



DOOR COUNTY TOURISM ZONE COMMISSION

Administrator's Report

MARCH 2017

Compliance: Late Letters Sent

- The number of **September 2016** “No Reports” letters sent: Forty three (43) to owner managed properties on 10/11/16.
 - One (1) remains to report as of 3/9/17.
- The number of **October 2016** “No Reports” letters sent: Fifty seven (57) to owner managed properties on 12/16/16.
 - One (1) remains to report as of 3/9/17
- The number of **November 2016** “No Reports” letters sent: Seventeen (17) to owner managed properties on 1/17/17
 - One (1) remains to report as of 3/9/17. Plus one property that indicated that they were closed but has reviews on Airbnb (a lodger can't leave a review unless reserved, booked and paid through Airbnb)
- The number of **December 2016** “No Reports” letters sent: Eighteen (18) to owner managed properties on 2/15/17
 - One (1) remains to report as of 3/9/17. Plus one property that indicated that they were closed but has reviews on Airbnb (a lodger can't leave a review unless reserved, booked and paid through Airbnb)

Unpaid tax/fees/penalties: The total outstanding due as of 3/9/17 is: \$27,904.61 from eleven (11) permit holders. \$25,091.31 is the judgment granted in the recent compliance case. Two (2) properties are paying off their totals due with payment plans in the amount of \$1,575.76.

First Notice	Second Notice	Third Notice	Attorney	Settlement/ Payment Plan	Collections
\$ 26.57	\$ 393.36	\$ 35.56	\$ 25,091.31	\$ 1,218.43	
\$ 25.02	\$ 566.20			\$ 357.33	
\$ 25.65	\$ 68.52				
\$ 86.71	\$ 9.95				
\$ 163.95	\$ 1,038.03	\$ 35.56	\$ 25,091.31	\$ 1,575.76	\$ -
\$ 27,904.61	Total Outstanding				

- **Permits:** *Eleven (11) permits have been issued since February reporting – Seven (7) due to compliance efforts.*
 - **(8) Eight properties were permitted during the same period in 2016.**
 - **As of 2/9/17 there are 1031 permits.**
 - Village of Sister Bay – seasonal
 - Town of Gibraltar- year round- compliance
 - Village of Egg Harbor – time share week – compliance
 - Town of Liberty Grove – seasonal
 - Town of Gibraltar – seasonal – compliance

- *Town of Egg Harbor – year round – compliance*
- *Village of Ephraim – seasonal- compliance*
- *Town of Gardner – year round – compliance*
- *Town of Liberty Grove- year round+*
- *Town of Egg Harbor- year round – compliance*
- *Town of Gibraltar- seasonal*

Unpermitted Properties:

I am currently working on permitting seventeen (17) unpermitted properties that are advertising online or have contacted the office regarding permitting. Last year at this time I was working on twelve (12) unpermitted properties.

- **VRBO/ Homeaway/ Vactionrentals.com** : Currently on VRBO there are 535 (536 last month) properties for Door County with a few that are located in or around Algoma.
 - VRBO Listing #1005094 - compliance letter sent 2/7/17, 3/6/17
 - VRBO Listing #1001072 - compliance letter sent 1/31/17, 3/6/17
 - VRBO Listing #1003860- compliance letter sent 2/6/17
 - VRBO Listing #1003855- compliance letter sent 2/6/17
 - VRBO Listing #17556199 – Compliance letter sent 3/6/17
 - VRBO Listing #1023596 – Compliance letter sent 2/28/17
 - VRBO Listing #1015419 – Working on lead for owner – timeshare. I have exchanged emails with owner. (On Airbnb as well)
- The same properties are cross listed on **Homeaway.com/vactionrentals.com** have over 300+ listings.
- **AIRBNB**: Currently on Airbnb there are 153 (up from 147 last month) rentals listed for Door County.
 - **Unpermitted Listings:**
 - Unpermitted Listing #6: 15062338 (compliance /timeshare)
 - Unpermitted Listing #5: 13282955 (compliance /timeshare)
 - Unpermitted Listing #1: 15399898 - compliance (second notice sent 1/30/17)
 - Unpermitted Listing #2: 13752696- compliance (final notice sent)
 - Unpermitted Listings #3: 17556199 - compliance
 - Unpermitted Listing #4 - 16987204 compliance
 - Unpermitted Listing #5: 32483936 compliance
 - Unpermitted Listing #6: 17097048 compliance – time share have a lead on owner
- **TRIPADVISOR/FLIPKEY**: Currently on Tripadvisor there are two hundred eighteen (218) vacation rentals (215 last month).
 - Flipkey listings are forty two (42), last month there were forty two (42) rentals.

Other news:

- There was a letter to the editor in response to the Jackson Parr's article in the Pulse. I was dismayed that he did not include the final determination of the meeting discussion which was, "Keep the door open for Senator Cowles to discuss since it is generally a tourism issue but it is not a room tax issue." The letter to the editor was submitted from Bruce Hill and is fantastic. Once the meeting minutes are approved I would like to send a copy to Bruce Hill.

- The information to go out to the municipalities for the WDOR reporting was promised for the month of March. Chair Van Lieshout and I will have a final review of the reporting prior to it being distributed to the municipalities. I will be offering to help with the filings by going out to those municipalities that wish to have assistance.
- WH&LA news - Information on budget cuts for tourism and proposed changes to room tax laws that are being discussed.
- 2016 Audit scheduled for 3/24/17.
- Historical data project – included in the report is the data project I have been working on for the years 2009-2016. There is a summary view, yearly report and graphing. Now that all the data is entered I can pull the next years data into the graphing to continue to watch for trends.
 - Of note: You'll notice that there are a few years that don't balance 100% back to KerberRose year end numbers. There are a number of reasons that they may not balance and I was able to find most of the errors, but Josh and I decided that since this data is not being used for audit purposes but rather statistical data it wasn't worth the expense to have the entries corrected.
- The first quarter newsletter is ready to go to Hillstrom. Instead of having them write and produce graphics I was able to do all of that work in office, per Jane's suggestions. Jane was more than willing to review and offer suggestions of ways to improve the newsletter. Once it comes back, I will share with the Commission for input.
- Municipal Representation – Enclosed is the 2016 spreadsheet which shows that the Town of Liberty Grove, Baileys Harbor and Sevastopol all gain a representative. An email went out to each municipal body that can add a representative.

Respectfully Submitted,
Kim Roberts
Administrator

Removed Properties 2/10/17 to 3/9/17

Municipality	Permit #	Removed	Lodging Name	Lodging Address	Owner	Reason for Removal
Town of Liberty Grove	32-56-1507-06	2/15/17	Hedgehog Harbor Cottage	973 Cottage Rd	David & Patricia Bernhard	Combined with permit #1506
Village of Egg Harbor	09-50-0091-00	2/15/17	Lull Abi Inn	7928 Egg Harbor Rd	Bruce Hill	Property sold. New owners sent permitting packet.
Village of Egg Harbor	09-56-1281-03	2/22/17	Point Beach Waterfront Home	7669 West Shore Rd	Burnell Van Egeren	Planning to sell the property.
Town of Liberty Grove	32-55-0157-02	2/28/17	Ludvika	11073 STH 42	Deb Serchen	No longer renting.
Town of Sevastopol	33-56-0967-00	3/6/17	Camelot Cliffs	5419 Pine Tree	Deb Homan	Property sold. New owner being permitted.

State Tourism Marketing Funding

As reported in brief when the Governor released his state Budget Proposal in early February, the state Tourism Marketing Budget was reduced by \$260,000 the first year of the biennium, and by \$210,000 the second year. While approximately \$500,000 in designated earmarks in the marketing budget expire July 1st, the tourism industry was hopeful that this full amount would remain in the budget so that it could be spent on tourism marketing through the normal prioritization process they utilize. We will continue to push for not only reinstatement of the full funding, but also an increase, due to the 8 to 1 Return on Investment (ROI) to the state.

What is the latest? The next step in the State Budget process is for the Joint Finance Committee to schedule their normal series of public hearings around the state, and begin their deliberations this month to determine what aspects of the Governor's Budget proposal they will keep and what they will alter, before they send their updated Budget proposal to both houses of the state legislature to debate. Both houses have to reach concurrence and pass the same final version before it can go to the Governor for his final review and opportunity to veto certain passages, if he wishes. Only then does it become law. In the coming weeks we will be suggesting that members contact the Joint Finance Committee to seek increased funding for state tourism marketing - we will provide their email addresses at that point to make sure the tourism voice is heard.

Local Tax Increase Proposals

New this session there are a number of yet-to-be introduced or even finalized, proposal variations that would add the authority for local governments to increase local taxes, such as:

- On lodging, restaurant, and car rental businesses (similar to the Wisconsin Center District taxes), which could go to creating a special exposition district (with potentially much broader definitions of exposition centers).
- Increase the number of areas that could become "Premier Resort Areas" which would impose a half-percent sales tax on 44 Standard Industry Classification (SIC) code retailers that were identified as benefiting from tourism, including of course lodging. The revenue from PRAT must be used on "infrastructure" which would likely be designated for road maintenance
- Increase the local general sales tax on all taxable sales in a city or county. In some cases the interest is to fund roads/transportation purposes, but other purposes are also being discussed.

What all the proposals have in common is to create a new source of revenue for local developments or projects that currently would not have public funding. What will be interesting is whether at some point there will be an effort to mesh all of these proposals, AND how to gain support from the Governor who is not interested in adding new taxes, and who has the power to veto components in the Budget or separate bills passed by both houses in state government.

Can Room Tax Support Our State Parks?

By [Jackson Parr](#), [Peninsula Pulse](#) – February 24th, 2017

At its meeting on Feb. 16, the Tourism Zone Commission uncharacteristically discussed a politically charged topic in between the standard occupancy rate updates and report from the Door County Visitor Bureau. Commission Administrator Kim Roberts passed out a packet of news articles outlining the decreasing funding for Wisconsin state parks and the increasing complaints about maintenance and facilities from visitors.

The commission, charged with the collection of room tax dollars that ultimately serve as tourism promotion, considered its potential role in supporting one of the greatest tourist assets the county has to offer.

“So many people come to Door County for our state parks,” said Roberts. “There’s this fear that the parks are more popular than ever but people are being priced out of them and they’re in decline as far as maintenance.”

State park funding is quickly disappearing in Wisconsin, favoring a self-sustaining model that has resulted in increased fees to cover the complete removal of general purpose revenue from the coffers of the state park system. The expected \$1.4 million deficit that resulted from budget cuts in 2015 is central to an ongoing conversation in Madison about potential revenue streams within the state parks.

The lack of funding results in reduced maintenance at the state parks, fewer employees, and delayed projects. Some commissioners worry that this decline and increased cost to visit the parks will result in a decline of tourists to the area.

But the commission only supports marketing of the county through the Door County Visitor Bureau (DCVB). While 30 percent of room tax dollars go back to the individual municipalities to use however they please, the commission can’t tell the municipalities to support state parks.

Dick Skare, commissioner and chair of the Gibraltar Town Board, said he spoke with Representative Joel Kitchens about the possibility of adding room tax to campgrounds in state parks and funneling those dollars back to the state park in which they came from.

“From the Town of Gibraltar aspect, where we are neighbors with the park, we have law enforcement people and fire department and EMRs that go in there and do all these things now that we’ve not necessarily done before so we have local expenses that we incur,” said Skare.

As the state law reads now, the commission cannot levy a room tax on tent or RV sites in both state parks and private campgrounds.

“My understanding of the statute is that room taxes can only be charged against things like if you have a cabin at a campground but not against tent sites, not against camper sites,” said Josh VanLieshout, chair of the Tourism Zone Commission and Sturgeon Bay City Administrator.

VanLieshout added that the commission has recognized the value of marketing and does not intend to shuttle funds away from the DCVB and toward state parks.

But whether the commission can use funds to support state parks lies in a gray area of the state statute. The 30 percent a municipality keeps can be used however that local government wants, tourism related or not.

State law says the remaining 70 percent can be used for “tourism promotion and tourism development,” which includes, “tangible municipal development” as long as that development is targeted at transient visitors and is likely to encourage them to spend the night.

“Room tax can be used to support tourism-related infrastructure,” said VanLieshout. “Is that state parks? County parks? Is it convention centers? That’s the big question.”

That question hasn’t been challenged yet, making the official interpretation of the law unclear.

But even if the commission cannot or will not spend some of its funds directly on tourism development, such as fiscal support of state parks, the 30 percent that municipalities can keep has no restrictions.

Skare said Gibraltar uses a portion of its 30 percent to fund the Fish Creek Civic Association, which promotes tourism and events within Fish Creek, and the rest goes into the general fund for no specified purpose. In a phone call, Skare said that Gibraltar has not discussed using a portion of its room tax dollars to support the neighboring Peninsula State Park.

At the Feb. 16 meeting, Skare said changes to the room tax statute could be explored at the Door/Kewaunee Legislative Days in April.

By Door County Pulse, Peninsula Pulse – March 3rd, 2017



As one of the original members of the Door County Tourism Zone Commission, I must express my dismay at the article “Can Room Tax Support Our State Parks?” by Jackson Parr in the Feb. 24 issue of the *Pulse*. It is imperative to realize the success of the current room tax ordinance in Door County, for it has far exceeded our expectations. The room tax is now 10 years old. In the early 2000s tourism was declining in Door County. Lodging properties were getting torn down and replaced with condos. This switch from transient visitors (who eat in restaurants, shop in shops, and go to the theater) to seasonal visitors (who pay property tax to support services and infrastructure) was causing a decline not only in lodging, but in all other segments as well. Northern Door County’s economy depends on tourism, and it was not healthy.

The key to this problem was the lack of a budget to advertise and promote the County. Before the room tax the total marketing budget was about \$235,000 per year. With the room tax, that budget is now \$2,900,000. Additionally, the Chamber of Commerce was relaunched as the Door County Visitor Bureau with new staff and new direction. Has this worked? Emphatically Yes! Over the term of the room tax lodging sales have grown by 49.9 percent (DCVB website), and this growth is driven by occupancy and rate. The room tax also funded over \$1,000,000 per year in municipal discretionary funding. Shops are filled. New lodging properties are being built, old ones are re-opened, and the restaurant business is growing rapidly. Why? Tourists know about Door County.

The total room tax collected last year was \$4,500,000, and anytime there is a pot of money that large in a community this small some organizations are going to try to get a piece of it. The critical issue here is that the current formula works, and we must stay true to our mission (and state statute) and use the 70 percent of the funds to promote tourism. I take exception to Mr. Parr’s sentence, “But even if the commission cannot or will not spend some of its funds directly on tourism development, such as fiscal support of state parks...” as it totally ignores that 100 percent of the funding is spent on tourism development.

I understand the importance of state parks to Door County tourism, and that these parks are the anchor stores in our mall. But the reduction of funding by a state government who wishes to spend \$500,000,000 to build a basketball arena in Milwaukee should not deter us from our mission, which is to use our tax dollars that we have collected through our organization and marketed with our visitor bureau to make our economy grow.

The room tax is a community success. It feeds itself. It gives us jobs, income, playground equipment, festivals, and even fire trucks. Leave it as is, let your representatives be accountable for their mistakes, and we will continue to make our lives better with this elegant solution.

Bruce Hill

Fish Creek, Wis.