

Red Lodge Convention and Visitor's Bureau (CVB)

What is a CVB?

A CVB is a Montana Office of Tourism (MOT) funded and regulated entity whose sole purpose is marketing with the intent of putting 'Heads in Beds'.

How Do You Qualify?

There is a long formula but basically; All lodging properties within the town of Red Lodge collect and pay lodging tax to the MOT. This money is split up among State agencies with only a percentage going for regional marketing. When this marketing percentage reaches \$35,000 for **2 years in a row**, a town is eligible to apply to become a CVB. Lodging Tax collections of \$176,000 per year, after everything comes off the top, leaves approximately \$36,000. Red Lodge reached this threshold in 2010 and 2012 but because we missed the goal in 2011 and we were not eligible. The revenue through the 3rd quarter of 2013 looks very positive for us to reach the magic number! Once you reach that goal, you must provide an entity that meets the States Eligibility Requirements. The Chamber meets these eligibility requirements. **Please see Eligible Organizations addendum.**

What Does it All Mean?

As it stands now, all moneys collected and set aside for regional marketing go to Yellowstone Country. While some of that money is spent on our area, it is more of a regional marketing plan. Once we become designated as a CVB, half or approximately \$18,000, would be directly available to Red Lodge for marketing. (applause) Of that, 20% or \$3,600, can be used for administrative expenses. The key here is that there is no limit to the amount of money that can be raised. As our area's lodging tax collections grow, so does our marketing income. **Please see the spreadsheet showing some of the area CVB's and their incomes.**

What is the Chamber's Role?

In the majority of towns with a CVB, the Chamber of Commerce/Visitor's Center is the administrative organization. The CVB has it's own board, and a completely separate set of books and checking account. Virtually **all** CVB's with a limited administrative budget are partnered with the Chamber/Visitor's Center. At current levels the CVB Admin budget is under \$4,000. This on it's own is not sufficient for administrative needs, but when used cooperatively with the Visitor's Center budget, it becomes workable. The Chamber Director should serve as Director of the CVB Board. **Please see attachment showing Montana CVB's.**

The Next Steps

- Patty, Sherry and I have had conference calls with CVB's from around the State and have used their experience to help us craft our plan.
- Patty has contacted Forrest with the City of Red Lodge to create the City Resolution.
- We are meeting with members of the TBID and Merchants and Lodging Association to insure we are all in agreement on the organization process.
- Create a Toursim and Visitor's Center Committee within the Chamber that would also serve as the CVB board.
- Once the final numbers for the fourth quarter have been published, we will submit the application and begin work on the Marketing Plan.

Addendum

1.1 Eligible Organizations

By law, only one nonprofit organization within each tourism region or eligible city, consolidated city/county, resort area, or resort area district can be approved to receive available lodging facility use tax revenue. Organizations will submit the following documentation to the Council for approval and recognition.

1. Proof of registration as a not-for-profit corporation, with active standing, registered with the Montana Secretary of State.
2. Proof of not-for-profit exempt status from the Internal Revenue Service.
3. Federal identification number.
4. Copy of bylaws and articles of incorporation. Bylaws shall reveal that tourism is the purpose or part of the purpose of the organization.
5. Open access to all meetings related to any expenditures of lodging facility use tax revenue, as required by law.
6. CVB's shall present a duly passed resolution from the governing body of their city, city/county government, resort area, or resort area district giving support to the CVB for recognition by the TAC.

Funds are awarded only to organizations, which meet the requirements of the Lodging Tax Law and have been formally recognized by the Tourism Advisory Council. Recognition may be revoked of any organization, which fails to comply with the law/rules/regulations governing the distribution of lodging tax revenue.