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TO: Housing and Economic Development (HED) Committee
FROM: Nick Helmholdt, Principal Planner / Tourism Program Director
DATE: June 20, 2025
SUBJECT: Draft 2026 Tourism Program Budget

Action Requested

No action is requested at this time. The STPB voted to recommend the 2026 Tourism Program budget at its meeting on June 18. This document describes the budget development process and proposed activities for next year. This budget proposal will be reviewed by the County Administrator later this summer and will be incorporated into the 2026 County budget proposal.

Background

2026 Tourism Program Expense Overview

Category	Amount
Grants	\$753,000
Grant Administration	\$25,800
Annual Programs	\$358,000
General Operating Support	\$49,000
Long-term Contracts	\$2,431,363
Other	\$557,925

2026 Room Tax Revenue Forecast

The 2026 Tourism Program budget relies solely on the 5% ad valorem occupancy tax collected by all Tompkins County lodging establishments (hotels, motels, inns, bed and breakfasts, etc.) as required by local law. The law authorizes the County to use 10% of the room tax collected for administrative purposes. As the official advisory board on this matter for the County Legislature, the STPB is charged with preparing annual recommendations for room tax revenue and its allocation.

The STPB Budget Committee has prepared a projection of room tax for 2026. The committee forecasts that \$4,176,080 in room tax will be collected in 2026. This represents a 2.5% decrease from the 2025 forecast. The 2026 room tax revenue projection is based on analysis of several sources, including local and national hotel performance forecasts, historic Tompkins County room tax revenues, local hotel industry data from Smith Travel Research, local short-term rental data, data gathered by the Ithaca/Tompkins County Convention and Visitors Bureau (CVB aka Visit Ithaca), and other local considerations. The room tax forecast assumes the following:

- Hotel occupancy will remain slightly lower than 2025, with quarterly occupancy rates likely ranging from 42% (Q1) to 72% (Q3).
- Hotel average daily rates (ADR) will be flat compared to 2025, with quarterly ADRs likely ranging from \$128.25 (Q1) to \$196.75 (Q3).

- No new hotels are expected to open in 2026.
- The rates of tax-exempt business will stay near the long-term average.

Several factors were considered when preparing this room tax forecast:

- If recently imposed tariffs on imported goods remain in place through 2025, they will likely reduce discretionary spending for all but the wealthiest travelers by 2026, negatively affecting their ability to afford overnight lodging¹².
- International travel from Canada and other countries is expected to shrink due to concerns about detainment and harassment by U.S. Immigration and Customs Enforcement³⁴.
- Domestic and international travel to Tompkins County related to academic business may decline if the federal government persists in withholding grants to Cornell University and similar academic institutions⁵.

2026 Quarterly Room Tax Targets

The quarterly targets below are intended to help the STPB understand how actual room tax collections compare to projections throughout the year. The targets were developed using historical data on hotel occupancy and room rates.

2026	Hotel Forecast (>10 rooms)	BnB Forecast (<11 rooms)	Total Room Tax Forecast
Q1	\$379,730	\$73,960	\$453,690
Q2	\$807,460	\$167,430	\$974,890
Q3	\$1,184,360	\$405,600	\$1,589,960
Q4	\$928,330	\$229,210	\$1,157,540
Total	\$3,299,880	\$876,200	\$4,176,080

Recent Room Tax Budget and Collection History

	Room Tax Budget Projection	Room Tax Collected
2021	\$1,906,955	\$3,008,998
2022	\$2,400,000	\$4,202,864
2023	\$3,320,000	\$4,158,525
2024	\$4,442,000	\$4,292,408
2025	\$4,280,000	TBA in Jan. 2026

¹ "Trump's New Tariffs and the Potential Hit to Travel", Skift, April 2, 2025

² "Expanded trade wars scenario on US Travel" Tourism Economics, February 26, 2025

³ "Foreign visits into the U.S. fell off a cliff in March" Axios, April 4, 2024

⁴ "'We definitely are collateral damage': Tourism industry roiled by Trump's new world order" Politico, May 5, 2025

⁵ "Trump administration sends Cornell stop work orders amid reports of \$1 billion funding freeze", Ithaca Voice, April 8, 2025

Reserves

The STPB policy on budget reserves and surpluses is [available online](#). The policy sets a target minimum reserve balance of 25% of the average of the current year's forecast room tax collection and the past two years' actual room tax collection. The reserve target for 2026 is calculated as follows:

$$\begin{aligned} \$4,280,000 + \$4,292,408 + \$4,158,525 &= \$12,730,933 \\ \$12,730,933 / 3 &= \$4,243,644 \\ 0.25 * \$4,243,644 &= \$1,060,911 \end{aligned}$$

As of May 2025, the reserve balance stands at \$1,302,596. This is \$241,684 above the target amount. However, \$731,831 of the reserves were brought into the 2025 budget to pay for expenses anticipated in the current year. Assuming all these expenses are paid and room tax meets budgeted projections, the Tourism Program will begin 2026 with reserves \$490,146 below the target threshold.

The STPB Budget Committee has recommended increasing the reserve balance to cover an entire year of Tourism Program expenses from previous years' room tax collections rather than current-year revenue – a change requiring approximately \$3 million in additional funding.

Summary of Funds Available for 2026 Tourism Program

+ Projected Room Tax Revenue	\$4,176,080
- Deposit to Reserves (see above)	\$0
- County Tax Administration (10% of room tax)	\$417,608
- Strategic Planning & Staffing (see below)	\$141,170
= Projected Room Tax Available for Tourism Program	\$3,617,302

Long-term Contracts

Two multi-year contracts also significantly affect the proposed 2026 Tourism Program budget: the Ithaca Downtown Conference Center agreement and the Ithaca/Tompkins County CVB operation agreement.

Under a 30-year agreement authorized in 2020, Tompkins County must pay 4% of its gross hotel room occupancy taxes to the City of Ithaca to support conference center operations.

In 2023, the Tompkins County Legislature approved a five-year agreement (2024-2028) with the Chamber of Commerce, establishing predetermined annual payments for CVB operations. To balance this budget, staff recommend negotiating a contract amendment to hold the 2026 expenditure at the current year's level.

STPB Budget Committee Findings

The STPB bylaws define the responsibility and composition of the Budget Committee. In 2025, the Budget Committee consisted of Marian Ware (committee chair), Brett Bossard, Jeff Golden, Greg Mezey, Jason Sidle, and Teri Tarshus. In addition, Katherine Borgella, Commissioner of Planning and Sustainability also served on the committee as an ex-officio / non-voting member. The committee has held four meetings to date.

Committee members were reluctant to predict tourism growth in 2026 due to a variety of economic uncertainties. While the committee remains confident that long-term drivers of tourism demand will continue into 2026, there are significant concerns about the overall economy.

The City of Ithaca's 2024 short-term rental ordinance caused a noticeable drop in the supply of this lodging category last year. However, overall tax revenue from this segment has remained stable.

The new Ithaca Downtown Conference Center also holds promise to attract new visitors to Tompkins County; however, booking reports show significant capacity at this facility going into 2026.

Locally, academic institutions and outdoor recreation opportunities are expected to be the main drivers of growth in 2026. Tompkins County has several core strengths as a destination, and the committee expects these will continue to drive travel demand through 2026.

The committee continued the practice of budgeting approximately 60% of available funds for marketing and 40% for product development. In the proposed budget, 61.4% of available funds are allocated for marketing, while 38.6% of funds are allocated for product development. (Items listed under "Other Expenses" do not count toward either marketing or product development.)

2026 Budget Requests

The Tompkins County Tourism Program issued a "Notice of Funding Availability" (NOFA) on March 13, 2025. The NOFA was publicized through various channels, including the County's webpage, email newsletter, and direct email outreach to eligible organizations. Using preliminary estimates of room tax revenue, known 2026 expenses, and estimated grant allocations, the NOFA indicated that between \$415,000 and \$455,000 would be available to allocate in the 2026 Tourism Program budget.

Eight applicants responded to the NOFA by the April 18 deadline. Their combined funding requests totaled \$565,705, significantly exceeding the amount of unallocated room tax the Budget Committee anticipated for 2026. Following a review of these requests, the STPB Budget Committee discussed priorities, examined alternatives, and developed the proposed budget as detailed below.

Community Arts Partnership (four budget requests)

- ACOD Grant Administration**

CAP requested funding to continue administering the Arts and Culture Organizational Development (ACOD) grant program. The applicant noted that these grants support organizations offering year-round programming, which in turn encourages visitors to extend their trips to Tompkins County.

CAP proposed to use the 2026 funding to support the current ACOD organizations and work to update the application and funding process in coordination with the STPB Planning and Evaluation Committee. The Budget Committee recommended allocating \$10,800 for grant administration and an additional \$330,000 for ACOD grant awards.

- General Operating Support**

CAP requested operating support funding to cover the costs of various cultural initiatives, including the Greater Ithaca Arts Trail, Spring Writes Literary Festival, Ithaca Artists Market, and the ArtSpace Gallery. In addition, the CAP ArtSpace participates in First Friday Gallery Night on the Ithaca Commons and collaborates with local arts organizations on shared goals. The Budget Committee recommended allocating \$49,000 for this activity.

- Market the Arts**

CAP requested funding to continue operating the Market the Arts program, which promotes Tompkins County as an artistic destination on behalf of visual and literary artists. Funding would be used to advertise various cultural offerings to regional travel markets, with attention to the findings from the recent Visitor Profile Study. The Budget Committee recommended allocating \$29,000 for this purpose.

- Public Art**

CAP requested funding to support the creation and installation of public art throughout the county. CAP has commissioned an artist for a sculpture in Enfield with a goal of completing the project in winter

2025. Documents submitted indicated that this effort has a current unencumbered fund balance of over \$36,000. The Budget Committee recommended suspending this activity in the 2026 budget.

Community Science Institute / Watershed Waypoints: A Self-Guided Journey of Water

CSI requested funding to install signage and create web content focused on water quality at five locations in Tompkins County. The proposed activity appears to be eligible for a Tourism Advancement grant. The Budget Committee did not recommend allocating funding in the 2026 budget for this activity.

Cornell Cooperative Extension of Tompkins County / Community Beautification

CCE Tompkins requested funding to continue its operation of the Community Beautification Program. The organization maintains over 25 planting sites across the county. While the committee was supportive of program objectives 1-4, there were significant questions about the relationship of the fifth objective regarding workforce development and its relationship to tourism. Following an interview with program staff, the Budget Committee recommended allocating \$150,000 for this activity.

Discover Cayuga Lake / Inviting Visitors to Cayuga Lake

DCL requested general operating support to address financial challenges associated with the acquisition of Paddle-n-More and a vessel to replace the MV Teal in 2026. Elements of this proposal could be addressed through the Tourism Advancement grant (i.e., branding and marketing) and the Tompkins Outdoors grant programs (i.e., administrative support to merge systems and raise funds). The Budget Committee did not recommend allocating funding in 2026 for DCL.

Downtown Ithaca Alliance (three budget requests)

- Festivals Program**

DIA requested funding to support local events in Ithaca and Tompkins County through equipment lending and one-on-one support. The DIA has implemented meaningful changes to the equipment lending program to ensure that it can reliably administer the program. DIA expects over 50 local events that foster creativity, accessibility, and tourism will make use of the Festivals Program. Following an interview with program staff, the Budget Committee recommended allocating \$20,000 for this activity.

- Downtown Ambassadors Program**

DIA requested funding to continue the Downtown Ambassadors program, which provides supplemental maintenance services (litter collection, planter weeding, graffiti removal, and snow clearing) throughout the 22-block business improvement district, including the Ithaca Commons. The Budget Committee recommended \$49,000 for this purpose.

- Downtown Activation Program**

DIA submitted a request for a new program intended to add music, art, and games to the Ithaca Commons. This request is informed by the findings of a recent retail study and the success of a “sidewalk showcase” initiative. Following an interview with program staff, the Budget Committee recommended allocating \$60,000 for this activity.

GO Ithaca / General Operating Support

GO Ithaca requested funding to promote monthly events focused on car-free transportation options. The committee did not see a clear link between the proposal and the County's tourism goals. The Budget Committee did not recommend funding in 2026 for GO Ithaca.

Greater Ithaca Activities Center / Hospitality Employment Training Program

GIAC submitted a funding request to the Tourism Program to continue operating the Hospitality Employment Training Program. This program equips participants who face barriers to employment with the essential skills necessary to enter the hotel and restaurant workforce. Following an interview with program staff, the Budget Committee recommended allocating \$50,000 for this activity.

Ithaca Area Economic Development / Tourism Capital Grant Administration

IAED requested funding to resume administration of the Tourism Capital grant program. The applicant noted that these grants serve a wide variety of tourism attractions throughout Tompkins County. The process for determining the amount of funding available for grant administration will be reviewed in advance of the preparation of the 2027 budget. The Budget Committee recommended allocating \$15,000 for grant administration and an additional \$250,000 in grant awards.

Strategic Planning and Staffing

This line item covers all payroll, fringe, and incidental expenses associated with the Tourism Program Director position. Starting in 2025 many of the incidental expenses are allocated in budget unit 6475 (room tax) instead of 8020 (Department of Planning and Sustainability). Starting in 2026, the Tourism Program Director position is proposed to increase from 35 hours per week to 40 hours per week.

Budget Implications

All Tourism Program activities are supported through hotel room occupancy tax. The Tourism Program director and STPB monitor quarterly room tax reports to ensure that funds are available. All Tourism Program contracts are contingent upon fund availability.

Contact

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Attachments and Links

- Recommended 2026 Tourism Program Budget Table
- 2026 County Budget Book – Room Tax Page
- [STPB Policy on Budget Reserve and Surplus Hotel Room Occupancy Tax](#) (Sept. 2023)

Program Name	Organization	2025 - Adopted	2026 - Request*	2026 - Proposed	NOTES
ACOD Grants	Various	330,000	330,000	330,000	A
ACOD Grant Admin	CAP	16,620	11,400	10,800	
	CCE	150,000	186,488	150,000	
Beautification	Tompkins				
Downtown Ambassadors	DIA	48,600	95,000	49,000	
<i>Capital Grants</i>	Various	-	331,000	250,000	
Capital Grant Admin	IAED	20,000	15,000	15,000	
Community Arts Partnership (GOS)	CAP	50,000	54,000	49,000	
<i>Community Celebration Grant</i>	Various	35,000	40,000	33,000	
<i>Tourism Advancement Grant: Projects</i>	Various	82,700	84,900	50,000	
<i>Tompkins Outdoors Grant</i>	Various	54,500	60,000	55,000	
Festivals Program	DIA	15,000	25,000	20,000	
Hospitality Workforce Development	TCWD	20,000	-	-	B
Public Art	CAP	-	12,500	-	
Trail Towns	FLTC	-	-	-	B
Hospitality Workforce Training Program	GIAC	50,000	60,000	50,000	
Downtown Activation Program	DIA		65,000	60,000	
Watershed Waypoints	CSI		8,417	-	
Inviting Visitors to Cayuga Lake	DCL		34,500	-	
GO ITHACA	GO ITHACA		3,500	-	
Conference Center (4%)	City of Ithaca	171,200	n/a	167,043	C
Convention and Visitors Bureau	TC Chamber	2,264,320	2,359,420	2,264,320	D
<i>Tourism Advancement Grant: Marketing</i>	Various	50,000	56,600	35,000	
Market the Arts	CAP	30,000	37,500	29,000	
County Tax Administration (10%)	Tompkins County	428,000	n/a	417,608	C
Strategic Planning & Staffing	Payroll and Fringe	114,031	141,170	140,317	
Strategic Plan Update	Various	-	-	-	
Airport Marketing and Operational Support	ITH Airport	350,000	-	-	B
TOTAL EXPENSES		4,279,971		4,175,088	
Deficit (-) OR Unallocated Revenue (+)		29		992	

Revenues

Projected Room Tax Revenue	N/A	4,280,000	4,176,080
Projected Use of Reserves	N/A		

NOTE

Request* Request amount shown represents the average of the minimum amount requested and maximum amount requested for each line item. See note C for exceptions.

A ACOD grants are on a two-year contract (2025-2026)

B No budget request received for 2026

C Amount calculated as a percentage of room tax collection

D Pending contract amendment

Budgeting 2026 Room Tax Revenues for the Department of Planning & Sustainability

Calculating the room tax to be direct budgeted from 41113 to TCDPS and Unallocated Revenues

\$ 4,176,080	Projected 2026 Room Tax Revenue
\$ 417,608	10% of Projected Room Tax Revenue for County Tax Administration (per local law)
\$ 167,043	4% of Projected Room Tax Revenue for Ithaca Downtown Conference Center (6475-54802)

Places in the budget to find 41113 - Room Tax as revenues:

Amount	Unit #	Department
\$ 3,832,531	6475	Tourism Promotion
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Amount	Unit #	Components of the Planning Department Administration NOT Part of the Administrative 10%
\$ 136,163	6475	Tourism Program Director salary and fringe incidental expenses (service contracts, printing, food, travel/training, mileage etc.)
\$ 3,670	6475	incidental expenses in DPS budget (office supplies, postage, telephone)
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Amount	Unit #	Components of the Administrative 10%
\$ 74,059	6475	Community Planning (3 positions)
\$ 16,973	1989	Risk Management (County Administration)
\$ 20,367	1310	Treasury (Budget & Finance)
\$ 27,158	1315	Accounting (Comptroller)
\$ 3,396	1420	County Attorney
\$ 275,656	9999	Unallocated Revenues
\$ 417,608		10% of Projected Room Tax