



## WISCONSIN LEGISLATIVE COUNCIL ACT MEMO

**2015 Wisconsin Act 301**  
[2015 Assembly Bill 714]

**Tourism Entities Under the  
Municipal Room Tax**

### **BACKGROUND**

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. 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.] Certain percentages of room tax revenue must be spent on tourism promotion and tourism development. A municipality that collects a room tax may not directly spend the required amount of room tax revenue on tourism promotion and tourism development. Rather, a municipality must forward the required amount of room tax revenue to a commission, if one exists, or to a tourism entity to be spent for those purposes.

### **2015 WISCONSIN ACT 301**

Wisconsin Act 301 expands the definition of tourism entity, permits municipalities to contract with a wider range of organizations if a tourism entity does not exist, and expands the required membership of a tourism entity’s governing body.

### **Definition of Tourism Entity**

Under prior law, a tourism entity was an organization that: (1) was a nonprofit organization; (2) came into existence before January 1, 1992; (3) spent at least 51% of its revenue on tourism promotion and tourism development; and (4) provided destination marketing staff and services for the tourism industry in a municipality.

If an organization satisfying the definition did not exist on January 1, 2016, then a municipality could contract with a nonprofit organization that: (1) was created within the municipality; (2) spent at least 51% of its revenue on tourism promotion and tourism

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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.wisconsin.gov>.

development; and (3) provided destination marketing staff and services for the tourism industry in the municipality.

Act 301 expands the definition of tourism entity to mean an organization that satisfies the conditions above except that it must have come into existence prior to January 1, **2015**, instead of January 1, **1992**.

Under Act 301, if an organization satisfying the modified definition of tourism entity does not exist, then a municipality may contract with a nonprofit organization that either: (1) spends at least **51% of its revenue** on tourism promotion and tourism development; or (2) was incorporated before January 1, 2015, and spends **100% of the room tax revenue it receives** from a municipality on tourism promotion and tourism development.

### **Tourism Entity Governing Bodies**

Under prior law, the governing body of a tourism entity was required to include at least one owner or operator of a lodging facility that collected room tax and was located within the municipality for which the room tax was collected.

Act 301 expands the required membership of a tourism entity's governing body to include either: (1) at least one owner or operator of a lodging facility that collects room tax for the municipality within which it is located; or (2) at least four owners or operators of lodging facilities that collect room taxes and that are located in the zone for which the room tax is collected.

*Effective date:* April 1, 2016

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