

Tourism Development Fund

June 8, 2017

Background

- Fall 2016 Goals, Initiatives and Outcomes
- January 2017 City Council Retreat
- April 2017 City Council Work Session
- June 2017 City Council Work Session
- June 2017 City Council Meeting

Staff Recommendation

- Initial Staff Option
- Increase Meal Tax 1% = \$1,399,000
- Increase Room Tax 2% = \$1,320,000
- No Admissions Tax
- Total Revenue = \$2,719,000
- Less 10% Admin. = \$2,447,100
- Achieves partial implementation of policy goals within 5 to 10 year window
- Below competitive investments
- Retains \$2 charge to WADMC

Agenda Item

- Equal Rate Option (7%)
- Increase Meal Tax 2% = \$2,798,000
- Increase Room Tax 2% = \$1,320,000
- Admissions Tax 7% = \$2,200,000
- Total Revenue = \$6,318,000
- Less WADMC Funding = \$4,998,000
- Less 10% Admin. = \$4,498,200
- Achieves implementation of policy goals within 5 to 10 year window
- Equal or above competitive investments
- Eliminates \$2 charge

Tourism Development Fund

Continued Discussion

- Continue the discussion on policy
- Impact study for admissions tax
- Lower rate options
- Wait on \$2 room for Counties
- Delayed Schedule Option
 - Council adopt Tourism Development Fund policy by September
 - Lodging and meal tax adjustments in September with effective date of July 1, 2018
 - Select finance consultant to complete admission tax study by January for consideration in FY 2019 Budget.
 - Work with Chamber and Counties in 2018 Legislative Session on \$2 room charge changes

Tourism Development Fund Policy

Fiscal Controls

- Established a special revenue fund
- Subject to the fiscal controls of the City
- Allows for year 1 allocation, but 5-year planning
- Unspent funds shall remain in the fund
- Can be used to pay debt service on eligible products
- Subject to the City audit and CAFR processes

Tourism Development Fund Policy

Purpose and Eligible Purposes

- The Tourism Development Fund purpose is to increase patronage to restaurants, attractions, hotels, and events through financial assistance and reinvestment in tourism products, place-making products, special events, public-private partnerships, and destination marketing.
- Establishes types of eligible applications that can apply for funding.
- Provides for funding of the Williamsburg Area Marketing Committee.
- Provides for public, non-profit, and for-profit applications.
- Provides for administrative cost recovery.

Tourism Development Fund Policy Application Process

- Phase I – Establishes eligibility through low-cost application.
- Phase II – Determines recommendation to Council following detailed application requirements.
- Annual funding cycle starting with initial application in August and funding approval in May

Tourism Development Fund Policy Committee Composition

- Seven (7) appointed members:
 - Prepared food & beverage industry representative
 - Tourism attractions, venues, and event representative
 - Lodging industry representative
 - Finance & banking industry representative
 - Destination marketing organization representative
 - Strategic partner representative (CWF or College)
 - At-large business or cultural amenity representative
- Council appoints to 2-year terms, up to 6-year term limit

Tourism Development Tax

Lodging and Prepared Food & Beverage

- Lodging tax – increases existing 5% rate to 7%
- Meal tax – increases existing 5% rate to 7%
- Requires increases to be used for the Tourism Development Fund
- Replaces existing \$2 room charge with 2% funding for WADMC (\$2 floor)
- Effective date on January 1, 2018

Comparative FY 2017 Rates

	Property	Meals	Room	Cigarette	Admissions
York	.7515	4%	5%+\$2	-	0
JCC	.84	4%	5%+\$2	-	0
Poquoson	1.07	6%	0	.2	0
Newport News	1.22	6.5%	8%	.85	10%
Hampton	1.24	7.5%	8%	.8	10%
Norfolk	1.15	6.5%	8%	.85	10%
Virginia Beach	.99	5.5%	8%+\$1	.1	10%
Suffolk	1.07	6.5%	8%	.5	10%
Richmond	1.2	6%	8%	-	7%
Chesapeake	1.04	5%	8%	.5	10%
Williamsburg	.57	5%	5%+\$2	.25	0
VA City AVG	1.02	6%	6.4%	.47	7.9%

Tourism Development Fund

Admissions Tax

- Establishes an admissions tax of 7%
- Identifies taxable and exempt classes
 - Wholly charitable, schools, and athletic participants exempt
- Required to be used for the Tourism Development Fund
- Effective January 1, 2018

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Tourism Development Fund FY 2018 Budget Amendment

- General Fund
 - Reduces \$2 Lodging Tax Revenue
 - Reduces WADMC Funding
- Establishes Tourism Development Fund
 - Establishes revenues of \$2,810,000
 - Transient Lodging Tax (\$460,000)
 - Prepared Food and Beverage Tax (\$1,250,000)
 - Admissions Tax (\$1,100,000)
 - Establishes expenditures of \$2,810,000
 - WADMC (\$460,000)
 - TDC Administration (\$235,000)
 - TDC Eligible Expenses (\$2,115,000)