

UPDATE ON 2020 ROOM TAX FUND CONDITION AND 2021 ROOM TAX COLLECTIONS FORECAST AND IMPLICATIONS

2020 WORSE THAN PREVIOUSLY FORECAST; SETS LOWER BASE FOR 2021

2020 and 2021 Forecasts



- ✗ 4th quarter collections down 78% from 2019; Y-over-Y down 68%.
- ✗ 2020 Actual -- \$6.0m vs. \$9.4m in June (used for 2020 reductions)
- ✗ 2021 forecast -- \$9.0m to \$10.0m vs. \$13.4m in August (used for 2021 allocations)

IMPLICATIONS FOR 2021

- ✘ Room tax collections could be 25% to 33% lower than amounts used to set allocations in 2021.
- ✘ Ending balance for 2020 may have a \$600,000 deficit; that reflects no transfer to the general fund (\$2.8m benefit to RTC programs)
- ✘ Monona Terrace will have deficit due to RTF deficit (*November estimates assumed MT deficit of \$800k would be addressed through state grant and RTF surplus*).
- ✘ Allocations may need to be reduced by 30% to 40% to balance the Room Tax Fund in 2021.
- ✘ Commission should make decisions by June; 2021 Q1 collections available in May.

2021 – 33% REDUCTION

- ✖ Monona Terrace -- \$1.2m
- ✖ Destination Madison -- \$1.3m
- ✖ Overture -- \$500k
- ✖ City Tourism -- \$50k
- ✖ General Fund -- \$1.3m

PAYMENT DATES

- ✖ Overture – quarterly (January, April, July, October)
- ✖ Destination Madison – monthly
- ✖ Monona Terrace – year-end
- ✖ Other programs – discretionary
- ✖ Administrative action – other programs may be disbursed in installments until RTC makes decisions on any budget adjustments.