

FINANCE COMMITTEE

08-0756R

RESOLUTION DISTRIBUTING THE ESTIMATED 2009 TOURISM TAXES  
OF HOTEL-MOTEL AND FOOD AND BEVERAGE.

CITY PROPOSAL:

RESOLVED, that the 2009 tourism taxes of hotel-motel and food and beverage,  
as estimated, be distributed in the following manner:

|                                  | 3% Hotel-<br>Motel | 1%<br>Hotel-<br>Motel | 2.25% Food<br>& Beverage | Additional<br>2.5% Hotel-<br>Motel | TOTAL       |
|----------------------------------|--------------------|-----------------------|--------------------------|------------------------------------|-------------|
| Duluth Public<br>Arts Commission |                    |                       | \$20,000                 | \$10,000                           | \$30,000    |
| Sister Cities                    |                    |                       | \$22,000                 | \$12,000                           | \$34,000    |
| DECC                             | \$1,000,400        |                       |                          |                                    | \$1,000,400 |
| Visit Duluth                     | \$538,600          | \$179,600             | \$598,500                | \$164,900                          | \$1,481,600 |
| Historical Union<br>Depot        |                    | \$81,500              | \$56,100                 | \$14,200                           | \$151,800   |
| Lake Superior<br>Zoo Fund        |                    | \$19,500              | \$381,000                | \$144,500                          | \$545,000   |
| General Fund                     | \$81,000           | \$259,400             | \$379,300                | \$22,600                           | \$742,300   |
| Spirit Mountain<br>Debt Service  |                    |                       | \$225,000                |                                    | \$225,000   |
| Debt Service                     |                    |                       | \$2,295,900              | \$744,000                          | \$3,039,900 |

|                      | 3% Hotel-Motel | 1% Hotel-Motel | 2.25% Food & Beverage | Additional 2.5% Hotel-Motel | TOTAL       |
|----------------------|----------------|----------------|-----------------------|-----------------------------|-------------|
| Great Lakes Aquarium |                |                | \$72,200              | \$127,800                   | \$200,000   |
| TOTALS               | \$1,620,000    | \$540,000      | \$4,050,000           | \$1,240,000                 | \$7,450,000 |

Approved:

Approved for presentation to council:

\_\_\_\_\_  
Department Director

\_\_\_\_\_  
Chief Administrative Officer

Approved as to form:

Approved:

\_\_\_\_\_  
Attorney

\_\_\_\_\_  
Auditor

BUDGET PS:rb 12/3/2008

STATEMENT OF PURPOSE: This resolution distributes the 2009 estimated tourism taxes to various agencies as determined by Minnesota State Statutes or city policy. Revenue is projected to increase 3.5 percent, or \$204,000 over the 2009 budget due to local trends, with an additional 22.1 percent increase or \$1,350,000 due to the new .75 percent food and beverage tax for the DECC expansion debt.

The allocation to the DECC is increasing \$30,900 due to the increase of projected revenue and based on state law requiring the city to allocate 61.75 percent of the three percent hotel-motel tax.

The Visit Duluth (formerly Duluth Convention and Visitors Bureau) allocation will also increase per the allocation method approved in the latest proposed contract between the agency and the city. The increase for 2009 is \$49,400 over 2008.

The allocation to the Lake Superior Zoo reflects the new funding proposal for the zoo operations which was offset by a reduction in the transfer to the general fund.