

**FOOD & BEVERAGE TAX ADVISORY
COMMISSION**

**ANNUAL REPORT
for
CALENDAR YEAR 2021**

Presented to the Monroe County Council
Bloomington, Indiana

October 18, 2022

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1. MEMBERS OF THE ADVISORY COMMISSION

John Hamilton	Mayor, Bloomington	2018-present
Cheryl Munson	Monroe County Council	2018-present
Julie Thomas	Monroe County Commissioners	2018-present
Dave Rollo	Bloomington City Council	2022-present
Lennie Bush	One World Enterprises	2018-present
Susan Bright	Nick's English Hut	2019-present
Vacant	Community Representative	

2. MEETING DATES, AGENDAS AND MINUTES

Due to the length of the report, Agendas/Packets and Minutes are available at the link provided below:

<https://www.co.monroe.in.us/departments/board.php?structureid=156>

Meeting Dates:

January 21, 2021

February 19, 2021

3. NARRATIVE SUMMARY

This is the third report of the Monroe County Food and Beverage Tax Advisory Commission (FABTAC) and reflects the activity of its fourth year.

The Monroe County Food and Beverage Tax was enabled in 2009 (PL176-2009) by state legislation (IC 6-9-41) and emplaced on qualifying establishments by Resolution 2017-51 of the Monroe County Council on December 12, 2017, with a tax rate of 1.00% on qualifying purchases. The purpose of the tax is to construct, operate, or maintain a convention center, a conference center, or related tourism or economic development projects. The resolution provides for the presentation of an annual report of the FABTAC to the Monroe County Council in February, following a one-year period of tax revenue collection, which describes approvals of FAB tax revenue and expenditures by the County and the City of Bloomington, per the requests of their legislative bodies.

Unlike other food and beverage taxes in the state of Indiana, which are either for a city or a county and administered by the State Board of Accounts, Monroe County's tax is split between the City of Bloomington and Monroe County, depending on whether the establishment collecting the tax is located inside or outside of the city limits. According to statute, the distribution of collected funds to the City and the County is administered by the Monroe County Auditor.

Collection of the one-percent Food & Beverage Tax began on February 1, 2018 from the roughly 700 establishments in Monroe County that serve prepared food and drink. The monthly numbers in Section 3 below demonstrate early challenges in initiating the tax. For example, receipts for February and March 2018 are reflected in the March 2018 numbers. The Food and Beverage Tax Advisory Commission did not meet for the first time until July of that year. The ability to accurately split tax revenues between jurisdictions took until December for the Auditor's office to establish; before then, the county received a flat 10 percent of revenue. It took most of the year 2018 for the new tax to be properly implemented.

In 2018 the tax collected amounted to almost 2.6 million, but no money was requested or expended.

In 2019 when all food and beverage establishments paid a full year of taxes, revenues amounted to more than \$3.4 million. The City administration, which had expressed its intent to spend all of its portion of revenues on the project to expand the Convention Center, requested and received approval of more than \$4.5 million to that end, but expended less than \$300,000, mostly on architectural and financial counsel. The County Commissioners requested and received approval for \$60,000 in anticipation of funding land surveys for the Convention Center expansion project

and \$500,000 to acquire property for an eventual limestone-industry related tourist attraction. Neither of these approved requests was appropriated and expended.

In 2020, total tax revenues decreased by more than \$650,000 or 19 percent, amounting to slightly less than \$2.8 million see Table 1. The marked decrease was due to the COVID-19 pandemic, which forced many food and beverage establishments to limit the number of customers and to provide for social distancing and other protective measures. As a result, some establishments were not able to remain in business and others faced severe financial constraints on their ability to operate. The result was a 12.6% decrease in the total number of payers in 2020.

Given the impact on our local businesses and particularly the businesses that are key to tourism, the County and City requested funds from FABTAC to provide financial support for these impacted businesses. The County Commissioners requested and received a total of \$400,000 for a grant program to aide those businesses located in Monroe County and outside of City Limits. The County's appropriation balance held \$8,386 in unexpended funds at the close of 2020. The City Council implemented a similar program for lending no-interest loans to businesses within City limits. The Council requested and received \$2,000,000 from their portion of the FAB funds. Year-end appropriations for the City held \$584,400 unexpended.

In sum, despite funding for the 2020 grant and loan programs of the City and County, and the decline in collected FAB tax revenue, healthy FAB balances remain. Unexpended FAB tax revenue at the end of 2020 is about 62 percent of the total 2018-2020 revenue received by the County and about 78 percent by the City.

The following year, 2021, opened with healthier than expected balances in both the City and County accounts. A resolution requesting to use any and all of the County's portion of FAB tax funds to pay Convention Center debt service and management expenses was approved by the FABTAC on January 21, 2021 and adopted by the County Council on March 9, 2022. Innkeepers Tax revenues are ordinarily sufficient to cover these costs. However, travel industry restrictions due to Covid-19 had left this source insufficient to do so. This was the only request for use of funds submitted to and approved by the FABTAC in 2021.

The City received \$150,000 in loan repayments and disbursed \$122,500 in additional loans. Both City and County beginning and ending year-end balances include accrued December distributions that were received the following month.

4. HISTORICAL SUMMARY OF REVENUE

Table 1. Food and Beverage Tax Revenue, 2018-2021.

FOOD AND BEVERAGE TAX REVENUE, 4 YEAR SUMMARY								
	2018		2019		2020		2021	
	Number of Payers	Tax Revenue Received	Number of Payers	Tax Revenue Received	Number of Payers	Tax Revenue Received	Number of Payers	Tax Revenue Received
Jan	78	\$0	344	\$283,483	346	\$295,742	294	\$215,713
Feb		\$0	308	\$252,917	314	\$244,766	297	\$219,969
Mar		\$89,786	326	\$261,060	316	\$268,389	315	\$246,563
Apr	282	\$225,752	333	\$291,297	275	\$204,682	311	\$270,907
May	274	\$307,319	350	\$343,972	277	\$173,935	317	\$329,783
Jun	256	\$210,844	309	\$271,540	255	\$163,874	329	\$321,524
Jul	290	\$267,313	358	\$293,934	289	\$208,460	323	\$294,735
Aug	298	\$253,573	316	\$229,573	287	\$202,637	339	\$297,341
Sep	268	\$232,770	332	\$267,761	309	\$273,866	337	\$337,204
Oct	324	\$396,284	348	\$340,956	300	\$244,735	331	\$362,724
Nov	308	\$273,129	321	\$289,188	292	\$247,059	345	\$358,402
Dec	336	\$302,102	335	\$321,528	309	\$264,519	349	\$372,121
Subtotal		\$2,558,872		\$3,447,209		\$2,792,664		\$3,626,987
Total	\$2,558,872		\$3,447,209		\$2,792,664		\$3,626,987	

Figure 1. County and City Food and Beverage Tax Revenue, 2018-2021.

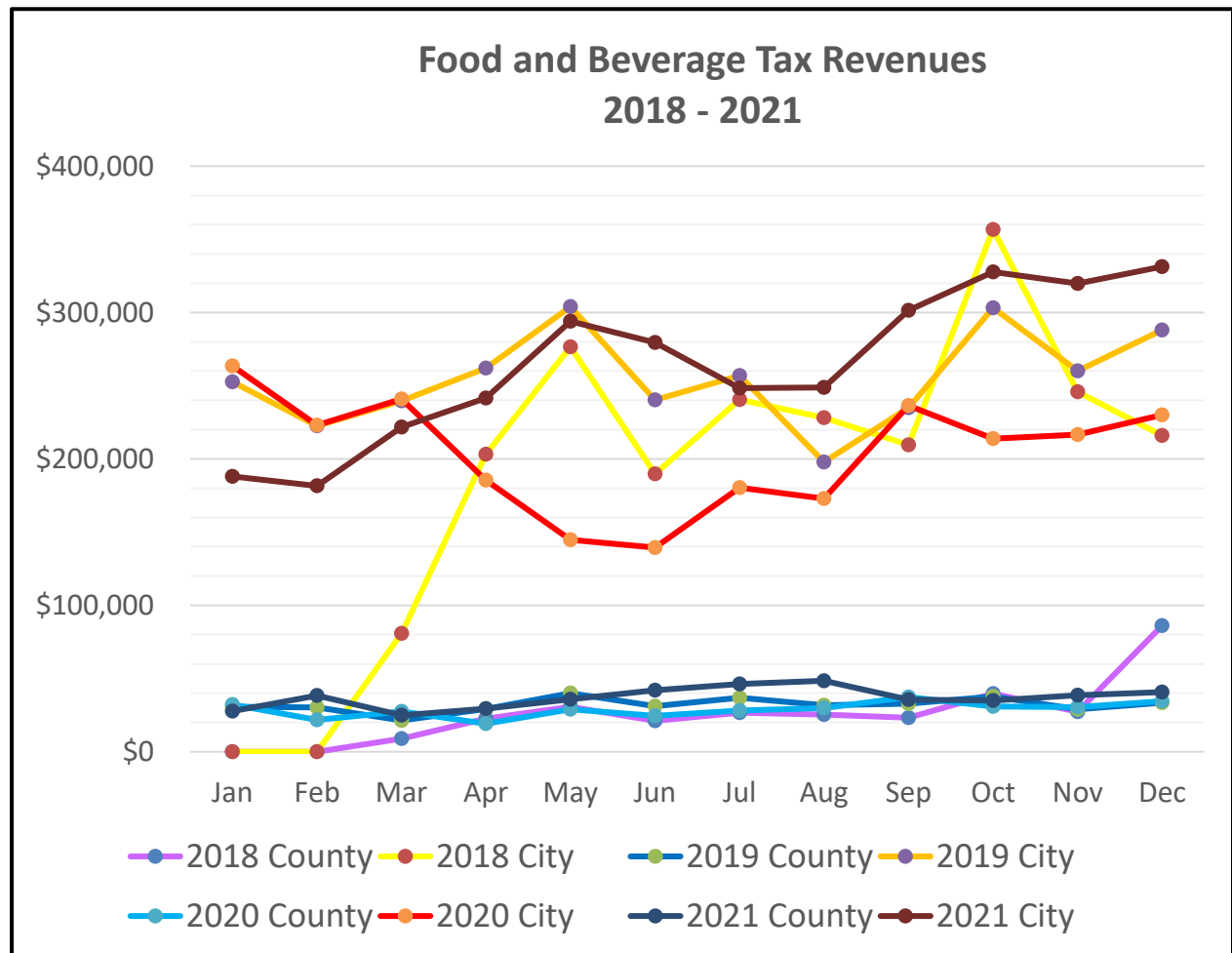


Figure 2. Comparison of Food and Beverage Tax Revenues 2018 to 2019.

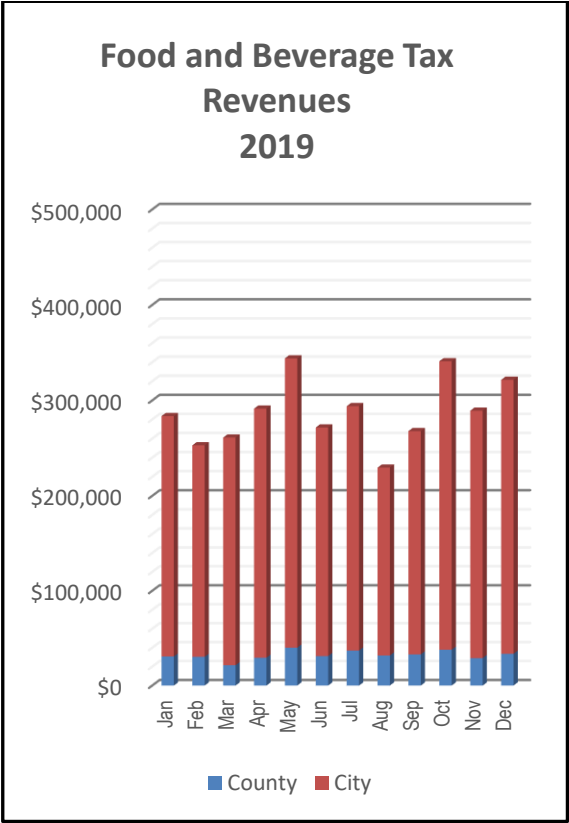
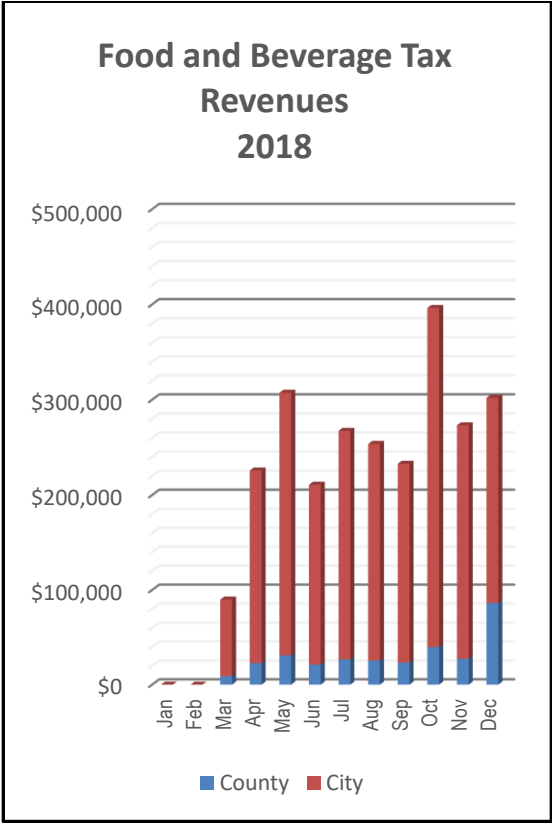
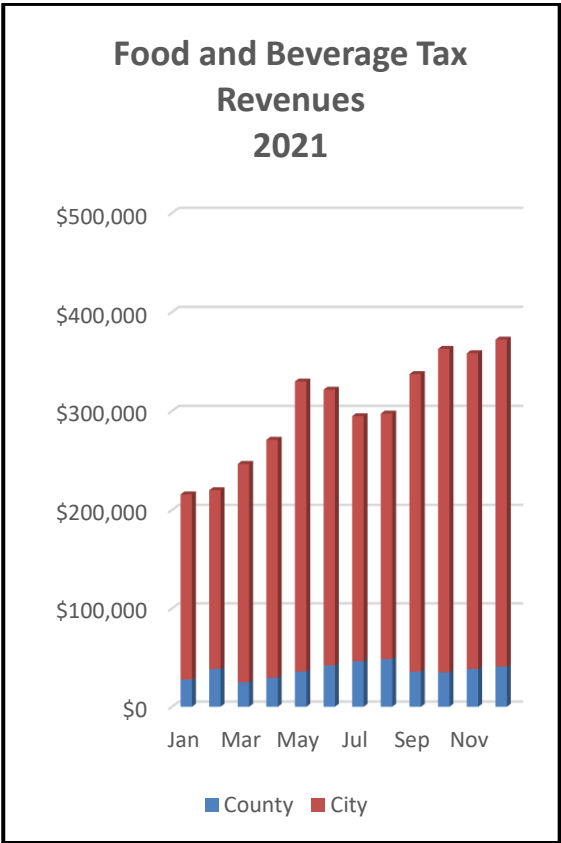
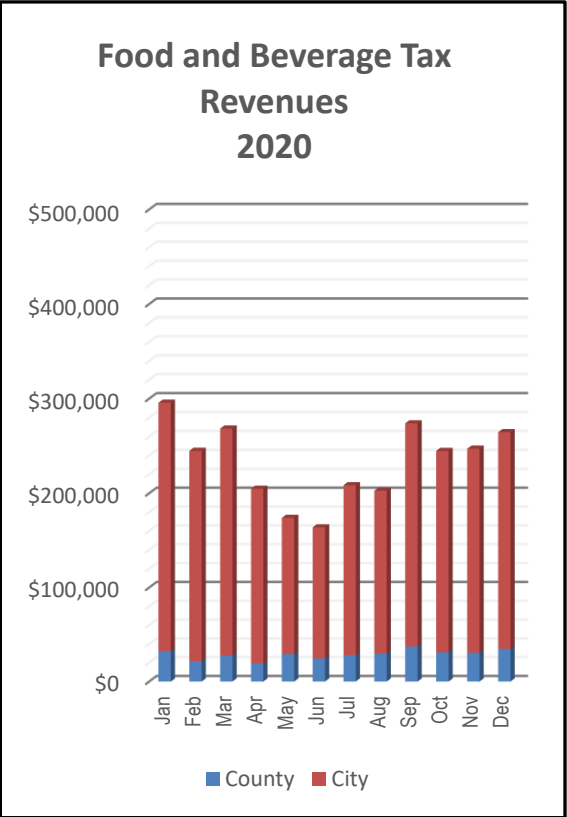


Figure 3. Comparison of Food and Beverage Tax Revenues 2020 to 2021.



5. REVENUE DETAIL

Table 2. 2021 Food and Beverage Revenue as Distributed.

Food and Beverage Tax Distribution			
2021	Amount Received	City	County
January	\$215,713.13	\$188,051.73	\$27,661.40
February	\$219,968.97	\$181,568.98	\$38,399.99
March	\$246,562.87	\$221,662.21	\$24,900.66
April	\$270,906.81	\$241,495.42	\$29,411.39
May	\$329,783.34	\$293,977.26	\$35,806.08
June	\$321,524.05	\$279,492.80	\$42,031.25
July	\$294,734.53	\$248,405.99	\$46,328.54
August	\$297,340.67	\$248,827.09	\$48,513.58
September	\$337,204.31	\$301,543.15	\$35,661.16
October	\$362,724.29	\$327,656.34	\$35,067.95
November	* \$358,402.28	\$319,891.48	\$38,510.80
December	\$372,121.37	\$331,340.35	\$40,781.02
YTD 2021 Total	\$3,626,986.62	\$3,183,912.80	\$443,073.82

*The actual amount received in November was greater than the amount listed in the table due to an overpayment of \$11.11 by the state, which was refunded in December.

6. EXPENDITURE REQUESTS AND COMMISSION APPROVALS

COUNTY \$300,000.00 March 9, 2021 Requested; Approved

7. SUMMARY OF 2021 CASH RECEIPTS AND EXPENDITURES

Note: Beginning and Year-End Balances include accrued December distributions.

A. 2021 Beginning Balance (January 1, 2021)

COUNTY	\$ 650,624.22
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CITY	\$6,067,539.01
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B. 2021 Revenue Received

COUNTY	\$443,073.82
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CITY	\$3,333,912.80
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(Tax Distributions: \$3,183,912.80 +
Loan repayments: \$150,000)

C. 2021 Expenditures

COUNTY	\$300,000.00
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CITY	\$122,500.00
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D. 2021 Year-End Balances (December 31, 2021)

COUNTY	\$793,698.04
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CITY	\$9,278,951.81
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8. 2021 EXPENDITURE DETAIL

COUNTY

Total:

\$300,000.00

(Convention Center debt service
and management expense)

CITY

\$122,500.00

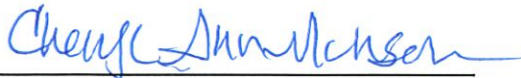
Table 3. 2021 City Expenditures of FAB Appropriations.

DATE	RECIPIENT	AMOUNT	EXPENDITURE TYPE
12/08/21	Cherry Canary Vintage Clothing	\$37,500.00	RRF Loans
12/08/21	InBloom Juicery	\$35,000.00	RRF Loans
12/08/21	University Club of IU	\$25,000.00	RRF Loans
12/08/21	The Bike Shop	\$25,000.00	RRF Loans

9. STATEMENT OF THE COMMISSION'S APPROVAL

This Annual Report is hereby accepted and shall be presented to the Monroe County Council as required by Ordinance 2017-51, Section 9. The signatures affixed hereto reflect unanimous approval of the Food and Beverage Tax Advisory Commission.

"AYES"



Cheryl Munson, Chair



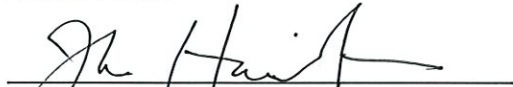
Dave Rollo, Vice Chair



Susan Bright



Lennie Busch



John Hamilton



Julie Thomas

Vacant

ATTEST:



Catherine Smith, Auditor
Monroe County, Indiana

"NAYS"

Cheryl Munson, Chair

Dave Rollo, Vice Chair

Susan Bright

Lennie Busch

John Hamilton

Julie Thomas

Vacant

10/19/2022

Date