

Agenda – Virtual meeting

*Equity Statement on all BCC agendas –
“Consider: Who benefits? Who is burdened?
Who does not have a voice at the table? How
can policymakers mitigate unintended
consequences?”*

This meeting is being recorded

- 1.Call to order/Virtual meeting
introduction/roll call
- 2.Approval of minutes from February 23, 2026
meeting
- 3.Public Comment
- 4.Disclosures and recusals
- 5.Room Tax Fund – 2025 final revenues and
expenditures
- 6.Room Tax Fund – 2026 first quarter
collections and long-range forecast
- 7.Discussion of Long-Range Financial
Forecast and Strategies to Achieve Program
Goals
- 8.Annual discussion of the elected and
appointed official ethical code of conduct
- 9.Election of chair, vice-chair and
secretary
- 10.Adjourn

2025 and 2026 Room Tax Fund Condition

Room Tax Commission

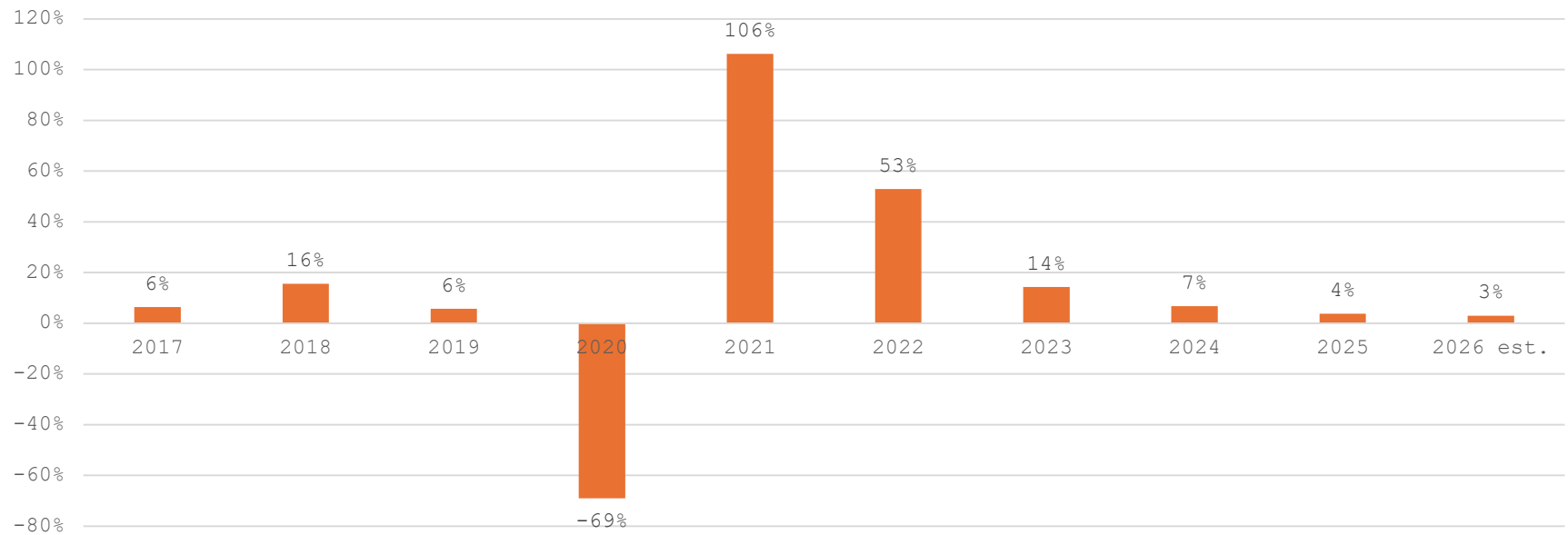
Room Tax Revenue Update

- Final 2025 -- \$23.5 million (up 3.8% from 2024).
- 2026 Q1 -- \$3.7 million (up 2.4% from 2025 Q1).
- 2026 forecast -- \$24.2 million - up 3% from 2025 actual and \$1.0 million higher than 2026 budget of \$23.2 million (unchanged from February 2026 forecast). Current model maximum estimate is \$25.3 million
- 2027 forecast -- \$25.2 million - up 4% from 2026
- Long-range includes 4% annual growth rate; current forecast for tourism sector is return to growth after sluggish 2025, but near-term forecast is clouded by economic effects of current geopolitical events.

Fund Condition Summary -2024 to 2026

	2024 Actual	2025 Budget	2025 Actual	2026 Adopted	2026 Projected
Revenues	22,660,756	21,800,000	23,492,454	23,226,500	24,184,400
Tangible Municipal Development (s. 66.0615 (1) (fm) 3., Wis. Stats.)					
Monona Terrace	6,931,782	7,605,133	6,783,127	6,706,780	6,706,780
Debt Service	717,927	764,133	764,133	816,030	816,030
Operating	5,392,000	5,392,000	5,392,000	5,392,000	5,392,000
Capital	821,855	1,449,000	626,994	498,750	498,750
Olbrich	796,000	843,800	795,863	1,030,473	1,030,473
Zoo	491,000	526,900	574,837	636,227	636,227
Alliant Center	99,000	99,000	99,000	102,000	102,000
Overture	2,180,000	2,200,000	2,200,000	2,286,600	2,286,600
Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)					
Destination Madison	5,824,469	5,926,200	6,343,635	6,314,000	6,574,400
Event Booking Assistance	220,322	275,000	117,345	275,000	275,000
City Tourism	233,268	307,500	266,198	308,700	308,700
Other	35,507	35,000	37,056	35,000	35,000
Room Tax Commission	16,913,132	17,818,533	17,217,061	17,694,780	17,955,687
Room Tax Retained for General Purposes					
General Fund Share	6,893,025	6,540,000	7,047,736	6,217,950	6,505,320
Total Expenditures	23,806,157	24,358,533	24,264,797	23,912,730	24,464,494
RTC Reserve				500,000	500,000
Ending Balance	3,478,405	325,634	2,089,602	12,413	1,909,508
Structural Balance (rev v exp)	(1,145,401)	(2,558,533)	(772,343)	(1,186,230)	(776,607)

Percent Change in Room Taxes
2017 to 2026



Year over
year
change in
room taxes

Average change 1993 to 2016:

- 1993 to 2006 - 5%
- 2007 to 2016 - 7%

Discussion

*Long-range financial
forecast and strategies
to achieve financial and
program goals*

ROOM TAX COMMISSION

State law on room taxes

- 8% maximum room tax unless have outstanding debt to construct or renovate a convention center (Madison at 10%)
- Tourism promotion and development
 - Significantly used by transient tourists
 - Reasonably likely to generate paid overnight stays at more than one establishment
 - Marketing, ad buys, tourist materials, convention recruitment
 - Transient tourist informational services
 - Tangible municipal development, including a convention center
- At least 70% of room taxes to tourism promotion and development; remainder transferred to City general fund.
- The room taxes for tourism promotion and development must be allocated by a Room Tax Commission.

Forecast assumptions and outlook

- 4% annual growth in room tax revenues
 - Commission policy of 10% reserve by 2029
 - 28% of room tax to Destination Madison
 - 1% growth in MT Subsidy
 - 50% support for Zoo and Olbrich
 - Overture and Alliant grow at 3% annually
 - Fund MT operating deficit
 - Fund MT capital -- equipment and machinery with RT cash; building improvements with RT-supported GO borrowing
 - No growth in City Tourism funding
- ***\$2.4 million deficit in 2029 with 10% reserve***

Room Tax Fund

2026 to 2034

	2026 Projected	2027 Projected	2028 Projected	2029 Projected	2030 Projected	2031 Projected	2032 Projected	2033 Projected	2034 Projected
Revenues	24,184,400	25,151,776	26,157,847	27,204,161	28,292,327	29,424,020	30,600,981	31,825,021	33,098,021
Tangible Municipal Development (s. 66.0615 (1) (fm) 3., Wis. Stats.)									
Monona Terrace	6,706,780	7,479,879	7,526,270	8,163,199	7,974,340	8,129,846	8,297,741	9,328,329	8,470,937
Debt Service	816,030	1,025,959	1,101,891	1,137,816	1,153,403	1,377,800	1,489,024	1,547,375	1,547,174
Operating	5,392,000	5,445,920	5,500,379	5,555,383	5,610,937	5,667,046	5,723,717	5,780,954	5,838,763
Capital	498,750	1,008,000	924,000	1,470,000	1,210,000	1,085,000	1,085,000	2,000,000	1,085,000
Olbrich	1,030,473	902,177	929,242	957,120	985,833	1,015,408	1,045,870	1,077,247	1,109,564
Zoo	636,227	557,024	573,735	590,947	608,675	626,935	645,743	665,116	685,069
Alliant Center	102,000	105,060	108,212	111,458	114,802	118,246	121,793	125,447	129,211
Overture	2,286,600	2,355,198	2,425,854	2,498,630	2,573,588	2,650,796	2,730,320	2,812,230	2,896,596
Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)									
Destination Madison	6,574,400	6,771,632	7,042,497	7,324,197	7,617,165	7,921,852	8,238,726	8,568,275	8,911,006
Event Booking Assistance	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000
City Tourism	308,700	308,700	308,700	308,700	308,700	308,700	308,700	308,700	308,700
Other	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Room Tax Commission	17,955,687	18,789,670	19,224,510	20,264,250	20,493,104	21,081,784	21,698,894	23,195,342	22,821,083
Room Tax Retained for General Purposes									
General Fund Share	6,505,320	7,545,533	7,847,354	8,161,248	8,487,698	8,827,206	9,180,294	9,547,506	9,929,406
Total Expenditures	24,464,494	26,335,203	27,071,864	28,425,499	28,980,802	29,908,990	30,879,188	32,742,848	32,750,489
RTC Reserve	500,000	500,000	500,000	2,026,425	2,049,310	2,108,178	2,169,889	2,319,534	2,282,108
Ending Balance	1,909,508	1,048,955	219,597	(2,443,506)	(3,070,207)	(3,529,385)	(3,784,643)	(4,767,457)	(4,297,839)
Structural Balance (rev v exp)	(776,607)	(1,183,427)	(914,017)	(1,221,338)	(688,475)	(484,969)	(278,207)	(917,828)	347,532

Monona Terrace Capital Costs

- Equipment funded with annual outlays
- Renovations/facility improvements funded with debt
- Annual outlay in 2026 CIP
 - Low -- \$500,000 (2026)
 - High -- \$1.5 million (2029)
 - Average -- \$1 million
- Debt service -6.8% of RTC allocations by 2034 (\$1.5 million)
- Major renovations occur every 10 years (next budget impact - 2033 / 2034)
- **Option -- All Capital Funded with Debt:**
 - Debt Service - 11.4% of RTC allocations by 2034 (\$2.6 million)
 - \$5.9 million net reduction in cash outlays through 2034.
 - Debt service stabilizes at 11% of RTC allocations by 2037 (10 year prom notes)

Monona Terrace 2027 Capital Request

- Energy efficiency upgrades to aging HVAC system.

\$814,000 in 2027

\$5.6 million in 2028

- Geothermal system to replace steam from State of Wisconsin heating plant – estimated \$22 million in 2031 (cost reduced by 40% through federal IRA tax credits).
- Currently under review for Mayor's 2027 executive capital budget.

Room Tax Rate

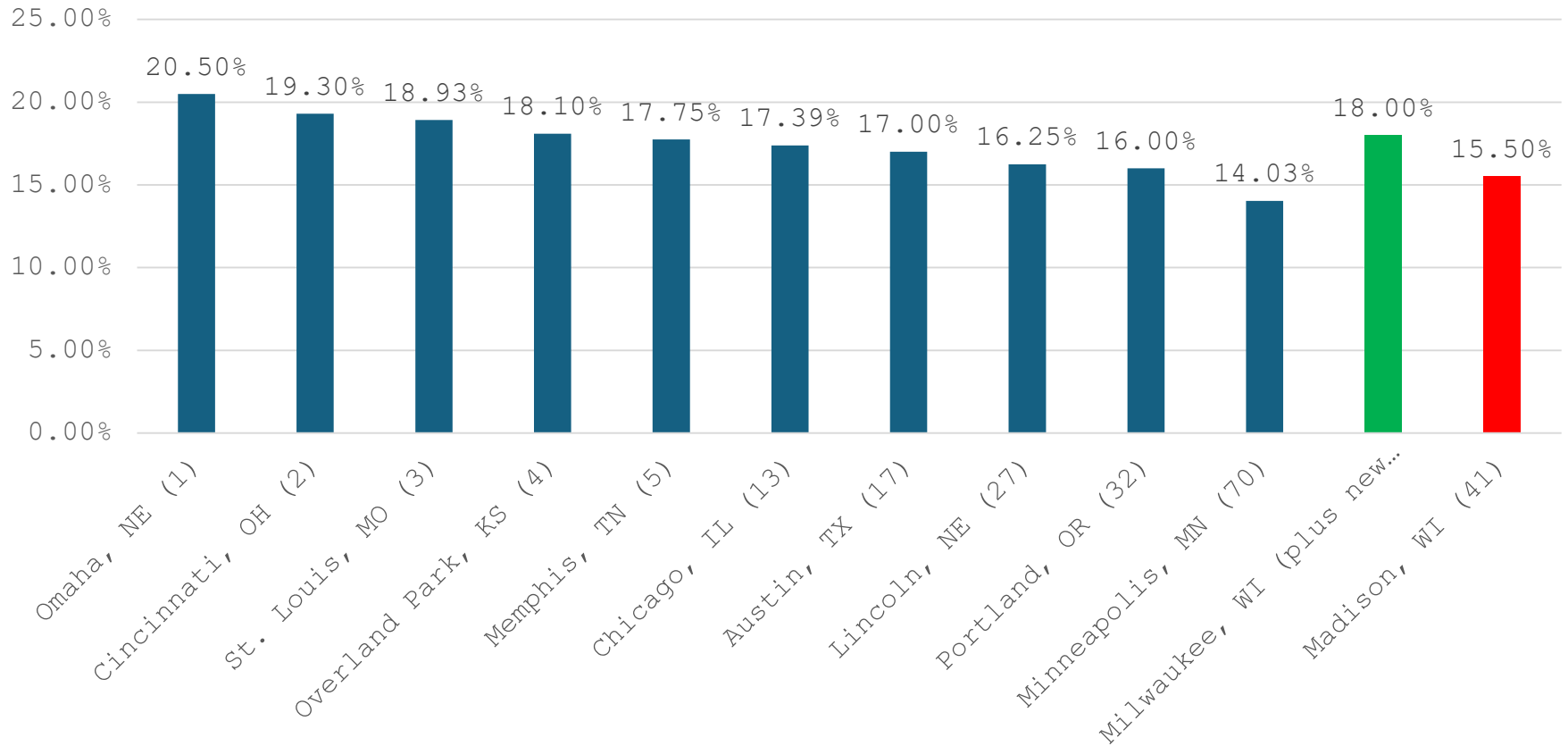
- Room tax rate
 - Currently 10%
 - Highest in state is 10.5% (Brookfield)
- 1% increase (to 11%) generates \$2.5 million
 - \$750,000 to General Fund
 - \$600,000 to Destination Madison
 - \$1.15 million available for other priorities

Comparative Lodging Tax Rates

(Sales and room taxes – state, county, city, other)

2024 HVS Lodging Tax Report; Milwaukee adjusted for January 1, 2024 sales tax changes.

Comparative Total Tax Rates on Lodging



Overview

Without structural changes in either expenditures or revenues, goal of 10% RTC budget in reserve will result in a \$2.4 million deficit for 2029 budget.



Options to address:

Shift all
Monona
Terrace
capital costs
to debt

Increase room
tax rate

Reduce
expenditures

Delay 10%
reserve goal

Points to Consider



Shift Monona Terrace capital costs to debt

Reduces cash outlay.
Adds interest cost.
Effectively "borrowing" to create reserves.
Requires Council approval.



Increase room tax rate

Increases funding to Destination Madison and City General Fund
Addresses large share of deficit
Already among highest tax rate in state; near lower end of comparable cities around country.
Requires Council approval.



Reduce expenditures

Impacts entities that rely on this funding source; places more pressure on City general fund supported services.



Delay reserve target year

Slower build-up of reserves based on annual surpluses.
Added risk from unforeseen events (e.g., pandemic; economic recession)

Elected and Appointed Official Code of Ethical Conduct

ROOM TAX COMMISSION

Review code of ethical conduct

- Link

Officer Elections
*Chair, vice chair,
secretary*

ROOM TAX COMMISSION

State law and city ordinance

- Section 66.0615 (1m) (c)4, Wisconsin Statutes:
 - “The commission shall meet regularly, and, from among its members, it shall elect a chairperson, vice chairperson and secretary.”
- Section 33.01 (7) (a), Madison General Ordinances:
 - “Elections for officers shall be conducted annually, no later than June 30th of each year.”

Upcoming meetings

ROOM TAX COMMISSION


2026 MEETING SCHEDULE



Aug. - Sep.

(in-person)

- **Meeting 1** - Presentations on 2027 allocations; Q2 actual collections;
- **Meeting 2** - Adopt 2027 allocations



(virtual)

- Review 2026 and 2027 forecasts
- Meeting schedule for 2027

December

Adjournment

June 2, 2026, Room Tax Commission
Meeting