

Door County Tourism Zone 2019 Annual Meeting Report June 18, 2020





THE TOURISM ZONE... In May of 2007, 10 Communities formed a Tourism Zone according to **WI State Statute 66.0615**. By the end of 2008, all 19 communities were a part of the Door County Tourism Zone.

WHY AND WHEN... In 2007 the Door County Tourism Zone Commission was established via grass roots efforts by a group of concerned citizens called "Door County Peninsula Strategic Marketing Coalition". They fundraised and volunteered their time to raise money for a market study. This idea didn't originate with local government officials; it began with the very people who make their livelihood in the tourism and hospitality industry in Door County.

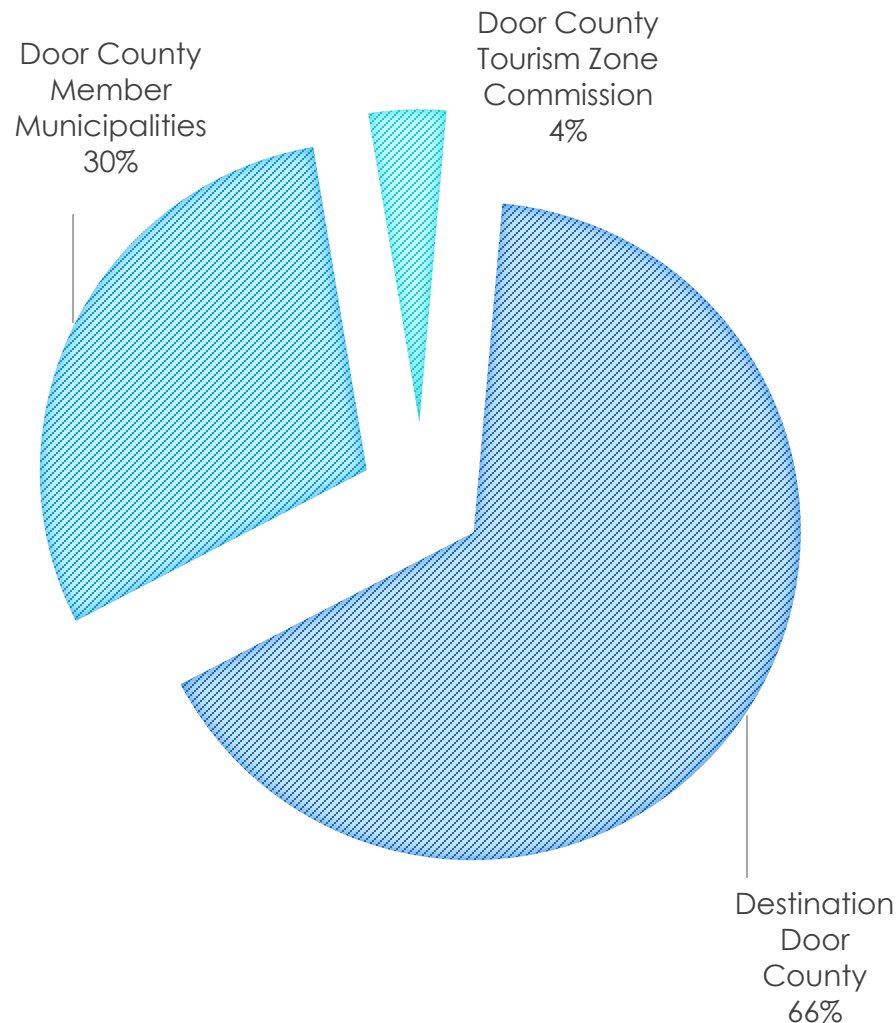
WHAT DID THE MARKET STUDY SHOW? Door County needed new revenue sources to create and implement effective marketing to stop losing tourism market share. Membership dues simply weren't enough to effectuate a modern marketing program. For Door County to remain a sought-after destination, the only option was to generate money for a broad and unified marketing campaign.

TOURISM WORKS FOR US: HOW IS MARKETING PAID FOR?

ROOM TAX revenue provides the mechanism that ensures the ongoing funding for the marketing of Door County. In the competitive marketplace where travelers have many options, Destination Marketing Funds allow Door County to be marketed and represented. Prior to 2007, Door County's marketing entity, DDC, had marketed Door County with a marketing budget of less than \$200,000.



ABOUT ROOM TAX... ALL MUNICIPALITIES HAVE A 5.5% LOCAL MUNICIPAL ROOM TAX



ROOM TAX IS DIVIDED THREE WAYS:

30% of Room Tax Collections are distributed back to the municipality in which they were collected. These funds can be spent for any use deemed necessary by that community's municipal body.

66% of Room Tax Collections are distributed to Destination Door County for marketing. These funds are spent on items which under state statute qualify, such as marketing, promotion, and staff expenses.

4% is retained by the Door County Tourism Zone for expenses to cover the cost of tax collection, distribution and enforcement. All Commissioners are volunteers. The Tourism Zone has one employee.



THE TOURISM ZONE “DCTZC” AND DESTINATION DOOR COUNTY “DDC” PARTNERSHIP

DOOR COUNTY TOURISM ZONE

Distributes 30% of room tax collected back to the municipality in which it was collected

Distributes 66% of room tax collected to Destination Door County, the designated marketing entity for Door County.

4% is retained by the DCTZC for operations.

The DCTZC is audited annually by an outside municipal accounting firm.

The DCTZC is responsible for permitting, collections, distribution and enforcement of local room tax ordinances.

DESTINATION DOOR COUNTY

Receives 66% of room tax collected for funding as the designated marketing entity for Door County.

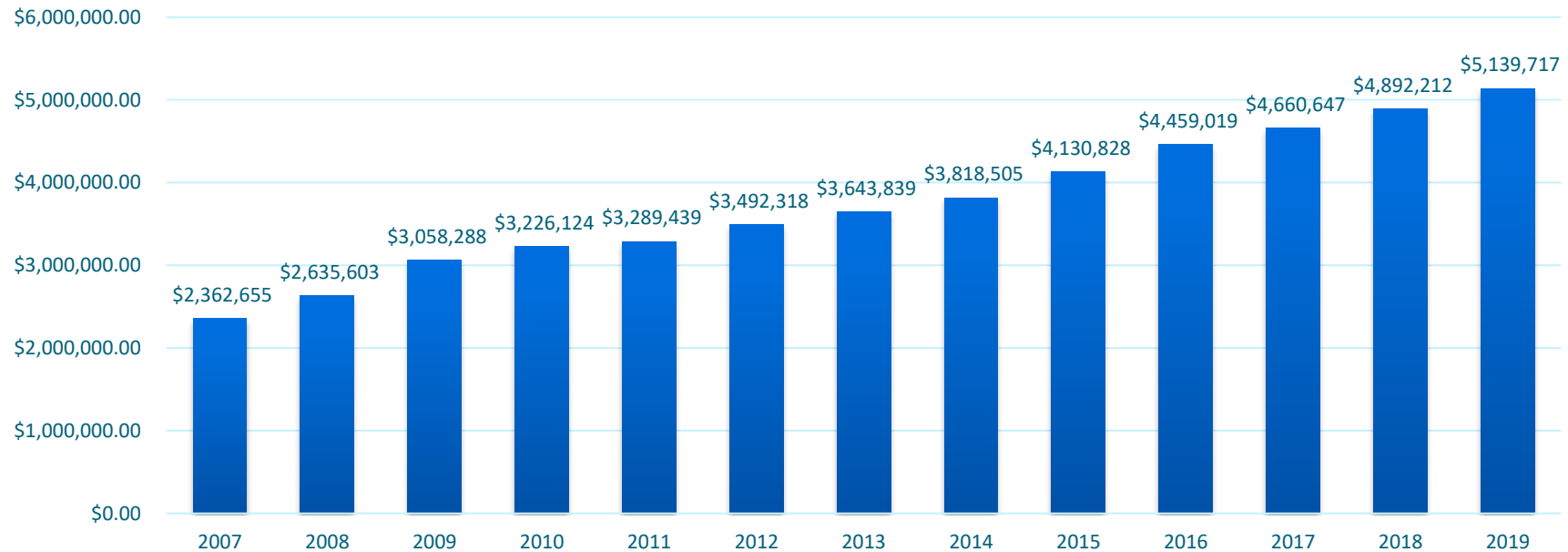
DDC distributes 11% of the 66% to the Strategic Community Partnership Program.

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

The DDC develops and executes their Annual Marketing plan and budget.

The DDC hires and evaluates their vendors

Room Tax Revenue 2007-19



At year-end 2019, for the period of 2007-2019 the Tourism Zone has collected \$48.8 million in room tax.

For the same period, the Tourism Zone distributed:

- \$32.2 million to Destination Door County.
- \$14.6 million to member municipalities.

Because of the compliance and collections efforts of the Tourism Zone and the marketing efforts of Destination Door County (DDC), tourism continues to grow in Door County.

ECONOMIC IMPACT: 2009-2019



Room Tax Collections 2009-2019 grew \$2,088,005 or 68.42%

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Growth | % Change |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|
| Room Tax Collections * lates included | \$3,051,712 | \$3,233,733 | \$3,270,684 | \$3,500,714 | \$3,644,013 | \$3,815,722 | \$4,130,827 | \$4,459,019 | \$4,660,677 | \$4,892,212 | \$5,139,717 | \$2,088,005 | 68.42% |
| Available Rooms | 1,209,378 | 1,215,559 | 1,198,604 | 1,209,559 | 1,203,063 | 1,213,890 | 1,232,712 | 1,249,681 | 1,273,109 | 1,279,692 | 1,300,090 | 90,712 | 7.50% |
| Filled Rooms | 442,111 | 463,591 | 463,861 | 479,562 | 486,977 | 508,272 | 532,798 | 553,470 | 560,968 | 555,735 | 561,515 | 119,404 | 27.01% |
| Room Occupancy | 36.56% | 38.14% | 38.70% | 39.65% | 40.48% | 41.87% | 43.22% | 44.29% | 44.06% | 43.43% | 43.19% | 6.63% | 18.13% |
| ADR | \$124.00 | \$127.00 | \$130.00 | \$134.00 | \$137.00 | \$136.00 | \$142.00 | \$149.00 | \$153.00 | \$162.00 | \$169.00 | \$45.00 | 36.29% |
| Total Room Revenues * lates not included | \$55,013,656.03 | \$59,105,965.32 | \$60,228,436.31 | \$64,216,442.00 | \$66,825,167.00 | \$69,169,622.00 | \$75,876,813.00 | \$82,467,213.00 | \$85,632,987.00 | \$89,826,889.00 | \$94,659,439.86 | \$39,645,783.83 | 72.07% |
| 30% to Muni | \$915,514.00 | \$970,120.00 | \$981,205.00 | \$1,050,216.00 | \$1,093,205.00 | \$1,144,716.00 | \$1,239,248.00 | \$1,337,706.00 | \$1,398,203.00 | \$1,467,664.00 | \$1,541,915.00 | \$626,401.00 | 68.42% |
| Distribution to the DCVB * original marketing budget in 2007 was \$250,000 | \$2,014,130.00 | \$2,134,264.00 | \$2,158,652.00 | \$2,310,470.00 | \$2,405,048.00 | \$2,518,376.00 | \$2,726,346.00 | \$2,942,953.00 | \$3,076,047.00 | \$3,228,860.00 | \$3,392,213.00 | \$1,378,083.00 | 68.42% |

In 2007 the Door County Tourism Zone formed and implemented a 5.5% room tax. 2009 was the first full year of room tax collections when all 19 municipalities were a part of the Door County Tourism Zone. As a result, 2009 is used as the baseline year for comparisons.



2019 – METRICS YEAR END REVIEW

2019 Room Tax Collections

- 2019 Room Tax Collections were \$5,139,717, up 5.06% over 2018 collections.

Average Daily Rate

- The ADR increased from \$162 in 2018 to \$169 in 2019.
- A \$7 or 4.3% increase.

Occupied Room Nights:

- 2019 occupied room nights rose to 561,515 from 555,735 in 2018.
- 5,780 more nights occupied in 2019 or, an increase of 1.04%

Available Nights

- 2019 available room nights rose to 1,300,090 from 1,279,692 in 2018.
- 20,398 increase in available room nights or 1.59% increase.
- *2018 Footnote: 2018 will serve as a benchmark year. A local reservation software company made accurate reporting enhancements to their room tax report which impacted nights rented and available nights for 2018.*

Occupancy Rate

- The 2019 occupancy rate was 43.19% compared to 43.43% in 2018.
- -.55% decrease

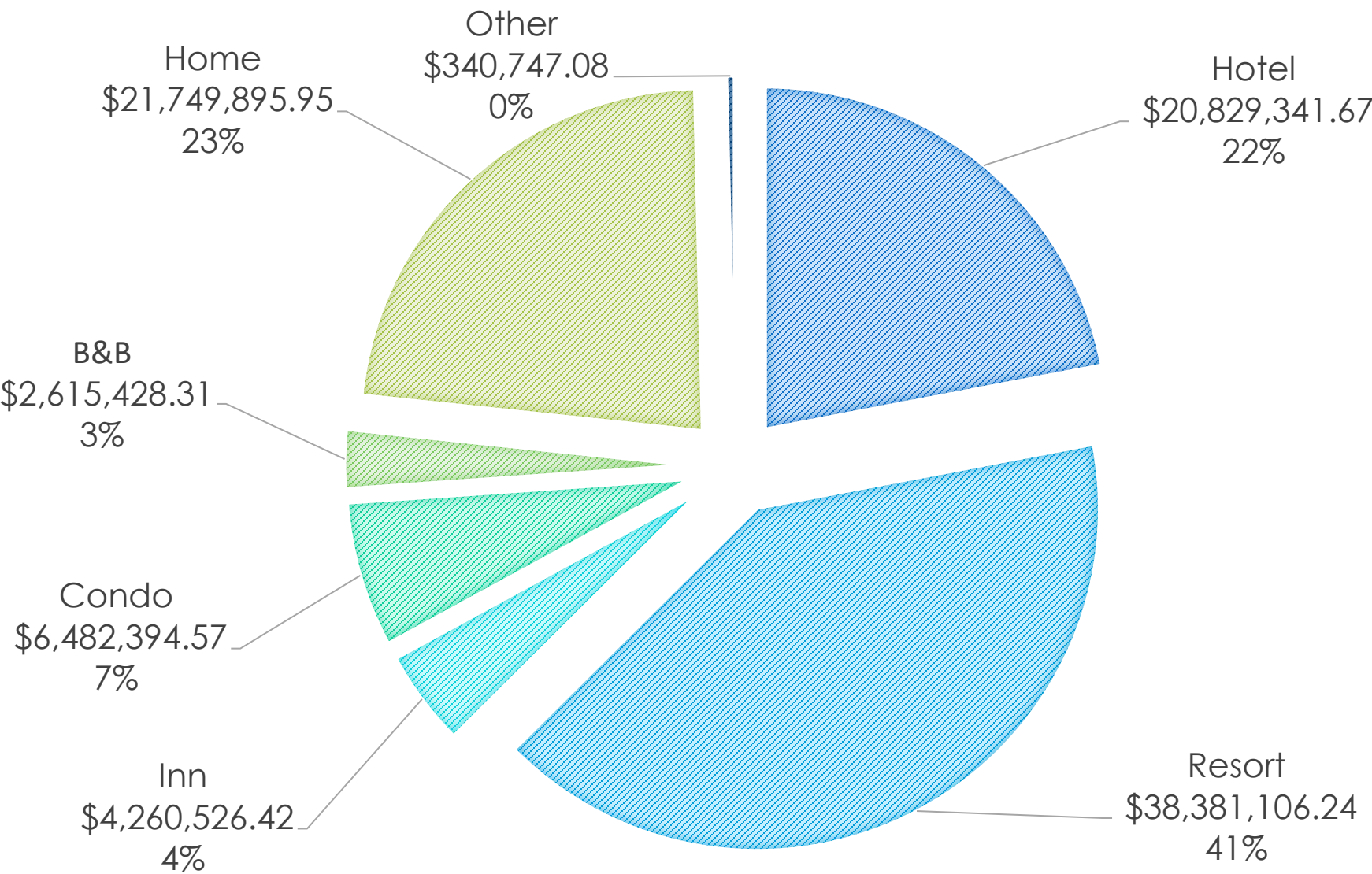
Unpaid Tax, Fees & Penalties

- At year end 2019, there was \$3,312.76 in unpaid tax, fees and penalties. Unpaid tax, fees and penalties were .06% of 2019 room tax collections: \$5,139,717.

2019 - MUNICIPAL IMPACT

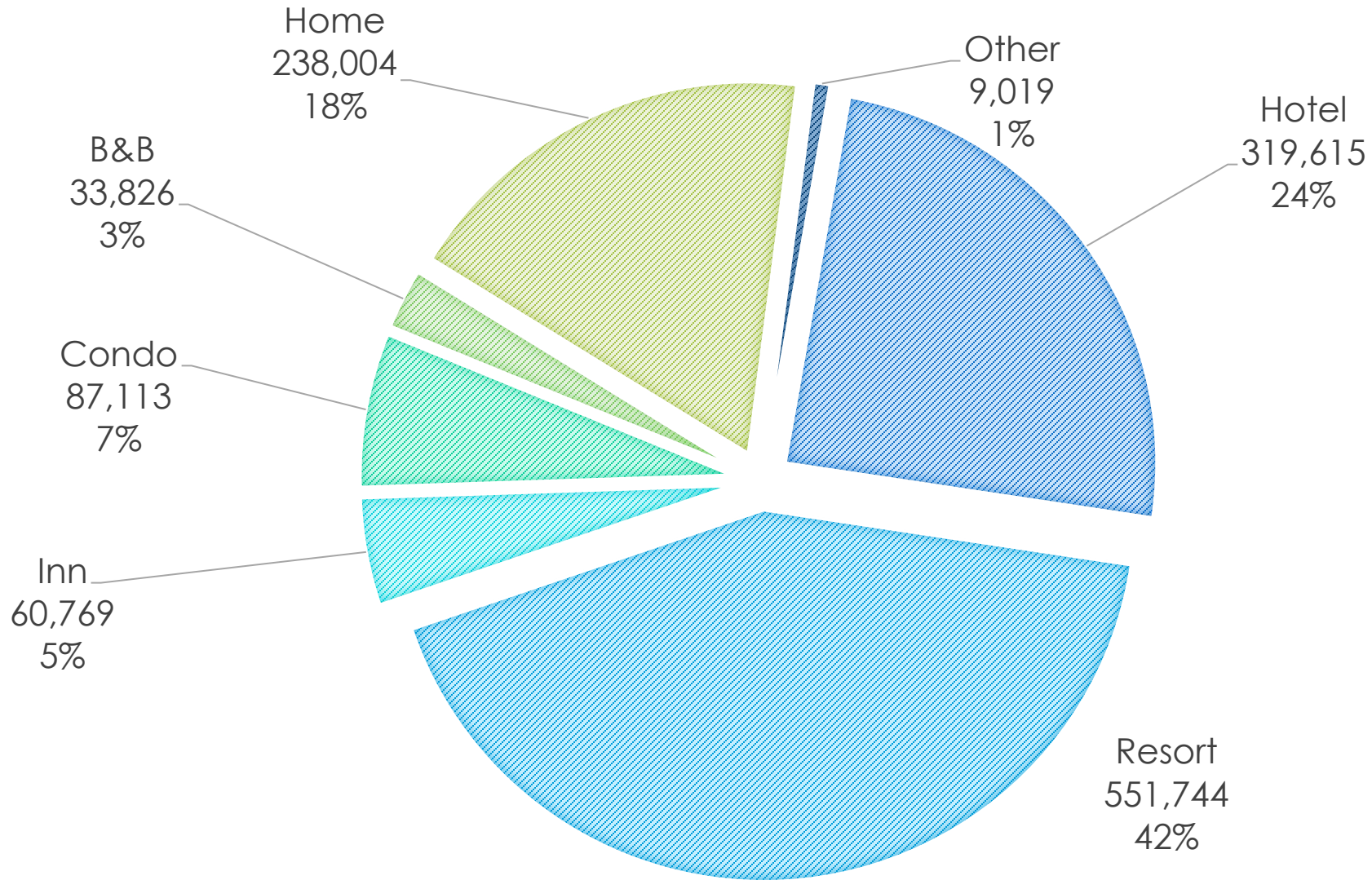
| Municipality | 2019 | Share | Rank | 30% to Municipality | 2018 |
|------------------------|---------------------|----------------|------|---------------------|---------------------|
| City of Sturgeon Bay | \$ 675,399 | 13.14% | 2 | \$ 202,620 | \$ 646,494 |
| Town of Baileys Harbor | \$ 392,061 | 7.63% | 7 | \$ 117,618 | \$ 370,552 |
| Town of Brussels | \$ - | 0.00% | 18 | \$ - | \$ - |
| Town of Clay Banks | \$ 4,342 | 0.08% | 16 | \$ 1,303 | \$ 6,009 |
| Town of Egg Harbor | \$ 468,388 | 9.11% | 5 | \$ 140,516 | \$ 441,745 |
| Town of Forestville | \$ 618 | 0.01% | 17 | \$ 185 | \$ 390 |
| Town of Gardner | \$ 40,218 | 0.78% | 14 | \$ 12,065 | \$ 36,483 |
| Town of Gibraltar | \$ 767,236 | 14.93% | 1 | \$ 230,171 | \$ 733,021 |
| Town of Jacksonport | \$ 104,089 | 2.03% | 11 | \$ 31,227 | \$ 96,810 |
| Town of Liberty Grove | \$ 355,937 | 6.93% | 8 | \$ 106,781 | \$ 356,367 |
| Town of Nasewaupee | \$ 118,357 | 2.30% | 10 | \$ 35,507 | \$ 104,257 |
| Town of Sevastopol | \$ 339,650 | 6.61% | 9 | \$ 101,895 | \$ 334,449 |
| Town of Sturgeon Bay | \$ 42,718 | 0.83% | 13 | \$ 12,815 | \$ 37,806 |
| Town of Union | \$ 5,756 | 0.11% | 15 | \$ 1,727 | \$ 3,902 |
| Town of Washington | \$ 92,509 | 1.80% | 12 | \$ 27,753 | \$ 84,055 |
| Village of Egg Harbor | \$ 456,360 | 8.88% | 6 | \$ 136,908 | \$ 428,686 |
| Village of Ephraim | \$ 621,376 | 12.09% | 4 | \$ 186,413 | \$ 603,597 |
| Village of Forestville | \$ - | 0.00% | 19 | \$ - | \$ - |
| Village of Sister Bay | \$ 654,702 | 12.74% | 3 | \$ 196,411 | \$ 607,588 |
| TOTALS | \$ 5,139,716 | 100.00% | | \$ 1,541,915 | \$ 4,892,211 |

2019 REVENUE BY PROPERTY TYPE & PERCENT OF THE TOTAL



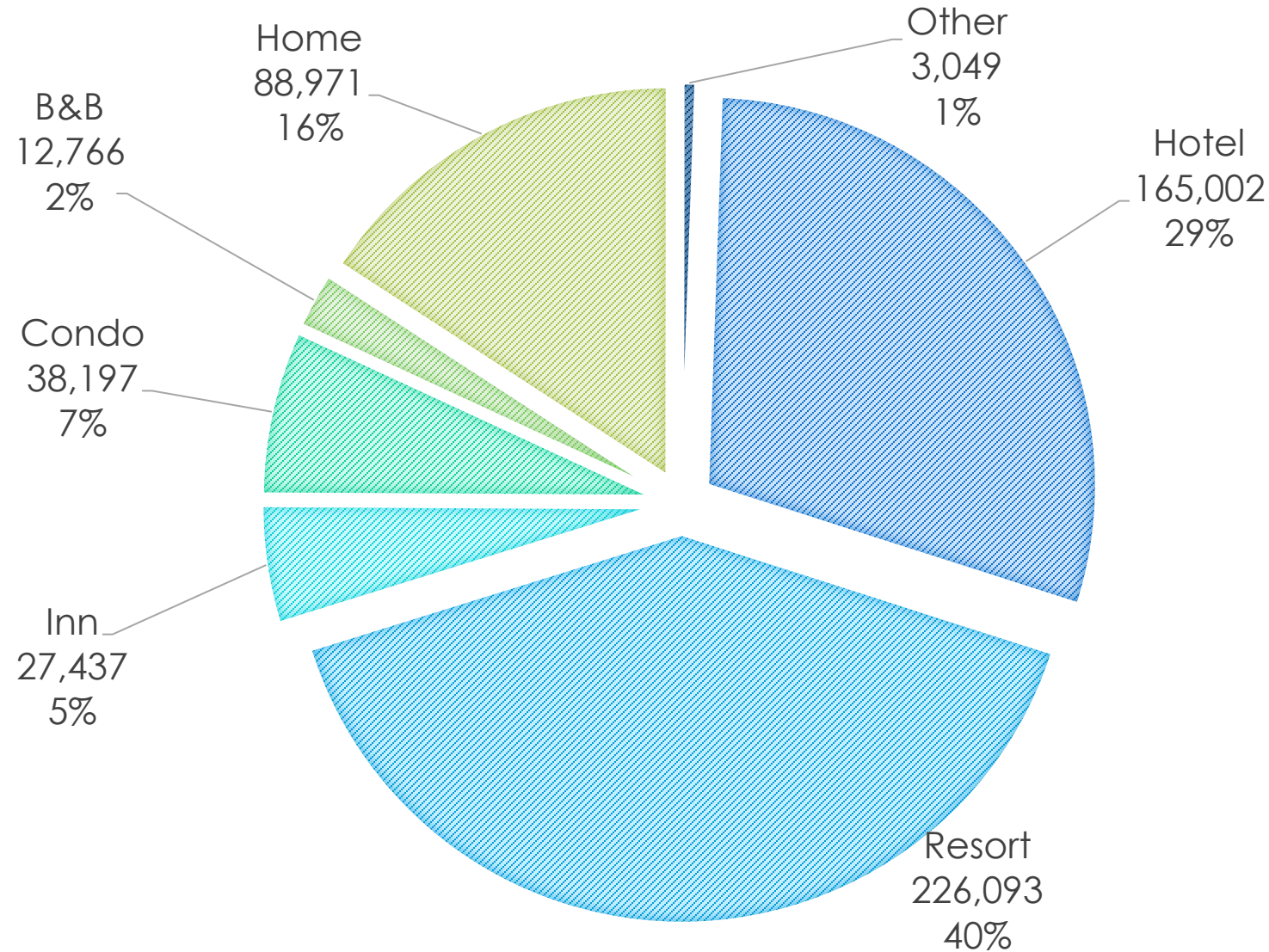
2019 Total Room Revenues: \$ 94,659,440.24

2019 AVAILABLE NIGHTS BY PROPERTY TYPE & PERCENT OF THE TOTAL



2019 Total Available Room Nights: 1,300,090

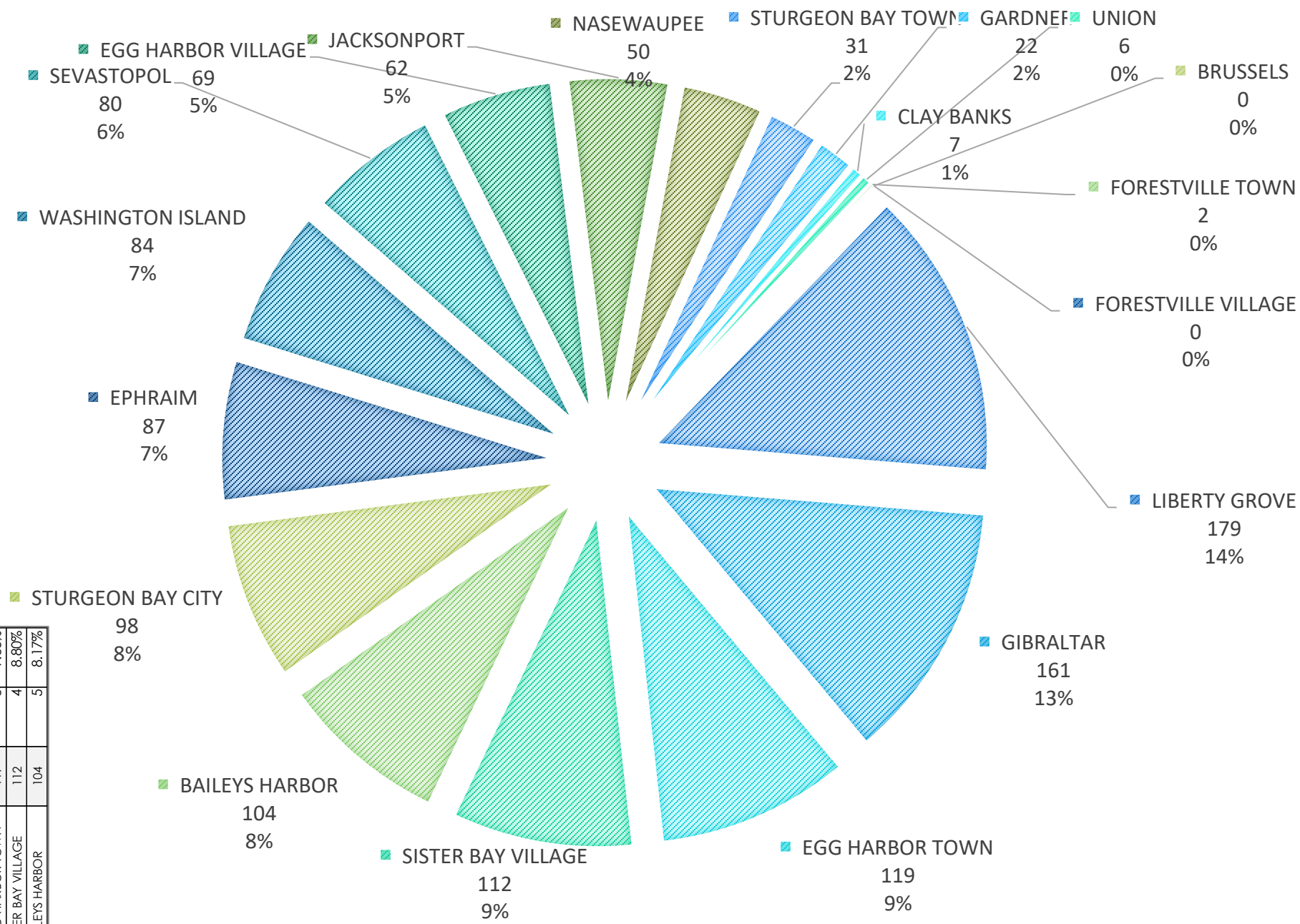
2019 OCCUPIED NIGHTS BY PROPERTY TYPE & PERCENT OF THE TOTAL



2019 Total Occupied Room Nights: 561,515



PERMIT STATISTICS - NUMBER OF PERMITS BY MUNICIPALITY & PERCENT OF THE TOTAL

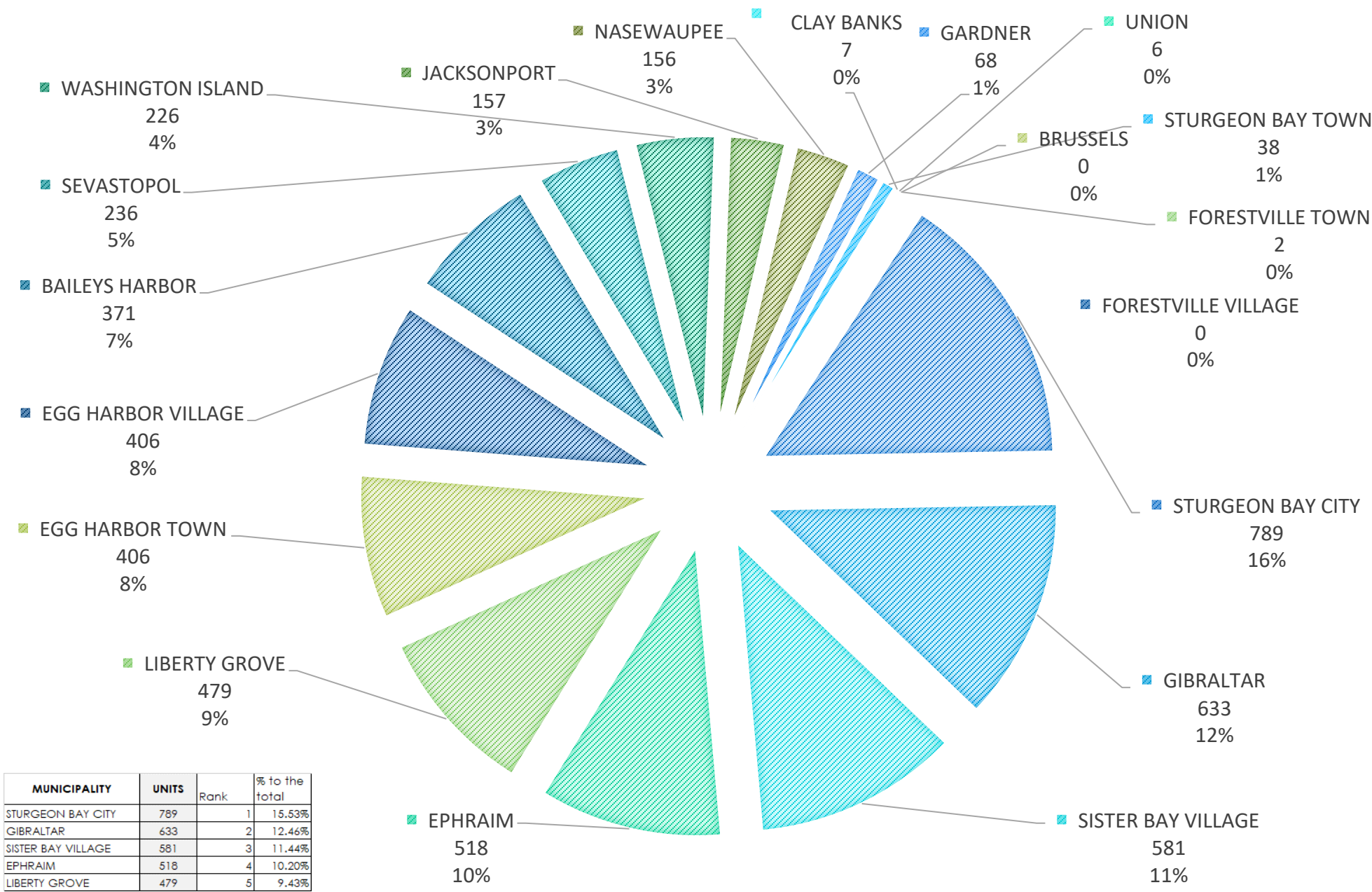


| MUNICIPALITY | # OF PERMITS | Rank | % to the total |
|--------------------|--------------|------|----------------|
| LIBERTY GROVE | 179 | 1 | 14.06% |
| GIBRALTAR | 161 | 2 | 12.65% |
| EGG HARBOR TOWN | 119 | 3 | 9.35% |
| SISTER BAY VILLAGE | 112 | 4 | 8.80% |
| BAILEYS HARBOR | 104 | 5 | 8.17% |

1,273 Permits as of 5/20/2020



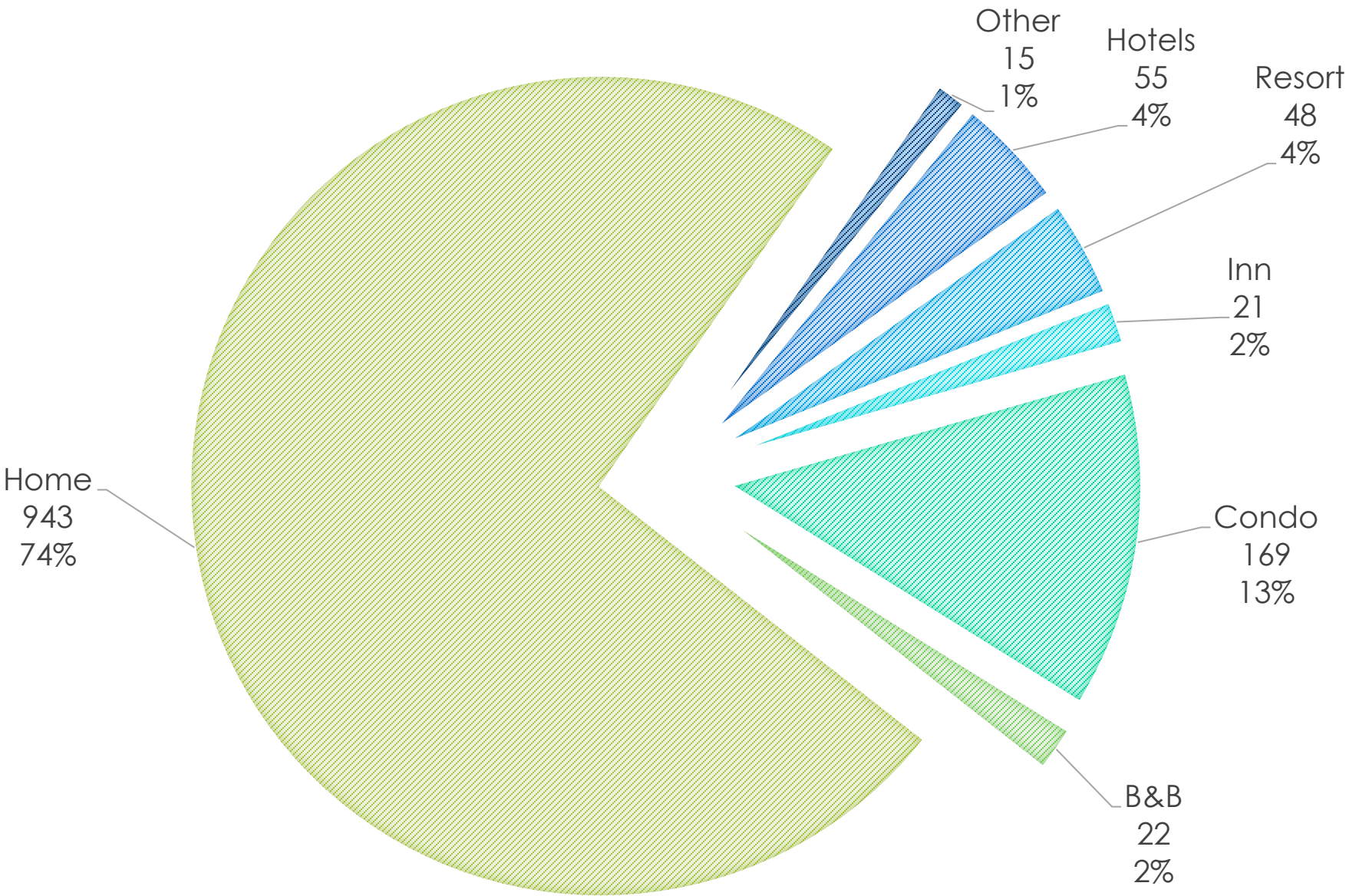
PERMIT STATISTICS - NUMBER OF UNITS BY MUNICIPALITY & PERCENT OF THE TOTAL



5,079 Units as of 5/20/2020

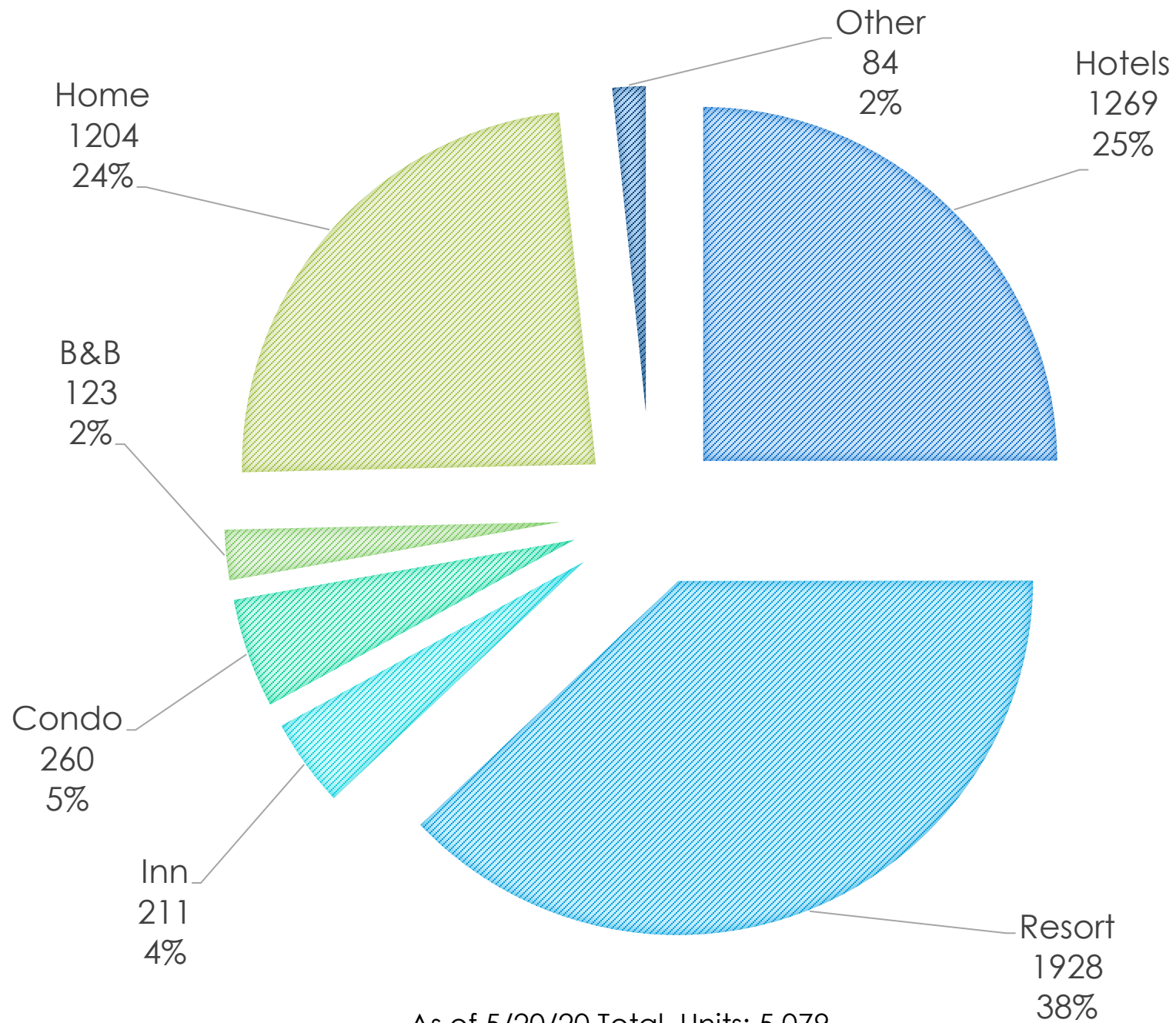


PERMIT STATISTICS: BY PERMIT TYPE & PERCENT OF THE TOTAL



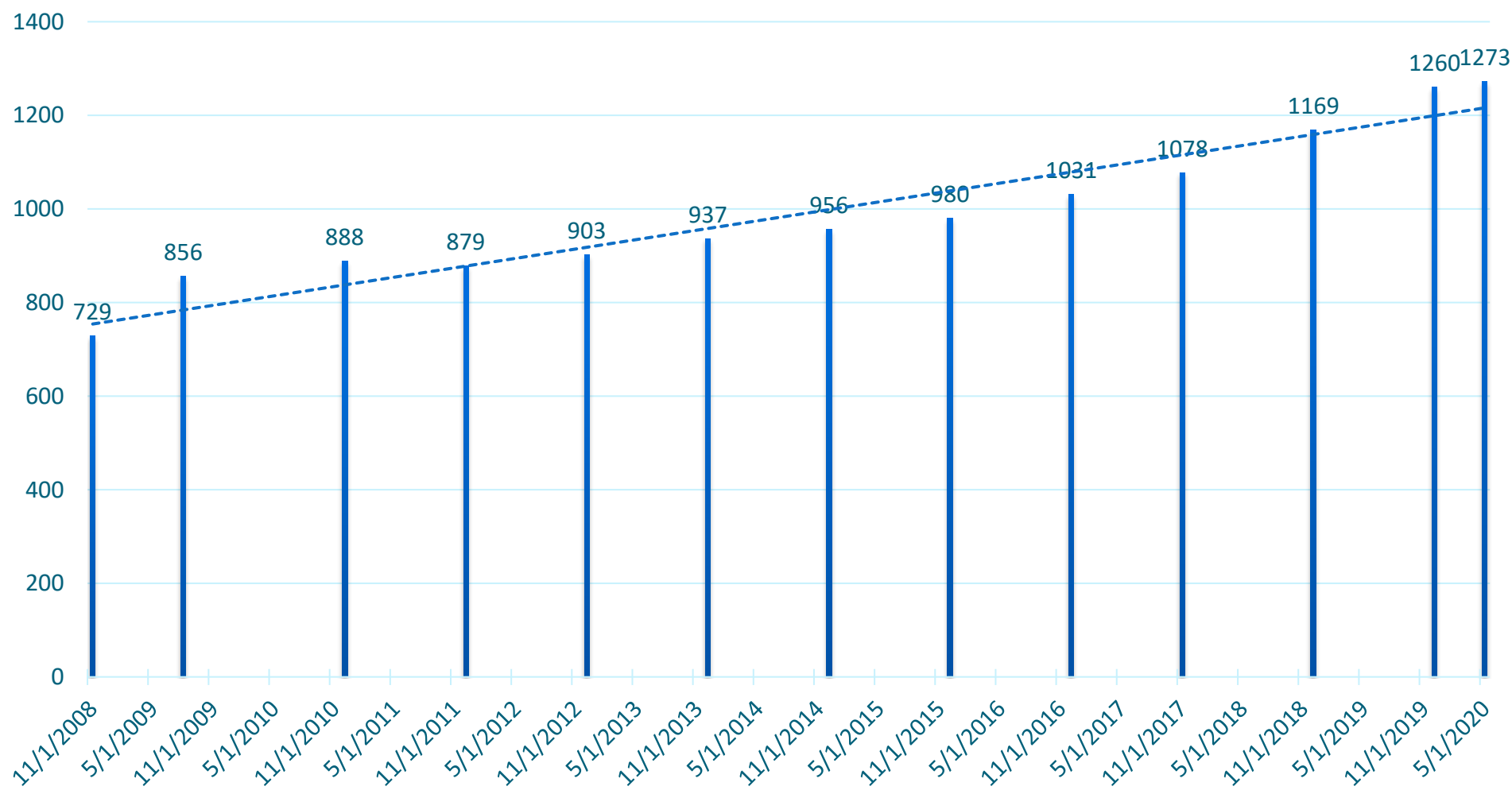
As of 5/20/20 Total Permits: 1,273

PERMIT STATISTICS – BY UNIT & PERCENT OF THE TOTAL



As of 5/20/20 Total Units: 5,079

HISTORICAL REVIEW: GROWTH OF PERMITS 2008-2020



2019 YEAR IN REVIEW: OUTREACH/ EDUCATION/ ASSISTANCE



- The Tourism Zone remains committed to partnering with permit holders as a resource for information and education. Outreach efforts included: Monthly filing reminder emails and email bulletins with need-to-know information. Phone and in-person assistance grew significantly in 2019.
- Outreach regarding Lodging Marketplace Providers tax collection changes:
 - VRBO entered into a Voluntary Collections Agreement with the Wisconsin Department of Revenue on June 1, 2019 (More than likely because WI ACT 59 failed to force Marketplace Providers to collect sales and room tax). Airbnb has been collecting WI State Sales Tax via a Voluntary Collections Agreement since 2017 for the Wisconsin Department of Revenue.
 - VRBO hosts were notified on May 20th, 2019 which gave them very little time to adjust and understand the changes. The language that was used in the VRBO communication didn't specify that it was WI State Sales tax that was to be collected. Instead they outlined they would be collecting, "lodging taxes".
 - On May 20th, 2019 (the same day) the Tourism Zone sent out an email to permit holders advising them of the changes.
 - VRBO removed the host's ability to collect local room tax as a line item. Hosts were forced to include room tax in their nightly rate or add it as a service fee (for those whose rates didn't fluctuate). The timing mid-season was difficult and created "before" and "after" reservations for hosts to sort through.
 - Office hours were extended to assist permit holders and there was a significant increase in in-person office assistance.
 - VRBO communicated that State Sales and Use tax of 5.0% and .5% County Sales and Use tax were being collected by VRBO.
 - Many hosts believed that the reference to "County" was synonymous with the Door County Room Tax Commission. Many misinterpreted the information and felt that room tax was being paid by VRBO/Homeaway.
 - On August 30, 2019) we asked VRBO to assist their hosts by providing detailed information that local municipal room tax was not being collected. They declined stating they felt they had done their due diligence in informing their hosts of what they do and don't collect. It took a lot of education, patience and consistency to bring hosts around to the fact that VRBO was not collecting local municipal room tax in 2019.



2019 YEAR IN REVIEW: OUTREACH/ EDUCATION/ ASSISTANCE

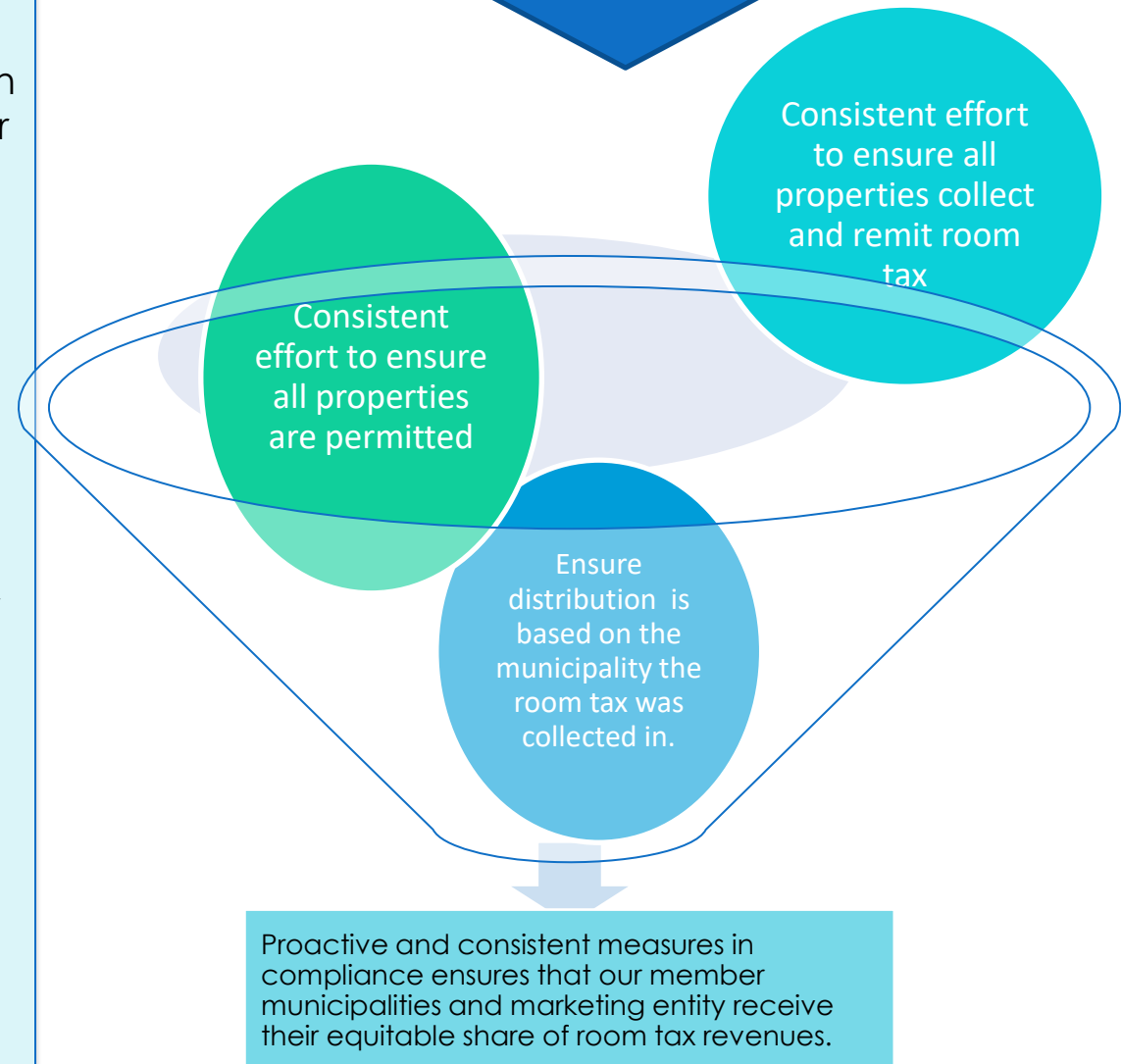
- With the passage of 2019 WI ACT 10 and correcting legislation in doubt, the Tourism Zone embarked on several efforts to reach our hosts/permit holders to prepare them for the changes coming on January 1, 2020.

- On December 16th, 2019 we sent an email to permit holders letting them know that with the passage of 2019 WI ACT 10, there may be changes to how room tax will be collected for those who use online lodging platforms.
- The communications covered:
 - The registered agents for the major lodging platforms were not ready with information on how the new process will work or if they would comply with the legislation.
 - These unknowns made it difficult to communicate and prepare those who provide lodging via these platforms. We stressed that as hosts looked ahead to 2020, they needed to be alert and aware of the possibility of changes.
 - While the method of room tax collection may change, under local ordinances, hosts/permit holder responsibilities for reporting will not, even if the room tax is paid by their Marketplace.
 - Permit holder reporting is essential for the mechanics of room tax distribution. It is vital to each municipality that permit holders report on time their lodging sales and how much was paid on their behalf by each Marketplace Provider.
 - Why is the reporting step critical? Marketplace Providers will only provide a bulk payment. No transactional information will arrive with payments. Data is necessary for room tax revenue to be returned to the municipality in which it was collected.
 - The December 16th, 2019 communication to permit holders was the last for the calendar year regarding 2019 WI ACT 10, but our efforts continued into 2020 both via email and regular mail to prepare permit holders for the possibility of changes to local room tax collection.

2019 YEAR IN REVIEW: COMPLIANCE

- The Tourism Zone has actively engaged in the pursuit to bring non-permitted properties, non-filing, under-reporting and late paying properties into compliance. In 2019, we undertook eight (8) filings in Door County Circuit Court for non-filing, exemption claims, probate and non-permitting issues. One (1) case of under-reporting went to trial and the Tourism Zone was granted a judgment in the case.
- The Tourism Zone also resolved several smaller compliance issues that were resolved in 2019 related to under-reporting, lack of reporting, and improper use of exempt sales claims.
- 2019 brought a few firsts with regards to compliance. One (1) motor vessel and one (1) floating platform were taken through the compliance process. Both required assistance from the USCG and in one (1) of the cases it required obtaining the USCG vessel documentation to find the owner of the vessel. Ultimately both were permitted for short term rentals.

Consistent policy and procedures ensure equity in every component of the room tax cycle



2019 AGING PAYMENTS

2019 AGING PAYMENTS

1-2 Unit Properties:

On time: 83.1%
(84.8%-2018)

Grace: 7.4% (8.1%-
2018)

Within 30: 5.5%
(5.0%-2018)

Later: 3.9% (2.2%-
2018)

2019 AGING PAYMENTS

3+Unit Properties:

On time: 83.5%
(85.1%-2018)

Grace: 9.1% (9.0%-
2018)

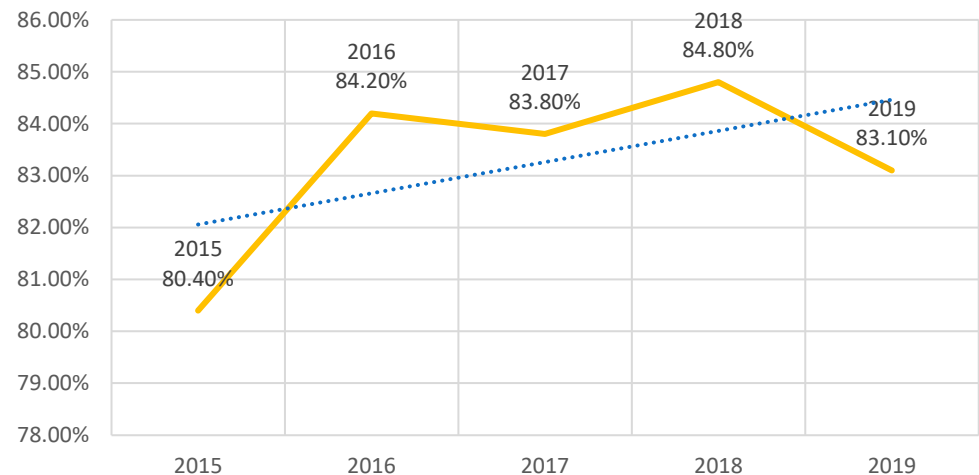
Within 30: 5.5%
(5.0%-2018)

Later: 2.7% (.9%-
2018)

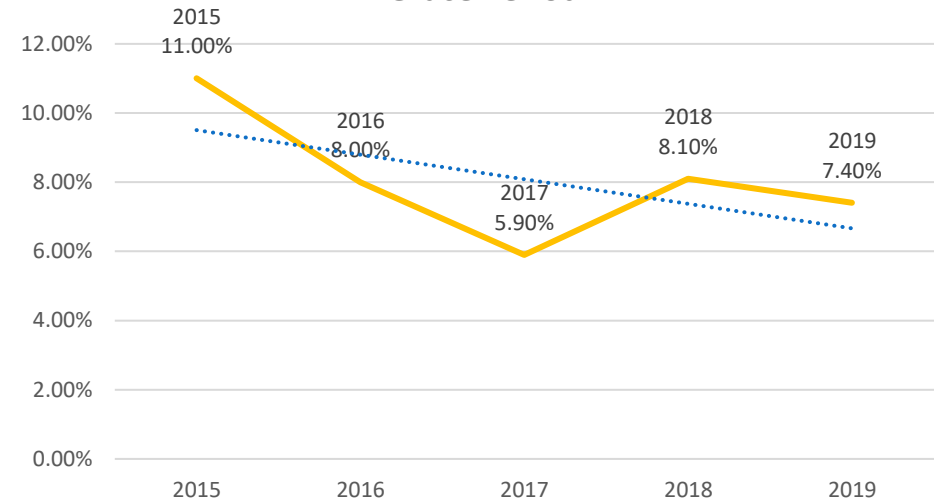
HISTORICAL REVIEW OF PAYMENTS – ONE- AND TWO-UNIT PROPERTIES 2015-2019



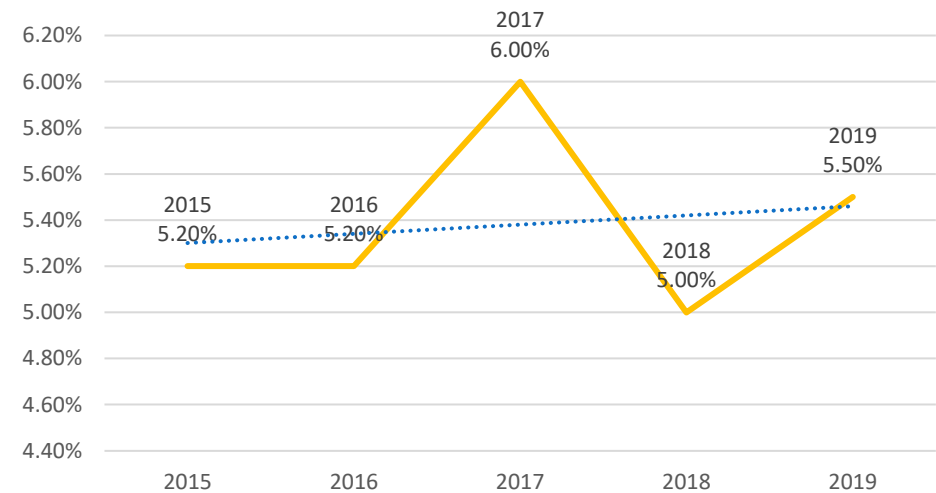
One and Two units On Time Payments



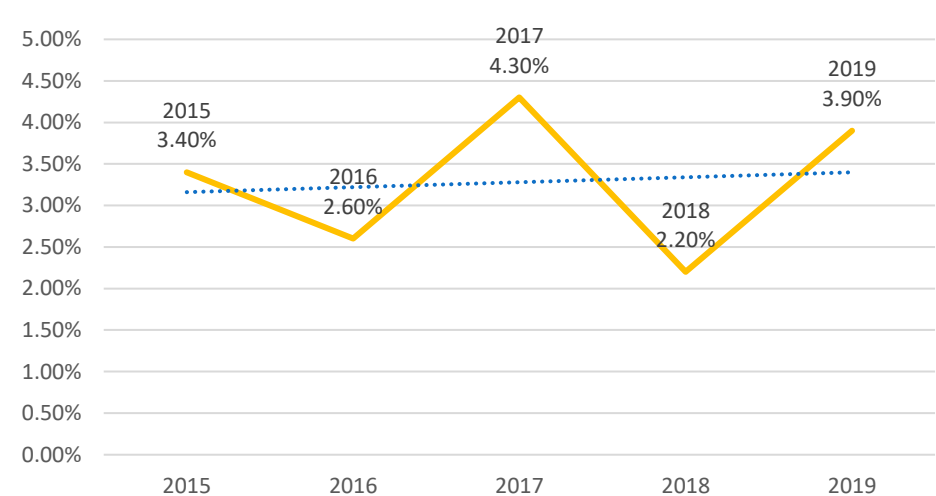
Grace Period



Within 30 days



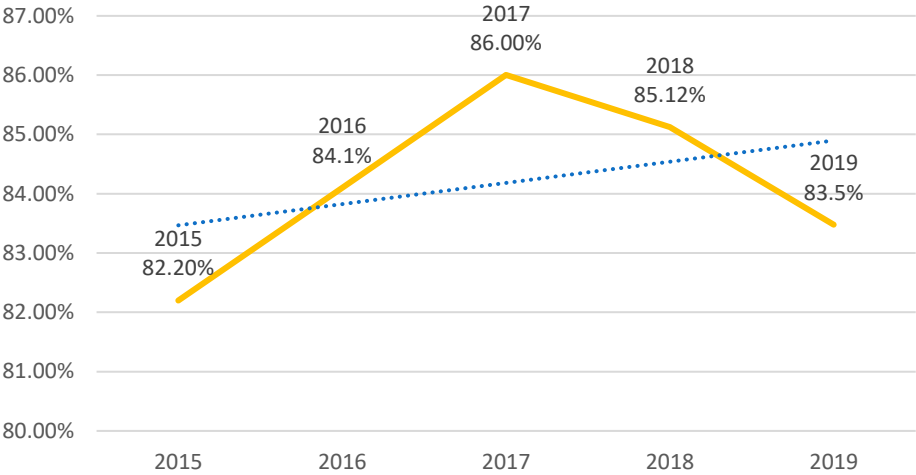
Later



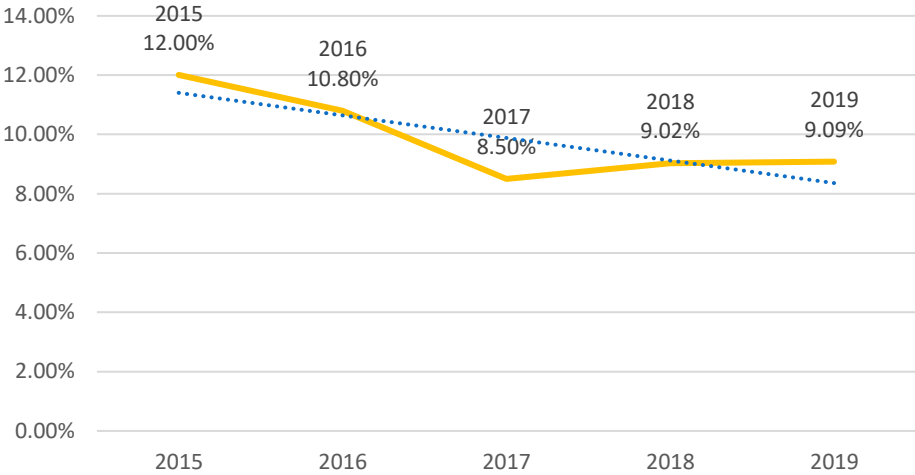
HISTORICAL REVIEW OF PAYMENTS – THREE+ UNIT PROPERTIES 2015-2019



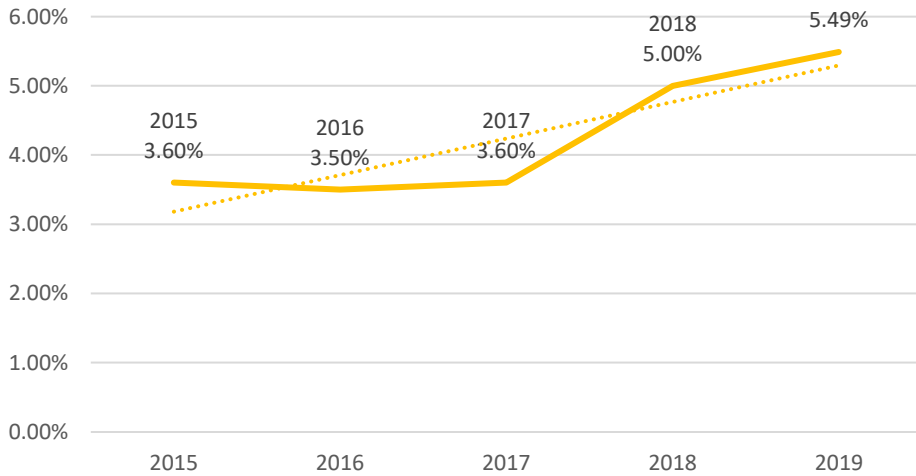
On Time



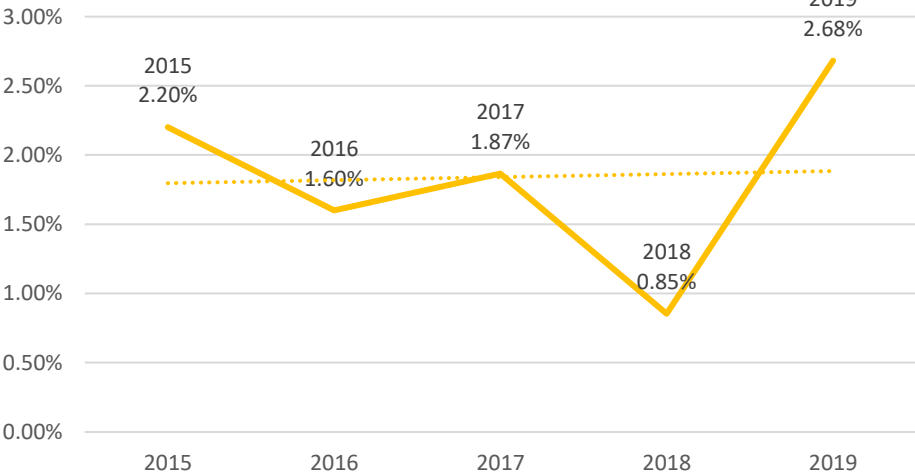
During Grace Period



Within 30 days



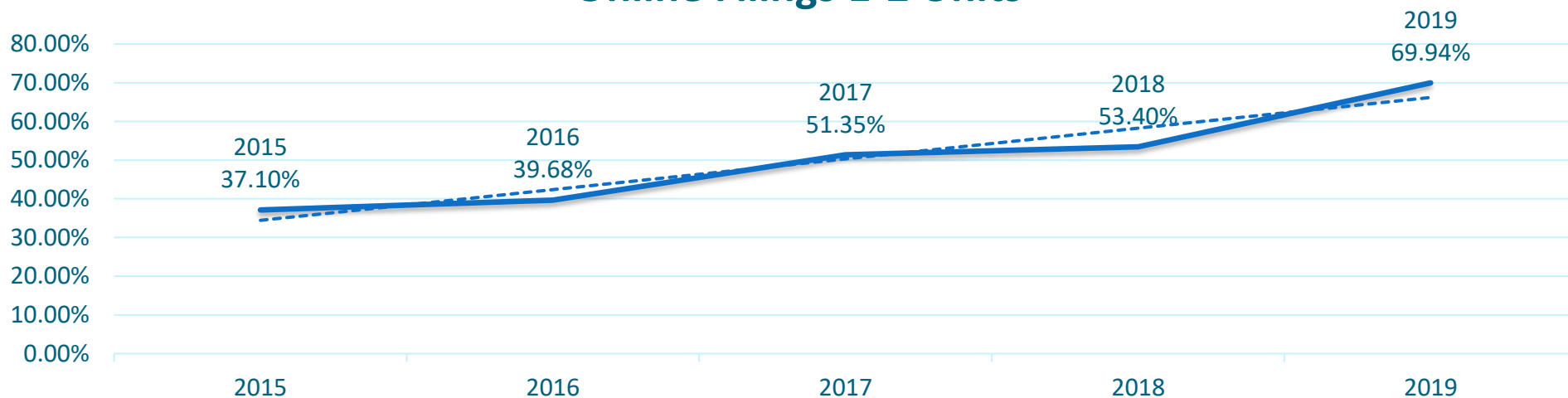
Later



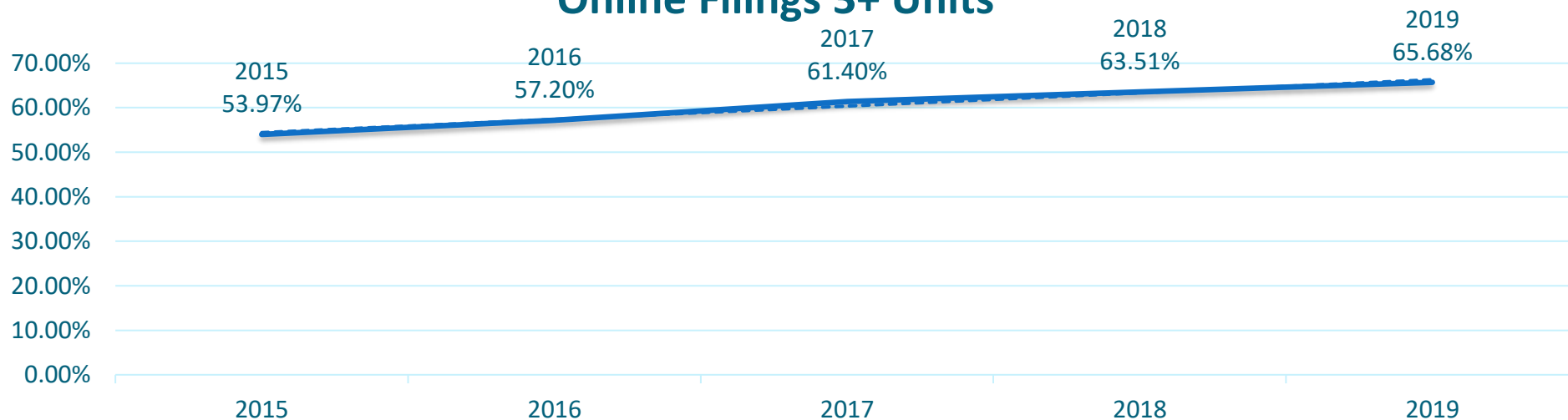
HISTORICAL REVIEW OF ONLINE ROOM TAX REPORTING 2015-2019



Online Filings 1-2 Units



Online Filings 3+ Units



2019 YEAR IN REVIEW: MUNICIPAL PARTNERSHIP

- Continued partnership with each municipality to complete the WI DOR Room Tax filings as a result of 2015 WI ACT 55.
- Prior to each meeting, municipalities are noticed with an emailed agenda.
- After each Tourism Zone meeting municipalities are emailed room tax reporting, meeting minutes, Destination Door County reporting and the Administrator's report.
- Municipalities were kept apprised of legislative progress regarding correcting legislation.
- Municipalities were updated regularly about Lodging Marketplaces who were registering with the WI DOR.
- Municipalities were notified of how to deal with contact made directly by Lodging Marketplaces or their registered agents.
- In July of 2019 municipalities were asked to send notice to Airbnb and its registered agent, Avalara, Inc.
- Municipalities were engaged to participate in the legislative process in 2019-20 by submitting Public Comment to the WI DOR, providing a formal letter of support for AB683/SB646 to Rep. Kitchens, Sen. Jacque, WI Towns Assoc., and the League of Municipalities.

2019 YEAR IN REVIEW: OPERATIONS

- To assure the community of our commitment that all rentals are permitted (or in the process), we have continued to post a detailed accounting of online listings, by platform, on a monthly basis on the Tourism Zone website.

2019 YEAR IN REVIEW: PERMITTING

- As of 5/20/20 there were 1,273 permits.
- For the period of 5/17/19 - 5/20/20: 164 new permits were issued. While the permit may be new, the property may not have been new to the lodging market.
- For the period of 5/17/19 - 5/20/20 : Compliance efforts resulted in 45 properties (27.44%) successfully permitted out of the total 164 permitted in 2019.
- Of the 164 newly permitted properties, 152 of the permits were issued for 1-2-unit properties.
 - Hotel/ Motel (50) - 4 permits
 - Resort (51) – 1 permit
 - Inn (52)- 0 permits
 - Condo (53)– 23 permits
 - B&B (54) – 1 permit
 - Cottage/Cabin/House (56) - 130 permits
 - Other (59) - 5 permits



2019 YEAR IN REVIEW: LEGISLATIVE

In 2018, our ability to guarantee fair and equitable room tax collection and distribution were challenged by WI ACT 59 (effective 9-2017). The legislation was inserted into the 2017-19 Wisconsin State Budget. It later became clear that online marketplace providers were not going to comply with WI ACT 59 due to nexus.

On June 21, 2018, the Supreme Court of the United States ruled in favor of the state in *South Dakota v. Wayfair, Inc.* The decision overruled a longstanding physical presence rule, allowing states to require remote sellers to collect and remit sales tax.

Post WI ACT 59, the Door County Tourism Zone along with Representative Kitchens put forth a significant amount of time and effort in advancing correcting legislation to guarantee transparency and cooperation from Marketplace Providers.

In June of 2019, AB251/SB243 were introduced and later became 2019 WI ACT. 2019 Wis. Act 10 clarifies that a marketplace provider is required to collect and remit sales or use tax for all sales of taxable products and services in Wisconsin that the marketplace provider facilitates on behalf of a marketplace seller, as provided in secs. 77.52(3m)(a) and 77.523(1), Wis. Stats.

The 2019 WI ACT 10 also reverses the effect of the decision in *Orbitz, LLC vs. Wisconsin Department of Revenue*, (Wisconsin Court of Appeals, District IV, February 11, 2016) by requiring marketplace providers that facilitate sales of all services under sec. 77.52(2), Wis. Stats., including lodging services, to collect and remit sales or use tax on the entire amount charged to a purchaser, as provided in sec. 77.52(3m)(a), Wis. Stats. 2019 WI ACT 10 was published 7/3/19 and the date of enactment was 7/4/19.

While on its face, 2019 WI ACT 10 appeared to only impact WI Sales and Use tax, the room tax statute was tagged in the legislation therefore requiring marketplace providers to also collect local municipal room tax.



2019 YEAR IN REVIEW: LEGISLATIVE

LEGISLATIVE REQUEST: The Door County Tourism Zone Commission on behalf of its nineteen member municipalities requested the State of Wisconsin adopt correcting language to State Statute 66.0615 / 2019 WIS ACT 10. We requested that Online Marketplace Providers be required to provide essential identifying and financial transactional information along with room tax payments to each municipality and/or taxing authority.

WHY CORRECTING LEGISLATION IS NECESSARY:

§66.0615 currently lacks reporting requirements for Online Marketplace Providers: Currently §66.0615 affords no provisions for reporting requirements for Online Marketplace Providers.

Reporting requirements are critical to guarantee fair and equitable room tax remittance and distribution. With the use of zip codes to locate properties and as part of the distribution process by Online Marketplace providers, Wisconsin municipalities can't be guaranteed that they will receive the correct amount of room tax due.

Inaccurate location of lodging properties: Online Marketplace providers don't utilize a system of municipal identification in determining where to send payments.

Their standard technology for location of host properties is by zip code or geo-code, neither of which are a reliable method to determine which Wisconsin municipality is owed the collected municipal room tax.

Bulk payments with no reporting: Payments from Online Marketplace Providers in bulk with no reporting will not provide the means to remit room tax to the appropriate municipality under State Statute and our Intergovernmental Agreements.

Accepting a bulk payment from Online Marketplace Providers would not allow Wisconsin municipalities to fulfill their fiduciary and statutory obligations as a taxing authority. The legislature is asking municipalities and/or taxing authorities to "trust" payments from Online Marketplace Providers; the "honor system" is not an appropriate policy for government entities nor will it satisfy municipal auditors.

SOLUTION: Reporting included along with bulk payments: Property address information (or Online Listing ID#), total sales and the amount of tax collected for each address would validate to each Wisconsin Municipality and/or taxing authority that they have received the correct amount of room tax due. Transparency, equality and accountability provisions are attained.



LEGISLATIVE: THE ROAD TO CORRECTING LANGUAGE TO §66.0615 IN 2019/20

- 1-2019 - Requested that correcting language to §66.0615 be included as an agenda item for Door/Kewaunee Legislative Days to the Steering Committee.
- 4-2019 - Participated in Door/Kewaunee Legislative Days to lobby for LRB 2153 – April 2019.
 - Requested sponsorship of bill.
 - Legislative Action Sheet distributed at Legislative Days – April 2019.
 - Agency Meeting with WI DOR during Door/Kewaunee Legislative Days -April 2019.
- 6- 2019 - Testified before the Committee on Ways and Means Hearing on AB251/SB243 (became 2019 WI ACT 10) – June 2019.
- 9-2019 - *LRB 4224 was drafted.*
- 9-2019 - *Meeting with Julia Hertel, Executive Director of WI Association of CVB's in Madison, WI.*
- 10-2019 - *Meeting with Representative Kitchens, Kathy Kilgore of WH&LA, representatives from WI DOR, and Attorney Teuber in Madison to work on LRB 4224.*
- 12-2019 - Position letter sent to the League of Municipalities along with statement from auditor.
- 1-2020 – Testified before Committee on Ways and Means AB683: Van Lieshout, Nelson and Roberts.
- 1-2020 – Testified before the Senate Committee on Agriculture Revenue and Financial Institutions SB646: Roberts and Attorney Vande Castle.
- 2-2020 – Letters drafted to Representative Macco, Department of Tourism, Senator Marklein, to urge their support and a request to move SB646 out of Committee. On Rep. Kitchens recommendation, Senator Fitzgerald and Senator Roth were contacted, to urge them to move SB646 to the floor for a vote.
- 2-2020 – Emailed every municipality in the State of Wisconsin with local municipal room tax to urge support of AB683/SB646
- 1-2020/2-2020 – Via email and phone, we reached out around the state to urge support of AB683/SB646 as well as asking our local municipalities, community association and Destination Door County to lend their support.



LEGISLATIVE: CURRENT STATUS

2-2020 AB683/SB646 was held up by the Chairman of the Ways and Means Committee, Representative Macco. The bill was negotiated at the request of Speaker Vos by Representative Kitchens and Representative Macco. The Chairman felt that there was a failure to show there was a problem that required a fix through correcting legislation.

2-2020 - An amended bill was put forth after Speaker Vos, Representative Kitchens and Representative Macco met to compromise.

Conference call with Airbnb 2-12-2020 to try and come to agreed upon terms for reporting. Airbnb was unwilling to provide any reporting along with the bulk payments.

3-2020 – AB683/SB646 was moved out of Committee.

3-2020 - Bloomberg Tax wrote an article, "[Airbnb Targeted by States that suspect Tax Collection shortfall](#)" Representative Kitchens was quoted by Bloomberg Tax.

4-2020 – Due to COVID19 the bill(s) were "adversely disposed of".

We hope to see the legislation reintroduced next session to protect all Wisconsin municipalities and hosts.

New monthly room tax report forms for permit holders were created at year-end 2019. Room tax, as always, continues to be distributed based on permit holder reporting. Permit Holders report their lodging sales, their marketplace lodging sales in which room tax was collected and the amounts paid on their behalf by each Marketplace Provider.

The Tourism Zone office has provided for any municipality that has requested all updated report forms and reference materials that are being utilized to deal with the bulk payments from Marketplace Providers. One thing is clear, municipalities around the state are unable to reconcile their Marketplace payments.



LEGISLATIVE: CONCERNS AND LOOKING AHEAD

The WI Legislature has tasked Marketplace Providers with an undertaking for which they don't have the technology, customer service, nor the inclination to provide transparency to ensure that every WI municipality receives its fair and equitable share of room tax revenue.

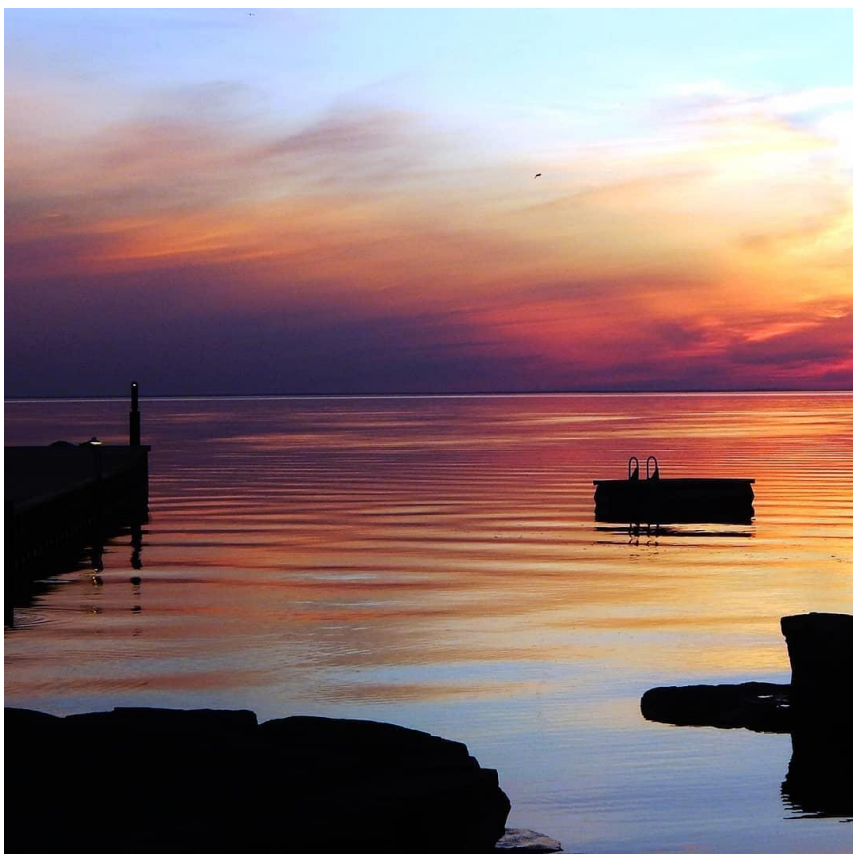
Issues continue to grow:

- We've received remittance of tax to a municipality that has no lodging providers.
- We have a growing surplus which leads to the question, "are we receiving room tax revenue that is not correctly allocated?"
- In our experience the industry shows little regard for municipalities, local ordinances, and reporting cycles. Communication is difficult to achieve.
- They have demonstrated that they have formidable lobbying abilities.
- They continue to struggle to correctly identify a property's local municipality.
- We continue to find that they are unable to apply tax code programming correctly, consistently, and uniformly.
- They refuse reporting requirements which prevent reconciliation and/or audit.
- Hosts struggle to get assistance from Marketplace Providers and often look to the Tourism Zone for assistance.
- Hosts struggle to understand their financial transactions and obligations.
- We have witnessed these companies duck responsibility, hide behind confidential information claims, and deflect issues to outsourced programmers.

LOOKING AHEAD IN 2020



- Continue to encourage more permit holders to file online via continued education and technological upgrades. Internet access continues to be a challenge for some.
- Ongoing dedication to compliance and enforcement with the overall goal of making sure the playing field is level for those in the lodging industry who partner with the Tourism Zone by collecting and remitting room tax.
- Maintain Data Project begun in 2016 in order to compare year-to-year figures of occupancy statistics, room tax collections, and track the transient lodging economy in Door County.
- Outline goals for succession planning in all areas of Tourism Zone operations.
- Look ahead to the re-introduction of correcting legislation to deal with the bulk payments from marketplace providers. The burden on hosts and taxing authorities is unbalanced compared to that of marketplace providers who easily could adjust and provide reporting that is accessible through their programming.
- Continue to assist and partner with other Tourism Zone Commissions and municipalities in the State. Assist with requests, education and partnership as other Tourism Zones and municipalities aim to model Door County room tax collection.
- Continue to develop the partnership between permit holders and the Tourism Zone office by serving as a resource to permit holders. By aiding with support and education, the task of collecting room tax becomes less daunting and compliance increases. Post 2019 WI ACT, correctly filed room tax is essential.
- Outline record keeping strategies and guidelines.
- Continue to work on Marketplace Provider issues related to room tax collection and remittance.
- Continued participation of all nineteen (19) municipalities in the Door County Tourism Zone. We are stronger together.



We are in this together...

Let's work together so that all available funding will be available to get our tourism economy revived.

THANK YOU for your partnership and efforts to make Door County a destination that is truly loved by both visitors and those who chose TO LIVE AND WORK HERE.

As we move forward with 2020, some final points to consider:

- The Door County Tourism Zone Commission is contractually obligated to carry out the collection of local municipal room tax per agreements with all 19 Door County municipalities. For the room tax process to be put on hold, ALL municipalities would have to agree.
- Room tax should not be treated as revenue by permit holders, but rather a tax liability. It should be held in trust until the time comes to report and pay your local municipal room tax.
- If a marketplace provider is paying your room tax on your behalf, the importance of your reporting responsibility remains unchanged. Marketplace payments can't be distributed to your municipality without your monthly room tax reporting.
- COVID-19 will cause a downturn in tourism for 2020. The ongoing health crisis will likely cause a sharp decline in room tax collections, but it also means that there will be fewer marketing dollars when the tourism industry and our municipalities will need it most.
- If there are delays with room tax remittance, lodging providers need to contemplate what impact it will have on restarting and sustaining Door County's tourism economy.

DESTINATION
DOOR COUNTY

Jack Money Penny, President/CEO



Room Tax Accomplishments

- ◆ The room tax continues to give Door County a deeper reach into our regional markets and the on-going ability to work with travel writers and other influencers to receive national coverage.
- ◆ Media placement and PR took a multi-dimensional approach through a combination of advertising mediums and public relations outreach that solidified our brand promise that “Those who visit Door County will find a breathtakingly scenic, water-centric landscape that is perfectly conducive to their pursuit of relaxation and rejuvenation.”
- ◆ DoorCounty.com had nearly 1.5 million visits *(Google Analytics)*.
- ◆ We’ve hosted 950 travel journalists from 2007 through 2019, which resulted in 2,200 published articles and stories about Door County.
- ◆ We spoke directly to our visitors by inviting them to discover new experiences with our tagline “Live Life Well”.
- ◆ Our social media garnered over 21million impressions through Facebook, Twitter and Instagram.



Primary Results

| | 2019 | 2018 |
|--|-----------------|-----------------|
| Door County Traveler Expenditures | \$374.4 million | \$366.6 million |
| Wisconsin Traveler Expenditures | \$13.7 billion | \$13.3 billion |
| Wisconsin Tourism Market Share (Door County) | 2.74% | 2.75% |

- 8th place (by county) in Wisconsin destinations for visitor spending
- Behind Milwaukee, Dane, Sauk, Waukesha, Brown, Walworth & Outagamie Counties
- The total impact of tourism on Door County's economy was \$480.6 million last year.

The Economic Impact of Tourism in Wisconsin - 2019

In Door County:

- \$374.4 million in direct spending
- \$39.2 million in local and state taxes
- 3,255 full-time equivalent jobs
- \$85.2 million in resident income
- Support to local lodging, restaurants, retail and attractions....enhancing the quality of life

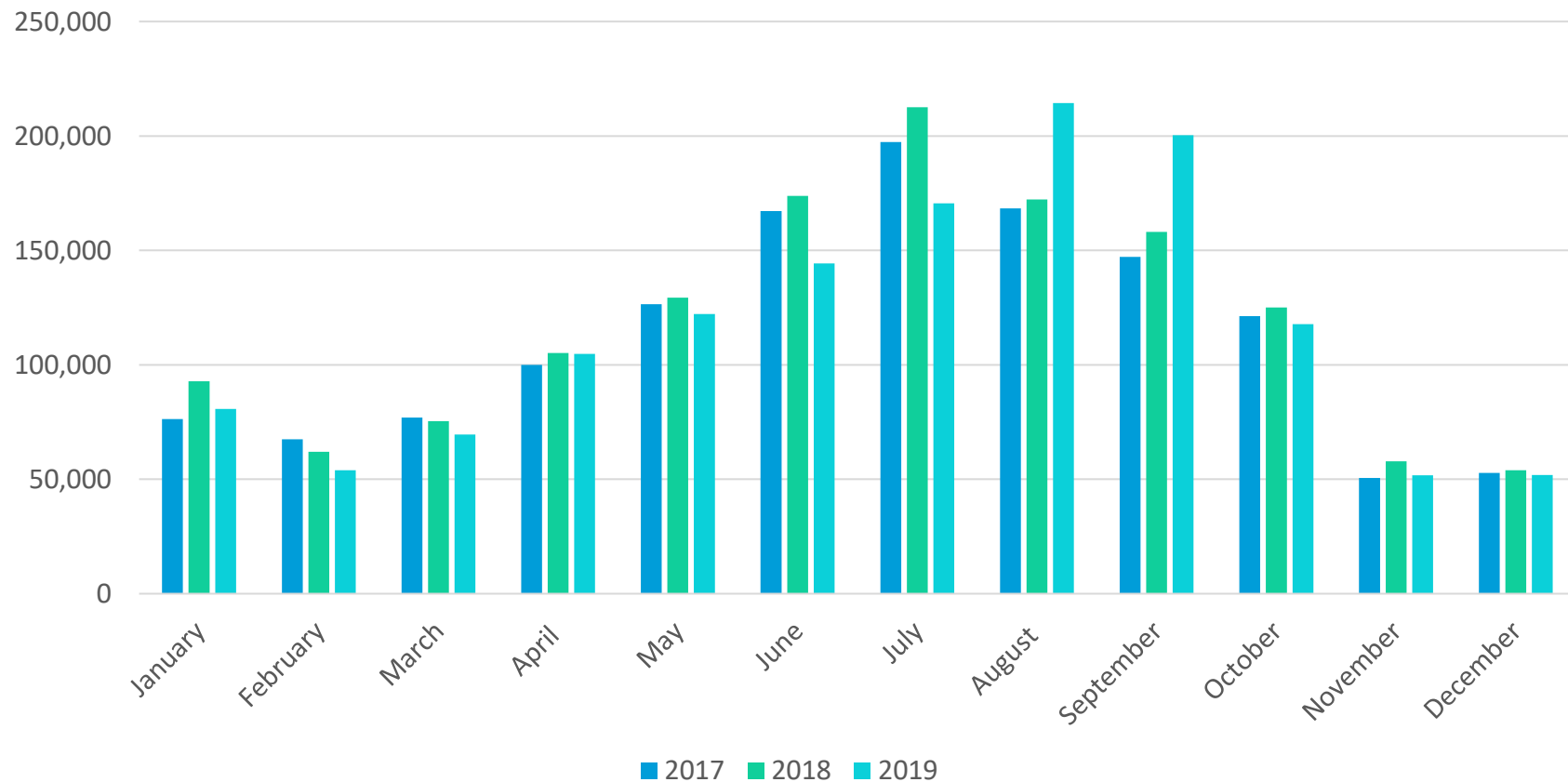
Source: Tourism Economics



Marketing and Sales

| Web Site Activity / Digital Marketing | | |
|---------------------------------------|-----------|-----------|
| | 2019 | 2018 |
| DoorCounty.com site visits | 1,526,804 | 1,418,550 |
| DoorCounty.com unique visits | 1,106,111 | 1,051,676 |
| E-newsletter Subscribers | 237,757 | 236,007 |
| Facebook Engagement | 623,522 | 610,080 |

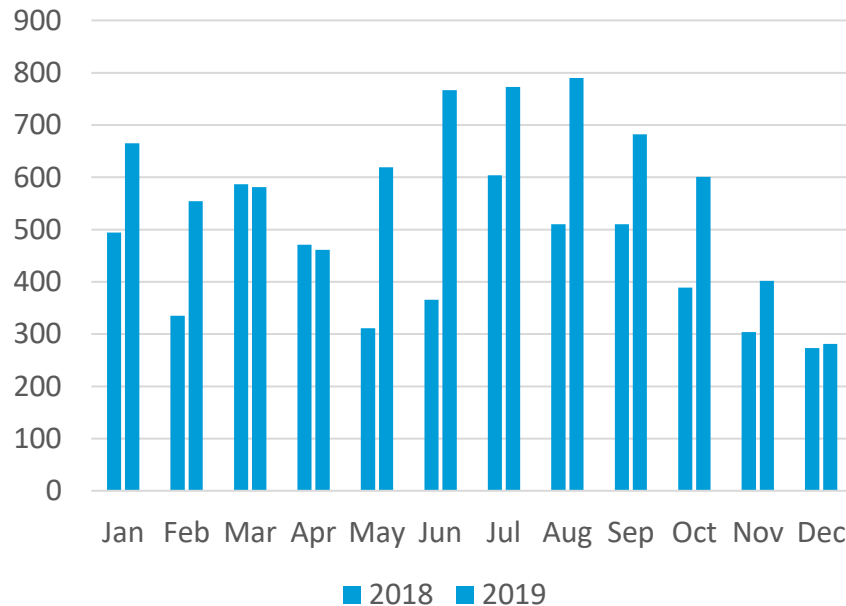
DoorCounty.com Site Visits



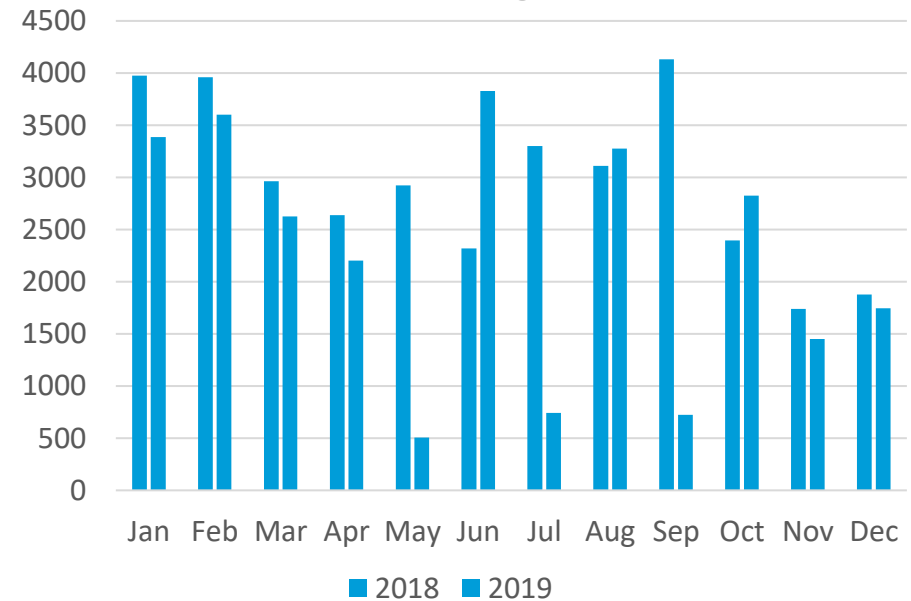
Group Sales

| | 2019 | 2018 |
|---------------------------------|--------|--------|
| Group Tour & Meeting Site Visit | 7,176 | 5,154 |
| Wedding Web Visits | 32,909 | 35,330 |

Group & Meeting



Wedding





Advertising Highlights

A small sampling of what was placed

- Media planning was strategic and research based. A multi-dimensional approach delivered a combination of mediums, ad sizes and formats, which allowed us to showcase the visual aspects of Door County through print, television, digital, mobile and outdoor in our key target markets. We also continued to reach an online audience through video on Hulu, YouTube and apps on connected devices.
- Key partnerships were formed. To ensure the best possible plan for 2019, we formed key partnerships with some of the best in the industry. Targeted public relations campaigns brought Door County to communities in some of our best markets. Key social media influencers helped promote Door County to their followers through breathtaking photos and video. New photo and video initiatives highlighted the culinary side of Door County in fresh and innovative ways.
- A creative campaign that was all about showing a level of relaxation that was more than just restful; it's rejuvenating. We defined that idea with our tagline live life well.

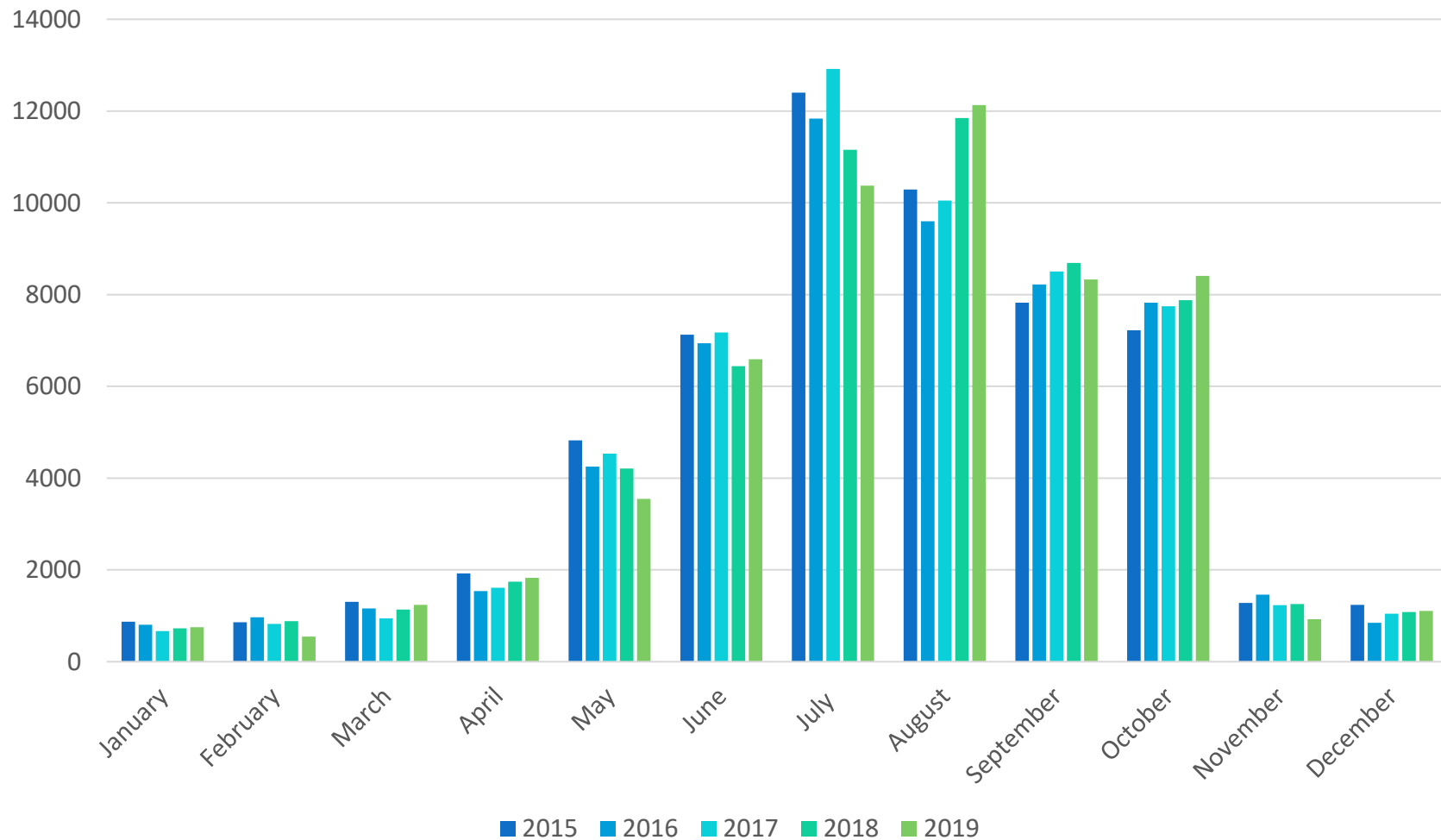


Communications & Public Relations

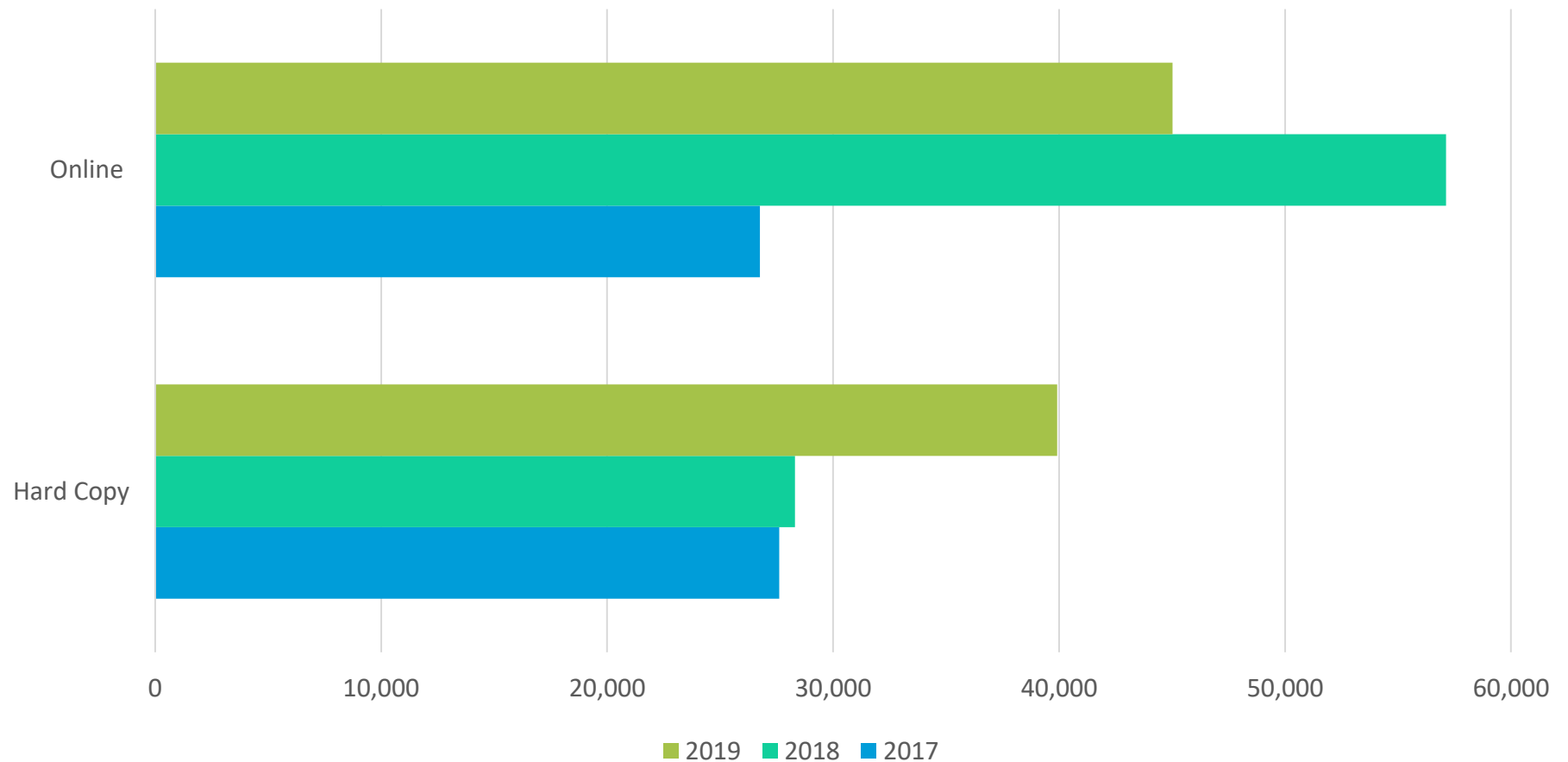
| Media Marketing Program | | |
|----------------------------|-------------|-------------|
| | 2019 | 2018 |
| Ad Value Equivalency (AVE) | \$2,682,843 | \$3,504,314 |
| Impressions | 381,702,171 | 369,505,267 |
| Visiting Journalists | 72 | 70 |

- Hosted 6 seasonally themed group press tours in 2019 between February and December.
- 126 articles placed in print, radio, or online media from media marketing efforts.
- Through the end of 2019, the return on investment for the media marketing program was 11:1. For every dollar spent, Door County received \$11 in AVE media coverage.

Welcome Center Visitor Traffic



Visitor Guide Requests





Looking Ahead

A small sampling of what will take place.

View the 2020-2022 3-year Strategic Marketing Plan [HERE](#).

In 2020 we will continue to evolve as a Destination Management Organization that reflects a new awareness, priorities, concerns and opportunities. The progression from marketing to management reflects the maturity of Door County's tourism industry and is possible because of our long-standing, resolute focus on responsive marketing, innovative sales, strategic partnerships and robust development of new tourism products and experiences.

Future initiatives will embrace new and daring ways to empower Door County's tourism industry and address the need for longer, developmental, adaptive approaches to optimize the tourism industry for county-wide economic impact now, and hundreds of years from now through sustainable tourism planning.

Or there could be a pandemic, murder hornets and mass rioting that will change the world in unknown ways (but that would be crazy). Regardless, we will be ready to face what the future holds to help ensure Door County's resilience.