

Step Up to the Plate

The Baton Rouge Area Hospitality Management Association needs you to become involved with the organization. If you are not a member, we need you to join. If you are a member, we need your involvement in making our association a "player" in the Baton Rouge area.

There are many organizations and or associations where we do not have any representation and are therefore unaware of what these groups are doing that might effect the hotel community at large. There are things going on in local and state government that could affect our industry. Case in point is the last minute bill introduced in the House that would make all of East Baton Rouge Parish one giant TIF or TID. This type of legislation could be very harmful to all of us as it could effect our long-term employment and or the profitability of our properties to the detriment of our owners.

This association cannot continue as it has in the past with a handful of individuals carrying the load. Like you, we only have so much time to devote to outside meetings and or involvement in organizations. We have made tremendous strides over the last few years to have our voice heard and protect the interests of each and every hotel in Baton Rouge. Now it is time for everyone to step up to the plate.

Join us - Get Involved!
Carl Bastian
BRAHMA President

Hoteliers Tiffed About the TIF

TIF (Tax Incremental Financing) is the new buzzword around the Capital. It seems that many cities throughout the state are creating the TIF's as an economic development tool for local governments to finance businesses (and IN Baton Rouge we hope not another hotel!) that will generate sufficient sales taxes to retire debt from the financing used to develop the project. TIF's in the larger view, should serve to expand businesses or attract new business to a community, and also result in increased property values, and benefit surrounding areas because of the TIF development.

The first TIF law was passed in California in 1952 and was tied into the property tax. To date, there are TIF's in 48 states and the District of Columbia. Originally designed as a local method of self-financing to spur redevelopment of urban blighted areas, the TIF's now are getting multi-dimensional and constitute a sizeable portion of many municipal budgets. It sounds like a new tax, but a TIF is actually a reallocation of new revenues which are created from a project's development to help pay for its cost. Usually a TIF is financed for the life of a project and can span 20-30 years, and is a lucrative venture for developers, who in essence are able to get a much reduced cost in borrowing since he does not have to go through traditional means of lender financing, as the government sells these securities on the market, the interest rates are lower, repayment terms are more generous as well as other enhancements. The downside of this is that some TIF's end up being "perpetual governments" in and of themselves and much oversight to monitor the time frame that the local TIF can be collected is essential.

TIF's create a debt which must be repaid and many times, the government takes a pledge to subsidize any lack of expected tax revenues which come from the creation of special tax increment districts (TIDS), usually with specific geographic boundaries. In addition, a redevelopment authority or commission is usually established, with a link to the local government offices for the regulatory support needed during the development process. This entity is generally split into two (2) branches: (1) authorized to enter into contractual negotiations, to sell the TIF debt in municipal securities markets, and to manage the day-to-day operations and (2) providing independent governance needed in such a venture. Such "authorities" or "commissions" should have a broad-based, QUALIFIED, community representation.

After establishing a base year (sales tax collections from the previous year), a formula is devised to determine how much of the increase will be allocated to a TID. These formulae can vary greatly by locality. Generally there is a "BUT FOR" provision in any TIF, meaning that unless or 'but for' the TIF money, a project could not be developed. Louisiana decided not to make this a mandatory provision when dealing with its TIF's (go figure!) And this is where it becomes your concern. The **WORST case scenario** occurs when a local government guarantees a TIF's shortfalls, thus using public funds for private development! And this is exactly what we are facing with **HOUSE BILL #1134** (Rep. Michael Jackson -D), which is calling for the creation of citywide TIF projects, regardless of the need for the funding.

So why all this "TIF-story"???? Because it is on your doorstep and you need to know what impact a TIF will have on your hotel's operations and feasibility. As hoteliers we must take a proactive approach to all ensuing legislation involving hotel development using public TIF funds, which in the opinion of the Baton Rouge Area Hospitality Management Association, is a conflict of interest and creates a very unfair playing field since **public money** is being used for **private development**. As hoteliers, you should be ready, willing and able to re-arrange your priorities to come to the Capital for a show of support when summoned.....and since you will usually get only a few hours notice, it will take some prioritizing on your part. We all have "events" going on at our respective hotels that interfere with taking a few hours of time to go down there, find a place to park, and sit through testimony after testimony of other bills being introduced. This is the political process at work and this is your owner's right as a taxpayer to have his voice heard. Silence in this case will have an extremely negative impact on your hotel's ability to keep, maintain and grow business within the market, not to mention the detrimental effect it will have on your bottom line through the unfair disadvantage a TIF hotel will have in this overbuilt, over-saturated Baton Rouge hotel market.

What can you do?????

- (1) When you get the call that your physical, emotional and vocal support is needed at the State Capital, call other close by hotels and car-pool to come to the committee hearing *du jour*. Decide now who your hotel partners will be. Call them and commit to helping BRAHMA in this vital effort which concerns ALL hotels;
- (2) Call your owner and apprise him of the battle you are fighting on his behalf and ask for his email to the House Committee chairman with his opinion, opposition or support. If he is left uninformed, you have done him a great disservice, and he will hold you accountable for same and;
- (3) Attend your monthly hotel association meetings to be informed of the latest legislative issues which have a direct, and many times, a negative impact on your ability to run a profitable hotel. Call hoteliers who are not BRAHMA members, offer to go pick them up at their hotel and invite them for the next luncheon meeting.
- (4) Remember that you will get out of your association exactly what you put into it and that BRAHMA is looking out for your hotel by intervening in issues that impact your profitability, i.e. minimum wage increase, increased taxation on rooms, hotel representation on entities that use our tax money, and of course,,.....on TIF's! Your job stability is directly tied into whether or not your hotel turns a profit.
- (5) JOIN BRAHMA. As volunteer board members who also happen to be hotel managers, we know the struggles you face and the demands placed on your time. In the next few weeks you will be contacted by a BRAHMA representative who will explain the benefits of membership and the comparative small cost to join. It is our desire to have you part of our dynamic coalition and to support us with your voice and your spirit. If you are already a member, we implore you to get physically involved?

GET INVOLVED...THIS IS YOUR PERSONAL RESPONSIBILITY!!!!

As we are recovering from the effects of a recession and a downturn of the economy, we do not need to be further impeded and distressed by our government, who is unwittingly using public tax money to compete with privately developed and owned hotels—which is not exactly fair competition in any book!

If a further dilution of your market share through the addition of more room nights which are governmentally subsidized is okay with the G.M., the D.O.S. and of course, presuming your owner is okay with the TIF idea.....**then do nothing!!!**

If you feel that having more hotels come on line in an already overbuilt market will hurt your hotel's performance and its ultimate viability, and if you feel that the government should not be in the hotel business, and if you support economic development, at the right price, with the rules for all development being similar and not unbalanced,THEN.....

It is your duty as a citizen, and as a hotelier, to monitor the processes at work and to exercise your inalienable right to be heard, along with getting active in your association and support their efforts which are- being done/or the good of the WHOLE hotel community!!!

Submitted by:

Margrett Fels, CHA

Hotel Owner/Manager

Bigger Centroplex, Tougher Market

March 16, 2004 / By Sara Bongiorno,/Business Report

CVB officials explore new tactics, including more citizen involvement in landing shows

Next year's opening of the expanded Centroplex, coupled with a newly enlivened downtown, should give the city a powerful tool to land more conventions and fill local hotels. The bigger facility already has snared the economic bonanza of 60,000 bowlers who will sleep, eat and spend during a six-month tournament. "Baton Rouge never would have been able to get that before," says Renee Areng, vice president of sales for the Convention & Visitors Bureau. "We feel we're going to be able to pursue new markets." One tool CVB won't have for that pursuit is more money. Its promotional budget, which is based on the local bed tax, will be flat in 2004, at about \$872,000.

An increasingly fierce regional and national market for trade shows presents another challenge to CVB officials. Part of the strategy to draw more shows to the bigger Centroplex will turn on recruiting people like Tom Harris, an Emergency Medical Services paramedic. A member of the International Police Mountain Bike Association, Harris has spent several months working to convince the group to bring its 2007 annual conference to Baton Rouge. The organization's members include bike-based medics at public events. The week-long event would bring 300 to 500 public safety cyclists from as far away as New Zealand to Baton Rouge for classes and exhibitions. Harris says each attendee spends an average of \$300 a day.

"It's a pretty good economic impact," he says. Paul Arrigo, CVB president and CEO, says people like Harris will be crucial to marketing the expanded Centroplex. "The most efficient way to bring new business to this community is to work with people in the community," Arrigo says. He says the bureau will intensify efforts to educate local business, government and university officials about the city's new convention-hosting muscle. He said the organization also will look to tap the connections of local people.

"We need the community to help sell itself," Arrigo says. Arrigo concedes the expanded Centroplex will open in a tough market for trade shows and conventions.

The number of convention-goers nationally dropped off after the Sept. 11 terrorist attacks in 2001 and has not fully rebounded. That has made so-called "second-tier" cities such as Baton Rouge more interesting to industry heavyweights like New Orleans and Dallas, who now court events they previously might have overlooked.

Baton Rouge also faces new competition from smaller, regional players. Shreveport, Alexandria and Lafayette are planning or have recently completed new or renovated convention centers. Other competitors for the Baton Rouge "drive in" market include Mississippi's casinos, which can offer free meeting space to trade groups that gather there. "The pieces of the pie have gotten smaller," Arrigo says. The bigger Centroplex gives the city the potential to support bigger shows, including next year's American Bowling Congress competition. For several years, Baton Rouge hosted the women's tournament, which used various bowling alleys around town.

Now the bowling organization will have room to build lanes for the upcoming ABC tournament in the Centroplex. For trade shows, the current facility can support only 150 booths over two floors. The new facility will hold about 500 booths on a single level. "We feel like we can market ourselves as a whole new location," says Arrigo.

To that end, CVB officials are exploring alternate trade shows to showcase the new facility and plan to buy new lists of potential events from convention planners. Databases listing members of associations may prove useful in recruiting local people who sit on the boards of national organizations, Arrigo says. CVB's mission, however, will remain unchanged. "We are going to continue to focus on filling hotels," Arrigo says.

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Baton Rouge Area Hospitality Management Association



INNspired

**Baton Rouge Area Hospitality Management Association
Post Office Box 4092
Baton Rouge, LA 70821**

Upcoming Events

General Meeting

Thursday, June 17th

Mike Andersons Seafood Restaurant

Coming Soon!

Wednesday, June 23rd

Continuing Education Workshop

Handling Conflict & Resolution

RSVPs BRAHMA 303-0164

Login Soon to: www.brhma.org

BRAHMA Mission

***Creating a unified hospitality industry through business partnerships,
collaboration, continuing education, and networking.***