

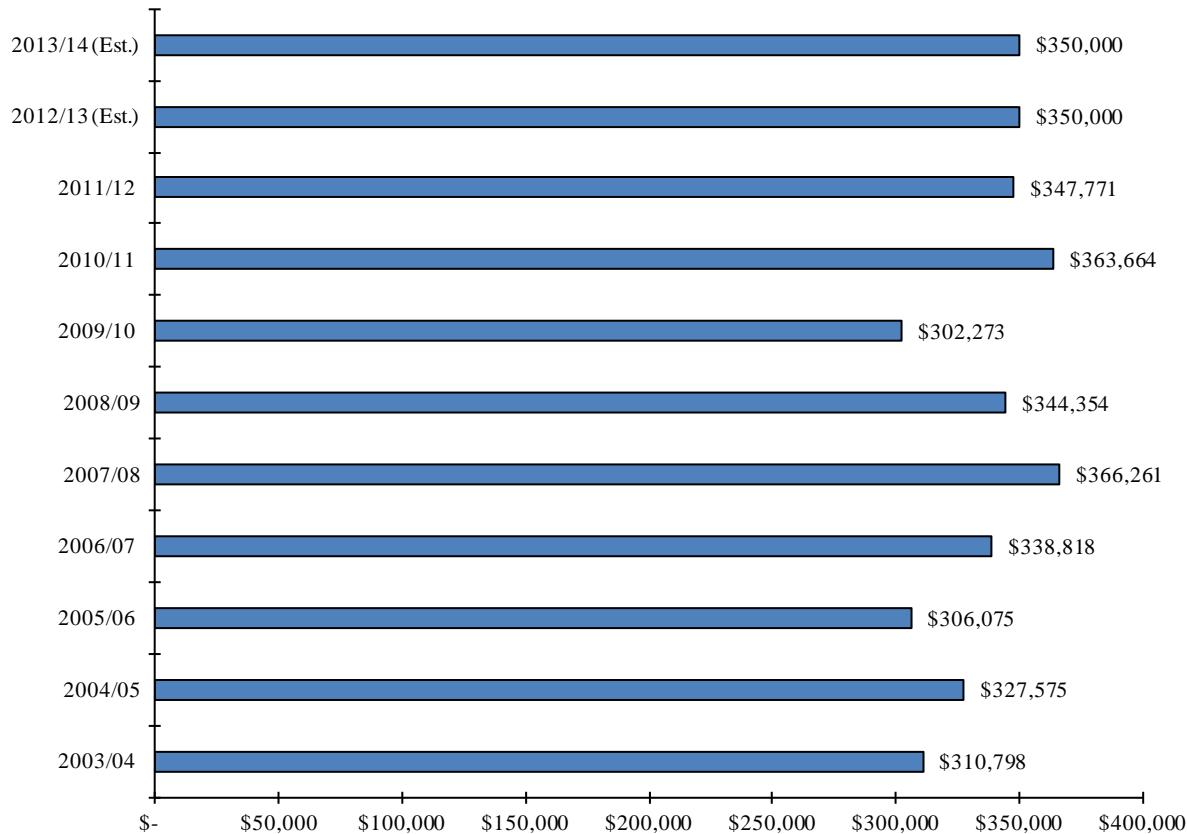
<i>Function:</i> Community and Economic Development	<i>Department:</i> Legislative and Council
<i>Activity:</i> Economic Development	

GENERAL INFORMATION

The budget for this activity has provided financial support for the Tourism and Convention division of the Chamber of Commerce and the Muscatine Development Corporation. On April 1, 2004, the Muscatine Chamber of Commerce and Muscatine Development Corporation merged into the Greater Muscatine Chamber of Commerce and Industry (GMCCI).

In 1981 the City began to collect a hotel/motel tax of 4%. In 1991 voters approved increasing the hotel/motel tax to 7% effective April 1, 1992. The following chart shows the hotel/motel tax revenue for the last nine years as well as the estimated amounts for 2012/2013 and 2013/2014:

Hotel/Motel Tax History



Since approval of the tax by the voters of Muscatine, one-half of the revenue has been utilized in the General Fund as general revenues and the other half has been allocated to support the Art Center/Museum and the Public Library. Of the general revenue of the General Fund, the Tourism and Convention division of the Chamber of Commerce has received financial support for their activities. For 2010/2011 \$55,000 was included in the budget for the tourism program and that funding level was maintained for 2011/2012 and 2012/2013.

In 2012/2013 the Convention and Visitors Bureau (CVB) took steps to become a separate entity and is no longer part of the Chamber. A separate CVB Board has been established and the CVB Manager currently has an office in the lower level of City Hall. The City is currently providing accounting services for the CVB operation and the CVB's funds are being accounted for in a separate agency fund. The 2013/2014 budget is based on changing the CVB's funding allocation from a fixed amount each year to 25% of actual Hotel/Motel tax receipts beginning in 2013/2014. In 2013 a review of CVB accomplishments, operations, and funding is planned in order to determine how best to proceed with the CVB operation and funding going forward. If this CVB funding change is approved for future years the City can consider formally changing the allocation of Hotel/Motel tax receipts from the current 25% each to the Library and Art Center, to 25% to the Library, 25% to the Art Center, and 25% to the CVB. The City must designate at least 50% of the hotel/motel taxes for eligible purposes in order to meet State Code requirements.

The State Code specifically requires the following:

"Each County or City which levies the tax shall spend at least 50% of the revenues derived therefrom for the acquisition of sites for, or constructing, improving, enlarging, equipping, repairing, operating, or maintaining recreation, convention, cultural or entertainment facilities including but not limited to memorial buildings, halls and monuments, civic center, convention buildings, auditoriums, coliseums, and parking areas for facilities located at those recreation, convention, cultural, or entertainment facilities; for the payment of principal and interest, when due, on bonds, or other evidence of indebtedness issued by the County or City for those recreation, convention, cultural, or entertainment facilities; or for the promotion and encouragement of tourist and convention business in the City or County and surrounding areas."

CURRENT TRENDS AND ISSUES

The original 2012/2013 Economic Development budget of \$90,000 included \$55,000 in funding to the Convention and Visitors Bureau and \$35,000 in funding to the Greater Muscatine Chamber of Commerce and Industry (GMCCI). The revised estimate for 2012/2013 has been increased by \$16,500 to \$106,500. In 2012 the City Council approved \$12,500 in matching funding for the Bi-State Economic Development Loan program which will provide financial assistance to a local business. The revised estimate also includes \$4,000 for legal services for Tax Increment Financing (TIF) administration. Both the matching funds for the loan and the TIF legal costs will be funded from future TIF funds. These items in prior years may have been funded directly from TIF special revenue funds, but with recent TIF legislation changes, Internal Advances are now required before TIF funds can be used. Transfers from the Southend TIF fund will be made in 2013/2014 to fund these expenditures.

The 2013/2014 budget includes \$35,000 in funding to the Greater Muscatine Chamber of Commerce and Industry (GMCCI) which is the same amount included in the current year budget. The Chamber's request for 2013/2014 was \$50,000; however, it should be noted that it is expected there will be savings in the Chamber's budget in the upcoming year due to a change in personnel in that organization. The budget includes funding to the Convention and Visitors Bureau of \$87,500 which is 25% of the estimated

2013/2014 Hotel/Motel taxes. The budget also includes an estimated \$4,000 for TIF-related legal services. These allocations total the \$126,500 in the 2013/2014 budget.

GOAL STATEMENT

To provide financial assistance to various community organizations which are involved with the economic development of the City provided such development meets the overall city economic development and governmental service plans.

OBJECTIVES TO BE ACCOMPLISHED IN 2013/2014

- * To cooperate with the Chamber, Convention and Visitors Bureau, and the University of Iowa (Sustainability Program) to engage in a community-wide branding effort.

Function:
Community and Economic Development

Department:
Legislative and Council

Activity:
Economic Development

	Actual 2010/2011	Actual 2011/2012	Budget 2012/2013	Revised Estimate 2012/2013	Budget 2013/2014	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	90,000	90,000	90,000	106,500	126,500	40.56%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 90,000	\$ 90,000	\$ 90,000	\$ 106,500	\$ 126,500	40.56%
Funding Sources						
Hotel/Motel Tax	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 87,500	59.09%
Tax Increment Funds for Economic Development	-	35,000	35,000	51,500	39,000	11.43%
General Revenues	<u>35,000</u>	-	-	-	-	
Total Funding Sources	\$ 90,000	\$ 90,000	\$ 90,000	\$ 106,500	\$ 126,500	40.56%