

Background and Intended use
of
Revenues Generated by the 2% Increase in Room Tax

The County currently collects 3% room tax revenues from hotels and bed & breakfast establishments. The County keeps a small portion of these revenues to cover administrative expenses. The majority of the funds are administered by the Convention and Visitors Bureau to provide County-wide marketing to tourists. The Strategic Tourism Planning Board (STP) oversees the CVB's activities and reports back to the BOR. A small pot of money – ranging from \$20-40,000 annually -- is set aside for tourism product development grants. These grants are administered by the STP Board and the Board of Representatives (BOR).

The 2% increase in Room Tax was proposed to provide a boost to the County's tourism development. The goal is to stabilize and expand enterprises that serve tourists and visitors, and consolidate the County's image as a tourist destination. The STP will continue to provide oversight of the use of these funds.

The additional 2% funds will be dispersed in several ways to enhance a visitor's stay in the area. In evaluating the strengths of the County, and in comparing it to others in the region, it was recognized that some of what makes us special exists on very shaky ground. These new funds will provide a catalyst, gelling our position as an attractive community to visit and to invest in. By defining and strengthening our cultural resources and highlighting the County's natural beauty with plantings and beautification projects throughout the city and towns, Tompkins County will stand out far above other communities not only within the region but also within the state and nation.

Distribution and administration of the 2% funds are detailed below. The objective is to invest in the County's tourism infrastructure by:

- Beautifying our communities so that they are welcoming to visitors – especially the gateway communities.
- Improving signage to key destinations.
- Strengthening cultural and visitor oriented organizations.

Details of Distribution and Administration of the 2% funds

The STP Board reviewed the 2% Room Tax increase proposal during the winter of 2000/2001. At its May meeting the STP approved a motion to increase the Room Tax rate to 5% with the following recommendations:

1. The increase should be gradually phased in: 1% the first year, 1.5% the second year, and 2% thereafter.

2. Distribution of funds should support four types of activities:
 - Sustain not-for-profit cultural organizations
 - Support beautification, signage, and public art
 - Support capital projects
 - Support celebrations
3. Distribution of allocations to these four activities needs to be flexible – the activities cannot be assigned a fixed percent in perpetuity, or year to year. Opportunities and priorities change; and some projects such as signage will be mostly complete after a short time period.

The following detailed proposal for distribution of funds reflects this guidance from the STP.

Distribution of Increased Revenue – Overview

Distribution of funds will gradually change over the first three years as revenues increase. As noted above, distribution will be flexible and the STP and the Board of Representatives will review the distribution guidelines periodically. The table provides a preliminary guideline (for illustration purposes only) for distribution to the four activities. The second line shows the percent increase in Room Tax rate and the projected increase in revenues (based on 2000 revenues).

Preliminary Guideline to Distribution of Increased Room Tax Funds

Activity	2002	2003	2004 and beyond
	1% --- \$200,000	1.5% --- \$300,000	2% --- \$400,000
	\$	\$	\$
Sustain cultural org's	80,000	120,000	180,000
Beauty and signage	80,000	70,000	60,000
Capital projects	30,000	100,000	150,000
Celebrations	10,000	10,000	10,000

Fund administrators will be ex-officio members of the STP. Distribution of funds will be made on regular granting cycles. Awards will reviewed by the STP to assure coordination with the STP's Tourism Development Plan. Administrators will be eligible to receive 5-10% administrative fees to cover their costs.

Activity	Administrator
Sustain cultural org's	CAP
Beauty and signage	C of C
Capital projects	TCAD
Celebrations	Historian

Distribution – Details and Procedure

A) **Sustain Cultural Organizations:**

By stabilizing cultural organizations, they will be able to continue to grow their programs as well as develop more collaborative efforts towards becoming a primary draw to the County for visitors, new residents, and new businesses.

General operating support for 501(c)3, non-university and college affiliates, performing and visual arts organizations and museums whose programs are demonstrably geared to visitors and the general public. The organizations must:

- 1) Maintain professional standards of operation including paid, full-time, professional executive/managing director
- 2) Operate, own or rent a designated facility (to include an office) accessible to the general public

Currently, such organizations include the Hangar Theatre, The Kitchen Theatre, the Firehouse Theatre, the Cayuga Chamber Orchestra, PRI, the Sciencenter, and the Tompkins County Museum. Others may be added to this list over time.

- I. Program support for not-for-profit arts and cultural organizations that do not fit the above guidelines. Program support includes such areas as artistic salaries, exhibits, readings, event facility rental, publicity and marketing, etc.
- II. The development grants program (originally funded under the 3% Room Tax) will be incorporated under the funding from the 2% increase. This will free an additional \$20-40,000 for tourism marketing.

All applicant organizations must

- Demonstrate sound governance, administrative and financial practices
- Show long-range program planning
- Have an articulated, executable marketing and public relations plan in place for the coming program year
- Show a commitment to collaborative cultural tourism efforts and initiatives.

All performing arts organizations must sell their tickets through the Ticket Center at Clinton House. All applicants must regularly list their events on IthacaEvents.com.

The Community Arts Partnership will serve as administrator and grantor for these funds.

B. Beautification, Public/Outdoor Art, and Signage Projects

These programs will create a lasting impression for visitors and help to create a visual unity for the County. The majority of these funds will be used for beautification. We expect that the costs for signage will diminish within a few years once most signs have been erected. However, there will be some cost for maintenance.

These funds will be used for a program of planning, planting and maintaining plantings at major sites throughout the County, and at entrances to the County and city in cooperation with local governments. County funds will be matched by local contributions. The Convention and Visitor Bureau's Beautification Committee, which has representation from the Ithaca Downtown Partnership, Cooperative Extension, and other appropriate groups, will coordinate this work. The Beautification Committee will also recommend possible sites and funding for public art. They will also continue to coordinate the signage project and support road signs directing visitors and residents to tourist sites, parks, shopping areas, museums, etc.

The Tompkins County Chamber of Commerce will administer and serve as grantor of these funds through the Convention and Visitors Bureau.

C. Capital Projects and Related Feasibility Studies

This will focus on major visitor-generating projects such as a new meeting center, the State Theater, and museums.

These funds can be used for:

- feasibility studies of potential capital projects
- seed money or one-time investments in unique capital projects
- ongoing debt funding of building projects

Eligibility: large, tourist/visitor generating not-for-profit or public-purpose projects. Examples of projects include the proposed wine-center, the State Theater renovation, and the proposed meeting center. Organizations such as PRI, the Sciencenter, and the Dewitt Historical Society will also be eligible.

Tompkins County Area Development (TCAD) will serve as administrator and grantor for these funds.

D. Celebrations

The County Historian will serve as administrator and grantor for these funds that will help fund community celebrations.