

Frequently Asked Questions

Updated 11.2023

GENERAL/HISTORY

1. What is the STIA?

   The Seattle Tourism Improvement Area (STIA) is a Business Improvement Area (BIA) formed in 2011, in accordance with Washington state law to establish a new leisure tourism marketing fund for Seattle. The STIA is overseen by a ratepayer advisory board and its day-to-day activities are managed by Visit Seattle. The ordinance for these funds formerly dictated they be spent solely on leisure travel, domestic and international, focused on the off-season and shoulder months. Effective January 1, 2024, the funds are used to promote Seattle as a destination for meetings and conventions in addition to leisure travel.

2. How is the funding spent?

   At an annual hotel ratepayer meeting an advisory board-approved workplan and budget is presented for approval. This workplan functions as the roadmap for the following year's expenditures, which can include advertising, public relations, special events, international client events, meetings, conventions and sales missions that secure business and/or increase awareness of Seattle as a destination.

3. How was the STIA formed?

   The formation of the STIA required strong support and partnership with Seattle's hotel community. To establish the STIA, hotels within the designated boundaries paying at least 60% of the anticipated assessments were required to sign a petition in favor of the formation of the STIA. Upon receiving the petitions, an ordinance was written by the City to include purpose, use of funds, assessment process, etc. The Seattle City Council held a public hearing relating to the STIA and voted for approval before the legislation was signed by the Mayor.

4. How was the area determined?

   The area is comprised of Visit Seattle and Seattle Hotel Association (SHA) members with 60 or more rooms in Seattle's Central Business District (CBD). This zone shares the benefit of excellent proximity and location to many of Seattle's arts and cultural assets, attractions and retail options, and each hotel will benefit regardless of size or market mix of the property.

5. *What are the STIA hotel area boundaries?

   Beginning where Puget Sound meets Galer Street, continuing east as if Galer Street continued to 12th Avenue, south to South Royal Brougham Way, west as if South Royal Brougham Way continued to Puget Sound, continuing along the shore of Puget Sound to W. Galer Street. *See addendum

6. Are all hotels within the designated area automatically subject to the assessment?

   Yes, all hotels (other than hostels) are subject to this assessment as long as they have 60 rooms or more.

7. What opportunity do hoteliers have to influence how the collected assessments are used?

   There is an advisory board comprised of 11 ratepayers that works with Visit Seattle to determine the uses for the assessments and to review and approve an annual work plan and budget prepared by Visit Seattle. Once approved by the advisory board, the annual work plan and budget is then presented to the ratepayers for their review and approval. The proposed work plan and budget must be approved by the ratepayers to become effective.

8. Has this type of program been used elsewhere in the State or outside the State for similar purposes?

   Hundreds of destinations across the United States have implemented similar districts to augment resources for tourism market development, including Anaheim, Los Angeles, Portland, San Diego, and San Francisco.

9. How was the occupied room night assessment determined?

   Originally a flat rate per occupied room night, the STIA will be a percentage (2.3%) of nightly occupied room rate effective January 1, 2024. The percentage rate was adopted unanimously by the STIA Advisory Board after extensive study of the total fees and taxes on hotel rooms in competitive destinations. 2.3% was the best rate to choose and still remain under the high threshold of other US Cities. This new rate allows Seattle to be more competitive, incentivizes work to build STIA hotel profitability, adjusts with inflation and is more equitable to the ratepayers.

2024 CHANGES

10. What changed, and when will the changes come into effect?

The STIA legislation signed into law on October 4, 2023, changes two things. Assessments will now be collected at a rate of 2.3% of occupied room night charges, rather than a $4 flat fee, and the funds may now be used to promote Seattle as a destination for meetings and conventions, rather than leisure travel alone. The changes are effective January 1, 2024.

11. Why the changes now?

The conversion of the STIA to a percentage model and broader fund use accomplishes several things:
Enables Seattle to be at a competitive overall funding level when STIA is combined with other revenue sources
Establishes a more equitable distribution of ratepayer collections
Establishes the opportunity to grow resources for additional sales and marketing that benefits the ratepayers – the more profitable our properties are, the more funds available to build additional business
Maintains ratepayer control of the budget expenditures
Establishes stable funding for sales, marketing and organizational optimization.

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12. How were these changes approved?

With the strong support and partnership of the hotel and business communities, the STIA advisory board voted unanimously to pursue the changes. Petitions representing 80% of ratepayers were gathered and submitted to the City of Seattle in July 2023. Legislation altering the assessment rate and uses was drafted, a public hearing was held, and Seattle City Council voted unanimous approval before it was signed by the Mayor in October 2023.

13. How much is the assessment change expected to generate?

With an effective date of January 1, 2023, it is forecasted the 2.3% assessment will generate an estimated $23 million in 2024.

14. How will these changes affect future groups with contracts booked in hotels?

    With the new assessment now signed into law, groups will need to pay the 2.3% of the guest room rate per occupied room night effective January 1, 2024.

EXEMPTIONS

15. Is there a general rule for applying the assessment?

    Yes. If occupancy tax is collected, then the assessment should also be collected. The City's Treasury Department can answer any specific questions you might have about exempted charges.

16. Does the assessment apply to occupied rooms where guests have stayed thirty (30) or more days?

    No.

17. Does the assessment apply to occupied rooms that are provided by the ratepayer to guests without charge for promotional purposes (i.e. complimentary rooms or promotional room nights)?

    No. If it were, for example, a "buy two nights, get one free" situation, the assessment would apply to the two paid nights, but not the free night.

18. Does the assessment apply to private member-owned clubs?

    No, unless the club voluntarily participates

19. Does the assessment apply to hostels?

    No.

20. Does the assessment apply to groups, conventions and third-party reservations?

    Yes.

21. Does the assessment apply to airline or hotel award nights?

    Yes. If occupancy tax is collected, the assessment should be collected.

22. Does the assessment apply to no-shows or cancellations?

    Yes if there is still a charge for the room. Because occupancy tax is typically collected, the assessment should be collected.

23. Does the assessment apply to adjusted room nights?

If the room is adjusted to zero, there would be no assessment. If 99% or less is adjusted, the assessment would apply.

24. Can a customer "opt out" or refuse to pay?

No, unlike property-level charges or assessments (e.g. resort fee, energy surcharges that may be imposed from time to time) payment of the assessment is a City mandated and enforced requirement.

25. Can a hotel "waive" the assessment?

If the hotel decides to not charge the assessment for any reason, the hotel is still obligated to pay 2.3% of the guest room rate per occupied room night to the City of Seattle.

BILLING

26. How and when is the assessment collected?

Invoices will be mailed 1 month in advance and will be due and payable on the 10th. For example, invoices for assessments collected during the month of November will be mailed on or around November 10th. Completed invoices together with corresponding payments will then be due and payable to the City by December 10th.

27. What are the penalties for late/delinquent payments?

If an assessment has not been paid within 30 days after its due date, the City of Seattle's Treasury Director shall send the ratepayer a reminder notice and add a $5 processing fee. If the assessment is not paid within 60 days after its due date, a delinquency charge shall be added in the amount of 10% of the assessment. All assessments that are not paid within 60 days of the due date shall also bear interest from the due date at 12% per year. The City of Seattle's Treasury Director is authorized to refer any unpaid assessments to a collection agency or to bring legal action.

STIA QUICK FACTS

Original Ordinance Number: 126912

Signed by Mayor: October 4, 2023

Assessment from Ordinance number 126912 start date: January 1, 2024

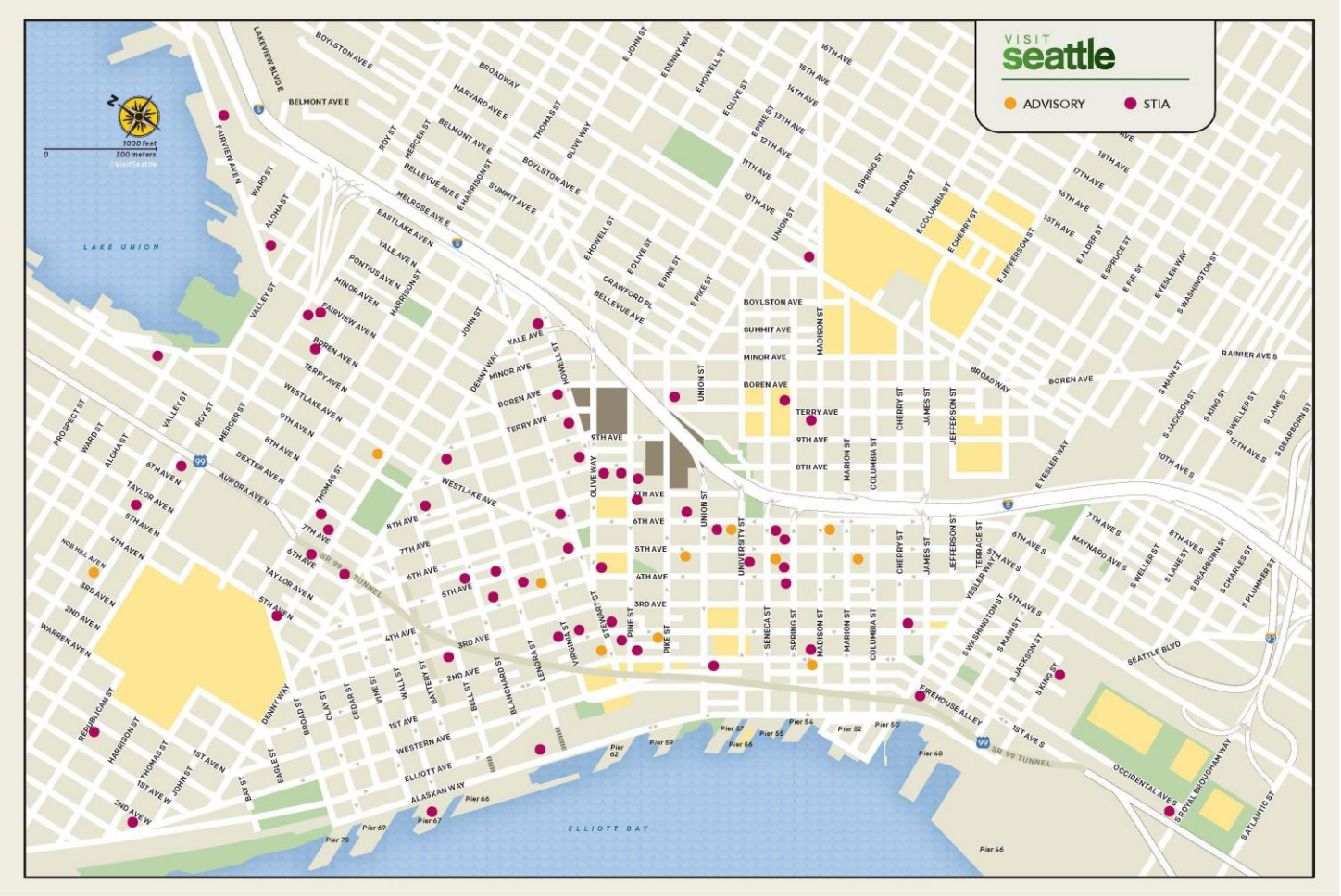
Current Total Hotels: 71, plus 1 voluntary property making contributions to the fund

Total guestrooms: 16,863

Approximate annual collection: $23 million for 2024

FAQS ADDENDUM

*What are the STIA hotel area boundaries?



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