

ROOM TAX FUND

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Projected</u>	<u>2019 Executive</u>	<u>2019 Adopted</u>
Fund Balance, January 1	923,757	904,537	1,093,102	1,361,621	-
Restricted for Bond Requirements	-	-	-	-	-
Reserved for Monona Terrace Capital Projects	(616,410)	(457,000)	(662,279)	(600,000)	-
Committed for Event Booking Assistance	(305,246)	(305,246)	(345,325)	(400,000)	-
Balance of Unassigned Funds, January 1	<u>\$ 2,101</u>	<u>\$ 142,291</u>	<u>\$ 85,498</u>	<u>\$ 361,621</u>	<u>\$ -</u>

SOURCES

Estimated Total Room Tax Receipts	15,483,106	16,269,346	18,077,051	18,800,133	-
Room Tax Increase to 10%		1,807,705	-	-	-
Transfer In from General Fund (for Monona Terrace Reserves)		-	-	-	-
Interest Revenue	<u>10,763</u>	<u>10,546</u>	<u>10,546</u>	<u>12,186</u>	<u>-</u>
TOTAL SOURCES	<u>\$ 15,493,869</u>	<u>\$ 18,087,597</u>	<u>\$ 18,087,597</u>	<u>\$ 18,812,319</u>	<u>\$ -</u>

USES

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

Monona Terrace:

Debt Service Payment-Revenue Bond Issue (a)	824,875	797,600	797,600	800,025	-
Debt Service Payment-Gen'l Obligation Bond Issue (a)	22,898	50,000	25,198	24,598	-
Operating Subsidy	4,147,329	4,000,000	4,000,000	4,095,900	-
Capital Purchases	394,735	558,000	558,000	890,000	-
Reserves (b)	<u>(1,019,541)</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
Subtotal Monona Terrace	<u>\$ 4,370,296</u>	<u>\$ 5,405,600</u>	<u>\$ 5,380,798</u>	<u>\$ 5,610,523</u>	<u>\$ -</u>

<u>Henry Vilas Zoo and Olbrich Gardens (i)</u>	<u>\$ 642,352</u>	<u>\$ 642,352</u>	<u>\$ 642,352</u>	<u>\$ 642,352</u>	<u>\$ -</u>
--	-------------------	-------------------	-------------------	-------------------	-------------

<u>Overture Center Subsidy from Room Tax</u>	<u>\$ 1,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>
--	---------------------	---------------------	---------------------	---------------------	-------------

Subtotal Tangible Municipal Development	<u>\$ 6,912,648</u>	<u>\$ 7,947,952</u>	<u>\$ 7,923,150</u>	<u>\$ 8,252,875</u>	<u>\$ -</u>
---	---------------------	---------------------	---------------------	---------------------	-------------

Share of Room Tax Revenues	45%	44%	44%	44%	
----------------------------	-----	-----	-----	-----	--

ROOM TAX FUND

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Projected</u>	<u>2019 RTC Approved</u>	<u>2019 Adopted</u>
Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)					
<u>Greater Madison Convention and Visitors Bureau:</u>					
Destination Marketing (c)	3,476,188	4,028,600	4,025,608	4,700,033	-
Estimated Event Booking Assistance Subsidy	125,476	200,000	200,000	200,000	-
Additional Funding (b)	-	-	-	-	-
Subtotal GMCVB	<u>\$ 3,601,664</u>	<u>\$ 4,228,600</u>	<u>\$ 4,225,608</u>	<u>\$ 4,900,033</u>	<u>\$ -</u>
<u>City Tourism Marketing Activities</u>					
Support for Fireworks Events (d)	10,000	15,000	15,000	15,000	-
Sister Cities Program	19,855	30,000	30,000	30,000	-
Civic Conferences / Fairs / Festivals / Summer Concerts	107,080	140,000	140,000	165,000	-
Civic Conferences (e)	17,476	35,000	35,000	35,000	-
Civic Promotion (e)	14,604	15,000	15,000	15,000	-
Dane Dances (g)	20,000	25,000	25,000	25,000	-
Make Music Madison (g)	25,000	25,000	25,000	30,000	-
Songwriting Conference (g)	25,000	25,000	25,000	25,000	-
Fairs / Festivals / Summer Concerts (f)	-	15,000	15,000	15,000	-
Downtown Temporary Art Installations (g)	-	-	-	20,000	-
Bandswap (g)	5,000	-	-	-	-
WIAA Basketball Tournament (h)	-	15,000	30,000	15,000	-
Subtotal City Tourism Marketing	<u>\$ 136,935</u>	<u>\$ 200,000</u>	<u>\$ 215,000</u>	<u>\$ 225,000</u>	<u>\$ -</u>
Subtotal Tourism Marketing	<u>\$ 3,738,599</u>	<u>\$ 4,428,600</u>	<u>\$ 4,440,608</u>	<u>\$ 5,125,033</u>	<u>\$ -</u>
Share of Room Tax Revenues	24%	24%	25%	27%	
Room Tax Commission Administration	<u>15,745</u>	<u>\$ 17,206</u>	<u>\$ 17,206</u>	<u>\$ 18,800</u>	<u>\$ -</u>
Room Tax Commission Enforcement of Transient Tourist I	<u>12,600</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
Share of Room Tax Revenues	0.2%	0.2%	0.2%	0.2%	
Reserves					
Share of Room Tax Revenues					
Room Tax Commission	<u>\$ 10,679,592</u>	<u>\$ 12,408,758</u>	<u>\$ 12,395,964</u>	<u>\$ 13,411,708</u>	<u>\$ -</u>
Tourism-Related Share of Room Tax	69%	68%	68%	71%	
Room Tax Retained for General Purposes					
General Purposes (b)	4,565,932	5,347,270	5,344,115	5,564,696	-
Arts Grants	79,000	79,000	79,000	79,000	-
Subtotal Retained for Other Purposes	<u>\$ 4,644,932</u>	<u>\$ 5,426,270</u>	<u>\$ 5,423,115</u>	<u>\$ 5,643,696</u>	<u>\$ -</u>
Share of Room Tax Revenues	30%	30%	30%	30%	
TOTAL USES	<u>\$ 15,324,524</u>	<u>\$ 17,835,028</u>	<u>\$ 17,819,079</u>	<u>\$ 19,055,404</u>	<u>\$ -</u>
Fund Balance, December 31	<u>\$ 1,093,102</u>	<u>\$ 1,157,106</u>	<u>\$ 1,361,621</u>	<u>\$ 1,118,536</u>	<u>\$ -</u>
Committed for Monona Terrace Capital Projects	(662,279)	(457,000)	(600,000)	(600,000)	-
Committed for Event Booking Assistance	(345,325)	(305,246)	(400,000)	(400,000)	-
Balance of Unassigned Funds, December 31 (b)	<u>\$ 85,498</u>	<u>\$ 394,860</u>	<u>\$ 361,621</u>	<u>\$ 118,536</u>	<u>\$ -</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 Monona Terrace Board has stated that the Monona Terrace Reserve Fund is to be used to cover Monona Terrace's unexpected operating and capital shortfalls as well as to help support a future renovation. In 2019, use of reserves reflects Monona Terrace's budget request. 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 2019, the balance of unassigned revenues is 0.9% of 2019 forecast room tax collections allocated to the Room Tax commission.

(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. Per the contract, the 2019 share of prior year revenues will remain at 26%, the same level as in 2018. 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 2019, \$15,000 is provided to help support fireworks events, including Shake the Lake and Elver Park.

(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 (\$30,000); a Madison Songwriting Conference and Festival (\$25,000); and Downtown Temporary Art Installations (\$20,000). Funding for Make Music Madison is increased by \$5,000 in 2019. A new program for downtown temporary public art installations is created in 2019 and funded at \$20,000.

(h) In 2019, \$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 was increased by \$150,000 (from \$1,750,000 to \$1,900,000). In 2019, the Overture Center subsidy is increased by \$100,000 (from \$1,900,000 to \$2,000,000).

By the adoption of this budget, the City Council hereby incorporates the decisions of the Room Tax Commission into the 2019 operating budget in accordance with state law. An increase in the room tax rate from 9% to 10% for the Room Tax Fund was first adopted in the 2018 budget.