



# CITY OF TOPEKA

CITY COUNCIL COMMITTEE  
MEETING MINUTES

## TRANSIENT GUEST TAX COMMITTEE

CITY COUNCIL  
City Hall, 215 SE 7<sup>th</sup> Street, Suite 255  
Topeka, KS 66603-3914  
Tel: 785-368-3710  
Fax: 785-368-3958  
www.topeka.org

**Date:** September 22, 2020

**Time:** 9:00am

**Location:** Holliday Building 1<sup>st</sup> Floor Conference Room; 620 SE Madison

**Committee members present:** Councilmembers Spencer Duncan (Chair), Tony Emerson, Michael Padilla

**City staff present:** Jessica Lamendola (Budget & Finance), Stephen Wade (Budget & Finance), Mary Feighny (Legal)

### 1) Call to Order

Chairman Duncan called the meeting to order at 9:00am.

### 2) Approve minutes from July 7, 2020 meeting

Committee member Duncan made a motion to approve the minutes. Committee member Padilla seconded. Committee member Emerson abstained from the vote. Minutes approved 2:0:1.

### 3) Review & Approval: Change to current TGT Ordinance

Mary Feighny, Deputy City Attorney, noted a request was made by the Kansas Department of Revenue for the City to amend the Transient Guest Tax ordinance in order to maintain language consistent with the State requirements. Ms. Feighny provided the Committee with an FAQ page as well as the revised copy of the ordinance, and stated that the language is now consistent with the State recommendations, and would be ready to move to the Governing Body for final approval.

Chairman Duncan asked for clarification regarding room numbers, noting that two do not count but three does. Ms. Feighny confirmed. Chairman Duncan inquired about instances of two-bedroom homes or duplexes renting their space on Air B&B sites. Ms. Feighny confirmed that the State has a contract with Air B&B and HomeAway to collect a short-term rental sales tax would be collected as it is operating as a business. The City does not get that revenue, nor have a registry however. Chairman Duncan inquired if the City could look into creating some mechanism or registry to allow for tracking the number of businesses that would

fall into that category, and to potentially collect some of the State sales tax or Bed tax revenue. Ms. Feighny confirmed.

Committee member Emerson inquired about the definition of “Tourist Court”. Ms. Feighny stated she was not sure of the exact definition, as the language has been around for many years. However, it was grouped into the same category with hotels and motels, so would be something similar in nature.

Chairman Duncan inquired about next steps. Ms. Feighny stated the next step would be to move to recommend approval of the ordinance to the Governing Body. Chairman Duncan stated he would have a few changes to review, however would be in favor of making the recommendation in order to bring the City’s ordinance into compliance with the State’s ordinance.

Kurt Young, Topeka Lodging Association, inquired about the proposed language and how it would address an owner of multiple duplexes or houses that rents rooms out for transient stays. Ms. Feighny stated the definition of “accommodations brokers” in the ordinance would cover those types of rentals. Mr. Young inquired about where the pressure from the State to update the City’s ordinance came from. Ms. Feighny noted she was not sure what had initiated the query. The City’s current ordinance does not impose a tax unless there are eight or more bedrooms and perhaps there were businesses operating within the City that were following those guidelines rather than the State’s and not paying the additional tax. Chairman Duncan provided additional information noting that the City did not have to make the requested changes, however the current ordinance could not place greater restrictions than the State requires. The suggestion by the State was to obtain uniformity as well as to generate more revenue.

Committee member Emerson inquired about the discrepancy between the City and State’s definition of “hotel”, stating the City’s definition is “more than two bedrooms”, but that the State’s accommodation definition is “two or more”. Chairman Duncan alluded to the definitions falling under different categories. Committee member Emerson inquired if it would be of interest to sync the language up for both of those definitions. Ms. Feighny was not able to answer to that, but would prefer to keep the language consistent with the State’s ordinance. However, the inquiry could be brought to the attention of the Kansas Department of Revenue.

Committee member Emerson spoke to Mr. Young to see if he felt the Lodging Association would be interested in viewing the proposed ordinance. Mr. Young confirmed, and included he would also be interested in further information regarding the discrepancy mentioned earlier.

There was no action on this item.

#### **4) Introduction of new Visit Topeka President**

Sean Dixon began his role as the President of Visit Topeka in mid-July. Mr. Dixon provided some of his professional and educational background.

Mr. Dixon provided the following financial information to the committee:

- TGT Collections down 37% year-to-date from 2019. This is a loss of \$643,000.
- Sales tax from hotel stay is down an additional \$841,000.
- According to Topeka Industry Reports, Topeka Hotels are down an estimated \$11.3 million in revenue
- State wide collections for:
  - Restaurants are down at least 6%
  - Museums/Historic Sites are down at least 50%
  - Performing Arts Venues & Theatres have been sitting empty.
  - Bureau of Labor and Statistics showing 1,000 fewer leisure/hospitality jobs than year-to-date 2019.
- August year-to-date figures show more promising numbers down 15%.
- For 2021, Visit Topeka's estimated operating budget will be at 70% of 2019's TGT collections.
- Sales staff is working on bringing new events to Topeka for 2021.
- Aggressive BID fund strategy. This provides incentive for groups.
- Lower budget will bring struggles for marketing, but dollars will be utilized wisely.

Overall, Mr. Dixon felt optimistic about economic recovery.

Committee member Emerson inquired about the BID fund incentives for events in 2020 that have been or will be cancelled due to the pandemic. Mr. Dixon stated with the exception of the Kansas Kids Wrestling event, no payments are made until the event happens.

Committee member Emerson inquired about the Evergy Plaza programming and funding. Mr. Dixon noted Mr. Young would have more specific details pertaining to that, however that they were also making adjustments based on low revenue.

Chairman Duncan inquired about the process moving forward and the balance of where to put resources to building up what the city currently has versus building something new. Mr. Dixon felt it was important to put substantial resources into promoting what the city already has to offer, but to be able to carry that balance was important. He stated the Stormont Vail Events Center project was months ahead of schedule because there have not been events to hold up the construction. The partnership with Greater Topeka Partnership offers some ways to be more efficient with the dollars they have.

Chairman Duncan inquired about Mr. Dixon's thoughts on metrics used for prioritizing baselines for financial requests. Mr. Dixon stated the goal would be to generate overnight room stays. There is a difference between general leisure activities and tourism. Tourism relates strictly to the economic activity brought in by visitors. Leisure activities, such as a festival, would likely be attended primarily by local residents. Mr. Dixon voiced appreciation for the events that targeted local people, however the tourism events that bring in the outside dollars provide the best return on investment for hotels and the overall community.

Chairman Duncan inquired if Mr. Dixon had been able to determine what the range looks like, as far as distance, for needing to advertise. Topeka is considered to be a primarily "drive" market. Being a city, and a capital city creates more opportunities for making tourism and leisure activities successful.

Chairman Duncan inquired about future plans for 2021. Mr. Dixon stated it was very fluid still, however he feels optimistic that by the third quarter of 2021, numbers will begin looking even better. He felt comfortable with retaining the status quo going into the new year.

Chairman Duncan inquired about Mr. Dixon's ideas for bringing all areas of the community together to participate in events. With regard to diversity and inclusion, Mr. Dixon stated he felt it was both a moral and financial duty. As the millennial generation begins looking for places to live or places to travel, knowing what the demographic and inclusion of all people in a destination is very important to them. To expand the conversation out from diversity and inclusion,

building strategic partnerships with community stakeholders is important. People visit a place before they decide to make a permanent move.

Committee member Padilla voiced appreciation for Mr. Dixon's statement of tourism being a way to bring people to Topeka as a tool to grow the population. Mr. Dixon stated this is known in the business as the "halo effect". This is a way to measure effect.

Chairman Duncan added comments to the earlier statement of construction of the Stormont Vail Events Center being completed months ahead of schedule, is that the \$48 million tax payer dollars spent to fund that will stretch further as cost savings were able to be done by finishing the main project much sooner than planned.

## **5) Other Items**

Chairman Duncan called on Jessica Lamendola, Finance Director, to inquire if she had additional comments for the quarterly reports.

Ms. Lamendola did not have a lot of additional comments, but noted information regarding the next distributions were sent to the vendors. There is hope that third quarter numbers will show slightly better numbers.

Chairman Duncan inquired if there was an obligation on the City to pay more to the vendors to make up for the lower amount of funding that vendors are expected to receive. Ms. Lamendola noted that per the contracts, there is no obligation for the City to fulfill the full amount of the budget. The distribution formula is the only obligation. The budget reflects year-over-year expectation, rather than the allocation expectation. If revenue goes down, allocation distribution goes down.

Jeff Carson, Jayhawk Theatre, noted the report he had read with the allocation for the theatre stated it was down 60% from the first six months of the year. Chairman Duncan stated it had been low, but appears to be improving slightly. Mr. Carson echoed statements made by Ms. Lamendola regarding expectations for receiving lower distributions. He inquired if the committee had thought about extending the length of everyone's contract by a couple of years to provide the additional income that will be lost this year. Chairman Duncan noted that type of

decision would need to be made at the full Governing Body level, however was not against having that conversation in the future.

Committee member Emerson recognized Vincent Frye, Downtown Topeka Inc/Greater Topeka Partnership, for this retirement and thanked him for his years of service to the community.

The next meeting will be held the week of November 16<sup>th</sup> - 20<sup>th</sup>.

### **Adjourn**

Chairman Duncan adjourned the meeting at 9:43am.

Meeting video can be viewed at: <https://youtu.be/ONObkg4C8Ac>