

Breakout Panel Topic: Local Tax Funding Options

Supporting Panel Discussion Material

Alliant Energy Center Redevelopment Committee June 2019 Meeting

For Committee Discussion Purposes

TABLE OF CONTENTS

1. Breakout Panel Objectives & Discussion Questions

2. List of Potential Funding Sources

3. Local Exposition District Summary

4. Local Exposition District Public Purpose Requirements

5. Wisconsin Center 2019 Budget

6. Room Tax Presentation – prepared by Destination Madison

7. City of Madison Room Tax Commission Presentation

8. City of Madison Room Tax Budget Summary

9. City of Madison Room Tax 2019 Budget

10. County Sales & Use Tax FAQ

11. Dane County Sales Tax Report 2018

Data and information in this packet represents initial research and is not meant to be comprehensive or all inclusive. The purpose of the enclosed information is meant to provide Committee members background information relevant to the panel topic.

1. Breakout Panel Objectives & Discussion Questions

Breakout Panel Topic: **Local Tax Funding Options**

Objective: Determine feasibility and interest in pursuing a Local Exposition District or sharing of City of Madison room tax and/or County sales tax to fund Alliant Energy Center Phase 1.

Discussion Questions:

1. Is a Local Exposition District a feasible option to explore and what are primary hurdles?
2. Is there potential to share City room taxes to help fund the project and what might such an arrangement look like?
3. Is using a portion of the County sales tax a possibility?
4. What are strategies for pursuing an expo district?
5. What are strategies for pursuing local room tax and/or sales tax?
6. Is there other data or information needed or desired to guide decisions on strategies discussed?

2. List of Potential Funding Sources

Potential Funding Sources for Alliant Energy Center Campus Improvements

Draft for discussion purposes only.

Funding source analysis based on general eligibility requirements and past uses. Use of public funds will require approval by a governing body and may be subject to additional local polices.

Potential Funding Sources		Alliant Energy Center Venues ⁽¹⁾	Alliant Energy Center Infrastructure ⁽²⁾	Private Development Infrastructure ⁽³⁾
LOCAL	AEC Operating Revenues	●	●	
	AEC Property Sale/Lease	●	●	
	County Capital Budget and Levy	●	●	
	Hotel Room Tax	○	○	
	Tax Increment District			●
	Business Improvement District			●
	Special Assessment			●
STATE	Local Exposition District ⁽⁴⁾	○	○	
	State Grants/Appropriations	●	●	○
PRIVATE SECTOR	AEC Contractors/Partners	●	●	
	Major AEC Users	●	●	
	Venue Naming Rights	●	●	
	Corporate Sponsorships	●	●	
	Foundation Grants	●	●	
	Developers		●	●

- Most improvements would be eligible
- Some improvements may be eligible

Footnotes:

- (1) Venues include the Coliseum, Exhibition Hall, New Holland Pavilions, Arena, and Willow Island.
- (2) Alliant Energy Center Infrastructure includes improvements primarily supporting AEC Venues such as parking, ring road, stormwater management, grounds, etc.
- (3) Private Development Infrastructure includes improvements primarily supporting private development located on the Alliant Energy Center campus such as parking, roads, stormwater management, utilities, etc.
- (4) As authorized by Wis. Stat. § 229.40, such as the Wisconsin Center Tax District in Milwaukee.

May 14, 2019

3. Local Exposition District Summary

Local Exposition District Summary: Wis. Statute § 229.40

LAW OVERVIEW

Current law authorizes cities, villages, towns, and counties (“sponsoring municipality”) to create special local exposition districts (“districts”), with the power to do several things including building, maintaining, and operating exposition centers, and, under certain circumstances, imposing room taxes, food and beverage taxes, and car rental taxes. In order for a district to impose such taxes, the sponsoring municipality must adopt a resolution certifying that the exposition center serves a “statewide public purpose” by satisfying five statutorily prescribed conditions.

The Wisconsin Center District in Milwaukee is the only existing district in the state, and current law includes several provisions unique to it (such as having an NBA team). **As a result, any district outside of Milwaukee will require special legislation**, which may result in additional creation process requirements and/or restrictions on the powers of the district. For example, the City of Superior is currently seeking legislative authorization to create a district and the proposed bill requires them to obtain local approval of the district via a referendum (which they completed in 2016). The provisions summarized below are select portions of the statute that are not specific to Milwaukee and potentially would apply to any district.

LOCAL EXPOSITION DISTRICT

Jurisdiction

A district's jurisdiction includes the sponsoring municipality's entire geographical area. A “sponsoring municipality” can include any city, village, town or county, or some combination thereof. An exposition district is a unit of government that is separate and distinct from, and independent of, the state and the sponsoring municipality

Process

To create a district, the sponsoring municipality(s) must do all of the following:

- A. Adopt an enabling resolution that does all of the following:
 1. Declares the need for establishing the district.
 2. Contains findings of public purpose.
 3. Names the district.
 4. Contains a description of the exposition center to be developed, owned, leased or operated by the district.
- B. File copies of the enabling resolution with the secretary of administration and secretary of revenue and the county executive, if the sponsoring municipality is not a county.
- C. Adopt identical resolutions in each of the sponsoring municipalities if there are more than one.
- D. Establish a board of directors consisting of local and statewide representatives as prescribed by statute. The requirements for the composition of the board differ based on the type(s) of sponsoring municipality(s).

Criteria to Meet “Statewide Public Purpose” Conditions

The sponsoring municipality must certify that the exposition center to be governed and funded by the district meets all of the following conditions (see attached sheet of the Alliant Energy Center’s compliance with these criteria):

1. Includes or will include an exhibition hall of at least 100,000 square feet.
2. Supports at least 2,000 full-time equivalent jobs.

3. Attracts at least 50,000 out-of-state visitors annually.
4. Stimulates at least \$6,500,000,000 in total spending in the state over the 30-year period beginning on the date on which bonds are issued.
5. Generates at least \$150,000,000 of incremental state income, franchise and sales tax revenues over the 30-year period beginning on the date on which bonds are issued.

Powers of a District:

A district may do any of the following:

1. Impose the following taxes (the higher limits require district board approval):
 - Food and Beverage Tax of 0.25%-0.50%
 - Rental Car Tax of 3.0%-4.0%
 - Base Room Tax of 3% (in addition to existing local room tax)
 - \$2 surcharge on event tickets
2. Issue bonds and enter into agreements related to the issuance of bonds.
3. Maintain funds and invest the funds in any investment that the board considers appropriate.
4. Acquire, construct, equip, and manage the center. Acquire, lease, sell or transfer property. Improve, maintain, and repair real property. Enter into contracts.
5. Promote, advertise and publicize its exposition center, exposition center facilities and related activities.
6. Employ personnel and fix and regulate their compensation.
7. Purchase insurance, establish and administer a plan of self-insurance or participate in a governmental plan of insurance or self-insurance.
8. Mortgage, pledge or otherwise encumber the district's property or funds.
9. Direct its agents or employees, to enter upon real property within its jurisdiction to make surveys and examinations before locating or constructing an exposition center or exposition center facilities.
10. Set standards governing the use of, and the conduct within, its exposition center and exposition center facilities in order to promote public safety and convenience and to maintain order.
11. Establish rates or other charges for the use of its exposition center.
12. Enter into partnerships, joint ventures or other arrangements with other persons, including other exposition districts, to further the district's purposes.
13. Adopt and alter an official seal.
14. Sue and be sued in its own name, plead and be impleaded.
15. Maintain an office.

Powers Granted to Sponsoring Municipality

In addition to any powers that it may otherwise have, a sponsoring municipality may do any of the following:

1. Make grants or loans to a district.
2. Expend public funds to subsidize a district.
3. Borrow money under ss. 67.04 and 67.12 (12) for exposition center facilities or to fund grants, loans or subsidies to a district.

4. Local Exposition District Public Purpose Requirements

Local Exposition District Public Purpose Requirements Alliant Energy Center Phase 1 Expansion Comparative

	Minimum Exhibition Space (SF)	Annual Minimum Full-time Jobs	Annual Minimum Out-of-State Visitors ⁽⁴⁾	Minimum 30-year Visitor Spending ⁽⁵⁾	Minimum 30-year State Taxes ⁽⁶⁾
Required⁽¹⁾	100,000	2,000	50,000	\$ 6,500,000,000	\$ 150,000,000
Existing ⁽²⁾	100,000	2,575	140,290	\$ 3,615,732,000	\$ 164,000,000
Phase 1 ⁽³⁾	50,000	375	19,515	\$ 915,000,000	\$ 65,600,000
Total AEC	150,000	2,950	159,805	\$ 4,530,732,000	\$ 229,600,000
Qualifies	✓	✓	✓	X	✓

Footnotes:

- (1) Wis. Stat. §229.50
- (2) Does not include the New Holland Pavilions (290,000 SF).
- (3) Includes public portions of Phase 1 only.
- (4) Assumes existing out-of-state visitors equal 1/3 of existing non-county visitors calculated by Hunden.
- (5) Existing 30-year visitor spending based on \$76M in annual spending calculated by Hunden with 3% annual inflator.
- (6) Assumes Phase 1 taxes, as calculated by Hunden, equal 40% of existing taxes.

Source:

Hunden Strategic Partners and Vandewalle & Associates

5. Wisconsin Center 2019 Budget

Table of Contents

- I. **Budget Analysis**
- II. **Event Mix Summary By Year**
- III. **2019 Income Statement Budget**
- IV. **Operating Cash Flow Analysis**
- V. **2019 Capital Budget Items**

Budget Analysis

The 2019 Budget was built, for the most part, on a zero based approach and began with establishing the event mix across all three buildings. Based on the event mix we were then able to project direct operating revenues and expenses that are further described below.

The net result of this budget is an increase in net income over 2018 by approximately \$2.18 mil [before depreciation] and a net positive cash flow of \$443,000.

Operating Revenues:

1. Event room fees expected to increase relative to 2018 Forecast for the following reasons:
 - Increase in concert events
 - Execution of strategy to recover more rent from co-promotion agreements
 - Years prior to 2018 and 2018 budget included an allocation of rent to Video Production Revenue [line item 8]. Those revenues have been reclassified for 2018, and go-forward, back to the Event room fee line item.
2. Equipment and labor service revenue represent net revenues associated with the rental of equipment and recovery of costs for staffing. A slight uptick year over year is driven in part by the current event booking strategy of entering into more co-promotion agreements [and less shows bought outright by the WCD] that allow for increased opportunities to recover these expenses.
3. Food and beverage revenue is down slightly year over year due in part to conventions with high spend that will not return to the WCD in 2019. While we expect to earn more food and beverage revenues from our concert business due to increased event volume and operational maximization of revenue earning opportunities, the loss of one significant convention has the same net impact as 5 to 6 concerts.

Also important to note is the significant variance between 2018 Forecast and 2018 Budget. While overall business in 2018 was in fact better than budgeted, approximately \$975,000 in cash outflows that were previously netted against this category have been segregated out and reclassified as an event expense, as represented in the large variance in Total Event Expense [line item 18]. Some of these outflows include merchandise and food and beverage payments made to the team tenants as required by their lease.

4. Box office revenue, which is primarily made up of facility fee and Ticketmaster rebate revenue is up significantly from 2018 Forecast due to the increased number of concerts and other publically ticketed events budgeted for in the arena and theatre. In addition, WCD is taking a more aggressive approach to how royalty fees are set in order to maximize rebate opportunities along with ticket sales. Lastly, similar to the food and beverage category, expenses in prior years that were netted out against this category have been segregated into a separate account and roll up into Total Event Expense [line item 18].

5. Office rental revenue is down from 2018 Forecast assuming only a partial year lease from a tenant and no subsequent replacement. Additionally, 2018 business included some lease revenues from prior years that were previously not booked.
6. Telecomm Revenue is down slightly from 2018 Forecast as we anticipate fewer services requested by conventions going forward pertaining to telephone services, as well as only a partial year of phone expense recoveries from the expected loss of the office tenant. The bulk of the revenue in this account is generated from profits earned from the Distributed Antenna System ("DAS").
7. Datacomm revenue is principally driven by Wi-Fi related sales to convention center events. While overall convention center events are projected to be down slightly from 2018, a review of current events booked suggests a stronger year in this revenue category and more in line with revenues earned in 2016 and 2017.
8. Video production revenue is up from 2018 Forecast in part due to a recovery of services charged to the Admirals for each game. Of note is the difference in revenue from 2018 Forecast to 2018 Budget. Past practice had been to allocate a portion of the Event room fee revenue to this account. We've ended that practice going forward which will result in reclassifying about \$98,000 in revenues from this account back to Event room fees [line item 1].
9. Advertising revenue consists primarily of some minor sponsorship deals as well as an amount received from Levy each month based on a percentage of food and beverage gross revenues. This category is projected to be down slightly compared to 2018 Forecast in part because the allocation received from Levy in 2018 included a fund balance earned in prior years. The 2018 Forecast is down relative to 2018 Budget in large part due to a reallocation of building naming rights revenues back to the naming rights revenue account [line item 10].
10. Naming rights revenue is calculated pursuant to the agreements in place for the arena and theatre. The variance between the 2018 Forecast and 2018 Budget is due to a reclassification of revenues back to this revenue category from advertising revenue [line item 9].
11. Parking Revenue in 2019 assumes the WCD enters into an agreement with a 3rd party operator that has the net effect of increasing total net parking income year over year.
12. Other income is made up primarily of a portion of funds rebated back to the WCD related to the 2.55% admin fee retained by the State for the collection and distribution of tax revenues, following an annual true up. Also included in this category is net income earned from the annual wire show [a trade show], which is co-promoted by the WCD.

Operating Expenses:

13. Operating Wages projected increase over 2018 Forecast is primarily the result of implementing and operating new gate security protocols in time for the 2019/2020 team seasons. In addition,

a base 3% average wage increase is assumed, on top of a full year of market adjusted wages which went into effect as of July 1, 2018. Other year over year variances include an additional IT tech resource who will be an employee of WCD but will be shared 50% of the time with Visit Milwaukee [WCD will be reimbursed by Visit for such time incurred]. The overall operating model conservatively assumes a full staffing complement for most events.

14. Operating Payroll Fringe, made up of health and dental insurance benefits and FICA, assumes a 5% increase to the health plans, which the company is absorbing. While costs are increasing the expense is projected to be actually less than 2018 Forecast for this line item. This is the result of a more precise allocation of benefit costs between operating and non-operating expenses. To be clear, this is not a net reduction in expense but rather a reallocation between expense line items [see line item 31 for non-operating expense allocation].
15. Contract services for 2019 includes the following vendors, similar to 2018 Forecast:
 - o American Security
 - o Venue Coalition
 - o 3rd party providers of painting services
 - o 3rd party providers of electrical services
 - o Cleaning and Setup Services – Site Staffing, Local 770 & Mid-American
 - o Tactical response – supplement Guest Services department when short on staff
16. Utilities are projected to be up from 2018 Forecast by just over 9%. Unusual or extreme weather patterns could move this in either direction.
17. Ticket Expense is driven by Ticketmaster transaction costs resulting from team tenant activity. The 2018 Forecast and 2019 Budget represent projected incurred expenses. The 2018 Budget number was overstated.
18. Total Event Expense represents event related expenses for which the WCD is not reimbursed. In addition to the expenses that have historically been classified to this account [expenses for shows purchased by the WCD], in 2018 [and go-forward] an approximate \$975,000 has been reclassified from the Food and Beverage and Box Revenue accounts [line items 3 and 4 respectively]. These expenses include contractually obligated payments made to WCD's tenants including merchandise and food and beverage revenues, as well as profit share expenses incurred as the result of entering into co-promotion agreements.

The projected decrease in expense from 2018 Forecast to 2019 Budget is generally a result of the assumption that the WCD will be purchasing less shows [and thus less un-reimbursable expenses incurred] and booking more shows subject to a co-promotion agreement.
19. Telecomm Expense is primarily made up of expenses related to communication radio maintenance and monthly phone lines, both of which are rented to shows and events.
20. Datacomm Expense is primarily the cost to support internet lines.

21. Video Production Expense is expense related to engineering support for the production of team events, as well as expense for digital signage repair and maintenance.
22. Cleaning expense represents supplies purchased throughout the year, including paper products provided for public areas. The projected year over year increase in expense is driven by the increase in events in the arena and theatre.
23. Repairs & Maintenance encompasses most elements of facility maintenance and repair.
24. Miscellaneous Maintenance represents expenses related to security and parking. Budget is projected to be lower than Forecast as responsibility for maintenance expense on parking equipment is assumed to transfer to a 3rd party operator. The 2018 Budget number includes costs to repair security equipment which aren't projected to be spent in 2018. The 2019 capital budget includes funds to replace such equipment.

Non-Operating Revenues:

25. Tax Revenues
 - Assumes an approximate increase of 3.5%, consistent with the 2016 HVS Update of the Tax Projection Study.
 - Tax revenues are net of 2.55% admin fee administered by the State of Wisconsin DOR for collection and disbursement to WCD of such revenues.
 - Net Unrestricted Tax Revenues [7% Additional Hotel Room City Tax] are projected to be up about \$500k more YOY.
 - Net Restricted Tax Revenues are projected to be up about \$685k YOY.
 - The remaining 2018 Forecast is calculated based on projecting the final 4 months based on the performance of the first 8 months, driven by the historical 4 year rolling average.
26. Interest income includes both restricted and unrestricted earned revenues. The decrease from 2018 Forecast is a result of a draw down on the project funds used to finance the cost of construction for the Bucks arena, which means little to no principal in 2019 from which to earn interest.
27. Arena Appropriation Revenue is an annual payment made by the State of Wisconsin to fully fund the debt service on the 2016A Appropriation Revenue bonds.
28. Bucks Rent is due annually to the WCD pursuant to the Arena Lease, Management and Operations Agreement. The first payment received in 2018, a 50% installment for the 1st Operating Year [July 1 – June 30] was prorated for an 11-month year. Each Operating Year this payment will increase between 2-3%. These funds are unrestricted and used to finance costs related to the FiServ Forum including insurance, legal and consulting fees.

29. Bucks District Ticket Surcharge represents the \$1.50 / ticket fee collected by the WCD for publically ticketed events held at the FiServ Forum [note: gross amount collected by the WCD is \$2.00 / ticket, of which \$.50 is remitted to the State of Wisconsin]. The 2019 Budget number represents a full year of revenues collected whereas 2018 represents about 30% of a full year of event revenues. These funds are unrestricted.
30. Salaries is up from 2018 Forecast due to an average 3% increase to staff wages, two additional fulltime positions, senior staff incentive program and several salary adjustments.
31. Health & Dental Insurance assumes an individual plan increase of 5% which the WCD will absorb. Additional assumptions include the cost of full family health and dental insurance for two new fulltime positions. Also, a more precise allocation of benefit costs between operating and non-operating expenses has been used relative to prior years, which has resulted in more insurance costs allocated to non-operating than operating [line item 14]. To be clear, this is not a net reduction in expense but rather a reallocation between expense line items.
32. Life Insurance assumes no material change in plan or costs. The WCD provides a minimum coverage of \$50,000 for each full time employee @ \$7.40 / month. Employees can elect to purchase more insurance coverage at their own cost.
33. Pension expense represents WCD's contribution to the retirement plan and has historically fluctuated between \$350,000 and \$390,000 per year.
34. Advertising expense includes branding and marketing expenses focused primarily on non-event specific initiatives supported by a digital strategy. The budget includes additional incremental spend with Kane Communications to further develop a branding and communications strategy. Additionally, there is new spend related to outdoor advertising signage, promotion of the WCD through industry channels, and an allocation of funds for any potential expansion support initiatives.
35. Promotions expense includes initiatives in support of other organizations such as tables at charity dinners. The projected increase in expense from 2018 Forecast is an element of the event booking and branding strategy.
36. Visit Milwaukee Management Fee is pursuant to the terms of the agreement between Visit and the WCD. The projected increase in expense from 2018 Forecast is primarily a result of the projected increase in tax revenues.
37. Legal services projected year over year increase from 2018 Forecast assumes some incremental expense associated with a potential expansion project and also final closing of the FiServ Forum project [note: legal expenses incurred through 12/31/18 for the Fiserv Forum project have been considered a new arena project expense and thus paid for by project funds. Those funds will be exhausted by end of 2018, with any spend related to the new arena in 2019 covered by the WCD operating budget].

38. Professional Services includes fees paid to auditors, services pertaining to bond arbitrage calculations, studies, and consultants. The projected increase over 2018 Forecast is tied to PCSports wind down of the arena project [of which, through 12/31/18 had been covered from new arena project funds] and their annual audit of Deer District's compliance with the terms and conditions of the agreement. Other additional expenses include an estimated \$90,000 in consultant fees related to a potential expansion project.
39. Information Technology expenses is relatively stable year over year. In 2018, a significant investment has been made in a software system that will replace and enhance our current booking systems and processes.
40. Insurance premiums are projected to hold relatively steady in 2019. The projected increase in expense from 2018 Forecast is related to new incremental liability insurance premiums for the Fiserv Forum.
41. The projected increased expense in Travel from 2018 Forecast is part of a strategy to increase programming in the venues, in which the WCD's booking team travels to key industry conventions and conferences to network and build relationships with promoters, agents, and other talent. Also, department heads have been encouraged to attend industry trade shows in order to broaden their knowledge base.
42. Increased expenses in Business Meetings relative to 2018 Forecast is tied to the strategy to increase programming in the venues through face to face contact and networking with promoters in order to gain trust, strengthen relationships, and increase brand awareness of the WCD venues.
43. Interest expense pertains to interest paid on the capital leases of the WCD. All (4) leases will retire in 2019.
44. The Bond interest expense annual accrual has been reviewed and been determined that a change to the calculation method is required to more accurately reflect the bond structure as well as maintain consistency with the calculations made for similar bond issuances. This will result in the 2017 financial numbers being restated in the 2018 audited financials and reducing interest expense in 2017 by approximately \$944,000. Note, this does not affect the annual debt service payments [cash outflows].
45. Depreciation expense – Fiserv Forum. Assumes assets [value of WCD's contributions to the project] are depreciable effective August 1, 2018.

**Wisconsin Center District
Event Mix Summary By Year**

	Budget 2019	Fcst 2018	Actual 2017	Actual 2016	Actual 2015
Wisconsin Center					
Conference/Conventions	47	43	31	38	39
Trade Shows	5	4	3	4	5
Consumer Shows	4	1	5	4	6
Corporate Meetings	6	16	17	29	22
Banquets	21	21	22	23	16
Other (Asmb, Exams, Sprt Events, Dance, Fairs, Concerts)	26	33	24	18	18
Subtotal	109	118	102	116	106
Forecast Total	0	0	0	0	0
Total Wisconsin Center	109	118	102	116	106

UW-M Panther Arena

Wave Games	12	10	14	13	12
UWM Games	16	12	17	12	13
Brewcity Bruiser Bouts	6	6	6	6	6
Milwaukee Admirals	40	43	41	12	0
Concerts/ Comedy Shows	14	3	2	4	2
Family/Children Shows	3	1	1	2	2
Other (Asmb, Exams, Sports, Banq, Dance, Entn, Sem/Mtg)	14	19	27	39	21
Subtotal	105	94	108	88	56
Forecast Total	0	0	0	0	0
Total Arena	105	94	108	88	56

Miller High Life Theatre

Stage Show / WCD	0	2	0	5	0
Stage Show / Outside	4	5	4	7	2
Concerts/ Comedy Shows	34	22	18	11	9
Family/Children Shows	2	2	2	1	1
Corporate Events (Conv/Conf)	2	1	7	7	5
Other (Asmb, Exams, Sports, Banq, Dance, Sem/Mtg)	18	21	24	18	15
Subtotal	60	53	55	49	32
Forecast Total	0	0	0	0	0
Total Theatre	60	53	55	49	32

Subtotal All Buildings	274	265	265	253	194
Forecast Total All Buildings	0	0	0	0	0
Grand Total - All Buildings (Rounded)	274	265	265	253	194

**WISCONSIN CENTER DISTRICT
2019 Income Statement Budget**

	2019 Budget to 2018 Forecast		2018 Forecast to 2018 Budget	
	Budget	Forecast	Budget	Variance
Operating Income				
1 Event room fees	3,693,325	3,263,510	3,100,000	163,510
2 Equipment rentals	1,099,066	1,074,715	1,200,000	(125,285)
3 Labor service revenue	816,487	750,423	1,100,000	(349,577)
3 Food & Beverage and Merch revenue	3,450,296	3,692,671	2,130,000	1,562,671
4 Box Office revenue	1,751,311	941,989	950,000	(8,011)
5 Office space rentals	114,215	221,297	415,000	(193,704)
6 Telecomm revenue	120,525	133,653	120,000	13,653
7 Datacomm revenue	309,800	278,850	400,000	(121,150)
8 Video Prod revenue	102,860	97,520	275,000	(177,480)
9 Advertising revenue	171,707	236,902	400,000	(163,098)
10 Naming Rights revenue	731,667	721,671	511,000	210,671
11 Parking revenue	700,000	660,000	660,000	0
12 Other income	969,755	967,264	800,000	167,264
Total	14,031,014	13,040,463	12,061,000	979,463

	2019 Budget to 2018 Forecast		2018 Forecast to 2018 Budget	
	Budget	Forecast	Budget	Variance
Operating Expenses				
13 Operating Wages	3,966,293	3,276,756	3,444,000	167,244
14 Operating Payroll Fringe	833,408	846,498	856,800	10,302
15 Contract Services	929,121	886,425	839,000	(47,425)
16 Utilities	2,358,000	2,157,876	2,308,000	150,124
Uniforms	12,220	11,258	7,000	(4,258)
17 Ticket Expense	35,000	35,449	135,000	99,551
18 Total Event Expense	1,318,716	1,530,478	599,000	(931,478)
19 Telecomm Expense	43,100	46,005	50,000	3,995
20 Datacomm Expense	38,160	47,069	60,000	12,931
21 Video Prod Expense	119,000	112,340	140,000	27,660
22 Cleaning & Other Supplies	105,570	92,464	80,000	(12,464)
23 Repairs & Maintenance - Bldg Srv	1,312,500	1,246,000	1,268,000	22,000
24 Misc Maintenance	24,100	47,132	64,000	16,868
Total	11,095,188	10,335,750	9,850,800	(484,950)
Net Operating Income	2,935,826	2,704,713	2,210,200	494,513

WISCONSIN CENTER DISTRICT
2019 Income Statement Budget

	2019 Budget	2018 Forecast	2019 Budget to 2018 Forecast Variance	2018 Budget	2018 Forecast to 2018 Budget Variance
Non-Operating Revenues					
Tax Revenue					
25 City room tax	15,011,806	14,504,160	507,646	15,101,000	(596,840)
25 Countywide room tax	7,177,174	6,851,717	325,457	7,054,000	(202,283)
25 Food & beverage tax	11,913,606	11,594,751	318,856	11,384,000	210,751
25 Car rental tax	3,011,731	2,952,677	59,054	2,916,000	36,677
25 Tax revenue admin. fee	(946,415)	(915,534)	(30,881)	(930,000)	14,466
25 Net Tax Revenue	36,167,902	34,987,772	1,180,131	35,525,000	(537,228)
Other Non-Operating Revenue					
26 Interest income	975,000	1,487,912	(512,912)	1,750,000	(262,088)
27 Arena Appropriation Revenue	8,000,000	8,000,000	0	8,000,000	0
28 Bucks Rent	1,010,823	417,186	593,437	0	417,186
29 Bucks District Ticket Surcharge [net]	2,160,000	660,000	1,500,000	0	660,000
Total	12,145,623	10,565,098	1,580,525	9,750,000	815,098
Total Nonoperating Revenue	48,313,525	45,552,870	2,760,655	45,275,000	277,870
Non-Operating Expenses					
30 Salaries	3,375,900	2,981,260	(394,640)	2,700,000	(281,260)
FICA	243,977	211,048	(32,929)	237,200	26,152
Unemployment Compensation	31,507	33,711	2,204	40,000	6,289
31 Health & Dental Insurance [net]	657,344	483,515	(173,829)	731,000	247,485
32 Life Insurance	13,301	11,766	(1,535)	15,000	3,234
33 Pension	400,000	400,000	0	400,000	0
34 Advertising	326,000	250,302	(75,698)	200,000	(50,302)
35 Promotions	112,250	72,582	(39,668)	55,000	(17,582)
36 Visit Milwaukee Management Fee	8,061,906	7,824,889	(237,017)	7,500,000	(324,889)
37 Legal services	300,000	227,360	(72,640)	140,000	(87,360)
38 Professional Services	467,500	211,322	(256,178)	200,000	(11,322)
39 Information Technology	356,956	368,158	11,202	490,000	121,842
40 Insurance	673,161	639,329	(33,832)	680,000	40,671
41 Travel	50,500	22,791	(27,709)	40,000	17,209
42 Business Meetings	57,560	48,444	(9,116)	41,000	(7,444)
Postage	10,000	9,103	(897)	16,000	6,897
Office supplies	18,750	21,582	2,832	20,000	(1,582)
Recruiting	50,000	80,985	30,985	15,000	(65,985)
Training	30,000	4,676	(25,324)	35,000	30,324
Dues & Subscriptions	31,070	17,592	(13,478)	13,000	(4,592)
Bad debts	24,000	24,000	0	24,000	0
Miscellaneous expense	160,500	148,958	(11,542)	165,000	16,042
43 Interest expense	4,551	18,794	14,243	60,000	41,206
44 Bond interest expense	17,424,142	17,963,917	539,775	21,190,000	3,226,083
Total	32,880,876	32,076,087	(804,789)	35,007,200	2,931,113
Net income (loss) before Depreciation Expense	18,368,476	16,181,496	2,186,979	12,478,000	3,703,496
Depreciation Expense	9,660,000	9,360,000	(300,000)	8,400,000	(960,000)
45 Depreciation Expense - FIServ Forum	4,000,000	1,666,667	(2,333,333)	0	(1,666,667)
Net income (loss) after Depreciation Expense	4,708,476	5,154,830	(446,354)	4,078,000	1,076,830

Wisconsin Center District
Operating Cash Flow Analysis

	Budget 2019	Forecast 2018	Budget 2018
Estimated Operating Cash Balance as of January 1	3,139,454	2,373,093	2,500,000
Cash provided by Operations			
2019 Budget Net Income	4,708,476	5,154,830	4,078,000
Add back Non-Cash Expenses and Revenue			
Depreciation & Amortization	13,660,000	11,026,667	8,490,000
Bond Interest Accrued	17,424,142	17,963,917	21,100,000
Amortization of Levy Grant	(200,000)	(165,002)	(456,000)
Deduct Debt Service Cash Flows			
1996A Bonds Principal & Interest Payment	(7,400,000)	(7,400,000)	(7,400,000)
1999 Junior Bonds Principal & Interest Payment	(12,811,838)	(11,966,538)	(11,967,000)
2003 Senior Bonds Principal & Interest Payment	0	0	0
2013A Junior Bonds Principal & Interest Payment	(1,793,338)	(1,792,838)	(1,793,000)
2016A Senior CAP Bonds Principal & Interest Payment	0	0	0
2016A Senior CIP Bonds Principal & Interest Payment	(520,000)	(530,000)	(530,000)
2016B Junior Bonds Principal & Interest Payment	(1,711,209)	0	0
2016 Appropriation Bonds Principal & Interest Payment	(8,138,750)	(8,106,850)	(7,993,000)
Deduct Other Cash Outflows			
Operating Lease Payments	(287,943)	(409,720)	(407,000)
Capital Budget Items	(2,452,950)	(2,975,875)	(3,090,000)
Change in Available Capital Reserve			
Utilization of Current Year Capital Reserve	1,106,581	1,074,351	1,077,000
Funding of Subsequent Year Capital Reserve	(1,139,779)	(1,106,581)	(1,109,000)
Estimated Net Change in Cash	443,392	766,361	0
Estimated Ending Cash Balance as of December 31	3,582,846	3,139,454	2,500,000

WISCONSIN CENTER DISTRICT
2019 Proposed Capital Budget Items

<u>Bldg/Project</u>	<u>Description</u>	<u>Estimated Amount</u>
<u>UW-Milwaukee Panther Arena</u>		
A1	Doors: Exterior	\$ 40,000.00
A2	Cast Iron Piping	\$ 25,000.00
A3	Unit Wall Heaters	\$ 60,000.00
A4	Steam Condensate Large System	\$ 25,000.00
A5	Steam Condensate Small Systems	\$ 24,000.00
A6	Video Production & Audio Room	\$ 50,000.00
<u>Miller High Life Theatre</u>		
T1	Carpet - Front Lobby Phase I	\$ 57,750.00
T2	Doors Exterior	\$ 65,000.00
T3	WiFi Assisted Listening System	\$ 30,000.00
T4	Lighting System Upgrade Phase I	\$ 55,200.00
<u>Wisconsin Center</u>		
W1	Plants/Silks: Palm Fronds / Palm Garden	\$ 22,000.00
W2	Carpet - Meeting Rooms	\$ 50,000.00
W3	Doors: Enlarge Meeting Room Door	\$ 18,000.00
W4	Escalators #7, 8	\$ 760,000.00
W5	Escalators - drive/motor - replacement	\$ 50,000.00
W6	Repainting - Interior	\$ 50,000.00
W7	China, Glass, Silver	\$ 185,000.00
W8	Wi-Fi Access Points (AP) in Convention Center	\$ 150,000.00
W9	Ballroom Chairs	\$ 102,000.00
<u>Multiple Buildings / Systems</u>		
Mul1	Tuckpointing	\$ 100,000.00
Mul2	Kitchen/Back of House Upgrades	\$ 65,000.00
Mul3	Windows 10 Enterprise	\$ 35,000.00
Mul4	Windows Server 2016	\$ 15,000.00
Mul5	Network Switches/SAN/Backup/DR Hardware	\$ 30,000.00
Mul6	Computer equipment & printers	\$ 25,000.00
Mul7	Radios (20)	\$ 15,000.00
Mul8	IPADS	\$ 4,000.00
Mul9	Contingency	\$ 345,000.00
		\$ 2,452,950.00

ROOM TAX OVERVIEW

MAY 29, 2019

ROOM TAX OVERVIEW: Wisconsin State Statute

Room Tax is levied by Municipality

- Paid by Visitor
- Collected by Hotelier
- Remitted to Municipality



Municipality retains **30%** of the collections for general purposes

The remaining **70%** by WI State statute must be spent on tourism marketing and tourism development

Municipality cannot direct the distribution of the 70% - must be directed by a Tourism Entity or Tourism Commission

City of Madison Room Tax Commission serves that purpose

- Six members
- One year terms
- Appointed by Mayor



EXCEPTIONS TO THE 70:30 RULE

Exceptions

1. A municipality “grandfathered” in 1994 to keep more than 30% may keep no more than the following:

- in 2017, the total dollar amount retained in 2014
- in 2018, the total dollar amount retained in 2013
- in 2019, the total dollar amount retained in 2012
- in 2020, the total dollar amount retained in 2011
- from 2021 on, the total dollar amount retained in 2010

Any revenue beyond these caps must go to tourism promotion and tourism development.

2. A municipality “grandfathered” in 1994 to keep less than 30% must continue to do so.

Grandfathered municipalities are:

- Monona
- Town of Madison



DEFINITION OF ACCEPTABLE USES

Definition from WI Statute 66.0615: “Tourism promotion and tourism development” means any of the following that are significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment on which a tax under sub. (1m) (a) may be imposed, that are owned by different persons and located within a municipality in which a tax under this section is in effect; or, if the municipality has only one such establishment, reasonably likely to generate paid overnight stays in that establishment: 1) *Marketing projects*, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motorcoach groups. 2) *Transient tourist informational services*. 3) *Tangible municipal development, including a convention center*.

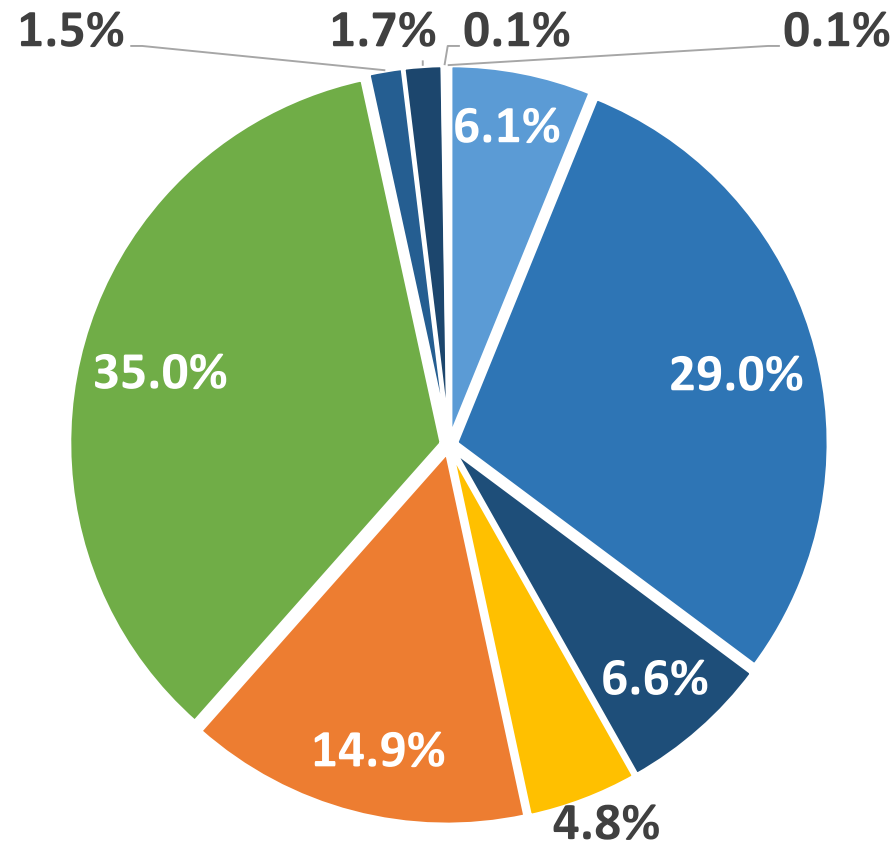


MUNICIPAL RATES AND RECIPIENTS

Municipality	Rate	Control	Primary Recipients
City of Madison	10% as of 1/1/18	Room Tax Commission	Monona Terrace/Destination Madison
Verona	7%	Room Tax Commission	Verona Chamber/Destination Madison
Monona	8%	City Administrator	Monona East Side Business Alliance
Town of Madison	5%	City Administrator	Alliant Energy Center/Destination Madison
Sun Prairie	5.50%	Room Tax Commission	Sun Prairie Chamber/Destination Madison
Middleton (100%)	8% as of 1/1/18	Tourism Commission	Middleton Tourism Department/Destination Madison
Town of Middleton	5%	City Administrator	N/A
Fitchburg	6%	Chamber of Commerce	Chamber of Commerce/Destination Madison
Waunakee	5%	Tourism Commission	Chamber of Commerce/Destination Madison

2019 ROOM TAX USES/DISTRIBUTION: City of Madison

- Monona Terrace Debt Service
- Monona Terrace Subsidy
- Monona Terrace Capital Purchases
- Zoo and Olbrich Gardens
- Overture Center for the Arts
- Destination Madison
- Monona Terrace Booking Assistance
- City of Madison Tourism Marketing
- Room Tax Administration
- Transient Rooming House Enforcement



2019 Room Tax Allocations*

**70% of Total Collections
(Dedicated to TP&D)*

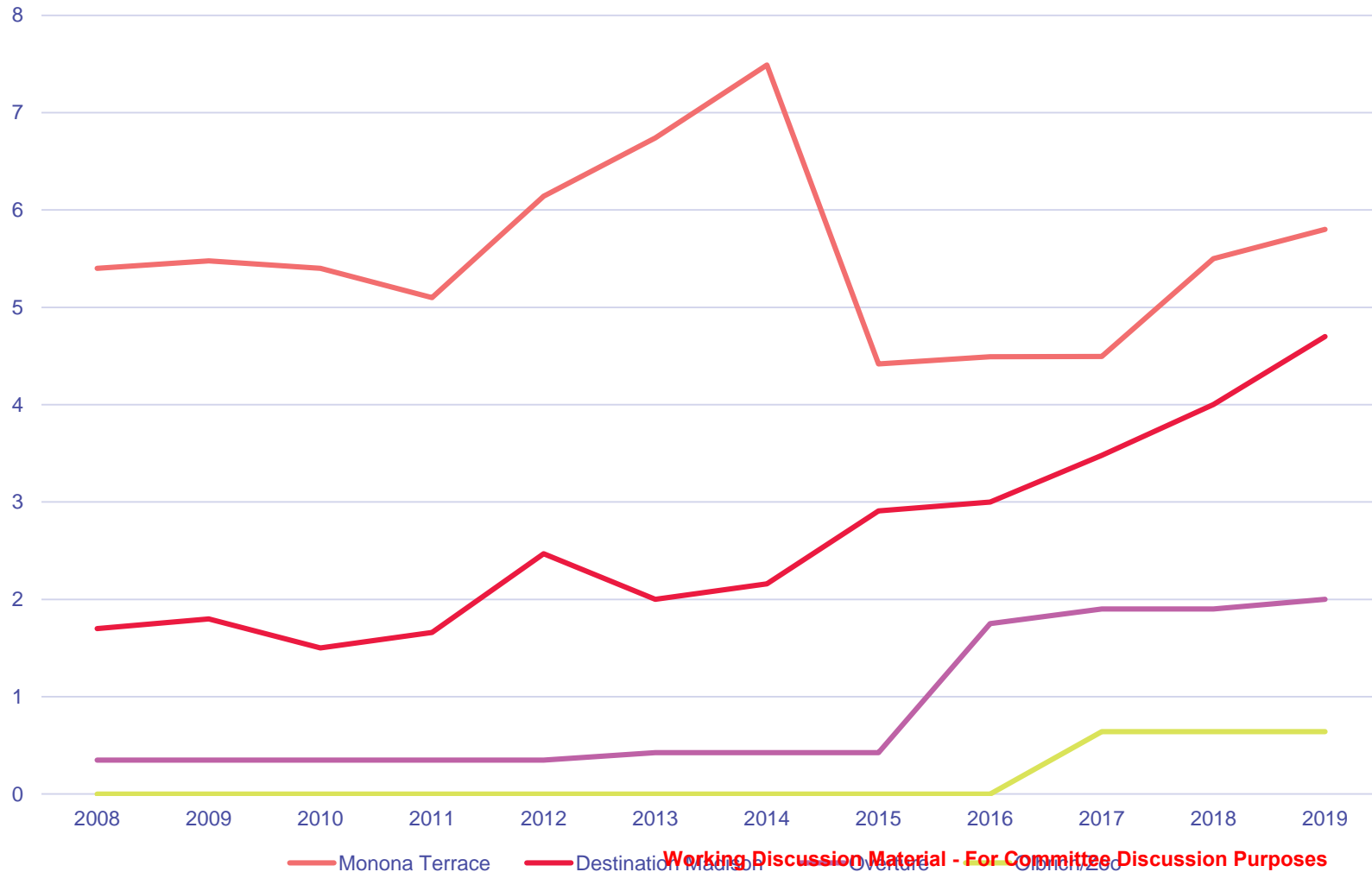
*Note: Total 2019 City of Madison
Room Tax Collections Estimate:
\$18.8M*

Working Discussion Material - For Committee Discussion Purposes



CITY OF MADISON HISTORY OF ROOM TAX ALLOCATIONS

Room Tax History



7. City of Madison Room Tax Commission Presentation

February 25, 2019 Meeting

ROOM TAX COMMISSION

AGENDA

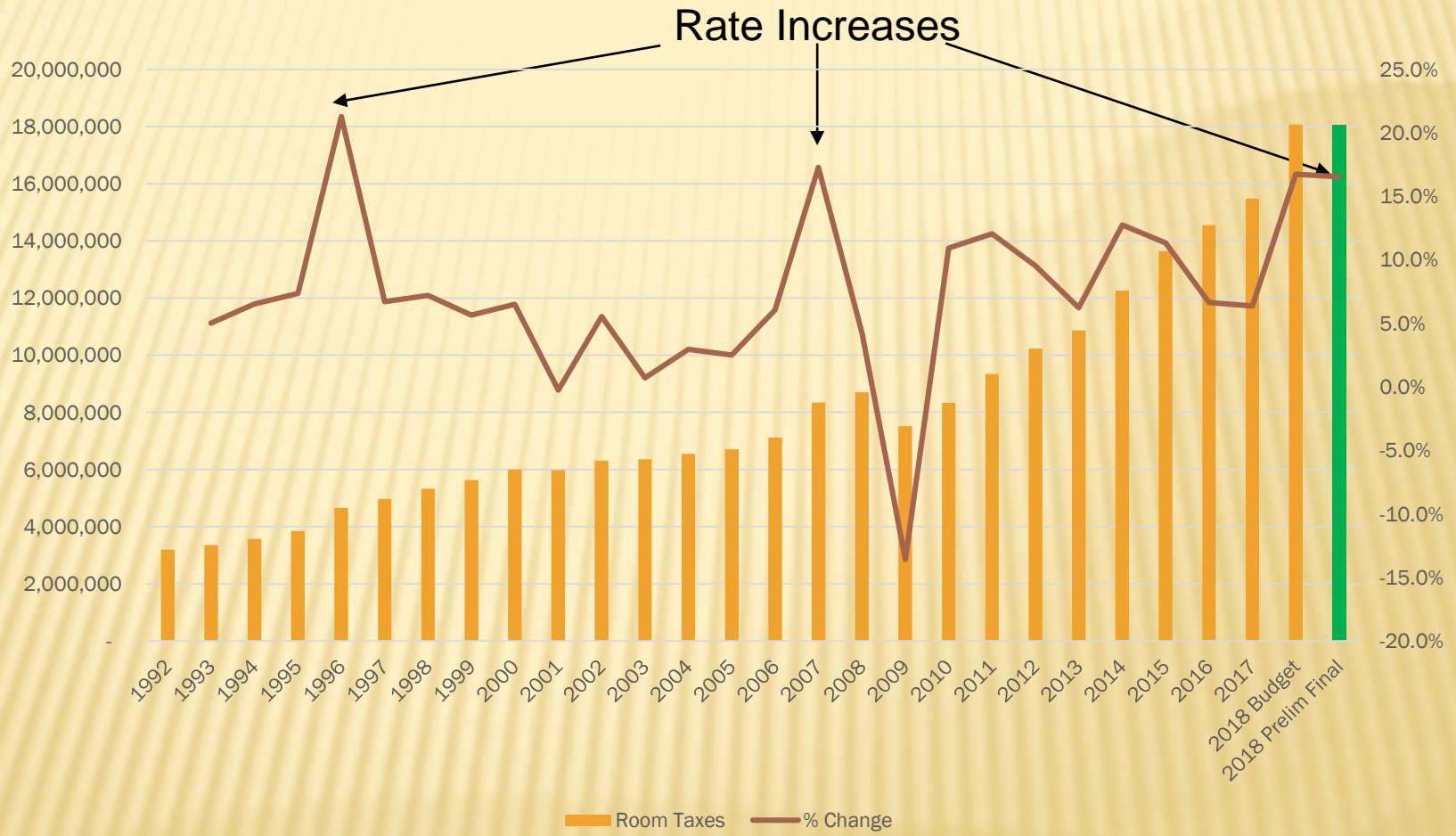
- ✘ 2018 Room Tax Collections
- ✘ Long-Term Financial Outlook
- ✘ City Cost Allocation Plan
- ✘ 2019 Meeting Calendar

2018 ROOM TAX COLLECTIONS

ROOM TAX COLLECTIONS – 2018

- ✘ 2018 Budget – \$18,077,051
 - + 17% over 2017 Final Collections (11.1% rate increase plus 5% base revenue increase)
- ✘ 2018 Preliminary Final -- \$18,111,000
 - + 4th qtr = \$4,175,000 (up 8.4% over 2017 Q4)
 - + Up 17% annually over 2017

ROOM TAXES



ROOM TAX COLLECTIONS - 2018

- ✘ 2018 Air BnB Collections = \$385,337 (\$621,897 since inception).
- ✘ Full year for AC Marriott and Air BnB.
- ✘ One new property in 2018 – Madison West Tru Hotel by Hilton.
- ✘ Excluding rate increase, 2018 Q4 down 2.5% compared to 2017 Q4 (2017 Q4 was up 11.5% over 2016 Q4); last Q4 decrease was in 2009 (-11%)

2018 PROJECTED ROOM TAX FUND CONDITION

Compared with 2018 budget:

- ✘ Revenues and expenditures close to budget.
- ✘ 2018 Projected Balance = \$380,000
- ✘ Final 2018 figures will be available at next RTC meeting.

LONG-TERM FINANCIAL FORECAST

2019 TO 2025 FORECAST ASSUMPTIONS

- ✘ 2019 at budget; average growth – 10% since 2009; 7% since 2015.
- ✘ Monona Terrace operating subsidy grows 2% annually; implement City internal services cost allocation.
- ✘ Monona Terrace capital needs based on 2019 CIP through 2024.
- ✘ Monona Terrace construction bond paid off in 2020.
- ✘ GMCVB share increases 2% points annually from 26% in 2019 to 34% by 2023.
- ✘ Overture subsidy remains at \$2.0 million.
- ✘ Olbrich Gardens and Zoo subsidies remain in Room Tax Fund.

MONONA TERRACE CAPITAL IMPROVEMENT PLAN

	2019	2020	2021	2022	2023	2024
Building Improvements	\$465,000	\$410,000	\$485,000	\$595,000	\$3,755,000	\$1,595,000
<i>Major Items</i>	Network core replacement	North Hall Ceiling	Technology Upgrade	Olin Terrace tiles; Room Audio; Heat Exchanger	10-year major renovation cycle	10-year major renovation cycle
Equipment	\$425,000	\$610,000	\$400,000	\$340,000	\$870,000	\$350,000
<i>Major Items</i>	Dance floor	Large tier projector update; resurface docks	Trash waste containers	Rooftop stage; banquet tables	Banquet chairs; décor package; drape and table skirts	Stage steps and railings
GRAND TOTAL	\$890,000	\$1,020,000	\$885,000	\$935,000	\$4,625,000	\$1,945,000

NEW PROPERTIES UNDER/NEAR CONSTRUCTION

- ✘ Hilldale area – 2019
- ✘ Capitol East District – 2019
- ✘ Rimrock Road – 2019
- ✘ State Street – 2021
- ✘ Downtown / MATC Site – 2021
- ✘ Judge Doyle -- TBD

FORECAST- RTC FUND BALANCE

Average Growth	3%	4%	5%
2019	\$0	+\$160,000	+\$300,000
2020	-\$100,000	+\$200,000	+\$560,000
2021	-\$100,000	+\$550,000	+\$1,200,000
2022	-\$300,000	+\$680,000	+\$1,700,000
2023 (10 year renovation cycle)	-\$4,500,000	-\$3,100,000	-\$1,600,000
2024	-\$5,900,000	-\$3,900,000	-\$1,800,000
2025	-\$7,100,000	-\$4,400,000	-\$1,600,000

Working Discussion Material - For Committee Discussion Purposes

8. City of Madison Room Tax Budget Summary

	2017 Actual	2018 Actual	2019 Budget	% of 2019 Budget
Sources				
Room Tax Receipts	15,483,106	18,077,051	18,800,133	
Interest	10,763	10,546	12,186	
Total	\$ 15,493,869	\$ 18,087,597	\$ 18,812,319	
Uses				
Room Tax Commission				
Tangible Municipal Development				
Monona Terrace	4,370,296	5,380,798	5,610,523	
Vilas Zoo & Olbrich Gardens	642,352	642,352	642,352	
Overture Center	1,900,000	1,900,000	2,000,000	
Subtotal	6,912,648	7,923,150	8,252,875	43.3%
Tourism Marketing				
Destination Madison	3,601,664	4,225,608	4,900,033	
City Tourism Marketing	136,935	215,000	225,000	
Subtotal	3,738,599	4,440,608	5,125,033	26.9%
Administration & Enforcement	28,345	32,206	33,800	0.2%
Subtotal	\$ 10,679,592	\$ 12,395,964	\$ 13,411,708	70.4%
General Purposes	\$ 4,644,932	\$ 5,423,115	\$ 5,643,696	29.6%
Total Uses	\$ 15,324,524	\$ 17,819,079	\$ 19,055,404	100.0%



9. City of Madison Room Tax 2019 Budget

ROOM TAX FUND

	2017 Actual	2018 Budget	2018 Projected	2019 Executive	2019 Adopted
Fund Balance, January 1	923,757	904,537	1,093,102	1,361,621	-
Restricted for Bond Requirements	-	-	-	-	-
Reserved for Monona Terrace Capital Projects	(616,410)	(457,000)	(662,279)	(600,000)	-
Committed for Event Booking Assistance	(305,246)	(305,246)	(345,325)	(400,000)	-
Balance of Unassigned Funds, January 1	\$ 2,101	\$ 142,291	\$ 85,498	\$ 361,621	\$ -

SOURCES

Estimated Total Room Tax Receipts	15,483,106	16,269,346	18,077,051	18,800,133	-
Room Tax Increase to 10%		1,807,705	-	-	-
Transfer In from General Fund (for Monona Terrace Reserves)		-	-	-	-
Interest Revenue	10,763	10,546	10,546	12,186	-
TOTAL SOURCES	\$ 15,493,869	\$ 18,087,597	\$ 18,087,597	\$ 18,812,319	\$ -

USES

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

Monona Terrace:

Debt Service Payment-Revenue Bond Issue (a)	824,875	797,600	797,600	800,025	-
Debt Service Payment-Gen'l Obligation Bond Issue (a)	22,898	50,000	25,198	24,598	-
Operating Subsidy	4,147,329	4,000,000	4,000,000	4,095,900	-
Capital Purchases	394,735	558,000	558,000	890,000	-
Reserves (b)	(1,019,541)	-	-	(200,000)	-
Subtotal Monona Terrace	\$ 4,370,296	\$ 5,405,600	\$ 5,380,798	\$ 5,610,523	\$ -

<u>Henry Vilas Zoo and Olbrich Gardens (i)</u>	\$ 642,352	\$ 642,352	\$ 642,352	\$ 642,352	\$ -
--	------------	------------	------------	------------	------

<u>Overture Center Subsidy from Room Tax</u>	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 2,000,000	\$ -
--	--------------	--------------	--------------	--------------	------

Subtotal Tangible Municipal Development	\$ 6,912,648	\$ 7,947,952	\$ 7,923,150	\$ 8,252,875	\$ -
---	--------------	--------------	--------------	--------------	------

Share of Room Tax Revenues	45%	44%	44%	44%	
----------------------------	-----	-----	-----	-----	--

ROOM TAX FUND

	<u>2017 Actual</u>	<u>2018 Budget</u>	<u>2018 Projected</u>	<u>2019 RTC Approved</u>	<u>2019 Adopted</u>
Tourism Marketing (s. 66.0615 (1) (fm) 1., Wis. Stats.)					
<u>Greater Madison Convention and Visitors Bureau:</u>					
Destination Marketing (c)	3,476,188	4,028,600	4,025,608	4,700,033	-
Estimated Event Booking Assistance Subsidy	125,476	200,000	200,000	200,000	-
Additional Funding (b)	-	-	-	-	-
Subtotal GMCVB	<u>\$ 3,601,664</u>	<u>\$ 4,228,600</u>	<u>\$ 4,225,608</u>	<u>\$ 4,900,033</u>	<u>\$ -</u>
<u>City Tourism Marketing Activities</u>					
Support for Fireworks Events (d)	10,000	15,000	15,000	15,000	-
Sister Cities Program	19,855	30,000	30,000	30,000	-
Civic Conferences / Fairs / Festivals / Summer Concerts	107,080	140,000	140,000	165,000	-
Civic Conferences (e)	17,476	35,000	35,000	35,000	-
Civic Promotion (e)	14,604	15,000	15,000	15,000	-
Dane Dances (g)	20,000	25,000	25,000	25,000	-
Make Music Madison (g)	25,000	25,000	25,000	30,000	-
Songwriting Conference (g)	25,000	25,000	25,000	25,000	-
Fairs / Festivals / Summer Concerts (f)	-	15,000	15,000	15,000	-
Downtown Temporary Art Installations (g)	-	-	-	20,000	-
Bandswap (g)	5,000	-	-	-	-
WIAA Basketball Tournament (h)	-	15,000	30,000	15,000	-
Subtotal City Tourism Marketing	<u>\$ 136,935</u>	<u>\$ 200,000</u>	<u>\$ 215,000</u>	<u>\$ 225,000</u>	<u>\$ -</u>
Subtotal Tourism Marketing	<u>\$ 3,738,599</u>	<u>\$ 4,428,600</u>	<u>\$ 4,440,608</u>	<u>\$ 5,125,033</u>	<u>\$ -</u>
Share of Room Tax Revenues	24%	24%	25%	27%	
Room Tax Commission Administration	<u>15,745</u>	<u>\$ 17,206</u>	<u>\$ 17,206</u>	<u>\$ 18,800</u>	<u>\$ -</u>
Room Tax Commission Enforcement of Transient Tourist I	<u>12,600</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
Share of Room Tax Revenues	0.2%	0.2%	0.2%	0.2%	
Reserves					
Share of Room Tax Revenues					
Room Tax Commission	<u>\$ 10,679,592</u>	<u>\$ 12,408,758</u>	<u>\$ 12,395,964</u>	<u>\$ 13,411,708</u>	<u>\$ -</u>
Tourism-Related Share of Room Tax	69%	68%	68%	71%	
Room Tax Retained for General Purposes					
General Purposes (b)	4,565,932	5,347,270	5,344,115	5,564,696	-
Arts Grants	79,000	79,000	79,000	79,000	-
Subtotal Retained for Other Purposes	<u>\$ 4,644,932</u>	<u>\$ 5,426,270</u>	<u>\$ 5,423,115</u>	<u>\$ 5,643,696</u>	<u>\$ -</u>
Share of Room Tax Revenues	30%	30%	30%	30%	
TOTAL USES	<u>\$ 15,324,524</u>	<u>\$ 17,835,028</u>	<u>\$ 17,819,079</u>	<u>\$ 19,055,404</u>	<u>\$ -</u>
Fund Balance, December 31	<u>\$ 1,093,102</u>	<u>\$ 1,157,106</u>	<u>\$ 1,361,621</u>	<u>\$ 1,118,536</u>	<u>\$ -</u>
Committed for Monona Terrace Capital Projects	(662,279)	(457,000)	(600,000)	(600,000)	-
Committed for Event Booking Assistance	(345,325)	(305,246)	(400,000)	(400,000)	-
Balance of Unassigned Funds, December 31 (b)	<u>\$ 85,498</u>	<u>\$ 394,860</u>	<u>\$ 361,621</u>	<u>\$ 118,536</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 were refinanced in late 2012. This refinancing will reduce debt service by an average of \$150,000 annually until the bonds are retired in 2020. In addition, the reserve required by the bond was moved to the CDA. The General Obligation bonds were initially issued as part of the original Monona Terrace financing. They are due to be retired in 2014. It is anticipated that the revenues made available from this reduction in spending will be used to replenish the Monona Terrace reserves beginning in 2015.

(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 in 2018 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 2019, use of reserves reflects Monona Terrace's budget request. 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 2019, the balance of unassigned revenues is 0.9% of 2019 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 2019 share of prior year revenues will remain at 26%, the same level as in 2018. 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 2019, \$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.

(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). Funding for Make Music Madison is increased by \$5,000 in 2019. A new program for downtown temporary public art installations is created in 2019 and funded at \$20,000.

(h) In 2019, \$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, the Olbrich Botanical Gardens, and the Overture Center is authorized by the Room Tax Commission, consistent with state law. In 2017, the Overture Center subsidy was increased by \$150,000 (from \$1,750,000 to \$1,900,000). In 2019, the Overture Center subsidy is increased by \$100,000 (from \$1,900,000 to \$2,000,000).

By the adoption of this budget, the City Council hereby incorporates the decisions of the Room Tax Commission into the 2019 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.

10. County Sales & Use Tax FAQ

County Sales & Use Tax FAQ

Source: State of Wisconsin Department of Revenue

1. What is the county sales and use tax?

The county *sales* tax rate of 0.5% is imposed on retailers making taxable retail sales, licenses, leases, or rentals or providing taxable services in a Wisconsin county that has adopted the county tax.

The county *use* tax rate of 0.5% is imposed on purchasers of items used, stored, or consumed in counties that impose county tax. County *use* tax must be paid when Wisconsin county *sales* tax is not charged and no exemption applies.

2. What is the tax rate?

Sixty-six Wisconsin counties have adopted a 0.5% county tax. Depending on where the sale/purchase occurs and the type of seller, possible tax rates include:

- State sales and use tax (5%)
- County sales and use tax (0.5%)
- Baseball stadium district sales and use tax (0.1%)
- Local food and beverage tax (0.5%)
- Premier resort area tax (0.5% or 1.25%)

11. Dane County Sales Tax Report 2018



CHARLES HICKLIN
Controller

COUNTY OF DANE
DEPARTMENT OF ADMINISTRATION
CONTROLLER DIVISION
210 Martin Luther King, Jr. Boulevard, Room 426
Madison, Wisconsin 53703
608/266-4131 * TDD 608/266-9253

CARLOS PABELLON
Director of Administration

County Sales Tax Current and previous nine fiscal years

Month Received	2009		2010		2011		2012		2013	
	Current Month	Year-to-date	Current Month	Year-to-date	Current Month	Year-to-date	Current Month	Year-to-date	Current Month	Year-to-date
March	\$3,063,995.49	\$3,063,995.49	\$3,258,923.27	\$3,258,923.27	\$2,831,470.17	\$2,831,470.17	\$3,150,824.57	\$3,150,824.57	\$3,203,365.40	\$3,203,365.40
April	\$2,847,551.81	\$5,911,547.30	\$3,162,210.06	\$6,421,133.33	\$3,244,682.82	\$6,076,152.99	\$2,604,274.52	\$5,755,099.09	\$2,965,233.39	\$6,168,598.79
May	\$3,269,032.35	\$9,180,579.65	\$2,870,123.14	\$9,291,256.47	\$2,909,949.77	\$8,986,102.76	\$4,131,354.11	\$9,886,453.20	\$4,321,097.86	\$10,489,696.65
June	\$3,428,705.61	\$12,609,285.26	\$3,638,660.24	\$12,929,916.71	\$4,239,286.90	\$13,225,389.66	\$3,862,094.81	\$13,748,548.01	\$3,343,349.47	\$13,833,046.12
July	\$3,833,572.19	\$16,442,857.45	\$3,723,330.72	\$16,653,247.43	\$3,699,927.23	\$16,925,316.89	\$3,019,785.04	\$16,768,333.05	\$4,219,006.43	\$18,052,052.55
August	\$3,170,828.89	\$19,613,686.34	\$2,874,647.09	\$19,527,894.52	\$3,564,230.65	\$20,489,547.54	\$4,611,178.24	\$21,379,511.29	\$4,775,909.92	\$22,827,962.47
September	\$3,638,151.17	\$23,251,837.51	\$4,230,530.84	\$23,758,425.36	\$4,232,810.92	\$24,722,358.46	\$3,612,841.93	\$24,992,353.22	\$3,366,906.30	\$26,194,868.77
October	\$3,728,258.46	\$26,980,095.97	\$3,875,581.85	\$27,634,007.21	\$3,512,712.53	\$28,235,070.99	\$3,998,394.23	\$28,990,747.45	\$4,704,267.33	\$30,899,136.10
November	\$3,315,547.12	\$30,295,643.09	\$3,086,903.26	\$30,720,910.47	\$4,081,896.49	\$32,316,967.48	\$4,410,610.64	\$33,401,358.09	\$4,275,394.44	\$35,174,530.54
December	\$3,490,444.80	\$33,786,087.89	\$3,621,750.10	\$34,342,660.57	\$3,842,723.35	\$36,159,690.83	\$3,396,374.71	\$36,797,732.80	\$3,436,311.48	\$38,610,842.02
January	\$3,524,948.43	\$37,311,036.32	\$3,319,963.68	\$37,662,624.25	\$2,871,759.90	\$39,031,450.73	\$3,792,559.55	\$40,590,292.35	\$4,607,588.31	\$43,218,430.33
February	\$2,981,977.77	\$40,293,014.09	\$4,122,607.56	\$41,785,231.81	\$4,710,569.36	\$43,742,020.09	\$4,472,630.97	\$45,062,923.32	\$4,118,207.18	\$47,336,637.51
Total Received	\$40,293,014.09		\$41,785,231.81		\$43,742,020.09		\$45,062,923.32		\$47,336,637.51	
Budgeted	\$45,105,443.00		\$40,143,843.00		\$40,545,275.00		\$42,611,858.00		\$45,241,496.00	
Variance	(\$4,812,428.91)		\$1,641,388.81		\$3,196,745.09		\$2,451,065.32		\$2,095,141.51	

Month Received	2014		2015		2016		2017		2018	
	Current Month	Year-to-date	Current Month	Year-to-date	Current Month	Year-to-date	Current Month	Year-to-date	Current Month	Year-to-date
March	\$3,340,830.30	\$3,340,830.30	\$3,436,236.42	\$3,436,236.42	\$3,830,993.55	\$3,830,993.55	\$4,258,985.40	\$4,258,985.40	\$4,234,658.37	\$4,234,658.37
April	\$3,567,042.17	\$6,907,872.47	\$4,431,662.22	\$7,867,898.64	\$4,173,929.46	\$8,004,923.01	\$3,666,361.75	\$7,925,347.15		\$4,234,658.37
May	\$4,426,718.77	\$11,334,591.24	\$4,427,247.14	\$12,295,145.78	\$3,867,178.94	\$11,872,101.95	\$4,599,532.09	\$12,524,879.24		\$4,234,658.37
June	\$3,469,658.00	\$14,804,249.24	\$3,795,360.98	\$16,090,506.76	\$5,014,580.90	\$16,886,682.85	\$5,183,969.94	\$17,708,849.18		\$4,234,658.37
July	\$4,381,501.00	\$19,185,750.24	\$4,643,384.24	\$20,733,891.00	\$4,951,271.75	\$21,837,954.60	\$4,412,358.81	\$22,121,207.99		\$4,234,658.37
August	\$4,879,009.00	\$24,064,759.24	\$4,471,848.02	\$25,205,739.02	\$4,306,285.73	\$26,144,240.33	\$5,246,066.88	\$27,367,274.87		\$4,234,658.37
September	\$4,247,964.00	\$28,312,723.24	\$4,729,453.88	\$29,935,192.90	\$4,880,124.55	\$31,024,364.88	\$5,306,976.30	\$32,674,251.17		\$4,234,658.37
October	\$4,779,190.00	\$33,091,913.24	\$5,001,547.57	\$34,936,740.47	\$4,909,181.76	\$35,933,546.64	\$4,522,229.83	\$37,196,481.00		\$4,234,658.37
November	\$4,148,589.57	\$37,240,502.81	\$4,287,790.79	\$39,224,531.26	\$4,918,536.93	\$40,852,083.57	\$6,017,004.03	\$43,213,485.03		\$4,234,658.37
December	\$4,273,557.00	\$41,514,059.81	\$4,668,185.61	\$43,892,716.87	\$5,015,467.21	\$45,867,550.78	\$4,783,233.67	\$47,996,718.70		\$4,234,658.37
January	\$4,777,640.92	\$46,291,700.73	\$4,758,095.20	\$48,650,812.07	\$3,807,605.32	\$49,675,156.10	\$3,946,877.22	\$51,943,595.92		\$4,234,658.37
February	\$3,948,125.42	\$50,239,826.15	\$4,298,634.63	\$52,949,446.70	\$5,590,590.97	\$55,265,747.07	\$6,142,320.39	\$58,085,916.31		\$4,234,658.37
Total Received	\$50,239,826.15		\$52,949,446.70		\$55,265,747.07		\$58,085,916.31		\$4,234,658.37	
Budgeted	\$47,955,986.00		\$51,199,307.00		\$56,716,055.00		\$57,132,453.00		\$60,063,159.00	
Variance	\$2,283,840.15		\$1,750,139.70		(\$1,450,307.93)		\$953,463.31		(\$55,828,500.63)	

Working Discussion Material - For Committee Discussion Purposes