

Estimated Revenue from Proposed Dewey Beach Lodging Tax

- Assuming implementation of a tax of 1.5% for FY 2023, projected revenue for the year would be approximately \$110,000.
- If the 1.5% tax is imposed beginning January 1, 2022, it would generate approximately \$7,000 for the last 3 months of FY 2022.

Data and Assumptions

The attached report from Southern Delaware Tourism provides a summary of State lodging tax revenue received by the Rehoboth Beach Dewey Beach Chamber of Commerce. Businesses subject to the State's tax pay 8% of rental receipts, of which 1 of the 8 percentage points is returned to convention and visitors bureaus. In Sussex County, Southern Delaware Tourism retains 45% of this 1% and distributes the remaining 55% to local chambers like RBDB.

Lodging tax revenues were down significantly in 2020 as reflected in the funds received by the RBDB Chamber. Estimates can be based on 2019. If hotels and motels experience a strong recovery from the pandemic, the RBDB Chamber might expect to receive \$400,000 from the lodging taxes collected for 2023. If this total is divided by .55, the result is equivalent to 1% of the projected rental receipts for the hotels and motels in the RBDB Chamber.

$$\$400,000 / .55 = \$727,273$$

Dewey Beach hotels and motels are estimated to represent about 10% of revenues in the RBDB Chamber (per discussion with knowledgeable sources). Thus, 1% of projected rental receipts would equal roughly \$73,000. If the Dewey Beach lodging tax is set initially at 1.5%, then the taxes for the year would be roughly \$110,000 for FY 2023.

The data in the Southern Delaware Tourism report show that 6% to 7% of the tax revenues are generated in the first three months of the year. If the starting date for the tax is January 1, 2022 with an initial rate of 1.5%, then the tax would provide roughly \$7,000 in additional revenues for FY 2022.

SDT Funding

Tracking According to the Months the Funds Represent

Month Money Represents	2020 *	Date Rec'd.	2019	Date Rec'd.	2018	Date Rec'd.	2017	Date Rec'd	2016	Date Rec'd	2015	Date Rec'd
January	\$ 10,241.02	2/26/20	\$ 9,123.35	2/21/19	\$ 9,952.24	2/27/18	\$ 9,272.84	02/24/17	\$ 8,775.81	02/18/16	\$ 6,823.22	02/20/15
February	\$ 7,963.69	3/26/20	\$ 6,086.25	3/29/19	\$ 6,496.88	3/22/18	\$ 6,696.66	03/23/17	\$ 6,614.09	03/24/16	\$ 5,311.96	03/19/15
March	\$ 11,894.74	4/30/20	\$ 8,098.89	4/18/19	\$ 8,765.04	4/25/18	\$ 9,683.12	04/26/17	\$ 9,162.25	04/25/16	\$ 7,054.44	04/24/15
April	\$ 8,010.19	5/28/20	\$ 12,824.75	5/23/19	\$ 12,782.36	5/24/18	\$ 13,164.56	05/19/17	\$ 12,359.30	05/17/16	\$ 9,111.39	05/15/15
May	\$ 3,397.14	6/30/20	\$ 17,788.53	6/27/19	\$ 17,338.99	6/22/18	\$ 17,770.34	06/28/17	\$ 16,999.77	06/16/16	\$ 14,908.33	06/19/15
June	\$ 2,777.12	7/16/20	\$ 17,720.89	7/31/19	\$ 23,944.00	7/5/18	\$ 23,222.80	07/28/17	\$ 25,051.98	07/07/16	\$ 19,086.36	07/06/15
June	\$ 1,312.10	7/24/20	\$ 15,115.75	7/31/19	\$ 6,504.86	7/30/18	\$ 7,338.74	07/28/17	\$ 8,337.67	07/28/16	\$ 16,672.04	07/31/15
July	\$ 38,868.93	8/24/20	\$ 57,244.98	8/23/19	\$ 57,062.44	8/23/18	\$ 55,370.46	08/18/17	\$ 49,375.13	08/15/16	\$ 50,995.96	08/28/15
August	\$ 55,273.99	9/21/20	\$ 85,475.49	9/25/19	\$ 84,376.16	9/25/18	\$ 85,355.37	09/29/17	\$ 82,398.27	09/28/16	\$ 80,433.96	09/24/15
September	\$ 58,405.15	10/23/20	\$ 84,227.82	10/25/19	\$ 85,246.38	10/22/18	\$ 83,526.43	10/30/17	\$ 101,134.88	10/27/16	\$ 85,230.49	10/23/15
October	\$ 48,372.07	11/30/20	\$ 37,673.38	11/26/19	\$ 37,787.22	11/15/18	\$ 40,775.69	11/22/17	\$ 41,281.25	11/21/16	\$ 43,795.02	11/20/15
November	\$ 19,693.51	12/31/21	\$ 24,631.01	12/27/19	\$ 24,162.01	12/28/18	\$ 23,298.91	12/22/17	\$ 22,792.78	12/23/16	\$ 18,648.92	12/14/15
December	\$ 10,303.97	1/28/21	\$ 12,144.99	1/31/20	\$ 11,599.31	1/25/19	\$ 11,934.44	01/31/18	\$ 10,586.80	01/18/17	\$ 10,234.87	01/28/16
	\$ 276,513.62		\$ 388,156.08		\$ 386,017.89		\$ 387,410.36		\$ 394,869.98		\$ 368,306.96	

*COVID-19 Restrictions

Southern Delaware Tourism Allocation Comparison

Month Money Represents	Sussex County Received	5% of County Amount	Chamber Allocation
January	\$ 224,337.80	\$ 11,216.89	\$ 10,241.02
February	\$ 174,450.69	\$ 8,722.53	\$ 7,963.69
March	\$ 260,564.18	\$ 13,028.21	\$ 11,894.74
April	\$ 175,469.04	\$ 8,773.45	\$ 8,010.19
May	\$ 74,417.58	\$ 3,720.88	\$ 3,397.14
June	\$ 60,835.00	\$ 3,041.75	\$ 2,777.12
June	\$ 28,743.00	\$ 1,437.15	\$ 1,312.10
July	\$ 877,489.00	\$ 43,874.45	\$ 38,868.93
August	\$ 1,247,843.00	\$ 62,392.15	\$ 55,273.99
September	\$ 1,318,531.00	\$ 65,926.55	\$ 58,405.15
October	\$ 1,092,028.00	\$ 54,601.40	\$ 48,372.07
November	\$ 444,593.00	\$ 22,229.65	\$ 19,693.51
December	\$ 232,618.24	\$ 11,630.91	\$ 10,303.97

Note: Totals above will never match Chamber Financial Statement, which is based on the date the money was received. The totals above are based on the date/month of State collection.