

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: OCCUPANCY TAX COORDINATION

DATE: JULY 2, 2008

COMMITTEE MEMBERS PRESENT:	OTHERS PRESENT:
SUPERVISORS	REPRESENTING THE TOURISM DEPARTMENT:
KENNY	KATE JOHNSON, DIRECTOR
TESSIER	LEISA GRANT, PRINCIPAL ACCOUNT CLERK
MERLINO	RICHARD MURPHY, DEPUTY COMMISSIONER OF FISCAL SERVICES
HASKELL	REPRESENTING THE COUNTY TREASURER'S OFFICE:
SIMMES	KRISTEN SHAW, JUNIOR ACCOUNTANT
GOODSPEED	JOAN SADY, CLERK OF THE BOARD
COMMITTEE MEMBER ABSENT:	SUPERVISOR GERAGHTY
SUPERVISOR	SUPERVISOR BELDEN
CHAMPAGNE	SUPERVISOR STRAINER
	SUPERVISOR STEC
	LUISA SHERMAN, LAKE GEORGE REGIONAL CHAMBER OF COMMERCE
	SARAH MCLENITHAN, LEGISLATIVE OFFICE SPECIALIST

Mr. Kenny called the meeting of the Occupancy Tax Coordination Committee to order at 11:03 a.m.

Motion was made by Mr. Tessier, seconded by Mr. Haskell and carried unanimously to approve the minutes of the May 28, 2008 Committee meeting, subject to correction by the Clerk of the Board.

Kate Johnson, Tourism Director, distributed copies of the agenda to the Committee members; *a copy of the agenda is on file with the minutes.*

Privilege to the floor was extended to Kristen Shaw, Junior Accountant in the Treasurer's Office. Ms. Shaw noted that she would be filling in for Francis O'Keefe, Warren County Treasurer, as he was unable to attend the meeting. Ms. Shaw referred the Committee to the Warren County Occupancy Tax Revenues & Expenditures Report for the quarter ending June 30, 2008; *a copy of which is on file with the minutes.*

Ms. Shaw pointed out that on page two of the report the County reported revenue through June of 2008 in the amount of \$678,351 which did not include revenue accrued in 2007 that was received in 2008. She also noted this included businesses that were on payment plans. She then referenced page four of the report and pointed out the County had received approximately \$40,000 in additional revenue as compared to last year at this time. Mr. Kenny replied that, in looking at the Smith Travel Reports it could be determined that compared to Saratoga and Essex Counties, which were not meeting their expectations, Warren County was exceeding their goal for revenue received through occupancy tax this year.

Ms. Johnson requested to amend the 2008 County budget to increase estimated revenues and appropriations, in the amount of \$97,017, which represented the amount which had been transferred from the Tourism Promotion Code to cover the balance of the 2007 final Occupancy Tax distribution to the Towns, the City of Glens Falls and the Village of Lake George. She noted

that the 2008 Tourism budget was based on 2006 collection of occupancy tax and the distribution was based on the 2007 collections. She went on to clarify that in 2007 the budgeted amount for distribution had been exceeded, in turn, creating the shortfall for the distribution.

Ms. Johnson added that if the funds were not transferred back to the Tourism Budget, there would not be sufficient funds to cover the advertising costs for the fall and winter months of this year. Ms. Johnson pointed out that there was a balance of \$81,414 in the Occupancy Tax Reserve Fund and the remaining \$15,603 could be allocated from the Occupancy Tax Special Event Fund.

Mr. Kenny asked for clarification as to why the funds for 2006 had to be taken out of the 2007 budget, to which, Ms. Johnson responded that the final distribution for the City, Village and Towns was based on the 2007 Occupancy Tax collections. She then went on to further explain that the budget for the 2007 Occupancy Tax collection was based on the 2006 collections and 2006 received less revenue from Occupancy Tax than 2007, therefore, increasing the distribution formula.

Mr. Kenny interjected that he was unsure of the amount remaining in the Special Event Funds and noted there was one application that needed to be reviewed for today's meeting. Ms. Johnson informed the Committee that \$25,575 was remaining in the Special Event Fund and if the Committee awarded the event the \$5,000 that was requested, there would be sufficient funds remaining to cover the transfer. Mr. Kenny pointed out that this would deplete most of the Special Event Funding.

Ms. Johnson questioned whether the funds could be appropriated from the Special Event Fund for this transfer and Mr. Kenny responded that he was unsure of the answer. Mr. Tessier indicated that the Special Events Funds came from the occupancy tax collections, to which, Mr. Kenny responded that the funds come from the total occupancy tax collection and the County, in turn, distributed ten percent to the Special Event Fund.

Mr. Tessier remarked that if \$15,603 was appropriated from the Special Events Fund, \$9,972 would be remaining for special events for 2008. Mr. Kenny asked what the consensus of the Committee was, and Chairman Monroe requested further explanation.

Richard Murphy, Deputy Commissioner of Fiscal Services, who was asked to clarify why there was a shortfall in the budget, explained that the distribution of funds was allocated from Occupancy Tax and that the County needed to pay the Municipalities twenty-five percent of the revenue that was collected in 2007. He then went on to clarify that the County had estimated the distribution for 2007 to be approximately \$360,000 and the actual amount had been \$457,000, therefore, creating a deficit. He added in order to pay the monies due to the Municipalities, the County had to transfer funds from the Tourism budget.

Mr. Geraghty asked whether the budgeted amount of distribution was based on an estimated or actual dollar amount and Mr. Murphy responded that the budget for 2008 was estimated at \$3,000,000 and twenty-five percent of that amount totaling \$750,000 was allotted to the Municipalities within the County. He then went on to say that \$390,000 was distributed to the Towns, the City of Glens Falls and the Village of Lake George in October of each year, leaving a remainder of \$360,000 towards the final distribution in June of 2008. He also noted that because the revenue received in 2007 from occupancy tax was greater than originally anticipated, there was

a shortfall of \$97,017.

Ms. Johnson interjected that the Occupancy Tax budget has remained constant and in the future when doing the budget, the formula should be based on the most prosperous year to estimate the distribution. Mr. Kenny agreed that there was a need for the County to revise the budgeting process for Occupancy Tax and Tourism. He went on to say that the Towns were paid based on the actual revenue that was received each quarter and his idea of making the process less complicated was if the Towns were allocated revenue based on the previous year.

Mr. Belden asked Ms. Johnson if when the 2009 Tourism budget was enacted would Tourism be using the revenue from 2008 and Ms. Johnson replied that they would use the 2007 revenue. Ms. Johnson suggested that the budgeting process not be changed, but that the distribution formula should be changed. Mr. Kenny pointed out that these topics would be discussed during the budget process.

Mr. Belden asked whether the 2007 Occupancy Tax Revenue had been expended and Mr. Murphy responded it was currently being expended. Mr. Kenny added the reason 2008 revenues were not being expended was because they were not completed by budget time. He then went on to say that the Reserve Fund was established by law, and what funded the reserve was primarily late fees and occupancy tax that was collected after the year had ended.

Mr. Tessier noted that the problem was that the budget was based on the 2006 revenues and, because the actual 2007 revenue was higher, this created the \$97,017 shortfall that was transferred from the Tourism budget.

Mrs. Simmes asked Ms. Johnson what the Occupancy Tax budget she submitted was based on and Ms. Johnson replied that she had been told to submit \$3,000,000 and this amount had remained the constant. Ms. Simmes then questioned what the Tourism portion of the budget was and Ms. Johnson replied \$1,800,000 of which \$97,017 was transferred by the Warren County Treasurer's Office in June of 2008 to cover the final distribution to the Municipalities.

Discussion ensued.

Ms. Johnson asked Mr. Murphy if all of the 2007 Occupancy Tax Revenue had been collected why was there a shortfall for the distribution. Mr. Murphy responded that the funds were there, but it was not in appropriations. Mr. Geraghty asked why the Treasurer's Office had increased the Tourism appropriations, but not the revenue, and, Mr. Murphy responded that they were appropriating the funds out of the Occupancy Tax Reserve Fund. Ms. Johnson asked why she had been told she could not have the \$97,017 returned to the Tourism budget and Mr. Murphy responded that it was due to the fact that there was only \$81,414 remaining in the Reserve Fund. Mr. Tessier added that this should be a Treasurer's Office issue and not the responsibility of the Tourism Department.

Mr. Goodspeed requested that the Treasurer's Office generate a draft as to how the budgeting process and occupancy tax distribution worked. He then added that the only way to balance the budget was to make the final distribution within the same year as the budget year.

Motion was made by Mr. Tessier, seconded by Mr. Goodspeed and carried unanimously to amend the 2008 County Budget by allocating \$15,603 from the Occupancy Tax Special Event Fund and

\$81,414 from the Occupancy Tax Reserve Fund and forward same to the Finance Committee. *A copy of the resolution request form is on file with the minutes.*

Continuing on, Mr. Kenny mentioned that the last item on the agenda pertained to an application from the Upper Hudson Festivals Inc. for Occupancy Tax funding, in the amount of \$5,000. He added that along with the application he had distributed an Occupancy Tax Scoring Sheet and the Committee would begin filing the scoring applications along with the application so they could be referred to if needed to see what was given to whom and why.

Mr. Kenny noted that when scoring applications they had to be objective and take into consideration if all the information supplied was factual or inflated. After computing the score, Mr. Kenny stated, that the Upper Hudson Festival Inc. was eligible for \$4,695 in Occupancy Tax Funding.

Mr. Goodspeed interjected that the Upper Hudson Festivals Inc. was a not-for-profit group that was new and wanted to do a more generalized concert series in the park in the Town of Johnsbury .He added that the first event that was put on by this group had a few problems, and yet, they still had a few hundred people in attendance from across the Capital Region.

Motion was made by Mr. Goodspeed, seconded by Mrs. Simmes and carried unanimously to approve the application of the Upper Hudson Festivals Inc. for Occupancy Tax Special Event Funding in an amount not to exceed \$4,695. *A copy of the Application for Contract Funding with Warren County Under the Tourist and Convention Development Agreement is on file with the minutes and the necessary resolution was authorized for the July 18th Board meeting.*

Mr. Kenny advised that it was his feeling that Warren County should become more aggressive in advertising the special event funding .He added that more opportunities were arising to attract events similar to the Americade and the New York State Association of Fire Chiefs to Warren County; however, he added, this could prevent the County from being able to fund some of the smaller events.

Mr. Haskell advised that it was his belief that this was an excellent idea and he added, that he disagreed with a statement made by the Mayor of Lake George that the Village did not benefit from the New York State Association of Fire Chiefs. Mr. Kenny noted that while both Saratoga and Essex County revenues were down for that particular week, Warren County was up by eight to nine percent. Mr. Haskell added that while the smaller events were bringing in some revenue to the individual Towns where the event was located, the Conventions were bringing in more revenue.

Ms. Johnson countered that she was unsure of what the large conventions were bringing in and, as an example, she referenced corporate events at the Sagamore, adding the County could only hope the people attending the convention or conference would come back to vacation. She also noted that she did not feel these were the kind of events that should receive funding; she felt funding should be awarded to public events.

Mr. Kenny disagreed and added that the Americade event generated \$42,000,000 in revenue to the County and even if the smaller events were accumulated, they could not bring in that amount

of money. Ms. Johnson noted that she disagreed with that recommendation and added that the Tourism Department did market to the larger conventions like the United States Postal Workers and in Convention publications.

It was the consensus of the Committee to have the Tourism Department put together a marketing plan to bring more large conferences and conventions to Warren County and bring the proposed plan back to the Committee to review.

There being no further business to come before the Occupancy Tax Coordination Committee, on motion made by Mr. Goodspeed and seconded by Mr. Haskell, Mr. Kenny adjourned the meeting at 11:54 a.m.

Respectfully submitted,

Sarah McLenithan, Legislative Office Specialist