



DOOR COUNTY TOURISM ZONE COMMISSION

Annual Meeting Minutes

Minutes of June 18, 2020 – 9 a.m.

Teleconference Meeting via Zoom held in public meeting chamber at the City of Sturgeon Bay
– 421 Michigan Street, Sturgeon Bay, WI.

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7 **Committee Members Present by Roll Call:** Bryan Nelson, Fred Anderson, Ryan Heise, Jeff Larson, Myles
8 Dannhausen, Nancy Robillard, Bill Weddig, Sara Rae Lancaster, Elizabeth LeClair, Cathy Ward, Richard Young,
9 Jeanne Vogel, Linda Wait, Vivian Nienow, Josh Van Lieshout and Linda Elmore.

10 **Excused:** Keith Krist

11 **Absent:** Mary Boston, Beau Bernhoff and Pam Seiler

12 **Also in Attendance:** Mary Horton/ **KerberRose & Assoc.**, Kim Roberts/**Administrator DCTZC**, Jack
13 Moneypenny/**DDC**, Jon Jarosh/**DDC**, Michelle Rasmussen/**DDC**, Representative Joel Kitchens, Senator André
14 Jacque, Pam Bush, Louise Howson, Jerry Connor, Marshall Collins and Kim Hazen.

15 **Call to Order**

16 Chairmen Van Lieshout called the meeting to order at 9:00 a.m.

17 **Roll Call**

18 **Approval of the Agenda**

19 **Anderson moved and Weddig seconded to approve the Annual Meeting agenda.**

20 **Presentation of the 2019 Annual Report**

21 Van Lieshout asked Roberts to present the Annual Report.

22 Roberts proceeded with the Annual Meeting PowerPoint presentation by reviewing: The purpose of the Annual
23 Report, the history of room tax, and the differences between the Tourism Zone and the Destination Door
24 County. She went on to review the split of room tax distributions.

25 At year end of 2019, the Commission collected for the period of 2007-2019 \$48.8 million and distributed \$32.2
26 million to the Destination Door County for the marketing, Roberts said. She went on to say municipalities through
27 year end 2019 received \$14.6 million for the period of 2007-2019.

28 Roberts continued by looking back at 2019: She reviewed that room tax collections were up 5.06% over 2018,
29 available nights increased 1.59 % over 2018, occupied room nights were up 1.04% and average daily rate
30 increased \$7 or 4.33% over 2018. She noted that unpaid taxes, fees and penalties at year end totaled
31 \$3.312.76 which is .06% of room tax collections.

32 Roberts reviewed the 2019 Tourism Zone Audit Municipal Impact Report from the 2019 audit and then the Key
33 Door County measurements for 2009-18. She explained that the chart provides an overview of growth in metrics
34 related to tourism in Door County.

35 Slide 9, Roberts said, looks at Revenue by Property Type and percent to the Total: Resorts represent 41% of the
36 room tax revenue and Cottage/Cabin/Homes represent 23% and Hotels represented 22% of room tax revenue
37 for 2019. She added that homes had overtaken hotels in revenue in 2019.

38 Slide 10 provides a look at 2019 available nights by property type and the percent to the total. Resorts offered
39 42% of all available nights followed by Hotel/Motel with or 24% of all available nights and Cottage, Cabin, and
40 Homes 18% of all available nights.

41 Slide 11 provides a look at 2019 occupied nights by property type and the percent to the total. Resorts had
42 40% of all occupied nights, Hotel/Motels had 29% of all occupied nights and Cottage, Cabins, and Homes had
43 16% of all occupied nights

1 Slide 12 reviews the number of permits by municipality as of May 20, 2020: Liberty Grove has 179 permits or
2 14.06% of the total permits, Gibraltar has 161 permits or 12.65% of the total permits and the Town of Egg Harbor
3 119 permits or 9.35% of the total permits.

4 Slide 13 reviews the number of units by municipality as of May 20, 2020: The City of Sturgeon Bay holds 15.53%
5 of all units, followed by Gibraltar with 12.46% of all units and the Village of Sister Bay with 11.44% of all units.

6 Slide 14 reviews as of May 20, 2020, the Number of Permits by Property Type: Homes have 943 permits or 74% of
7 all permits, Condos have 169 permits or 13% of permits and Hotels have 55 permits or 4% of all permits.

8 Slide 15 reviews the number of units by property type and percent to the total: Resorts have 1928 units or 38%
9 of all units, Hotels have 1269 units or 25.0% of all units and Homes 1204 units or 24% of all units.

10 Roberts shared a review of permit data since 2008 on slide 16. She noted there are 544 more permits in 2019
11 than there were in 2008.

12 Roberts reviewed 2019 outreach and education on slide 17: Outreach efforts included monthly reminder emails
13 and need to know bulletins. She added that the Tourism Zone office assisted permit holders with VRBO
14 changes that were implemented on June 1, 2019 while expanding office hours and assistance to be available
15 to assist. The Tourism Zone office guided permit holders through the VRBO changes that were implemented on
16 June 1, 2019 with the commencement of a Collection Agreement between VRBO and the WI DOR. She added
17 that while it was a sales tax change, VRBO removed the hosts' ability to collect local room tax. It became a
18 large issue for local room tax collection. To assist with adapting, permit holders needed guidance to
19 understand that VRBO was not collecting local room tax. Office hours and hands on assistance were
20 expanded to meet the needs of permit holders.

21 Roberts continued on slide 18, by saying with the passage of 2019 WI ACT 10 and the unlikelihood of obtaining
22 correcting legislation the Tourism Zone embarked on several efforts to prepare our permit holders for the
23 changes coming on January 1, 2020. She reviewed the highlights of what was stressed in the communications
24 to permit holders: That permit holders would need to be alert, aware and prepared, while the method of room
25 tax collection may change, under local ordinances, permit holder responsibilities for reporting did not, even if
26 the room tax is paid by their Marketplace Provider. That reporting continues to be essential and vital for the
27 mechanics of room tax distribution. The reporting step critical because Marketplace Providers provide bulk
28 payments. Data obtained through permit holder reporting is necessary for room tax revenue to be returned to
29 the municipality in which it was collected.

30 Roberts reviewed 2019 compliance on slide 19: The Tourism Zone undertook eight (8) filings in Door County
31 Circuit Court. One judgement was granted for under-reporting of an Airbnb property. 2019 posed some new
32 challenges for compliance, Roberts said. A floating platform and a motor vessel both found on Airbnb proved
33 particularly difficult to track down the owners and get them permitted.

34 Slide 20, the Aging Report showed that 83.1% of 1-2-unit properties paid their room tax on time, down from
35 84.8% in 2018, Roberts said. She went on to say that 83.5% of 3+ unit properties paid their room tax on time, also
36 down from 85.1% in 2018. She added that we will have to watch these trends towards delayed reporting. As a
37 reminder, the Aging Report is based on reporting with amounts due. Late fees are derived from State Statute
38 and are part of the Intergovernmental Agreement.

39 Slide 21 and 22, Roberts said, looks at the historical trends of aging payments.

40 Slide 23, Roberts said, looks at the progress we have made in moving permit holders to online filing. In April of
41 2020, due to COVID, we asked permit holders to file online. It will be interesting to see what if any increase in
42 online filing 2020 brings.

1 Roberts reviewed the 2019 Municipal Partnership on slide 24: Roberts said that she continued to assist member
2 municipalities in completing the WDOR Room Tax filing, she reviewed the flow of information to municipalities
3 on a monthly basis as well as updates with marketplace providers and 2019 WI ACT 10.

4 Roberts reviewed 2019 permitting: As of May 20, 2020, there were 1,273 permits. 164 new permits were issued
5 for the period of 5-17-19 through 5-20-20. Roberts went on to say that 45 of the permitted properties were
6 found due to compliance efforts. Roberts added that 152 of the newly permitted properties were 1-2-unit
7 properties.

8 Roberts went on to review legislative activity on slide 25. She noted that in 2018, our ability to guarantee fair
9 and equitable room tax collection and distribution was challenged by WI ACT 59 (effective 9-2017). The
10 legislation was inserted into the 2017-19 Wisconsin State Budget. It later became clear that online marketplace
11 providers were not going to comply with WI ACT 59 due to nexus. On June 21, 2018, the Supreme Court of the
12 United States ruled in favor of the state in South Dakota v. Wayfair, Inc. The decision overruled a longstanding
13 physical presence rule, allowing states to require remote sellers to collect and remit sales tax. Before and after
14 WI ACT 59, the Door County Tourism Zone along with Representative Kitchens have put forth a significant
15 amount about of time and effort in advancing correcting legislation.

16 In June of 2019, AB251/SB243 was introduced and later became 2019 WI ACT 10. 2019 WI Act 10 clarifies that a
17 marketplace provider is required to collect and remit sales or use tax for all sales of taxable products and
18 services in Wisconsin that the marketplace provider facilitates on behalf of a marketplace seller.

19 Roberts went on to slide 26 and reviewed the legislative request. On slide 27, she pointed out that the actions
20 listed undertaken by the Tourism Zone were just the highlights of the efforts to obtain correcting legislation. On
21 slide 28, Roberts gave a status update with regards to the legislation.

22 Roberts said, we continue to move forward and manage with the new legislation while complying with
23 statutory requirements for distribution of room tax back to the municipality it was collected in.

24 To do so, Roberts said, the process of reporting municipal room tax has adjusted to achieve equity and
25 transparency among the beneficiaries of room tax. New monthly room tax report forms for permit holders were
26 created at year-end 2019. Room tax, as always, continues to be distributed based on permit holder reporting.
27 Permit Holders report their lodging sales, their marketplace lodging sales in which room tax was collected and
28 the amounts of room tax paid on their behalf by each Marketplace Provider.

29 Moving to slide 29, Roberts reviewed the issues with Marketplace Collection of local municipal room tax.

30 Roberts reviewed goals for 2020 on slide 30 and moved on to slide 31 where she reviewed the room tax cycle
31 and the importance of filing in a timely manner even with marketplace providers remitting local room tax. She
32 stressed that delays in room tax reporting delays distribution of room tax which can impact marketing and our
33 tourism economy.

34 Jack Moneypenny of Destination Door County took over the PowerPoint presentation. He reviewed the 2019
35 room tax accomplishments: Room tax has given Door County a deeper reach into regional markets and the
36 ability to continue efforts with travel writers to receive national earned media coverage. Media placement
37 and PR took a multi-dimensional approach through a combination of advertising mediums that solidified the
38 brand promise that "Those who visit Door County will find a breathtakingly scenic, water centric landscape that
39 is perfectly conducive to the purist of relaxation and rejuvenation."

40 DoorCounty.com users grew to 1.5 million per Google Analytics. Moneypenny went on to say that the number
41 of travel journalists hosted from 2007-2019 was 950. He added the "Live Life Well" campaign invited visitors to
42 discover new experiences. Social media has grown tenfold, said Moneypenny, garnering nearly 21 million
43 impressions through Facebook, Twitter and Instagram.

1 Moneypenny went on to review primary results: Door County ranked 8th place in Wisconsin destinations out of
2 72 counties in 2019 only behind Milwaukee, Dane, Sauk, Waukesha, Brown, Walworth and Outagamie Counties.
3 Door County held 2.74% of the Wisconsin tourism market share. Door County traveler expenditures totaled
4 \$374.4 million in 2019. The total impact on Door County's economy was \$480.6 million last year.

5 Door County economic impact of tourism resulted in the following: \$374.4 million in direct spending, \$39.2
6 million in local and state taxes, 3,255 full time equivalent jobs, \$85.2 million in resident income according to
7 State Tourism Economics and support to local lodging, restaurants, retail and attractions all enhancing the
8 quality of life.

9 Rasmussen noted that Doorcounty.com earned 1,526,804 website visits in 2019. E-newsletter subscribers totaled
10 237,757 and Facebook engagement added up to 623,522 in 2019.

11 Rasmussen reviewed DoorCounty.com site visits. Group tour and meeting site visits totaled 7,176 for 2019.
12 Wedding web visits totaled 32,909 in 2019.

13 Rasmussen reviewed the advertising highlights for 2019: Multi-dimensional approach to media planning which
14 allowed Door County to be showcased through the visual aspects of Door County through print, television,
15 digital, mobile, and outdoor in key target markets. New audiences were reached with video through Hulu,
16 YouTube and apps on connected devices. She added that they continued to reach an online audience
17 through video on Hulu, YouTube, and apps on connected devices.

18 Jarosh said that Destination Door County hosted six (6) seasonally themed press trips were held in 2019 resulting
19 in 126 articles placed in print, radio, or online media from media marketing efforts. Through the end of 2019,
20 the return on investment for the media marketing program was 11:1. For every dollar spent, the DCVB received
21 \$11 in Ad Value Equivalency (AVE).

22 Jarosh reviewed Welcome Center Visitor Traffic and Visitor Guide requests.

23 Moneypenny concluded the Destination Door County portion of the annual presentation by looking ahead. He
24 reviewed the organizations path to evolving as a Destination Marketing Organization.

25 Van Lieshout invited questions for the Tourism Zone and Destination Door County.

26 Wait asked about slides 7,8, and 9. She asked about available nights increasing in 2019 but the occupancy
27 nights decreasing. She asked if the occupancy rate went down because more available nights were
28 available.

29 Roberts said yes that was correct.

30 Wait went on to ask when it comes to short term rentals of private homes how do we calculate units for homes.
31 She asked if the entire house was considered one unit or did we count each bedroom as one unit.

32 Roberts replied that when a property owner fills out a permit application, they indicate how many units are for
33 rent. For a short-term rental, if the one house rents as a whole, it is counted as one unit. She went on to say that
34 if there is another dwelling or bedrooms that are rented individually, then those are counted as individual units.
35 She went on to cover how the units are reported on the monthly report form. She gave the example of one
36 unit for the month of May. The permit holder would report 31 nights available unless there were nights blocked
37 for personal use, maintenance, and closures which would reduce that total.

38 Wait asked if that skews the data. She went on to say with a hotel you are calculating on beds.

39 Roberts replied that hotels would report the same, they have a set number of units that they are permitted for
40 and through monthly reporting they report how many unit nights were available for the report month based on
41 their permitted units.

42 Wait asked if the number of visitors in the unit is neither here nor there.

43 Roberts said exactly.

1 Van Lieshout asked Moneypenny about Visitor Center traffic. He added that at the tail end of the season it
2 looked like there was an increase in traffic over previous years. He added that he hoped that the traffic was a
3 predictor of continued growth and interest in the shoulder seasons.

4 Moneypenny said some of that traffic can account for holiday travelers during those times but felt that the
5 majority of increased traffic was due to people coming in to buy gift certificates for the holidays.

6 Van Lieshout responded that either way money was being spent in the county and folks would come back to
7 use those gift certificates later.

8 Anderson asked Roberts what she meant by a growing surplus from Marketplace Payments.

9 Roberts replied that with permit holder reporting we know what permit holders have reported as being paid on
10 their behalf by each of their marketplace providers. The amount of money that we are receiving from
11 marketplace providers is much more than what permit holders are reporting. She added that it is not just Door
12 County experiencing this. She said she has heard from other areas in the state experiencing the same issue.
13 Nobody can reconcile their marketplace payments. She added that the difference between what is being
14 reported and what is being paid is staggering.

15 Van Lieshout added that recently within the last two weeks that we found one online marketplace that seems
16 to be having some programming problems or something that will occasionally not apply room tax to
17 reservations. Unfortunately, we have had issues with all the major players, they don't seem to have the
18 programming end of the tax collection figured out and the challenge then becomes it puts the property owner
19 in a pickle. They have tax collection and reporting obligations and I would hate to try to think about what the
20 shortfalls could be on a statewide basis. There is a real potential for some damage simply because the
21 programming is not right, and it could impact a lot of bottom lines in a year that people do not need to have
22 that kind of impact.

23 Van Lieshout said there are several guests with us today and he would gladly entertain questions on the
24 presentation, materials and/or metrics.

25 Jerry Conner addressed marketplace issues he has experienced as a Door County host. He said that he
26 believed that it was not exactly a programming issue for them. He explained that he had five (5) properties in
27 Baileys Harbor and Fish Creek and that he deals directly with both VRBO and Airbnb. He went on to say since
28 Monday he had ten (10) bookings from VRBO and only four (4) of which had the proper 11% of tax collected
29 and six (6) of them were taxes at 5.5%. When he called VRBO they could not give him an answer as to why
30 they only collected 5.5% on the six (6) bookings, but they took responsibility for it and said they would get to the
31 bottom of it. They gave him a case number, he said, they acknowledged the error. We will see what happens,
32 it could be a programming issue.

33 Airbnb on the other hand, Connor said, is a different story. They are combative and aggressive when you talk
34 to them. They are only collecting 5.5% on all my bookings, he said. And they are telling guests that is all the tax
35 they have to pay. So, when they go to their Airbnb guests to let them know they owe an extra 5.5%, which by
36 the way they state in their listing so that the guests know that Airbnb doesn't collect all the taxes. Airbnb insists
37 to guests that they owe no further money for taxes. So, before guests even arrive, our guests are already
38 combative and don't want to give us a credit card to get the remaining taxes paid. Airbnb is pinning the hosts
39 against the travelers coming here and by the way they are taking an exorbitant amount of money in fees, but
40 that is a discussion for another day, he said. The problem he has with Airbnb is that they are only collecting the
41 5.5%, number two, he said, their guest fee which is also now taxable, but they won't tell me what that fee is and
42 they also won't tell me how much they have charged the guest in taxes until after the guest arrived. So, I can
43 reverse engineer the fees he said, but I will not be able to do that until after the guest arrives. He must go back
44 and try to collect the 5.5% in local room tax, but guests do not want to do that because they are telling guests
45 that they owe the host no more money. It is for all intents and purposes a disaster. Conner added that the
46 reconciliation of the taxes with Airbnb has become extremely difficult and laborious. It is taking hours of our

1 week not even just once a month to keep up if they charged the right amount in taxes and then they are at
2 the mercy of the traveler to ask for more money to cover the taxes.

3 Van Lieshout told Conner that his issues are not uncommon. In the next legislative session or the next budget
4 cycle the Commission will take another run at correcting legislation. Hopefully, Van Lieshout said, we can get
5 better traction this time around and we are also a bit smarter than when we first started this. He told Conner
6 that he appreciated him underlining the issues that Roberts raised in her report. He asked if he could follow up
7 with Conner personally.

8 Representative Kitchens added that Airbnb is a difficult company to deal with, that is just the bottom line. They
9 play hardball. We put in an unbelievable amount of time with the Tourism Zone in getting this legislation done.
10 In talking to that reporter from Bloomberg, he said, he has been tracking this all over the country and he was
11 surprised we got as far as we did. We almost got there, and we definitely come back next time. He went on to
12 say that Airbnb convinced the committee chairman that we were solving a problem that did not exist and that
13 they could handle this. He went on to say that Roberts has been documenting since that time that they are
14 not even making a good faith effort to solve the problem. Speaker Vos has promised that it will go to a
15 different committee next time and he is supportive of this. He recognizes the issue. We will do everything
16 possible to get it done this time. We amended it many times trying to satisfy all the different interest groups, we
17 are smarter this time and we will get something done.

18 Conner asked that Representative Kitchens look into how marketplace providers hold money until after the
19 guest checks in. He noted that he is spending money locally to outfit his properties as well as paying his real
20 estate taxes, but by these keeping the money until after guest check-in it is putting hosts in the position of
21 accepting a precipice with a company that he has no interest in. He stressed that he has bills to pay and he
22 does not want to wait six or nine months to receive his money. They should not get to keep that money while
23 he still has capital expenditures that require payment.

24 Van Lieshout stressed that this is a good topic for a follow up.

25 Conner thanked everyone for the opportunity to speak.

26 **Adjournment**
27 **Dannhausen moved to adjourn; Larson seconded. Motion carried.**

28 Respectfully submitted,



29 Kim Roberts
30 Administrator

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