

Function:
Community and Economic Development

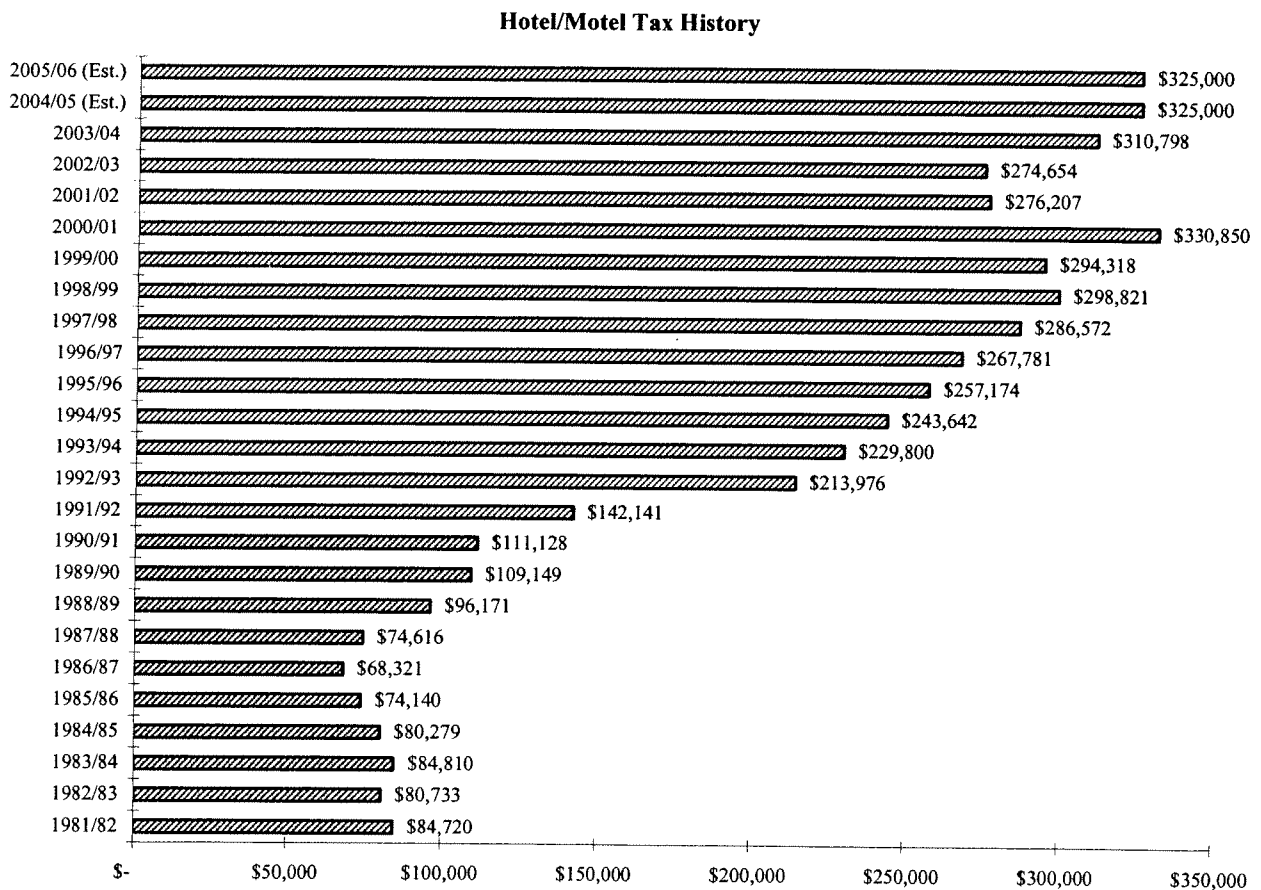
Department:
Legislative and Council

Activity:
Economic Development

GENERAL INFORMATION

Economic development efforts involving City financial assistance were initiated in the 1986/87 fiscal year. The budget for this activity has provided financial support for the Tourism and Convention division of the Chamber of Commerce, the Muscatine Development Corporation, and in previous years the Mainstreet Program for the Central Business District. On April 1, 2004, the Muscatine Chamber of Commerce and Muscatine Development Corporation merged into the Greater Muscatine Chamber of Commerce and Industry (GMCCI).

In 1981 the City began to collect a hotel/motel tax of 4%. In 1991 voters approved increasing the hotel/motel tax to 7% effective April 1, 1992. The tax has yielded the following revenues since inception:



Since approval of the tax by the voters of Muscatine, one-half of the revenue has been utilized in the General Fund as general revenues and the other half has been allocated to support the Art Center/Museum and the Public Library. Of the general revenue of the General Fund, the Tourism and Convention division of the Chamber of Commerce has received financial support for their activities. For 2005/2006 \$45,000 was included in the budget for the tourism program. The tourism allocation is budgeted to increase to \$55,000 for 2006/2007.

The State Code specifically requires the following:

"Each County or City which levies the tax shall spend at least 50% of the revenues derived therefrom for the acquisition of sites for, or constructing, improving, enlarging, equipping, repairing, operating, or maintaining recreation, convention, cultural or entertainment facilities including but not limited to memorial buildings, halls and monuments, civic center, convention buildings, auditoriums, coliseums, and parking areas for facilities located at those recreation, convention, cultural, or entertainment facilities; for the payment of principal and interest, when due, on bonds, or other evidence of indebtedness issued by the County or City for those recreation, convention, cultural, or entertainment facilities; or for the promotion and encouragement of tourist and convention business in the City or County and surrounding areas."

CURRENT TRENDS AND ISSUES

For 2006/2007 hotel/motel tax revenue has been estimated at \$325,000, the same amount projected for 2005/2006. The 2006/2007 budget again allocates 50% of the hotel/motel tax to support the art center and library or \$81,250 each and \$55,000 has been allocated to support tourism. This results in \$107,500 of the hotel/motel tax available to be utilized as general revenues in the General Fund.

Beginning in 1990/91, the City Council initiated funding assistance to the Muscatine Development Corporation in the amount of \$12,800. This was followed by two three-year commitments for funding from 1991/92 to 1993/94 for \$36,000 per year and from 1994/95 through 1996/97 for \$40,000 per year. This was part of an expanded effort to incorporate a more comprehensive development activity on a county-wide basis. Public sector bodies such as the City, Muscatine County, and Muscatine Power and Water each contributed to this effort. In 1996 the Muscatine Development Corporation initiated a new three (3) year campaign for 1997/98, 1998/89 and 1999/2000 to continue development activity and the City maintained its \$40,000 annual allocation. For 2000/2001 and 2001/2002 the allocation was increased to \$42,500. Due to financial constraints the City reduced this allocation by 10% to \$38,250 for 2002/2003 and by an additional 10% to \$34,425 for 2003/2004. On April 1, 2004, the Muscatine Chamber of Commerce and the Muscatine Development Corporation merged into the new Greater Muscatine Chamber of Commerce and Industry (GMCCI). The allocation for 2004/2005 to GMCCI was \$30,000 and this allocation was increased to \$35,000 for 2005/2006. The allocation for 2006/2007 is budgeted to remain at \$35,000.

GOAL STATEMENT

To provide financial assistance to various community organizations which are involved with the economic development of the City, provided such development meets the overall City economic development and governmental service plans.

OBJECTIVES TO BE ACCOMPLISHED IN 2006/2007

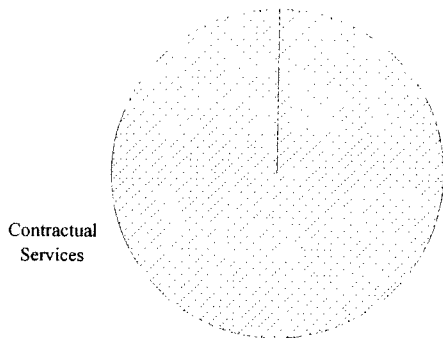
- * To achieve and monitor the objectives established by the Tourism and Convention Committee.
- * To work with the Greater Muscatine Chamber of Commerce and Industry (GMCCI) to promote and encourage new development and expansion of existing industrial and commercial operations.
- * To develop programs which increase hotel/motel tax receipts.

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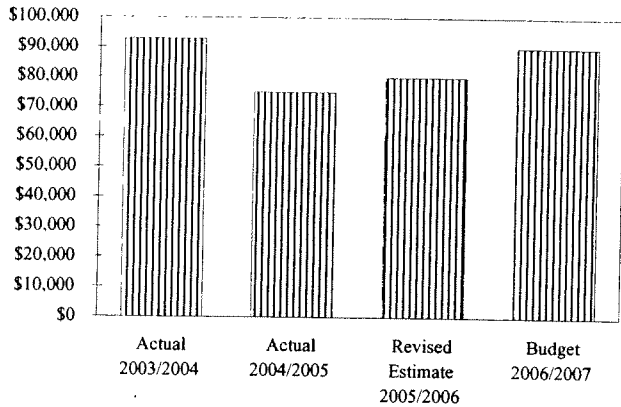
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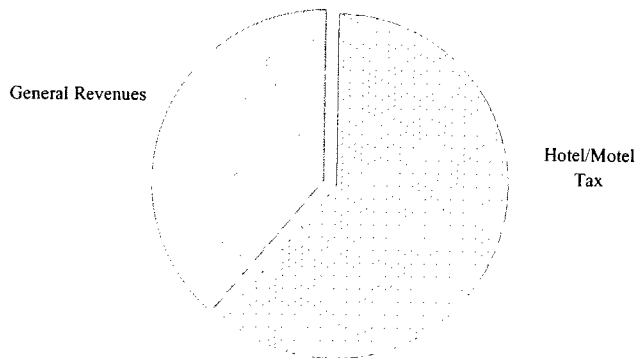
	Actual 2003/2004	Actual 2004/2005	Budget 2005/2006	Revised Estimate 2005/2006	Budget 2006/2007	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	-	-	-	-	-	
Contractual Services	92,925	75,000	80,000	80,000	90,000	12.50%
Capital Outlay	-	-	-	-	-	
Transfers	-	-	-	-	-	
Total Expenditures	\$ 92,925	\$ 75,000	\$ 80,000	\$ 80,000	\$ 90,000	12.50%
Funding Sources						
Hotel/Motel Tax	\$ 58,500	\$ 58,500	\$ 45,000	\$ 45,000	\$ 55,000	22.22%
General Revenues	34,425	16,500	35,000	35,000	35,000	0.00%
Total Funding Sources	\$ 92,925	\$ 75,000	\$ 80,000	\$ 80,000	\$ 90,000	12.50%



**Budget 2006/2007
Expenditures by Type**



Actual and Projected Expenditures



**Budget 2006/2007
Funding Sources**