

05hr_SC-JCEDCA_sb0638_pt01



(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Job Creation, Economic Development and Consumer Affairs (SC-JCEDCA)

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Mike Barman (LRB) (August/2012)

Senate

Record of Committee Proceedings

Committee on Job Creation, Economic Development and Consumer Affairs

Senate Bill 638

Relating to: authorizing a premier resort area to limit or prohibit managed time-share projects and to impose a tax on the exchange of time-share units.

By Senators Schultz and Olsen; cosponsored by Representative Hines.

February 27, 2006 Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

March 1, 2006 **PUBLIC HEARING HELD**

Present: (4) Senators Kanavas, Zien, Lassa and Decker.
Absent: (1) Senator Reynolds.

Appearances For

- J.A. Hines, Madison — Representative, State Assembly
- Tom Diehl, Wisconsin Dells — Village of Lake Delton

Appearances Against

- Michael Vaughan, Madison — Cedant Corporation
- Tom Hanson, Madison — WI Time Share Industry
- Rick Dunstan, Wisconsin Wells — Tmarack Resorts
- Rebecca Mellenthin, Wisconsin Dells — Bluegreen Corporation

Appearances for Information Only

- None.

Registrations For

- Chet Gerlach, Madison — Assn. of Wisconsin Tourism Attractions
- Doug Flyst, Madison — Wisconsin Dells
- Luther Olsen, Madison
- Dale Schultz, Madison — Senator, State Senate

Registrations Against

- None.

March 1, 2006 **EXECUTIVE SESSION HELD**

Present: (4) Senators Kanavas, Zien, Lassa and Decker.

Absent: (1) Senator Reynolds.

Moved by Senator Zien, seconded by Senator Decker that **Senate Bill 638** be recommended for passage.

Ayes: (3) Senators Kanavas, Zien and Decker.

Noes: (1) Senator Lassa.

Absent: (1) Senator Reynolds.

PASSAGE RECOMMENDED, Ayes 3, Noes 1

James Michel
Committee Clerk

SENATE BILL 638 (LRB -4074)

An Act to amend 66.0615 (1m) (a); and to create 66.1113 (1) (am), 66.1113 (4) and 77.994 (3) of the statutes; relating to: authorizing a premier resort area to limit or prohibit managed time-share projects and to impose a tax on the exchange of time-share units. (FE)

2006

02-27.	S.	Introduced by Senators Schultz and Olsen ; cosponsored by Representative Hines .	
02-27.	S.	Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs	634
03-01.	S.	Public hearing held.	
03-01.	S.	Executive action taken.	
03-04.	S.	Report passage recommended by committee on Job Creation, Economic Development and Consumer Affairs, Ayes 3, Noes 1	685
03-04.	S.	Available for scheduling.	
03-06.	S.	Placed on calendar 3-7-2006 by committee on Senate Organization.	
03-07.	S.	Fiscal estimate received.	
03-07.	S.	Placed at the foot of the calendar of 3-7-2006	699
03-07.	S.	Placed at the foot of the eleventh order of business on the calendar of 3-7-2006	702
03-07.	S.	Read a second time	704
03-07.	S.	Senate amendment 1 offered by Senator Roessler (LRB a2722)	704
03-07.	S.	Senate amendment 1 adopted	704
03-07.	S.	Referred to joint committee on Finance	704
03-07.	S.	Withdrawn from joint committee on Finance and taken up	704
03-07.	S.	Ordered to a third reading	704
03-07.	S.	Rules suspended	704
03-07.	S.	Read a third time and passed , Ayes 26, Noes 7	704
03-07.	S.	Ordered immediately messaged	704
03-07.	A.	Received from Senate	910
03-07.	A.	Read first time and referred to committee on Rules	913
03-07.	A.	Placed on calendar 3-9-2006 by committee on Rules.	
03-07.	A.	Made a special order of business at 11:12 A.M. on 3-9-2006 pursuant to Assembly Resolution 51	933
03-08.	A.	Fiscal estimate received.	
03-09.	A.	Read a second time	959
03-09.	A.	Laid on the table	959
05-11.	A.	Failed to concur in pursuant to Senate Joint Resolution 1	1134

Vote Record
Committee on Job Creation, Economic Development and Consumer Affairs

Date: 3/1/2006
 Moved by: Zien

Seconded by: Decker

AB _____ SB 638 Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

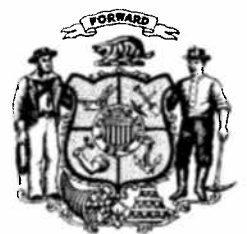
A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
 A/S Amdt _____ to A/S Amdt _____ to A/S Sub Amdt _____

- Be recommended for:
- Passage Adoption Confirmation Concurrence Indefinite Postponement
 - Introduction Rejection Tabling Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Senator Ted Kanavas, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator David Zien	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Thomas Reynolds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Julie Lassa	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Russell Decker	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	_____	_____	_____	_____



WISCONSIN STATE LEGISLATURE



TO: Chair Kanavas & Members
Senate Committee on Job Creation, Economic Development and
Consumer Affairs

FROM: Senator Dale Schultz
Representative J.A. Hines

DATE: March 1, 2006

RE: Senate Bill 638

First and foremost, my thanks to you Chairman Kanavas for promptly scheduling Senate Bill 638 for today's hearing.

It is no secret that we are ardent supporters Wisconsin's tourism efforts. The tourism industry of this state provides thousands of jobs, billions of dollars in revenues, and great personal opportunities to the people of Wisconsin. The importance of the Wisconsin tourism industry cannot be overstated.

This is especially true for the districts we represent in the state legislature. Because our districts are largely rural and agricultural based, job growth and economic development are often difficult. Like any other geographic area, people in our part of the state must leverage the resources they have to create economic opportunity. Tourism offers an answer as our resources include some of the most pristine lakes and beautiful state parks in the state.

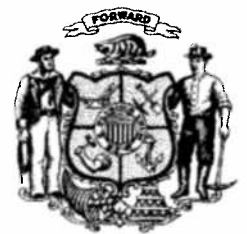
With the growth of tourism comes increased costs to the host communities. The infrastructure needs of communities that are tourism destination centers grow faster than the increase in population. This is why the Premier Resort area statutes were adopted, and why we need to make the changes to them set forth in Senate Bill 638. This narrowly focused bill will help ensure that time-share projects, exclusively within Premier Resort areas, contribute a

fair share toward tourism related costs. Under this bill, municipalities within a Premier Resort area are authorized to impose room taxes on exchanges of time-share units.

Thank you again Chairman Kanavas and members for recognizing the importance of this issues and quickly placing this bill on your hearing notice today.



WISCONSIN STATE LEGISLATURE



**TESTIMONY OF TOM DIEHL
REGARDING SENATE BILL 638
MARCH 1, 2006**

MY NAME IS TOM DIEHL AND I AM TESTIFYING IN SUPPORT OF S.B. 638 ON BEHALF OF THE WISCONSIN DELLS VISITOR AND CONVENTION BUREAU, THE CITY OF WISCONSIN DELLS AND THE VILLAGE OF LAKE DELTON.

LET ME START BY NOTING THAT S.B. 638 IS A VERY NARROWLY FOCUSED BILL. IT APPLIES ONLY TO PREMIER RESORT AREAS, WHICH CURRENTLY MEANS ONLY WISCONSIN DELLS, LAKE DELTON, AND BAYFIELD. THE BILL DOES NOT IMPACT ANY BUSINESSES LOCATED OUTSIDE OF PREMIER RESORT AREAS.

FOR PREMIER RESORT AREAS, HOWEVER, S.B. 638 IS VERY IMPORTANT.

THE WISCONSIN LEGISLATURE HAS LONG RECOGNIZED THE UNIQUE NEEDS AND CONCERNS OF PREMIER RESORT AREAS. SUCH COMMUNITIES ARE FACED WITH INFRASTRUCTURE NEEDS DICTATED BY PEAK DENSITIES DURING TOURIST SEASON RATHER THAN THE NUMBER OF PERMANENT RESIDENTS. THIS DISCONNECT HISTORICALLY LED TO A MYRIAD OF TAX ISSUES AND INFRASTRUCTURE PROBLEMS. THE PREMIER RESORT AREA STATUTES HAVE GIVEN

WISCONSIN DELLS AND LAKE DELTON NEW TOOLS TO MEET SUCH CHALLENGES, AND THE SYSTEM IS NOW WORKING WELL.

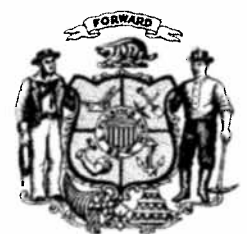
IN ORDER TO KEEP PREMIER RESORT AREAS ON THIS PATH, HOWEVER, WE NEED FOR ALL TOURISM-RELATED BUSINESSES TO PAY THEIR FAIR SHARE OF TAXES. UNTIL RECENTLY, THE HOSPITALITY INDUSTRY IN PREMIER RESORT AREAS HAS PRINCIPALLY BEEN HOTELS AND MOTELS. IN A FEW CASES, THE UNITS HAVE BEEN SOLD AS CONDOMINIUMS, BUT THEN RENTED OUT TO THE GENERAL PUBLIC IN THE SAME WAY AS A HOTEL OR MOTEL ROOM. IN EITHER CASE, THE UNITS BUILT IN EACH HOSPITALITY COMPLEX GENERATED SIGNFICANT PREMIER RESORT AREA AND ROOM TAXES.

NOW, WE ARE FACED WITH A FRESH CHALLENGE. UNITS WHICH ARE DEVELOPED AND SOLD AS TIME-SHARE UNITS GENERATE LITTLE OR NO PREMIER RESORT AREA OR ROOM TAXES. RENTALS OF SUCH UNITS TO THE GENERAL PUBLIC ARE TAXED, BUT THAT IS A SMALL PORTION OF THEIR USEAGE. INSTEAD, SUCH UNITS ARE GENERALLY 'EXCHANGED' AS PART OF THE OVERALL TIME-SHARE INDUSTRY. WHILE SUCH EXCHANGES ARE FOR CONSIDERATION (THE EXCHANGE OF EITHER POINTS OR THE USE OF A DIFFERENT UNIT), THEY ARE NOT CURRENTLY TAXED. AS A RESULT, TIME-SHARE UNITS GENERATE THE SAME INFRASTRUTURE NEEDS AS HOTEL UNITS, BUT DO NOT CONTRIBUTE THEIR FAIR SHARE OF PREMIER RESORT AREA AND ROOM TAXES.

S.B. 638 SOLVES THIS LOOMING PROBLEM. UNDER S.B. 638, THE PREMIER RESORT AREA WILL HAVE THE ABILITY TO ENTER INTO A SPECIFIC AGREEMENT WITH EACH TIME-SHARE PROJECT TO ENSURE THAT TAXES ARE PREDICTABLE AND PAID IN A TIMELY MANNER. THIS TOOL WILL ASSIST PREMIER RESORT AREAS IN PLANNING DEVELOPMENT, SUPPORTING INFRASTRUCTURE, AND BECOMING BETTER TOURIST DESTINATION CENTERS.



WISCONSIN STATE LEGISLATURE



Date?

TESTIMONY IN OPPOSITION OF SENATE BILL 638

My name is Michael Vaughan and I am testifying today on behalf of Cendant Corporation. I am delighted to testify today before the Senate Committee on Job Creation, Economic Development and Consumer Affairs because Senate Bill 638 fits at least two of your committee titles perfectly. In the development of time-share properties in Wisconsin, this bill will both stifle job creation and hamper economic development.

There are two basic reasons to oppose this bill. The first is that it would allow premier resort areas to "prohibit the creation of a managed time-share project" within its jurisdiction. At this time when attracting people to Wisconsin is our paramount tourism goal, it seems oddly xenophobic to prohibit the creation of time-share projects. The many time-share resorts that already exist in Wisconsin have contributed wonderfully to the growth of the Wisconsin economy. Nothing could be more counter-productive or self-defeating than to enact a special provision authorizing our premier resort areas to specifically prohibit time-share developments.

This leads to the second reason for opposing this bill. That is because of the "hidden tax" authorized by the bill. Let's talk about this by examining present law. If I want to spend some time at a Wisconsin vacation spot and examine the various options available to me at a given location, I may choose a hotel or motel as the place I want to stay. In that case, I pay an occupancy tax on the charge that is imposed on me for the privilege of staying there. Similarly, if I decide I want to stay at a time-share project and find one that has a condo available at the time I want to stay there, I also pay an occupancy tax on the money I pay for the privilege of staying in someone else's condo. In that way, time-share condo rentals are treated in the same fashion as hotel and motel rooms. An occupancy tax is charged on the money we pay to stay in any of these facilities.

Now let's try a different example. Now let's say I own a time-share interest somewhere and want to swap my week somewhere else for a week at a time-share property in Wisconsin. There are national services through which I can do that. This is called an "exchange." It is one in which I do not "pay" for my week at the Wisconsin property, other than to have traded my week somewhere else for the right to stay in Wisconsin. No money changes hands as part of the exchange. Yet, that exchange is precisely what is proposed to be taxed here. Talk about a hidden tax! This tax is being imposed on a nonexistent transaction. This bill authorizes the local government to assign a daily value to the unit that I will be occupying and then to impose an occupancy tax and a 0.5% add-on, where applicable, if I'm staying at a place having a premier resort area tax, notwithstanding that no money has changed hands.

We all worry about taxes at every level these days. This Legislature has worked hard to keep state and local taxes down. Yet, this bill authorizes a local tax that would be imposed out of the air on nothing – because I am making no payment for the right to stay in the Wisconsin unit beyond swapping my week from somewhere else for this week.

We attract dollars here from many out-of-state visitors who want to spend a week or two here in Wisconsin. At a time when we are marketing Wisconsin as a great place to visit, the Department of Tourism slogan, “Life’s So Good,” will need a new tag line – “unless you own a time-share. Then we plan to hit you with a hidden tax.”

And what will my family do once we come to Wisconsin? I suspect we will eat in Wisconsin restaurants, visit Wisconsin attractions, spend money in Wisconsin stores and do all the things that tourists do to enhance the Wisconsin economy. That’s why we promote tourism so heavily here in Wisconsin. Because we know that tourists spend dollars here and, in spending those dollars, benefit the Wisconsin economy tremendously. The message this bill seems to send is that we want to raise the drawbridge and keep others out of Wisconsin. That’s an odd message to send. I respectfully urge this Committee to think about “job creation” and about “economic development” and to reject this bill.