

BEFORE THE COMMON COUNCIL OF THE CITY OF CANNON BEACH

FOR THE PURPOSE OF CREATING A TRANSIENT) ORDINANCE 20-13
LODGING TAX (TLT) REMITTANCE DEFERRAL PROGRAM)

WHEREAS, hotels and short term rentals in the City of Cannon Beach are extraordinarily impacted by the global COVID-19 pandemic and the City of Cannon Beach emergency ordinance prohibiting hotels and short term rentals from providing services to many of their customary patrons; and

WHEREAS, taxes collected by lodging providers on behalf of the City of Cannon Beach were due on April 15, 2020; and

WHEREAS, a number of lodging providers either did not file a tax return by the above date; did not remit tax dollars it collected on behalf of the City by April 15, 2020, or asked for an extension to either file or remit the taxes; and

WHEREAS, Cannon Beach City Code chapter 3.12 provides that taxes collected by the lodging providers (or “local tax trustees”) are payable to the City on a quarterly basis on the fifteenth day of the following month for the preceding three months and are delinquent on the last day of the month in which they are due. The initial return may be for less than the three months preceding the due date. The quarters are:

1. First Quarter: January, February, March;
2. Second Quarter: April, May, June;
3. Third Quarter: July, August, September;
4. Fourth Quarter: October, November, December

WHEREAS, chapter 3.12 also provides that for good cause, the City Manager (tax administrator) may extend the time for filing a return or paying the tax for not more than one month. Further extension may be granted only by the City Council. A local tax trustee to whom an extension is granted shall pay interest at the rate of one and one-half percent per month on the amount of tax due, without proration for a fraction of a month. If a return is not filed, and if the tax and interest due are not paid by the end of the extension granted, the interest shall become a part of the tax for computation of penalties; and

WHEREAS, if a local tax trustee fails to file a return by the due date, a penalty of one hundred dollars plus ten percent of the tax owed will be assessed for each return not filed by the due date; and

WHEREAS, a local tax trustee who has not been granted an extension of time for remittance of tax due and who fails to remit the tax prior to delinquency, shall pay a penalty of ten percent of the tax due in addition to the tax; and

WHEREAS, a local tax trustee who has not been granted an extension of time for remittance of tax due, and who fails to pay a delinquent remittance before the expiration of thirty-one days following

the date on which the remittance became delinquent, shall pay a second delinquency penalty of fifteen percent of the tax due, the amount of the tax, and the ten percent penalty first imposed; and

WHEREAS, in addition to the penalties, a local tax trustee who fails to remit the required tax shall pay interest at the rate of one and one-half percent per month, without proration for portions of a month, on the tax due, exclusive of penalties, from the date on which the tax first became delinquent until paid; and

WHEREAS, in response to the above, the Cannon Beach City Council wishes to create a one-time program to allow transient lodging local tax trustees to defer remitting the transient lodging taxes to the City for one three-month period as described below.

NOW THEREFORE, THE CITY OF CANNON BEACH COUNCIL ORDAINS AS FOLLOWS:

Section 1: Local tax trustees (as defined in chapter 3.12.020) may opt to use the City of Cannon Beach's "TLT Remittance Deferral Program" as described below or follow the procedures established in the Cannon Beach City Code chapter 3.12. Unless a local tax trustee follows the steps outlined below, the procedures in chapter 3.12 apply to them, including any applicable interest and penalties.

Section 2: TLT Remittance Deferral Program

1. Local tax trustees wishing to use this program must enter into a Deferment Agreement with the City prior to taking advantage of the provisions outlined below. Deferment Agreements are either for taxes collected in Quarter 1 or taxes collected in Quarter 2, but not both.
2. Quarter 1 Deferment
 - a. To qualify for a Quarter 1 tax remittance deferment, a local tax trustee must submit to the City the following within seven (7) days of the effective date of this Ordinance:
 - i. Signed Deferment Agreement;
 - ii. Quarter 1 tax return; and
 - iii. Remit fifty percent (50%) of tax due in Quarter 1.
 - b. If a local tax trustee fails to do any of the above steps, the local tax trustee will be subject to the provisions of Cannon Beach City Code chapter 3.12. Penalties and interest for these local tax trustees will accrue beginning on May 1, 2020.
 - c. The remaining fifty percent (50%) will become due on July 15, 2020 ("Second Payment Date")
 - d. If a local tax trustee does not remit the taxes owed by the Second Payment Date, the tax becomes due immediately and the interest and penalties outlined in chapter 3.12.090 Delinquency Penalties will apply to the remaining amount due, accruing from May 1, 2020.
 - e. If the local tax trustees adheres to the above terms, and the terms of the Deferment Agreement, the local tax trustee will not be subject to interest and penalties outlined in chapter 3.12.090 Delinquency Penalties.
 - f. Unless addressed above, all other terms of chapter 3.12 apply.

3. Quarter 2 Deferment

- a. If a local tax trustee did not defer its Quarter 1 tax remittance, it may defer Quarter 2.
 - b. To qualify for a Quarter 2 deferment, a local tax trustee must submit the following to the City by July 15, 2020:
 - i. Signed Deferment Agreement;
 - ii. Quarter 2 tax return; and
 - iii. Remit fifty percent (50%) of tax due in Quarter 2.
 - c. If a local tax trustee fails to do any of the above steps, the local tax trustee will be subject to the provisions of Cannon Beach City Code chapter 3.12.
 - d. The remaining fifty percent (50%) will become due on October 15, 2020 ("Second Payment Date")
 - e. If a local tax trustee does not remit the taxes owed by the Second Payment Date, the tax becomes due immediately and the interest and penalties outlined in chapter 3.12.090 Delinquency Penalties will apply to the remaining amount due accruing from August 1, 2020.
 - f. If the local tax trustees adheres to the above terms, and the terms of the Deferment Agreement, the local tax trustee will not be subject to interest and penalties outlined in chapter 3.12.090 Delinquency Penalties.
 - g. Unless addressed above, all other terms of chapter 3.12 apply.
4. This ordinance is an emergency as Cannon Beach businesses are in immediate need of tax deferment.

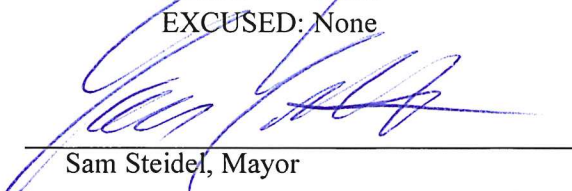
This Ordinance shall be in full force and effect as April 30, 2020, the date of adoption.

ADOPTED by the Common Council of the City of Cannon Beach this 30th day of April 2020, by the following roll call vote:

YEAS: Councilors Benefield, McCarthy, Ogilvie, Risley and Mayor Steidel

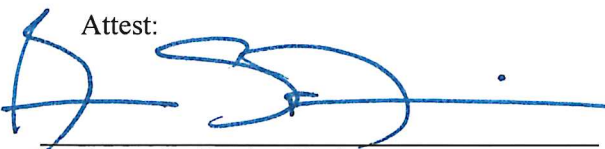
NAYS: None

EXCUSED: None



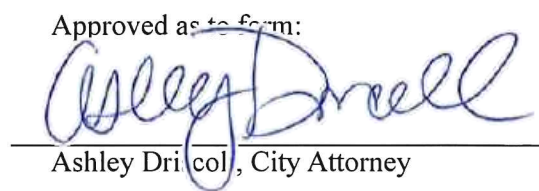
Sam Steidel, Mayor

Attest:



Bruce St. Denis, City Manager

Approved as to form:



Ashley Driscoll, City Attorney