

BILLINGS TOURISM BUSINESS IMPROVEMENT DISTRICT

What is a Tourism BID?

A Tourism BID is a new opportunity for Billings to generate additional spending to recruit visitors and grow the economy. A Tourism BID would simply include an additional fee of 75 cents which would be assessed for each occupied room night. At the end of each quarter, the fees collected would be remitted to the Billings City Treasurer. The funds collected would be used ONLY for tourism promotion, marketing and sales.

What is the need for a Tourism BID?

Billings has about a \$200,000 annual lodging tax budget to recruit visitors and these dollars have basically leveled off while our competition grows. Similar size cities to Billings have a \$719,000 annual budget to recruit visitors. With direct annual visitor spending in Billings topping \$300 million each year, developing a Tourism BID will provide the appropriate competitive resources to grow our visitor economy. There are also a number of restrictions on how the current lodging tax can be used. Tourism BID funds will allow Billings to be creative and aggressive in our sales effort.

How do we start our Tourism BID?

Billings lodging facilities would have to petition to establish a TBID and the City Council would then need to create the local TBID. The City then appoints the Billings Chamber/CVB to be the Tourism BID Manager. The Yellowstone County Lodging Association recommends a slate of candidates for appointment to an oversight board. The Chamber/CVB and the appointed board work to develop a marketing plan and budget which will be formally approved by the City Council. The lodging facilities collect the funds and send them to the City Treasurer for disbursement to the Chamber/CVB upon approval of the budget.

What will it cost?

Per Montana Code Annotated 2005, Title 7, Chapter 12, Section 7-12-1133 as Amended by the 2007 legislature, assessment can be done on a flat fee basis. In our case, the Yellowstone County Lodging Association at its April 2007 meeting agreed that the fee should be 75 cents per occupied room night. When you prepare your lodging tax return, you will prepare a second report showing number of occupied room nights and the fees remitted. Although this is considered an assessment against the property, you have the option of showing it on your guest folio, so your cost could be as little as the time it takes to prepare the necessary paperwork and remit the check.

Why would the Tourism BID be administered by the Chamber/CVB?

The Billings Chamber/CVB already has staff and infrastructure in place and currently is promoting Billings in regional and national markets. The Tourism BID funds would be used to enhance current programs, develop new markets, and be devoted to increasing overnight room stays in Billings.

The trend for CVBs is to further integrate themselves into total destination management. Many have adopted the title of Destination Management Organizations. In addition to the traditional role of sales and marketing, they are becoming involved politically for funding, facility support, and visioning of future growth needs for the community to lure groups and individuals.

This is the situation that currently exists through the integrated approach at the “Chamber/CVB.” Our government affairs and membership program has been involved in issues of interest to the hospitality industry through:

- Drafting, introducing and being point on the Tourism BID;
- Supporting other state legislation important to tourism such as SB 284, scenic byways legislation, minimum wage; and much more (see attachment F for our tourism legislative agenda);
- Developing events and educational programs of interest to the hospitality industry through customer service training, leadership development and more.

General Information.

While there are no existing Tourism BID Districts in Montana since this is new legislation to allow it, California, Washington, South Dakota and Wisconsin all have some form of Tourism BID's. More that 1200 Communities nationwide have BID's and 42 states have enacted BID legislation.

The Budget.

If Billings were to implement a \$.75 assessment on each occupied room, and total occupied room nights were to stay at current levels, our roughly 3,700 rooms in the city would generate \$688,000 in incremental tourism promotion spending. This would be in addition to the \$200,000 in current Bed Tax Funds.

What Will It Do?

The TBID must be used to benefit the collector. The number one measurable objective will be to increase citywide hotel demand (total number of rooms occupied annually regardless of total rooms available). Priority target audiences will be city-wide events; regional leisure drive; and sports events. Increased funding would allow the Chamber/CVB to:

- Increase effectiveness in existing areas while exploring new markets;
- Focus efforts on needs periods of the shoulder season and weekday travel;
- Attend new trade shows;
- Allow for subsidy and sponsorships of events and organizations that drive room nights;
- Develop a community brand;
- Increase staffing levels to focus on sales, marketing and support;
- Web site optimization (online housing, RFPs etc);
- Software for tracking, reporting, marketing, etc;

(We will also include a Draft Budget in this section)

For More information call:

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