

TOURISM -- ROOM TAX

Local Government Lodging ("Room") Tax

Motion:

Move the following:

1. Delete the current law provision that allows a municipality to directly spend the portion of room tax revenues required to be used for tourism promotion and development for those purposes, first applying to taxes collected and expenditures made on January 1, 2016.

2. Require, rather than allow, as a under current law, a municipality to forward the portion of room tax revenues required to be spent on tourism promotion and development to a local tourism commission, which could receive these funds under current law, or a tourism entity, first applying to taxes collected on January 1, 2016.

3. Specify that any municipality subject to the maximum 8% room tax rate that currently retains over 30% of local room tax revenues for purposes other than tourism promotion and tourism development would be limited to the greater of 30% of current year revenues or the following dollar amounts:

a. in 2016, the same dollar amount of annual room tax revenues the municipality retained for such purposes in 2013;

b. in 2017, the same dollar amount of annual room tax revenues the municipality retained for such purposes in 2012;

c. in 2018, the same dollar amount of annual room tax revenues the municipality retained for such purposes in 2011;

d. in 2019, the same dollar amount of annual room tax revenues the municipality retained for such purposes in 2010;

e. in 2020, and thereafter, the same dollar amount of annual room tax revenues the municipality retained for such purposes in 2009.

4. Beginning in 2016, annually on or before May 1, require all municipalities with a local room tax to certify and report to the Department of Revenue (DOR), on a form created and provided by the Department, the following:

a. the amount of room tax revenue collected, and the room tax rate imposed, by the municipality in the previous year;

b. a detailed accounting of the amounts of such revenue that were forwarded in the previous year for tourism promotion and tourism development, that specifies the tourism commission or tourism entity that received the revenue and includes a detailed accounting for expenditures of at least \$1,000 made by a tourism commission or a tourism entity;

c. a list of each member of the tourism commission and each member of the governing body of a tourism entity to which the municipality forwarded room tax revenue in the previous year, and the name of the business entity the member owns, operates, or is employed by, if any.

5. Specify the following related to annual reports from municipalities with a local room tax:

a. that DOR collect the reports and make them available to the public;

b. that DOR would have the authority to impose a penalty of not more than \$3,000 on a municipality that does not submit a report and that the penalty must be paid to DOR; and

c. that a municipality may not use room tax revenue to pay a penalty for failing to submit a report.

6. Require any municipality that collected a room tax on May 13, 1994, to include with the report to be filed on or before May 1, 2016, a copy of its room tax ordinance that was in effect on May 13, 1994, and a copy of the municipality's financial statement that was completed nearest in time to May 13, 1994, and that shows the percentage of room tax revenue that the municipality retained for its own purposes other than purposes related to tourism promotion and development.

7. Modify the current law definition of a "tourism entity" to include the following:

a. the entity must be a nonprofit organization that came into existence before January 1, 2015, rather than January 1, 1992, as under current law, except that if no such organization exists on January 1, 2015, a municipality may contract with such an organization if one is created in the municipality; and

b. the entity must spend at least 51% of its revenues on tourism promotion and tourism development and must provide destination marketing staff and services for the tourism industry in a municipality.

8. Require the following relating to a tourism entity:

a. that the governing body include at least one owner or operator of a lodging facility that collects the room tax and is located in the municipality for which the tax is collected; and

b. to report annually to each municipality from which it receives room tax revenue the purposes for which the revenues were spent, first applying to expenditures made on January 1, 2016.

9. Modify various statutory references that refer to tourism promotion and development to refer instead to tourism promotion and tourism development.

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Note:

Since 1967, towns, villages, and cities have been authorized to impose a tax on establishments providing rooms or short-term lodging to the public. In general, the tax applies to hotels, motels, and rooming houses for lodging furnished for less than one month. Hospitals, nursing homes, and accommodations provided by religious, charitable, or educational organizations are excluded from the tax. The tax applies only to gross receipts from furnishing sleeping accommodations; therefore, food and other items or services furnished by hotels or motels are not subject to the tax. The room tax is in addition to state and county sales taxes that apply to room charges.

Prior to June, 1994, municipalities were not restricted as to the tax rate or use of room tax collections. However, 1993 Wisconsin Act 467 imposed a maximum tax rate of 8% (other than those municipalities financing a convention center) and required that at least 70% of any new room taxes (from newly established taxes or an increase in an existing rate) be used for tourism promotion and development, with the remaining 30% of room tax revenues being allowed to be spent for any municipal purpose. The municipality can either spend the 70% of the room tax revenues directly on tourism promotion and development or forward the funds to its tourism commission to do so.

The motion would delete a municipality's authority to spend room tax revenues that are required to be spent on tourism promotion and development directly for those purposes. Rather, the motion would require that those revenues be provided to either a municipal tourism commission (which is allowed under current law), or a tourism entity (which would be added by the motion) to be expended for tourism promotion and development. The motion would also further limit the amount of annual room tax revenue certain municipalities could retain for any municipal purpose in each year after 2015, to the greater of 30% of the current year revenues or the amount derived using an annual sliding scale for each subsequent year based on annual room tax collections in 2013, and in each of the four preceding years. Beginning in 2020, that amount would remain constant and equal to the dollar amount retained by the municipality in 2009. This provision would apply to municipalities that are currently retaining more than 30% of room tax revenues, except those municipalities that are not subject to the general 8% cap on room tax rates.

Municipalities currently submit annual room tax revenues as part of their municipal financial report form submitted to annually to DOR. The motion would require any municipality with a room tax to submit additional information to DOR specific to the collection and expenditures of annual room tax revenues.

