

Montana's Tourism Business Improvement District



Is There a Need?

- Billings hoteliers collect \$3 million in lodging tax annually;
- Chamber/CVB is City-appointed lodging tax recipient for the \$200,000 in marketing earmark (1987);
- State regulations restrict use of those funds: we are not able to be as proactive in priority markets for Billings (Local Control);



Is There a Need?

- Over the past 20 years the lodging tax revenues have been used for a variety of non-promotional projects and continues to be diluted;
- Similar CVBs to Billings across the country have an average budget of \$719,000.



Is There a Need?

	<u>CVB Budget ('05)</u>	<u>Population</u>
Cheyenne	\$686,000	82,000
Bismarck	\$846,000	94,000
Rapid City	\$851,000	113,000
Eau Claire	\$1,000,000	148,000
Columbia	\$1,350,000	145,000
Tri-Cities	\$1,500,000	135,000
AVERAGE	\$1,038,000	119,000



Current Bed Tax Allocations

Billings	\$200,000
Missoula	\$140,000
Havre	\$0
West Yellowstone	\$93,000
Helena	\$80,000
Great Falls	\$77,000

TOTAL	\$590,000
Average	\$98,333



Post-TBID Total Budgets

Billings	\$850,000
Missoula	\$630,000
Havre	\$41,000
West Yellowstone	\$418,000
Helena	\$283,000
Great Falls	\$380,000
TOTAL	\$2,602,000
Average	\$433,666



Business Improvement District

- Montana's BID legislation for 25 years
- 1200 Communities have BID's
- 42 States have enacted BID legislation
- Tourism BID's can be found in
 - New York City
 - Sacramento and other California Cities
 - Spokane and other Washington Cities
 - South Dakota, Wisconsin and other states



Opportunity: TBID

- HB 235 simply expanded existing BID legislation;
- New Language
 - Specifically allows for tourism promotion;
 - District may be non-contiguous if lodging;
 - Existing CVB must be manager;
 - Allowed flat fee basis and may be a sliding scale.
- Funds not to supplant existing bed tax



Business Improvement District

- Term – Maximum of 10 years Minimum of 3 years – Billings opted for 10 years
- After initial term must re-petition
- All BID Fees are assessed on Property Tax Bill
- Elimination of TBID before term expires
 - 50% of the property owners can petition governing body
 - TBID Board proposes no assessment – effectively eliminating program



Start-up Process

- Approx. 80% of City lodging facilities met & agreed:
 - Specific Use – Promote, Market & Sale our Brand – City of Billings
 - Assessment amount – Two Options
 - Incremental Fee \$.50/prr for 60 units & under, \$.75/prr for 61-180 units & \$1.00/prr over 181 units
 - Flat Fee of \$.75 per rented room per night
 - Boundaries/Governing Body – City vs County
 - Where are most of the properties located
 - Knowledge of Council Members vs County Commissioners on BID's
 - Exemptions – Same as current lodging tax



Start-up Process

- Lodging Facilities/CVB developed:
 - Preliminary Objectives
 - Preliminary Budget

Billings' TBID

- Desire was to start collections 4th Qtr 2007
 - Lodging facilities sends Qtrly assessment report to TBID Accounting Firm, who verifies & sends to City who sends it to County Treasurer for collection via property tax statement
 - Funds sent to CVB/TBID
- Investments immediately made in short term business (state group, regional leisure, sports);
- Overall a 2 year ramp up time to start seeing significant impact;
- By 2011 TBID should experience the full benefits of earlier investments.



Billings' TBID

Marketing focus areas would include:

- Filling rooms during need-times
- Recruiting state events
- Explore new opportunities
- Granting/subsidy
- Community brand identity



Billings' TBID

Measurable Objectives

- City wide occupancy: 64-68% annually
 - Current 4-year average is 62.2%
 - Emphasis will be in filling need periods during shoulder season
- Number of city wide bookings: 15
 - Current is 6
- Number of city wide room nights directly sold: 15,000
 - Current is 6,000



Billings' TBID

Measurable Objectives

- Increase number of sporting events;
- Increase number of unique web visits;
- Increase number of qualified hotel leads;
- Develop annual report card graded by industry



Implementation

- Law states you must have a minimum 60% of total footprint sign the Petition:
- Owners of land must sign – Not General Managers
 - Billings Approx. 4,600,000 square feet – see sheet
 - CAMA Detail – Computer Assisted Mass Appraisal
 - Goal Greater than 70% of properties = Excess of 80% of the footprint
 - 3,400,000 square feet of owners signed
 - Large properties (Holiday Inn) to small (The Vegas & Western Executive)
 - Only 4 properties said no – Not necessarily bad



Implementation

- City Council Work Session – Review concept
- Obtained signatures & presented to City Council
- City Council approved the petition
- All lodging facilities notified
- Public hearing held
 - 1 facility against the TBID
 - 96% of properties in favor
- City Council approved the petition & appoints 7 member board
 - YCLA sub-committee agreed to the following
 - 2 members from 80 units or under, 3 from 81 – 180 units & 2 over 181 units
 - Approved Applicants voted by membership
- Board members are lodging facility owners or designee - **ONLY**



Implementation

- TBID became effective October 1, 2007
- YCLA had implementation meeting for all properties
 - Finalized what's exempt and what's not – see handout
 - Reviewed PMS, Extranets, Reservation systems etc
 - Potential Impact on booked business
- Finalizing Collection Process with properties Nov 14
 - Current statute states part of property tax bill
 - Collaboration between City & County Tax Collector



Working Together

- CVB/Chamber Alignment
- Hotel Motel Association
- Stand Alone TBID
- Administrative Expenses
- Office Space and Overhead
- Board Unification



Collections

- Collections Schedule
- Notifying the Properties
 - Certified Letters
 - TBID Board Personally Calls
- Notifying Guests
 - Letter from the Mayor
 - Support Materials for GSR's
- Collections letter/forms



Starting Operations

- Mission Statement
- Identity
- Budget and Budget Outline
- Public Meeting Notices and Open Meetings Law
- Corporate Structure
- D&O Insurance



Starting Operations

- Bylaws
- Employment Contract
- Operating Loan
- Logo
- Granting Policy
- Identifying Threats



Auditing

- Collections Process
- Properties
- TBID
- CVB or Partner



Education

- Stakeholders
- Community
- Government

Thank you!

