



WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

2005 Wisconsin Act 135
[2005 Assembly Bill 298]

**Tourism Promotion and
Development Under the Room
Tax Law**

Current law permits a municipality or local exposition district to impose a room tax on the privilege of furnishing retail rooms or lodging to transient guests by operators of hotels, motels, or other such accommodations. The general maximum room tax that may be charged is 8%. A municipality may create a commission to coordinate the use of room tax collections for the promotion and development of tourism. Multiple municipalities in a single destination zone may combine to establish a single commission. A municipality that first imposes a room tax after May 13, 1994, must spend at least 70% of the amount collected on tourism promotion and development. This amount may be spent directly by the municipality or forwarded to a commission for the municipality or zone. Current law does not define the term *tourism promotion and development*.

2005 Wisconsin Act 135 defines tourism promotion and development as a marketing project, transient tourist informational service, or tangible municipal development, including a convention center, that is significantly used by transient tourists and is reasonably likely to generate paid overnight stays at specified establishments where a room tax is imposed. If a municipality has only one establishment that is taxed, the tourism and promotion activity must be reasonably likely to generate paid overnight stays at that establishment. The Act specifies that the room tax revenue is to be used for tourism promotion and development within the collecting zone or municipality. The Act provides that nothing in the section authorizing the collection of room tax (s. 66.0615, Stats.) may prevent a municipality that issued debt obligations or bond anticipation notes prior to January 1, 2005, in order to finance the construction of a municipally owned convention or conference center, from meeting all of the original terms of its obligation.

Effective Date: This Act takes effect on March 29, 2006.

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This memo provides a brief description of the Act. For more detailed information, consult the text of the law and related legislative documents at the Legislature's Web site at: <http://www.legis.state.wi.us/>.