

**AGENDA  
CITY OF MONONA  
TOURISM COMMISSION  
Monona City Hall – Conference Room  
5211 Schluter Road, Monona, WI  
Tuesday November 22, 2016  
5:30 p.m.**

1. Call to Order
2. Roll Call
3. Appointment of a Chair, Vice Chair, and Secretary
4. Staff Brief (City Attorney and Finance Director)
  - A. Tourism Commission Law, Roles and Responsibilities
  - B. Financial Status of the Room Tax
  - C. Discussion of Contracting with a Qualified Organization Per 66.0615 Wis. Stats.
5. Discussion of Items for Future Agenda
6. Upcoming Meetings – December 14, 2016 or December 20, 2016
7. Adjournment

**Note:** Upon reasonable notice, the City of Monona will accommodate the needs of disabled individuals through auxiliary aids or services. For additional information or to request this service, contact Joan Andrusz at (608) 222-2525 (not a TDD telephone number), FAX (608) 222-9225, or through the City Police Department TDD telephone number 441-0399. The public is notified that any final action taken at a previous meeting may be reconsidered pursuant to the City of Monona ordinances. A suspension of the rules may allow for final action to be taken on an item of New Business. It is possible that members of and a possible quorum of members of other governmental bodies of the municipality may be in attendance at the above stated meeting to gather information or speak about a subject, over which they have decision-making responsibility. Any governmental body at the above stated meeting will take no action other than the governmental body specifically referred to above in this notice.

**Ordinance No. 9-16-684  
Monona Common Council**

**AN ORDINANCE CREATING CHAPTER 2, SECTION 4-27 OF THE CODE OF  
ORDINANCES ESTABLISHING A TOURISM COMMISSION**

**WHEREAS**, the City of Monona collects Room Tax revenue pursuant to section 66.0615, Wis. Stats.; and,

**WHEREAS**, it is the intent of the City of Monona Common Council to coordinate tourism promotion and tourism; and,

**WHEREAS**, 2015 Wisconsin Act 55 requires municipalities, beginning January 1, 2017, to forward a portion of room tax revenue to a Tourism Commission for this function; and,

**WHEREAS**, the City of Monona currently does not have a Tourism Commission.

**NOW, THEREFORE**, the Common Council of the City of Monona, Dane County, Wisconsin, do ordain as follows:

**SECTION 1.** Section 2-4-27 of the Code of Ordinances is hereby created to read as follows:

**Sec. 2-4-27 [recodification section #18-19] Tourism Commission.**

- A. **Composition.** The Tourism Commission shall consist of five members, one of whom may be a Council member, and one of whom shall represent the Wisconsin hotel and motel industry. Members shall be as appointed under Section B. The Mayor and City Administrator or their designees shall be ex-officio non-voting members of the Commission.
- B. **Appointment; term of office.**
- (1) Members of the Commission shall be appointed by the Mayor, and shall be confirmed by a majority vote of the members of the Common Council who are present when the vote is taken.
  - (2) Commissioners shall serve for one-year terms beginning the third Tuesday in April, and may be reappointed.
  - (3) The Commission shall meet regularly, and, from among its members, it shall elect a chairperson, vice chairperson and secretary.
- C. **Functions and powers.**
- (1) The Commission shall coordinate tourism promotion and tourism development for the City as set forth in section 66.0615, Wis. Stats.
  - (2) The Commission shall monitor the collection of room taxes in the City, receive room tax revenue from the City and use it for tourism promotion and tourism development

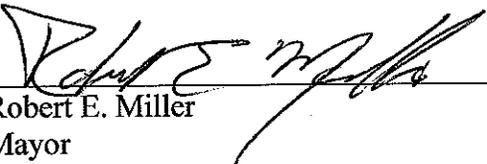
in the City. The Commission shall not use any of the room tax revenue to construct or develop a lodging facility.

- (3) The Commission shall review and recommend ordinances, expenditures of room taxes, and policies relating to the promotion of tourism in Monona to visitors and tourism development.
- (4) The Commission shall report annually to the City Treasurer the purposes and amounts for which room taxes revenues were spent.
- (5) The Commission shall report any room tax delinquencies or inaccurate reporting to the municipality.
- (6) The Commission shall contract with a qualified organization under 66.0615, Wis. Stats., to perform the functions of a tourism entity.

**SECTION 2.** This ordinance shall take effect upon passage and publication as provided by law.

Adopted this 3<sup>rd</sup> day of October, 2016.

BY ORDER OF THE COMMON COUNCIL  
CITY OF MONONA, WISCONSIN

  
\_\_\_\_\_  
Robert E. Miller  
Mayor

ATTEST: Joan Andrusz  
\_\_\_\_\_  
Joan Andrusz  
City Clerk

Approval Recommended By: Finance and Personnel Committee – 9/19/16  
Approved As To Form By: William S. Cole, City Attorney - 7/27/16

Council Action:  
Date Introduced: 9-19-16  
Date Approved: 10-3-16  
Date Disapproved: \_\_\_\_\_

**Ordinance No. 9-16-683  
Monona Common Council**

**AN ORDINANCE AMENDING CHAPTER 3, SECTION 5 OF THE  
CODE OF ORDINANCES REGARDING HOTEL-MOTEL TAX**

**WHEREAS**, the City of Monona collects Room Tax revenue pursuant to section 66.0615, Wis. Stats.; and,

**WHEREAS**, it is the intent of the City of Monona Common Council to coordinate tourism promotion and tourism; and,

**WHEREAS**, 2015 Wisconsin Act 55 adopted changes to the Room Tax laws, for which the City of Monona's Code of Ordinances must be changed accordingly;

**NOW, THEREFORE**, the Common Council of the City of Monona, Dane County, Wisconsin, do ordain as follows:

**SECTION 1.** Section 3-5 of the Code of Ordinances [*recodification section #chapter 63*] is hereby amended to read as follows:

**Hotel-Motel Room Tax  
[Adopted as Title 3, Ch. 5, of the 1994 Code]**

**§ 3-5-1. Definitions.**

In this Chapter, the following definitions shall apply:

**BED AND BREAKFAST ESTABLISHMENT.** Any place of temporary lodging that provides four (4) or fewer rooms for rent, which is open for rental more than ten (10) nights in a twelve (12) month period, is the owner's personal residence and is occupied by the owner at the time of rental, and in which the only meal served is breakfast.

**GROSS RECEIPTS.** Total revenue received from the retail furnishing of rooms, lodging, or similar accommodations by a hotel or motel as defined herein.

**HOTEL OR MOTEL.** A building or group of buildings in which the public may obtain accommodations for a consideration, including, without limitation, such establishments as inns, motels, tourist homes, tourist houses or courts, bed and breakfast establishments, lodging houses, rooming houses, summer camps, apartment hotels, resort lodges and cabins and any other building or group of buildings in which accommodations are available to the public, except accommodations rented for a continuous period of more than one (1) month and accommodations furnished by any hospital, sanitariums or nursing homes or by corporations or associations organized and operated exclusively for religious, charitable or educational purposes provided that no part of the net earnings of such corporations and associations inures to the benefit of any private shareholder or individual.

**TRANSIENT.** Any person residing for a continuous period of less than one (1) month in a hotel, motel or other furnished accommodations available to the public.

### **§ 3-5-2. Imposition of tax.**

Pursuant to Sec. 66.0615, Wis. Stats., a tax is hereby imposed on the privilege and service of furnishing, at retail, of rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for the use of the accommodations. Such tax shall be at the rate of eight percent (8%) of the gross receipts from such retail furnishing of rooms or lodgings. Such tax shall not be subject to the selective sales tax imposed by Sec. 77.52(2)(a)1, Wis. Stats.

### **§ 3-5-3. Collection of tax.**

- A. Administration by City Treasurer. This tax shall be administered by the City Treasurer who shall, at City expense, provide the necessary application and reporting forms at no cost to the taxpayer.
- B. Reporting Periods. The tax imposed for the months of January, February and March, and for each calendar quarter thereafter is due and payable on the last day of the month next succeeding the calendar quarter for which imposed. A return shall be filed with the City Treasurer, by those furnishing at retail such rooms and lodging, on or before the same date on which such tax is due and payable. Such return shall show the gross receipts of the preceding calendar quarter from such retail furnishing of rooms or lodging, the amount of taxes imposed for such period, and such other information as the City Treasurer deems necessary. Every person required to file such quarterly return shall, with his first return, elect to file an annual calendar year or fiscal year return. Such annual return shall be filed within ninety (90) days of the close of each such calendar or fiscal year. The annual return shall summarize the quarterly returns, reconcile and adjust for errors in the quarterly returns, and shall contain certain such additional information as the City Treasurer requires. Such annual returns shall be made on forms as prescribed by the City Treasurer. All such returns shall be signed by the person required to file a return or duly authorized agent, but need not be verified by oath. The City Treasurer may, for good cause, extend the time for filing any return, but in no event longer than one (1) month from the filing date.
- C. Sale or Conveyance of Business. If any person liable for any amount of tax under this Chapter sells out his business or stock of goods or quits the business, his successors or assigns shall withhold sufficient portion of the purchase price to cover such amount until the former owner produces a receipt from the City Treasurer that it has been paid or a certificate stating that no amount is due. If a person subject to the tax imposed by this Chapter fails to withhold such amount of tax from the purchase price as required, he shall become personally liable for payment of the amount required to be withheld by him to the extent of the price of the accommodations valued in money.
- D. Determination of Tax by Audit.
  - (1) The City Treasurer may, by office audit, determine the tax required to be paid to the City or the refund due to any person under this Chapter. This determination may be made upon the basis of the facts contained in the return being audited or on the basis of any other information within the City Treasurer's possession. One or more such office audit determination may be made of the amount due for anyone or for more than one period.
  - (2) The City Treasurer may, by field audit, determine the tax required to be paid to the City or the refund due to any person under this Chapter. The determination may be made upon the basis of the facts contained in the return being audited or upon any other information within the City Treasurer's possession. The City Treasurer is authorized to examine and inspect the books, record, memoranda, and property of any person in order to verify the tax liability of that person or of another person. Nothing herein shall prevent the City Treasurer from making a determination of tax at any time.

- E. **Failure to File Return.** If any person fails to file a return as required by this Chapter, the City Treasurer shall make an estimate of the amount of the gross receipts under Subsections (b) and (c). Such estimate shall be made for the period for which such person failed to make a return and shall be based upon any information which is in the City Treasurer's possession or may come into the Treasurer's possession. On the basis of this estimate, the City Treasurer shall compute and determine the amount required to be paid to the City, adding to the sum thus arrived at a penalty equal to ten percent (10%) thereof. One or more such determinations may be made for one or more than one period.
- F. **Interest on Unpaid Taxes.** All unpaid taxes under this Chapter shall bear interest at the rate of eighteen percent (18%) per year from the due date of the return until the first day of the month following the month in which the tax is paid or deposited with the City Treasurer. An extension of time within which to file a return shall not operate to extend the due date of the return for purposes of interest computations. If the City Treasurer determines that any overpayment of tax has been made intentionally or by reason of carelessness or neglect, or if the tax which was overpaid was not accompanied by a complete return, he shall not allow any interest thereon.
- G. **Delinquent Returns; Late Fee; Penalty.**
- (1) Delinquent tax returns shall be subject to a late filing fee, as prescribed in the Fee, Forfeiture and Deposit Schedule. The tax imposed by this Chapter shall become delinquent if not paid:
    - (a) In the case of a timely filed return, within thirty (30) days after the due date of the return, or within thirty (30) days after the expiration of an extension period if one is granted.
    - (b) In the case of no return filed or a return filed late, by the due date of the return.
  - (2) If no return is filed, or a return is filed late, or an incorrect return is filed, the entire tax finally determined shall be subject to a penalty of twenty-five percent (25%) of the tax, exclusive of interest or other penalties. If a person fails to file a return when due or files a false or fraudulent return with the intent in either case to defeat or evade the tax imposed by this Chapter, a penalty of fifty percent (50%) of the tax shall be added to the tax required to be paid, exclusive of interest and other penalties.

#### **§ 3-5-4. Records to be maintained.**

Every person liable for the tax imposed by this Section shall keep or cause to be kept such records, receipts, invoices and other pertinent papers in such form as the City Treasurer and this Chapter shall require. Such records shall be retained and made available for a period of five (5) years from the due date of a filing period.

#### **§ 3-5-5. Confidentiality maintained.**

- A. All tax returns, schedules, exhibits, writings or audit reports relating to such returns on file with the City Treasurer are deemed to be confidential, except the City Treasurer may divulge their contents to the following and no others:
- (1) The person who filed the return.
  - (2) Officers, agents or employees of the Federal Internal Revenue Service or the State Department of Revenue.
  - (3) Officers, employees or agents of the City Auditors.

(4) Such other public officials of the City of Monona when deemed necessary.

B. No person having an administrative duty under this Section shall make known in any manner the business affairs, operations or information obtained by an investigation of records of any person on whom a tax is imposed by this Section or the amount or source of income, profits, losses, expenditures or any particulars thereof, set forth or disclosed in any return, or to permit any return or copy thereof to be seen or examined by any person, except as provided above.

**§ 3-5-6. Distribution of Room Tax Collected.**

Upon receipt of the room taxes, the City shall retain for any public purpose determined by the Common Council the greater of either 30% or the maximum amount provided in section 66.0615(1m)(dm), Wis. Stats., and distribute the remainder to the Tourism Commission for tourism promotion and tourism development as defined in section 66.0615(1)(fm), Wis. Stats.

**§ 3-5-7. Tracking and Reporting of Room Tax Expenditures.**

The Tourism Commission shall account for, and maintain records of, the room tax revenue expenditures. The Tourism Commission shall provide a written report to the City Treasurer no less than annually, in a form and manner determined by the City Treasurer, of all expenditures of at least the minimum as set by 66.0615(4) and the impact of such expenditures on generating paid overnight stays within the City.

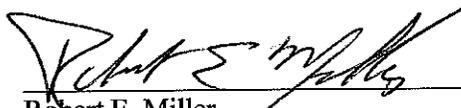
**§ 3-5-8. Penalties.**

Any person who is subject to the tax imposed by this Chapter who violates any provision of this Chapter, shall be subject to a forfeiture pursuant to § 1-4 . Each day, or portion thereof, that such violation continues is hereby deemed to constitute a separate offense.

**SECTION 2.** This ordinance shall take effect upon passage and publication as provided by law.

Adopted this 3<sup>rd</sup> day of October, 2016.

BY ORDER OF THE COMMON COUNCIL  
CITY OF MONONA, WISCONSIN

  
\_\_\_\_\_  
Robert E. Miller  
Mayor

ATTEST:

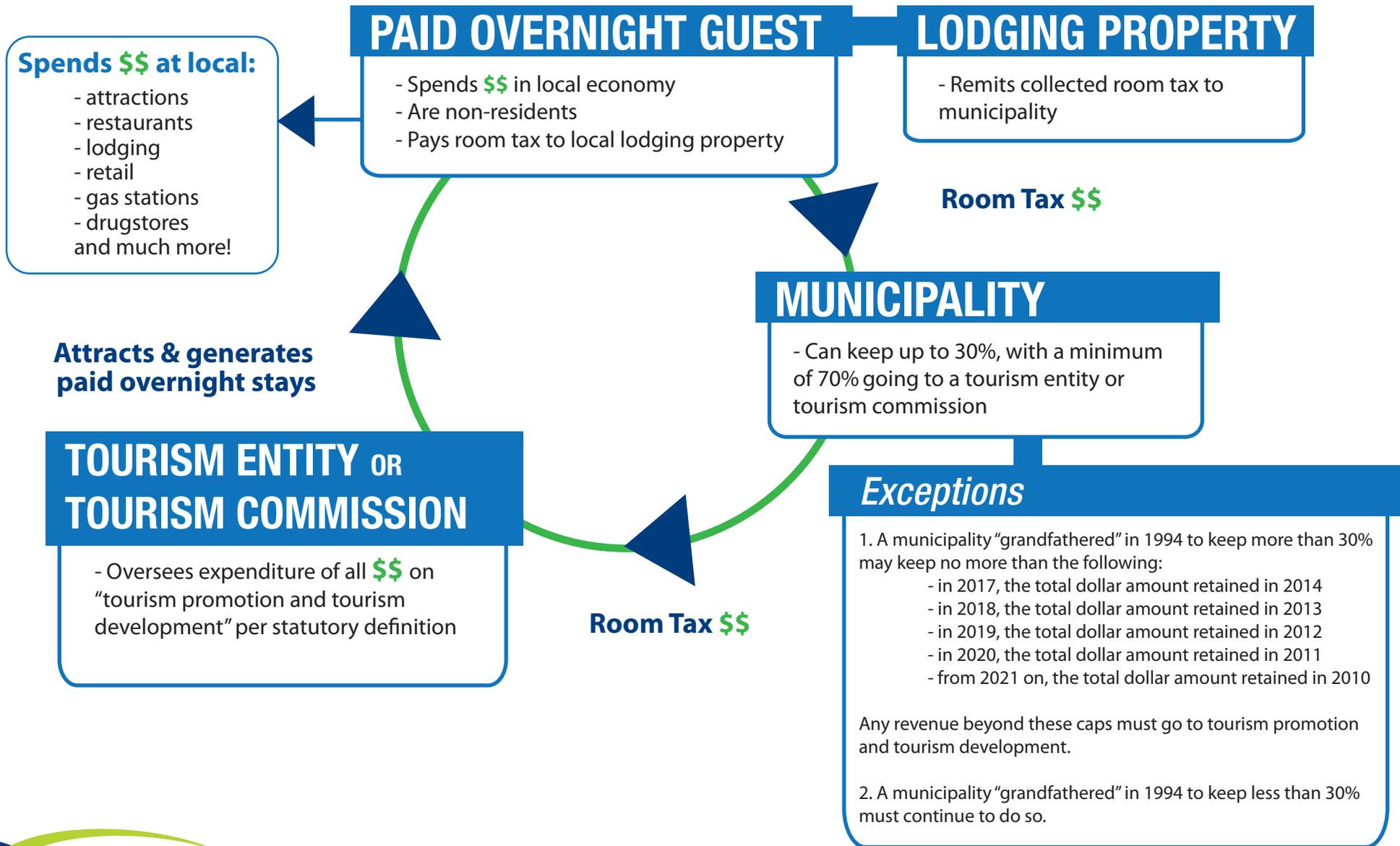
  
\_\_\_\_\_  
Joan Andrusz  
City Clerk

Approval Recommended By: Finance and Personnel Committee – 9/19/16  
Approved As To Form By: William S. Cole, City Attorney - 7/22/16

Council Action:  
Date Introduced: 9-19-16  
Date Approved: 10-3-16  
Date Disapproved: \_\_\_\_\_

# Wisconsin Local Room Tax Model

Effective July 15, 2015





# Wisconsin Room Tax Statute 66.0615

Updated July 14, 2015 (WI. Act 55),  
August 13, 2015 (Wi. Act 60), and March 30, 2016 (WI Act 301)

## 66.0615 Room Tax; forfeitures

(1) In this section:

- (a) "Commission" means an entity created by one municipality or by 2 or more municipalities in a zone, to coordinate tourism promotion and development for the zone.
- (am) "District" has the meaning given in s. [229.41 \(4m\)](#).
- (b) "Hotel" has the meaning given in s. [77.52 \(2\) \(a\) 1.](#)
- (c) "Motel" has the meaning given in s. [77.52 \(2\) \(a\) 1.](#)
- (d) "Municipality" means any city, village or town.
- (dm) "Sponsoring municipality" means a city, village or town that creates a district either separately or in combination with another city, village, town or county.
- (e) "Tourism" means travel for recreational, business or educational purposes.
- (f) "Tourism entity" means a nonprofit organization that came into existence before January 1, 2015, spends at least 51 percent of its revenues on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality, except that if no such organization exists, a municipality may contract with one of the following entities:
  - 1. A nonprofit organization that spends at least 51 percent of its revenues on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality.
  - 2. A nonprofit organization that was incorporated before January 1, 2015, spends 100 percent of the room tax revenue it receives from a municipality on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality.
- (fm) "Tourism promotion and tourism development" means any of the following that are significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment on which a tax under sub. [\(1m\) \(a\)](#) may be imposed, that are owned by different persons and located within a municipality in which a tax under this section is in effect; or, if the municipality has only one such establishment, reasonably likely to generate paid overnight stays in that establishment:
  - 1. Marketing projects, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motorcoach groups.
  - 2. Transient tourist informational services.
  - 3. Tangible municipal development, including a convention center.
- (g) "Transient" has the meaning given in s. [77.52 \(2\) \(a\) 1.](#)
- (h) "Zone" means an area made up of 2 or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public.

(1m)

- (a) The governing body of a municipality may enact an ordinance, and a district, under par. [\(e\)](#), may adopt a resolution, imposing a tax on the privilege of furnishing, at retail, except sales for resale,

rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations. A tax imposed under this paragraph may be collected from the consumer or user, but may not be imposed on sales to the federal government and persons listed under s. [77.54 \(9a\)](#). A tax imposed under this paragraph by a municipality shall be paid to the municipality and, with regard to any tax revenue that may not be retained by the municipality, shall be forwarded to a tourism entity or a commission if one is created under par. (c), as provided in par. (d). Except as provided in par. (am), a tax imposed under this paragraph by a municipality may not exceed 8%. Except as provided in par. (am), if a tax greater than 8% under this paragraph is in effect on May 13, 1994, the municipality imposing the tax shall reduce the tax to 8%, effective on June 1, 1994.

(am) A municipality that imposes a room tax under par. (a) is not subject to the limit on the maximum amount of tax that may be imposed under that paragraph if any of the following apply:

1. The municipality is located in a county with a population of at least 380,000 and a convention center is being constructed or renovated within that county.
2. The municipality intends to use at least 60% of the revenue collected from its room tax, of any room tax that is greater than 7%, to fund all or part of the construction or renovation of a convention center that is located in a county with a population of at least 380,000.
3. The municipality is located in a county with a population of less than 380,000 and that county is not adjacent to a county with a population of at least 380,000, and the municipality is constructing a convention center or making improvements to an existing convention center.
4. The municipality has any long-term debt outstanding with which it financed any part of the construction or renovation of a convention center.

(b)

1. If a single municipality imposes a room tax under par. (a), the municipality may create a commission under par. (c). The commission shall contract with another organization to perform the functions of a tourism entity if no tourism entity exists in that municipality.
2. If 2 or more municipalities in a zone impose a room tax under par. (a), the municipalities shall enter into a contract under s. [66.0301](#) to create a commission under par. (c). If no tourism entity exists in any of the municipalities in the zone that have formed a commission, the commission shall contract with another organization in the zone to perform the functions of the tourism entity. Each municipality in a single zone that imposes a room tax shall levy the same percentage of tax. If the municipalities are unable to agree on the percentage of tax for the zone, the commission shall set the percentage.
3. A commission shall monitor the collection of room taxes from each municipality in a zone that has a room tax.
4. A commission shall contract with one tourism entity from the municipalities in the zone to obtain staff, support services and assistance in developing and implementing programs to promote the zone to visitors.

(c)

1. If a commission is created by a single municipality, the commission shall consist of 4 to 6 members. One of the commission members shall represent the Wisconsin hotel and motel industry. Members shall be appointed under subd. [3](#).
2.
  - a. If the commission is created by more than one municipality in a zone, the commission shall consist of 3 members from each municipality in which annual tax collections exceed \$1,000,000, 2 members from each municipality in which annual tax collections exceed \$300,000 but are not more than \$1,000,000 and one member from each municipality in which annual tax collections are \$300,000 or less. Except as provided in subd. [2. b.](#), members shall be appointed under subd. [3](#).

b. Two additional members, who represent the Wisconsin hotel and motel industry, shall be appointed to the commission by the chairperson of the commission, shall serve for a one-year term at the pleasure of the chairperson and may be reappointed.

3. Members of the commission shall be appointed by the principal elected official in the municipality and shall be confirmed by a majority vote of the members of the municipality's governing body who are present when the vote is taken. Commissioners shall serve for a one-year term, at the pleasure of the appointing official, and may be reappointed.

4. The commission shall meet regularly, and, from among its members, it shall elect a chairperson, vice chairperson and secretary.

5. The commission shall report any delinquencies or inaccurate reporting to the municipality that is due the tax.

(d)

1. A municipality that first imposes a room tax under par. (a) after May 13, 1994, shall spend at least 70% of the amount collected on tourism promotion and tourism development. Any amount of room tax collected that must be spent on tourism promotion and tourism development shall either be forwarded to the commission for its municipality or zone if the municipality has created a commission, or forwarded to a tourism entity.

2. Subject to par. (dm), if a municipality collects a room tax on May 13, 1994, it may retain not more than the same percentage of the room tax that it retains on May 13, 1994. If a municipality that collects a room tax on May 1, 1994, increases its room tax after May 1, 1994, the municipality may retain not more than the same percentage of the room tax that it retains on May 1, 1994, except that if the municipality is not exempt under par. (am) from the maximum tax that may be imposed under par. (a), the municipality shall spend at least 70% of the increased amount of room tax that it begins collecting after May 1, 1994, on tourism promotion and development. Any amount of room tax collected that must be spent on tourism promotion and tourism development shall either be forwarded to the commission for its municipality or zone if the municipality has created a commission or forwarded to a tourism entity.

3. A commission shall use the room tax revenue that it receives from a municipality for tourism promotion and tourism development in the zone or in the municipality.

4. The commission shall report annually to each municipality from which it receives room tax revenue the purposes for which the revenues were spent.

5. The commission may not use any of the room tax revenue to construct or develop a lodging facility.

6. If a municipality issued debt or bond anticipation notes before January 1, 2005, to finance the construction of a municipally owned convention center or conference center, nothing in this section may prevent the municipality from meeting all of the terms of its obligation.

7. Notwithstanding the provisions of subs. 1. and 2., any amount of room tax revenue that a municipality described under s. 77.994 (3) is required to spend on tourism promotion and tourism development shall be forwarded to, and spent by, the municipality's tourism entity, unless the municipality creates a commission and forwards the revenue to the commission.

8. The governing body of a tourism entity shall include either at least one owner or operator of a lodging facility that collects the room tax described in this section and that is located in the municipality for which the room tax is collected or at least 4 owners or operators of lodging facilities that collect the room tax described in this section and that are located in the zone for which the room tax is collected. Subdivision 4., as it applies to a commission, applies to a tourism entity.

(dm)

Beginning with the room tax collected on January 1, 2017, by a municipality that collected a room tax on May 13, 1994, as described in par. (d) 2., and retained more than 30 percent of the room tax collected for purposes other than tourism promotion and tourism development,

such a municipality may continue to retain, each year, the greater amount of either 30 percent of its current year revenues or one of the following amounts:

1. For fiscal year 2017, the same dollar amount of the room tax retained as the municipality retained in its 2014 fiscal year.
2. For fiscal year 2018, the same dollar amount of the room tax retained as the municipality retained in its 2013 fiscal year.
3. For fiscal year 2019, the same dollar amount of the room tax retained as the municipality retained in its 2012 fiscal year.
4. For fiscal year 2020, the same dollar amount of the room tax retained as the municipality retained in its 2011 fiscal year.
5. For fiscal year 2021 and thereafter, the same dollar amount of the room tax retained as the municipality retained in its 2010 fiscal year.

(e)

1. Subject to subd. [2.](#), a district may adopt a resolution imposing a room tax under par. [\(a\)](#) in an amount not to exceed 3% of total room charges. A majority of the authorized members of the district's board may vote that, if the balance in a special debt service reserve fund of the district is less than the requirement under s. [229.50 \(5\)](#), the room tax imposed by the district under this subdivision is 3% of total room charges beginning on the next January 1, April 1, July 1 or October 1 after the payment and this tax is irrevocable if any bonds issued by the district and secured by the special debt service reserve fund are outstanding. A room tax imposed by a district under this subdivision applies within the district's jurisdiction, as specified in s. [229.43](#), and the proceeds of the tax may be used only for the district's debt service on its bond obligations. If a district stops imposing and collecting a room tax, the district's sponsoring municipality may impose and collect a room tax under par. [\(a\)](#) on the date on which the district stops imposing and collecting its room tax.
2. In addition to the room tax that a district may impose under subd. [1.](#), if the district's only sponsoring municipality is a 1st class city, the district may adopt a resolution imposing an additional room tax. The additional percentage of room tax under this subdivision shall be equal to the percentage of room tax imposed by the sponsoring municipality on the date on which the sponsoring municipality agrees to stop imposing and collecting its room tax, as described under s. [229.44 \(15\)](#). A district shall begin collecting the additional room tax imposed under this subdivision on the date on which the sponsoring municipality stops imposing and collecting its room tax. A room tax imposed by a district under this subdivision applies only within the borders of the sponsoring municipality and may be used for any lawful purpose of the district.
3. A district adopting a resolution to impose the taxes under subd. [1.](#) or [2.](#) shall deliver a certified copy of the resolution to the secretary of revenue at least 120 days before its effective date.

(f)

1. The department of revenue shall administer the tax that is imposed under par. [\(a\)](#) by a district and may take any action, conduct any proceeding and impose interest and penalties.
2. Sections [77.51 \(12m\)](#), [\(14\)](#), [\(14g\)](#), [\(15a\)](#), and [\(15b\)](#), [77.52 \(3\)](#), [\(13\)](#), [\(14\)](#), [\(18\)](#), and [\(19\)](#), [77.522](#), [77.58 \(1\)](#) to [\(5\)](#), [\(6m\)](#), and [\(7\)](#), [77.585](#), [77.59](#), [77.60](#), [77.61 \(2\)](#), [\(3m\)](#), [\(5\)](#), [\(8\)](#), [\(9\)](#), [\(12\)](#) to [\(15\)](#), and [\(19m\)](#), and [77.62](#), as they apply to the taxes under subch. [III of ch. 77](#), apply to the tax described under subd. [1.](#)
3. From the appropriation under s. [20.835 \(4\) \(gg\)](#), the department of revenue shall distribute 97.45% of the taxes collected under this paragraph for each district to that district and shall indicate to the district the taxes reported by each taxpayer in that district, no later than the end of the month following the end of the calendar quarter in which the amounts were collected. The taxes distributed shall be increased or decreased to reflect subsequent refunds,

audit adjustments and all other adjustments. Interest paid on refunds of the tax under this paragraph shall be paid from the appropriation under s. [20.835 \(4\) \(gg\)](#) at the rate under s. [77.60 \(1\) \(a\)](#). Any district that receives a report along with a payment under this subdivision or subd. [2](#), is subject to the duties of confidentiality to which the department of revenue is subject under s. [77.61 \(5\)](#).

5. Persons who are subject to the tax under this subsection, if that tax is administered by the department of revenue, shall register with the department. Any person who is required to register, including any person authorized to act on behalf of a person who is required to register, who fails to do so is guilty of a misdemeanor.

(2) As a means of enforcing the collection of any room tax imposed by a municipality or a district under sub. [\(1m\)](#), the municipality or district may exchange audit and other information with the department of revenue and may do any of the following:

(a) If a municipality or district has probable cause to believe that the correct amount of room tax has not been assessed or that the tax return is not correct, inspect and audit the financial records of any person subject to sub. [\(1m\)](#) pertaining to the furnishing of accommodations to determine whether the correct amount of room tax is assessed and whether any room tax return is correct.

(b) Enact a schedule of forfeitures, not to exceed 5% of the tax under sub. [\(1m\)](#) or par. [\(c\)](#), to be imposed on any person subject to sub. [\(1m\)](#) who fails to comply with a request to inspect and audit the person's financial records under par. [\(a\)](#).

(c) Determine the tax under sub. [\(1m\)](#) according to its best judgment if a person required to make a return fails, neglects or refuses to do so for the amount, in the manner and form and within the time prescribed by the municipality or district.

(d) Require each person who is subject to par. [\(c\)](#) to pay an amount of taxes that the municipality or district determines to be due under par. [\(c\)](#) plus interest at the rate of 1% per month on the unpaid balance. No refund or modification of the payment determined may be granted until the person files a correct room tax return and permits the municipality or district to inspect and audit his or her financial records under par. [\(a\)](#).

(e) Enact a schedule of forfeitures, not to exceed 25% of the room tax due for the previous year under sub. [\(1m\)](#) or par. [\(c\)](#) or \$5,000, whichever is less, to be imposed for failure to pay the tax under sub. [\(1m\)](#).

(3) The municipality shall provide by ordinance and the district shall provide by resolution for the confidentiality of information obtained under sub. [\(2\)](#) but shall provide exceptions for persons using the information in the discharge of duties imposed by law or of the duties of their office or by order of a court. The municipality or district may provide for the publishing of statistics classified so as not to disclose the identity of particular returns. The municipality or district shall provide that persons violating ordinances or resolutions enacted under this subsection may be required to forfeit not less than \$100 nor more than \$500.

(4) (a) Annually, on or before May 1, on a form created and provided by the department of revenue, every municipality that imposes a tax under sub. [\(1m\)](#) shall certify and report to the department, beginning in 2017, all of the following:

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

2. A detailed accounting of the amounts of such revenue that were forwarded in the previous year for tourism promotion and tourism development, specifying the commission or tourism entity that received the revenue. The detailed accounting shall include expenditures of at least \$1,000 made by a commission or a tourism entity.

3. A list of each member of the 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.

- (b) The department of revenue shall collect the reports described in par. (a) and shall make them available to the public.
  - (c) The department of revenue may impose a penalty of not more than \$3,000 on a municipality that does not submit to the department the reports described in par. (a). A municipality may not use room tax revenue to pay a penalty imposed under this paragraph. The penalty shall be paid to the department of revenue.
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**ADDITIONAL NON-STATUTORY LANGUAGE PASSED IN WISCONSIN ACT 55 RELATING TO ROOM TAX REQUIREMENTS:**

**SECTION 9129. Nonstatutory provisions; Local Government.**

**(3f) LOCAL ROOM TAX.** With regard to a municipality which collects a room tax on May 13, 1994, with the form that the municipality submits to the department of revenue on or before May 1, 2017, as described under section 66.0615 (4) (a) of the statutes, the municipality shall also include a copy of its room tax ordinance that was in effect on May 13, 1994. In addition, the municipality shall also include with the form 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.

*Page 641- 2015 Wi. Act 55*

**Section 9329. Initial applicability; Local Government.**

**(3f) LOCAL ROOM TAX.** The treatment of section 66.0615 (1m) (a), (d) 1. and 2., and (dm) of the statutes first applies to taxes collected and expenditures made on January 1, 2017.

*Page 654 – 2015 WI. Act 55*

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Provided as a service of the **Wisconsin Hotel & Lodging Association**

For further Wisconsin Room Tax resources visit [www.WisconsinLodging.org/roomtax](http://www.WisconsinLodging.org/roomtax)

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# Tourism Commission Overview

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*The following is a basic overview of the components of WI. Room Tax Statute 66.0615 specifically relating to tourism commissions.*

**Definition of “Commission”:** An entity created by one municipality or by 2 or more municipalities in a zone, to coordinate tourism promotion and tourism development for the zone.

## **Tourism Commission FOR A SINGLE MUNICIPALITY**

**Composition:** 4-6 members. One of the members shall represent the Wisconsin hotel and motel industry.

**Appointed by:** The principal elected official in the municipality, with confirmation required by a majority vote of the members of the municipality’s governing body present when the vote is taken.

**Terms:** One year, at the pleasure of the appointing official. They may be re-appointed.

**Required Actions:**

1. It shall contract with another organization to perform the functions of a tourism entity if no tourism entity exists in that municipality.
2. It shall meet regularly, and shall elect a chairperson, vice chairperson, and secretary from its members.
3. It shall use the room tax revenue that it receives from a municipality for tourism promotion and tourism development (as defined in the statute) in the municipality.
4. It shall report annually to the municipality providing the room tax revenue, the purposes for which the revenues were spent.
5. It shall report any delinquencies or inaccurate reporting to the municipality.
6. It shall not use any of the room tax revenue to construct or develop a lodging facility.
7. If a municipality issued debt or bond anticipation notes before January 1, 2005, to finance the construction of a municipally owned convention or conference center, nothing in this section may prevent the municipality from meeting all of the terms of its obligation.

## **Tourism Commission FOR A TOURISM ZONE**

*(“Zone” is defined in 66.0615 as “an area made up of 2 or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public”)*

**Composition:** 3 members from each municipality in which annual room tax collections exceed \$1 million. 2 members from each municipality in which

annual room tax collections are more than \$300,000, but less than \$1 million. One member from each municipality in which annual room tax collections are \$300,000 or less. Two additional members representing the Wisconsin hotel and motel industry shall also be appointed.

**Appointed by:** the municipality representatives shall be appointed by the principal elected official in the municipality, with confirmation required by a majority vote of the members of the municipality's governing body present when the vote is taken. The two hotel and motel industry representatives shall be appointed by the Chairperson of the Commission.

**Terms:** One year term, at the pleasure of the appointing official, and they may be reappointed.

**Required Actions:**

1. The municipalities shall enter into a contract to create a commission.
2. It shall meet regularly, and from among its members, shall elect a chairperson, vice chairperson, and secretary.
3. Each municipality in the zone shall levy the same percentage of tax. If they are unable to agree on the percentage of tax for the zone, the commission shall set the percentage
4. It shall contract with one tourism entity from the municipalities in the zone to obtain staff, support services and assistance in developing and implementing programs to promote the zone to visitors.
5. If no tourism entity exists in any of the municipalities in the zone that have formed a commission, the commission shall contract with another organization in the zone to perform the functions of the tourism entity.
6. It shall use the room tax revenue that it receives from a municipality for tourism promotion and tourism development (as defined in the statute) in the zone or in the municipality.
7. It shall report annually to each municipality from which it receives room tax revenue the purposes for which the revenues were spent.
8. It shall not use any of the room tax revenue to construct or develop a lodging facility.
9. It shall monitor the collection of room taxes from each municipality in the zone that has a room tax.
10. It shall report any delinquencies or inaccurate reporting to the municipality that is due the tax.
11. If a municipality issued debt or bond anticipation notes before January 1, 2005, to finance the construction of a municipally owned convention or conference center, nothing in this section may prevent the municipality from meeting all of the terms of its obligation.



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TAP 9/8/15



# Tourism Entity Overview

Two separate significant changes relating to Tourism Entities in the Wisconsin Room Tax Statute 66.0615 took place in the 2015/16 state legislative sessions. Both changes are incorporated into this Overview in order to provide current guidance on the updated law.

First, in July 2015 with the adoption of WI. Act 55, a municipality imposing a room tax will, as of January 1, 2017, have exactly two choices relating to the oversight of the portion of Room Tax revenue that must be allocated to “tourism promotion and tourism development” (TP&TD). This portion must be given to either a tourism “commission” or a “tourism entity”. There are specific requirements relating to each of these. WH&LA’s “*Tourism Commission Overview*” is covered separately in the *Wisconsin Room Tax Series* resources, and this composition provides an overview for the Tourism Entity.

Second, on March 30, 2016, WI. Act 301 was signed into law providing revisions to the statutory definition of “Tourism Entity” and the composition of its governing body, all of which went into effect immediately.

## New Statutory Definition of “Tourism Entity”

*(f) "Tourism entity" means a nonprofit organization that came into existence before January 1, 2015, spends at least 51 percent of its revenues on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality, except that if no such organization exists, a municipality may contract with one of the following entities:*

- 1. A nonprofit organization that spends at least 51 percent of its revenues on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality.*
- 2. A nonprofit organization that was incorporated before January 1, 2015, spends 100 percent of the room tax revenue it receives from a municipality on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality.*

To provide clarity to this definition, we will address 3 types of organizations that could be eligible to provide tourism promotion and tourism development services for a municipality or Tourism Commission, per 66.0615.

### “Tourism Entity”

An existing entity that fits the definition of “Tourism Entity” must have achieved all of the following:

- Official classification by the IRS as a non-profit organization by January 1, 2015 (*Note: governmental agencies have a different classification*)
- Spends a minimum of 51% of the entity’s revenue on tourism promotion and tourism development (as per the statutory definition)
- Provides destination marketing staff and services for the tourism industry in a municipality. (*Note: with this definition, a Tourism Entity may service more than one municipality, and does not need to be located in each municipality it services*).

A Tourism Entity may receive room tax revenue either directly from a municipality or from an appointed Tourism Commission that contracts with them. Regardless of which way they receive their room tax revenue, all of it must be spent on “tourism promotion and tourism development “ as defined in the statute.

If there is no "Tourism Entity" fitting the definition outlined above, a municipality or a tourism commission may contract with one of the following alternate organizations to expend the room tax revenue allocated for tourism promotion and development (TP&TD), as outlined in the statute:

### **Alternate Nonprofit Organization Option #1** *(Generally a post-January 1, 2015 CVB or Chamber of Commerce)*

This organization would typically be a more recently created convention and visitors bureau (CVB), also sometimes known as a destination marketing organization (DMO), or a chamber of commerce in a dominantly tourist area. The difference between this organization and a "tourism entity" is purely the creation date. The requirements are:

- Official classification by the IRS as a non profit organization (with no date requirement)
- Spends a minimum of 51% of the entity's revenue on tourism promotion and tourism development (as per the statutory definition)
- Provides destination marketing staff and services for the tourism industry in the municipality.

### **Alternate Nonprofit Organization Option #2** *(Generally an established Chamber of Commerce focusing and spending most of their revenue on the development of multiple industries, but using the room tax revenue received only for TP&TD)*

The difference between this organization, usually a chamber of commerce, and a "tourism entity" is that the majority of their budget is not spent on TP&TD, but all of their room tax revenue is. The requirements are:

- Official classification by the IRS as a nonprofit organization prior to January 1, 2015.
- Spends 100 percent of the room tax revenue it receives on tourism promotion and tourism development (TP&TD) as outlined in the statute.
- Provides destination marketing staff and services for the tourism industry in the municipality

## **What Requirements Must a Tourism Entity Follow?**

Under the state statutes, a Tourism Entity must:

- Expend all of the room tax revenue received on tourism promotion and tourism development (as defined in statute)
- Include in their governing body at least one owner or operator of a lodging facility collecting room tax that is located in the municipality for which the room tax is collected. For a Tourism Entity servicing a "zone" with multiple municipalities, a minimum of four (4) owners or operators of lodging facilities in the zone must be included in the governing body.
- Provide an annual report on the purposes for which the room tax revenues were spent, to each municipality it receives room tax revenue from.

## **Definition of "tourism promotion and tourism development" (TP&TD):**

(fm) "Tourism promotion and tourism development" means any of the following that are significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment on which a tax under sub. (1m) (a) may be imposed, that are owned by different persons and located within a municipality in which a tax under this section is in effect; or, if the municipality has only one such establishment, reasonably likely to generate paid overnight stays in that establishment:

1. Marketing projects, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motorcoach groups.
2. Transient tourist informational services.
3. Tangible municipal development, including a convention center.

Provided as a service of the **Wisconsin Hotel & Lodging Association**, with review by Legal Counsel. This is not intended, however, to replace individually retained legal advice by a qualified attorney.

For Wisconsin Room Tax resources visit [www.WisconsinLodging.org/roomtax](http://www.WisconsinLodging.org/roomtax)

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July 2016



## WISCONSIN LEGISLATIVE COUNCIL INFORMATION MEMORANDUM

### 2015-17 Biennial Budget Revisions to Municipal Room Tax

A municipality may impose a “room tax” on entities such as hotels, motels, and other establishments that rent short-term lodging. State law controls municipal room tax collection, as well as the use of room tax revenues. 2015 Wisconsin Act 55 (Act 55), the 2015-17 Biennial Budget, modified state law regarding the collection and use of a municipal room tax. This Information Memorandum provides a brief overview of the municipal room tax, including a description of prior law, and summarizes the changes made by Act 55. Gubernatorial partial vetoes that modify the budget language as originally proposed by the Legislature are noted where applicable.

#### **BACKGROUND AND PRIOR LAW**

Generally, under Wisconsin law, a municipality may impose a tax on short-term lodging (a “room tax”) on entities such as hotels, motels, and other establishments that rent lodging for periods of less than one month. Additionally, two or more municipalities may impose a room tax in a “zone,” defined as “an area made up of 2 or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public.” [s. 66.0615 (1) (h), Stats.]

#### ***ROOM TAX PURPOSE AND USE***

Wisconsin law requires that certain percentages of room tax revenues, as discussed below, must be spent on tourism promotion and tourism development. “Tourism promotion and tourism development” is defined to mean any of the following, if significantly used by transient tourists and reasonably likely to generate paid overnight stays in multiple establishments within a municipality: (1) marketing projects; (2) “transient tourist informational services;” and (3) “tangible municipal development, including a convention center.” The establishments that benefit from the promotional services must be establishments upon which a room tax is imposed, and they must be owned by different people, unless a municipality has only one qualifying establishment. [s. 66.0615 (1) (fm), Stats.] Therefore, a marketing campaign advertising a single hotel in a municipality with multiple hotels, motels, or other short-term lodging establishments would not qualify as tourism promotion or tourism development.

Prior to Act 55, a municipality could directly spend room tax revenues on tourism promotion or tourism development or could forward the room tax revenues to a tourism entity or to a commission to be spent for those purposes.

Prior to Act 55, a tourism entity was defined as “a nonprofit organization that came into existence before January 1, 1992, and that provides staff, development or promotional services for the tourism industry in a municipality.” [s. 66.0615 (1) (f), 2013-14 Stats.] As discussed below, Act

55 modified the definition of a tourism entity. However, tourism entities, as defined under both current and prior law, may receive room tax revenues that they must spend on tourism promotion and tourism development.

A municipality that imposes a room tax may create a commission, defined as an entity “to coordinate tourism promotion and tourism development.” [s. 66.0615 (1) (a), Stats.] If two or more municipalities in a zone impose a room tax, they must create a commission. Under current and prior law, a commission must contract with an organization that performs the functions of a tourism entity if a tourism entity does not exist in a municipality or within a zone. Although not explicitly stated, this implies that a commission must work with a tourism entity as it uses room tax revenues to coordinate tourism promotion and tourism development.

Current and prior law both provide that a commission must report annually to each municipality from which it receives room tax revenues the purposes for which it spends the revenues.

### ***ROOM TAX RATES AND EXPENDITURE LEVELS***

For municipalities that adopted a room tax after May 13, 1994, the room tax rate may be no higher than 8%, and at least 70% of the room tax collections must be dedicated to expenditures related to tourism promotion and development. Therefore, up to 30% of room tax collections may be directed to general municipal expenditures.

The permitted rates and division of room taxes in municipalities that collected room taxes on or before May 13, 1994 are more complex. Subject to certain exemptions of limited applicability,<sup>1</sup> a municipality that collected a room tax on May 13, 1994, was required to reduce its room tax rate to 8% under 1993 Wisconsin Act 467. However, Act 467 also specified that a municipality that collected a room tax on May 13, 1994, could retain for its general revenues not more than the same percentage of the total room tax revenues collected that it retained on May 13, 1994, as an exception to the 70% threshold for expenditures related to tourism promotion and development (this exception is commonly referred to as the 1994 grandfather clause). If a municipality that collected a room tax on May 1, 1994, increased its room tax after May 1, 1994, the municipality may retain not more than the same percentage of the room tax that it retained

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<sup>1</sup> “A municipality that imposes a room tax under par. (a) is not subject to the limit on the maximum amount of tax that may be imposed under that paragraph if any of the following apply:

1. The municipality is located in a county with a population of at least 380,000 and a convention center is being constructed or renovated within that county.
2. The municipality intends to use at least 60% of the revenue collected from its room tax, of any room tax that is greater than 7%, to fund all or part of the construction or renovation of a convention center that is located in a county with a population of at least 380,000.
3. The municipality is located in a county with a population of less than 380,000 and that county is not adjacent to a county with a population of at least 380,000, and the municipality is constructing a convention center or making improvements to an existing convention center.
4. The municipality has any long-term debt outstanding with which it financed any part of the construction or renovation of a convention center.” [s. 66.0615 (1m) (am), Stats.]

on May 1, 1994, except that the municipality must spend at least 70% of the increased amount of room tax that it began collecting after May 1, 1994, on tourism promotion and development.<sup>2</sup>

[s. 66.0615, Stats.]

### **2015 WISCONSIN ACT 55**

2015 Senate Bill 21 (SB 21) was passed by the Legislature, modified by the Governor's partial veto, and enacted as Act 55. Act 55 made several changes to the collection and use of a municipal room tax, each of which is discussed below. Gubernatorial partial vetoes that modify the language passed by the Legislature are noted where applicable. Specifically, Act 55 does all of the following:

#### ***EXPENDITURE OF ROOM TAX REVENUE***

- Specifies that the required percentage of room tax revenues must be spent on tourism promotion or **tourism** development, not municipal development generally. Under prior law, the revenues had to be spent on "tourism promotion and development."<sup>3</sup>
- Eliminates a municipality's authority to directly spend the room tax revenues that must be spent on tourism promotion and tourism development. Under Act 55, a municipality must forward those room tax revenues to a commission, if one exists for the municipality, or to a tourism entity.

#### ***RETENTION OF ROOM TAX REVENUE***

- Modifies the 1994 grandfather clause, which generally permitted municipalities that had imposed a room tax prior to May 13, 1994, to retain more than 30% of room tax revenues if they had been doing so as of that date. Beginning with the room taxes collected on January 1, 2017, Act 55 creates a cap on the amount of room tax revenues that a municipality subject to the 1994 grandfather clause may retain for purposes other than tourism promotion and tourism development. The cap will be gradually reduced over a period of five years, such that, by fiscal year 2021, an affected municipality will be able to retain only the same dollar amount of the room tax that it retained in fiscal year 2010 or 30% of its current year room tax revenues, whichever is greater.

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<sup>2</sup> Although the grandfather clause is commonly understood to permit a municipality to retain more than 30% of collected room tax revenues for purposes other than tourism promotion and tourism development if it was doing so as of May 13, 1994, the clause also requires a municipality to continue to retain less than 30% of collected room tax revenues if it was doing so as of May 13, 1994.

<sup>3</sup> Act 55 did not, however, modify the required aspects of tourism promotion and tourism development. See, for example, the continued allowance for "tangible municipal development, including a convention center" in both current and prior law. [s. 66.0615 (1) (fm), Stats.; s. 66.0615 (1) (fm), 2013-14 Stats.] It appears that under both current and prior law, tangible municipal development may qualify as tourism promotion or tourism development if it meets the definition's requirement that it is significantly used by transient tourists and is reasonably likely to generate overnight stays in multiple establishments within a municipality that are subject to a room tax and are owned by different people. However, municipal development that does not satisfy these qualifications would not be considered tourism promotion or tourism development with regard to expenditure of room tax revenues.

### ***Governor's Veto***

Under SB 21, as enrolled, a municipality that would otherwise be subject to the room tax retention reduction schedule, could have delayed implementation of the reduction schedule if the municipality had entered into a contract before January 1, 2016, that depended upon room tax revenues to satisfy its terms. The Governor vetoed this provision. Therefore, under Act 55, all municipalities that had imposed a room tax as of May 13, 1994, and had retained more than 30% of room tax revenues, pursuant to the 1994 grandfather clause, will be subject to the room tax revenue retention reduction schedule beginning with the room tax collected on January 1, 2017.

### ***TOURISM ENTITIES***

- Specifies that a tourism entity's governing body must include at least one owner or operator of a lodging facility that collects the room tax and is located within the municipality for which the room tax is collected. Prior law did not address the composition of a tourism entity's governing body.
- Modifies the definition of "tourism entity." Under Act 55, a tourism entity is an organization that: (1) is a nonprofit organization; (2) existed before January 1, 1992; (3) spends at least 51% of its revenues on tourism promotion and tourism development; and (4) provides destination marketing staff and services for the tourism industry in a municipality. Under prior law, a tourism entity was a nonprofit organization that existed before January 1, 1992, and provided staff, development, or promotional services for the tourism industry in a municipality.
- Permits a municipality to contract with an organization that did not exist prior to January 1, 1992, under certain circumstances. If on January 1, 2016, no organization within a municipality qualifies as a tourism entity, as described above, the municipality may contract with an organization that: (1) is a nonprofit organization; (2) was created within the municipality; (3) spends at least 51% of its revenues on tourism promotion and tourism development; and (4) provides destination marketing staff and services for the tourism industry in the municipality. Prior law did not allow for the creation of a tourism entity after January 1, 1992, although, if no tourism entity existed in a municipality, a tourism commission was required to contract with another organization to perform the functions of a tourism entity.

### ***Governor's Veto***

Among other changes to the definition of "tourism entity," SB 21 changed the date by which a nonprofit organization must have existed in order to be recognized as a tourism entity from January 1, 1992, to January 1, 2016. The Governor vetoed the date modification, restoring the provision under prior law that a nonprofit organization must have existed prior to January 1, 1992, to be recognized as a tourism entity. The Governor did not veto the modified provision permitting a municipality to contract with an alternative organization created within the municipality, if no fully qualified organization exists within the municipality on January 1, 2016.

**REPORTING REQUIREMENTS**

- Specifies that a tourism entity must annually report to each municipality from which it receives room tax revenues the purposes for which the revenues were spent. Under prior law, this reporting requirement applied only to tourism commissions.<sup>4</sup>
- Creates a new reporting requirement applicable to municipalities. Beginning in 2017, all municipalities that impose a room tax must submit an annual report to the Department of Revenue, on or before May 1 of each year. Among other information, the reports must include the amount of room tax revenue collected and the rate imposed the previous year; an accounting of the amounts forwarded to tourism entities or commissions in the previous year; and a list of the members of the commission or governing body of the tourism entity to which revenue was forwarded in the previous year.

This memorandum is not a policy statement of the Joint Legislative Council or its staff.

This memorandum was prepared by Scott Grosz, Principal Attorney, and Rachel E. Snyder, Staff Attorney on August 12, 2015.

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<sup>4</sup> As discussed above, if no tourism entity exists within a municipality as of January 1, 2016, a municipality may contract with an organization that meets the definition of a tourism entity except that it did not exist prior to January 1, 1992. Although not explicitly stated, it appears logical that such an organization would also be considered a tourism entity and would, therefore, be subject to the reporting requirements.



# Wisconsin Room Tax Report

Within the 2015-2017 budget (2015 Wisconsin Act 55), the state modified sec. 66.0615, Wis. Stats. Starting in 2017, every municipality that imposes room tax must file an annual report with the Wisconsin Department of Revenue (DOR). The form reporting 2016 activity is due **May 1, 2017**.

## General Information

- Municipalities must electronically file (e-file) form with DOR
- E-file form will allow attachments
  - Acceptable formats: PDF, TIF, JPG, BMP, Microsoft Word or Excel
  - 16MB maximum is the total combined size for all attachments

## Form Information

The information listed below must be reported for the previous calendar year (2016).

### Section I

- Gross amount of room taxes collected (whole dollars)
- Room tax rate imposed (percentage)

### Section II

- Amount forwarded to a tourism entity/commission (whole dollars)
- Name of the tourism entity/commission

### Section III

- For each tourism entity/commission listed in Section II, enter the members of its governing body including:
  - First and last name of each member
  - Name of business entity the member owns, operates, or is employed by (if any)

### Section IV

- For each expenditure of \$1,000 or more, enter:
  - Date
  - Recipient name
  - Amount (whole dollars)
  - Description (optional)
- Items of note:
  - This information is provided by the tourism entity/commission to the municipality
  - It is acceptable for a joint tourism entity/commission to report the same expenditures for its participating municipalities. In this situation, each municipality would report the same expenditures.
  - Expenditures may be attached in an acceptable file format
  - A single entry for "Payroll" is acceptable
  - For all other expenditures, report the ultimate recipient (ex: for credit card payments, list the ultimate recipient)

### Section V

- If your municipality collected room tax on May 13, 1994, you must attach:
  - Room tax ordinance in effect on May 13, 1994
  - Municipality's financial statement closest to May 13, 1994

## Publication

- DOR will post all completed forms and attachments on our website

## Additional Information

- Review:
  - DOR Local Room Tax Fact Sheet at: [revenue.wi.gov/pubs/slf/rmtx.pdf](http://revenue.wi.gov/pubs/slf/rmtx.pdf)
  - 2015 Wisconsin Act 55 at: <http://docs.legis.wisconsin.gov/2015/related/acts/55>

If you have questions, contact us at [lgs@revenue.wi.gov](mailto:lgs@revenue.wi.gov).

## Wisconsin Department of Revenue

Division of State and Local Finance  
Local Government Services Bureau  
January 14, 2016

For Fiscal Year	Room Tax retained by the City	Projected amount to Tourism Activities
2017	242,868	2,132
2018	224,928	21,072
2019	210,426	39,574
2020	202,224	0
2021	202,224	47,776
2022	202,224	48,254
2023	202,224	48,736
2024	202,224	49,224
2025	202,224	49,716
2026	202,224	50,213
2027	202,224	50,715