



**DOOR COUNTY TOURISM ZONE  
MOU COMMITTEE MEETING  
Minutes of October 7, 2021 - 11:00 a.m.  
Zoom Meeting conducted from Council Chambers  
City of Sturgeon Bay - 421 Michigan Street**

6 **ACTION ITEMS:**

7 **Anderson moved and Seiler seconded to approve the agenda.** Motion carried.

8 **Discussion of 8.0% tax implementation for bookings made in 2021.**

9 **Seiler moved and Anderson seconded for any stay occurring in 2022 or beyond to be taxed at 8.0%**  
10 **regardless of when the reservation, deposit, or stay was paid.** Motion carried.

11 **Review of written agreement suggestions by Attorney Vande Castle.**

12 **Item D of 5.4 was removed.**

13 **Discussion and consideration of committee objectives for designated marketing agreement.**

14 **Discussion regarding matters to be placed on a future agenda or referred to a committee, official or**  
15 **employee.**

16 **Seiler moved to adjourn; Anderson seconded.** Motion carried.

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18 **Committee Members Present by Roll Call:** Josh Van Lieshout, Nedd Neddersen, Fred Anderson, Pam  
19 Seiler, and Rob Zoschke.

20 **Absent:** Matt Meacham

21 **Excused:** None.

22 **Also in Attendance:** Juliana Behme/**DCTZC**, Dave Eliot, Cathy Ward, Mary Zeller, Jewel Ouradnik, Kay  
23 Englebert, Lane Methner, Louise Hewson, and Attorney William Vande Castle.

24 **Call to Order**

25 Chair Van Lieshout called the meeting to order at 11:01 AM.

26 **Anderson moved and Seiler seconded to approve the agenda.** Motion carried.

27 **Discussion of 8.0% tax implementation for bookings made in 2021.**

28 Vande Castle said that bookings made in 2021 for rentals in 2022 will have the tax applied on the date that  
29 the full bill was paid. The rat being charged is dependent upon when the room is paid for. In 2007 when  
30 the room tax was first implemented, the same issue occurred, and the tax was applied when the bill was  
31 paid.

32 Seiler asked whether a deposit put down in 2021 would affect this.

33 Vande Castle said the tax is applied when the rental occurs, and the full payment is made. Unless there  
34 was an unusual situation where someone paid in full for the room in 2021, it would not apply, which is  
35 unlikely. Putting a credit card on file would also not be sufficient to hold the tax at 5.5%.

36 Eliot clarified that the only way to pay a 5.5% tax for a 2022 booking would be to pay the full room rate in  
37 2021.

38 Vande Castle agreed but stated that this may also be an issue for reporting.

39 Behme said that the room tax report form is being modified to allow permit holders to report for both 5.5%  
40 sales and 8.0% sales in advance of the change but because the reporting occurs after the stay, the room  
41 tax for pre-booked rooms would not be paid until the report month is over.

42 Anderson said that as an innkeeper, regardless of when the room is paid for it is a deposit held as a liability  
43 until that room night is sold and is not considered a full payment. If visitors were encouraged to book and  
44 pay this year, it would present a challenge for bookkeeping.

45 Ouradnik said that as a permit holder, a 50% deposit is expected up front with a confirmation letter sent  
46 out and a 100% deposit is expected 30 days before the rental occurs, which becomes nonrefundable. She  
47 expressed that it would be a significant burden to request more money after the payment has been made  
48 and would be unfair to visitors.

49 Neddersen said that as a business owner, Ouradnik is not liable for a tax authority's actions and have no  
50 control over it aside from complying with a government directive.

51 Zeller asked how this would work with Airbnb and VRBO because partial payments are accepted.

52 Anderson said that it would be the permit holder's choice whether they would absorb the cost of the 2.5%  
53 or go back to the visitor.

54 Van Lieshout suggested a Commission policy where a reservation made with a deposit was taken in 2021  
55 for 2022, that tax can be reported at 5.5%.

56 Zoschke asked how that would be verified.

57 Van Lieshout said the option for two tax rates on the tax returns could address that.

58 Zoschke said that this option would create more labor. This option could make permit holders market to  
59 visitors advertising a lower rate.

60 Van Lieshout said he would not like to put permit holders in a difficult position, but the DCTZC is also a  
61 government entity.

62 Eliot said that municipalities agreed to an increase and bookings could have been made aware of the  
63 increase but to do this, in partnership with Destination Door County, there should be material describing  
64 how the room tax will benefit the County. It will explain why an increase is occurring and how it can benefit  
65 visitors and residents.

66 Van Lieshout asked for consensus on the approach.

67 Committee members indicated their agreement.

68 Neddersen said the legal business transaction does not occur until the stay occurs.

69 Vande Castle said it is a transactional tax just like any purchase in a store and once the transaction occurs  
70 it is like any other sale.

71 Anderson said that if a property owner decides to do something different, it is at their discretion to do so.

72 A room tax report that is divided into 5.5% and 8.0% tax sales should still be created for any stays spanning  
73 December and January.

74 **Seiler moved and Anderson seconded for any stay occurring in 2022 or beyond to be taxed at 8.0%**  
75 **regardless of when the reservation, deposit, or stay was paid.** Motion carried.

76 Van Lieshout asked that it be made into a recommendation for the Full Commission Meeting occurring on  
77 October 21, 2021.

78 Eliot expressed concern that two weeks would be too long to wait, and that action needs to be taken  
79 quickly.

80 Van Lieshout said that he doubts the Commission will come up with another legal opinion so it can be  
81 published. He acknowledged the concerns that had been discussed as well.

82 **Review of written agreement suggestions by Attorney Vande Castle.**

83 Vande Castle said that Destination Door County (DDC) as a legal entity does not exist, it is still legally called  
84 the Door County Visitors Bureau, so it was used in the language for the drafted agreement.

85 The termination language stipulates that six month of notice is required to amend or terminate the previous  
86 entity agreement. Amending the agreement is an option but both parties will need to agree with the  
87 amendment. Some of the comments made by Commissioners, especially those that were budget related  
88 can be structured while discussing the budget but not included in the language of the entity agreement  
89 in case there are changes within the term of the agreement.

90 Van Lieshout clarified that item E of Section 2.1 would include the date the agreement would be  
91 completed, and it would not be difficult to have Destination Door County agree to a new agreement or  
92 an amended agreement, but it would still be best to give notice.

93 Vande Castle said it would be best to notify them as soon as possible to encourage collaboration.

94 Eliot said it would still be useful to notify DDC in November that the agreement would not be renewed for  
95 the next year.

96 Van Lieshout moved on to 4.3 and 4.4, which were used to work out common goals and objectives and  
97 budget.

98 Eliot said there should be 24-to-36-month time frame for promoting and implementing the goals and  
99 objectives set for DDC. It's difficult to plan in November for marketing in Fall; they will need at least 24  
100 months to have adequate time to prepare.

101 Eliot said that signing a contract in November for promotions in the following year would put DDC behind  
102 on the budget cycle. He stated there should be budget approval in the spring or an 18- or 24-month  
103 budget cycle.

104 Van Lieshout suggested a strategic and marketing plan roll out calendar and a budget formulation  
105 calendar. The DCTZC calendar could still run on the same calendar year.

106 Nedderson said Section 4.2 talks about developing long-term goals and objectives where there could be  
107 a longer timeframe and in the marketing plan section it could be made annual.

108 Van Lieshout said that a three-year plan/budget could be created but approved annually by the  
109 Commission.

110 Nedderson said that Section 4.2 should directly state that the Commission needs to give budget approval.

111 Seiler said that if there were changes in those marketing budgets in excess of a dollar amount, monies  
112 cannot be shifted without a prior knowledge of the Zone once a budget has been approved. She also  
113 wanted to see a community piece in 6.2.

114 Anderson said he would like to ensure that DDC is kept as the marketing professionals and the agreement  
115 does not infringe on this.

116 Eliot requested that in section 4.2 "the economic wellbeing of the Tourism Zone" be changed to "the  
117 economic wellbeing of the municipalities of the Tourism Zone."

118 Van Lieshout requested that the headings in Section 4.3 and 4.4 be changed to Strategic and Marketing  
119 Plan and Strategic and Marketing Plan Budget.

120 Nedderson said that part of these funds may be designated for development and infrastructure and  
121 included in the agreement's language.

122 Seiler asked whether using funds in this manner would fall within the statute.

123 Van Lieshout confirmed that tourism-related infrastructure would fall within the confines of the statute.

124 Eliot asked whether in 5.2 the ex officio member should be defined as an Executive Committee member  
125 in the agreement.

126 Vande Castle said it could be made a Commission policy but not included in the agreement.

127 Anderson said that in Section 5.4 part (c) the effective government use of room tax dollars could be proven  
128 with a report but a quarterly report could be sufficient. "Compliance" should be added to effectiveness  
129 to ensure that the state statute is followed.

130 Eliot said it should be clarified to say "the effectiveness of local government spending of tourism  
131 infrastructure grants" to clarify it as a portion of the 70% of funds not being distributed directly to  
132 municipalities.

133 Vande Castle said the wording could be changed to "tourism promotion and development funds."

134 Eliot said that there needs to be more of an effort for the Commission to make sure that municipalities follow  
135 the statute and DDC can evaluate whether money sent to municipalities is being used effectively for  
136 tourism and give a recommendation for where the best investment would be.

137 Van Lieshout disagreed with this point. He expressed concern that it may appear as a directive instead of  
138 a suggestion.

139 Zoschke asked whether a municipality would be required to present to DDC to receive extra funds.

140 Van Lieshout said that it would not be possible, and a reimbursement check is going to be sent by DDC.  
141 He said someone would have to decide what is most effective in promoting tourism in that case which  
142 would be difficult.

143 Anderson said that beautifying a town or village, while a good thing, does not increase nightly stays and  
144 allowing DDC to give feedback on spending would correct this.

145 Eliot said only the good parts of a community can be promoted so a better partnership between DDC and  
146 municipalities including feedback would give DDC the ability to better market.

147 Van Lieshout said the investment expectations for municipalities would need to be defined in that case.

148 Eliot said effectiveness can't be measured until it is spent but reflection on past expenses can improve  
149 future use of tax dollars.

150 Vande Castle said that item D is directed at the Bureau keeping the DCTZC aware of new marketing trends  
151 and budget usage.

152 Anderson asked whether DDC will need to report on the budget on a monthly basis if they are held  
153 accountable for making any budget amendments agreed to by the Commission.

154 Van Lieshout said it would be changed to a quarterly report.

155 Neddersen said it may not be necessary and should only be required if there would be a budget change.

156 **Item D of 5.4 was removed.**

157 Van Lieshout said the status of the approved budget could be reported on a quarterly basis with financial  
158 statements.

159 Eliot said reviewing the effectiveness of municipal government should be yearly and should be a guide,  
160 not a directive for spending.

161 Van Lieshout said that the next meeting will begin with a 5.6 lead-off for reviewing the draft.

162 **Discussion regarding matters to be placed on a future agenda or referred to a committee, official or**  
163 **employee.**

164 The next MOU Committee meeting will be scheduled for 11:00 AM on October 14<sup>th</sup>, 2021 via Zoom.

165 **Seiler moved to adjourn; Anderson seconded. Motion carried.**

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