



Door County Tourism  
Zone Commission  
PO BOX 55  
Sister Bay WI 54234



**DID YOU KNOW?** In May of 2007, the Door County Tourism Zone Commission was established out of the hard work of a group of concerned citizens. Studies showed that Door County was losing its market share to other locations in the state; the only way for Door County to remain a relevant destination was to generate money for a broader marketing campaign.

By 2009 all nineteen Door County communities were a part of the Tourism Zone creating a cohesive effort to promote the region as a single destination. The Door County economy has benefited from those efforts with the generation of incremental economic impact for the communities by attracting visitors with marketing strategies that ensure sustainable tourism.

In order to balance the costs and benefits of tourism against the preservation of our communities and quality of life the Tourism Zone believes legal lodging providers who collect and remit room tax deserve a level playing field for following the requirements. Failing to collect or remit tax and maintain licenses may give an illegal unit an unfair advantage over a legal lodging property. The Tourism Zone proactively and diligently seeks out those who are offering their property for short term rentals via word-of-mouth, craigslist, newspaper, or online rental by owner sites such as VRBO, Homeaway, Tripadvisor and Airbnb to ensure proper permitting and remittance of room tax.

# DOOR COUNTY TOURISM ZONE

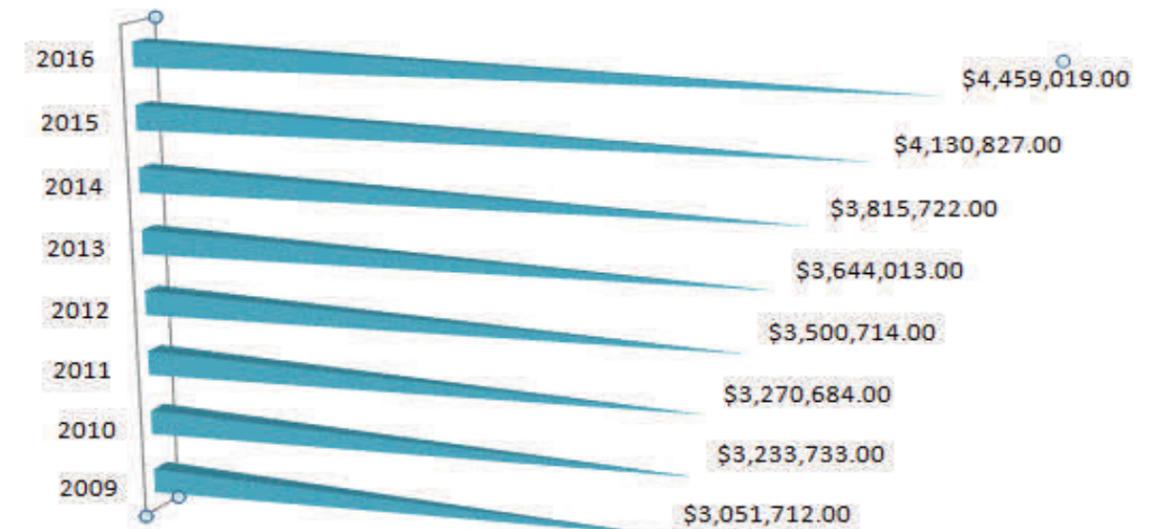
1st Quarter 2017  
Newsletter

Let's take a look at what room tax has done in Door County since 2009

## Did you know ?

Door County implemented a 5.5% room tax in 2007. 2009 was the first full year that all nineteen of the county's municipalities were part of the Door County Tourism Zone and collected room tax. For comparative reasons we use 2009 as the base year.

## Room Tax Collections 2009-2016



## Total Room Revenues 2009-2016



Do you know the difference between the DCVB and DCTZC?

**Tourism Zone**



Disburses 30% of room tax revenues collected to the municipality in which the tax was collected.

Disburses 66% of the room tax collected to the DCVB, the designated marketing agency for Door County.

4% is retained by the DCTZC for operation expenses

All Commissioners are volunteers

The DCTZC is audited annually by an outside municipal accounting firm

All money collected by the DCTZC from permit holders is handled by an accounting firm

**VS**

**Visitor Bureau**



The DCTZC disburses 66% of the room tax collected to the Door County Visitor Bureau, the designated marketing agency for Door County.

The Door County Visitor Bureau then distributes 11% of the 66% to CMF.

All remaining room tax revenues are used to market Door County to increase interest in visitorship and generating overnight stays.

The Door County Visitor Bureau develops the annual market plan and budget.

The DCVB hires and evaluates vendors

The DCVB executes the marketing plan

**Introducing the New SILVER DCVB MEMBERSHIP**

Online-Only for \$225/yr.\*

*For rental property owners and other microbusiness owners who are only interested in the exposure offered on DoorCounty.com - without the added expense of full membership benefits.*

To help meet the needs of TZC Permit Holders and other microbusiness owners, the Door County Visitor Bureau has created a new Online-Only SILVER MEMBERSHIP for \$225/yr. (plus a one-time joining fee of \$25)

The new Silver Membership offers an affordable way to crank up your exposure with an InnLine Page (and online Vacancy Calendar for TZC Permit holders) on DoorCounty.com, without the added expense of full membership benefits.

Contact Yvonne Torres, DCVB Membership Manager, TODAY!  
yvonne@doorcounty.com or 920-818-1139

***The courtesy of notifying you of this opportunity is extended to you as a permit holder of the Door County Tourism Zone and not intended as a solicitation.***



**IN THE NEWS**

With nearly ten years of room tax collections, the Tourism Zone has a wealth of data for each municipality that provides statistics for available rooms, rented rooms, occupancy and average nightly rate. While the Tourism Zone refrains from random audits, it is always actively seeking enforcement and compliance with regards to un-permitted properties and properties that are under reporting room tax. Non-compliant properties who evade or under report room tax erode at the benefits that room tax provides to Door County municipalities and the efforts of the Door County Visitor Bureau to market Door County as a destination. In November 2016, the Door County Circuit Court issued a judgment against a non-compliant lodging provider in Door County for failure to comply with the room tax ordinances. The Defendant, a lodging provider in the Town of Gibraltar, was found by the Court to have failed to accurately report and pay room taxes. The Commission caught the property under reporting which triggered a multi-year analysis based on actual municipal lodging statistics and data. A judgment of \$25,091.31 was entered for delinquent under reported room tax, late fees, penalties, interest and litigation expenses and fees incurred by the Commission in pursuing compliance.

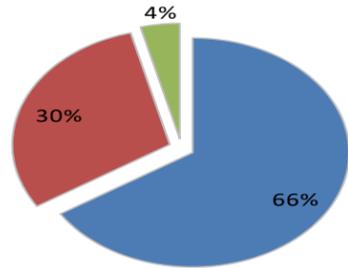
In a similar case, the Commission discovered a Village of Egg Harbor property advertising on Airbnb which was found to also be under reporting lodging sales. The Commission requested the property owner to produce payout statements from Airbnb to substantiate their room tax reporting. As suspected, what was booked and paid through Airbnb was inconsistent with what was reported to the Commission. The Commission has entered into an agreement with the property owners to make restitution on the unpaid taxes, fees and penalties.

The Tourism Zone used its investigative resources to track down owners of an unpermitted Town of Egg Harbor property advertising on VRBO. The compliance and enforcement effort resulted in the recovery of \$20,000 in unreported lodgings sales for years that the property was not permitted but participating in transient rentals.

Commission Chair Josh Van Lieshout adds, "The room tax is a pass-through tax and should not be co-mingled with personal income. During difficult times, some lodging owners have been spending that money on their own expenses, but room tax money is not theirs to use." The results of noncompliance are felt throughout the county, Van Lieshout explains: "Every delay hampers the ability of the Door County Visitor Bureau to promote tourism and stalls municipalities in their budgeted projects. The Commission intends to collect all delinquent and or under reported room tax and continue to bring all transient rental properties into full compliance."

### Door County Room Tax Allocation

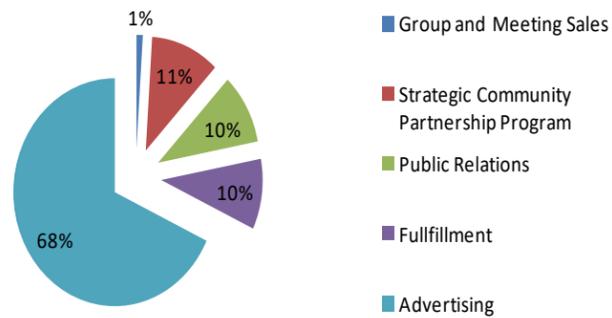
DCVB Marketing Initiatives Local Municipalities  
Tourism Zone Commission



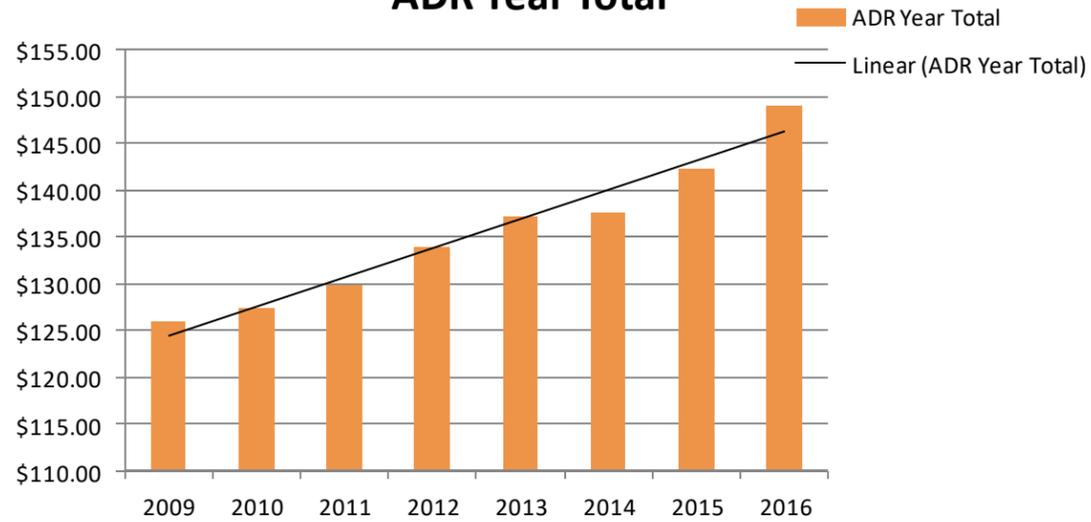
Where does room tax money go?

Room tax is allocated with 66% being directed to the Door County Visitor Bureau, 30% to the local municipalities and 4% is retained for the administration of the Tourism Zone.

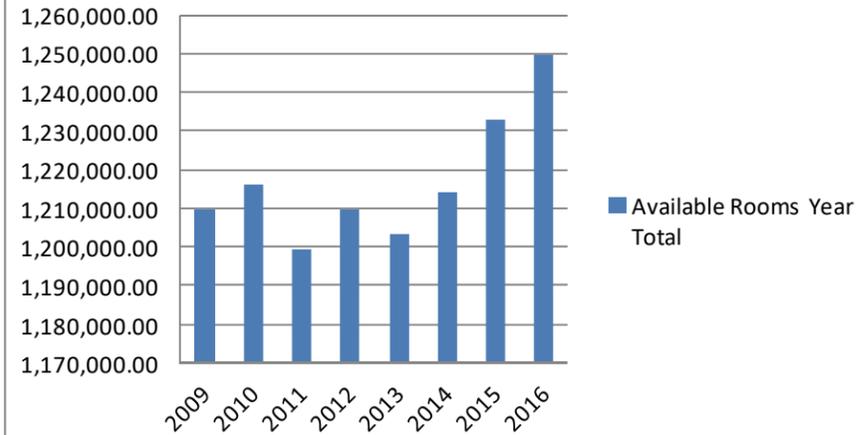
### DCVB Marketing Budget Breakdown



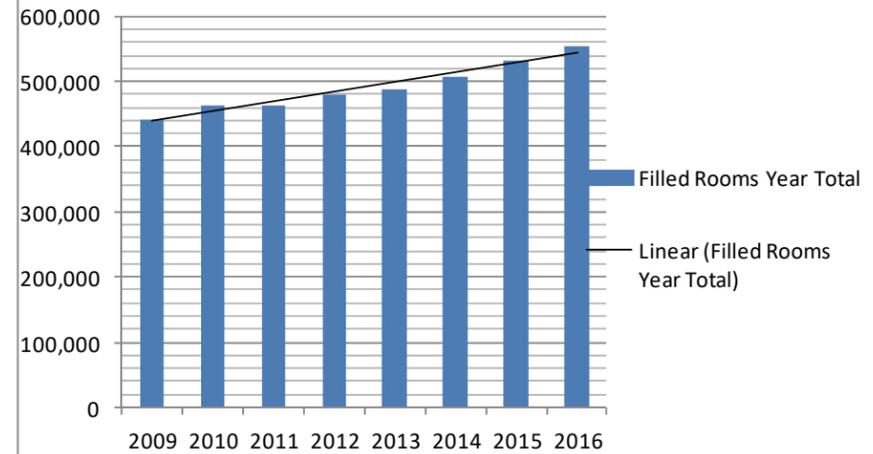
### ADR Year Total



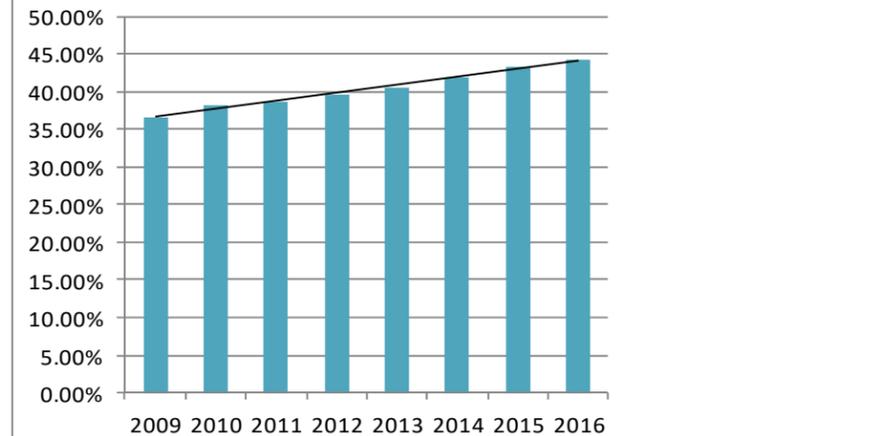
### Available Rooms Year Total



### Filled Rooms Year Total



### Occupancy Year Total



## Key Door County Tourism Metrics

2016 Collections were up 8.0% over 2015 collections. Because of the efforts of lodging providers who collect and remit room tax and the marketing efforts of the Door County Visitor Bureau tourism continues to grow in Door County.

## Tourism Zone: Reflection on Success with the Completion of Data Project

On April 12, 2007 the elected officials of 10 Door County municipalities met to sign the Inter-Governmental Cooperation Agreement that formed the Door County Tourism Zone. By August of that year Washington Island had joined the Zone and by the end of 2008 all 19 Door County municipalities were on board. The Tourism Zone was created to collect Room Tax which, in turn, is the primary funding source for the marketing efforts of the Door County Visitor Bureau.

The Tourism Zone was formed as a response to a downward trend in the numbers of visitors to Door County. One clear measure of this came from the State of Wisconsin's statistics for the years 2001 – 2005. During that period, when State tourism revenue rose by 15%, Door County's declined, resulting in a 4.2% loss of State tourism market share. Today, ten years after the formation of the Door County Tourism Zone Commission and the corresponding collection of room tax, the picture is very different.

Currently, there are approximately 1033 permit holders countywide, from single owners renting cabins or condos to bed & breakfasts to large resort complexes. The 5.5% room tax is mandated by ordinance to be distributed at 30% to the municipalities, 66% to the Door County Visitor Bureau for tourism marketing and promotion, and 4% for Commission administrative costs.

Door County is recognized on a regular basis by organization and media outlets as a wonderful place to live and visit. We make the best-of-list for vacation and getaway destinations as well as attractions that include fall colors, fishing, and our small town vibe. As with any consumer product or service, destinations must be marketed in order to obtain awareness and consideration within the mindset of potential visitors. In order to compete we have to offer more: The vacation traveler needs to know what they can do once they arrive. Destination Marketing is essential to attracting visitors and protecting Door County's Tourism Economy.

We can tell you room tax is doing its job, but the numbers do a better job of reflecting the economics of tourism that are impacted by room tax funding. Recently efforts were undertaken to compile the wealth of data for each room tax report year into a valuable historical look at room tax in Door County.

The historical look was completed by looking at each property type in Door County with the following metrics for the report years 2009-2016: Available room nights, filled room nights, occupancy percentage (dividing the total number of room nights filled by the total number of room nights available), average daily rate (ADR) and revenue.

**Hotel and Motels** available room nights decreased 1.78%, but gained 20.59% in filled room nights. Occupancy grew 22.78% and ADR grew 22.38%. Revenues grew 47.59% for Hotels and Motels.

**Resorts** gained 4.91% in available room nights and gained 34.189% in filled room nights. Occupancy grew 27.90% and ADR increased 8.02%. Most notably revenues grew 44.95% for Resorts.

**Inn's** available room nights decreased 7.07% and decreased by 17.46% in filled room nights during the period of 2009-2016. Occupancy decreased by 11.18% and ADR grew 33.02%. Revenues increased 9.80% for Inn's.

**Condo's** gained .18% in available room nights and gained 17.00% in filled room nights. Occupancy grew 16.79% and ADR grew 6.76%. Revenues increased 24.91% for Condo's.

**B&B's** lost 22.25% available room nights, but gained 10.14% in filled room nights. Occupancy grew 41.64% and ADR grew 22.65%. Revenues increased 35.07% for B&B's.

**Cottage, Houses and Cabins** gained 23.15% available room nights, gained 41.22% in filled room nights. Occupancy grew 14.80% and ADR grew 33.46%. Revenues increased 88.47% for Cottages, Houses and Cabins.

**The other category** (other types of lodging not covered by the defined categories) decreased 1.37% in available room nights, increased 20.65% in filled room nights, increased 22.31% in occupancy, increased 26.26% in ADR. Revenue increased 52.32%.

### In summary, for all property types in Door County from 2009-2016:

Available room nights increased 3.33% - Occupied Room Nights increased 25.19%

ADR increased 18.22% - Occupancy increased 21.14%

And revenues increased 47.99%

The project demonstrates the growth from 2009-2016 across the lodging industry in Door County; most notably the increase in occupied rooms across all but one property type. Prior to room tax in Door County other state and regional communities continued to grow their marketing budgets to produce a greater share of customer attention and resulting market share; the DCVB marketing program lacked funding. Room tax revenue provides the mechanism that ensures the ongoing funding for the marketing of Door County. Destination Marketing that is funded by ROOM TAX is essential to growing and sustaining tourism. In the competitive marketplace where travelers have many options, Destination Marketing Funds (room tax revenue) allow Door County to be marketed and represented. Prior to 2007, Door County's marketing entity, the DCVB, had marketed Door County with a marketing budget of less than \$200,000 in comparison to 2016's budget of \$2.8 million from room tax revenues. The analysis shows that with the partnership of permit holders, municipalities and the DCVB Door County has succeeded in bringing brand awareness to consumers through publicity and advertising funded through room tax: Destination Marketing.

The Tourism Zone would like to thank all permit holders for their efforts in collecting and remitting room tax. 2016 room tax collections were up over 8.0% over 2015. The data project is available on the website for review under the Tourism Zone tab by selecting Historical Data Project.