

ROOM TAX FUND

	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2019 Projected</u>	<u>2020 Executive</u>	<u>2020 Adopted</u>
Fund Balance, January 1	1,093,102	1,361,321	1,644,061	1,449,245	-
Restricted for Bond Requirements	-	-	-	-	-
Reserved for Monona Terrace Capital Projects	(662,279)	(600,000)	(680,560)	(680,560)	-
Committed for Event Booking Assistance	(345,325)	(400,000)	(369,765)	(369,765)	-
Balance of Unassigned Funds, January 1	<u>\$ 85,498</u>	<u>\$ 361,321</u>	<u>\$ 593,736</u>	<u>\$ 398,920</u>	<u>\$ -</u>

SOURCES

Estimated Total Room Tax Receipts	17,898,932	18,800,133	18,800,133	19,552,138	-
Interest Revenue	10,546	12,186	10,489	12,674	-
TOTAL SOURCES	<u>\$ 17,909,478</u>	<u>\$ 18,812,319</u>	<u>\$ 18,810,622</u>	<u>\$ 19,564,812</u>	<u>\$ -</u>

USES

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

Monona Terrace:

Debt Service Payment-Revenue Bond Issue (a)	797,600	800,025	800,025	272,275	-
Debt Service Payment-Gen'l Obligation Bond Issue (a)	25,824	24,598	24,598	23,998	-
Capital Purchases	539,718	890,000	890,000	870,000	-
Operating Subsidy	3,761,831	4,095,900	4,095,900	4,616,572	-
Reserves (b)	-	(200,000)	(200,000)	(321,556)	-
Net Operating Subsidy	<u>3,761,831</u>	<u>3,895,900</u>	<u>3,895,900</u>	<u>4,295,016</u>	<u>-</u>

Subtotal Monona Terrace	<u>\$ 5,124,973</u>	<u>\$ 5,610,523</u>	<u>\$ 5,610,523</u>	<u>\$ 5,461,289</u>	<u>\$ -</u>
Monona Terrace Share of Room Tax Revenues	29%	30%	30%	28%	

<u>Henry Vilas Zoo and Olbrich Gardens (j)</u>	<u>\$ 642,352</u>	<u>\$ 642,352</u>	<u>\$ 642,352</u>	<u>\$ 642,352</u>	<u>\$ -</u>
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<u>Overture Center Subsidy from Room Tax</u>	<u>\$ 1,900,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,095,000</u>	<u>\$ -</u>
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Subtotal Tangible Municipal Development	<u>\$ 7,667,325</u>	<u>\$ 8,252,875</u>	<u>\$ 8,252,875</u>	<u>\$ 8,198,641</u>	<u>\$ -</u>
Tangible Municipal Development Share of Room Tax Revenues	43%	44%	44%	42%	

ROOM TAX FUND

	<u>2018 Actual</u>	<u>2019 Budget</u>	<u>2019 Projected</u>	<u>2020 Executive</u>	<u>2020 Adopted</u>
Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)					
<u>Greater Madison Convention and Visitors Bureau:</u>					
Destination Marketing (c)	3,916,749	4,700,033	4,653,722	5,264,037	-
Estimated Event Booking Assistance Subsidy	177,686	200,000	200,000	200,000	-
Additional Funding (b)	-	-	-	-	-
Subtotal GMCVB	<u>\$ 4,094,435</u>	<u>\$ 4,900,033</u>	<u>\$ 4,853,722</u>	<u>\$ 5,464,037</u>	<u>\$ -</u>
<u>City Tourism Marketing Activities</u>					
Support for Fireworks Events (d)	15,000	15,000	15,000	15,000	-
Sister Cities Program	29,927	30,000	30,000	30,000	-
Civic Conferences / Fairs / Festivals / Summer Concerts	139,955	165,000	165,000	177,500	-
Civic Conferences (e)	35,000	35,000	35,000	35,000	-
Civic Promotion (e)	14,955	15,000	15,000	15,000	-
Dane Dances (g)	25,000	25,000	25,000	25,000	-
Make Music Madison (g)	25,000	30,000	30,000	30,000	-
Songwriting Conference (g)	25,000	25,000	25,000	25,000	-
Fairs / Festivals / Summer Concerts (f)	15,000	15,000	15,000	17,500	-
Downtown Temporary Art Installations (g)	-	20,000	20,000	30,000	-
WIAA Basketball Tournament (h)	30,000	15,000	15,000	15,000	-
Subtotal City Tourism Marketing	<u>\$ 214,882</u>	<u>\$ 225,000</u>	<u>\$ 225,000</u>	<u>\$ 237,500</u>	<u>\$ -</u>
Subtotal Tourism Marketing	<u>\$ 4,309,317</u>	<u>\$ 5,125,033</u>	<u>\$ 5,078,722</u>	<u>\$ 5,701,537</u>	<u>\$ -</u>
Share of Room Tax Revenues	24%	27%	27%	29%	
Room Tax Commission Administration	-	<u>\$ 18,800</u>	<u>\$ 18,800</u>	<u>\$ 19,552</u>	<u>\$ -</u>
Room Tax Commission Enforcement of Transient Tourist Room Tax	14,564	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
Share of Room Tax Revenues	0.1%	0.2%	0.2%	0.2%	
Reserves					
Share of Room Tax Revenues					
Room Tax Commission	<u>\$ 11,991,206</u>	<u>\$ 13,411,708</u>	<u>\$ 13,365,397</u>	<u>\$ 13,934,730</u>	<u>\$ -</u>
Tourism-Related Share of Room Tax	67%	71%	71%	71%	
Room Tax Retained for General Purposes					
General Purposes (b)	5,288,313	5,564,696	5,561,040	5,786,641	-
Arts Grants	79,000	79,000	79,000	79,000	-
Subtotal Retained for Other Purposes	<u>\$ 5,367,313</u>	<u>\$ 5,643,696</u>	<u>\$ 5,640,040</u>	<u>\$ 5,865,641</u>	<u>\$ -</u>
Share of Room Tax Revenues	30%	30%	30%	30%	
TOTAL USES	<u>\$ 17,358,519</u>	<u>\$ 19,055,404</u>	<u>\$ 19,005,437</u>	<u>\$ 19,800,372</u>	<u>\$ -</u>
Fund Balance, December 31	<u>\$ 1,644,061</u>	<u>\$ 1,118,236</u>	<u>\$ 1,449,245</u>	<u>\$ 1,213,686</u>	<u>\$ -</u>
Committed for Monona Terrace Capital Projects	(680,560)	(600,000)	(680,560)	(680,560)	-
Committed for Event Booking Assistance	(369,765)	(400,000)	(369,765)	(369,765)	-
Balance of Unassigned Funds, December 31 (b)	<u>\$ 593,736</u>	<u>\$ 118,236</u>	<u>\$ 398,920</u>	<u>\$ 163,361</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 issued to finance the construction of Monona Terrace will be retired in 2020; the amount shown above is net of applying the debt service reserve fund to pay a portion of the final year of debt service. 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. In 2020, use of reserves reflects Monona Terrace's proposed budget, with adjustments to reflect a decrease in assumed event revenue, an increase in hourly wages, and city-wide compensation changes. Monona Terrace reserves are estimated to be less than 10% of its operating budget by the end of 2020. The net operating subsidy to Monona Terrace from the room tax, after application of Monona Terrace reserves is \$4,295,016. 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 2020, the balance of unassigned revenues is 1.2% of 2020 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 2020 share of prior year revenues will increase to 28%, compared to 26% in 2019. 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 2020, \$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. In 2020, \$2,500 is added to help support a Wisconsin Room at Folk Alliance International.

(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). A new program for downtown temporary public art installations was created in 2019 and funded at \$20,000; funding was increased by \$10,000 in 2020 for the Blink+ program.

(h) In 2020, \$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 (\$317,352), the Olbrich Botanical Gardens (\$325,000), and the Overture Center (\$2,095,000) is authorized by the Room Tax Commission, consistent with state law. In 2020, the Overture Center subsidy is increased by \$95,000 (from \$2,000,000 to \$2,095,000).

By the adoption of this budget, the City Council hereby incorporates the decisions of the Room Tax Commission into the 2020 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.