



DOOR COUNTY TOURISM ZONE COMMISSION
Administrator's Report
April 2016

Compliance: Late Letters Sent

- The number of **December 2015** "No Reports" letters sent: Sixteen (16) to owner managed properties on 2/15/16.
 - Three (3) remain to report as of 3/9/2016.
 - One (1) remains to report as of 4/14/2016.
- The number of **January 2016** "No Reports" letters sent: Twelve (12) to owner managed properties on 3/18/16.
 - Seven (7) remain as of 3/25/2016
 - Three (3) remain as of 4/14/16
- The number of **February 2016** "No Reports" letters sent: Eighteen (18) to owner managed properties on 4/11/16.
 - Nine (9) remain as of 4/14/16

Unpaid tax/fees/penalties: The total outstanding due as of 4/14/16 is: **\$3,273.78 from seven (7)** permit holders.

First Notice	Second Notice	Third Notice	Attorney	Settlement/ Payment Plan	Collections	Compliance Penalty	Appealing Amount Due
\$ 25.86				\$ 4.68			\$ 1,340.00
				\$ 126.31			
				\$ 229.57			
				\$ 53.55			
				\$ 650.00			
				\$ 382.91			
				\$ 460.90			
\$ 25.86	\$ -	\$ -	\$ -	\$ 1,907.92	\$ -	\$ -	\$ 1,340.00
\$ 3,273.78	Total Outstanding						

- **Permits:** (13) Twelve permits have been issued since March reporting. (7) Seven permitted during the same period in 2015. As of 4/14/16 there are 994 permits.

Town of Nasewaupsee –seasonal – compliance
 Town of Baileys Harbor – seasonal – new owner permit
 Town of Liberty Grove- seasonal- compliance
 Town of Jacksonport – year round- compliance
 Village of Sister Bay – seasonal
 Town of Liberty Grove- seasonal
 Town of Sevastopol- year round – compliance
 Village of Ephraim – seasonal – compliance
 Town of Liberty Grove- seasonal – compliance
 City of Sturgeon Bay- year round – compliance
 Town of Baileys Harbor- seasonal
 Town of Gibraltar- seasonal
 Village of Egg Harbor- year round - compliance

- **Unpermitted Properties:**

I am currently working on permitting fifteen (15) unpermitted properties that are advertising online or have contacted the office regarding permitting. In 2015, there were sixteen (16) unpermitted properties that were advertising online.

- **Other news:**

- **Washington Island Observer Article:** Will Craig of the Washington Island Observer completed his article. The last draft I saw had some minor typos to be fixed, but all in all it was great publicity for the Zone and Washington Island. I

have not been able to obtain a final copy as the publication is only available online by subscription. I have a request in to the Observer to obtain a copy for our files.

- **Advocate Article - "Room Tax Provides Marketing for Tourism"** – Thank you to all who were contacted by Alyssa from the Advocate to contribute. The article turned out to be a great informational piece. (Article at the end of my report). The WH&LA picked up the article and included it in their "Wisconsin Lodging Insider".
- **Tweak Update – The questionnaire to begin the video production has been completed and submitted to Tweak.**
- **BLIS** – Greg Swain called to update me on the progress of the agreement. He was meeting with his attorney Friday April 8th, 2016 and hoped that he would have an agreement shortly thereafter. I did reach out to him on 4/12/16:



The screenshot shows an email from Greg Swain to Kim. The header includes the sender's name 'Greg Swain', the recipient 'to me', and the time '10:58 AM (22 hours ago)'. The body of the email contains the following text: 'Hi Kim, I hope to have it back from the Attorneys office today. I think we have a very easy concept set forth that will allow us to explore interests in other communities, and help out the DCTZ. I will be in touch yet today. Greg'.

- **Agent Letters:** Each spring I send the agents letters with important information, a spreadsheet of their listings and current forms. The 2016 Agent Letter went out on April 6th, 2016. This year I also included the information on the City of Sturgeon Bay Transient Rental Ordinance and included all current forms/information. Because no timeline has been established for the updates to the back office system, I did not include information about changes to the way agents may file in the future.
- **Student Housing:** Josh asked that I look into §66.0615 to see if there were any exemptions for worker housing, I have reviewed the statute and have found nothing that applies to student or worker housing. However, in the statute, transient is defined as the meaning given in §77.52(2)(a)1.
 - *The furnishing of rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations. In this subdivision, "transient" means any person residing for a continuous period of less than one month in a hotel, motel or other furnished accommodations available to the public. In this subdivision, "hotel" or "motel" means a building or group of buildings in which the public may obtain accommodations for a consideration, including, without limitation, such establishments as inns, motels, tourist homes, tourist houses or courts, lodging houses, rooming houses, summer camps, apartment hotels, resort lodges and cabins and any other building or group of buildings in which accommodations are available to the public, except accommodations, including mobile homes as defined in s. 101.91 (10), manufactured homes as defined in s. 101.91 (2), and recreational vehicles as defined in s. 340.01 (48r), rented for a continuous period of more than one month and accommodations furnished by any hospitals, sanatoriums, or nursing homes, or by corporations or associations organized and operated exclusively for religious, charitable or educational purposes provided that no part of the net earnings of such corporations and associations inures to the benefit of any private shareholder or individual. In this subdivision, "one month" means a calendar month or 30 days, whichever is less, counting the first day of the rental and not counting the last day of the rental.*
 - I called Hiawatha Residence Hall, a dorm for the Dells. Accommodations are available only to verifiable short-term, seasonal Dells Area Workers. The office manager said that the rentals are done by the week and when asked if any taxes were paid on the short term rentals, she said no. She said that most of the residents are J1 Visa workers.
 - Wisconsin State Fair employees and vendors that stay at the State Fair Park pay a nightly rate plus tax for dorm housing.
 - At the March meeting the Commission requested that Attorney Vande Castle attend the next full Commission meeting. Should I move forward with that request?
- **FAQ'S:** The website has been updated with a new version of the FAQ's. I worked with Town Web to make the document come up in full screen instead of having to click through via a link. I updated the document in an easy to use format and easy to understand directions for someone just getting started with rentals.
- **Minimum payments to the municipality:** Over the slower months some municipalities have had a small distribution of under \$1. Kerber Rose has asked if we can approve a minimum of \$5 to distribute funds.

- **VRBO:** As Elizabeth LeClair mentioned at the March meeting, VRBO has instituted a new service fee. The percentage of the fee ranges from 4%-9% with a maximum fee of \$499.
 - The Facebook group has been helpful for me to watch where folks are moving to as an alternate option to VRBO. One of the strong contenders has been homeescape.com (Door County had no listings on the site the third week in March and now has three (3) currently) and avora.com (no listings yet). A class action suit has been filed claiming bait and switch tactics by VRBO. I have noticed new VRBO listings slowing down. I have fielded quite a few calls regarding membership to the DCVB as a way to recover from what is happening on VRBO. I have directed all inquiries to Phil Berndt. I mention this because many users (not unique to Door County) are reporting serious declines in interest in their properties and reservations. The issue bears watching – I hope they will change their policy as VRBO and sites like it allow us to find rentals easier.
 - Of additional interest, those who choose not to use the payment services of VRBO will not sort higher than those that do. VRBO has adjusted their sort algorithm to make those who utilize the payment system (thereby assisting with the collection of the service fee) come up ahead in the sort of those who use direct payment options (paypal, check, etc..) The sort apparently now disregards the type of membership that has been paid for (premium membership are supposed to sort within the top number of determined pages)

What is the service fee?

Overview

The service fee is paid by the traveler when booking through the HomeAway websites. This fee covers the cost of providing 24/7 customer support, enhanced site and mobile features for both owner and travelers, plus expanded marketing efforts to generate more exposure to global audiences. Additionally, when a traveler books and pays through HomeAway, they are eligible for the [Book with Confidence Guarantee](#).

Paying the fee

Travelers pay the service fee by credit card when paying through the secure HomeAway checkout process. The service fee is only charged to the card once the booking has been accepted. The [service fee is calculated](#) on a sliding scale of 4% to 9% of the rental amount, excluding the deposit or taxes. The service fee only applies to the cost of the rental and will not exceed \$499.

Other Property Fees

The service fee does not affect the ability of the owner to control their own rental rates and fees (e.g. pets, cleaning, or maintenance). We do recommend providing a distinct name for fees that differ from service fee to avoid confusion.

Refunding the fee

The owner does not have the ability to discount or waive the service fee amount. The only time the service fee can be refunded is when an owner uses the [Cancellation Refund](#) feature from their dashboard. However, if the reservation is not canceled and all payments fully refunded to the traveler, the service fee will not be refunded.

Tax Implications

Owners do not pay taxes on the service fee. Sales and Use Taxes and Transient Occupancy Taxes are only due on the amount paid to the property owner related to the rental of the accommodations.

○

Respectfully Submitted,



Kim Roberts
Administrator

Removed Properties 3/12/16 to 04/13/2016

Municipality	Permit #	Removed	Lodging Name	Lodging Address	Owner	Reason for Removal
Town of Washington	46-56-0583-11	3/15/16	Nader #108	1390 Sunrise	Burl Nader	Property sold.
Town of Egg Harbor	08-53-1569-00	3/15/16	Friedberg – Personal Guest Room	7548 Bluff Pass	Gerri Friedberg	No longer Renting. Doubts legality of room tax.
Town of Liberty Grove	32-55-0181-02	3/22/16	Hultgren's Lake Home	105616 S. Appleport Ln.	Tim Hultgren	No longer renting.
Town of Egg Harbor	08-59-0715-00	3/22/16	Healy's Open Door Guest House	6684 Birch	Patricia Healy	"I no longer rent my property and haven't since 2012." Made inactive.
Town of Liberty Grove	32-56-0073-00	3/25/16	Summer Haven	11602 Beach Haven	Glen Londre	"I no longer rent my property and haven't since 2012." Made inactive.
Town of Liberty Grove	32-56-1018-02	4/5/16	Till's Log Cabin	12326 Timberline Road	Mike & Shirley Till	Owner:"I am no longer renting my property - renter's cause damage and owner loses money. I will advise everyone I can not to rent."
Town of Liberty Grove	32-56-0274-00	4/6/16	Cabin A La Fin de la Terre	12699 S Port des Mortes Dr	Carla – Desiree Bromstad	"My husband and I are moving to the property to reside permanently.
Town of Egg Harbor	08-53-0939-00	4/7/16	Dogwoods Cabin	6854 Bayshore	David and Corinne Meyer	"I no longer rent my property and haven't since 2012." Made inactive.
Town of Sturgeon Bay	36-54-0865-00	4/11/16	Along the Beach B&B	3122 Lake Forest Park	Robert Brown	"I no longer rent my property and haven't since 2012." Made inactive.
Town of Washington	46-55-0664-00	4/11/16	Hansen's Cottages	1188 Main Road	Joan Hansen	Owner is disabled following an accident – no longer renting.

Room tax provides marketing for tourism

[Alyssa Bloechl](#), USA TODAY NETWORK-Wisconsin 3:57 p.m. CDT April 12, 2016

Photo: KarenBJones, Getty Images/iStockphoto)

3CONNECTTWEETLINKEDINCOMMENTEMAILMORE

Working together is better than working alone with it comes to tourism marketing in Door County, and there are statistics to prove it.

Since the Door County Tourism Zone Commission (DCTZC) formed in 2009, there has been a 20.51 percent increase in filled rooms, which equates to over 90,000 more stays, according to Commission data. Between 2009 and 2014 visitor spending in Door County increased by over \$56 million.

It might be surprising to learn that tourism was declining in the mid-2000s in Door County. As this is a place of natural wonders, the arts, shopping, dining and outdoor recreation, Door County seems like an obvious choice to stay for a weekend or week or month for that matter.

Noticing the decline of visitors and overall tourist spending, the Door County Strategic Marketing Coalition had a study done with a consultant, which indicated the county needed a large marketing push to get people back to the Door. To have a comprehensive marketing initiative, funds are necessary.

Modeling the Sturgeon Bay area's room tax, the DCTZC formed and in 2009 all 19 Door County municipalities adopted ordinances to impose a 5.5 percent tax on transient lodging. "Transient lodging" is defined as rooms rented in hotels, inns, bed and breakfasts, through AirBnB, Vacation Rental By Owner or any place where people stay for less than 30 days.

The funds from this room tax are broken down into three parts: 66 percent is distributed to the contracted tourism entity (the Door County Visitors Bureau), 30 percent is given to the municipality where the lodging location is and 4 percent is used for Tourism Zone administrative expenses.

"Each municipality is part of the Door County marketing plan," said Kim Roberts, DCTZC administrator. "They each benefit from expanded exposure, and more people are paying attention to the county as a whole."

The Tourism Zone collects and distributes the funds, but to eliminate the opportunity for fraud, the Tourism Zone works with Kerber Rose Accounting and Schenk for accountability and audit services.

DCTZC chair Josh VanLieshout said on the bottom line, with a more central tourism marketing strategy and funding, the average room and occupancy rates should continuously increase.

"No business has the capital to put \$3 million into marketing, and the Door County Visitor Bureau has reach across the nation," VanLieshout said.

Roberts said with more targeted marketing more people come to the peninsula, benefiting businesses outside of lodging including the dining sector, retail and campgrounds.

The Tourism Zone is a great partner of the DCVB, as they are the enforcement of the room tax legislation, ensuring proper permitting and collection and payment of the tax DCVB President and CEO Jack Money penny said.

"They do the heavy lifting for us to make sure those tax dollars are collected to market the county," Money penny said.

He said prior to 2007, DCVB's marketing budget was \$200,000 and was primarily made up of membership dollars. Today the marketing budget is about \$2 million.

"The tax gave Door County the marketing boost we needed," Money penny said. "It helps us to find new visitors to try Door County to see if this is a good place for them."

In addition, DCVB puts 11 percent of the 66 percent of funds received from the tax into the Strategic Community Partnership Fund (SCP), which is allocated for local marketing entities like the Sturgeon Bay Visitors Bureau and the Egg Harbor Business Association.

The SCP was formerly known as the Community Marketing Fund, and was made to create a bridge for alternate funding for municipalities that already had a room tax and had money ingrained into their communities, Money Penny said.

The city of Sturgeon Bay had a room tax for 10 years running before all of the Door County communities joined the Tourism Zone and implemented the same room tax.

Mariana Gibson of the Washington Island Chamber of Commerce said the town of Washington gives the Chamber half of its tax monies to promote the Island. Last year they received about \$10,000 and noted that occupancy rates increased between 2014 and 2015.

"Before the room tax, it was very hard for us, and now we can do more than print fliers," Gibson said.

Some new aspects to their marketing includes ads in Midwest Living Magazine and a new Chamber website with mobile capabilities. In addition to their regular advertising in local media publication, the Chamber also went to represent the Island at Canoecopia, a conference in Madison for paddling sports enthusiasts.

"It's really helped our Chamber, when you get that extra money, you can find good things to do with it," Gibson said of the Tourism Zone and room tax.

Ephraim Village Administrator Brent Bristol said the village also gives its local tourism entity, the Ephraim Business Council, half of the room tax monies they receive.

"From our end, we use our portion of the funds for public projects," Bristol said. "One of the larger projects was for some streetscape design work."

He said the village went through some difficult times in terms of occupancy rates a few years ago.

"We're seeing it bear fruit now. The number of heads in beds is going up and we can attribute that to the Tourism Zone work," Bristol said.

-abloechl@doorcountyadvocate.com, Twitter @alyssabloechl, Facebook Alyssa Bloechl