

## Jessica K. Thompson

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**From:** Debra Patterson <dkpatters@gmail.com>  
**Sent:** Thursday, September 12, 2024 3:16 PM  
**To:** CD Comment  
**Subject:** Proposed Changes to Chelan County STR Codes

**External Email Warning!** This email originated from outside of Chelan County.

I am very opposed to the proposed changes in the STR code because most of these changes would result in the proliferation of STRs in residential neighborhoods in our county. Another proposed change would increase the occupancy of all STRs.

I'm opposed to an increase of the 6% cap on the number of Tier 2 and Tier 3 STRS.

I'm opposed to changing the rule that requires Tier 1 rentals to be owner occupied.

I'm opposed to a code change that would exclude children under two years of age in the number of occupants in all Tiers.

You did it right the first time. Compromises were made, especially on the part of those fighting for the rights and wishes of local residents, who just want to live peacefully in their own homes, and who expect local government to support a lifestyle that all local residents deserve, including yourselves.

Please think about how these changes in the code would negatively impact local residents and choose to keep the codes as they are.

Thank you for your time.

Debra Patterson  
Manson, WA

**Jessica K. Thompson**

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**From:** Dave and Arlene Lowrie <ogopogo22@gmail.com>  
**Sent:** Thursday, September 12, 2024 3:37 PM  
**To:** CD Comment  
**Subject:** STR's

**External Email Warning!** This email originated from outside of Chelan County.

## Planning Commissioners

We are opposed to any changes to allow more STR's in our community. We are already over the 6% that is allowed now.

Dave and Arlene Lowrie  
Chiwawa River Pines

## Jessica K. Thompson

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**From:** Ed Martinez <edmar1960@gmail.com>  
**Sent:** Friday, September 13, 2024 11:42 AM  
**To:** CD Comment; Shon Smith; Kevin Overbay; Tiffany Gering  
**Subject:** STR Task Force History, makeup, and proceedings

**External Email Warning!** This email originated from outside of Chelan County.

(Open Letter)

Dear Chelan County Planning Commissioners and Chelan County Commissioners,

My name is Ed Martinez, and I was appointed to represent the Chelan County Planning Commission during the Short-Term Rental (STR) Task Force group meetings. I write to you today to provide an objective account of the task force's proceedings and outcomes.

### Background

As a neutral participant with no personal stake in the STR issue, I approached this task with impartiality. I am not affiliated with either RUN (Residents United for Neighbors) or STRACC (Short Term Rental Alliance of Chelan County), though I am currently involved with RC3 (Residents Coalition of Chelan County) where I am focusing my efforts on the effects of wildfire and wildfire smoke to Chelan County residents. I also chair the Chelan County Hazard Mitigation Plan update task force this year.

### Task Force Composition and Process

The STR Task Force met weekly from April to May 2022, comprising representatives from various interest groups:

STR Interests:

- 
- 
- Sean Lynn
- 
- 
- 
- Don MacKenzie
- 
- 
- 
- David Donovick
- 
-

- 
- Zelda Holgate (alternate)
- 

Community Interests:

- 
- 
- Kirvil Skinnarland
- 
- 
- John Agnew
- 
- 
- Ken Longley
- 
- 
- Kari Sorensen (alternate)
- 

Planning Commission:

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- Ed Martinez
- 
- 
- Carl Blume
- 
- 
- Randy Baldwin
- 

Moderators:

- 
- 
- Mike Nash, Coordinator
-

- 
- 
- Jim Brown, Director, Chelan County Community Development
- 

Each week, teams presented proposals, followed by group discussions and inter-meeting email exchanges. The moderators synthesized these inputs into a plan that aimed to balance all perspectives.

## Final Proposals and Voting

Ultimately, three plans were put to a vote:

- 1.
- 2.
3. STR interests plan
- 4.
- 5.
- 6.
7. Community interests plan
- 8.
- 9.
- 10.
11. Moderators' compromise plan
- 12.

Using 3-2-1 ranked-choice voting, participants ranked their preferences. The moderators' proposal emerged as the preferred option, everyone in the Task Force selected the moderators proposal as either their first or second choice.

## Consensus and Moving Forward

Following the vote, the group overwhelmingly agreed to "accept and support that decision going forward," demonstrating a commitment to unity despite differing viewpoints.

I want to emphasize the **extraordinary effort** and **dedication** invested by all parties in reaching this compromise. Countless hours were spent in thoughtful discussion, careful consideration of all perspectives, and meticulous crafting of proposals. The final agreement represents a delicate balance that addresses the concerns of all stakeholders.

Given the extensive work and good faith negotiations that led to this consensus, **any proposal to alter this agreement should be approached with extreme caution**. Changes should only be considered if supported by equally substantial evidence and reasoning that demonstrates a clear and pressing need for revision. The compromise reached by the task force should not be discarded lightly, as it represents the collective wisdom and mutual understanding of a diverse group of community members who worked tirelessly to find common ground.

I hope this summary provides valuable insight into the STR Task Force's deliberations and outcomes. Thank you for your attention to this important matter.

Sincerely,

Ed Martinez  
Chelan County Planning Commission Representative, STR Task Force  
Leavenworth, WA

**Jessica K. Thompson**

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**From:** med@nwi.net  
**Sent:** Friday, September 13, 2024 12:21 PM  
**To:** CD Comment  
**Subject:** STR

**External Email Warning!** This email originated from outside of Chelan County.

Please, do not make any changes to the existing STR rules!  
Many compromises were already made and the proposed changes will not benefit the general public.

Sincerely,  
Marc and Margareta Dilley  
12735 Shore Street

**Jessica K. Thompson**

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**From:** stan Morgan <wenach3@msn.com>  
**Sent:** Friday, September 13, 2024 12:23 PM  
**To:** CD Comment  
**Subject:** STR

**External Email Warning!** This email originated from outside of Chelan County.

I am so dissappointed we even have to spend time and money on this again.

I am opposed to the new changes in STR

Do your job listen to the people

We suffer with too many STR

Thank you,

Mary Morgan

16301 River Road

leavenworth, wa 98826

Sent from [Outlook](#)



Please be advised that I am opposed to the three changes proposed changes to the STR code. These changes will destroy the carefully crafted compromise that is reflected in the existing code. Representatives of the STR industry on the Task Force agreed to these compromises. If the County wants to amend the code, it owes the public a fair, thoughtful, and transparent process that provides ample opportunities for residents to participate. In addition, the public must be provided with any new research or data that documents the reasons why the code needs to be changed in favor of STR owners and advocates.

Stan Morgan  
16301 River Road  
Leavenworth, Wa 98826

**Jessica K. Thompson**

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**From:** khalupka@frontier.com  
**Sent:** Saturday, September 14, 2024 3:26 PM  
**To:** CD Comment  
**Subject:** Comments on proposed changes to STR code 14 Sep 2024

**External Email Warning!** This email originated from outside of Chelan County.

We, as Chelan County home owners, are opposed to the STR code changes because they will destroy the compromise that is reflected in the existing code. A high level of public resources (consultant fees and staff time) went into the adoption of the code. In addition, the public testified at the numerous public hearings that occurred during 2019, 2020 and 2021 prior to the adoption of the code. Finally, there was a Task Force appointed by the Board of County Commissioners which was charged with coming up with a compromise. The Task Force was successful in this regard and the code we have today reflects the compromise between STR owners/advocates and residents who live and work here. If the County wants to amend the code, it owes the public a fair, thoughtful, and transparent process that provides ample opportunities for residents to participate. In addition, the public must be provided with any new research or data that documents the reasons why the code needs to be changed in favor of STR owners and advocates.

### **Proposed Changes to the Code**

1. Potential increase of the 6% cap on the number of Tier 2 and Tier 3 STRs (no owner living on the property) would mean many more STRs in residential neighborhoods and the removal of homes from our residential housing stock; homes which are desperately needed by residents.
2. Currently, Tier 1 rentals must have the owner living on site. The new draft code would allow both the main house and the STR to be rented—one for more than 30 days and one for less. It would allow a renter to be the designated manager for the STR. Renters would have less interest in ensuring good relations with neighbors by enforcing occupancy limits, minimizing noise, and ensuring that the transients occupying the short term rental comply with the County's rules. In addition, Tier 1 STRs are not subject to the 6% cap and the proposed change would enable many more STRs to be established if the requirement for owner occupancy is removed.
3. The draft code proposes excluding children under 2 years of age in the head count for the limits on occupancy for each of the three Tiers of STRs. Because STR renters generally want to maximize occupancy in order to reduce the per person cost, this will mean higher occupancy in all STRs.

We appreciate your consideration of our comments.

Sincerely,  
Residents and Home Owners in Chelan County: Jacqueline Dawson and Karl Halupka

## Jessica K. Thompson

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**From:** Linda Grinde <starliter715@gmail.com>  
**Sent:** Sunday, September 15, 2024 11:40 AM  
**To:** CD Comment  
**Subject:** STR

External Email Warning! This email originated from outside of Chelan County.

Linda Grinde  
2510 kinnikinick  
Leavenworth

I support excluding children Under 2 from maximum occupancy count

I oppose annual Life and safety check

I oppose Required proof of Taxes paid annually

I support parking request that the 2 people per vehicle Cap be eliminated Sent from my iPad

**Jessica K. Thompson**

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**From:** Jarrod <Jarrod@forsla.com>  
**Sent:** Sunday, September 15, 2024 4:14 PM  
**To:** CD Comment  
**Subject:** Regarding STR proposed changes

**Importance:** High

**External Email Warning!** This email originated from outside of Chelan County.

Hello,

I am writing today in concern to the changes proposed for STR.

Specifically:

I would like to state my support for the proposed change of children under two being in line with AirBnB policy for not including children under two as headcount. The policy should match booking sites.




I'd like to oppose the need for an annual safety inspection. No report has shown any substantial safety issues prompting this change.

I oppose proof of taxes as a requirement. Most STRs collect taxes through platforms like AirBnB, VRBO, or management companies.

I support removing the two person per vehicle cap.

Thank you for your consideration.

**Jarrod Jackson**  
Chief Executive Steward  
FORSLA, LLC

 858.405.6806  
 [jarrod@forsla.com](mailto:jarrod@forsla.com)  
 [forsla.com](http://forsla.com)



## Jessica K. Thompson

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**From:** Thomas Martin <wwlvacs@gmail.com>  
**Sent:** Sunday, September 15, 2024 11:31 PM  
**To:** CD Comment  
**Subject:** Comments on STR proposed changes

**External Email Warning!** This email originated from outside of Chelan County.

Dear members of the Planning Committee and Council,

I am a new owner of a STR in Leavenworth. I pay a large property tax and our guests mostly eat out at the restaurants in Leavenworth. Our home is a single family residence that was built in 2010 as a STR. It has 5 bedrooms, 6 baths and three floors comprising 5300 SF. The sewage plan was approved for 8 persons yet the STR occupancy is limited to 4 persons. The property has parking spaces for 6 cars but only the 2 parking spaces in the garage are counted by the STR Committee for occupancy. The other 4 parking spaces are within the setback and therefore have not counted in determining our allowed number of occupants.

I strongly support the proposal to strike the "not located within a setback" portion of the STR parking regulations. Furthermore, the number of occupants should not be limited to two persons per approved parking space. Many groups arrive with 3-4 persons per car and some vans could easily carry 6-8 persons.

Pertinent sections of STR code:

(B) Occupancy.

(i) The number of rented or occupied bedrooms shall not exceed the number approved in relation to the on-site sewage system approved by the Chelan-Douglas health district, or strictly follow the requirements of any sewer district or other waste management provider that is being utilized by the rental.

(C) Parking.

(i) Provide residential parking, not located within a setback and not within any recorded access easement, consistent with the provisions of Chapter 11.90.(this section and 11.90 should mirror one another)

Sincerely,

Thomas Martin

8920 Icicle Road

Leavenworth, WA 98826

## Jessica K. Thompson

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**From:** Thomas Martin <wwlvacs@gmail.com>  
**Sent:** Monday, September 16, 2024 3:39 AM  
**To:** CD Comment  
**Subject:** Re: Comments on STR proposed changes

**External Email Warning!** This email originated from outside of Chelan County.

I would also like to point out that no spoke out against allowing parking in the setback or increasing the number of allowable occupants per car either in written or spoken comments at the last meeting.

I realize that there are some people who are completely against tourists and STRs. Many of those people spoke out against tourists after the Lahina wildfire disaster. Subsequently, tourism is down in Hawaii and Maui in particular. Ironically, now many native Hawaiians have had to leave Hawaii and move to the mainland to find employment. To those who hate tourists, I say, be careful what you wish for!

Sincerely,  
Tom Martin

On Sun, Sep 15, 2024, 8:31 PM Thomas Martin <[wwlvacs@gmail.com](mailto:wwlvacs@gmail.com)> wrote:

Dear members of the Planning Committee and Council,

I am a new owner of a STR in Leavenworth. I pay a large property tax and our guests mostly eat out at the restaurants in Leavenworth. Our home is a single family residence that was built in 2010 as a STR. It has 5 bedrooms, 6 baths and three floors comprising 5300 SF. The sewage plan was approved for 8 persons yet the STR occupancy is limited to 4 persons. The property has parking spaces for 6 cars but only the 2 parking spaces in the garage are counted by the STR Committee for occupancy. The other 4 parking spaces are within the setback and therefore have not counted in determining our allowed number of occupants.

I strongly support the proposal to strike the "not located within a setback" portion of the STR parking regulations. Furthermore, the number of occupants should not be limited to two persons per approved parking space. Many groups arrive with 3-4 persons per car and some vans could easily carry 6-8 persons.

Pertinent sections of STR code:

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(C) Parking.

(i) Provide residential parking, not located within a setback and not within any recorded access easement, consistent with the provisions of Chapter 11.90.(this section and 11.90 should mirror one another)

Sincerely,  
Thomas Martin  
8920 Icicle Road  
Leavenworth, WA 98826

## Jessica K. Thompson

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**From:** Residents Coalition of Chelan County <info@coalitionofchelancounty.org>  
**Sent:** Tuesday, September 17, 2024 10:00 AM  
**To:** CD Comment  
**Cc:** Deanna C. Walter; Kirsten Ryles; Brian Patterson; Kirvil Skinnarland  
**Subject:** Revised and Expanded Information on STRs and Lodging Taxes  
**Attachments:** Analysis of Lodging Tax Revenue Trends in CC (9\_16\_24).pdf

**External Email Warning!** This email originated from outside of Chelan County.

Dear Planning Commissioners,

The Residents Coalition of Chelan County (RC3) previously submitted a short report analyzing lodging tax trends in the county as well as the cities of Leavenworth and Chelan. This was in response to information being provided by STR advocacy groups asserting that the County's STR regulations have led to a decline in lodging tax revenues. It is important to remember that lodging taxes do not support general county government operations but are generally restricted to funding of activities which promote tourism.

We have prepared an expanded report (attached) that provides data and analysis of lodging tax trends. In addition, it looks at trends in taxable sales, an indicator of the health of the general economy in Chelan County.

By looking at a broader set of data, we find that:

- Lodging tax revenues in unincorporated Chelan County were affected positively in the early stages of the COVID-19 pandemic and, like many other areas of the country (and even the world), this boost is wearing off as the effects of the pandemic have waned.
- Declines in lodging tax revenue in unincorporated Chelan County appear to have leveled off, whereas lodging tax declines in the cities of Chelan and Leavenworth are just now being seen. These two cities have their own STR codes and are unaffected by the County's STR code.
- Declines in lodging tax revenue in unincorporated Chelan County do not appear to be adversely affecting the broader economy in that same area (as measured by total taxable sales).
- Revenues from hotel/motel stays in unincorporated Chelan County appear to also have been adversely affected in 2022 and 2023 similar to total lodging revenues, indicating that the declines in overall lodging tax revenues in unincorporated Chelan County are not exclusive to STRs and, therefore, not exclusively due to the STR code.

The data presented in this report come from the Washington State Department of Revenue (DOR) or are directly derived from such data.

This analysis demonstrates that the current radical proposal for changes to the Chelan County STR code is not justified by the trends in lodging tax revenues. As a result, the County is at risk of making policy decisions based on incorrect assumptions. The STR code was put in place to achieve specific goals related to residential

housing availability, quality of life for Chelan County residents, and neighborhood sustainability. Any short-term decline in the growth rate of lodging tax revenue, with no discernible impact to the overall economy, is certainly not a reason to abandon these goals.

Respectfully submitted,

Residents Coalition of Chelan County (RC3)



## **Analysis of Lodging Tax Revenue Trends in Chelan County**

***Prepared by Residents Coalition of Chelan County***

*September 16, 2024*

The graph reproduced in Attachment 1 has been presented and/or discussed recently in numerous forums showing the decline in lodging tax revenue collected in unincorporated Chelan County in 2022 and 2023. (It was submitted by Sean Lynn, a member of the Executive Board of STRACC,<sup>1</sup> at the August 28<sup>th</sup> Planning Commission meeting.) There has been significant concern expressed relative to this graph and it has been used as an urgent justification for making radical changes to the Chelan County short-term rental (STR) code (CCC 11.88.290) that went into effect in September of 2021.

Residents Coalition of Chelan County (RC<sub>3</sub>) believes that making a direct connection between the recent declines in lodging tax revenue in unincorporated Chelan County and the County's STR code is not so easy, and it certainly does not justify making any radical changes to the STR code for a number of reasons.

By looking at a broader set of data, we find that:

- Lodging tax revenues in unincorporated Chelan County were affected positively in the early stages of the COVID-19 pandemic and, like many other areas of the country (and even the world), this boost is wearing off as the effects of the pandemic have waned.
- Declines in lodging tax revenue in unincorporated Chelan County appear to have leveled off, whereas lodging tax declines in other areas of the County are just now being seen.
- Declines in lodging tax revenue in unincorporated Chelan County do not appear to be adversely affecting the broader economy in that same area (as measured by total taxable sales).
- Revenues from hotel/motel stays in unincorporated Chelan County appear to also have been adversely affected in 2022 and 2023 similar to total lodging revenues, indicating that the declines in overall lodging tax revenues in unincorporated Chelan County are not exclusive to STRs and, therefore, not exclusively due to the STR code.

The data presented herein come from the Washington State Department of Revenue (DOR) or are directly derived from such data. There are five tables attached to this document and the following narrative will discuss each one in turn.

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<sup>1</sup> Short Term Rental Alliance of Chelan County.

**Table 1 - Summary of Annual Total Lodging Taxes Distributed (5% Chelan/Leavenworth, 4% Unincorp. Chelan Co.)**

Total lodging taxes are collected by lodging providers, sent to the DOR, and redistributed to the City of Chelan, the City of Leavenworth, and unincorporated Chelan County at rates of five percent, five percent, and four percent, respectively. The total lodging taxes distributed to these three entities for the years 2019 through 2023 are provided in Table 1.

The total dollar amounts for Leavenworth and unincorporated Chelan County correspond to the values provided in part of the graph in Attachment 1. The dollar amounts for Chelan were not included in that graph.

There is a general pattern for all three entities that includes a significant jump in lodging tax revenues in 2021 as the initial negative reaction to the COVID-19 pandemic subsided and many people worked remotely, often at short-term rental lodgings in areas like Leavenworth, Chelan, and Manson (in unincorporated Chelan County). As shown in Table 1, lodging tax revenues in 2021 were significantly higher than not only 2020 (when the pandemic started), but also significantly higher than in 2019 (before the pandemic started). This was a phenomenon that occurred in many tourist-friendly areas.

As shown in the graph in Attachment 1, it is clear that total lodging tax revenues continued to increase steadily after 2021 in Leavenworth (10.7% in 2022 and 15.3% in 2023), while they declined after 2021 in unincorporated Chelan County (-14.4% in 2022 and -13.2% in 2023). Also shown in Table 1, total lodging tax revenues increased only very slightly after 2021 in the City of Chelan (2.0% in 2022 and 1.4% in 2023).

These trends appear to be the source of the recent panic surrounding lodging tax revenues and at least part of the reason for the currently-proposed radical changes to the Chelan County STR code.

**Table 2 - Summary of Total Lodging Taxes Distributed January - July (5% Chelan/Leavenworth, 4% Unincorp. Chelan Co.)**

The DOR also provides monthly lodging tax distribution data, which can be used to look at early trends in 2024. Table 2 provides comparable total lodging tax distributions for January through July for the years 2019 through 2024.

While the patterns for the January through July totals are somewhat similar to the full year totals for 2019 through 2023, new patterns emerge for 2024. In particular, although Leavenworth total lodging tax revenues increased in 2022 and 2023, they actually decreased by 4.6 percent in 2024. Note that Leavenworth does not allow STRs except in commercial zoning and is unaffected by the Chelan County STR code.

Even more so, the City of Chelan lodging tax revenue for the first seven months of the year decreased by 19.7 percent in 2024. The City of Chelan allows STRs in certain zones and is also unaffected by the Chelan County STR code.

In unincorporated Chelan County, total lodging tax revenues were nearly flat (-0.8%) in 2024.

So, simply looking at the 2024 numbers, one could argue that there is more at work influencing the lodging tax revenue than just the Chelan County STR code. It's just as plausible that a general downturn in the lodging market in the tourist areas of Chelan County after the massive increase in 2021 simply hit unincorporated Chelan County first and is now moving into the cities of Chelan and Leavenworth. This is not to say that the STR code couldn't have had some effect on the lodging tax revenues in unincorporated Chelan County, but clearly there are other factors at play and lodging tax revenues in unincorporated Chelan County appear to have stabilized in the first part of 2024.

Some downward pressure in lodging (and thus lodging tax revenues) is expected as fewer people work remotely after the pandemic and many have returned to the office.<sup>2</sup> Additionally, tourists are now able to travel by air more safely and easily since the pandemic has waned, creating less demand for local vacations.<sup>3</sup>

### **Table 3 - Percent Change in Special Hotel/Motel Taxes in 2024 vs. the Comparable Months in 2019**

Table 3 provides total lodging tax revenues for January through July for 2019 (pre-pandemic) and 2024. The point of the data in this table is to show that, even though total lodging tax revenues between 2019 and 2024 are not up as much in unincorporated Chelan County, they are still up (16.6%). The same is true when comparing full year lodging tax revenues between 2019 and 2023 (up 15.2%).

So, while all of the significant increase in lodging tax revenues in 2021 has not be preserved, unincorporated Chelan County has still seen lodging tax revenue growth from the levels seen right before the pandemic.

### **Table 4 - Change in Total Lodging Taxes vs. Change in Total Taxable Sales**

Some people who are arguing for radical changes to the Chelan County STR code have argued that the implementation of the code since 2021 has negatively impacted the economy. This conflates lodging tax revenues with the entire economy. They are two entirely different things.

Table 4 again shows the pattern of total lodging tax revenues for Chelan, Leavenworth, and unincorporated Chelan County. It then compares these trends to the total taxable sales in these same three areas. Total taxable sales are a reasonable proxy for the overall level of economic activity in each area.

What is notable is that in all three areas, total taxable sales increased by about 10 percent for 2022 and 2023 combined. The increases were nearly identical. But, of course, the Chelan County STR code does not apply in Leavenworth or Chelan, only in unincorporated Chelan County. While

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<sup>2</sup> See for example *American work-from-home rates drop to lowest since the pandemic*.  
<https://www.afr.com/property/commercial/american-work-from-home-rates-drop-to-lowest-since-the-pandemic-20231023-p5eebg>.

<sup>3</sup> See for example *After the pandemic, Americans are flying again in force. Here's why that's a problem*.  
<https://www.washingtonpost.com/climate-environment/2023/11/23/pandemic-flying-normal-emissions/>.

lodging tax revenues may have declined in unincorporated Chelan County during this time period, the overall economy continued to grow at a rate consistent with other nearby tourist areas.

To the extent that someone might argue that declines in tourist accommodations outside of the cities of Chelan and Leavenworth could also negatively impact taxable sales within these cities, it can be shown that the 10 percent growth in taxable sales within all three of these areas is, in fact, robust. The comparable increase in total taxable sales in Winthrop, Washington (a nearby tourist town in Okanogan County) was only 4.2 percent and the comparable increase in total taxable sales in Twisp, Washington (also in nearby Okanogan County) was 9.5 percent. The state-wide comparable increase in total taxable sales was 10.5 percent (driven by strong growth in large westside counties such as King, Snohomish, and Pierce counties).

So, although lodging tax revenues might have recently declined in unincorporated Chelan County, it appears to have had no discernible impact on the overall economy in that area, which is still quite strong.

Given this, it is erroneous to argue that the Chelan County STR code has had a negative impact on the overall economy in unincorporated Chelan County, since it is growing at a rate nearly identical to the economies of the cities of Chelan and Leavenworth, which are not directly affected by the STR code, and at a rate higher than some other nearby tourist areas.

#### **Table 5 - Comparison of Hotel/Motel Taxable Sales Trends to Total Lodging Taxable Sales Trends**

Hotels and motels were not directly affected by the Chelan County STR code, regardless of location. If anything, one could argue that if the STR code reduced the number of STRs available in unincorporated Chelan County, perhaps this would benefit hotels and motels in that area by reducing competition.

Table 5 compares total revenues from hotels and motels in the cities of Chelan and Leavenworth and unincorporated Chelan County to total revenues from all forms of lodging (including STRs). Table 5 also calculates the percentage of total lodging revenues that come from hotels and motels for each year and location.

As expected, total revenues from all forms of lodging show the identical patterns that are shown for total lodging tax revenues discussed elsewhere in this document (since they are directly related). Of interest, about half of the total lodging revenue in the City of Chelan comes from hotels/motels, compared to about three-quarters of the total lodging revenue in Leavenworth, and about 15 percent of the total lodging revenue in unincorporated Chelan County.

Although only a relatively small percentage of total lodging revenue in unincorporated Chelan County comes from hotels and motels, it is still useful to look at the revenue trend of this lodging group. Note that unlike in the cities of Chelan and Leavenworth, total revenue from hotels and motels showed an overall average decline in 2022 through 2023.

If the decline in total lodging revenue (and thus lodging tax revenue) in 2022 and 2023 in unincorporated Chelan County was due to the Chelan County STR code, why did hotel and motel

revenues also decline? Especially if a decrease in the number of STRs due to the code would only help hotels and motels?

It is clear that factors other than only the STR code were affecting the total lodging revenues, and thus the total lodging tax revenues, in unincorporated Chelan County.

### **Conclusions**

The simplistic graph in Attachment 1 does not provide any direct evidence that the Chelan County STR code is solely, or even significantly, responsible for the decreases in lodging tax revenue in unincorporated Chelan County. There are likely other downward pressures on lodging revenue in that area due to the waning of the pandemic effect on lodging in the cities of Chelan and Leavenworth and unincorporated Chelan County. These pressures may just now be catching up with the cities of Chelan and Leavenworth, whereas they may already be stabilizing in unincorporated Chelan County.

Further, the decreases in lodging tax revenue in unincorporated Chelan County do not appear to be having any discernible effect on the overall economy in this area. Lodging taxes are not a surrogate for overall tax revenues and have only very specialized uses.

This analysis demonstrates that the current radical proposal for changes to the Chelan County STR code is not justified by the trends in lodging tax revenues and the County is at risk of making policy decisions based on incorrect assumptions. The STR code was put in place to achieve specific goals related to residential housing availability, quality of life for Chelan County residents, and neighborhood sustainability. Any short-term decline in the growth rate of lodging tax revenue, with no discernible impact to the overall economy, is certainly not a reason to abandon these goals.

**Table 1. Summary of Annual Total Lodging Taxes Distributed (5% Chelan/Leavenworth, 4% Unincorp. Chelan Co.)**

Area	Amount Distributed for Calendar Year								
	2019	2020	Change**	2021	Change**	2022	Change**	2023	Change**
Chelan	\$1,309,532	\$1,356,737	3.6%	\$1,978,770	45.8%	\$2,018,018	2.0%	\$2,047,016	1.4%
Leavenworth	\$2,400,447	\$2,111,200	-12.0%	\$3,379,250	60.1%	\$3,739,562	10.7%	\$4,313,040	15.3%
Chelan County*	\$2,062,710	\$2,397,658	16.2%	\$3,196,286	33.3%	\$2,737,342	-14.4%	\$2,376,163	-13.2%

\* Unincorporated Chelan County.

\*\* Percent change from previous year.

**Table 2. Summary of Total Lodging Taxes Distributed January - July (5% Chelan/Leavenworth, 4% Unincorp. Chelan Co.)**

Area	Amount Distributed for Jan - Jul for Each Year										
	2019	2020	Change**	2021	Change**	2022	Change**	2023	Change**	2024	Change**
Chelan	\$344,154	\$227,089	-34.0%	\$598,342	163.5%	\$578,851	-3.3%	\$652,494	12.7%	\$524,110	-19.7%
Leavenworth	\$1,195,383	\$960,926	-19.6%	\$1,667,024	73.5%	\$1,927,511	15.6%	\$2,300,342	19.3%	\$2,193,884	-4.6%
Chelan County*	\$847,490	\$763,533	-9.9%	\$1,529,225	100.3%	\$1,283,973	-16.0%	\$996,067	-22.4%	\$988,399	-0.8%

\* Unincorporated Chelan County.

\*\* Percent change from previous year.

**Table 3. Percent Change in Special Hotel/Motel Taxes in 2024 vs. the Comparable Months in 2019**

City	Amount Distributed for Jan - Jul for Each Year		
	2019	2024	Change**
Chelan	\$344,154	\$524,110	52.3%
Leavenworth	\$1,195,383	\$2,193,884	83.5%
Chelan County*	\$847,490	\$988,399	16.6%

\* Unincorporated Chelan County.

\*\* Percent change between 2019 and 2024.

**Table 4. Change in Total Lodging Taxes vs. Change in Total Taxable Sales**

Year	Area	Lodging Tax Distributions		Total Taxable Sales	
		Annual Total	% Change from Previous Yr	Annual Total	% Change from Previous Yr
2019	City of Chelan	\$1,309,532		\$217,674,074	
2020	City of Chelan	\$1,356,737	3.6%	\$217,321,371	-0.2%
2021	City of Chelan	\$1,978,770	45.8%	\$294,416,333	35.5%
2022	City of Chelan	\$2,018,018	2.0%	\$337,072,153	14.5%
2023	City of Chelan	\$2,047,016	1.4%	\$321,624,313	-4.6%
2019	City of Leavenworth	\$2,400,447		\$219,283,099	
2020	City of Leavenworth	\$2,111,200	-12.0%	\$209,859,494	-4.3%
2021	City of Leavenworth	\$3,379,250	60.1%	\$302,929,388	44.3%
2022	City of Leavenworth	\$3,739,562	10.7%	\$301,903,002	-0.3%
2023	City of Leavenworth	\$4,313,040	15.3%	\$329,060,710	9.0%
2019	Unincorp. Chelan Co.	\$2,062,710		\$526,256,007	
2020	Unincorp. Chelan Co.	\$2,397,658	16.2%	\$570,702,688	8.4%
2021	Unincorp. Chelan Co.	\$3,196,286	33.3%	\$704,092,634	23.4%
2022	Unincorp. Chelan Co.	\$2,737,342	-14.4%	\$764,013,382	8.5%
2023	Unincorp. Chelan Co.	\$2,376,163	-13.2%	\$775,122,732	1.5%

**Table 5. Comparison of Hotel/Motel Taxable Sales Trends to Total Lodging Taxable Sales Trends**

Year	Area	Hotel/Motel Taxable Sales*		Total Lodging Taxable Sales**		Hotel/Motel % of Total Lodging***
		Dollar Amount	% Change from Previous Yr	Dollar Amount	% Change from Previous Yr	
2019	City of Chelan	\$17,205,016		\$26,190,640		65.7%
2020	City of Chelan	\$13,728,960	-20.2%	\$27,134,744	3.6%	50.6%
2021	City of Chelan	\$18,755,355	36.6%	\$39,575,393	45.8%	47.4%
2022	City of Chelan	\$20,611,724	9.9%	\$40,360,366	2.0%	51.1%
2023	City of Chelan	\$21,050,645	2.1%	\$40,940,312	1.4%	51.4%
2019	City of Leavenworth	\$40,110,180		\$48,008,939		83.5%
2020	City of Leavenworth	\$30,078,880	-25.0%	\$42,224,003	-12.0%	71.2%
2021	City of Leavenworth	\$52,477,417	74.5%	\$67,585,001	60.1%	77.6%
2022	City of Leavenworth	\$57,005,930	8.6%	\$74,791,240	10.7%	76.2%
2023	City of Leavenworth	\$63,207,191	10.9%	\$86,260,808	15.3%	73.3%
2019	Unincorp. Chelan Co.	\$8,868,555		\$51,567,750		17.2%
2020	Unincorp. Chelan Co.	\$6,461,727	-27.1%	\$59,941,455	16.2%	10.8%
2021	Unincorp. Chelan Co.	\$11,382,836	76.2%	\$79,907,150	33.3%	14.2%
2022	Unincorp. Chelan Co.	\$11,389,047	0.1%	\$68,433,556	-14.4%	16.6%
2023	Unincorp. Chelan Co.	\$10,032,135	-11.9%	\$59,404,070	-13.2%	16.9%

\* Only hotel/motel sales; NAICS Code 721110.

\*\* Back-calculated from the total lodging tax distributed divided by the total lodging tax rate (5% for Chelan/Leavenworth, 4% for Unincorp. Chelan Co.).

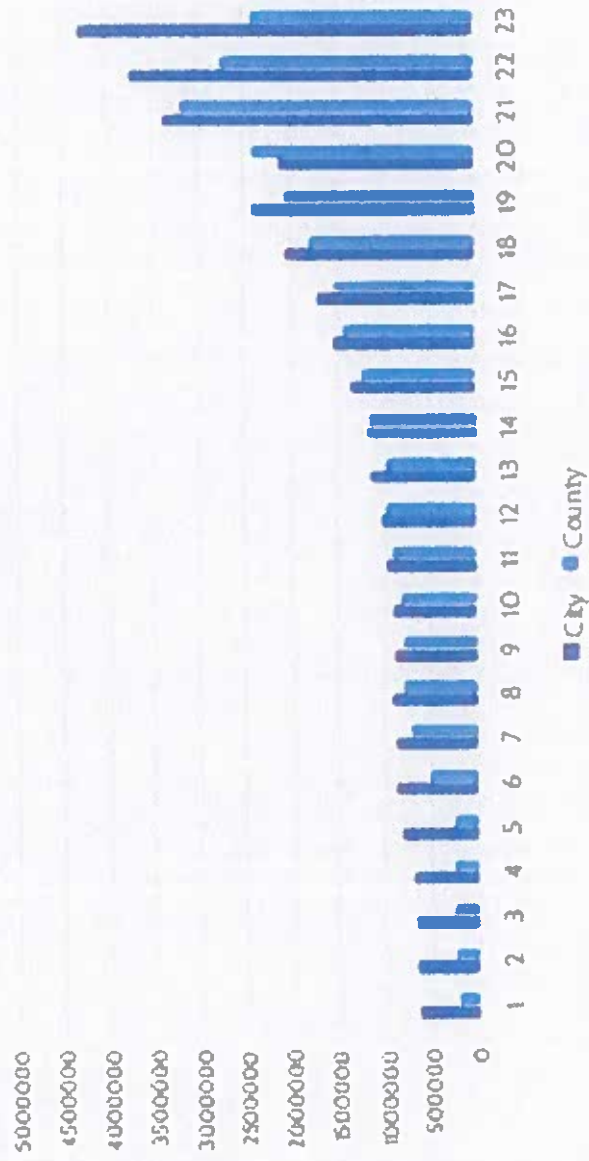
\*\*\* Hotel/Motel Taxable Sales divided by Total Lodging Taxable Sales.



**Attachment 1**

**Lodging Tax Graph Submitted by Sean Lynn (Short  
Term Rental Alliance of Chelan County) at August  
28, 2024, Planning Commission Meeting**

## Lodging Tax Collections '01 to '23



Due to short term rental legislation passed in early 2021, the amount of rentals in the county has decreased as evidenced by the declining tax revenue.