

RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

2018-2019 APPLICATION FOR RESORT TAX FUNDS

Applicant's Official Name: Visit Big Sky

Project Name: Annual Program of Work

Address: 55 Lone Mountain Trail | PO Box 160100, Big Sky, MT 59716

Representative: Ryan Hamilton, Board Chair

Telephone: 406-995-3454

Email: candace@visitbigskymt.com

Project Start Date: July 1, 2018

Project Completion Date: June 30, 2019

Total Funds Requested \$ 758,400

State your estimated payment request schedule for the coming year; amounts should total funds requested.

Please enter dollar amounts.

	July '18	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18
Payment Request \$	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>45,000</u>	<u>45,000</u>	<u>35,000</u>
	Jan '19	Feb '19	Mar '19	Apr '19	May '19	Jun '19
Payment Request \$	<u>35,000</u>	<u>129,000</u>	<u>100,000</u>	<u>85,000</u>	<u>85,000</u>	<u>79,400</u>

I certify that the application and its attachments are correct to the best of my knowledge.


Signature

Board Chair
Title (Board Chair or Governing Officer)

Ryan Hamilton
Printed Name

4-25-18
Date

1) Provide a description of the entity and the Mission Statement.

State the entity's tax status/legal identity and when it was initiated.

What is the personnel makeup of your office; specifically, how many are employees, how many are contractors and what are their duties? What is the full time equivalent (FTE) of each: ¼ , ½, ¾ or full time? Unless previously provided to the resort tax office, please include a copy of the Articles of Incorporation..(200 words max)

Visit Big Sky (VBS) is a 501(c)(6) not for profit membership organization established in 2013. Currently, its nine lodging partners who provide their confidential data to DestiMetrics for overall destination management constitute the organization's membership. As of January 1, 2018, VBS assumed fiscal sponsorship from the Big Sky Chamber of Commerce of the Big Sky Convention & Visitor Bureau (CVB), the state-designated repository for the Big Sky Resort Area District's 4% Montana Facility Use Lodging Tax dollars dedicated to attracting non-resident visitors.

Our Mission: Visit Big Sky, as the community's official destination marketing organization, drives the development and marketing of authentic tourism experiences, through research and stakeholder collaboration to grow Big Sky's economy while balancing the need to sustain quality of life for its residents.

As part of managing the travel customer's journey during "touch down to takeoff" in Montana, VBS operates the Big Sky & Greater Yellowstone Visitor Information Center (VIC) wherein it works to ensure the highest level of customer experience and satisfaction for guests by providing travel planning assistance seven days a week Memorial Day through Labor Day, and Monday through Friday during winter months, with a 24-hour lobby, internet connectivity and public restroom facilities.

VBS employees 3.13 FTEs: a .5 CEO, .5 Compliance Manager, 1.0 Marketing Director, .5 Visitor Services Manager, .38 Graphic Designer and .25 summer season Travel Counselor for the Visitor Information Center.

2) Provide a complete description of the project(s). Include the project(s) purpose, goals and objectives. For each project provide a budget number and measurable objectives, i.e. how you will do something and in what timeframe. The information provided here should be specific regarding what the entity is requesting to be funded by resort tax. If requesting funds for operations, identify the categories and assign a dollar amount (salaries, software, etc.) If permits are required, please specify what permits are required and what projects they apply to. If requesting funds for a study (feasibility, etc.), a minimum of two bids are required. Also provide the RFP submitted for the study. Funding for a study will only be considered if the proposal has measurable outcomes. Please be succinct.

Visit Big Sky is respectfully requesting \$758,400 of its \$1,126,972 FY19 Annual Operating Budget to support its Annual Program of Work and Operations & Administration. It is important to note the following. Transfer of the Big Sky CVB fiscal sponsorship from the Big Sky Chamber to VBS aligned Mission-Scope of Work-Funding for both organizations. VBS as it is structured now, consolidates Big Sky destination development and promotion including finances to support those efforts in one organization. It appears that VBS has no employees, nor a lease, property insurance or utilities for its staffing and office space requirements including Visitor Information Center needs. It does however, in the form of a Management Agreement with the Big Sky Chamber wherein it pays fees totaling \$136,300 in exchange for services to provide the organization with Staffing, Operations & Administration. The Big Sky CVB FY19 budget of \$280,872, which is a projection of funds and not a guarantee of funds, encapsulated within the \$1.1 million total operating budget is determined by the state and provided to VBS for budgeting purposes from the Montana Office of Tourism and Business Development (MOTBD), and again, must be spent outside of Montana to attract out of state visitation.

As the community's official destination marketing organization, VBS' mission is to drive the development and marketing of authentic tourism experiences through research and stakeholder collaboration to grow Big Sky's

economy while balancing the need to sustain quality of life for its residents.

In FY18, Resort Tax allocated monies to VBS to embark on a Tourism Master Planning process. The VBS Board of Directors felt that following the complete upheaval of the Travel & Tourism Industry due to technological advances changing the underlying way people plan and book their travel, the development of the peer-to-peer economy, more widely accessible air service globally, VBS' early stage of organizational development, and the state of the local economy, that it was necessary to stop and evaluate the organization's role in shaping Big Sky's future as it relates to tourism growth.

Destination Think! was hired and beginning in September 2017, initiated a Place DNA™ Study to uncover Big Sky's DNA, the core identity of this place which is at the epicenter of all experiences and stories generated by this place. The focus was to deliver insights into the perceptions and drivers of Big Sky's reputation through the eyes of those who live here, in other words how we perceive ourselves. On October 18, 2017 an all-day workshop was conducted with 40 individuals of varied backgrounds. This was followed by the distribution of a community-wide on-line survey available November 20-December 20, 2017, which garnered 266 responses. Further, on-going assessments of online presence and social media channel engagement were done on seven Big Sky businesses, including Big Sky Resort, Big Sky Town Center, and Bozeman Yellowstone International Airport to see how Big Sky projects itself and then in turn how it is perceived by those outside of Big Sky. The more aligned a destination's projected and perceived reputation, the greater its authenticity and credibility to attract, retain and convert visitors into storytellers on its behalf.

What emerged from looking at the difference between who we are and what we say we are, and the perception of others as determined by what they say about us is that there is a gap in Big Sky's reputation. We are not communicating effectively what we perceive ourselves to be and WHY someone should visit here, but instead in an ununified way, we talk about WHAT Big Sky has to offer in the way of activities.

What we learned about Big Sky

Big Sky is a unique ecosystem with natural beauty and diverse outdoor recreational opportunities

"Big Sky is blue, but this kind of blue does not blend in with the background and you cannot put it on a picture or poster. You have to see it for yourself."

Big Sky is changing, ecologically, socially and economically

"We should not bite the hand that feeds us and certainly not pollute the water which is the symbol (of) how pure this place is."

"It's comforting to be in a safe place that isn't over crowded, is generally very quiet, where I feel like I know most of my neighbors. Frustrating dealing with the folks that don't care about taking care of Big Sky and contributing to the community, and only see Big Sky as a ski town for ski bums."

"Please do not tell any more people...about Big Sky, they don't miss what they don't know. Stop Stop Stop."

"(Big Sky), its evolving, growing up, beginning to fulfill its potential and the vision of its founders. I think Chet Huntley would be proud."

Big Sky is about BALANCE. The essence of Big Sky's DNA is the way people interact with nature. Consumption of this beautiful place and its outdoor recreational offerings by visitors and residents alike could potentially threaten Big Sky's sustainability and quality of life if not managed appropriately.

"It (Big Sky) is the confluence of solitude and sociability."

“We are a grizzly, but we are at the same time a sow and cub. On the one hand we are powerful and dangerous, and on the other hand, we are beautiful, vulnerable and endearing.”

Authentic Big Sky 2023 is the strategy that has emerged from the comprehensive community-wide DNA Study and Tourism Master Planning process of the past seven months. This plan is intended to be implemented over the course of the next five years. In FY19 VBS will take its first step to operationalize this strategy into an annual plan. Specific, measurable, achievable, relevant, and time-bound (S.M.A.R.T.) goals will be developed with corresponding actions based on available funding levels and executed with year-end evaluation of progress measured.

VBS' Strategic Priorities and Corresponding Actions for FY19 Annual Program of Work

1. Develop a sustainable outdoor recreation experience

Goal: By 2023, Big Sky will have grown its product offering into a unique, competitive and sustainable outdoor recreation destination experience.

Big Sky tells its story as a place where people integrate their lives with nature like nowhere else. Big Sky is an *R-destination*: It is a **Remote** place where people can **Reconnect** with nature and themselves, a place to **Reboot, Reload, Recharge, Rejuvenate**, while showing **Respect** for their natural surroundings and the local community.

To develop the experiences that align with our Place DNA™ and adhere to our commitment to sustainability and resident quality of life will require a collective effort lead by VBS. The organization will develop what it promotes and promote what it develops.

Actions:

- Leverage Big Sky's Place DNA™ working collaboratively to infuse it across the destination to create a unique Big Sky experience that is impossible for others to copy.
- Expand the organization's focus from strictly promotion toward the development of a sustainable destination tourism experience.
- Lead and support all stakeholders to create memorable experiences that produce raving fans.
- Monitor the visitor experience to benchmark and strengthen the destination experience.
- Advocate for the protection of Big Sky's natural environment by supporting organizations, policies, standards and guidelines that encourage sustainability.
- Prioritize and measure the attitude of residents towards tourism on an ongoing basis to ensure communication about on-going efforts to maintain the balance between growth and quality of life is effective.

2. Engage in destination promotion to broaden Big Sky's reputation beyond alpine skiing

Goal: By 2023, Big Sky's reputation for sustainable, outdoor recreation beyond winter, especially in high-value audience segments will reach beyond that of a ski resort destination.

Actions:

- Identify clusters of products and experiences as a basis for niche audience segmentation.
- Transition away from traditional paid advertising methods, towards more modern, online and digitally-focused marketing and promotion, and earned media to segment Big Sky's audience and cost-effectively target the people who will truly connect with the destination. *The new Visitbigsky.com website scheduled to launch July 1, 2018, and VBS' social media channels will play a big role moving forward.*
- Invest in integrated marketing technology that enables VBS to scale its activities efficiently.

- Identify and address pain points for Big Sky’s target audience in the path-to-purchase.
- Enable and encourage others to share stories about Big Sky’s experiences to generate positive word-of-mouth and online advocacy.
- Establish a communication framework to monitor word-of-mouth conversations about Big Sky and to amplify the most aligned stories for maximum reach and impact.
- Develop a set of marketing metrics to measure sentiment from target audiences towards the destination to ensure Big Sky’s reputation strengthens over time.
- Conduct research to establish a baseline and continue to do so to ensure on-going efforts are successful.

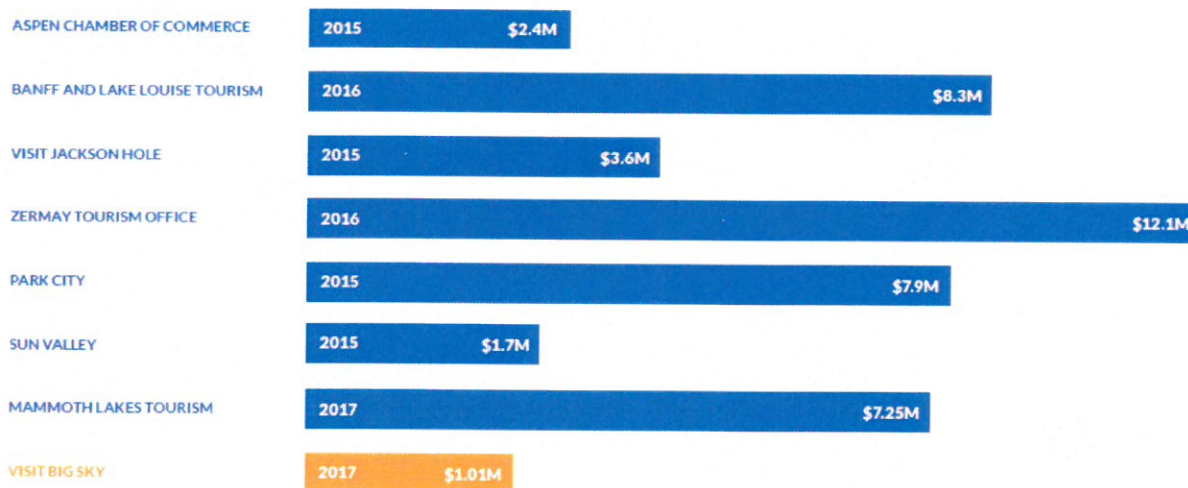
3. Establish Visit Big Sky as the leader in the tourism collective

By 2023, Visit Big Sky will have successfully implemented this strategy through leading a collaborative effort of all stakeholders resulting in a healthy economy and a healthy community for Big Sky.

Our Vision: Big Sky’s confluence of nature, culture, people and preservation is so inspiring that one visit makes you want to stay for a lifetime.

This vision is ambitious, and VBS is a relatively small player in a highly-competitive environment alongside other mountain resort destinations including Jackson Hole, Sun Valley, and Park City just to name a few.

Comparative DMO funding levels as published online.



Big Sky’s competition relies on well-funded destination marketing organizations which employ talented people. Turning a vision into reality requires focused, collective action. VBS must act as the custodian of this strategy. Without this mandate, the leadership required to align all stakeholders and to drive cohesive action does not exist. VBS will put people, partners, systems and processes in place to follow world-class destination marketing practices. It cannot outspend its competition, but it can outsmart them. To continuously build trust with all stakeholders, VBS will put measurements and communication in place to ensure everyone understands how it is progressing as an organization and as a destination.

Actions:

- Develop a stable source of funding that will allow VBS to implement this strategy and continue to lead responsible tourism growth in Big Sky.
- Create a set of benchmarks and key performance indicators (KPIs) to measure the impact of tourism on economic, environmental and quality of life factors in Big Sky.

- Optimize the organization to ensure that our team and partners have the capacity and capabilities to enable us to deliver on this plan.
- Work closely with the community and the statewide tourism industry to deliver the priorities outlined in this document. This includes regular reviews of this plan to consider new ways of creating value.
- Correlate success indicators to monetary value to provide an indication of the economic impact of our investments.
- Educate and advocate for the tourism industry on a local, state and national level, sharing its economic impact on the health of the local and broader economy to ensure its future.

VBS will track progress by measuring four types of performance

1. **Visitor experience:** Are visitors satisfied with their visit to the destination?
2. **Consumer engagement:** Is word-of-mouth promotion improving?
3. **Operator effectiveness:** Are there opportunities to improve experiences?
4. **Corporate transformation:** Is the DMO built to adapt to modern marketing?

In the past, VBS performance measures have focused on tracking increases in the following metrics: Montana Lodging Facility Use Tax collections, local Big Sky Resort Area District Tax collections, number of skier visits, number of visitors to Yellowstone National Park overall and through the West Entrance specifically, passenger totals into Bozeman Yellowstone International Airport (BZN) and Montana Department of Transportation traffic counts on US Highway 191. Another lesson learned through the Tourism Master Planning process is that MORE is not necessarily better. It is about QUALITY versus QUANTITY. VBS will continue to monitor these metrics, but its focus will be on attracting the right type of visitor who will stay longer, spend more and have respect for our destination and local community, so new metrics as indicated above are needed.

One final point as it relates to numbers. A healthy tourism economy positively impacts Resort Tax revenues. This is illustrated by the following. In 2017-18, Big Sky experienced its most epic winter season on record with skier visits surpassing 500,000 for the first time ever. In direct correlation, Resort Tax collections in the month of February 2018 alone exceeded \$1 million, up 15% year over year from 2017, again, the highest on record not just for the month but EVER. These monies came from visitor spending in our local economy. These funds in turn will be reallocated back to the Big Sky community to support, maintain or improve critical infrastructure, public health, safety and welfare, parks and trails, the arts, environmental stewardship etc. The significance on this must not be overlooked in making decisions around future funding of tourism development, marketing and promotion. Simply put, one fuels the other. An engine cannot run on an empty tank.

Big Sky cannot thrive as a sustainable tourism destination without an organization that manages the overarching visitor experience and resulting word-of-mouth to influence the overall destination brand and stable funding. VBS is the organization created to fill this role. To be successful, all stakeholders need to understand and embrace *Authentic Big Sky 2023*, VBS's Tourism Master Plan. Collectively Big Sky will work to develop authentic tourism experiences, improve its reputation, attract the right visitors, and together with residents, grow its community in a sustainable way to preserve quality of life. By leading the community through the plan outlined in this document, VBS will be able to grow tourism responsibly. This approach will mitigate business risk and provide a significant competitive advantage for Big Sky's tourism industry.

Below are *The Rising Trends in Travel and Tourism for 2018* per momondo, a free and inspirational global travel search site serving travelers across more than 30 international markets with billions of cheap flights, hotels and car hire deal comparisons.

- **Uncharted Destinations** – Rise of comparable but alternative, off the beaten path destinations, less-crowded, less-expensive
- **Authentic Culinary Tourism** – Moving away from expensive dining at the most highly acclaimed restaurants to more authentic food experiences
- **Achievement Is the New Experiential** – Travelers will look to achieve a goal or accomplish something they have never done before
- **Work and Travel** – Going from “bleisure” travel meaning extending a business trip by a few days to digital nomad, working full-time or part-time for a month or more
- **Community-focused Hotels** – Large communal spaces for social travelers
- **New Hotel Technology** – Improving Wi-Fi services with higher speeds and wider bandwidths, AI, automated check in/out and mobile application to cater to needs inside/outside the hotel
- **Multi-generational Travel**
- **Conscious Travel Is In** – Sustainable travel was one of the most talked about buzzwords in 2017, but 2018’s newest travel term will be “conscious travel,” shifting the focus from a traveler’s carbon footprint and the local economy, to include an added element of community. *“More than ever, travelers will be mindful of their impact on the economy as well as the lives of those living in the destination that they are visiting. In addition to making a conscious effort to go on eco-friendly tours and buy organic produce at local markets, travelers will be spending their money in ways that benefit the local economy and community, rather than large corporations and foreign investment companies. That includes opting for small boutique hotels over big chain hotels and local shops over international malls.”*

Big Sky is poised to benefit from these trends as the *Authentic Big Sky 2023* plan illustrates.

OPERATIONS & ADMINISTRATION (\$161,500)

OPERATIONS

Primary Operations expenses consist of Building, Rent and Utilities, Insurance and miscellaneous office Supplies. The current ideal Gateway location of the Big Sky Chamber and VBS offices/Big Sky & Greater Yellowstone Visitor Information Center at 55 Lone Mountain Trail remains the same for the time being, however the property has recently been sold and will come under new ownership. The Big Sky Chamber is working with the property’s listing agent to ensure that the new owner is made aware of the two organizations’ desire for long-term tenancy and potential public-private partnerships to improve and/or enhance what is the equivalent to the front door to the Big Sky community. To demonstrate the importance of this location, in 2017 VBS staff engaged with nearly 15,000 guests on-site at the Visitor Information Center. Being that the Big Sky Chamber/VBS are on a month-to-month lease, preliminary conversations with the potential owner through a third party indicate that the organizations will be permitted to stay for an indeterminant amount of time, but that a rent increase to reflect a more competitive market rate is likely. This projected 50% increase in rent is a significant portion of the Operations Expense in this budget showing as Rent Reimbursement to the Big Sky Chamber.

ADMINISTRATION

Primary Administration expenses include Salary, Benefits and Payroll Taxes. VBS via a Management Agreement with the Big Sky Chamber employs 3.13 FTEs: .5 CEO, .5 Compliance Manager, 1.0 Marketing Director, .5 Visitor Services Manager, .38 Graphic Designer and .25 summer season Travel Counselor to develop and promote the Big Sky destination. Other Public Funding sources support the balance of Operations & Administration expenses in the amount of \$124,524.

3) Is the project within the resort tax district? (25 words max)

Yes.

Please note: Not every project will fulfill questions #4 through #8. Applications will not be rated on the ability to fulfill multiple questions.

Does the entity and/or project...

4) Benefit the community at large including residents, visitors and tax collectors/the business community? (50 words max)

Yes. US Travel's Power of Tourism explains how tourism promotion and its resulting visitation to Big Sky lead to tourism spending in our local economy, directly contributing to Resort Tax revenues, and Montana Lodging Tax collections of which 3% goes to the state's General Fund. Tourists pay excise taxes on gasoline, alcohol and other goods while indirectly contribute to income, property and corporate taxes by supporting local jobs saving every Montana household \$441 in state/local taxes. In short, tourism promotion benefits visitors, Big Sky residents, local businesses and all Montanans. (See 2016 Economic Impact)

5) Promote tourism development, help make Big Sky a world class resort community and increase the visitor experience and/or increase resort tax revenue? (50 words max)

Yes. Visit Big Sky's mission, as the community's official destination marketing organization, is to drive the development and marketing of authentic tourism experiences through research and stakeholder collaboration to grow Big Sky's economy while balancing the need to sustain quality of life for residents. VBS is the leader in working with local businesses to develop authentic tourism experiences that reflect Big Sky's DNA and drive the right type of visitation. Increased tourism equates directly to increased Resort Tax revenues which then get reinvested back into the local community to sustain and grow the community.

6) Support, improve or maintain critical infrastructure, public health, safety and/or welfare in the world class community? (50 words max)

Yes. Tourism in Montana is the 2nd largest contributor to the state's economy behind agricultural production, and the #1 driving force behind Big Sky's economy. Just look at the impact that the Big Sky Resort Area District with its 3% Resort Tax has had on the development of critical infrastructure, public health, safety and welfare in the Big Sky community with its upwards of \$50 million investment since 1993. Funding for Sheriff, Fire, and Search & Rescue, in the past Water & Sewer, Public Transit, a second traffic signal, a Post Office, the Community Library, Morningstar child-care, the Big Sky Medical Center, affordable health, family and educational services, environmental stewardship, Outdoor Recreation, and Parks and Trails can all be traced back to Resort Tax resulting from visitor spending in our local economy. The ordinance creating Big Sky's Resort Tax District speaks to visitors shouldering the burden of community infrastructure development due to an insufficient population/tax base, and the same holds true today.

7) Involve collaboration among entities in the community to meet common goals? (100 words max)

Yes. VBS is a public-private partnership born out of the need to collectively market Big Sky, Montana, as a year-round, world-class mountain resort destination. It brings together Montana state lodging tax monies from the Big Sky CVB, local Big Sky Resort Area District Resort Tax funding and private investment from businesses both big and small – all in the name of tourism promotion. Tourism stakeholder collaboration with the statewide ecosystem comprised of Department of Commerce, Montana Office of Tourism & Business Development, 7 Tourism Regions, 17 CVBs, YNP, US Forest Service, Montana State Parks, Bozeman Yellowstone International Airport, Montana State University, and other Big Sky community organizations is

critical to VBS' success. As Resort Tax concluded years back through its strategic planning, we as a community are Better Together, and VBS believes this is true for the tourism collective as well.

8) Fill a community need not currently or adequately being satisfied? (50 words max)

Yes. As the official destination marketing organization for Big Sky, VBS is responsible for managing the overarching visitor experience and resulting word-of-mouth to influence the overall destination brand. Big Sky cannot thrive as a sustainable tourism destination if VBS does not have this mandate. There is no other organization to stand up and take responsibility for this critical function of promoting the "greater good" of the destination.

9) What is your entity most proud of accomplishing? (100 words max)

VBS is most proud of engaging the entire Big Sky community through the DNA Study and Tourism Master Planning process in a dialogue around the importance and impact of tourism on the local economy. Through this process we were able to identify Big Sky's DNA and to collectively articulate our values. As has been demonstrated time and time again around the globe, for a tourism destination to flourish and be sustainable, it needs to be embraced by its residents. We have some work to do here in Big Sky to gain that trust from our residents, that VBS is managing for that growth to sustain Big Sky's natural beauty and quality of life.

Provide the following financial documents:

10) Copy of the entity's complete operating budget for the period 07/01/18 through 06/30/19.

If your fiscal year does not coincide with this time period, please provide complete budgets for the entity's fiscal year that covers the aforementioned time period. For example, if the entity's fiscal year corresponds with a calendar year, provide two budgets 1) 01/01/2018 through 12/31/2018 and 2) 01/01/2019 through 12/31/2019.

11) Organization's Profit and Loss Report, Budget vs. Actual Report and Balance Sheet from your previous completed fiscal year.

12) Organization's Profit and Loss Report, Budget vs. Actual Report and Balance Sheet from your current fiscal year to date.

13) For applicants with mill levy authority please provide the following:

- a. A map of your district's boundaries**
- b. The current taxable value of your district**
- c. If applicable, the current mill levy rate**
- d. Using the information above, provide a detailed budgetary breakdown of the potential tax burden per \$100,000 value, for property owners within your district if mill levy authority would be used to fund this project rather than resort tax funds.**

TOTAL ORGANIZATIONAL BUDGET FOR THE YEAR \$ 1,126,972

(Include all organization projects and programs, not only those requesting Resort Tax funding. This number should match the organization's Revenue from Profit and Loss Report)

PRINCIPLE	ITEM	AMOUNT	PERCENTAGE
Revenue	Request from Resort Tax	\$758,400	67%
	Other Public Grants	\$289,872	26%
	Private Donor Contributions (not including In-kind)	\$15,000	1%
	Fundraising Events		%
	Revenue Other*	\$63,700	6%
	Sub Total Revenue	\$1,126,972	100%
	Private Donor Contributions In-kind		%
	Total Revenue	\$1,126,972	100%
Expenses	Personnel:		
	3.13 # of FTE Paid Personnel		
	_____ # of FTE Contract Personnel		
	Do not include volunteer time	\$225,224	20%
	(in the amount column include the total expense including salary, benefits and payroll taxes)		
	Operations	\$60,800	5%
	Programming	\$816,948	73%
	Expenses Other**	\$18,900	2%
	Total Expenses	\$1,121,872	100%
Capital Expenditures	Total Capital Expenditures		%
Income	Net Income	\$5,100	1%

*Revenue Other: Official Visitor Guide (OVG) ad sales \$63,700

**Expenses Other: Tourism Matters \$2,000, Entertainment \$3,000 and Depreciation \$13,900

Clarifications you'd like to provide regarding the information on this page: _____

RESERVES: Capital, Programming and/or Operating	On Hand Restricted**	
	On Hand Unrestricted**	\$29,809
	Goal (if currently no reserves)	

****Purpose of Restricted and Unrestricted Capital Reserves:** _____

TOTAL CASH FLOW 3-YEAR REQUIREMENT

(Include all organization projects and programs, not only those requesting Resort Tax funding)

ITEM	This Current Application's Request from Resort Tax	2020	2021	Total Cash Flow 3-Yr Requirement
Personnel: Paid and/or Contract (include salary, benefits and payroll taxes; do not include volunteer time)	225,224	236,400	248,300	709,924
Total # of FTE Personnel	3.13	3.13	3.13	NA
Operations	60,800	63,800	67,000	191,600
Programming	816,948	857,800	900,600	2,575,348
Capital Expenditures	0			
Other*	18,900	19,900	19,900	58,700
Total	1,121,872	1,177,900	1,235,800	3,535,572
RESORT TAX REQUEST	758,400	796,500	836,500	2,391,400

Describe financial increases and decreases and the projects for which resort tax funds may be requested.

2020 Cost of living increase and minimal increase in program expense; Being that VBS just completed its Tourism Master Plan (April 2018) to carry it through 2023, we are not yet at a point to forecast significant changes in cash flow.

2021 Cost of living increase and minimal increase in program expense.

***Other Description** _____

Visit Big Sky
Profit & Loss Budget Overview
July 2018 through June 2019

Jul '18 - Jun 19

Income

100 Governmental Sources	767,400.00
300 State Income MOTBD	280,872.00
135 Joint Ventures	15,000.00
160 OVG Revenue	63,700.00

Total Income \$ 1,126,972.00

Expense

200 Marketing Expenses	690,948.00
201 Marketing Support	58,800.00
210 Operations and Administration	282,524.00
220 Conferences and Meetings	3,500.00
230 Publicity	3,500.00
300 OVG & Map Expense	63,700.00
400 Entertainment	3,000.00
500 Lobbying	2,000.00
600 Depreciation	13,900.00

Total Expense \$ 1,121,872.00

Net Income \$ 5,100.00

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04/11/18

Accrual Basis

Visit Big Sky
Profit & Loss
July 2016 through June 2017

	<u>Jul '16 - Jun 17</u>
Ordinary Income/Expense	
Income	
100 GOVERNMENTAL SOURCES	574,112.19
130 PARTNER REVENUE	30,000.00
180 INTEREST INCOME	2.95
Total Income	604,115.14
Expense	
200 EXPENSES USING GOVT INCOME	582,651.92
600 PRESS RELATIONS	10,051.51
6000 EVENTS/ PUBLIC AFFAIRS	41.34
Depreciation	156.00
Total Expense	592,900.77
Net Ordinary Income	11,214.37
Net Income	<u>11,214.37</u>

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04/11/18

Accrual Basis

Visit Big Sky
Profit & Loss Budget vs. Actual
July 2016 through June 2017

	<u>Jul '16 - Jun...</u>	<u>Budget</u>	<u>\$ Over Bud...</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
100 GOVERNMENTAL SOURCES	574,112.19	575,000.00	-887.81	99.8%
130 PARTNER REVENUE	30,000.00	35,000.00	-5,000.00	85.7%
180 INTEREST INCOME	2.95	0.00	2.95	100.0%
Total Income	<u>604,115.14</u>	<u>610,000.00</u>	<u>-5,884.86</u>	<u>99.0%</u>
Expense				
200 EXPENSES USING GOVT INCOME	582,651.92	596,418.00	-13,766.08	97.7%
600 PRESS RELATIONS	10,051.51	13,582.00	-3,530.49	74.0%
6000 EVENTS/ PUBLIC AFFAIRS	41.34			
Depreciation	156.00			
Total Expense	<u>592,900.77</u>	<u>610,000.00</u>	<u>-17,099.23</u>	<u>97.2%</u>
Net Ordinary Income	<u>11,214.37</u>	<u>0.00</u>	<u>11,214.37</u>	<u>100.0%</u>
Net Income	<u>11,214.37</u>	<u>0.00</u>	<u>11,214.37</u>	<u>100.0%</u>

Visit Big Sky
Balance Sheet
As of June 30, 2017

	<u>Jun 30, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
BSW Checking VBS	28,544.50
Total Checking/Savings	28,544.50
Other Current Assets	
Accrued Revenue	1,666.40
Total Other Current Assets	1,666.40
Total Current Assets	30,210.90
Fixed Assets	
Accumulated Depreciation	-2,100.00
Web Design	2,100.00
Total Fixed Assets	0.00
TOTAL ASSETS	<u>30,210.90</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	401.40
Total Accounts Payable	401.40
Total Current Liabilities	401.40
Total Liabilities	401.40
Equity	
Unrestricted Net Assets	18,595.13
Net Income	11,214.37
Total Equity	29,809.50
TOTAL LIABILITIES & EQUITY	<u>30,210.90</u>

Visit Big Sky
Profit & Loss
July 2017 through March 2018

	<u>Jul '17 - Mar 18</u>
Ordinary Income/Expense	
Income	
100 GOVERNMENTAL SOURCES	229,261.00
170 MISC REVENUE	493.98
180 INTEREST INCOME	3.70
	<hr/>
Total Income	229,758.68
Expense	
200 EXPENSES USING GOVT INCOME	164,633.74
4000 DUES TO OTHER ORGANIZATION	0.00
6000 EVENTS/ PUBLIC AFFAIRS	65.00
	<hr/>
Total Expense	164,698.74
Net Ordinary Income	<hr/> 65,059.94
Net Income	<hr/> 65,059.94 <hr/>

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04/11/18

Accrual Basis

Visit Big Sky
Profit & Loss Budget vs. Actual
 July 2017 through March 2018

	<u>Jul '17 - Mar...</u>	<u>Budget</u>	<u>\$ Over Bud...</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
100 GOVERNMENTAL SOURCES	229,261.00	568,325.00	-339,064.00	40.3%
160 OVG REVENUE	0.00	77,500.00	-77,500.00	0.0%
170 MISC REVENUE	493.98	0.00	493.98	100.0%
180 INTEREST INCOME	3.70	0.00	3.70	100.0%
Total Income	<u>229,758.68</u>	<u>645,825.00</u>	<u>-416,066.32</u>	<u>35.6%</u>
Expense				
200 EXPENSES USING GOVT INCOME	164,633.74	569,925.00	-405,291.26	28.9%
300 OVG & MAP EXPENSE	0.00	63,700.00	-63,700.00	0.0%
6000 EVENTS/ PUBLIC AFFAIRS	65.00			
Total Expense	<u>164,698.74</u>	<u>633,625.00</u>	<u>-468,926.26</u>	<u>26.0%</u>
Net Ordinary Income	<u>65,059.94</u>	<u>12,200.00</u>	<u>52,859.94</u>	<u>533.3%</u>
Net Income	<u>65,059.94</u>	<u>12,200.00</u>	<u>52,859.94</u>	<u>533.3%</u>

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Accrual Basis

Visit Big Sky
Balance Sheet
As of March 31, 2018

	<u>Mar 31, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
BSW Checking VBS	42,869.44
Total Checking/Savings	42,869.44
Total Current Assets	42,869.44
Fixed Assets	
Accumulated Depreciation	-2,100.00
New Website - Tempest	52,000.00
Web Design	2,100.00
Total Fixed Assets	52,000.00
TOTAL ASSETS	<u>94,869.44</u>
LIABILITIES & EQUITY	
Equity	
Unrestricted Net Assets	29,809.50
Net Income	65,059.94
Total Equity	94,869.44
TOTAL LIABILITIES & EQUITY	<u>94,869.44</u>

Visit Big Sky Convention & Visitor's Bureau
Profit & Loss
July 2017 through March 2018

	<u>Jul '17 - Mar 18</u>
Ordinary Income/Expense	
Income	
0300 State Income	147,200.00
0301 Interest Income	0.44
Misc Income	675.30
	<hr/>
Total Income	147,875.74
Expense	
1201 MARKETING SUPPORT	81,946.93
1202 CONSUMER MARKETING/ ADV.	75,631.75
1203 CONVEN. & MEETING PLANNING	441.89
	<hr/>
Total Expense	158,020.57
Net Ordinary Income	<hr/> -10,144.83
Net Income	<hr/> -10,144.83 <hr/>

Visit Big Sky Convention & Visitor's Bureau
Profit & Loss Budget vs. Actual
 July 2017 through March 2018

	<u>Jul '17 - Mar...</u>	<u>Budget</u>	<u>\$ Over Bud...</u>	<u>% of Budget</u>
Ordinary Income/Expense				
Income				
0300 State Income	147,200.00	233,000.00	-85,800.00	63.2%
0301 Interest Income	0.44	0.00	0.44	100.0%
Misc Income	675.30	0.00	675.30	100.0%
Total Income	<u>147,875.74</u>	<u>233,000.00</u>	<u>-85,124.26</u>	<u>63.5%</u>
Expense				
1201 MARKETING SUPPORT	81,946.93	139,500.00	-57,553.07	58.7%
1202 CONSUMER MARKETING/ ADV.	75,631.75	228,600.00	-152,968.25	33.1%
1203 CONVEN. & MEETING PLANNING	441.89	0.00	441.89	100.0%
1208 PUBLICITY	0.00	10,900.00	-10,900.00	0.0%
Total Expense	<u>158,020.57</u>	<u>379,000.00</u>	<u>-220,979.43</u>	<u>41.7%</u>
Net Ordinary Income	<u>-10,144.83</u>	<u>-146,000.00</u>	<u>135,855.17</u>	<u>6.9%</u>
Net Income	<u>-10,144.83</u>	<u>-146,000.00</u>	<u>135,855.17</u>	<u>6.9%</u>

Visit Big Sky Convention & Visitor's Bureau
Balance Sheet
As of March 31, 2018

	<u>Mar 31, 18</u>
ASSETS	
Current Assets	
Checking/Savings	
0120 Visit Big Sky CVB	136,342.97
Total Checking/Savings	<u>136,342.97</u>
Total Current Assets	<u>136,342.97</u>
TOTAL ASSETS	<u>136,342.97</u>
LIABILITIES & EQUITY	
Equity	
Retained Earnings	146,487.80
Net Income	<u>-10,144.83</u>
Total Equity	<u>136,342.97</u>
TOTAL LIABILITIES & EQUITY	<u>136,342.97</u>

2016 ECONOMIC IMPACT

Tourism is one of Montana's leading industries. Non-resident visitors add money to the state's economy, supporting jobs and reducing state and local taxes for Montana residents. The Montana Office of Tourism and Business Development (MOTBD) at the Department of Commerce markets Montana to maximize non-resident spending.

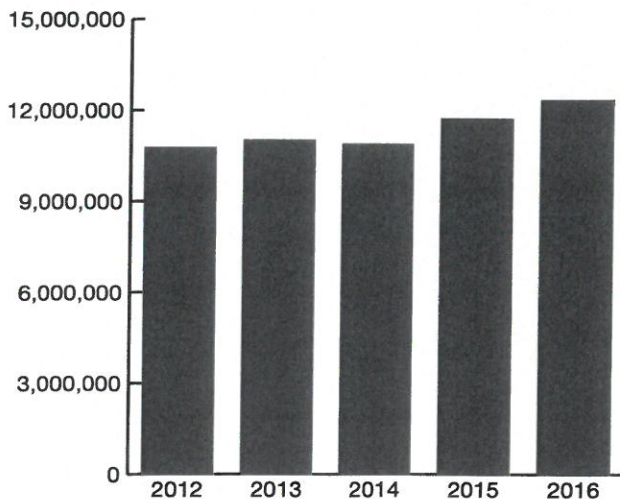
ECONOMIC IMPACT PROFILE (VS. 2015)*

Non-resident Visitation: 12.4 Million (+5.3%)
Non-resident Spending: \$3.0 Billion (-6.1%)
Jobs Supported: 47,660 (-9.1%)
Salaries: \$1.2 Billion (-3.7%)
State & Local Taxes: \$180.7 Million (-5.7%)

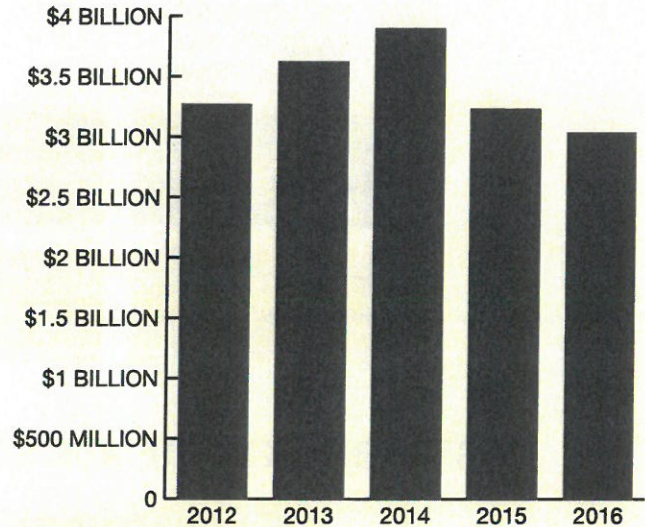


Without non-resident tax revenue, each Montana household would pay an estimated \$441 additional state/local taxes. (Total state and local tax revenue/total occupied housing units.)

NON-RESIDENT VISITATION, 2012-16



NON-RESIDENT SPENDING, 2012-16*



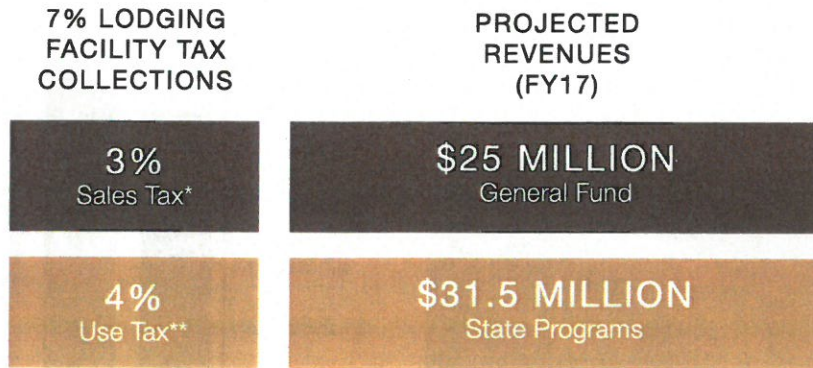
2016 Spending by Category

Gasoline, Diesel	\$636,200,000
Restaurant, Bar	\$606,430,000
Hotel, Motel	\$411,750,000
Retail Sales	\$315,620,000
Outfitter, Guide	\$262,390,000
Groceries, Snacks	\$238,150,000
Licenses, Entrance Fees	\$203,980,000
Auto Rental	\$92,690,000
Rental Cabin, Condo	\$88,560,000
Made in Montana	\$70,300,000
Campground, RV Park	\$37,740,000
Vehicle Repairs	\$34,380,000
Misc. Services	\$19,130,000
Gambling	\$13,060,000
Farmers Market	\$3,090,000
Transportation Fares	\$2,390,000
Total	\$3,035,850,000

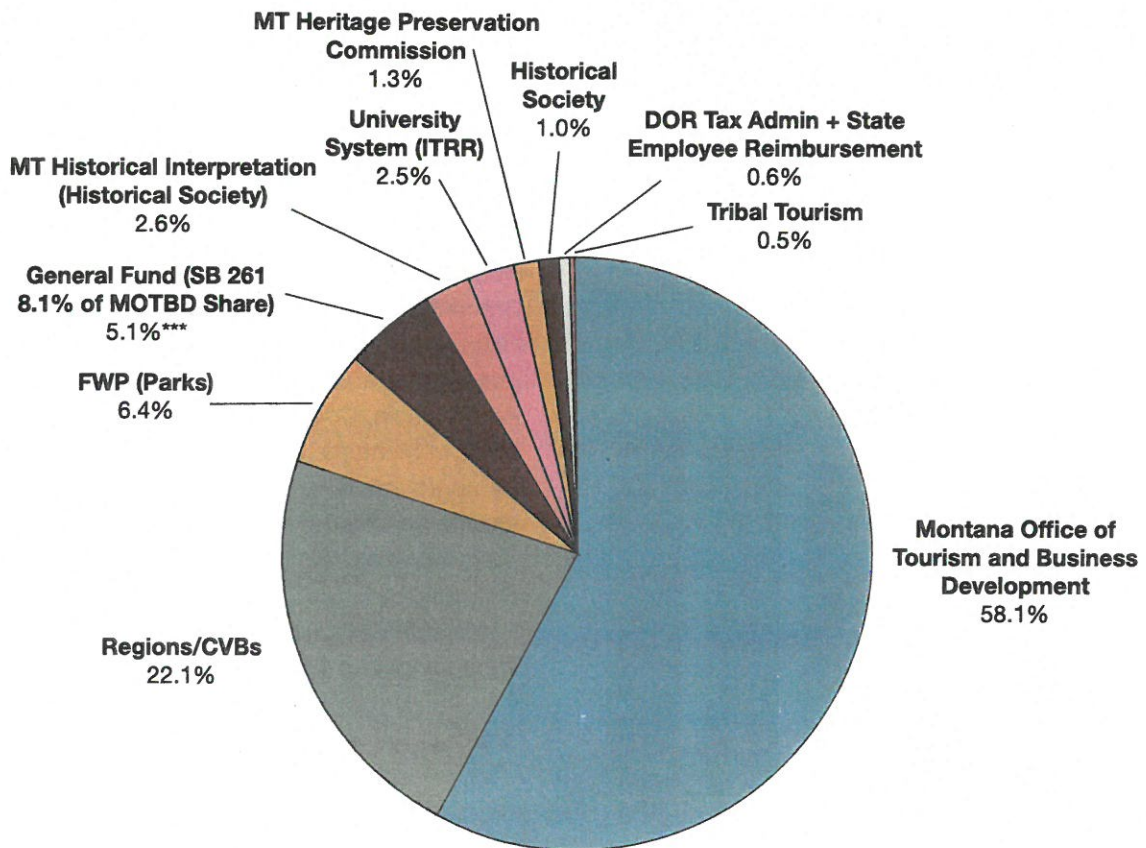
MONTANA PROMOTION FUNDING

Tourism and film promotion is funded through the 4% Lodging Facility Use Tax, commonly known as the "Bed Tax." Enacted by the 1987 legislature, the Bed Tax is collected from guests of hotels, motels, bed and breakfasts, guest ranches, resorts, and campgrounds. These funds are divided according to the chart below.

No additional funds come from Montana's General Fund. In fact, tourism helps to support the General Fund due to the additional 3% Lodging Facility Sales Tax added to the original 4% in 2003.



DISTRIBUTION OF 4% LODGING FACILITY USE TAX



*OBPP 2019 Biennium Revenue Estimate Page 8-3

**Joe Ramler, Senior Economist, Dept of Commerce 7/25/17

***5.1% of total distribution