various potential uses related to product development; and

WHEREAS, SCC&TB and the City desire to jointly identify, through the annual preparation of product development recommendations, the best and most efficient use of the 401 Jordan Road property; and

WHEREAS, the City desires to have the option of acquiring the 401 Jordan Road property by donation from SCC&TB at such time as SCC&TB possesses fee simple title to said property; and

WHEREAS, City and SCC&TB have determined that it is in their mutual interest for the 401 Jordan Road property to be acquired by SCC&TB; and

WHEREAS, SCC&TB desires to convey by donation the 401 Jordan Road property in fee simple to the City upon City's request;

NOW, THEREFORE, in consideration of the terms and conditions contained herein, the parties agree as follows:

1. Scope of Agreement

- A. SCC&TB shall be responsible for acquiring the real property located at 401 Jordan Road and, upon acquisition, shall hold said real property for the mutual benefit of SCC&TB and the City.
- B. Upon notice by the City to SCC&TB of the City's intent to receive conveyance of the real property located at 401 Jordan Road, regardless of whether said real property remains encumbered by the security interest of any mortgagor, SCC&TB shall convey its then current interest in the property to the City, conditioned upon the City's satisfaction or assumption of any outstanding indebtedness or security interest owing to any mortgagor or other interested party in the property.
- C. At such time as SCC&TB realizes ownership of the property free and clear of any mortgage or other security interest encumbering the property, SCC&TB shall notify the City of SCC&TB's readiness to transfer ownership in fee simple of the property to the City. The City shall have the option to accept conveyance of the property or to reject ownership in favor of continued ownership and possession of the property by SCC&TB.
- D. While the property is in the exclusive possession and control of SCC&TB, and until the property is properly conveyed to City pursuant to City's notice as provided in this Agreement, SCC&TB shall have the right and authority, to make any and all use of the property that SCC&TB deems appropriate so long as said use is consistent with the Destination Marketing and Development Plan approved by the Sedona City Council.
- E. Any and all revenues generated by SCC&TB by virtue of the use of the property shall be used exclusively for the reduction of indebtedness on any mortgage or other lending instrument encumbering the property until such time as said encumbrance is satisfied.
- F. SCC&TB shall at all times during the term of this Agreement assume sole responsibility for the cost of routine maintenance and upkeep of the property, subject to coordination and scheduling by mutual agreement of the parties.

2. Hold Harmless. Neither the City nor any officer or employee thereof is responsible for any damage or liability occurring by reason of any negligent act or omission committed by the employees or agents of SCC&TB acting within the scope of their employment under or in connection with any work, authority or jurisdiction delegated to SCC&TB under this Agreement. Neither SCC&TB nor

any officer or employee thereof is responsible for any damage or liability occurring by reason of any negligent act or omission committed by the employees of the City acting within the scope of their employment under or in connection with any work, authority or jurisdiction delegated to the City under this Agreement.

3. Term. This Agreement shall remain in full force and effect until such time as the financial obligations created as a result of the financing for the benefit of SCC&TB have been fully and finally satisfied.
4. Governing Laws. This Agreement shall be deemed to be made under, shall be construed in accordance with and shall be governed by the internal, substantive laws of the State of Arizona.
5. Severability. If any provision of this Agreement is declared void or unenforceable, such provision shall be deemed severed from this Agreement, and this Agreement shall otherwise remain in full force and effect.
6. Termination. This Agreement may be terminated at any time by City's receipt of a conveyance in fee simple of the property by SCC&TB. If at any time prior to the conveyance of the property in fee simple from SCC&TB to City the property ceases to be used by SCC&TB for the purposes described herein and in the Destination Marketing and Development Plans approved by the Sedona City Council, City shall have the right to cancel this Agreement upon notice to SCC&TB and the failure of SCC&TB to timely cure.
7. Notices. All notices or demand upon any party to this Agreement shall be in writing and all shall be delivered in person or sent by mail addressed as follows:

SCC&TB
Jennifer Wesselhoff
331 Forrest Rd.
Sedona, Arizona 86336

City of Sedona
Karen Osburn
102 Roadrunner Dr.
Sedona, Arizona 86336

8. Entire Agreement. This Agreement contains the entire agreement between the parties, and no oral or written statements, promises, or inducements made by either Party or its agents not contained or specifically referred to in this Agreement are valid or binding. All modifications to this Agreement must be in writing, signed, and endorsed by the parties.
9. Attorney's Fees. If either party brings an action or proceeding for failure to observe any of the terms or provisions of this Agreement, the prevailing party is entitled to reasonable attorney fees and costs pursuant to A.R.S. § 12-341.01.
10. Miscellaneous. The captions and paragraph headings used in this Agreement are for convenience and reference only and are not intended to define, limit, or describe the scope or intent of any provision of this Agreement. When used herein, the terms "include" or "including" shall mean without limitation by reason of the enumeration.

All grammatical usage herein shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require. The term "person" shall include an individual, corporation, partnership, trust, estate, or any other entity. If the last day of any time period stated herein shall fall on a Saturday, Sunday, or legal holiday in the State of Arizona, then the duration of such time period shall be extended so that it shall end on the next succeeding day which is not a Saturday, Sunday, or legal holiday in the State of Arizona.

IN WITNESS WHEREOF, the governing body of each Party hereto has approved and executed this Agreement in accordance with governing law.

CITY OF SEDONA

By: *Sandra J. Moriarty*
Sandra J. Moriarty, Mayor

Date 7/18/17, 2017

ATTEST:

for *Susan L. Irvine, CMC, Deputy City Clerk*
Susan L. Irvine, CMC, City Clerk

SEDONA CHAMBER OF COMMERCE AND TOURISM BUREAU

By: *Jennifer Wesselhoff*
Jennifer Wesselhoff, President

Date 7.7.17, 2017

① Pull Charge of Financials
 ② Cash flow line item budget
 * Contrast Budget
 actual expenditures
 NS.
 # allocated

TOURISM PROMOTION & VISITOR SERVICES AGREEMENT

THIS AGREEMENT ("Agreement") entered into by and between the Sedona Chamber of Commerce & Tourism Bureau, hereinafter referred to as "SCC&TB" and the City of Sedona, a municipal corporation, hereinafter referred to as "City", this 11th day of April, 2017.

WITNESSETH
 City of Sedona
 SCC&TB

WHEREAS, the SCC&TB will initiate, implement, and administer a comprehensive sales and marketing program designed to attract visitors and meeting delegates to the City, thereby gaining revenues to the community and contributing to the overall economic growth of the Sedona business community and the City in general; and

WHEREAS, in recognition of the existing limitations on City infrastructure during peak season, and in an effort to mitigate the impacts of traffic congestion and crowds on the visitor experience and the quality of life for our residents, the parties mutually resolve to create a destination marketing program that emphasizes the attraction of visitors during the off-season and mid-week; and

WHEREAS, the SCC&TB and the City believe that tourism product development initiatives can help enhance and expand the destination's appeal to visitors and/or improve the quality of life for residents by mitigating some of the undesirable impacts of a robust tourist economy; and

WHEREAS, the City has adopted a 3.5% transient bed tax to be collected by transient lodging operators, with the intention that portions of the proceeds be used to develop a tourist and meetings promotional program, service visitors, and pursue tourism product development initiatives in Sedona; and

WHEREAS, pursuant to Sedona City Ordinance No. 2013-07, the City has elected to devote 55% of transient bed tax collections to the promotion of tourism and to allocate the use of said Tourism Promotion Funds by way of contract to a destination marketing organization (DMO); and

WHEREAS, the City and SCC&TB desire to continue their longstanding partnership and establish a general framework for future cooperative efforts, including the general procedures by which the SCC&TB will prepare and carry out tourism activities;

NOW, THEREFORE, in consideration of the foregoing, the City and the SCC&TB do mutually agree as follows:

1. ADMINISTRATION
 - 1.1. In carrying out the terms of this agreement, the SCC&TB agrees to continue to follow all of its bylaws which are also incorporated, by reference, into this agreement.
 - 1.2. The SCC&TB shall continue to operate as a 501(c)(6) non-profit corporation and be governed by a Board of Directors that has the ultimate authority for oversight and approval of the SCC&TB's programs.
 - 1.3. The SCC&TB shall utilize an accounting system which will comply with generally

Threshold question -
 Is it legal to share
 Tax Revenues w/ a private
 organization - make entity of
 parking garage
 not dedicated
 to
 public
 use!

accepted accounting principles. The SCC&TB shall establish and maintain a line item budget that identifies expenditures from all funding sources.

- 1.4. The City hereby designates the Assistant City Manager or his/her designee as the City's representative and Contract Administrator. The Contract Administrator shall work with the SCC&TB in coordinating the execution of this Agreement. Any reports and correspondence from the SCC&TB shall be submitted through the Contract Administrator.

2. SCOPE OF TOURISM PROMOTIONAL ACTIVITIES

Required Activities.

- 2.1. Annual Work Session. In recognition of the City Council's fiduciary responsibility for the tax dollars that support tourism promotion activities, and their interest in providing input and policy direction in the setting of specific goals and objectives for tourism from year to year, a joint work session between the City Council and the SCC&TB Board of Directors or subcommittee thereof shall be held at least annually prior to the SCC&TB's development of the upcoming year's program of work, budget, and marketing and product development plans. During this session(s) the City Council will identify priorities and provide policy direction that will assist the SCC&TB in developing a budget, program of work, specific marketing strategies, and product development programs or projects that best align with City Council goals and objectives. This session(s) shall provide an opportunity to develop a coordinated tourism approach for the upcoming year, and shall be designed to promote dialogue between two partners with mutual interests, recognizing that tourism is a dynamic process requiring frequent evaluation, monitoring, and adaptation as conditions change.

This session, or sessions if necessary, shall take place no later than the end of January each year to allow for development of the tourism promotion program for the following fiscal year. The fully developed program, including the Destination Marketing and Development Plan and Fiscal Year Budget, will be brought back to Council for final approval prior to July 1 of each year.

Based on the input received during the annual joint meeting, SCC&TB shall perform the following Activities:

- 2.2. Destination Marketing and Tourism Product Development Committees. The SCC&TB shall manage the Marketing Committee and Tourism Product Development Committee (TPDC) who will have the responsibility to develop a clear understanding of existing strengths and weaknesses and how existing tourism products and activities are aligned with current and future visitor targets and with the overall Sedona brand. The SCC&TB is responsible for communicating the goals and objectives outlined in the annual meeting with the City Council to the Marketing Committee and TPDC so that the SCC&TB and its committees can develop marketing strategies and prioritize new product development initiatives in accordance with those goals.

2.3. Destination Marketing and Development Plan. SCC&TB shall prepare a Destination Marketing and Development Plan for submission to the City as follows:

2.3.1. No later than June 1 of each year during the term of this Agreement,

2017-
2018

SCC&TB shall deliver to the City a proposed Destination Marketing and Development Plan for the subsequent year. The Destination Marketing and Development Plan will be presented to City Council for final consideration prior to July 1 each year. If the Sedona City Council approves the proposed new Destination Marketing and Development Plan prior to the end of such year, and if this Agreement will be in effect in the subsequent year, then the proposed new Destination Marketing and Development Plan shall be the Plan under this Agreement during the subsequent year. If the City does not approve the new Destination Marketing and Development Plan, then the most current approved Plan will remain in effect until such time a new Destination Marketing and Development Plan is approved.

2.3.2. City staff and SCC&TB shall conduct a semi-annual review of the objectives, expenditure estimates, estimated effects and other aspects of the Marketing Plan.

2.3.3. The parties understand and agree that administrative changes to the annual Destination Marketing and Development Plan may be necessary in order to react to new opportunities, resource availability, industry trends, price increases, etc. Any such changes will be reported in quarterly reports to the City. For example, these factors may necessitate changes to individual media and sales activities listed in the schedule attached to the annual Destination Marketing and Development Plan that do not otherwise change the Plan such as advertising in a different magazine or changing sales calls to a different city.

2.3.4. Destination Marketing. The Destination Marketing and Development Plan shall include, but not be limited to, the following marketing components:

2.3.4.1 SCC&TB shall promote Sedona as a travel destination using major tourist-oriented festivals, competitions and other events that advance the Marketing Objectives as part of an overall marketing program.

2.3.4.2 SCC&TB shall carry out marketing communications by implementing marketing strategies that position Sedona as a destination and that generate leisure and business travel from individual, meeting, and leisure group markets. Those strategies are: advertising, event and consumer promotions; database relationship marketing; public relations; web site maintenance, enhancements, and development; and on-line marketing program and promotions.

2.3.4.3 SCC&TB shall carry out sales and marketing activities to tour

5.3. If the City does not request the SCC&TB conduct a full audit, the SCC&TB shall, at

8.1. The SCC&TB agrees to indemnify, defend and save harmless the City, its Mayor and Council, appointed boards and commissions, officials, officers, employees and insurance carriers, individually and collectively from all losses, claims, suits, demands, expenses, subrogation's, attorney's fees or actions of any kind and nature resulting from personal injury to any person (including bodily injury and death) or damages to any property, arising or alleged to have arisen out of either (1) the SCC&TB's performance of the terms of this contract, or (2) any of the SCC&TB's acts or omissions in its capacity as a DMO.

9. TERM

9.1. The term of this Agreement is from July 1, 2017 to June 30, 2024 and shall be automatically extended in two-year increments unless either party gives written notice to the other, on or before May 1 of its intent not to renew for the following year. In addition, either party may terminate this Agreement, without penalty, upon 60 days written notice to the other party. In the event of such early termination, the reimbursement provisions of Paragraph 9.2 shall apply. - 7 yrs no bid

9.2. If a party defaults in the performance of any of the covenants, agreements, terms or conditions of this Agreement and such default is not cured within 30 days after notice of such default is given by the non-defaulting party, or such longer period as may be necessary provided the defaulting party has commenced curing within such 30 days and diligently pursues such curing to completion, the non-defaulting party shall have the right, at its option, to immediately terminate this Agreement, whereupon it shall have no further obligation or liability under this Agreement, or to seek full and adequate relief by injunction or other legal and equitable remedies (or all of the above). In the event of termination of the contract, the city will reimburse the SCC&TB for all SCC&TB prepayments of future year contracted items and the SCC&TB will turn those items over to the city's representative. Should the SCC&TB have unspent proceeds from the City's pre-payment of contract installments, the SCC&TB will reimburse the City for the pro-rated amount of the prepayment less the expenses addressed in the preceding sentence or other outstanding encumbrances, and any other unspent City funding. For example, should the contract be terminated on December 1, the SCC&TB has already been pre-paid for the period beginning July 1 and ending December 31. The SCC&TB would reimburse the City for 1/6 of the first installment to repay the City for services not provided in December, less any prepayments or outstanding encumbrances, plus any other unspent City funds.

10. LEGAL COMPLIANCE

10.1. The SCC&TB agrees to comply with all Federal, State, and City laws or regulations applicable to the SCC&TB's business or services or to the performance of these services.

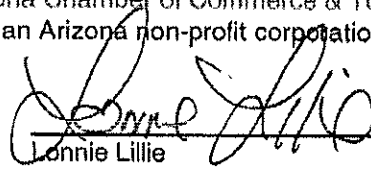
11. INDEPENDENT CONTRACTOR

11.1. The parties agree that the SCC&TB provides specialized services and enters this contract with the City of Sedona as an independent contractor. Nothing in this contract shall be construed to constitute the SCC&TB's, nor any of its personnel,

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first given above.

Sedona Chamber of Commerce & Tourism Bureau,
Inc., an Arizona non-profit corporation

By:



Lonnie Lillie

Its:

Chairman of the Board

By:



Jennifer Wesselhoff

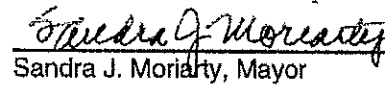
Its:

President & CEO

CITY OF SEDONA,

An Arizona municipal corporation

By:




Sandra J. Moriarty, Mayor

ATTEST:



Susan L. Irvine, CMC, City Clerk

APPROVED AS TO FORM BY
CITY ATTORNEY'S OFFICE:



Robert L. Pickels, Jr., City Attorney

CITY CONTRACT ADMINISTRATOR:



Karen Daines, Assistant City Manager

CITY MANAGER:



Justin Clifton, City Manager

ORDINANCE NO. 2013-07

AN ORDINANCE OF THE CITY OF SEDONA, ARIZONA, RELATING TO THE TAX ON TRANSIENT LODGING (BED TAX); AMENDING SECTION 8-447 OF THE TAX CODE OF THE CITY OF SEDONA BY INCREASING SAID TAX FROM 3% TO 3.5%; DESIGNATING THE USE OF SAID INCREASED TAX PROCEEDS FOR DESTINATION MARKETING AND THE PROMOTION OF TOURISM; ESTABLISHING AN EFFECTIVE DATE; PROVIDING FOR SEVERABILITY AND PROVIDING PENALTIES FOR VIOLATIONS.

WHEREAS, tourism and the revenue generated thereby are essential financial components for maintaining and enhancing Sedona's economy and for generating necessary funding for public services and amenities; and

WHEREAS, the Sedona Chamber of Commerce and the Sedona Lodging Council have recommended that the City devote more financial resources to the promotion of tourism and destination marketing in order to increase public awareness of the unique qualities of the City of Sedona as a visitor destination; and

WHEREAS, these entities are also in support of increasing the Transient Lodging (Bed) Tax from the current rate of 3% to 3.5% and for using the additional revenues generated from this increase to fund greater efforts to attract visitors and tourists to Sedona; and

WHEREAS, it is proposed that the City of Sedona dedicate a minimum of 55% of the Bed Taxes generated from the new 3.5% tax rate to destination marketing and the promotion of tourism; and

WHEREAS, it is in the best interests of the City of Sedona to devote an increased level of revenues to the promotion of tourism and destination marketing in order to attract greater numbers of visitors and tourists and thereby generate increase sales and bed tax revenues, thus adding to the strength and economic vitality of the City and its citizens.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF SEDONA, ARIZONA AS FOLLOWS:

Section 1: Amendment of Section 8-447 of the City of Sedona Tax Code Increasing the Tax Upon Transient Lodging from 3% to 3.5%.

Section 8-447 of the City of Sedona Tax Code is hereby amended to read as follows:

In addition to the taxes levied as provided in Section 8-444, there is hereby levied and shall be collected an additional tax in an amount equal to (3.5%) of the gross income from the business activity of any hotel engaging or continuing with the City in the business of charging for lodging space furnished by any transient.

Section 2: Application of Increase in Bed Tax Proceeds to Destination Marketing and the Promotion of Tourism.

The City Council of the City of Sedona hereby adopts a policy that a minimum of 55% of all revenue generated from the new 3.5% bed tax rate shall be devoted to the promotion of tourism and allocated to a contracted destination marketing organization. Future changes to this policy may be made by a simple majority vote of the Council without a need for further amendments to this ordinance.

Section 2: Effective Date

The provisions of Section 1 of this ordinance shall be effective from and after January 1, 2014 and per A.R.S. § 9-500.06, the proceeds resulting from the 0.5% increase in the bed tax shall be devoted to the promotion of tourism. After July 2, 2014, the provisions of Section 2 of this ordinance shall be effective and 55% of all revenue generated from the new 3.5% bed tax rate shall be devoted to the promotion of tourism.

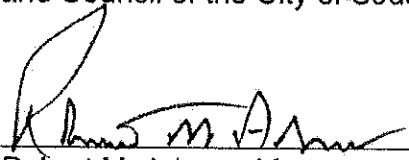
Section 3: Enforcement

Any person found guilty of violating any provision of these amendments to the tax code shall be guilty of a class one misdemeanor. Each day that a violation continues shall be a separate offense punishable as herein above described.

Section 4: Repeal

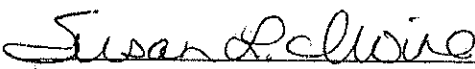
If any section, subsection, sentence, clause, phrase or portion of this ordinance or any part of these amendments to the tax code adopted herein by reference is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

PASSED AND ADOPTED by the Mayor and Council of the City of Sedona, Arizona, this 8th day of October, 2013.




Robert M. Adams, Mayor

ATTEST:



Susan L. Irvine, City Clerk

APPROVED AS TO FORM:



Mike Goimarac, City Attorney