

Committee Name: **Senate Committee – Higher Education and Tourism (SC–HET)**

Appointments

03hr_SC–HET_Appt_pt00

Committee Hearings

03hr_SC–HET_CH_pt00

Committee Reports

03hr_SC–HET_CR_pt00

Clearinghouse Rules

03hr_SC–HET_CRule_03–

Executive Sessions

03hr_SC–HET_ES_pt00

Hearing Records

03hr_ab0918

03hr_sb0000

Misc.

03hr_SC–HET_Misc_pt00

Record of Committee Proceedings

03hr_SC–HET_RCP_pt00

March 3, 2004

Senator Harsdorf, Representative Plouff, Other members of the State Legislature,

The Greater Menomonic Area Chamber of Commerce has recently reviewed Senate Bill 505 and Assembly 918 which amend major portions of Wisconsin's room tax statute. While we agree with the spirit of the amended bill, we do have concerns that as currently drafted the amended statute would deprive local chambers of commerce any room tax funds for local tourism promotional efforts.

Our chamber shares the concern of Wisconsin's tourism industry that too many room tax revenues being generated in the state are by being used municipalities for expenditures other than tourism promotion efforts. This alternate use of room tax revenues has become more prevalent as municipalities have faced budget shortfalls. We are very supportive of the proposed amendments to the statute that seek to remedy that problem.

Our concerns lie with language in the bill which addresses what organizations will receive room tax revenues in the future. Local chambers of commerce handle tourism promotion in Wisconsin in most communities. Convention and visitor bureaus (CVB) also play a large role in tourism promotion. In those communities where both a CVB and chamber exist, tourism promotion benefits from partnerships where the CVB manages regional promotion complemented by the local promotion efforts of the chamber. In many cases, both the regional and local effort are funded in part by room tax revenues.

The bill as drafted dictates that room tax revenues must be forwarded to one organization either directly by statute where a DMO already exists or indirectly through a tourism committee where no DMO exists. In areas where two DMO's exist, a chamber and a CVB, municipalities lose the flexibility to fund both organizations. Chambers of commerce are concerned that they will lose the funding they now use for local tourism promotion thus jeopardizing the successful chamber and CVB partnerships that now exist. **We seek language changes which ensure that local chambers of commerce will be eligible to receive room tax revenues especially in the case where a CVB also exists. We also seek language changes which give the municipalities the flexibility to provide funding to more than one DMO or NTO.**

Another concern is the definition of a DMO. As drafted the bill defines a DMO as an organization whose "primary purpose is to generate overnight stays in hotels or motels in the area." Many chambers of commerce will not qualify as a DMO as they have a broad economic development mission. This is particularly true of chambers serving smaller communities. **We would propose language changes which would define DMO's as organizations where generating overnight stays is "one of its major missions"**. This is similar to the definition of NTO's as described in the bill.

We are also concerned by the bill's membership requirements of a DMO governing board. Again, in many communities the local chamber serves as the DMO. However, many chambers serve a broad economic mission with boards populated by members from economic sectors more diverse than defined in the bill. Under this bill many chambers would be needlessly forced to make significant changes to board membership or create new separate non-profit organizations to manage tourism activities. **We seek language changes that allow chambers in small communities that also serve as a DMO to continue to use their existing board structure.**

Lastly, we would like language clarified in Section 9 of the bill which discusses the area where the DMO's and NTO's exist as a deciding factor as to which DMO or NTO a municipality should forward its room tax revenues. The current language states "the municipality shall contract with a destination marketing organization in its area." **We feel the word "area" is too broad and should be changed to say "within its municipal boundaries" with additional language allowing a municipality to use a DMO or NTO outside its boundaries if these organizations do not exist within the municipality.**

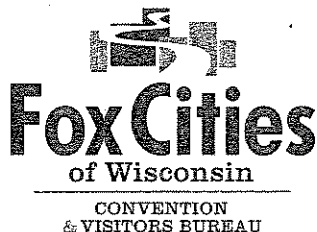
Again, the Greater Area Menomonee Area Chamber of Commerce supports the concept of room tax revenues being used solely for tourism promotion efforts. We cannot however support the bill until the suggested languages are made which protect the interests of small chambers of commerce and particularly those that share tourism promotion efforts with a separate convention and visitors bureau.

Thank you for your consideration. Please feel free to contact me with any questions you may at 715-235-9087 or by email at director@menomoneechamber.org.

Sincerely,

A handwritten signature in cursive script that reads "Linda McIntyre".

Linda McIntyre, Executive Director
Greater Menomonee Area Chamber of Commerce



Date: February 24, 2004

Subject: Testimony Regarding LRB-4330 and LRB-3775

Submitted by: Lynn R. Peters
Executive Director
Fox Cities Convention & Visitors Bureau

← AB 918

On behalf of the Fox Cities Convention & Visitors Bureau, I support the "Tourism Marketing Accountability Act" introduced by Representative Mark Pettis and Senator Sheila Harsdorf.

Room tax can be a powerful tool for economic development. It allows communities to develop and market themselves as visitor destinations.

Here in the Fox Cities, it's because the Fox Cities Convention & Visitors Bureau is strong and well funded, that our community was able to secure the Snickers Region II Soccer Tournament. The Bureau paid for promotional mailings and a hospitality suite during the tournament bid. We provided more than a hundred hours of staff time to put together a coalition of local leaders who would present the formal bid to the Region II Board.

The outcome? Our community secured the Snickers Region II Tournament for the summer of 2006. The direct economic impact of the tournament will be more than \$2.5 million. Hotels will be sold out. Restaurants will be full. Parking meters will be plugged. Department stores, drug stores, gas stations, mini-golf facilities and museums will be busy. In short, tournament goers will spend their money in every nook and cranny of our community.

And that's just one example of what can happen when room tax is spent appropriately.

Room tax **should** be spent on tourism promotion and development and this bill reduces potential misuses of room tax dollars. It also improves the accountability of the various destination marketing organizations that use room tax.

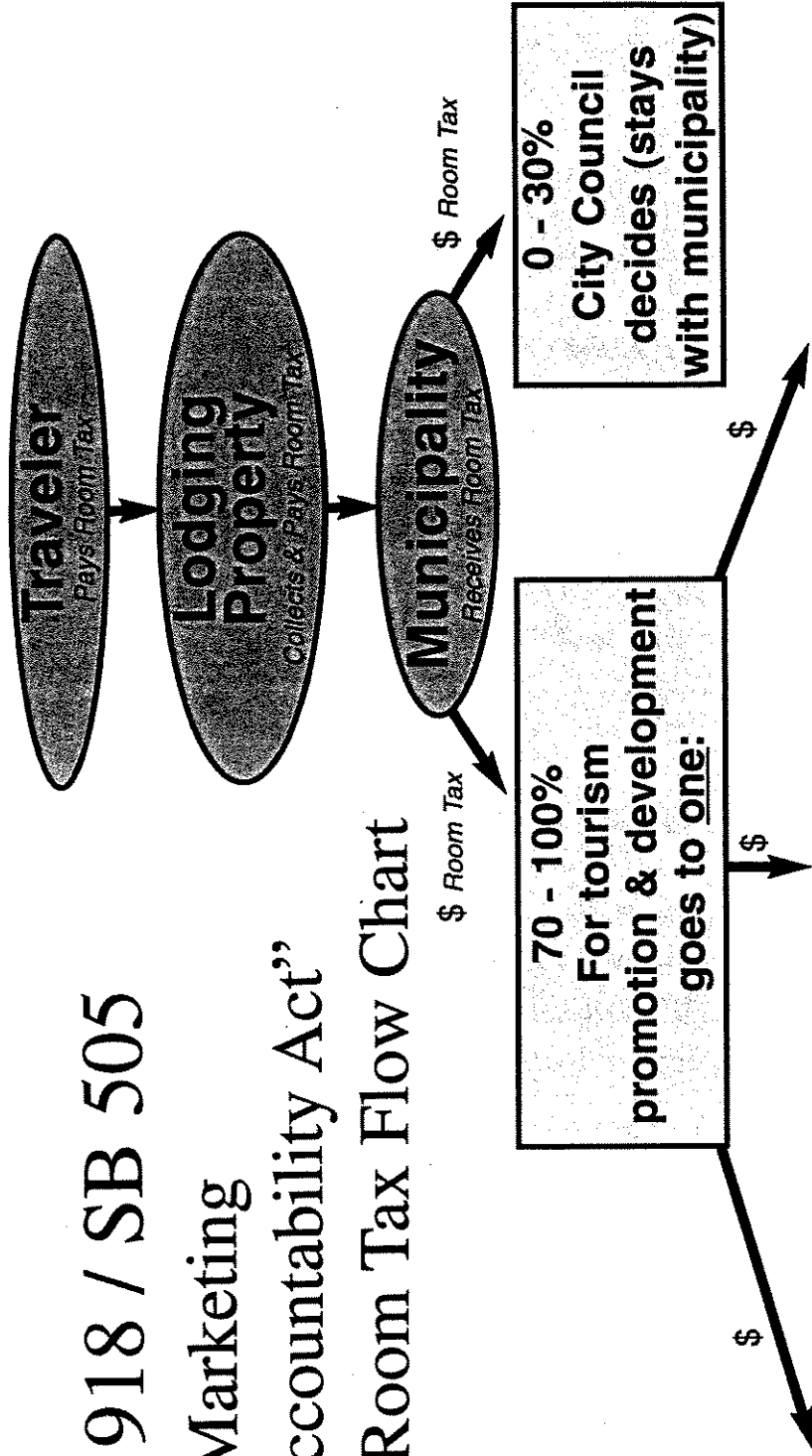
I encourage you to support the "Tourism Marketing Accountability Act."

Appleton • Combined Locks • Kaukauna • Kimberly • Little Chute • Menasha • Neenah • Town of Buchanan • Town of Freedom
Town of Grand Chute • Town of Greenville • Town of Menasha • Town of Neenah • Town of Vandenbroek

AB 918 / SB 505

“Tourism Marketing Accountability Act”

Proposed Room Tax Flow Chart



70 - 100%
For tourism
promotion & development
goes to one:

0 - 30%
City Council
decides (stays
with municipality)

Option 1
Single Community
- with a "DMO" -

- Primary Purpose of DMO: Generate overnight stays
- Accountability: DMO must track & report expenditures
- Board Composition: 67%+ Tourism* 20%+ Local Government

*33%+ From Industry Collecting Tax (Lodging)
*50%+ From Core Tourism Industries

Option 2
Multiple Communities
- with a "DMO" -

- Primary Purpose of DMO: Generate overnight stays
- Accountability: DMO must track & report expenditures
- Board Composition: 51%+ From Core Tourism Industries* 20%+ Local Government

*25%+ From Industry Collecting Tax (Lodging)

Option 3
Single Community
- without a "DMO" -

- "Tourism Committee"
 - Contracts with a "Non-Profit Tourism Organization" (NPTO)
 - Oversees Expenditures
 - 3 Tourism, 2 Lodging, and 2 Local Government Representatives
- "Non-Profit Tourism Organization" (NPTO)
 - Purpose of NPTO: One Primary Purpose Must be to Generate Overnight Stays
 - Accountability: NPTO Must Track and Report Expenditures
 - Board Composition: 51%+ From Tourism* 20%+ Local Government

AB 918/SB 505: Who Benefits

The State

- Clarifies state room tax law
- Protects Wisconsin citizens from unfair taxation while traveling in-state
- Generates higher state sales tax revenues from increased tourism expenditures

Local governments

- Retains and control up to 30% of room tax from overnight travelers (not residents) to subsidize the local budget. Municipalities with room tax prior to 1994 retain even higher percentages for local use.
- Receives required representation on the Board of the DMO or NPTO
- Receives accountability for the DMO or NPTO's expenditures
- Builds higher potential room tax revenue by ensuring area tourism is promoted by those most familiar with tourism promotion and development
- Avoids potential municipal liability for expending room tax dedicated to "tourism promotion and development" in a manner not in compliance with room tax law
- Supports local businesses that benefit by an increase in area tourism

Tourism industry

- Allows those who understand tourism marketing to participate in determining the marketing investments that will increase tourism expenditures in the area
- Allows the lodging industry, who actually collects the room tax from their guests, to participate more fully in determining tourism promotion and development expenditures
- Helps to eliminate the current misuse of room tax revenues intended for tourism promotion and development, which currently do not assist in attracting tourists to the area
- Formalizes the tracking of overnight stays as the measure to determine the success of tourism marketing
- Requires accountability for expenditures, which is currently a challenge
- Provides direct funding to qualified and accountable Convention & Visitor Bureaus and Chambers of Commerce, allowing them to focus on their expertise in attracting tourists
- Provides stability by retaining current Convention & Visitor Bureau structures, and instead focusing on leadership and accountability