

**MINUTES OF THE**  
**SANTA FE COUNTY**  
**LODGERS' TAX ADVISORY BOARD**

**November 15, 2016**

**Santa Fe, New Mexico**

**I. Call to Order**

This regular meeting of the Santa Fe County Lodgers' Tax Advisory Board (LTAB) was called to order by Chair Rich Verruni at approximately 9:00 a.m. on the above-cited date at the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

**II. Roll Call**

The following members were present:

**Members Present:**

Rich Verruni, Chair  
Meredith MacFarlane, Vice- Chair  
Katherine Fox Ehlert  
Laura Hudman  
Thomas A. Romero

**Member(s) Absent:**

None

**County Staff Present:**

Tony Flores, Deputy County Manager  
Lisa Katonak, County Manager's Office  
Alejandro Cintron, Senior Account Manager  
Cristella Valdez, Assistant County Attorney

**Others Present:**

Dave Hayduk, HK Advertising  
Clarissa Lovato, HK Advertising

**III. Approval of Agenda**

**Member MacFarlane moved to approve the agenda as published. Member**

**Hudman seconded the motion and it passed by unanimous voice vote.**

#### **IV. Announcements**

Chair Verruni announced that Bishops Lodge has started landscape work. Dead trees are being cut down. They had a study by an arborist and getting directions from the County.

Member Hudman announced the SFO has launched a new website.

Member Ehlert announced registration at SFCC for the spring term has started.

#### **V. Approval of September 30, 2016 Regular Meeting Minutes**

**Member Ehlert moved to approve the minutes of September 30, 2016 as presented. Member MacFarlane seconded the motion and it passed by unanimous voice vote.**

#### **VI. Financial Report**

##### **Santa Fe County Finance Division - Lodgers' Tax Financial Report (pro forma)**

Mr. Cintron shared the Lodgers' Tax Financial Report.

Chair Verruni said it was a very good report and helpful to have it ahead of time. \$171,656 for the fiscal year is trending well.

Mr. Cintron said page 4 has the year over year comparison. We are \$18,500 behind last year but Bishops Lodge isn't paying at present so the County is doing well. Month over month for October is higher than the last two previous years. Whatever LTAB has on the agenda seems to be working to track what the Board has been doing. Page 2 is the year over year bar chart and page 3 has a pie chart by source.

Member Ehlert asked about Sunrise Springs.

Mr. Cintron clarified that the report doesn't include the grant listings due to quarterly reviews. That will be presented on a quarterly basis on what they have expended.

Chair Verruni asked if there are any in arrears.

Ms. Katonak said within FY 16, Global Running Culture submitted some paperwork but not to the appropriate entity. Mr. Karnes is working on the final report and is

scheduled to present the report in December. The report from Warehouse 21 for the Santa Fe Independent Film Festival is complete and will come soon. Rancho de los Golondrinas has submitted all of the paperwork and should close out in December. Photography for shooting Restaurants and Wineries is a placeholder and at this point have not utilized it.

City of Santa Fe Joint Press Tours with Santa Fe Tourism took place to bring journalists and writers into Santa Fe for stories on Santa Fe and properties. A recent one in October for properties highlighted Ten Thousand Waves and La Cienguilla petroglyphs sites and Sunrise Springs. There will be another tour in the spring.

The Rancho de los Golondrinas Wine Festival occurred so that will drop out. The International Folk Art event was already reported and will be closed out.

For FY17, Las Golondrinas just invoiced recently so it will close out.

Member Ehlert asked if the Board could get a list of the publications represented in the tour participants.

Ms. Katonak agreed to provide the list. They are also listed in Mr. Randall's monthly report.

**Member Romero moved to accept the report. Member Ehlert seconded the motion and it passed by unanimous voice vote.**

**VII. Proposed Options for Amending Ordinance No. 1999-15, Lodgers' Occupancy Tax Ordinance, Increasing the Lodgers' Tax Rate and Amending the Lodgers' Tax Collection and Record Keeping Procedures**

Chair Verruni went through the notes and found everything was included and it should reflect what LTAB's recommendations are.

Member Ehlert asked about the three rooms minimum rule.

The Board discussed interpretations of the rule and decided to recommend that it be changed.

Mr. Flores explained that the requirement is in the State Statute and cannot be changed except through a legislative process to amend the statute. The City has home rule so they can have a short-term rental section in their land use code and they issue permits. The County doesn't have anything like that in the County land use code yet. With home rule, the City is not bound by some of the rules the County must be bound by.

Member Hudman asked if they could address it under the Charter.

Mr. Flores clarified that the BCC sets policy for the County and they would have to direct Staff to propose legislative changes. Albuquerque is also home-rule and their charter is the law. They can have their own. That could be part of the distinction. Various cities in New Mexico are chartered. If the Board determines this issue should be addressed, it could be taken to the December BCC meeting.

This Board could direct Staff to ask BCC to seek a statutory amendment but it is a statewide process. They would have to find a sponsor to amend the state lodgers' tax statute and there is no guarantee it would happen. It is a long process. The rule cannot be changed. This is taken directly from the statute. So we cannot prohibit something that is allowed by state law and we cannot exceed what is allowed by state law.

Ms. Katonak said the Board also referenced Las Campanas type rentals. She and Cristella researched those. Under Las Campanas, the reason it didn't qualify was because those are locked into over 30 days' stay. Kokopelli is vague in their ads for their properties. So, it is a grey area where they have a rental for 30 days plus but also have a weekly rental.

Chair Verruni suggested they look at Las Campanas where most homes have three or more bedrooms.

Member MacFarlane said they have clients with two bedrooms. We are talking about a lot of money - as much as a half million dollars. She thought a legislation change is worth looking at. If Rancho Encantado closed tomorrow, we would have a problem.

Member Ehlert and Member Hudman agreed.

Member Romero went back to Section 2 and the issue of "natural person." A corporation could rent several rooms and not be subject to the tax the way this is worded.

Cristella said a natural person is not defined but she believed the ordinance does exempt corporations. She offered to research how it is interpreted elsewhere but it is currently the law. She had not located any case law yet but would report back on her research.

Member Hudman pointed out that the person staying might not be the person paying the BnB.

The Board agreed more research was needed to clarify it.

Member Ehlert said contractors with Los Alamos National Labs come for extended stays. They get lots of contractors who stay over 30 days and are exempt from lodgers' tax.

Chair Verruni noted in #3 that the government exemption doesn't define public accommodations and asked if it meant the County could tax them because they are not a subdivision.

Cristella explained that the tribes are sovereign nations. They are not identified specifically in the statute but generally, tribes are exempt from taxation.

Member Romero noticed in Section 4, there is a specific exclusion that mentions "after January 1, 1989 at performing arts facilities." He asked why that date is in there.

Cristella thought it appeared that the state statute was amended in 1989 and she believed that language was removed from the state statute. It might be that performing arts was removed altogether. The annotations don't indicate what they did with that language. She agreed to find out.

Mr. Flores said when the Board is dealing with facility funding, it is only for County facilities - not private or nonprofit. We cannot equip or furnish them if they are not County facilities. Half goes to marketing and half goes to equipping and furnishing county-owned facilities or attractions.

Member Romero said- Section 5 applies to facility updates. Mr. Flores agreed.

Member Romero - but we deal with Section 4? Mr. Flores agreed.

Member Romero - to instead of or and then a comma in premises.

Member Ehlert said the ordinance says the BCC determines which vendors would be audited and asked if the Board would have any input for that.

Mr. Flores suggested being cautious since the Board is a recommending board and have representatives from the lodging entities as members which would be a potential conflict of interest.

Member MacFarlane suggested each entity could be audited every 12 years.

Mr. Flores agreed that auditing one each year was too low. He asked what the Board would like to see on an annual basis. It is a policy decision of what the Board would recommend to staff for the BCC to consider.

Ms. Katonak said it is also to provide the lodgers' tax form. There are ways to capture information such as the number of rooms they are renting out.

Member MacFarlane said Four Seasons audits her but for those of smaller size to be subject to the same standards could be rigorous.

Member Hudman suggested having an initial orientation.

Ms. Katonak said the County would go through the procurement RFP process to select an independent contractor as auditor. She recalled when she first came on board, Sunrise Springs had not yet been signed up to pay into Lodgers' Tax. She worked with Land Use Department and Sunrise Springs is paying. The way they price their rooms is in packages that include spa treatment, food, etc. She said the County can revise the form to collect the data needed.

Member Ehlert asked for the form to be emailed to the members.

Chair Verruni asked to keep "audit" as a term in there. Most business owners know what that means. He suggested that at some point, the Board talk about enforcement. The process is something to look at and understand there is potentially audit and accounting and then use the form as another opportunity to stay in contact with the facilities and let them know the Board appreciates what they do and contributes to better success of Economic Development. He knew that Kokopelli does submit tax to the City but not to the County. If not for Four Seasons- we would not have to worry about grants at all.

Member MacFarlane asked about the current enforcement process.

Ms. Katonak said the entities go through a process with the Land Use Department and she gets notified who is applying and would be considered for Lodgers' Tax and they are notified they would be subject to the tax. She was uncertain if that was done in the past. Two properties have recently been added: Estrella del Norte Vineyard has four casitas; Piñon RV Park, near the race track has started paying as well. They have a new accountant who is aware of it.

When people apply, they are informed and notified about enforcement. There is a monthly time frame for reporting and paying. When they are not in compliance, the Clerk's office notifies them. Penalties are controlled by state statute. The only way we could capture additional money from penalties or interest would be by increased registration fees. There are four code enforcement officials in the County. To catch all of them, we would need more staff.

The process is similar to GRT reporting. The reports are due on the 25<sup>th</sup> of each month and interest and penalties assessed by the State when taxes are not paid.

The Board acknowledged the difficulty in getting lodging facilities registered to pay the tax and enforcement has been insufficient. More education of these people on what happens with lodgers' tax funds is needed. Chair Verruni proposed a meeting with contributors to show what is done with the money and how the LTAB helps them grow their business.

Mr. Flores said education is a fantastic idea. We talked about a symposium and the need to get there. The zoning code changed how everything is classified and what was allowed. This is the first step.

Chair Verruni asked how the Board can move forward with this document.

Member Hudman wanted to see a clean document with the changes before approving it. She would support a letter to the new businesses but have them respond that they received it.

Cristella said there can be no legal requirements that are not feasible. Things that are procedural for staff to enforce should not be in the ordinance. Staff can work out the best way to notify people and collect the tax. The Board needs to be careful for things that would inhibit the ability of staff to do their work. The Board can submit the amendment for BCC to consider and start that process and it would go into effect 30 days after approval.

Member MacFarlane asked about seeing the legislative process played out.

Mr. Flores said he must get the legislative recommendations ready January 1 and there is no reason why we couldn't include that request.

Chair Verruni said in priority, they are: 1 - change the 3 rooms requirement; 2 - define natural person;  
3 - delete the date of January 1, 1989.

**Member MacFarlane moved to approve recommending those three changes. Member Ehlert seconded the motion and it passed by unanimous voice vote.**

## **VIII. Economic Impact of LTAB Funded Attractions/Events**

### **A. Renaissance Fair Report**

The Board reviewed the written report prepared by Southwest Planning and Marketing.

Ms. Katonak said \$4,000 was granted and it was considered one of Rancho de los Golondrinas signature events. Attendance dropped a little because of other competing events but overall, it was successful. Word of mouth was the highest response for participation. They had a variety of other marketing tools including a rack card in different locations. There were 184 completed surveys.

The Board felt the sample was too low and the survey was too long.

Ms. Katonak said Southwest Planning and Marketing worked with them prior to the event; attended the event and did the survey on site. They worked with the County and with Golondrinas in order to get feedback and plan other events. They submitted a proposal through an RFP and chosen for the follow-up.

### **B - Santa Fe Thunder**

The Board reviewed the written report from Southwest Planning and Marketing.

Chair Verruni noted participants came from 24 states and 66% lived more than 60 miles away and most of them stayed at Buffalo Thunder.

Ms. Katonak said 495 completed surveys were submitted which is a 41% response rate. They were trying for a 20-25% increase over last year but the numbers dropped. She noted from the information that they did not allocate as much money to advertising and marketing as in previous years. She didn't know if they lost a sponsor.

Member Hudman pointed out that they spent almost \$20,000 less and the grant was for \$20,000.

Chair Verruni said they needed to look at what was spent in the county.

Member MacFarlane said that was marginal.

### **C. Other Items**

Ms. Katonak said they were still working on revisions for the Independent Film Festival. She just got their executive summary and it showed 11,000 attendees. GRT revenue was \$163,000 and \$24,000 lodgers' tax revenue generated. When the report is finalized, she will share it with the Board.

Member Romero pointed out that the net take is fairly slim at the County level. We are giving a lot of money to these events and very little back with Santa Fe Thunder.

Chair Verruni said they are important events and they have a dual impact.



## **IX. Advertising Agency**

### **A. Advertising Agency Report - HK Advertising by Dave Hayduk**

Mr. Hayduk reported on the Rocky Mountain lodging report for September and in the packet. The October report will be out next week. September's results were great. He shared some of the statistics with the Board. Some of the results were flat. Albuquerque was also flat.

Mr. Hayduk said they are updating the website to coincide with seasons and continue to monitor its effectiveness. Over the last 3 months, they continue to see good use of the site. It was updated with day trips.

Social media statistics continue to be positive. Video is so important.

Ms. Lovato reported on work with Dallas, Austin, El Paso, Phoenix, Las Cruces and Denver with an increased focus on culture. They are targeting all markets for winter.

Mr. Hayduk said the Northern New Mexico Air Alliance is looking at a media plan with money being spent in Phoenix with billboards in or near the airport. It is a struggle to get it all done. There are promotions for the airline program to Santa Fe.

He briefly listed the October placements. The Adventure Magazine has an image from Diablo Canyon. They mail out 80,000 Adventure Guides through the State Department of Tourism. Texas Monthly continues to be a driver. It highlighted the ancient path for Native American Culture and skiing as we go into January.

Ms. Lovato described a media buy they picked up with the Austin Statesman. Santa Fe was one of three travel destinations featured and it is in a hard-bound book so it will have a good shelf life. It just came out. A copy will be provided to the Board.

Mr. Hayduk announced the Santa Fe Winter Guide just came out, called Winterlife. They are currently working on updating LCD screens at the Albuquerque Sunport and also at the Santa Fe Airport. The promo piece is approved to move forward with an aggressive deadline for the press. It is a nice showcase piece.

The partnership with Santa Fe Tourism for the November blog featuring Tesuque, Shidoni Foundry and Gallery, Tesuque Glass Works, Tesuque Village Market and Four Seasons Rancho Encantado. They are picking up winter assets and will see how the season goes.

In conclusion, he spoke about how well they communicate to county partners. In his work, they are touching many people's lives in Madrid and the north and talking to them and sharing images. He liked what he heard today on how we can touch the communities and would be happy to help with that effort.

Ms. Katonak said with the company they lease advertising space from, the contract ends at the end of January and she is looking to renew it with added advertising opportunities.

Mr. Hayduk said they are working closely on how things can be improved in the Santa Fe Airport with brochure displays - kiosk, etc. We need to get our house in order to address that at the Santa Fe Airport. There was great attendance at their recent meeting. It is a big opportunity for us to get behind it. The vision is clear where we can go. This is an opportunity to help market it. It is advantageous to know of direct flights. There are issues to deal with on cost or convenience.

The Board briefly discussed past problems at the airport and how it can be improved. When direct flights with Los Angeles were lost, nothing was said about it. Matching funds of \$250,000 are needed. This past year was the greatest movie revenue ever. The airplane job is to get trips. Phoenix just popped up.

Chair Verruni said the pledge effort has not been good so far and American Airlines was replacing their craft with larger planes. If we don't get behind Phoenix, it will go away by April. We have to make sure we keep that.

Mr. Hayduk understood that improvements have already been made. There are things the Mayor wants to do to change the airport. There are restrooms and restaurant access on both sides of security now. The City has put in \$60,000. The DOT awarded \$250,000 and the feds at \$500,000 and they are trying to get it to a million. We need to have all the business community behind it. November 17 is the inaugural flight from 10:00 to noon. The Mayor will fly out in the morning and catch the incoming flight at about 11:30.

Ms. Katonak mentioned the cosponsored tour and she listed the reporters on the trip. The tour included Ten Thousand Waves spa and restaurant, Sunrise Springs for spa and wellness and also incorporation of Walk About including petroglyph monument and talked about Madrid and Chimayó. They also talked about film locations and the interest in Longmire.

She will work with Tourism for a FAM tour in March.

Ms. Katonak submitted an application to the State Department of Tourism for coop advertising and will hear by the end of November.

We incorporated some placements we already use for Outside Magazine, Southwest airlines, DF/W digital at their airport. And D Magazine is a new one along with New Mexico Magazine.

**X. Administrative**

**A. Next Meeting Date and Location**

A presentation by Global Running Culture and election of officers for the new year will be on the agenda.

The next meeting will be on December 8 at 9:00 in Commission Chambers.

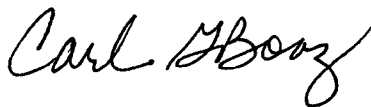
**XI. Adjournment**

The meeting was adjourned at 11:35 a.m. upon motion by Member Ehlert, second by Member Hudman and unanimous voice vote.

Approved by:

  
Rich Merruni, Chair

Respectfully submitted by:

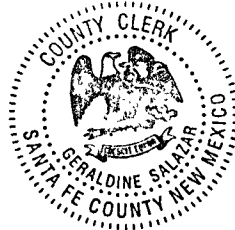



Carl G. Boaz for Carl G. Boaz, Inc.

COUNTY OF SANTA FE )  
STATE OF NEW MEXICO ) ss

LODGERS TAX MINUTES  
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I Hereby Certify That This Instrument Was Filed for  
Record On The 14TH Day Of November, 2017 at 01:14:00 PM  
And Was Duly Recorded as Instrument # **1841347**  
Of The Records Of Santa Fe County



Witness My Hand And Seal Of Office  
Geraldine Salazar  
Deputy  County Clerk, Santa Fe, NM