

ROOM TAX FUND

	<u>2021 Actual</u>	<u>2022 Budget</u>	<u>2022 Projected</u>	<u>2023 Executive</u>
Fund Balance, January 1	(1,417,686)	556,811	1,520,479	3,464,569
Restricted for Bond Requirements	-	-	-	-
Reserved for Monona Terrace Capital Projects	-	(100,000)	(165,490)	(165,490)
Committed for Event Booking Assistance	(379,905)	(379,905)	(398,025)	(398,025)
Balance of Unassigned Funds, January 1	<u>\$ (1,797,591)</u>	<u>\$ 76,906</u>	<u>\$ 956,964</u>	<u>\$ 2,901,054</u>

SOURCES

Estimated Total Room Tax Receipts	12,088,276	14,250,000	17,000,000	19,000,000
Interest Revenue	2,062	2,850	17,663	40,247
TOTAL SOURCES	<u>\$ 12,090,338</u>	<u>\$ 14,252,850</u>	<u>\$ 17,017,663</u>	<u>\$ 19,040,247</u>

USES

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

Monona Terrace:

Debt Service Payment-Revenue Bond Issue (a)	-	-	-	-
Debt Service Payment-Gen'l Obligation Bond Issue (a)	112,883	137,900	136,472	207,721
Capital Purchases	8,793	-	-	1,655,000
Operating Subsidy	3,559,302	3,962,100	3,962,100	4,825,725
Reserves (b)	-	-	-	-
Net Operating Subsidy	<u>3,559,302</u>	<u>3,962,100</u>	<u>3,962,100</u>	<u>4,825,725</u>
Subtotal Monona Terrace	<u>\$ 3,680,978</u>	<u>\$ 4,100,000</u>	<u>\$ 4,098,572</u>	<u>\$ 6,688,446</u>
Monona Terrace Share of Room Tax Revenues	30%	29%	24%	35%

<u>Alliant Energy Center, Henry Vilas Zoo and Olbrich Gardens (j)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 738,152</u>
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<u>Overture Center Subsidy from Room Tax (j)</u>	<u>\$ 1,500,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>	<u>\$ 2,095,000</u>
Subtotal Tangible Municipal Development	<u>\$ 5,180,978</u>	<u>\$ 5,700,000</u>	<u>\$ 5,698,572</u>	<u>\$ 9,521,598</u>
Tangible Municipal Development Share of Room Tax Revenues	43%	40%	34%	50%

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	<u>2021 Actual</u>	<u>2022 Budget</u>	<u>2022 Projected</u>	<u>2023 Executive</u>
Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)				
<u>Greater Madison Convention and Visitors Bureau:</u>				
Destination Marketing (c)	3,750,000	3,900,000	3,900,000	5,264,037
Estimated Event Booking Assistance Subsidy	86,559	200,000	200,000	275,000
Subtotal GMCVB	<u>\$ 3,836,559</u>	<u>\$ 4,100,000</u>	<u>\$ 4,100,000</u>	<u>\$ 5,539,037</u>
<u>City Tourism Marketing Activities</u>				
Support for Fireworks Events (d)	-	-		
Sister Cities Program	16,200	20,000	20,000	30,000
Civic Conferences / Fairs / Festivals / Summer Concerts	97,340	110,000	110,000	177,500
Civic Conferences (e)	-	5,000	5,000	35,000
Civic Promotion (e)	3,490	15,000	15,000	15,000
Dane Dances (g)	15,000	15,000	15,000	25,000
Make Music Madison (g)	10,000	15,000	15,000	30,000
Songwriting Conference (g)	-	-	-	-
Music Tourism Study	45,000	25,000	25,000	25,000
Fairs / Festivals / Summer Concerts (f)	13,800	15,000	15,000	17,500
Downtown Temporary Art Installations (g)	10,050	20,000	20,000	30,000
WIAA Basketball Tournament (h)	-	15,000	15,000	15,000
Subtotal City Tourism Marketing	<u>\$ 113,540</u>	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 222,500</u>
Subtotal Tourism Marketing	<u>\$ 3,950,099</u>	<u>\$ 4,245,000</u>	<u>\$ 4,245,000</u>	<u>\$ 5,761,537</u>
Share of Room Tax Revenues	33%	30%	25%	30%
Room Tax Commission Administration	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 20,000</u>
Room Tax Commission Enforcement of Transient Tourist Rooming Hou	<u>\$ 21,096</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>
Share of Room Tax Revenues	0.2%	0.2%	0.2%	0.2%
Reserves				
Share of Room Tax Revenues				
Room Tax Commission	<u>\$ 9,152,173</u>	<u>\$ 9,975,000</u>	<u>\$ 9,973,572</u>	<u>\$ 15,318,135</u>
Tourism-Related Share of Room Tax	76%	70%	58%	80%
Room Tax Retained for General Purposes				
General Purposes (b)	-	4,196,000	5,021,000	5,621,000
Arts Grants	-	79,000	79,000	79,000
Subtotal Retained for Other Purposes	<u>\$ -</u>	<u>\$ 4,275,000</u>	<u>\$ 5,100,000</u>	<u>\$ 5,700,000</u>
Share of Room Tax Revenues	0%	30%	30%	30%
TOTAL USES	<u>\$ 9,152,173</u>	<u>\$ 14,250,000</u>	<u>\$ 15,073,572</u>	<u>\$ 21,018,135</u>
Fund Balance, December 31	<u>\$ 1,520,479</u>	<u>\$ 559,661</u>	<u>\$ 3,464,569</u>	<u>\$ 1,486,682</u>
Transfer to Monona Terrace Operations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Committed for Monona Terrace Capital Projects	(165,490)	(100,000)	(165,490)	(165,490)
Committed for Event Booking Assistance	(398,025)	(400,000)	(398,025)	(398,025)
Balance of Unassigned Funds, December 31 (b)	<u>\$ 956,964</u>	<u>\$ 59,661</u>	<u>\$ 2,901,054</u>	<u>\$ 923,167</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 issued to finance the construction of Monona Terrace were retired in 2020. The General Obligation bonds initially issued as part of the original Monona Terrace financing were retired in 2014. New GO bonds have been issued for renovation projects at Monona Terrace.

(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 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. Due to economic impacts brought on by the global pandemic, Monona Terrace reserves were exhausted by the end of 2020. In July 2020, the Room Tax Commission amended its 2020 adopted budget to reduce allocations by 50% in response to the impact of the global pandemic on City room tax collections. The Room Tax Fund has retained 100% of room tax revenues that were budgeted for general purposes in 2020 and 2021, resulting in \$0 transferred to the City's General Fund for 2020 and 2021. The "Balance of Unassigned Funds" represent the unspent portion of the 70% of room taxes allocated to the Room Tax Commission. As room tax revenues recover from the impacts of the global pandemic, the Room Tax Commission will continue to review and seek to set-aside reserves.

(c) In 2020, the contract with Destination Madison, Inc., was amended to provide a fixed amount of funding based on much lower room tax revenues brought on by the impacts of the global pandemic.

(d) In 2023, no funding is provided to help support fireworks events.

(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. In 2023, \$25,000 is allocated for implementing recommendations from a study to support and expand the diversity of music tourism in Madison.

(g) This includes funding for Dane Dances (\$25,000); Make Music Madison, a summer solstice festival (\$30,000); and Downtown Temporary Art Installations (\$30,000).

(h) In 2023, \$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 an operating subsidy to the Overture Center (\$2,095,000) is authorized by the Room Tax Commission, consistent with state law. In 2023, funding of \$642,352, was provided for city costs related to the Henry Vilas Zoo and Olbrich Gardens. In 2023, \$95,800 is provided to the Alliant Energy Center (AEC) to reflect an agreement between AEC and the Town of Madison regarding sharing of room taxes; the AEC will be attached to the City of Madison on October 31, 2022, pursuant to the final attachment agreement dissolving the Town of Madison.

By the adoption of this budget, the City Council hereby incorporates the decisions of the Room Tax Commission into the 2023 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.