

ROOM TAX FUND

	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2017 Projected</u>	<u>2018 Executive</u>	<u>2018 Adopted</u>
Fund Balance, January 1	884,927	912,772	923,757	904,537	904,537
Restricted for Bond Requirements	-	-	-	-	-
Reserved for Monona Terrace Capital Projects	(466,211)	(466,212)	(616,410)	(457,000)	(457,000)
Committed for Event Booking Assistance	(446,561)	(446,560)	(305,246)	(305,246)	(305,246)
Balance of Unassigned Funds, January 1	<u>\$ (27,845)</u>	<u>\$ -</u>	<u>\$ 2,101</u>	<u>\$ 142,291</u>	<u>\$ 142,291</u>

SOURCES

Estimated Total Room Tax Receipts	14,555,514	15,744,615	15,494,615	16,269,346	16,269,346
Room Tax Increase to 10%	-	-	-	1,807,705	1,807,705
Transfer In from General Fund (for Monona Terrace Reserves)	-	-	-	-	-
Interest Revenue	9,435	8,784	10,044	10,546	10,546
TOTAL SOURCES	<u>\$ 14,564,949</u>	<u>\$ 15,753,399</u>	<u>\$ 15,504,659</u>	<u>\$ 18,087,597</u>	<u>\$ 18,087,597</u>

USES

Tangible Municipal Development (s. 66.0615 (1) (fm) 3., Wis. Stats.)

Monona Terrace:

Debt Service Payment-Revenue Bond Issue (a)	867,525	824,875	824,875	797,600	797,600
Debt Service Payment-Gen'l Obligation Bond Issue (a)	-	25,798	25,798	50,000	50,000
Operating Subsidy	2,981,191	3,746,645	3,746,598	4,000,000	4,000,000
Capital Purchases	481,214	475,000	475,000	558,000	558,000
Reserves (b)	-	(618,810)	(618,810)	-	-
Subtotal Monona Terrace	<u>\$ 4,329,930</u>	<u>\$ 4,453,508</u>	<u>\$ 4,453,461</u>	<u>\$ 5,405,600</u>	<u>\$ 5,405,600</u>

Henry Vilas Zoo and Olbrich Gardens (j)

	<u>\$ -</u>	<u>\$ 642,352</u>	<u>\$ 642,352</u>	<u>\$ 642,352</u>	<u>\$ 642,352</u>
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Overture Center Subsidy from Room Tax

	<u>\$ 1,750,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,900,000</u>
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Subtotal Tangible Municipal Development

	<u>\$ 6,079,930</u>	<u>\$ 6,995,860</u>	<u>\$ 6,995,813</u>	<u>\$ 7,947,952</u>	<u>\$ 7,947,952</u>
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Share of Room Tax Revenues

	42%	44%	45%	49%	49%
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ROOM TAX FUND

	<u>2016 Actual</u>	<u>2017 Budget</u>	<u>2017 Projected</u>	<u>2018 Executive</u>	<u>2018 Adopted</u>
Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)					
<u>Greater Madison Convention and Visitors Bureau:</u>					
Destination Marketing (c)	3,006,209	3,514,680	3,493,323	4,028,600	4,028,600
Estimated Event Booking Assistance Subsidy	191,446	200,000	200,000	200,000	200,000
Additional Funding (b)	-	-	-	-	-
Subtotal GMCVB	<u>\$ 3,197,655</u>	<u>\$ 3,714,680</u>	<u>\$ 3,693,323</u>	<u>\$ 4,228,600</u>	<u>\$ 4,228,600</u>
<u>City Tourism Marketing Activities</u>					
Support for Fireworks Events (d)	15,000	10,000	10,000	15,000	15,000
Sister Cities Program	15,080	20,000	20,000	30,000	30,000
Civic Conferences / Fairs / Festivals / Summer Concerts	57,260	130,000	110,000	140,000	140,000
Civic Conferences (e)	3,750	35,000	25,000	35,000	35,000
Civic Promotion (e)	1,500	15,000	10,000	15,000	15,000
Dane Dances (g)	21,510	20,000	20,000	25,000	25,000
Make Music Madison (g)	25,000	25,000	25,000	25,000	25,000
Songwriting Conference (g)	-	25,000	25,000	25,000	25,000
Fairs / Festivals / Summer Concerts (f)	-	-	-	15,000	15,000
Revelry (g)	5,000	5,000	-	-	-
Bandswap (g)	500	5,000	5,000	-	-
WIAA Basketball Tournament (h)	15,000	15,000	15,000	15,000	15,000
Subtotal City Tourism Marketing	<u>\$ 102,340</u>	<u>\$ 175,000</u>	<u>\$ 155,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
Subtotal Tourism Marketing	<u>\$ 3,299,995</u>	<u>\$ 3,889,680</u>	<u>\$ 3,848,323</u>	<u>\$ 4,428,600</u>	<u>\$ 4,428,600</u>
Share of Room Tax Revenues	23%	25%	25%	24%	24%
Room Tax Commission Administration		<u>\$ 15,745</u>	<u>\$ 15,745</u>	<u>\$ 17,206</u>	<u>\$ 17,206</u>
Room Tax Commission Enforcement of Transient Tourist Rooming Houses (i)		<u>\$ 50,000</u>	<u>\$ 12,600</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>
Share of Room Tax Revenues	0.0%	0.4%	0.2%	0.2%	0.2%
Reserves					
Share of Room Tax Revenues					
Room Tax Commission		<u>\$ 10,951,285</u>	<u>\$ 10,872,481</u>	<u>\$ 12,408,758</u>	<u>\$ 12,408,758</u>
Tourism-Related Share of Room Tax	64%	69%	70%	69%	69%
Room Tax Retained for General Purposes					
General Purposes (b)	5,067,194	4,647,020	4,572,398	5,347,279	5,347,279
Arts Grants	79,000	79,000	79,000	79,000	79,000
Subtotal Retained for Other Purposes	<u>\$ 5,146,194</u>	<u>\$ 4,726,020</u>	<u>\$ 4,651,398</u>	<u>\$ 5,426,279</u>	<u>\$ 5,426,279</u>
Share of Room Tax Revenues	35%	30%	30%	30%	30%
TOTAL USES	<u>\$ 14,526,119</u>	<u>\$ 15,677,305</u>	<u>\$ 15,523,879</u>	<u>\$ 17,835,037</u>	<u>\$ 17,835,037</u>
Fund Balance, December 31	<u>\$ 923,757</u>	<u>\$ 988,866</u>	<u>\$ 904,537</u>	<u>\$ 1,157,097</u>	<u>\$ 1,157,097</u>
Committed for Monona Terrace Capital Projects	(616,410)	(466,212)	(457,000)	(457,000)	(457,000)
Committed for Event Booking Assistance	(305,246)	(446,560)	(305,246)	(305,246)	(305,245)
Balance of Unassigned Funds, December 31 (b)	<u>\$ 2,101</u>	<u>\$ 76,094</u>	<u>\$ 142,291</u>	<u>\$ 394,851</u>	<u>\$ 394,852</u>

The presentation of the Room Tax Fund has been modified from prior years to reflect changes to state law and to reflect the requirement, first effective in 2017, that 70 percent of room tax revenues be transferred for allocation by a Room Tax Commission created by the City.

(a) The CDA lease revenue bonds were refinanced in late 2012. This refinancing will reduce debt service by an average of \$150,000 annually until the bonds are retired in 2020. In addition, the reserve required by the bond was moved to the CDA. The General Obligation bonds were initially issued as part of the original Monona Terrace financing. They are due to be retired in 2014. It is anticipated that the revenues made available from this reduction in spending will be used to replenish the Monona Terrace reserves beginning in 2015.

(b) Under state law, 70% of room taxes are distributed by the Room Tax Commission and 30% are retained by the City. The Room Tax Commission anticipates allocating sufficient room tax revenues in 2018 on a permanent basis to eliminate the reliance on Monona Terrace reserves, as well as providing additional room tax subsidy to Monona Terrace to help reach the goal that reserves are at least 20% of expenditures. The "Balance of Unassigned Funds" represent the unspent portion of the 70% of room taxes allocated to the Room Tax Commission. The Room Tax Commission plans to establish a policy for setting aside room tax revenues in the event of shortfalls in actual room tax revenues compared with estimates. In 2018, the balance of unassigned revenues is 2.2% of 2018 forecast room tax collections.

(c) In 2015, a new contract with Greater Madison Convention and Visitors Bureau (GMCVB) was established. The contract increased the room tax allocation to GMCVB from 20% of prior year revenues in 2014 to 30% by 2020 and 34% by 2022. In 2017, the contract was renewed through 2023 with an allocation of 28% in 2020 and 34% by 2023. The 2018 share of prior year revenues will increase to 26% from 24% in 2017. Funding increases resulting from the agreement will be invested, for the purpose of increasing conventions and other events in Madison, in additional resources in the following five areas: convention sales, convention services, marketing, sports development and strategic planning.

(d) In 2016, \$15,000 was provided to help support fireworks events, including Shake the Lake and Elver Park. The Room Tax Commission authorized \$10,000 for 2017 and \$15,000 in 2018.

(e) These funds will be used to promote conferences and/or enterprises that the City helps host or sponsor that are designed to provide education and training for Madisonians and also to promote Madison as a city of distinction and place of topical interest.

(f) This includes funds for events as determined by the Arts Commission that result in tourism and hotel room nights in the City.

(g) This includes funding for Dane Dances (\$25,000); Make Music Madison, a summer solstice festival (\$25,000); a Madison Songwriting Conference and Festival (\$25,000). Funding for Dance Dances is increased by \$5,000 in 2018

(h) In 2018, \$15,000 is continued to support the WIAA Tournament.

(i) Allocation of funding for enforcement of state laws and City ordinances related to tourism rooming houses is subject to approval by the Room Tax Commission.

(j) Allocation of funding to support operating subsidies to the Henry Vilas Zoo, the Olbrich Botanical Gardens, and the Overture Center is authorized by the Room Tax Commission, consistent with state law. In 2017, the Overture Center subsidy is increased by \$150,000 (from \$1,750,000 to \$1,900,000).

By the adoption of this budget, the City Council hereby incorporates the decisions of the Room Tax Commission into the 2018 operating budget in accordance with state law. The 2018 Budget incorporates an increase in the room tax rate from 9% to 10% for the Room Tax Fund.