



Legislation Text

File #: 49095, Version: 1

Fiscal Note

This resolution authorizes a five-year contract renewal with the Greater Madison Convention and Visitors Bureau (GMCVB) for destination marketing activities. The primary element of the renewal is a change in the rate of growth in the share of room taxes provided to the GMCVB. The change in the share of room taxes is shown below. The renewal would freeze the rate in 2019 at the 2018 rate and reach the original 34% share of room taxes goal one year later. Assuming an average growth rate in room taxes of 5% annually, between 2019 and 2023, the provisions in the renewal will reduce the amount of room taxes provided to GMCVB by an estimated \$1.6 million compared to the current contract. GMCVB will receive total estimated room taxes of \$30.2 million between 2019 and 2023 under the renewal.

	Current	Renewal
2017	24%	24%
2018	26%	26%
2019	28%	26%
2020	30%	28%
2021	32%	30%
2022	34%	32%
2023	34%	34%

Title

Authorizing a modification of the service contract for tourism marketing services, between the City and the Greater Madison Convention and Visitors Bureau.

Body

WHEREAS, the Greater Madison Convention and Visitors Bureau (the "Bureau") provides tourism marketing services and seeks to attract new destination businesses, visitors, conventions, events and trade shows to the greater Madison area; and

WHEREAS, the City has contracted for such services under contract with the Bureau which runs from January 1, 2015 through 2018, and which contains an option to renew for an additional 4-year term; and

WHEREAS, under the contract, the City's payment to the Bureau for destination marketing services regularly increases; and

WHEREAS in 2017 the payment equaled 24% of the actual room tax collections, and will be 26% of room tax collections in 2018; and under the renewal option the payment would increase by 2% each year until it reached 34% in 2022; and

WHEREAS, the revenue funding for the contract comes from the room tax on the furnishing of rooms or lodgings, and state law requires that 70% of such room tax revenues be spent by a room tax commission on tourism promotion and development; and

WHEREAS, the Room Tax Commission has looked at different projections of growth rates of the room tax, and found that the current 9% room tax rate will not provide enough funds to meet the current commitments, including providing additional marketing funding for tourism activities in the City; and

WHEREAS, hotel interests approached the city with a proposal to increase the room tax from the current 9% rate to 10%; and

WHEREAS, this increase would generate over \$1.8 million annually, with \$1.3 million allocated to help expand tourism marketing efforts, including over \$600,000 to continue room tax support to the tourism destinations of the Olbrich Gardens and Henry Vilas Zoo, and over \$500,000 for the City's General Fund; and

WHEREAS, in light of the proposed changes to the room tax rate, the City and the Bureau have negotiated modifications to the contract renewal which will slow the rate of payment increases and extend the period by one year; under this agreement payment will remain at 26% of the actual room tax collections 2018 and 2019, and in the subsequent four years the payment will increase by 2% per year to 34% of the actual room tax collections in 2023.

NOW THEREFORE BE IT RESOLVED, that the Common Council hereby authorizes the Mayor and Clerk to sign on behalf of the City of Madison, a five-year contract renewal with the Greater Madison Convention and Visitors Bureau for tourism marketing services, as described above.