

Lodgers' Tax meeting tackles the gray areas

Written by By Molly Adamson Sun Correspondent
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How exactly can the tax be used?

Many local events had to be canceled last year because of the pandemic and as the community looks toward the future, the Lodgers' Tax committee is helping people figure out how upcoming events will be funded.

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The Lodgers' Tax is paid by anyone using a commercial lodging accommodation. The funding has declined because of COVID, but a Lodgers' Tax committee is trying to help the community figure out how the limited amount of money collected in 2020 should be used to support events.

That was the purpose of the May 6 committee meeting.

Gallup City Attorney Curtis Hayes explained that the tax money could be used to advertise, publicize, and promote events, but that those rules come with some gray areas when it comes to other things that can be done with the money.

He told the committee a cautionary tale about a 2015 Las Cruces audit where it was discovered that the town had been using the tax money inappropriately.

Gallup Tourism and Marketing Manager Jennifer Lazarz described what the gray areas Hayes had mentioned were. City personnel cannot oversee taking tickets and they can't operate gates for city events, especially during COVID-19. If they want to volunteer during their free time though, they may do so.

General event costs are also not covered by the Lodgers' Tax.

Another unclear matter that resulted in a lot of discussion during the meeting was where promotional items fit in. Hayes said it's unclear if promotional items such as T-shirts achieve the tax's goal of helping a city support an event with advertising, publicizing, and promoting.

"... I would be hard pressed to say that somebody is at Walmart and sees somebody wearing a Gallup T-shirt and says 'I'm going to Gallup. Never thought of it before until I saw your T-shirt,'" Hayes said.

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He advised the committee to try to stay away from points not clearly mentioned as acceptable for use.

"If you have limited resources available and you have things you can spend your money on that are completely allowable and you have things you can spend your money on that are questionable and might get you in trouble, why go into that gray area?" Hayes said.

When the subject of giveaways came up, Hayes asked the committee to consider whether they could argue that the city would be getting something in return from a giveaway. In order for it to be tapped, the city must be getting something in return for the Lodgers' Tax.

Prizes, however, are on a different level, according to Hayes.

"Some of these prizes are pretty valuable, and I think there's an argument to be made that prizes that are a substantial value are an attraction," Hayes said.

Despite his comments about their value, Hayes warned that prizes are still in a gray area and could potentially be considered a violation of the Lodgers' Tax.

At least 40 percent of the Lodgers' Tax fund must be used for promotion, advertising, and publicizing. The committee discussed the idea of using most of the funds for pre-event promotions, rather than for the actual event in order to avoid spending on anything potentially illegal.

A list of allowed expenses that can be paid for with the Lodgers' Tax includes print ads, digital newsletters, social media, billboards, radio, print guides with no advertising or sponsorship sold, and photo and video.

One of the committee members, Anna Connell, the general manager of Gallup's Holiday Express, Lazarz, and Hayes all spoke at the city council meeting May 11 to tell the board what

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had been discussed at their meeting.

“We just really wanted to make sure that after the year that we’ve had, that we are getting people to really see what Gallup’s all about,” Connell said. “Because I think a lot of times people if they’re ever driving through, they stop, get gas, and get back on [the interstate].

“Unless there’s something that actually brings them to the heart of Gallup, they miss out on a lot of that,” she added.

Event organizers who want to apply for funding using the tax must get their applications to Lazarz by May 18 at 5 pm if their event takes place before Sept. 30. Applications became available May 12.

Funding recommendations will be taken to City Council for approval on May 25.

“We’re just trying to get back on our feet, and whoever comes to Gallup is going to be welcomed with open arms,” Connell said.

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