

## ROOM TAX FUND

	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Projected</u>	<u>2017 Executive</u>	<u>2017 Adopted</u>
<b>Fund Balance, January 1</b>	312,550	312,550	884,927	912,772	912,772
Restricted for Bond Requirements	-	-	-	-	-
Reserved for Monona Terrace Capital Projects	-	-	(466,212)	(466,212)	(466,212)
Committed for Event Booking Assistance	(312,550)	(312,550)	(446,560)	(446,560)	(446,560)
<b>Balance of Unassigned Funds, January 1</b>	\$ -	\$ -	\$ (27,845)	\$ -	\$ -

### SOURCES

Estimated Total Room Tax Receipts	13,819,792	15,144,500	14,644,500	15,744,615	15,744,615
Transfer In from General Fund (for Monona Terrace Reserves)	-	-	-	-	-
Interest Revenue	7,710	19,991	8,170	8,784	8,784
<b>TOTAL SOURCES</b>	\$ 13,827,502	\$ 15,164,491	\$ 14,652,670	\$ 15,753,399	\$ 15,753,399

### USES

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

##### Monona Terrace:

Debt Service Payment-Revenue Bond Issue (a)	870,600	867,525	867,525	824,875	824,875
Debt Service Payment-Gen'l Obligation Bond Issue (a)	-	26,197	52,815	25,798	25,798
Operating Subsidy	3,190,538	3,386,759	3,386,759	3,726,645	3,726,645
Capital Purchases	132,065	556,000	556,000	475,000	475,000
Reserves (b)	150,000	(436,064)	(436,064)	(598,857)	(598,857)
Subtotal Monona Terrace	\$ 4,343,203	\$ 4,400,417	\$ 4,427,035	\$ 4,453,461	\$ 4,453,461

Henry Vilas Zoo and Olbrich Gardens (j)	\$ -	\$ -	\$ -	\$ 642,352	\$ 642,352
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<u>Overture Center Subsidy from Room Tax</u>	\$ 425,000	\$ 1,750,000	\$ 1,750,000	\$ 1,900,000	\$ 1,900,000
Subtotal Tangible Municipal Development	4,768,203	6,150,417	6,177,035	6,995,813	6,995,813
Share of Room Tax Revenues	33%	41%	42%	44%	44%

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	<u>2015 Actual</u>	<u>2016 Budget</u>	<u>2016 Projected</u>	<u>2017 Executive</u>	<u>2017 Adopted</u>
<b>Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)</b>					
<u>Greater Madison Convention and Visitors Bureau:</u>					
Destination Marketing (c)	2,612,689	3,001,966	3,040,354	3,514,680	3,514,680
Estimated Event Booking Assistance Subsidy	78,136	200,000	200,000	200,000	200,000
Additional Funding (b)	316,439	-	-	-	-
Subtotal GMCVB	<u>\$ 3,007,264</u>	<u>\$ 3,201,966</u>	<u>\$ 3,240,354</u>	<u>\$ 3,714,680</u>	<u>\$ 3,714,680</u>
<u>City Tourism Marketing Activities</u>					
Support for Fireworks Events (d)	-	15,000	15,000	10,000	10,000
Sister Cities Program	14,310	15,000	15,000	20,000	20,000
Madison Scouts and Capitol Sound (g)	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-
Civic Conferences (e)	16,525	35,000	20,000	35,000	35,000
Civic Promotion (f)	1,500	15,000	5,000	15,000	15,000
Madison Music City (g)	44,500	75,000	44,500	80,000	80,000
Dane Dances	5,000	15,000	15,000	20,000	20,000
Make Music Madison	20,000	25,000	25,000	25,000	25,000
Songwriting Conference	10,000	25,000	25,000	25,000	25,000
Revelry	5,000	5,000	5,000	5,000	5,000
Bandswap	4,500	5,000	5,000	5,000	5,000
WIAA Basketball Tournament (h)	30,000	15,000	15,000	15,000	15,000
Madison Area Sports Commission	100,000	-	-	-	-
Subtotal City Tourism Marketing	<u>\$ 206,835</u>	<u>\$ 170,000</u>	<u>\$ 114,500</u>	<u>\$ 175,000</u>	<u>\$ 175,000</u>
Subtotal Tourism Marketing	<u>\$ 3,214,099</u>	<u>\$ 3,371,966</u>	<u>\$ 3,354,854</u>	<u>\$ 3,889,680</u>	<u>\$ 3,889,680</u>
Share of Room Tax Revenues	23%	22%	23%	25%	25%
<b>Room Tax Commission Administration</b>				15,745	15,745
<b>Room Tax Commission Enforcement of Transient Tourist Rooming Houses (i)</b>				50,000	50,000
Share of Room Tax Revenues	0.0%	0.0%	0.0%	0.4%	0.4%
<b>Reserves</b>				76,141	\$ 76,141
Share of Room Tax Revenues				0.5%	0.5%
<b>Room Tax Commission</b>				\$ 11,027,379	\$ 11,027,379
<b>Tourism-Related Share of Room Tax</b>	57%	63%	65%	70%	70%
<b>Room Tax Retained for General Purposes</b>					
General Purposes (b)	5,193,823	5,563,158	5,013,936	4,647,020	4,647,020
Arts Grants	79,000	79,000	79,000	79,000	79,000
Subtotal Retained for Other Purposes	<u>\$ 5,272,823</u>	<u>\$ 5,642,158</u>	<u>\$ 5,092,936</u>	<u>\$ 4,726,020</u>	<u>\$ 4,726,020</u>
Share of Room Tax Revenues	38%	37%	35%	30%	30%
<b>TOTAL USES</b>	<u>\$ 13,255,125</u>	<u>\$ 15,164,541</u>	<u>\$ 14,624,825</u>	<u>\$ 15,677,258</u>	<u>\$ 15,677,258</u>
<b>Fund Balance, December 31</b>	<u>\$ 884,927</u>	<u>\$ 312,500</u>	<u>\$ 912,772</u>	<u>\$ 988,913</u>	<u>\$ 988,913</u>
Committed for Monona Terrace Capital Projects	<u>\$ (466,212)</u>	<u>\$ -</u>	<u>\$ (466,212)</u>	<u>\$ (466,212)</u>	<u>\$ (466,212)</u>
Committed for Event Booking Assistance	<u>(446,560)</u>	<u>(312,500)</u>	<u>(446,560)</u>	<u>(446,560)</u>	<u>(446,560)</u>
<b>Balance of Unassigned Funds, December 31 (b)</b>	<u>\$ (27,845)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,141</u>	<u>\$ 76,141</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 2017 Executive Operating Budget appropriates \$598,857 from Monona Terrace reserves for Monona Terrace operations. 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.

(c) In 2015, funds reflect implementation of a new contract with Greater Madison Convention and Visitors Bureau (GMCVB) through 2018, with the option of a four-year renewal. The contract will increase the room tax allocation to GMCVB from 20% of prior year revenues in 2014 to 30% by 2020 and 34% by 2022. The 2017 share of prior year revenues will increase to 24% from 22% in 2016. 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.

(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) The Civic Promotion funding is administered by the Mayor's Office. Its primary purpose is to support efforts where neighborhoods and communities interface with economic, educational and job development activities. It is used to support local publications which further discussion of these topics and organizations which promote business development in the City and market Madison's business community. This includes supporting neighborhood-based efforts related to economic and educational development.

(g) This includes funding for Dane Dances (\$20,000); Make Music Madison, a summer solstice festival (\$25,000); a Madison Songwriting Conference and Festival (\$25,000); a Revelry Music and Arts Festival (\$5,000); and, a BandSwap event (\$5,000). In 2017, Dane Dances is increased by \$5,000.

(h) In 2017, \$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 2017 operating budget in accordance with state law.