



North Lake Tahoe Economic Incentives Program Updates

May 11, 2021

Presentation Overview

- Incentives Program Overview
- Review Revisions from February Meeting
- Proposed Additional Program Revisions
- Proposed Combined Incentives Process
- Board Discussion/Action

Incentives Program Overview

- Approved in 2016 to help offset extraordinary costs of development in Tahoe, updated in 2020, and revised in 2021 (BAE), no successful projects to date
- 3 Program Components:
 1. TAU Cost Offset
 2. Infrastructure Cost Offset
 3. TOT Rebate

February 2021 Revisions

1. Remove the requirement for a Gap Analysis and replace with a fixed TOT rebate for new development, and tiered system for redevelopment projects.
2. Extend the rebate to a 20-year period
3. Replace “three-star” with “full-service hotel”, as defined by STR, Inc. which includes the following:
“Upscale, Upper Upscale and Luxury properties with a wide variety of onsite amenities, such as restaurants, meeting spaces, exercise rooms or spas”
4. Require the full-service hotel standard apply for the duration of the project rebate period
5. Require all “condotel” projects to limit the number of days per year condo owners can occupy units to 90 calendar days with no more than 30 days being consecutive

Proposed Additional Program Updates

- Proposed process for combined incentives for the same project, on next slide
- TAU Cost Offset applicants can only apply for TAUs from County based on the net number needed

Proposed Combined Incentives Process – Option 1 (*Preferred*)

- 10% of project TOT revenue applied first to TAU costs for the time required to pay off the balance
 - Once TAU costs are fully repaid, then the 80%/20% split applies to full TOT revenue
- 80% of remaining TOT revenue goes to project as TOT rebate (*72% of total TOT*)
- 20% of remaining TOT revenue goes to General Fund (*18% of total TOT*)

Proposed Combined Incentives Process – Option 2

- 80% of TOT revenue goes to project as TOT rebate
- Remaining 20% of TOT revenue split, half applied to repaying TAU costs for time required to pay off balance (*10% of total TOT*), and half applied to County General Fund (*10% of total TOT*)
 - Once TAU costs are fully repaid, the full 20% goes to County General Fund

Proposed Combined Incentives Process

Option 1 - preferred

TOT Generated

90%

10%
TAU
payback

80% TOT Rebate (*72% of Total
TOT*)

20% TOT to
County (*18%
of Total TOT*)

Option 2

TOT Generated

80% TOT Rebate

20% TOT
to County

50% TAU
payback
(*10% of
Total TOT*)

50% TOT
to County
(*10% of
Total TOT*)

Requested Board Action

1. Approve proposed amendments to the Incentives Program as set forth in the staff report.
2. Authorize the County Executive Officer, or designee, to update the Incentives Program, after review and approval by County Counsel, consistent with proposed amendments, including the proposed alternative for combined incentives.