

# City of Sedalia



## City Council Work Session

Monday, June 28, 2010

# Convention & Visitors Bureau Agreement Background

- **Partners :** Sedalia Area Chamber of Commerce is the managing entity over the CVB. CVB funding provided by Tourism Commission, City, grant funding sources
- **Purpose :** To offer City support to the Chamber of Commerce for management of the CVB
- **Current Contract** developed in 2008 at Council's direction to enhance reporting and understanding of efforts to promote tourism in Sedalia/Pettis County

# Lodgings Tax Background

- **RSMo 67.1006-1012 authorizes the lodging tax in Pettis County**
  - **Approved by Legislature in September 1991**
  - **Created Tourism Commission, determined composition**
    - **2 City reps, 2 County reps, 1 jointly appointed**
  - **Established rules for funds generated by tax**
    - **Revenue intended to promote tourism in Pettis County**
    - **Directed 50% of receipts to MSF for first five years of tax**
    - **Revenue can not be used to pay salaries**
  
- **Ballot initiatives in Pettis County set current rate**
  - **Approved by voters in August, 1992**
    - **Rate of \$1/night effective January, 1993**
    - **Rate of \$2/night effective January, 2000**

# Current Challenges

- **State law has changed to allow communities to establish a percentage-based lodgings tax to promote tourism**
- **State law also allows these dollars to be used for salaries and other CVB operating expenses – something currently prohibited in Pettis County**
- **Matching state grant funding has been reduced in recent years – a trend not expected to reverse in the near future**

# Community Goals

- Provide a model for funding and operating the CVB that is both sustainable and future-oriented
- Increase flexibility for the use of funding generated by the transient guest tax
- Discontinue direct financial support from the City
- Increase total amount of funding available to support tourism marketing of Sedalia/Pettis County
  - The goal is not to reallocate the existing funds, the goal is to generate additional revenue

# Action Plan

- **Staff and Chamber will be working together in the coming year to repeal the special Pettis County statute and move forward with a percentage similar to other Missouri communities**
- **Making this change will require action by the Missouri State Legislature, action by the County Commission, action by the City Council and a vote of the public to establish a new lodging tax rate**

# Lodgings Tax by the Numbers

## ➤ General Assumptions

- Available Rooms : 641 (233,965 available rooms per year)
- Average Occupancy (2009) : 33.7 %
  - On an average night, 216 rooms are occupied in Pettis County
- Estimated Average Nightly Room Rate : \$70

## ➤ Current Lodging Tax Figures

- \$2/night - \$158,976 generated in Lodging Tax

## ➤ Potential Lodging Tax Figures

- 3%/night - \$165,577 generated in Lodgings Tax (+ \$7,768)
- 4%/night - \$220,769 generated in Lodgings Tax (+ \$62,140)
- 5%/night - \$275,962 generated in Lodgings Tax (+ \$116,512)
- each additional percent generates an additional \$55,193

# Proposed Contract

- **Continues current funding level of \$72,000/year for FY2011**
- **Streamlines reporting requirements and performance benchmarks**
- **Serves as a bridge contract until lodging tax is modified to provide additional funding**
- **City goal is to discontinue direct financial support in the future**

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