



ROOM TAX OVERVIEW

November 2, 2023

ROOM TAX

Authorized under state law (s. 66.0615, Wisconsin Statutes)

Maximum rate of 8%, municipalities may levy a higher rate under certain conditions.

Madison has a 10% rate because it has long-term debt outstanding to construct or renovate a convention center.

STATE LAW PRIOR TO 2015-17 BUDGET

Generally, municipalities with room tax prior to 1994 could retain for general purposes the same share of room taxes as retained in 1994.

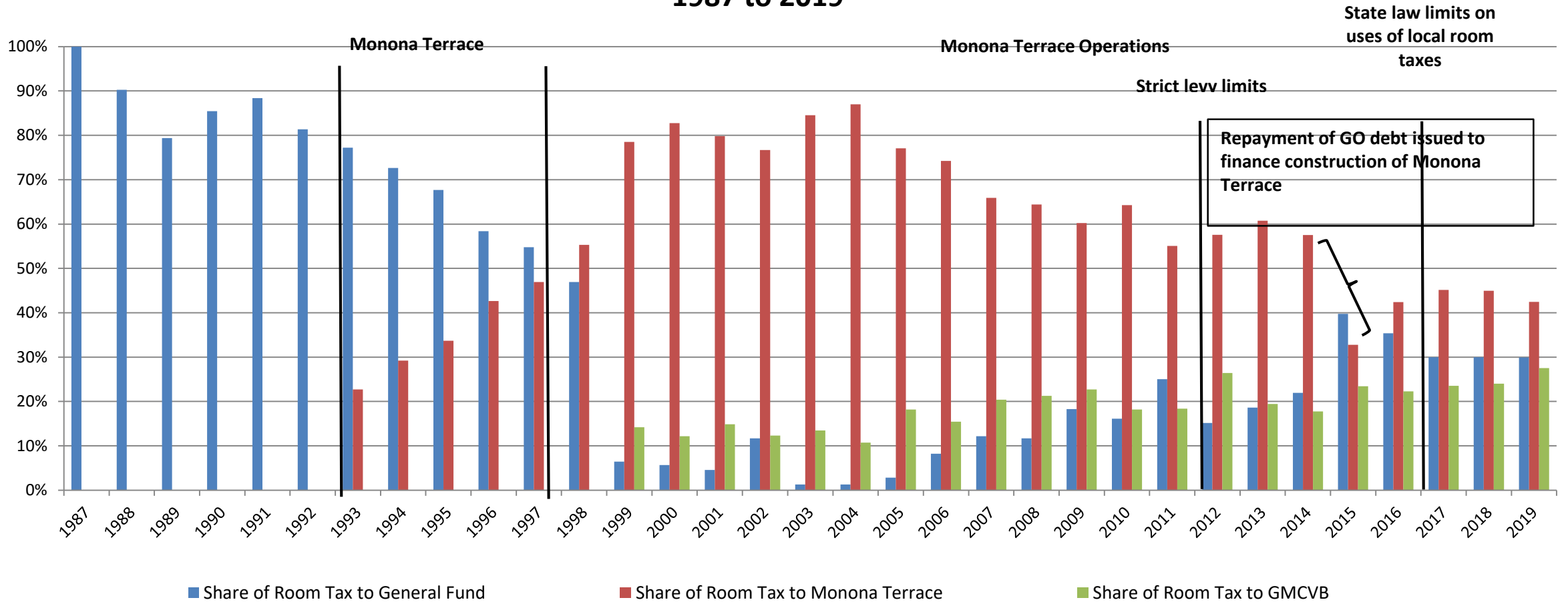
Madison could retain over 70% of room taxes for general purposes; retained much less than 70% after Monona Terrace opened.

Municipalities could directly appropriate room taxes through budget.

ROOM TAX DISTRIBUTION

1987 TO 2019

Distribution of Room Tax
1987 to 2019



2015-17 STATE BUDGET

Starting in 2017, at least 70% of room tax revenues must be allocated by Room Tax Commission.

Up to 30% is retained by municipality for any purpose.

Municipalities that used 1994 exemption must provide 1993 financial statements to DOR

[DOR Room Tax Report](#) – listing of room tax rates for all municipalities in Wisconsin

STATE LAW (CONTINUED)

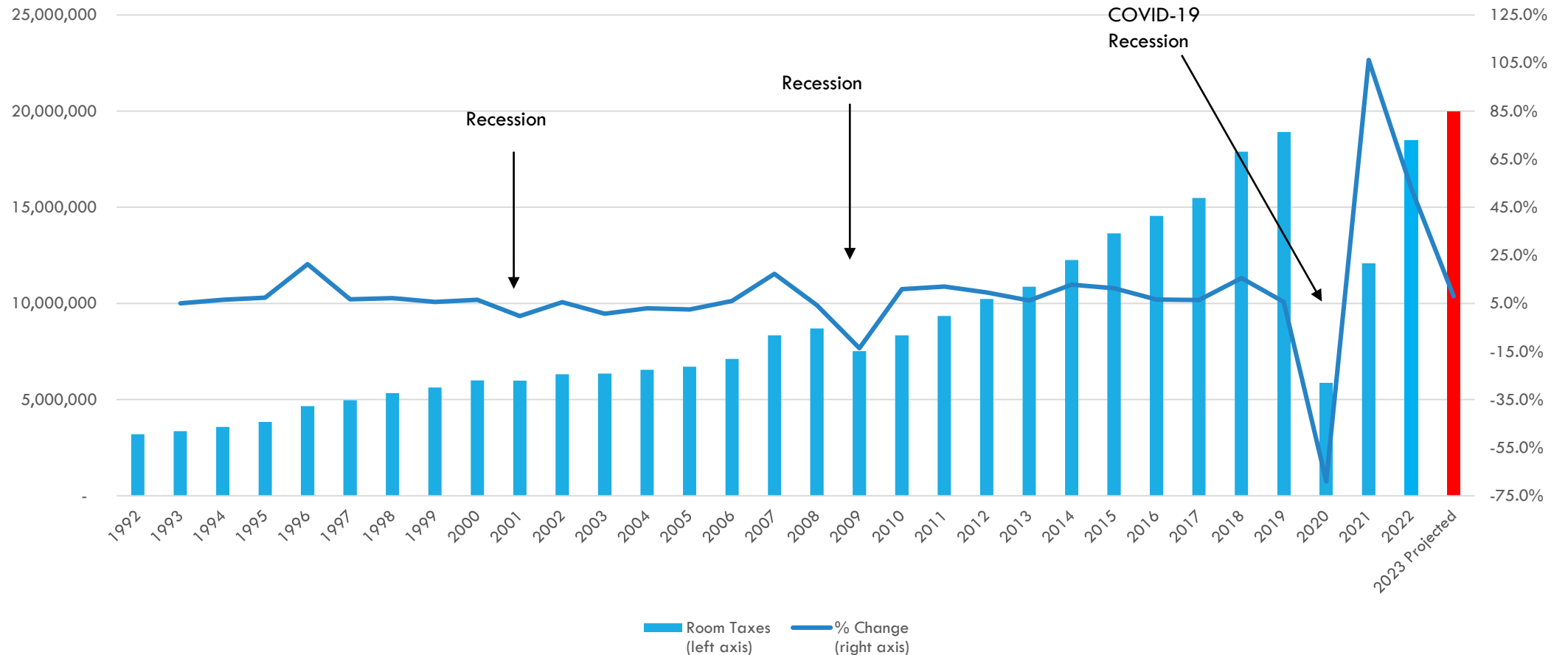
“Tourism” = Travel for recreational, business or educational purposes.

“Tourism promotion and tourism development” = Significantly used by transient tourists; reasonably likely to generate paid overnight stays:

- Tangible Municipal Development, including a convention center
- Tourism Marketing, including advertising, materials, event recruitment
- Transient Tourist Informational Services

ROOM TAXES COLLECTED

1992 TO 2023 (PROJECTED)



Avg annual % Chg – 1997 to 2006 = 4%; 2010 to 2019 = 10%

GMCVB / DESTINATION MADISON CONTRACT 2015 TO 2022

Contract term – 1/1/2015 to 12/31/2018 with one 4 year extension.
Program Goals – Established annually by Monona Terrace and GMCVB.
Compensation – See table below -- contract amended to specific amounts during pandemic (2020 to 2023).

Year	Share of Tax	Year	Share of Tax
2014	20%	2018	26%
2015	21.5%	2019	28%
2016	22%	2020	30%
2017	24%	2021	32%
		2022	34%

2024 to 2028

28% of prior year room tax collections with program goals set by Monona Terrace and Destination Madison

OVERTURE CONTRACT

- ✘ Overture operates under a Structural Agreement with the City and an Annual Contract.
- ✘ The Structural Agreement set a City subsidy goal of \$2 million, adjusted for inflation, subject to appropriation by the Common Council.

2024 MONONA TERRACE OPERATING BUDGET

Sources	
Catering Concession	5,000,000
Facility Rental	3,892,625
Gift Shop Sales	120,000
Building Tours	10,000
Miscellaneous Revenues	163,500
Transfer In (Room Tax)	<u>5,392,000</u>
	14,578,125
Uses	
Staff	6,308,754
Concession Vending Contract	5,000,000
Building Utilities	448,500
Other Purchased Services	1,473,069
Supplies	436,129
Interdepartmental Charges	516,532
Transfer Out (PILOT and Debt Service)	<u>395,141</u>
	14,578,125

2024 MONONA TERRACE CAPITAL BUDGET

Project **Building and Building Improvements** Project # **10031**
 Citywide Element **Culture and Character** Project Type **Program**

Project Description

This program funds building improvements at Monona Terrace Community and Convention Center. The goal of the program is to increase efficiency, reduce maintenance costs, and improve customer experience at Monona Terrace. Projects planned for 2024 include renovation projects such as kitchen floor refinish, building carpet installation, new heater panels, wood door and hardware replacement, window replacement, technology upgrades, replacement of rooftop beehive lighting, a building wide data cable upgrade, and upgrades to our digital signage.

	2024	2025	2026	2027	2028	2029
Non-GF GO Borrowing	2,057,275	546,000	1,401,750	840,500	1,008,500	430,000
Total	\$ 2,057,275	\$ 546,000	\$ 1,401,750	\$ 840,500	\$ 1,008,500	\$ 430,000

Project **Machinery and Other Equipment** Project # **10037**
 Citywide Element **Culture and Character** Project Type **Program**

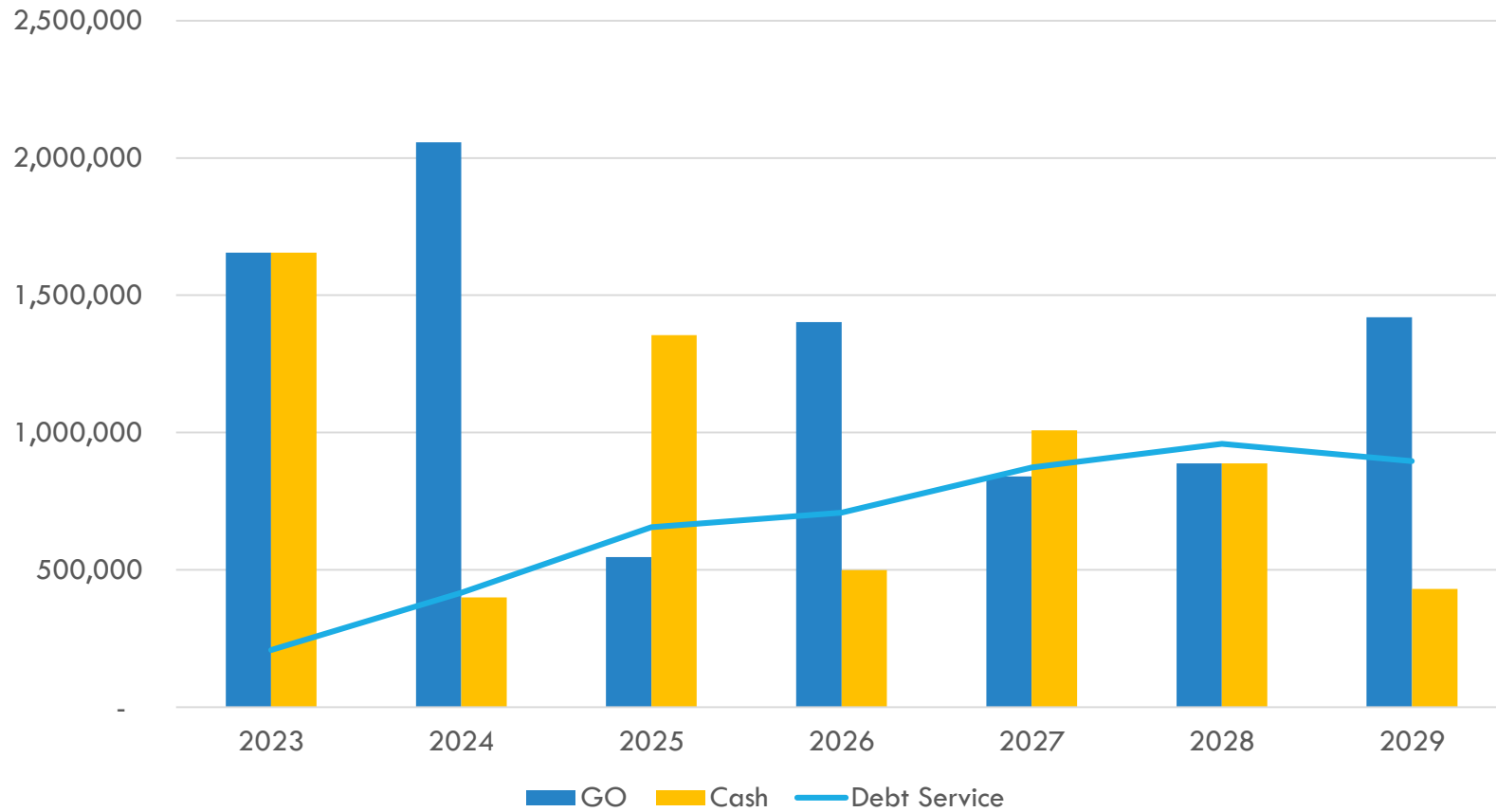
Project Description

This program funds machinery and equipment purchases at Monona Terrace. The program's goal is to provide a safe environment for clients and guests and to increase overall customer satisfaction. Projects planned for 2024 include replacing rope and stanchion (both interior and exterior), replacing easels and white boards, upgrading the Fire Pump control, replacing Chariot I-Vac and Aqua Ride floor cleaning equipment, and replacing trash cans and recycling containers.

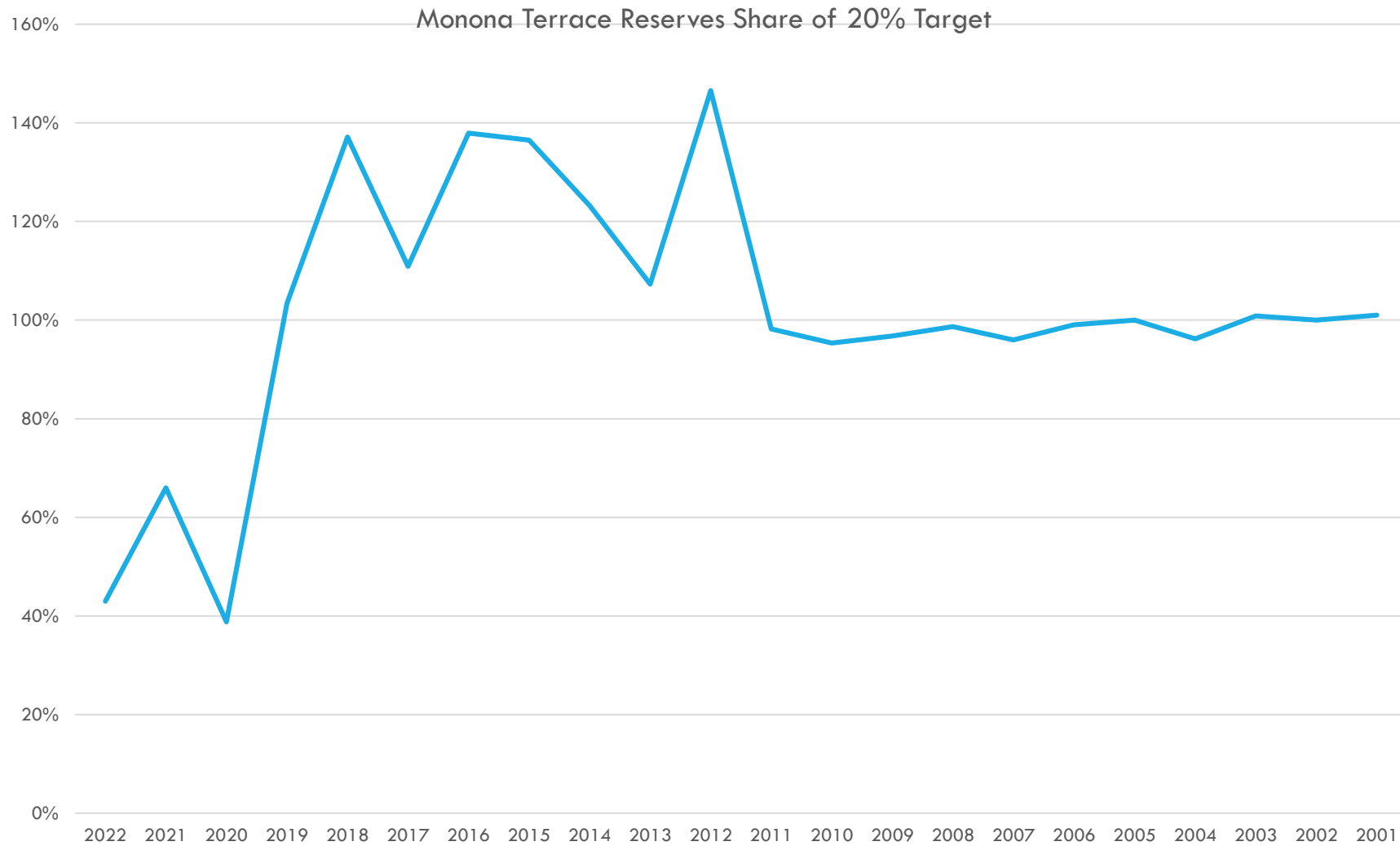
	2024	2025	2026	2027	2028	2029
Room Tax	399,000	1,354,500	498,750	1,008,000	887,250	1,420,000
Total	\$ 399,000	\$ 1,354,500	\$ 498,750	\$ 1,008,000	\$ 887,250	\$ 1,420,000

MONONA TERRACE CAPITAL FINANCING

Debt Service Stabilizes at \$1m / year
59% GO / 41% Cash



MONONA TERRACE RESERVES: WELL BELOW TARGET OF 20% OF BUDGETED EXPENSES



CITY TOURISM

	<u>2019</u> <u>ACTUAL</u>	<u>2020</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>	<u>2023</u> <u>BUDGET</u>	<u>2022</u> <u>Actual</u>	<u>2023</u> <u>Post-Budget Projected</u>	<u>2024</u> <u>Preliminary</u>
<u>City Tourism Marketing Activities</u>							
Sister Cities Program	27,000 \$	15,000 \$	16,200 \$	30,000	19,977 \$	30,000	30,900
Civic Conferences / Fairs / Festivals / Summer Concerts	132,895	65,250	97,340	177,500	73,152 ▲	202,500	177,500
Civic Conferences (e)	4,663 \$	1,500		35,000	4,500 \$	35,000	35,000
Civic Promotion (e)	11,732 \$	- \$	3,490	15,000	7,227 \$	15,000	15,000
Madison Music City (g)		-					
Dane Dances (g)	25,000 \$	10,000 \$	15,000	25,000	15,000 \$	25,000	25,000
Make Music Madison (g)	30,000 \$	10,000 \$	10,000	30,000	15,000 \$	30,000	30,000
Songwriting Conference (g)	25,000 \$	10,000 \$	-	-	- \$	-	-
Music Tourism Study / Implementation		-	45,000	25,000	1,000 ▲	50,000 ▼	25,000
Fairs / Festivals / Summer Concerts (f)	16,500 ▲	12,500 \$	13,800	17,500 \$	15,000 \$	17,500	17,500
Downtown Temporary Art Installations	20,000 \$	21,250 \$	10,050	30,000	15,425 \$	30,000	30,000
WIAA Basketball Tournament (h)	-	\$	-	15,000	15,000	15,000	15,000
Subtotal City Tourism Marketing	\$ 174,895	\$ 80,250	\$ 113,540	\$ 222,500	\$ 108,129	\$ 247,500	\$ 223,400
Subtotal Tourism Marketing	\$ 5,304,857	\$ 2,781,452	\$ 3,950,099	\$ 5,761,537	\$ 4,205,209	\$ 5,786,537	\$ 6,089,295
Room Tax Commission Administration	18,800	- \$	-	20,000 \$	2,165 \$	32,835 ▼	20,000

2024 ROOM TAX COMMISSION BUDGET 2019 TO 2024 ALLOCATIONS

	2019	2020 Actual	2021 Actual	2022 Actual	2023 Adopted	2023 Projected (June 2023)	2024 Motion	Chg from 2023 Adopted
Revenues	18,929,841	5,862,255	12,088,276	18,488,410	19,000,000	19,967,000	21,165,000	11%
Tangible Municipal Development (s. 66.0615 (1) (fm) 3., Wis. Stats.)								
Monona Terrace	5,184,540	5,045,935	3,839,685	4,150,574	6,688,446	6,688,446	6,207,700	-7%
Debt Service	800,025	272,275	112,883	115,479	207,721	207,721	416,700	
Operating	3,795,928	4,295,016	3,559,302	3,962,100	4,825,725	4,825,725	5,392,000	
Capital	588,587	478,644	8,793	72,995	1,655,000	1,655,000	399,000	
Alliant Center, Olbrich and Zoo	642,352	-			738,152	738,152	1,386,000	88%
Overture	2,000,000	1,200,000	1,500,000	1,600,000	2,095,000	2,095,000	2,180,000	4%
Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)								
Destination Madison	4,989,009	2,655,643	3,750,000	3,900,000	5,264,037	5,264,037	5,591,000	6%
Event Booking Assistance	140,953	45,559	150,000	197,080	275,000	275,000	275,000	0%
City Tourism	174,895	80,250	113,540	108,129	222,500	247,500	297,500	34%
Other	33,800	-	21,096	16,229	35,000	47,835	35,000	0%
Room Tax Retained for General Purposes								
General Fund Share	5,671,290	1,758,677	3,626,483	5,667,799	5,700,000	5,546,523	6,350,000	11%
Total Expenditures	18,836,839	10,786,064	13,000,804	15,639,811	21,018,135	20,902,493	22,322,200	6%
Ending Balance	382,596	(1,770,427)	(2,642,355)	3,988,270	950,352	3,104,802	1,989,531	
Transfer from TID 25 Surplus			-					
No Transfer to General Fund		1,758,677	3,626,483					
Revised Ending Balance		4,912,058	1,896,656					
Structural Balance (rev v exp)	93,002	(4,923,809)	(912,528)	2,848,599	(2,018,135)	(935,493)	(1,157,200)	

2024 Room Tax Fund Condition

ROOM TAX FUND RESERVE FUND POLICY

2023 fund balance share of RTC appropriations = 14%

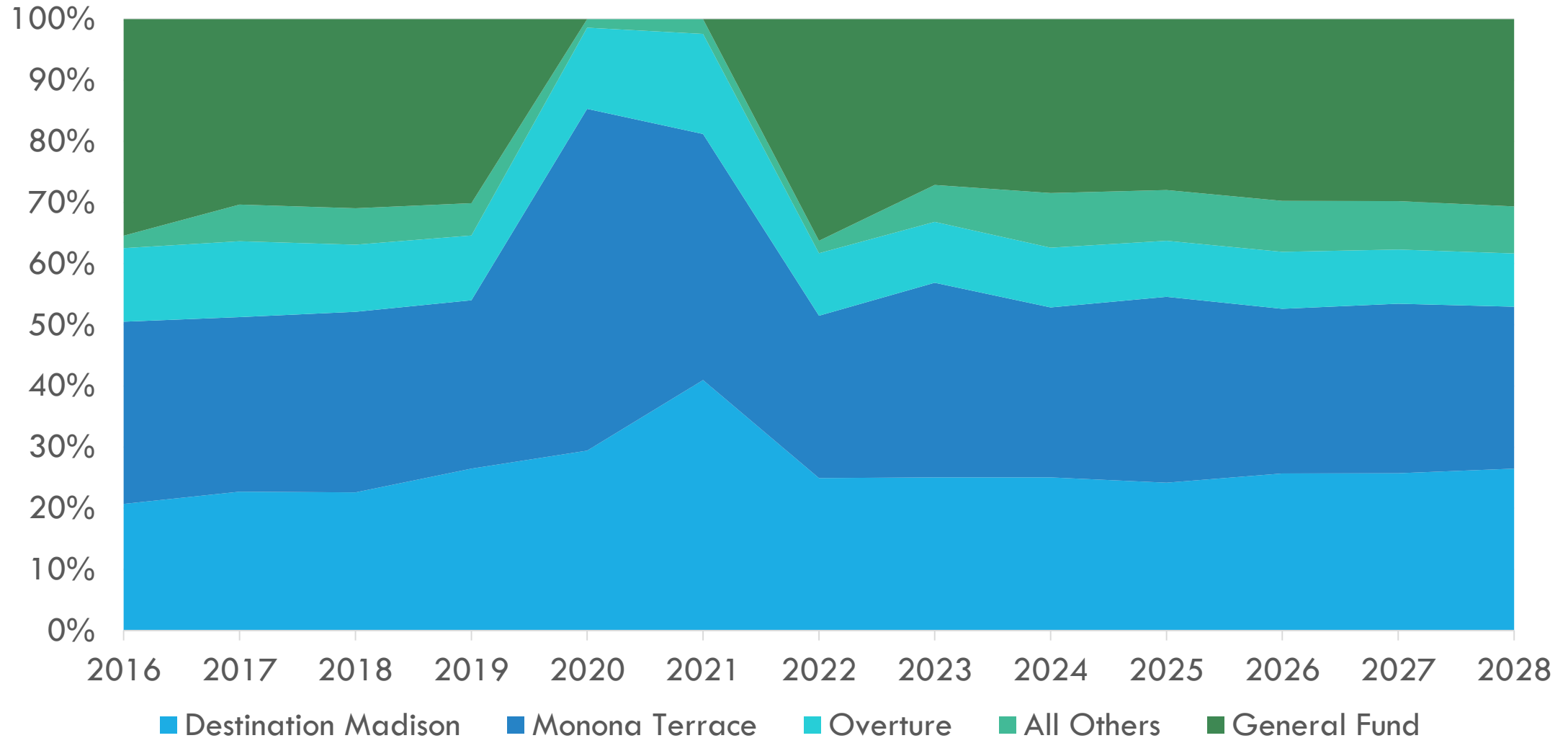
2024 projected fund balance share = 9%

Each 1% of appropriations = \$153,000; each 1% of revenues = \$190,000.

“The Room Tax Commission shall by its 2029 budget establish a reserve at least equal to 10% of budgeted appropriations for Room Tax Commission programs. The reserve amount for the 2024 budget will be at least 5% of budgeted appropriations for Room Tax Commission programs.”

“Reserves will only be used to respond to declining revenue of more than 10% compared to the prior year. Use of reserve levels requires an affirmative vote of at least two-thirds of commission members (4 of 6). Reserve levels will be replenished to policy target within 5 years of event.”

SHARE OF ROOM TAXES — 2016 TO 2028 (PROJECTED)



PROJECTED FUND BALANCE

Fund Balance Share of Room Tax Commission Appropriations

