

Restricted Use Transient Occupancy Tax (TOT) Funding Policy
Adopted by the Loudoun County Board of Supervisors July 19, 2005
Revised Through June 23, 2016

I. Purpose:

- a. To provide the Loudoun County Board of Supervisors with the opportunity to strategically and proactively impact tourism in Loudoun County through the sustained investment in the provision of core tourism services.
- b. To enable targeted investment in high priority tourism projects that advance Loudoun's strategic tourism objectives.
- c. To maximize tax relief to the general fund by increasing Restricted Transient Occupancy Tax revenues.

II. Funding Guidelines:

- a. Use of funds must meet the purposes set out for the Restricted Transient Occupancy Tax as stated in Section 58.1-3819 of the Code of Virginia (1950), as amended, which is:

"(Any) excess over two percent shall be designated and spent solely for tourism and travel, marketing of tourism or initiatives that, as determined after consultation with the local tourism industry organizations, including representatives of lodging properties located in the county, attract travelers to the locality, increase occupancy at lodging properties, and generate tourism revenues in the locality." While it is recognized that this is a broad criteria, it will be incumbent on the entity requesting the funds to show how they meet this requirement.

III. Tourism Priorities:

- a. Priorities of funding for the revenues generated by the Restricted Transient Occupancy Tax will be as follows:
 1. **Core Tourism Services** to sustain Loudoun's tourism base and competitively position Loudoun County to attract visitors; and
 2. **Strategic Tourism Growth Initiatives** to expand Loudoun's tourism base by implementing high priority projects that are compatible with the programmatic elements of the Loudoun County Tourism Destination Strategy.

IV. Development of the Loudoun Tourism Destination Strategy:

- a. Loudoun County will develop and adopt a 5-year Tourism Destination Strategy, to be followed by a 4-year Tourism Destination Strategy, that will guide the marketing, promotion and product development of Loudoun's tourism sector.
- b. The Loudoun Convention and Visitors Association, Inc. (d/b/a "Visit Loudoun"), as the primary programmatic element of Loudoun County's travel and tourism promotion, will coordinate the Tourism Destination Strategy development process.
- c. The development of the Tourism Destination Strategy will include broad participation from tourism industry sectors, citizens, advisory boards (such as Economic Development Commission, Rural Economic Development Council, Parks and Recreation Advisory Board), elected officials, and others.
- d. The Tourism Destination Strategy will be reviewed annually by the Board of Supervisors, with the Economic Development Advisory Commission, Visit Loudoun, and industry partners. This annual review will identify and prioritize Strategic Tourism Growth Initiatives.

V. Funding Policy for Core Tourism Services:

- a. Core Tourism Services will be defined and measured based upon standards recommended by Destination Marketing Association International. The detailed definition will be included as part of the Memorandum of Understanding (MOU) between Loudoun County and Visit Loudoun.
- b. Loudoun County will develop a 5-year MOU, to be followed by a 4-year MOU, with Visit Loudoun to provide Core Tourism Services as defined therein.
- c. Seventy-five (75) percent of the projected Restricted Transient Occupancy Tax funds will be allocated annually to Visit Loudoun to perform Core Tourism Services.
- d. Visit Loudoun will report twice-annually to the Board of Supervisors, or one of its Committees, regarding its performance in the delivery of Core Tourism Services.
- e. The Board may consider specific funding requests for the provision of Core Tourism Services by organizations other than Visit Loudoun as a part of the funding process for Strategic Tourism Growth Initiatives defined in section VI.

VI. Funding Policy for Strategic Tourism Growth Initiatives:

- a. Projects to be funded as Strategic Tourism Growth Initiatives will be identified and prioritized as a part of the County's annual budget process.
- b. Specified projects may be funded by Board direction, competitive procurement, grants to non-profit entities, or transfers to County agencies or Visit Loudoun.
- c. Unallocated funds may be carried over by the County or grant recipients to the following year to use as a reserve or for multi-year projects.
- d. The Board will maintain a reserve of 10 percent of actual Restricted TOT Revenues, to be adjusted at the end of each fiscal year, for use during years in which revenues received are less than projected.
- e. It is the Board's policy that non-profit entities receiving public funds for a specific project through other means (such as through Visit Loudoun, CDBG, Regional Organizations funding, general fund non-profit grants or other such programs), will not be eligible for Restricted TOT grants.
- f. Visit Loudoun and the Department of Economic Development will work together during the County budget development process to provide the Board with recommendations regarding funds to be allocated to the Economic Development Authority and to Visit Loudoun for travel expenses where local representatives, subject matter experts, or Visit Loudoun staff may provide a strategic benefit.
- g. The funding process for Strategic Tourism Growth initiatives shall be as follows:
 - 1. Funding for Strategic Tourism Growth initiatives will be considered as part of the County budget development process.
 - 2. Upon closing of the financial books for the previous fiscal year, staff will bring a year-end report of the Restricted TOT Fund to the Board of Supervisors, or one of its Committees, for review. Staff will also update the Board on the status of the Restricted TOT Reserve Fund and projected revenues for the upcoming fiscal year. The County Administrator (or designee) will recommend potential uses of the Restricted TOT Fund for the upcoming fiscal year.
 - 3. County staff, in consultation with subject matter experts (e.g. Visit Loudoun) will make funding recommendations as a part of the Proposed Budget based on the guidance provided by the Board.

4. If the Board recommends funding Strategic Tourism Growth Initiatives beyond what is included in the budget, the Board may direct staff to administer a competitive process to develop funding recommendations to be presented to the Board before July 1.
5. Any entity receiving Restricted TOT funding will be required to enter into a MOU/Funding Agreement with the County to guide the use of those funds.