

September 22, 2021 Meeting

ROOM TAX COMMISSION

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 Instructions/Roll Call
2. Approval of Minutes from August 27, 2021 meeting
3. Public Comment
4. Disclosures and Recusals
5. Discussion and Adoption of 2022 Room Tax Commission Budget
6. Adjournment

DISCUSSION AND ADOPTION OF 2022 ROOM TAX COMMISSION BUDGET

2021 ROOM TAX FUND PROJECTIONS

	Adopted Budget	Projection	Difference
Opening Balance	0.4	-1.8	-2.2
Revenues	13.4	9.0	-4.4
Expenditures	9.3	9.3	0.0
Transfer to General Fund	4.0	2.7	-1.3
	0.5	-4.8	-5.3
Reserved for Event Booking	-0.4	-0.4	0.0
	0.1	-5.2	-5.3

- ✗ \$3.7 million collected through Q2; \$9 million room tax collections forecast for 2021 based on national models.

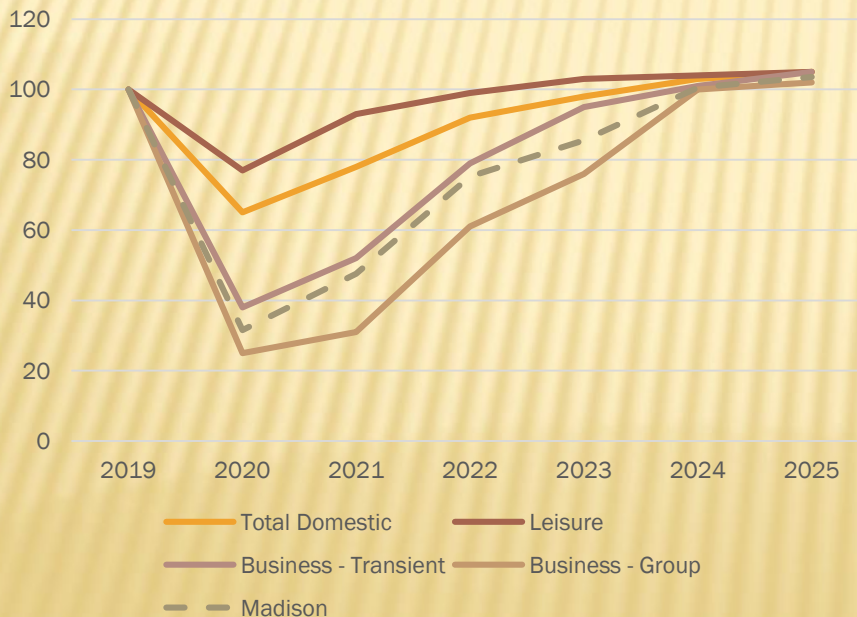
2022 FORECAST \$850,000 ABOVE 2021 BUDGET FORECAST

Revenues expected to recover significantly in 2022 to \$14.25 million; uncertainty with group travel a continuing drag on full recovery.

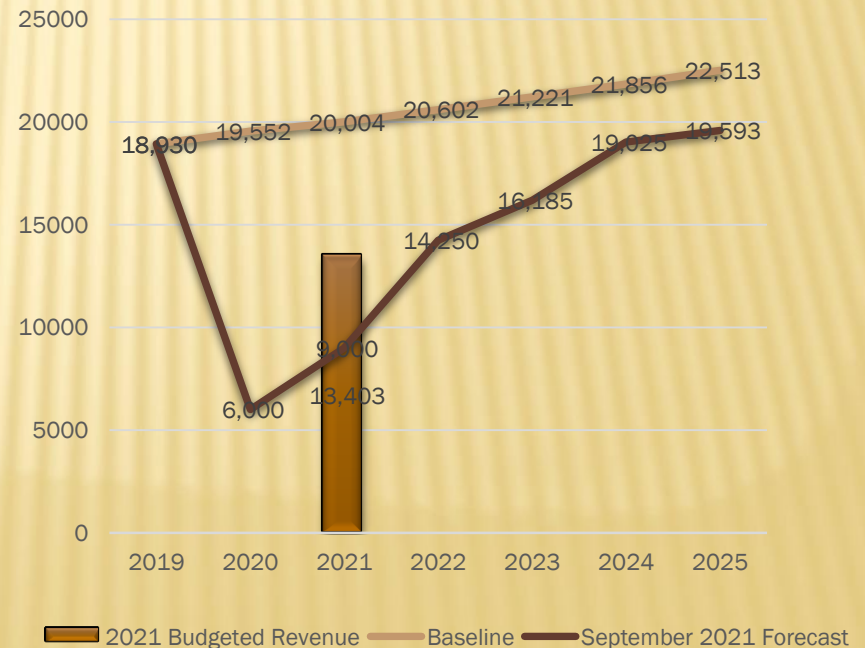
Projections could vary widely given continuing impact of COVID variants, slowed pace of vaccination rates and corresponding public health restrictions.

Current 2021 estimate is \$9 million; \$3.7 million collected through Q2; Q3 room tax collections will be available in early November.

Travel Forecast - Share of 2019
Tourism Economics – Spring/Summer 2021
Madison extrapolated



Room Tax Forecast – 2019 to 2025



COUNCIL RESOLUTION TO ADDRESS 2021 ROOM TAX SHORTFALL

AMERICAN RESCUE PLAN ACT (ARPA) GOVERNMENT SERVICES FUNDS AND TID 25 SURPLUS

Of the \$47.2 million ARPA State and Local Coronavirus Relief and Recovery Funds received by the city, \$24.4 million has been allocated for “revenue replacement/government services” in 2021 and 2022. The other \$22.8 has been allocated for community investments.

TID 25 has been dissolved (one additional year of increment for affordable housing will occur in 2022/2023); of anticipated \$30 million residual revenues; the city will receive approximately \$10 million. An early withdrawal of \$16 million will occur in 2021 in order to provide \$7.5 million to MMSD; city share is \$5.9 million

\$ in Millions

	2021	2022	Total
ARPA Government Services	6.9	17.5	24.4
TID 25	5.9	4.1	10.0
	12.8	21.6	34.4

MIDYEAR APPROPRIATION ADJUSTMENT RESOLUTION

Goals

- + Keep Room Tax Fund in balance to avoid cuts to support to Monona Terrace, Overture, Destination Madison and City Arts programs.
- + Begin to restore General Fund balance (\$8 million used in 2021 budget)

Projection

- + Room tax revenue will fall \$4.4 million (33%) short of budget estimates (\$9.0 million vs \$13.4 million)
- + General Fund share will fall by \$1.2 million;
- + Room Tax Fund finished 2020 with a \$1.8 million deficit
- + Total shortfall – \$5.1 million

Actions

- + Forego transfer of 30% of room tax revenues to the General Fund (same action was taken in 2020)
- + Replace General Fund room tax revenues with ARPA
- + Transfer 2021 TID 25 distribution to Room Tax Fund and Monona Terrace

2021 Budget

Mid-Year Appropriation

Room Tax Fund
 ARPA to General Fund from Grants Fund
 ARPA to MT from Grants Fund
 TID 25 to Room Tax Fund
 TID 25 to MT
 TID 25 to GF Balance

ARPA
 TID 25

Year-End Appropriation

ARPA to General Fund from Grants Fund

TOTAL FOR 2021

Allocated
 Remaining

\$ in Millions

General Fund	Room Tax Fund	Monona Terrace
-3.9	2.7	0.0
3.9		
		2.0
	2.4	
		1.5
2.0		
2.0	5.1	3.5
3.9	0.0	2.0
2.0	2.4	1.5
GF	RT	MT
1.0		
1.0		
ARPA	TID 25	
6.9	5.9	
17.5	4.1	8

ROOM TAX COMMISSION 2022 BUDGET MOTION

2019 TO 2022 ALLOCATIONS

	2019	2020 Adopted	2020 Amended	2020 Actual	2021 Projected	2022 Revenues and Base Allocations	2022 Budget Motion
Revenues	18,929,841	19,552,138	9,464,921	5,862,255	9,000,000	14,250,000	14,250,000
Monona Terrace	5,184,540	5,461,289	3,653,568	5,045,935	3,839,685	3,887,941	4,100,000
Olbrich and Zoo	642,352	642,352	-	-	-		
Overture	2,000,000	2,095,000	1,200,000	1,200,000	1,500,000	1,500,000	1,600,000
Destination Madison	4,989,009	5,264,037	2,950,000	2,655,643	3,750,000	3,750,000	3,900,000
Event Booking Assistance	140,953	200,000	50,000	45,559	150,000	150,000	200,000
City Tourism	174,895	237,500	102,500	80,250	158,000	113,000	145,000
Other	33,800	34,552	-	-	30,000	30,000	30,000
General Fund Share	5,671,290	5,865,642	2,839,476	-	2,700,000	4,275,000	4,275,000
Total Expenditures	18,836,839	19,800,372	10,795,544	9,027,387	12,127,685	13,705,941	14,250,000
Ending Balance	355,432	163,365	14,729	(1,797,591)	(5,023,094)	603,720	59,661
Transfer from TID 25 Surplus					2,400,000		
No Transfer to General Fund					2,700,000		
Revised Ending Balance					76,906		

August 27, 2021 Room Tax Commission Meeting

ADJOURNMENT
