

Tourism Commission (*Special Meeting*)

June 10, 2013

Merrill Chamber Office

Attending: Dan Wendorf, Jim Arndt, Chris Malm, Russ Grefe, Lauree O-Day. **Staff:** Debbe Kinsey

Missing:

Called to Order: The special meeting was called to order by Commission Chair Dan Wendorf at 10:10 am.

Review of minutes: Will review previous minutes at the next general meeting of the Tourism Commission.

Discussion on proposed Room Tax rate increase: Reason for meeting is to discuss the proposed room tax increase from the current 4% to 8% and goes to city council on 6/11. The commission wants a voice in the process. Our goal is to have a positive discussion of the proposed ordinance and to make a recommendation to the council.

Debbe gave overview. Merrill's room tax pre-dates 1992 and as such we fall under a state statute that requires the City to establish a Tourism Commission that budgets room tax dollars and then passes the budget and funds onto a non-profit tourism organization for administration/fiduciary oversight and management. That non-profit entity is the Merrill Chamber of Commerce. That's how room tax has been assigned/budgeted/managed. To be clear, the commission assigns the budget, not the Chamber. There were two red flags noted: (1) a memo and agenda that stated that the City would keep/manage the increased 4% and not the Chamber to be used for welcome and directional signage and other items; (2) the request for an increase did not come before the commission for input nor was it discussed with any of the lodging businesses to see if there was opposition or concern on the affects it may cause on over-night stays which is what generated room tax dollars. Merrill has always followed the state statute on room tax usage and this proposal, as stated, would be a violation.

Russ distributed data: background, the statute, and other data on room tax. As a lodging manager and member of the commission, he has concern that the city maybe taking funds to use for non-tourism related items that should be paid by property tax dollars and not room tax dollars. Per the statute, funds should be used for promotion and marketing as always to promote overnight stays which is where the funds are derived. He also spoke with the Innkeepers Association who wants the room tax to be used as the statute declares for marketing and promotion.

Discussion of the current distribution of room tax funds: a portion goes to the city, the MARC, administration and the majority of the funds go into the tourism budget which is decided on by the Tourism Commission.

Commissioner Questions: What is the impact of an increase on businesses? What can be covered under current statute? Don't we need to make sure that overnight stays remain the key? Isn't there a process for the reading of ordinances and why is this going so quickly?

From the hotel perspective, there are concerns on what effect an increase will have on overnight stays. Locally the goal is to keep stays under the \$100 mark. Once you go over it, customers begin looking for lesser rates. If it goes over that mark, it will definitely have an effect on overnight stays in Merrill. From a lodging perspective, both Russ and Debbe agree. Jim also agreed from a business perspective, because if overnight stays decrease based on pricing it will impact other businesses.

The Commissioners over all concern is that the wrong and/or incomplete information is being put out. We need to get the correct information to the city councilors before a vote is taken on an increase so that they are making an educated decision/vote. Russ will make a summary memo with bullets and get it disbursed. We need to share information and ideas so that the right choices are made for Merrill.

The commission is not necessarily opposed to an increase, but they agree with the lodging owners that were spoken to that an 8% increase is a lot all at once. The #1 rule of the commission is that overnight stays is always the first goal. Without overnight stays, there is no room tax, which means there is no money for tourism promotion and marketing.

Commission Recommendation: Request to postpone a council vote on the issue and hold a joint meeting between the Tourism Commission and COW to share information, before moving the proposal forward for a room tax increase. **Motioned by Commissioner R. Grefe/2nd by Commissioner C. Malm/Motion carried.**

Other: Discussed the fact that the commission did budget dollars for directional signage in the new budget (2013/14). Discussed the previously planned welcome signage and the potential sites that were considered a couple of years ago. Debbe recommended talking with Val Mindak, Park City Credit Union about possibility of incorporating a sign into the landscaping on the hill. There is nothing stating that a welcome sign must be on the right side and this would make it visible from the highway as well as to those entering Merrill on Hwy. 64. Also directional signs in other communities are frequently sponsored by local businesses, which should also be considered to help with costs.

How many room of lodging are there in Merrill annually? That data is not collected by the city. Also about 30% of lodging comes from local businesses, so do we want to raise the tax on them? Basically our room tax is factored on an 'honor system'. However, there are mechanisms in place that can be used to collect that data. Basically, the commission 'guesstimates' the budget annually based on the previous budget cycle. We are generally very accurate if there are no hiccups along the way. Reminder that there is a delay in the actual cash/budget for tourism which is why we require grantees to pay their bills then submit for reimbursement for their grants annually. Room tax is collected 60 days after the end of each quarter, there is automatically a delay built in for payments to grant recipients. This must also be taken into consideration when putting together the tourism budget annually.

Next Meeting: Let's see what happens at the council meeting on 6/11 and if the City Council agrees to a joint meeting between the Tourism Commission and COW. That will determine our next meeting date.

Public Comment: Christine Vorpapel said that Dave Johnson met with the Discover Downtown group earlier and signage came up. The group would love to see new signs but they have no money for it and some of the businesses are concerned where the funds will come from. She also agrees that raising the tax could make visitors spend less if lodging is costing them more.

Adjournment: A motion to adjourn the meeting was made at 11:05 am by Commissioner C. Malm/2nd by Commissioner L. O'Day/Motion carried.