

April 8, 2023

Dear Southern Delaware Tourism Board of Directors:

On behalf of the Milton Chamber of Commerce, we respectfully thank Southern Delaware Tourism (SDT) and the Policies and Procedures Committee (PPC) for taking time over the past few months to address our Chamber's request to review the SDT's By-Laws and consider an increase in the minimum allocation amount since this had not been addressed at the Board level for 17 years. The PPC requested The Milton Chamber of Commerce to submit a formal request to SDT PPC.

- June 21, 1989, The Delaware House of Representatives 135th General Assembly approved House Bill 423, creating a law to collect a Public Accommodation Tax (PAT) and dedicating the proceeds to state beach replenishment and county convention and visitors' bureaus (CVB). For Sussex County's CVB establishment, by laws were established by the Governor, the Administrator of the Sussex County Council. Representatives from the Lewes, Rehoboth Beach – Dewey Beach and Bethany Fenwick Chambers were later added to this process because at the time, they were the only chamber communities with large hotel accommodations. These By-Laws include the Sussex County PAT and minimum allocation distribution. Acknowledged by Delaware Law, the purpose of Southern Delaware Tourism is to "increase business and pleasure tourism in Sussex County so that all business communities and its citizens would prosper." "All necessary means of promotion shall provide, and particular attention shall be paid to maintaining and developing the economic growth of the tourism industry throughout Sussex County, Delaware."
- Through the above process, SDT's By-Laws are still recognized by Delaware law as the established and procedure for Sussex County's Convention and Visitors Bureau. For minimum allocations, the SDT By-Laws read "Chamber Members who have one or less state licensed accommodations located in their jurisdiction shall receive a quarterly payment designated by the Board of Directors. The Board of Directors shall review this payment amount annually. These funds are to be used for tourism promotion benefiting Sussex County's tourism industry to support tourism efforts for chamber communities without hotels in Sussex County, Delaware".
- During the January 2023 SDT Board meeting, it was mentioned that SDT has a surplus of over \$600,000 in revenue to be used for tourism and marketing promotion. Because of this surplus and since the minimum allocation had not been addressed in 17 years, Karen Falk, Executive Director of The Milton Chamber of Commerce, asked the Board to review the minimum allocation for a possible increase. SDT turned to the PPC to address this request.
- Over the past few months, the PPC has met virtually to address the Milton Chamber of Commerce's request. The Committee requested expertise input through Jefferson, Urian, Doane and Sterner (JUDS). JUDS informed our group, "Last year, SDT's PAT revenue totaled \$1,595,472. If SDT had stayed with the same minimum distribution percentage as the first year, the minimum distribution allocation would have been \$11,966 (.75% of \$1,595,472) for the year, instead of the \$5,000 total for the year. So SDT's PAT revenue has more than doubled - but the minimum distribution allocation has remained the same." since the summer of 2006.

The Milton Chamber of Commerce requests the following changes with regards to SDT's by laws:

Chamber Members who have one or less state licensed accommodations located in their jurisdiction shall receive a monthly payment designated by the Board of Directors that equates to 1.5% of the 45% PAT distribution, with the contingency that the final annual amount does not exceed the amount distributed to the lowest producing chamber for that fiscal year. The Board of Directors shall review this payment amount annually. These funds are to be used for tourism promotion benefiting Sussex County's tourism industry.

Sincerely,

Anne Brown, President of The Milton Chamber of Commerce

Karen Falk, Executive Director of The Milton Chamber of Commerce