

Tourism Improvement Districts (TIDs) FAQ



TID Legislation Since 2019

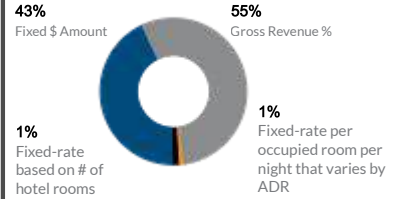
- 2021**
Massachusetts
Virginia
- 2022**
Rhode Island
Utah
- 2023**
Illinois
Alabama
Minnesota

2025 Considering TID Legislation

- Pennsylvania
- Ohio
- Indiana
- Iowa
- Connecticut
- Wisconsin
- Wyoming

213 TIDs

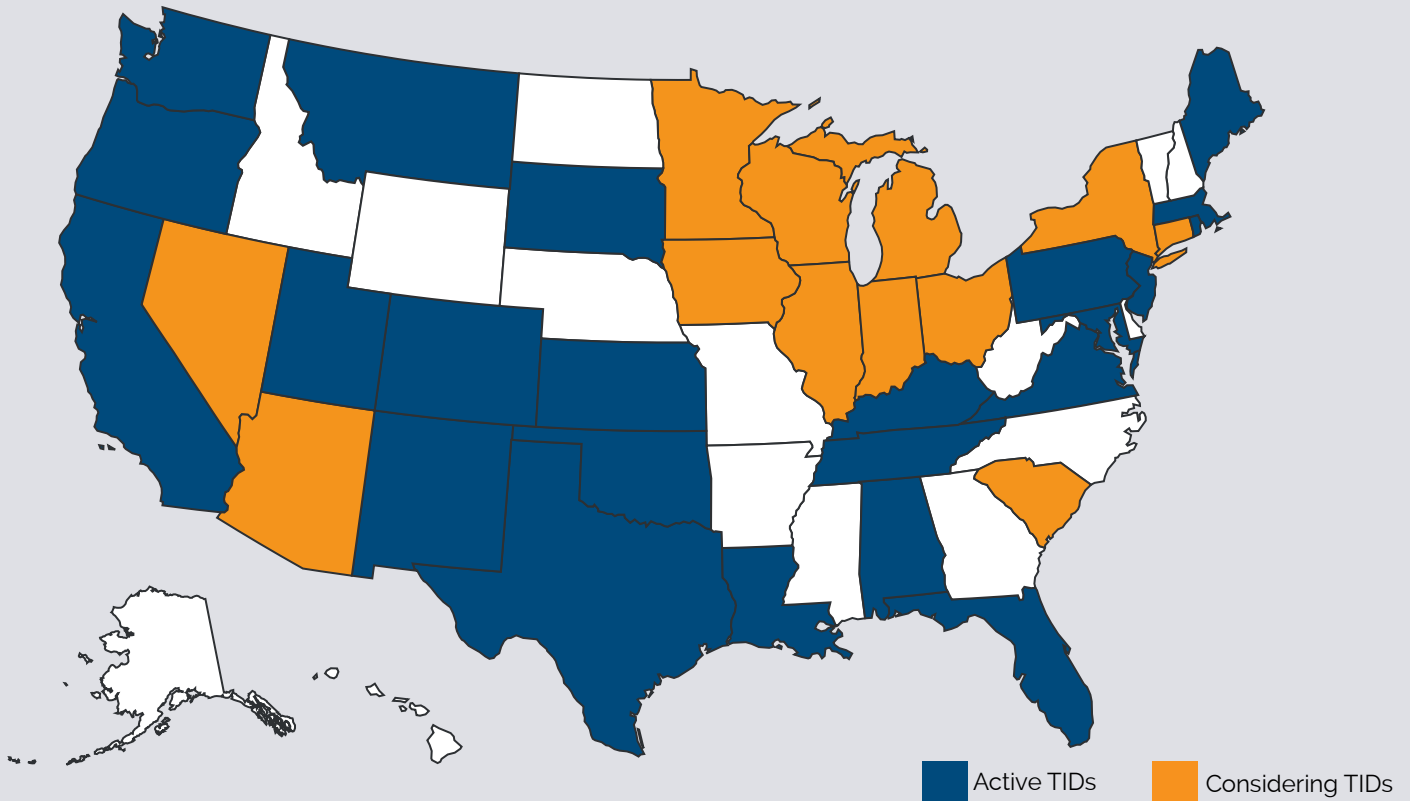
Most Recent:
Montgomery & Florence, AL
(June 2024)



ANNUAL AMOUNT RAISED	
Low	\$10,000
High	\$43,000,000
Total	\$562,682,372.28

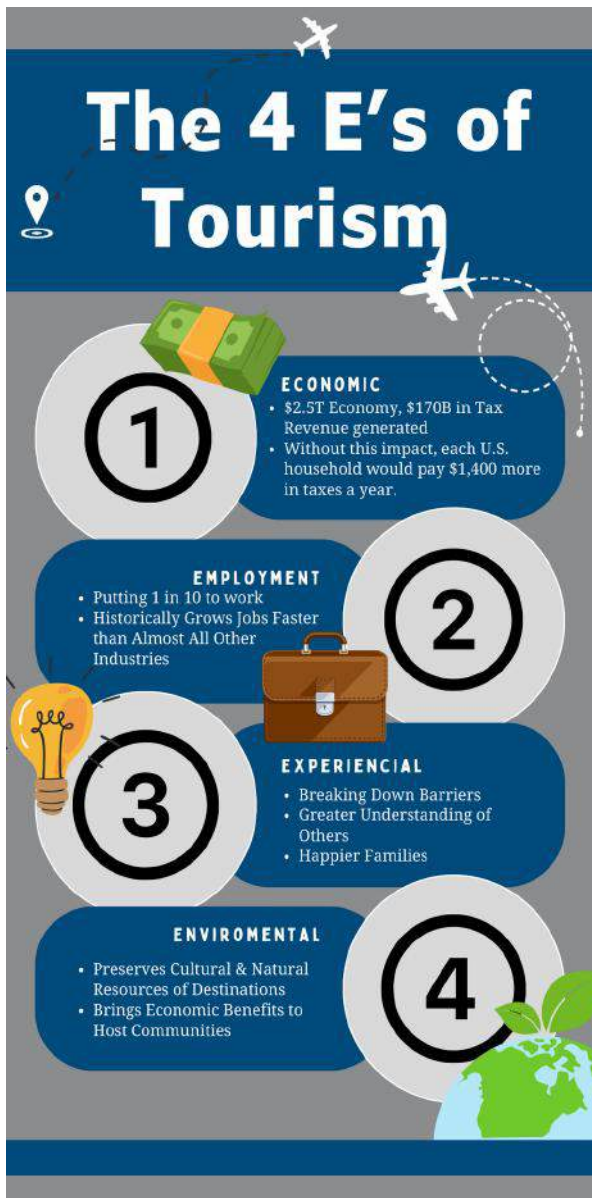
23 STATES

Tourism Improvement Districts as of September 2024



Sustainable Growth Needs Sustainable Funding

The Importance of Tourism



The Impact of Fostering a Partnership Between the Government and the Hospitality Sector

1. Aim to balance tourism and economic growth with the well-being of local residents.
2. Develop a comprehensive tourism master plan for the Destinations.
3. Focus on strategic promotion of the Destinations diverse assets.
4. Improve the spatial distribution of tourists to reduce overcrowding.
5. Highlight the Destinations authenticity to benefit visitors, residents, and business growth.

Tourism Improvement Districts (TIDs)

Tourism industries throughout the United States are shifting to a funding approach that is both creative and reliable. This new model moves away from the unpredictability associated with membership-based funding or government-dependent solutions, such as tax revenues.

A Tourism Improvement District (TID) is a funding mechanism initiated by local businesses and approved by local government. It involves a charge (different than a tax) that secures consistent financing for sales, marketing, and promotional activities. The primary objective of a TID is to boost hotel room occupancy and rates, thereby increasing overall expenditure by visitors in the local market.

TIDs are funded through a charge of certain lodging stays. The amount of the charge determined by business owners at the formation of the district, within particular legal guidelines. Certain types of stays can be exempt from the charge if they are not procured as a result of district activities. Funds raised through the charge must be spent for the benefit of the businesses paying the assessment.

WHAT ARE THE ADVANTAGES OF A TID?

Implementing Tourism Improvement Districts (TIDs) offers a compelling opportunity for government support in enhancing the tourism industry without financial burden. This initiative ensures community growth by utilizing visitor income to augment existing tax revenues, all while not impacting local residents. Through a strategic public-private partnership, TIDs establish a stable, long-term supplemental revenue source, fostering a symbiotic relationship between tourism development and governmental support.

WHAT IS THE ROLE OF THE MUNICIPALITY?

A TID provides a solution at no cost to municipal or state taxpayers. TIDs are funded through a charge on businesses, paid for by the customers. Assessed businesses pass the charge (not a tax) onto customers. The fee will show up as a line item on their final bill.

WOULD A TID COMPETE WITH A LOCAL OPTION TAX?

Having a dedicated tourism promotion fund would help to increase hotel occupancy and the average daily rate, therefore increasing the value of optional lodging tax revenues to the municipal budget, while also driving increased revenues at other hospitality businesses generating higher tax revenues.

CASE STUDIES: ENRICHING THEIR DESTINATION

San Antonio, TX

Established: January 2019
 Assessment: 1.25%
 Estimated Annual TID Budget: \$10.4M
 Total DMO Budget: \$24.6M
 Examples of Use of Funds:

- Increased marketing efforts
- Hotel incentive program
- Research
- Contingency funds



Louisville, KY - 200th TID

Established: December 2022
 Assessment: 1.50%
 Estimated Annual TID Budget: \$4.4M
 Total DMO Budget: \$27.4M
 Examples of Use of Funds:

- Public relations
- Securing events
- Researching new markets
- Workforce development

Portland, OR

Established: 2012
 Assessment: 3%
 Estimated Annual TID Budget: \$12,285,476
 Total DMO Budget: \$29,251,133
 Examples of Use of Funds:

- Market research
- Strategic funding grants
- Business education
- Portland Dining Month



Richmond, VA

Established: In Progress
 Planned Assessment: 2%
 Estimated Annual TID Budget: \$8.2M
 Total DMO Budget: \$8M
 Examples of Use of Funds:

- New facility development
- Meaningful Meeting program
- Workforce development
- Increase ad spend



Seattle, WA

Established: 2011 Ammended: March 2022
 Assessment: 2011 \$2/2022 \$4
 Estimated Annual TID Budget: \$8M/\$10M
 Examples of Use of Funds:

- Focused marketing on leisure travelers
- Promotion of arts and culture
- Public relations
- Additional unique marketing campaigns



Sacramento, CA

Tourism Infrastructure District
 Established: 2019
 Assessment: 1%
 Estimated Annual TID Budget: \$3.2M
 Example of Use of Funds:

- Capital Improvements

Tourism Marketing District
 Established: 2000
 Assessment:

- Zone 1: 3.0%
- Zone 2: 2.5%
- Zone 3: 2%
- Zone 4: 1%

Estimated Annual TID Budget: \$7,336,375
 Total DMO Budget: \$12,353,571
 Examples of Use of Funds:

- Incentives for convention and sports groups
- Brand management
- Product development
- Customer service support



Boston, MA

Established: August 2021
 Assessment: 1.5%
 Estimated Annual TID Budget: \$30M
 Total DMO Budget: (2019): \$7,440,582
 Examples of Use of Funds:

- Workforce development
- Sustainability initiatives
- DEI initiatives
- Supplier chain pipeline improvements



SECURING SUSTAINABLE FUNDING: TIDS

The Tourism Improvement District (TID) model is revolutionizing the tourism industry. As an industry-led, industry-managed stable funding mechanism, destinations with TIDs, large and small, have elevated themselves above the competition.

A TID is a stable source of funding for marketing efforts designed to increase occupancy and room rates for lodging businesses. Funds raised through a small charge on lodging stays are used to provide services desired by and directly benefitting the businesses in the district. TIDs can have many functions, all of which are aimed at increasing tourism. TID activities can include print and internet advertising, visitor center operations, sales lead generation and many other marketing efforts.

TIDs are funded through a charge on certain transactions. The amount of the charge is determined by business owners at the formation of the district, within particular legal guidelines. Certain types of stays can be exempt from the charge if they are not procured as a result of district activities. Funds raised through the charge must be spent for the benefit of the businesses paying the assessment. Funds raised through a TID cannot be diverted to government programs.

What are the advantages of a TID?

- They provide a stable funding source for tourism promotion
- They are designed and created by those who pay the charge
- They are governed by those who pay the assessment
- Funds cannot be diverted for government programs
- Opportunity for the local government to support the Tourism Industry through a no-expense policy decision.
- charge does not affect the residents of the jurisdiction
- Provides for community growth using visitor income to bolster existing tax revenues.
- Public-private partnership for a long term stable supplemental revenue source

HISTORY

TIDs are an evolution of the traditional Business Improvement District. The first TID was formed in West Hollywood, California, in 1990. Since then, over 210 U.S. destinations have followed suit, including destinations in Colorado, Florida, Kansas, Louisiana, Montana, New Jersey, Pennsylvania, Rhode Island, South Dakota, Texas, Oklahoma, and Washington. TIDs are primarily formed pursuant to existing state statutes.

However, some destinations such as Portland, Oregon, Memphis, Tennessee, and Tampa, Florida, have utilized their home rule powers to create TIDs without a specific state statute.

Now, in 2024 there are over 210 districts worldwide in 23 states across the United States. Most recently, Florence and Montgomery, AL. Together, they raise almost 5 million for destination marketing a year. International districts have been formed in the UK and are being explored in other countries as well. From hotel revenue that fuels job creation to tax revenue, to the amounts visitors spend at attractions, restaurants and traveling – the impacts are endless.

Bed Tax vs. TIDs

Tourism Taxes (and membership models)

- No defined term
- The primary source of funding requiring an annual effort and resources to retain funding.
- The inability for long-term planning.
- Resources are not proportionate to the economic impact expected and produced.
- Creates competitive inequality (Membership Model)
- Allows for non-participating businesses to free-ride (Membership Model)

TID

- Managed and approved by those paying the charge.
- Eliminates the free-rider problem.
- Specific term and plan.
- Approved by those paying the charge through a petition process.
- Legal accountability to the district plan.
- Based on benefit to tourism businesses.
- TID funds cannot be diverted.
- Baseline funding protection.
- Legal protection and political protection.
- Procedure to dissolve the District mid-term.