

# Rehoboth Beach-Dewey Beach Chamber of Commerce

*"The Nation's Summer Capital"*

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March 13, 2019

City of Rehoboth Beach Mayor, Commissioners and City Manager  
229 Rehoboth Avenue  
Rehoboth Beach, Delaware 19971

Dear Mayor, Commissioners and City Manager,

Please read this correspondence into the record at the March 15, 2019 Commissioners meeting. The Rehoboth Beach-Dewey Beach Chamber of Commerce is opposing any additional municipal lodging tax increase for hotels and motels.

The Chamber is in opposition to any additional municipal accommodation tax for a number of reasons including the following:

- Current contributions – hotels and motels contribute directly to both the City's well-being and general fund in addition to the 8% lodging tax that has been collected for decades by all the hotels and motels in Sussex County for the State.
  - Through City license fees, hotels pay a base rate plus a per room fee which contributes a higher rate to the City compared to other businesses in Rehoboth Beach.
  - Per requirements by the Fire Marshal, Board of Health, OSHA and Workplace Safety, etc., hotels and motels employ staff and security to monitor and serve guests. The efforts made by hotels and motels to maintain a safe and friendly environment for visitors reduces the need for police and other City services.
  - The 8% lodging tax is returned to the State and provides funding for beach replenishment, the State's General Fund, State Tourism, Southern Delaware Tourism, and tourism advertising/ marketing and fulfillment for both Rehoboth Beach & Dewey Beach. No part of the 8% is allocated to be retained by the hotels or motels; they are a collection partner only.
- Unfair disadvantage – the hotels and motels within the municipality will be at a disadvantage versus those beyond the municipality (i.e. Route One) as well as short-term rentals within City limits.
  - Short-term rentals can charge a lower rate to the customer, have less enforcement and less regulation, and require more City services.

- Detrimental Timing - the timing of any increased accommodation tax is critical since collaboratively our hotel and motels have thousands of guest reservations on the books for the summer and fall of this year. Postponing the implementation of any tax is of critical importance.
  - Any new tax or fee needs to be properly explained to guests prior to making a reservation so that the guest can decide if they can afford their stay. Calling a guest to tell them their vacation will be more expensive is unfair to business operators as well the guests.

Furthermore, the City's proposal to increase the water consumption at 30% and water sewer at 60% is of critical concern to the entire business community. Without prior knowledge that these could be implemented beginning on April 1, 2019, there was no opportunity for businesses to budget or plan for the increases. Many leases clearly state that any governmental fee or increase is passed on from the landlord to the lessee, which means the business operator will have to cover the cost of these increases.

It is imperative that the Mayor, Commissioners and City Manager take the provided points into consideration as they discuss any additional municipal lodging tax increase for hotels and motels as well as increases in water and sewer fees.

Sincerely,

A handwritten signature in black ink that reads "Carol Everhart". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Carol Everhart  
President/CEO