

Village reaps record room tax revenue

Written by Steve Ostermann
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Bolstered by success of Hampton Inn, total climbs 55% to \$182,000 in 2010

The success of Grafton's newest hotel has helped the village reap a record amount of room tax revenue.

The Finance Committee was informed Monday that the village received \$182,119 in room taxes for 2010 from its two hotels, a 55% increase from 2009.

A 7% tax generated \$114,477 from the Hampton Inn & Suites and \$67,642 from the Baymont Inn and Suites.

Village Administrator Darrell Hofland said officials were pleasantly surprised by the total, which was originally projected to be \$165,000.

"The village expected some growth with the Hampton Inn & Suites open for its first full year, but it was never expected to be that significant," he said.

State law requires municipalities to spend at least 70% of any room tax over 5% for tourism promotion and development. Hofland said \$36,424 of the village's 2010 room-tax revenue will be used for those purposes, including contributions to the Grafton Area Chamber of Commerce and the Celebrate Grafton festivals committee.

Hofland said the 2011 room-tax budget includes \$23,831 for Chamber expenses; \$15,000 for Celebrate Grafton; \$6,000 for Chamber marketing projects; \$3,000 to update a feasibility study for a hotel and conference center; \$2,000 for the Grafton Christmas parade; and additional money for branding efforts using the village logo and theme "Quality Life. Naturally."

Another \$92,000 was expected to be used to defray debt service, he said.

The Baymont Inn & Suites was Grafton's only hotel until the Hampton Inn & Suites opened in mid-2009. Room taxes from the Baymont have declined each year since peaking at \$94,189 in 2008, but the addition of the Hampton Inn and Suites has allowed total revenue to continue to increase.

Several years ago, the village had a feasibility study done that determined the demand for overnight accommodations did not support the need for a third hotel in the Grafton market. But an updated study, expected to be done by March, is revisiting that topic and could spark marketing efforts to attract a hotel and conference center, Hofland said.

Grafton's east side, a hotbed of commercial development during the past decade, remains a likely target area for potential projects. Hofland noted that, despite the sluggish economy, commercial growth has continued in the village, especially in and near the I-43 freeway corridor.

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The most notable addition has been a \$200 million medical center built by Aurora Health Care.

“It is part of the village’s strategic effort to diversify the east side and grow the economy by attracting more businesses and visitors to the area,” Hofland said.

“The village remains committed to doing that.”