



GOVERNMENT RELATIONS & ASSOCIATION MANAGEMENT

MEMORANDUM

Date: December 17, 2003

To: Marc Shovers, Senior Legislative Attorney
Legislative Reference Bureau

From: Kathi Kilgore, Lobbyist
Wisconsin Innkeepers Association

Re: LRB-3775/P1

Enclosed you find questions and suggested changes to LRB-3775/P1. The suggested changes have been reviewed with Representative Mark Pettis. He has agreed to the changes and has asked that we send it to you for changes to the bill draft.

If you have any questions after reviewing the suggestions, please contact Trisha Pugal, President and CEO of the Wisconsin Innkeepers Association, at 262.782.2851.

Thank you very much for your prompt attention to this matter.

LRB-3775/P1
Room Tax Law Revision Preliminary Draft
Questions & Suggested Changes
12/17/03

Questions

1. On page 2, does the numbering of (ab) and (aj) in the definitions need to follow a specific sequence? *- yes alphabetical order*

Suggested Changes

1. Strike and revise the wording as noted in red pen on the attached document.
2. PAGE 5:
 - After Line 19
 - d. At least 20% of the remaining members are to be appointed by the principal elected official in the municipality. These members are responsible for reporting expenditures of the room tax monies to the municipality's governing body.
3. PAGE 6:
 - After Line 7
 - c. At least 20% of the remaining members are to be appointed by the principal elected official in the municipality. These members are responsible for reporting expenditures of the room tax monies to the municipality's governing body.
 - After Line 16
 - d. Require the tracking of expenditures and the resulting overnight stays to be reported at least annually to the board
 - Line 21, following the new period
 - Members of the committee 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.
4. PAGE 7:
 - After Line 14
 - c. At least 20% of the remaining members are to be appointed by the principal elected official in the municipality. These members are responsible for reporting expenditures of the room tax monies to the municipality's governing body.

incorporated into para (g) 4, c.

see (m)(g) 4, c.

*Why not have a research group do this?
Keep that there as selected from this group?*

5. PAGE 8:

- After Line 3

d. Require the tracking of expenditures and the resulting overnight stays to be reported at least annually to the board

added to subd. 3.

- Starting Line 7 and continuing through Page 9
Instead of "Dissolution" language, please use "Successorship" language, which would go into effect on the date of passage of the bill. Clarification would be needed that the revision would apply when the new structure is adhered to, but not to be more than one year from the date of passage of the bill.

6. PAGE 9:

- Please add a clause that allows the prevailing plaintiff to recover attorney fees in case someone wishes to litigate relating to this law.

→ party

see P. 227.45

In any cause of action relating to the interpretation or applicability of this section, if the party in the action prevails the court shall award the prevailing party the costs incurred in connection w/ the action, including attorney fees

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT to renumber 66.0615 (1) (a); to amend 66.0615 (1m) (a), 66.0615 (1m)**
2 **(d) 1. and 66.0615 (1m) (d) 2.; and to create 66.0615 (1) (ab), 66.0615 (1) (aj),**
3 **66.0615 (1) (em), 66.0615 (1) (fm), 66.0615 (1m) (g) and 66.0615 (1m) (h) of the**
4 **statutes; relating to: changes to the room tax law and the creation of**
5 **destination marketing organizations and tourism committees.**

Analysis by the Legislative Reference Bureau

Under current law a city, village, or town (municipality) and a local exposition district may impose a room tax. The room tax is a tax on the privilege of furnishing, at retail, rooms or lodging to transients by hotelkeepers, motel operators, and other persons who furnish accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations.

Generally, the maximum room tax that a municipality may impose is 8%. A single municipality that imposes a room tax may create a commission, which is defined as an entity to coordinate tourism promotion and development. If two or more municipalities in a zone impose a room tax, they must create a commission. Current law defines a zone as an area made up of two or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public. Current law requires a commission to contract with an organization to provide staff, development, or promotional services for the tourism industry in a municipality if a tourism entity does not exist in that municipality. A tourism entity is defined as a nonprofit organization that existed before January 1, 1992, that

provides staff, development, or promotional services for the tourism industry in a municipality.

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, which may be spent directly by the municipality or forwarded to the commission for its municipality or zone.

Further analysis to be provided in a future draft.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 66.0615 (1) (a) of the statutes is renumbered 66.0615 (1) (ae).

2 SECTION 2. 66.0615 (1) (ab) of the statutes is created to read:

3 66.0615 (1) (ab) "Area" means the geographic area of one municipality that
4 imposes a room tax under sub. (1m) (a) or the geographic areas of 2 or more
5 municipalities that impose a room tax under sub. (1m) (a) and that enter into a joint
6 contract with a destination marketing organization to ~~promote tourism and~~ generate
7 overnight hotel or motel stays in their municipalities.

8 SECTION 3. 66.0615 (1) (aj) of the statutes is created to read:

9 66.0615 (1) (aj) "Destination marketing organization" means one of the
10 following:

11 1. A nonprofit organization that came into existence before January 1, 2004,
12 and whose primary purpose ~~is to promote tourism in an area and~~ ^{is} to generate
13 overnight stays in hotels or motels in an area.

14 2. If an area does not have an organization described in subd. 1. that serves the
15 area and that is in existence on January 1, 2004, a nonprofit organization that came
16 into existence after December 31, 2003, and whose primary purpose ~~is to promote~~ ^{is}
17 ~~tourism in an area and~~ to generate overnight stays in hotels or motels in an area.

1 SECTION 4. 66.0615 (1) (em) of the statutes is created to read:

2 66.0615 (1) (em) "Tourism committee" means a committee created by a
3 municipality, under sub. (1m) (h), after December 31, 2003, in an area that does not
4 have in existence on January 1, 2004, a destination marketing organization, and
5 whose primary purpose^{is} ~~is to promote tourism in an area and~~ to generate overnight
6 stays in hotels or motels in an area.

****NOTE: I used the term "tourism committee" instead of "tourism commission"
because the latter is already a defined term in s. 66.0615.

7 SECTION 5. 66.0615 (1) (fm) of the statutes is created to read:

8 66.0615 (1) (fm) "Tourism-related retailers" has the meaning given in s.
9 66.1113 (1) (d).

10 SECTION 6. 66.0615 (1m) (a) of the statutes is amended to read:

11 66.0615 (1m) (a) The governing body of a municipality may enact an ordinance,
12 and a district, under par. (e), may adopt a resolution, imposing a tax on the privilege
13 of furnishing, at retail, except sales for resale, rooms or lodging to transients by
14 hotelkeepers, motel operators and other persons furnishing accommodations that
15 are available to the public, irrespective of whether membership is required for use
16 of the accommodations. A tax imposed under this paragraph is not subject to the
17 selective sales tax imposed by s. 77.52 (2) (a) 1. and may not be imposed on sales to
18 the federal government and persons listed under s. 77.54 (9a). A tax imposed under
19 this paragraph by a municipality shall be paid to the municipality and may shall
20 subject to par. (d), be forwarded to a commission if one is created under par. (e), as
21 provided in par. (d) destination marketing organization, as described under par. (g)
22 or, if such an organization does not exist in the municipality, to a tourism committee,
23 as described under par. (h). Except as provided in par. (am), a tax imposed under this

1 paragraph by a municipality may not exceed 8%. Except as provided in par. (am),
2 if a tax greater than 8% under this paragraph is in effect on May 13, 1994, the
3 municipality imposing the tax shall reduce the tax to 8%, effective on June 1, 1994.

4 SECTION 7. 66.0615 (1m) (d) 1. of the statutes is amended to read:

5 66.0615 (1m) (d) 1. A municipality that first imposes a room tax under par. (a)
6 after May 13, 1994, shall spend at least 70% of the amount collected on tourism
7 promotion and development. Any amount of room tax collected that must be spent
8 on tourism promotion and development shall ~~either be spent directly by the~~
9 ~~municipality on tourism promotion and development or shall be forwarded to the~~
10 ~~commission for its municipality or zone if the municipality has created a commission~~
11 ~~a destination marketing organization, as described under par. (g) or, if such an~~
12 ~~organization does not exist in the municipality, to a tourism committee, as described~~
13 ~~under par. (h).~~

14 SECTION 8. 66.0615 (1m) (d) 2. of the statutes is amended to read:

15 66.0615 (1m) (d) 2. If a municipality collects a room tax on May 13, 1994, it may
16 retain not more than the same percentage of the room tax that it retains on May 13,
17 1994. If a municipality that collects a room tax on May 1, 1994, increases its room
18 tax after May 1, 1994, the municipality may retain not more than the same
19 percentage of the room tax that it retains on May 1, 1994, except that if the
20 municipality is not exempt under par. (am) from the maximum tax that may be
21 imposed under par. (a), the municipality shall spend at least 70% of the increased
22 amount of room tax that it begins collecting after May 1, 1994, on tourism promotion
23 and development. Any amount of room tax collected that must be spent on tourism
24 promotion and development shall ~~either be spent directly by the municipality on~~
25 ~~tourism promotion and development or shall be forwarded to the commission for its~~

1 ~~municipality or zone if the municipality has created a commission a destination~~
2 ~~marketing organization, as described under par. (g) or, if such an organization does~~
3 ~~not exist in the municipality, to a tourism committee, as described under par. (h).~~

4 SECTION 9. 66.0615 (1m) (g) of the statutes is created to read:

5 66.0615 (1m) (g) 1. If a single municipality imposes a room tax under par. (a),
6 the municipality shall contract with a destination marketing organization in its
7 area. If no destination marketing organization exists in the municipality, the
8 municipality shall create a tourism committee under par. (h).

9 2. With regard to a destination marketing organization that provides services
10 to a single municipality, the organization shall be governed by a board that has no
11 more than 29 members. The governing board shall be composed of the following
12 members:

13 a. At least 67 percent of the members of the board shall represent
14 tourism-related retailers.

15 b. At least 33 percent of the members of the board shall ~~represent the hotel of~~
16 ~~the hotel industry.~~ **BE OWNERS OR OPERATORS OF HOTELS OR MOTELS COLLECTING THE ROOM TAX IN THE MUNICIPALITY.**

17 c. At least 51 percent of the members of the board shall represent the hotel
18 industry, the motel industry, the restaurant industry, the tourist attraction industry,
19 or the private golf course industry.

20 3. Two or more municipalities that impose a room tax under par. (a) may enter
21 into a contract under s. 66.0301 to jointly promote their areas. If each of the
22 contracting municipalities imposes a room tax at the same rate, the municipalities
23 may enter into a contract with a single destination marketing organization in their
24 area. A destination marketing organization that provides services to two or more

APPOINTED PER LOCAL ORDINANCE AND SHALL BE

1 municipalities under this subdivision shall be governed by a board ~~that has no more~~
2 ~~than 20 members~~. The governing board shall be composed of the following members:

3 a. At least 51 percent of the members of the board shall represent the hotel
4 industry, the motel industry, the restaurant industry, the tourist attraction industry,
5 or the private golf course industry.

6 b. At least 25 percent of the members of the board shall ~~represent the hotel or~~
7 ~~motel industry.~~ **BE OWNERS OR OPERATORS OF HOTELS OR MOTELS COLLECTING THE ROOM TAX IN THE MUNICIPALITIES.**

8 4. A destination marketing organization's governing board shall do at least all
9 of the following:

10 a. Meet regularly and, from among its members, elect a chairperson, vice
11 ~~chairperson,~~ **TREASURER,** and secretary.

12 b. Promote tourism in the area and ~~engage~~ **E**ngage in activities that generate overnight
13 stays in hotels or motels in the area.

14 **THROUGH THE LOCALLY APPOINTED REPRESENTATIVE,**
15 c. Prepare, and provide to each municipality from which it receives room tax
16 revenues, at least annually, a complete accounting of the receipts, expenses, and
expenditures of the board.

NOTE: Your instructions did not provide many details on the responsibilities of the DMO. Does subd. 4. meet your intent?

17 SECTION 10. 66.0615 (1m) (h) of the statutes is created to read:

18 66.0615 (1m) (h) 1. If no destination marketing organization exists in a single
19 municipality that imposes a room tax under par. (a), the municipality shall create a
20 tourism committee to which it shall forward its room tax revenues. The tourism
21 committee shall consist of ~~6~~ **7** members, ~~who shall be appointed by the principal elected~~
22 ~~official in the municipality.~~ Committee members shall serve for a one-year term, at
23 the pleasure of the appointing official, and may be reappointed. Two of the committee

ER
"kept in" because the stat. par (a) 1.23 requires a DMO to be in the muni's area

1 members shall represent the hotel or motel industry. ^{THREE} Two of the committee members
 2 shall represent tourism-related retailers, other than representatives of the hotel or
 3 motel industry. Two members shall be ^{APPROXIMATELY} ~~be~~ ^{electors} who reside in the municipality, and
 4 may be individuals who hold elective public office. ^{SECRET}

****NOTE: Your instructions stated that two members shall be "city representatives." I'm not sure if you meant elected officials, municipal employees, or just electors of the municipality. Does the last sentence of par. (h) 1. reflect your intent? Are the other provisions of this subdivision OK?

5 2. A tourism committee shall contract with a nonprofit ^{TOURISM} entity to provide
 6 tourism development and promotion services to the municipality, and shall forward
 7 to the entity all of the room tax revenues it receives from the municipality. ^{ONE OF} ~~the~~
 8 ^{MAJOR} primary purposes of the nonprofit entity shall be ~~to promote tourism in the~~ ^{TOURISM}
 9 ~~municipality and~~ to generate overnight stays in hotels or motels in the municipality.
 10 The nonprofit entity shall be governed by a board. The governing board shall be
 11 composed of the following members:

12 a. At least 51 percent of the members shall represent tourism-related retailers.

13 b. At least 25 percent of the members shall ^{BE OWNERS OR OPERATORS} ~~represent the hotel or motel~~

14 ^{OF HOTELS OR MOTELS COLLECTING THE ROOM TAX IN THE MUNICIPALITY.}

****NOTE: I used the term "nonprofit entity" instead of "tourism entity" because the latter is already a defined term in s. 66.0615. Your instructions did not provide any guidance on the maximum number of members of the board of a nonprofit entity. Do you want to provide any more detail in this area?

15 3. The governing board of a nonprofit entity described under subd. 2. shall do
 16 at least all of the following:

17 a. Meet regularly and, from among its members, elect a chairperson, vice
 18 chairperson, ^{TREASURER,} and secretary.

19 b. ~~Promote tourism in the area and~~ ^{ENGAGE} engage in activities that generate overnight
 20 stays in hotels or motels in the area.

CAN I
USE
TOURISM
HERE?

What?

3

THREE

APPROXIMATELY

SECRET

TOURISM

ONE OF

MAJOR

TOURISM

TOURISM

TOURISM

TREASURER

ENGAGE

1 c. Prepare, and provide to the tourism committee from which it receives room
2 tax revenues, at least annually, a complete accounting of the receipts, expenses, and
3 expenditures of the board.

****NOTE: Your instructions did not provide many details on the responsibilities of
the nonprofit entity. Does subd. 4. meet your intent?

4 SECTION 11. Nonstatutory provisions.

5 (1) ~~DISSOLUTION~~ OF A COMMISSION. If a commission under section 66.0615 (1) (a)

6 of the statutes, as affected by this act, is in existence on or after the effective date of
7 this subsection, it shall wind up its affairs and dissolve, and the dissolution shall take
8 effect on March 31, 2005. Such a commission shall terminate any contracts that it
9 may have with a tourism entity under section 66.0615 (1) (f) of the statutes, or any
10 similar organization that performs the functions of a tourism entity. Before
11 dissolution, a commission shall pay off all of its outstanding liabilities. If a
12 commission does not have sufficient assets to pay off its liabilities, the liabilities shall
13 become the responsibility of the municipality that created the commission. After
14 paying off all of its outstanding liabilities, a commission shall distribute any
15 unallocated assets to the municipality that created the commission. If more than one
16 municipality created a commission, the outstanding liabilities of a commission that
17 the commission is not able to pay off shall be allocated among the creating
18 municipalities based on the percentage of room tax revenues that each municipality
19 forwarded to the commission during the last 12 months before the dissolution of the
20 commission, and unallocated assets of a commission shall be distributed to such
21 municipalities based on the same percentage.

22 SECTION 12. Initial applicability.

*Basically the assets, liabilities, &
Ks of a commission are
transferred to a DMO*

*or
tourism
committee*

2

*CHANGE
TO*

*SUCCESSORSHIP
LANGUAGE*

1 (1) This act first applies to room tax revenues that are collected on the effective
2 date of this subsection, except that, if a municipality that collects a room tax on the
3 effective date of this subsection, forwards its room tax revenue to a commission, this
4 act first applies to room tax revenues that are collected on ~~April 1, 2005.~~

SEE NOTES

 ****NOTE: I created the April 1, 2005 date to allow at least one year for a commission
to wind up its affairs after the bill becomes law. Currently, the last scheduled floor period
for this legislature is March 11, 2005. Is this OK?

5

(END)



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3775/1
MES:cs:jf

stay (RMR)

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

WANTED:
Fri A.M.

Legen

1 AN ACT to renumber 66.0615 (1) (a); to amend 66.0615 (1m) (a), 66.0615 (1m)
2 (d) 1. and 66.0615 (1m) (d) 2.; and to create 66.0615 (1) (ab), 66.0615 (1) (aj),
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4 statutes; relating to: changes to the room tax law and the creation of
5 destination marketing organizations and tourism committees.

Analysis by the Legislative Reference Bureau

Under current law a city, village, or town (municipality) and a local exposition district may impose a room tax. The room tax is a tax on the privilege of furnishing, at retail, rooms or lodging to transients by hotelkeepers, motel operators, and other persons who furnish accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations.

Generally, the maximum room tax that a municipality may impose is ~~8%~~ ^{eight} percent. A single municipality that imposes a room tax may create a commission, which is defined as an entity to coordinate tourism promotion and development. If two or more municipalities in a zone impose a room tax, they must create a commission. Current law defines a zone as an area made up of two or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public. Current law requires a commission to contract with an organization to provide staff, development, or promotional services for the tourism industry in a municipality if a tourism entity does not exist in that municipality. A tourism entity is defined as a nonprofit organization that existed before January 1, 1992, that

eight percent

provides staff, development, or promotional services for the tourism industry in a municipality.

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, which may be spent directly by the municipality or forwarded to the commission for its municipality or zone.

TNS
ANL

Further analysis to be provided in a future draft.

For further information see the local fiscal estimate, which will be printed as an appendix to this bill.

AL State < LPS: change tag to SL-FE

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5 municipalities that impose a room tax under sub. (1m) (a) and that enter into a joint
6 contract with a destination marketing organization to promote tourism and generate
7 overnight hotel or motel stays in their municipalities. ✓

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9 66.0615 (1) (aj) "Destination marketing organization" means one of the
10 following:

11 1. A nonprofit organization that came into existence before January 1, 2004,
12 and whose primary purposes ^{is} to promote tourism in an area and to generate
13 overnight stays in hotels or motels in an area. ✓

14 2. If an area does not have an organization described in subd. 1. that serves the
15 area and that is in existence on January 1, 2004, a nonprofit organization that came
16 into existence after December 31, 2003, and whose primary purposes ^{is} to promote
17 tourism in an area and to generate overnight stays in hotels or motels in an area. ✓

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3 municipality, under sub. (1m) (h), after December 31, 2003, in an area that does not
4 have in existence on January 1, 2004, a destination marketing organization, and
5 whose primary purposes ~~are to promote tourism in an area and~~ to generate overnight
6 stays in hotels or motels in an area.

****NOTE. I used the term "tourism committee" instead of "tourism commission"
because the latter is already a defined term in s. 66.0615.

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11 66.0615 (1m) (a) The governing body of a municipality may enact an ordinance,
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13 of furnishing, at retail, except sales for resale, rooms or lodging to transients by
14 hotelkeepers, motel operators and other persons furnishing accommodations that
15 are available to the public, irrespective of whether membership is required for use
16 of the accommodations. A tax imposed under this paragraph is not subject to the
17 selective sales tax imposed by s. 77.52 (2) (a) 1. and may not be imposed on sales to
18 the federal government and persons listed under s. 77.54 (9a). A tax imposed under
19 this paragraph by a municipality shall be paid to the municipality and ~~may shall,~~
20 subject to par. (d), be forwarded to a commission if one is created under par. (e), as
21 provided in par. (d) destination marketing organization, as described under par. (g)
22 or, if such an organization does not exist in the municipality, to a tourism committee,
23 as described under par. (h). Except as provided in par. (am), a tax imposed under this

1 paragraph by a municipality may not exceed 8%. Except as provided in par. (am),
2 if a tax greater than 8% under this paragraph is in effect on May 13, 1994, the
3 municipality imposing the tax shall reduce the tax to 8%, effective on June 1, 1994.

4 SECTION 7. 66.0615 (1m) (d) 1. of the statutes is amended to read:

5 66.0615 (1m) (d) 1. A municipality that first imposes a room tax under par. (a)
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7 promotion and development. Any amount of room tax collected that must be spent
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9 ~~municipality on tourism promotion and development or shall be forwarded to the~~
10 ~~commission for its municipality or zone if the municipality has created a commission~~
11 a destination marketing organization, as described under par. (g) or, if such an
12 organization does not exist in the municipality, to a tourism committee, as described
13 under par. (h).

14 SECTION 8. 66.0615 (1m) (d) 2. of the statutes is amended to read:

15 66.0615 (1m) (d) 2. If a municipality collects a room tax on May 13, 1994, it may
16 retain not more than the same percentage of the room tax that it retains on May 13,
17 1994. If a municipality that collects a room tax on May 1, 1994, increases its room
18 tax after May 1, 1994, the municipality may retain not more than the same
19 percentage of the room tax that it retains on May 1, 1994, except that if the
20 municipality is not exempt under par. (am) from the maximum tax that may be
21 imposed under par. (a), the municipality shall spend at least 70% of the increased
22 amount of room tax that it begins collecting after May 1, 1994, on tourism promotion
23 and development . Any amount of room tax collected that must be spent on tourism
24 promotion and development shall ~~either be spent directly by the municipality on~~
25 ~~tourism promotion and development or shall be forwarded to the commission for its~~

1 ~~municipality or zone if the municipality has created a commission a destination~~
2 ~~marketing organization, as described under par. (g) or, if such an organization does~~
3 ~~not exist in the municipality, to a tourism committee, as described under par. (h).~~

4 SECTION 9. 66.0615 (1m) (g) of the statutes is created to read:

5 66.0615 (1m) (g) 1. If a single municipality imposes a room tax under par. (a),
6 the municipality shall contract with a destination marketing organization in its
7 area. If no destination marketing organization exists in the municipality, the
8 municipality shall create a tourism committee under par. (h). *established*

9 2. With regard to a destination marketing organization that provides services
10 to a single municipality, the organization shall be governed by a board that has no
11 more than 29 members. The governing board shall be composed of the following
12 members *and, except as provided in subd. 2. d. g. shall be appointed*
13 a. At least 67 percent of the members of the board shall represent
14 tourism-related retailers.

15 b. At least 33 percent of the members of the board shall represent the hotel or
16 ~~motel industry~~ *be owners or operators of hotels or motels in the* municipality

17 c. At least 51 percent of the members of the board shall represent the hotel
18 industry, the motel industry, the restaurant industry, the tourist attraction industry,
19 or the private golf course industry. *d. At least 20 percent of the members of the*
board shall be appointed by the principal
elected official in the municipality.

20 3. Two or more municipalities that impose a room tax under par. (a) may enter
21 into a contract under s. 66.0301 to jointly promote their areas. If each of the
22 contracting municipalities imposes a room tax at the same rate, the municipalities
23 may enter into a contract with a single destination marketing organization in their
24 area. A destination marketing organization that provides services to two or more

SECTION 9

who shall be appointed under the terms of a written agreement entered into by the municipalities

1 municipalities under this subdivision shall be governed by a board ~~that has no more~~

2 ~~than 20 members~~. The governing board shall be composed of the following members:

3 a. At least 51 percent of the members of the board shall represent the hotel
4 industry, the motel industry, the restaurant industry, the tourist attraction industry,
5 or the private golf course industry.

6 b. At least 25 percent of the members of the board shall represent the hotel or
7 ~~motel industry~~ ^{be owners or operators of hotels or motels in the} ~~area~~

INS
6-7

8 4. A destination marketing organization's governing board shall do at least all
9 of the following:

10 a. Meet regularly and, from among its members, elect a chairperson, vice
11 chairperson, ~~and~~ secretary, ^{and treasurer}

12 b. ~~Promote tourism in the area and~~ engage in activities that generate overnight
13 stays in hotels or motels in the area.

14 c. Prepare, and provide to each municipality from which it receives room tax
15 revenues, at least annually, a complete accounting of the receipts, expenses, and
16 expenditures of the board.

This information shall be provided to the municipalities by board members who are appointed under subd. 2, d, or 3.

INS
6-16

***NOTE: Your instructions did not provide many details on the responsibilities of the DMO. Does subd. 4. meet your intent?

17 SECTION 10. 66.0615 (1m) (h) of the statutes is created to read:

18 66.0615 (1m) (h) 1. If no destination marketing organization exists in a single
19 municipality that imposes a room tax under par. (a), the municipality shall create a
20 tourism committee to which it shall forward its room tax revenues. The tourism
21 committee shall consist of ~~6~~ ⁷ members who shall be appointed by the principal elected
22 ~~official in the municipality~~. Committee members shall serve for a one-year term, at
23 the pleasure of the appointing official, and may be reappointed. Two of the committee

INS 6-22

1 members shall represent the hotel or motel industry. ^{Three} ~~Two~~ of the committee members
2 shall represent tourism-related retailers, other than representatives of the hotel or
3 motel industry. Two members shall be electors who reside in the municipality, and
4 may be individuals who hold elective public office.

****NOTE: Your instructions stated that two members shall be "city representatives." I'm not sure if you meant elected officials, municipal employees, or just electors of the municipality. Does the last sentence of par. (h) 1. reflect your intent? Are the other provisions of this subdivision OK?

5 2. A tourism committee shall contract with a nonprofit ^{tourism organization} ~~entity~~ to provide
6 tourism development and promotion services to the municipality, and shall forward
7 to the ^{organization} ~~entity~~ all of the room tax revenues it receives from the municipality. ^{One of} ~~The~~
8 ~~major~~ ^{major} purposes of the nonprofit ~~entity~~ shall be to promote tourism in the
9 ~~municipality and~~ to generate overnight stays in hotels or motels in the municipality.
10 The nonprofit ~~entity~~ shall be governed by a board. The governing board shall be
11 composed of the following members:

- 12 a. At least 51 percent of the members shall represent tourism-related retailers.
- 13 b. At least 25 percent of the members shall ~~represent the hotel or motel~~
14 ~~industry~~ ^{be owners or operators of hotels or motels in the} ~~municipality~~

****NOTE: I used the term "nonprofit entity" instead of "tourism entity" because the latter is already a defined term in s. 66.0615. Your instructions did not provide any guidance on the maximum number of members of the board of a nonprofit entity. Do you want to provide any more detail in this area?

INS 7-14

15 3. The governing board of a nonprofit ^{tourism organization} ~~entity~~ described under subd. 2. shall do
16 at least all of the following:

- 17 a. Meet regularly and, from among its members, elect a chairperson, vice
18 chairperson, ~~and secretary~~ ^{and treasurer}
- 19 b. ~~Promote tourism in the area and~~ engage in activities that generate overnight
20 stays in hotels or motels in the area.

1 *are generated*
 c. Prepare, and provide to the *municipality* tourism committee *and to the municipality* from which *it receives* the
 2 tax revenues, at least annually, a complete accounting of the receipts, expenses, and
 3 expenditures of the board. *This information shall be provided to the board by board members who are appointed under subch.*

****NOTE: Your instructions did not provide many details on the responsibilities of the nonprofit entity. Does subd. 4. meet your intent?

4 **SECTION 11. Nonstatutory provisions.** *CS*

TRANSFER OF ASSETS AND LIABILITIES

5 (1) DISSOLUTION OF A COMMISSION. If a commission under section 66.0615 (1) (ae)
 6 of the statutes, as affected by this act, is in existence on or after the effective date of
 7 this subsection, it shall wind up its affairs *2NS 8-7* and dissolve, and the dissolution shall take
 8 effect on March 31, 2005. Such a commission shall terminate any contracts that it

9 may have with a tourism entity under section 66.0615 (1) (f) of the statutes, or any
 10 similar organization that performs the functions of a tourism entity. Before
 11 dissolution, a commission shall pay off all of its outstanding liabilities. If a
 12 commission does not have sufficient assets to pay off its liabilities, the liabilities shall
 13 become the responsibility of the municipality that created the commission. After
 14 paying off all of its outstanding liabilities, a commission shall distribute any
 15 unallocated assets to the municipality that created the commission. If more than one
 16 municipality created a commission, the outstanding liabilities of a commission that
 17 the commission is not able to pay off shall be allocated among the creating
 18 municipalities based on the percentage of room tax revenues that each municipality
 19 forwarded to the commission during the last 12 months before the dissolution of the
 20 commission, and unallocated assets of a commission shall be distributed to such
 21 municipalities based on the same percentage.

22 **SECTION 12. Initial applicability.**

INS 8-3

INS 8-4

1 (1) This act first applies to room tax revenues that are collected on the effective
2 date of this subsection, except that, if a municipality that collects a room tax on the
3 effective date of this subsection, forwards its room tax revenue to a commission, this
4 act first applies to room tax revenues that are collected on April 1, 2005.

****NOTE. I created the April 1, 2005 date to allow at least one year for a commission to wind up its affairs after the bill becomes law. Currently, the last scheduled floor period for this legislature is March 11, 2005. Is this OK?

5

(END)

INS ANL

Generally, under the bill, room tax revenues must be forwarded by a municipality to a destination marketing organization (DMO) or a tourism committee, other than room tax revenues that current law authorizes a municipality to retain for purposes other than tourism promotion and development. The bill defines a DMO as a nonprofit organization whose primary purpose is to generate overnight stays in hotels or motels in an area. An area is defined as the geographic area of one municipality that imposes a room tax or the geographic areas of two or more municipalities that impose a room tax and that enter into a joint contract with a DMO to generate overnight hotel or motel stays in their municipalities.

Under the bill, if a single municipality imposes a room tax, it must contract with a DMO or, if no DMO exists in the municipality, the municipality must create a tourism committee. The DMO must be governed by a board that has less than 30 members who are appointed by the municipality according to procedures in a municipal ordinance. At least 51 percent of the board must be tourism-related retailers, and at least 25 percent must be owners or operators of hotels or motels in the municipality. At least 51 percent must represent the hospitality industry (hotel, motel, restaurant, tourist attraction, or private golf course industry), and at least 20 percent must be appointed by the principal elected official in the municipality.

If two or more municipalities enter into a contract with a DMO to jointly promote their areas, the DMO must be governed by a board whose members must be appointed under the terms of a written agreement entered into by the municipalities. At least 51 percent of the members of the board must represent the hospitality industry, at least 25 percent must be owners or operators of hotels or motels in the municipalities, and at least 20 percent must be appointed by the principal elected officials in the municipalities.

The bill requires a DMO to do at least all of the following:

1. Engage in activities that generate overnight hotel or motel stays in its area.
2. At least annually, prepare a complete accounting of the receipts, expenses, and expenditures of the board and provide this report to all of the municipalities that provide room tax revenue to the DMO.
3. At least annually, prepare a report that correlates the expenditures of the board and the overnight stays that result from the expenditures, which shall be distributed as described in item 2.

If no DMO exists in a single municipality that imposes a room tax, the municipality must create a tourism committee to which it forwards its room tax. The tourism committee consists of seven members who are appointed by the principal elected official in the municipality, and confirmed by the governing body. The committee members are made up of representatives of the hotel or motel industry, tourism-related retailers, and electors who reside in the municipality. The tourism committee must contract with a nonprofit tourism organization (NTO) to provide tourism development and promotion services to the municipality, and the tourism

consist of

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established

DMO's

DMO's

members

representatives of

two

and

seven

committee forwards the room tax revenue it receives from the municipality to the NTO.

The NTO is governed by a board whose members consist of tourism-related retailers, owners or operators of hotels or motels, and members who are appointed by the principal elected official in the municipality. An NTO's duties are similar to the duties of a DMO. ✓

If a commission exists on or after the effective date of the bill, it must wind up its affairs by transferring its assets and liabilities, and its existing contracts and programs, to a DMO or a tourism committee. Following the winding up of its affairs, the commission shall dissolve, effective March 31, 2005. Generally, the bill first applies to ^{to} room tax revenues that are collected on the effective date of the bill, but if a municipality forwards its room tax revenues to a commission the bill ^{first} applies to such revenues that are collected on April 1, 2005.

Also under the bill, in any cause of action that relates to the interpretation or applicability of the room tax statute, a court must award the prevailing party the costs incurred in connection with the action, including attorney fees. ✓

INS 6-7

c. At least 20 percent of the members of the board shall be appointed by the principal elected officials ^{of each of} the municipalities.

INS 6-16

^{will} and a report that correlates the expenditures of the board and the overnight stays that result from the expenditures. This information shall be provided to the municipality by board members who are appointed under subd. 2. d. or 3.c. ✓ ✓

INS 6-22

^{will} Members of the committee 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.

INS 7-14

c. At least 20 percent of the members of the board shall be appointed by the principal elected official in the municipality.

INS 8-3

no P and a report that correlates the expenditures of the board and the overnight stays that result from the expenditures. This information shall be provided to the committee and the municipality by board members who are appointed under subd. 2. c

INS 8-4

^

SECTION 1. 66.0615 (4) of the statutes is created to read:

66.0615 (4) In any cause of action relating to the interpretation or applicability of this section, the court shall award the prevailing party the costs incurred in connection with the action, including attorney fees.

INS 8-7

no P

by transferring its assets and liabilities, and its existing contracts and programs, to a destination marketing organization or a tourism committee. Upon so winding up its affairs, the commission shall

Shovers, Marc

From: Trisha Pugal [pugal@lodging-wi.com]
Sent: Wednesday, February 04, 2004 1:33 PM
To: marc.shovers@legis.state.wi.us
Cc: kimberly.liedl@legis.state.wi.us; Kathi Kilgore
Subject: LRB-3775/1 Room Tax Law

Marc:

After reviewing your draft with the revisions we discussed (nice work on capturing the concepts so well in your wording, by the way!), there are just a few changes needed. I understand Rep. Pettis' office has provided authorization for me to submit this to you.

Rather than put the changes in an attachment, they are summarized below. If you have any questions, I will be in most of the afternoon - at least until 5:30 pm (262-782-2851). Thank-you.

Trisha Pugal, CAE
 President, CEO
 Wisconsin Innkeepers Association
 262-782-2851
 pugal@lodging-wi.com
 For lodging information visit lodging-wi.com--

LRB-3775/1 Proposed Changes

2/4/04

Page 6, line 21; Page 7, line 15; and Page 9, line 2
 Add "collecting the room tax" after "hotels or motels" to ensure only properties collecting room tax are representing the industry collecting the tax

Is needed because some non-profits are attempting to collect tax from hotels/motels in a muni w/ a tax must collect it

Page 6, line 16
 Add "a, b, c, and" in between "2" and "d" to ensure all noted composition is included **Not needed**

Page 7, line 5
 Delete "at the same rate", as currently some municipalities with differing room tax rates contract with the same DMO.

See change

Page 7, line 16
 Add "or no more than one member per municipality" after "At least 20 percent of the members of the board" to ensure it is not interpreted that each participating municipality receives 20 percent.

is it work... 15 member board & munis -- 20% = 3, but can be 7

Page 8, line 6
 Replace "in" with "for" for clarification

but the #/muni is set by K...

See change - provides services to



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3775/12

MES:cs:jf

RMR

stays

2003 BILL

SA

WANTED
THURS. A.M.
2/12

egen

1 AN ACT to renumber 66.0615 (1) (a); to amend 66.0615 (1m) (a), 66.0615 (1m)
2 (d) 1. and 66.0615 (1m) (d) 2.; and to create 66.0615 (1) (ab), 66.0615 (1) (aj),
3 66.0615 (1) (em), 66.0615 (1) (fm), 66.0615 (1m) (g), 66.0615 (1m) (h) and
4 66.0615 (4) of the statutes; relating to: changes to the room tax law and the
5 creation of destination marketing organizations and tourism committees.

Analysis by the Legislative Reference Bureau

Under current law a city, village, or town (municipality) and a local exposition district may impose a room tax. The room tax is a tax on the privilege of furnishing, at retail, rooms or lodging to transients by hotelkeepers, motel operators, and other persons who furnish accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations.

Generally, the maximum room tax that a municipality may impose is eight percent. A single municipality that imposes a room tax may create a commission, which is defined as an entity to coordinate tourism promotion and development. If two or more municipalities in a zone impose a room tax, they must create a commission. Current law defines a zone as an area made up of two or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public. Current law requires a commission to contract with an organization to provide staff, development, or promotional services for the tourism industry in a municipality if a tourism entity does not exist in that municipality. A tourism entity is defined as a nonprofit organization that existed before January 1,

BILL

1992, that provides staff, development, or promotional services for the tourism industry in a municipality.

A municipality that first imposes a room tax after May 13, 1994, must spend at least 70 percent of the amount collected on tourism promotion and development, which may be spent directly by the municipality or forwarded to the commission for its municipality or zone.

Under the bill, generally, room tax revenues must be forwarded by a municipality to a destination marketing organization (DMO) or a tourism committee, other than room tax revenues that current law authorizes a municipality to retain for purposes other than tourism promotion and development. The bill defines a DMO as a nonprofit organization whose primary purpose is to generate overnight stays in hotels or motels in an area. An area is defined as the geographic area of one municipality that imposes a room tax or the geographic areas of two or more municipalities that impose a room tax and that enter into a joint contract with a DMO to generate overnight hotel or motel stays in their municipalities.

Under the bill, if a single municipality imposes a room tax, it must contract with a DMO or, if no DMO exists in the municipality, the municipality must create a tourism committee. The DMO must be governed by a board that has less than 30 members who are appointed by the municipality according to procedures established in a municipal ordinance. The board members must consist of tourism-related retailers, owners or operators of hotels or motels, and representatives of the hospitality industry (hotel, motel, restaurant, tourist attraction, or private golf course industry), and at least 20 percent must be appointed by the principal elected official in the municipality.

If two or more municipalities enter into a contract with a DMO to jointly promote their areas, the DMO must be governed by a board whose members must be appointed under the terms of a written agreement entered into by the municipalities. The board members must consist of representatives of the hospitality industry and owners or operators of hotels or motels in the municipality, and at least 20 percent ^{in total} must be appointed by the principal elected officials in the municipalities.

The bill requires a DMO to do at least all of the following:

1. Engage in activities that generate overnight hotel or motel stays in its area.
2. At least annually, prepare a complete accounting of the receipts, expenses, and expenditures of the DMO's board and provide this report to all of the municipalities that provide room tax revenue to the DMO.
3. At least annually, prepare a report that correlates the expenditures of the DMO's board and the overnight stays that result from the expenditures, which shall be distributed as described in item 2. ^{Provides services to}

If no DMO ~~exists in~~ ^{exists in} a single municipality that imposes a room tax, the municipality must create a tourism committee to which it forwards its room tax. The tourism committee consists of seven members who are appointed by the principal elected official in the municipality, and confirmed by the governing body. The committee members are made up of representatives of the hotel or motel industry, tourism-related retailers, and electors who reside in the municipality. The tourism

BILL

committee must contract with a nonprofit tourism organization (NTO) to provide tourism development and promotion services to the municipality, and the tourism committee forwards the room tax revenue it receives from the municipality to the NTO.

The NTO is governed by a board whose members consist of tourism-related retailers, owners or operators of hotels or motels, and members who are appointed by the principal elected official in the municipality. An NTO's duties are similar to the duties of a DMO.

If a commission exists on or after the effective date of the bill, it must wind up its affairs by transferring its assets and liabilities, and its existing contracts and programs, to a DMO or a tourism committee. Following the winding up of its affairs, the commission shall dissolve, effective March 31, 2005. Generally, the bill first applies to room tax revenues that are collected on the effective date of the bill, but if a municipality forwards its room tax revenues to a commission the bill first applies to such revenues that are collected on April 1, 2005.

Also under the bill, in any cause of action that relates to the interpretation or applicability of the room tax statute, a court must award the prevailing party the costs incurred in connection with the action, including attorney fees.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 66.0615 (1) (a) of the statutes is renumbered 66.0615 (1) (ae).

2 **SECTION 2.** 66.0615 (1) (ab) of the statutes is created to read:

3 66.0615 (1) (ab) "Area" means the geographic area of one municipality that
4 imposes a room tax under sub. (1m) (a) or the geographic areas of 2 or more
5 municipalities that impose a room tax under sub. (1m) (a) and that enter into a joint
6 contract with a destination marketing organization to generate overnight hotel or
7 motel stays in their municipalities.

8 **SECTION 3.** 66.0615 (1) (aj) of the statutes is created to read:

9 66.0615 (1) (aj) "Destination marketing organization" means one of the
10 following:

BILL

1 1. A nonprofit organization that came into existence before January 1, 2004,
2 and whose primary purpose is to generate overnight stays in hotels or motels in an
3 area.

4 2. If an area does not have an organization described in subd. 1. that serves the
5 area and that is in existence on January 1, 2004, a nonprofit organization that came
6 into existence after December 31, 2003, and whose primary purpose is to generate
7 overnight stays in hotels or motels in an area.

8 **SECTION 4.** 66.0615 (1) (em) of the statutes is created to read:

9 66.0615 (1) (em) "Tourism committee" means a committee created by a
10 municipality, under sub. (1m) (h), after December 31, 2003, in an area that does not
11 have in existence on January 1, 2004, a destination marketing organization, and
12 whose primary purpose is to generate overnight stays in hotels or motels in an area.

13 **SECTION 5.** 66.0615 (1) (fm) of the statutes is created to read:

14 66.0615 (1) (fm) "Tourism-related retailers" has the meaning given in s.
15 66.1113 (1) (d).

16 **SECTION 6.** 66.0615 (1m) (a) of the statutes is amended to read:

17 66.0615 (1m) (a) The governing body of a municipality may enact an ordinance,
18 and a district, under par. (e), may adopt a resolution, imposing a tax on the privilege
19 of furnishing, at retail, except sales for resale, rooms or lodging to transients by
20 hotelkeepers, motel operators and other persons furnishing accommodations that
21 are available to the public, irrespective of whether membership is required for use
22 of the accommodations. A tax imposed under this paragraph is not subject to the
23 selective sales tax imposed by s. 77.52 (2) (a) 1. and may not be imposed on sales to
24 the federal government and persons listed under s. 77.54 (9a). A tax imposed under
25 this paragraph by a municipality shall be paid to the municipality and ~~may~~ shall,

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1 ~~subject to par. (d), be forwarded to a commission if one is created under par. (c), as~~
2 ~~provided in par. (d) destination marketing organization, as described under par. (g)~~
3 ~~or, if such an organization does not exist in the municipality, to a tourism committee,~~
4 ~~as described under par. (h).~~ Except as provided in par. (am), a tax imposed under this
5 paragraph by a municipality may not exceed 8%. Except as provided in par. (am),
6 if a tax greater than 8% under this paragraph is in effect on May 13, 1994, the
7 municipality imposing the tax shall reduce the tax to 8%, effective on June 1, 1994.

8 **SECTION 7.** 66.0615 (1m) (d) 1. of the statutes is amended to read:

9 66.0615 (1m) (d) 1. A municipality that first imposes a room tax under par. (a)
10 after May 13, 1994, shall spend at least 70% of the amount collected on tourism
11 promotion and development. Any amount of room tax collected that must be spent
12 on tourism promotion and development shall ~~either be spent directly by the~~
13 ~~municipality on tourism promotion and development or shall be forwarded to the~~
14 ~~commission for its municipality or zone if the municipality has created a commission~~
15 a destination marketing organization, as described under par. (g) or, if such an
16 organization does not exist in the municipality, to a tourism committee, as described
17 under par. (h).

18 **SECTION 8.** 66.0615 (1m) (d) 2. of the statutes is amended to read:

19 66.0615 (1m) (d) 2. If a municipality collects a room tax on May 13, 1994, it may
20 retain not more than the same percentage of the room tax that it retains on May 13,
21 1994. If a municipality that collects a room tax on May 1, 1994, increases its room
22 tax after May 1, 1994, the municipality may retain not more than the same
23 percentage of the room tax that it retains on May 1, 1994, except that if the
24 municipality is not exempt under par. (am) from the maximum tax that may be
25 imposed under par. (a), the municipality shall spend at least 70% of the increased

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1 amount of room tax that it begins collecting after May 1, 1994, on tourism promotion
2 and development . Any amount of room tax collected that must be spent on tourism
3 promotion and development shall ~~either be spent directly by the municipality on~~
4 ~~tourism promotion and development or shall be forwarded to the commission for its~~
5 ~~municipality or zone if the municipality has created a commission~~ a destination
6 marketing organization, as described under par. (g) or, if such an organization does
7 not exist in the municipality, to a tourism committee, as described under par. (h).

8 **SECTION 9.** 66.0615 (1m) (g) of the statutes is created to read:

9 66.0615 (1m) (g) 1. If a single municipality imposes a room tax under par. (a),
10 the municipality shall contract with a destination marketing organization in its
11 area. If no destination marketing organization exists in the municipality, the
12 municipality shall create a tourism committee under par. (h).

13 2. With regard to a destination marketing organization that provides services
14 to a single municipality, the organization shall be governed by a board that has no
15 more than 29 members. The governing board shall be composed of the following
16 members and, except as provided in subd. 2. d., shall be appointed by the
17 municipality according to procedures established in a municipal ordinance:

18 a. At least 67 percent of the members of the board shall represent
19 tourism-related retailers.

20 b. At least 33 percent of the members of the board shall be owners or operators
21 of hotels or motels ^{that collect the room tax} in the municipality.

22 c. At least 51 percent of the members of the board shall represent the hotel
23 industry, the motel industry, the restaurant industry, the tourist attraction industry,
24 or the private golf course industry.

BILL

1 d. At least 20 percent of the members of the board shall be appointed by the
2 principal elected official in the municipality.

3 3. Two or more municipalities that impose a room tax under par. (a) may enter
4 into a contract under s. 66.0301 to jointly promote their areas. If each of the
5 contracting municipalities imposes a room tax ~~at the same rate~~, the municipalities
6 may enter into a contract with a single destination marketing organization in their
7 area. A destination marketing organization that provides services to ~~two~~ ² or more
8 municipalities under this subdivision shall be governed by a board. The governing
9 board shall be composed of the following members who shall be appointed under the
10 terms of a written agreement entered into by the municipalities:

11 a. At least 51 percent of the members of the board shall represent the hotel
12 industry, the motel industry, the restaurant industry, the tourist attraction industry,
13 or the private golf course industry.

14 b. At least 25 percent of the members of the board shall be owners or operators
15 of hotels or motels ^{that collect the room tax} in the area.

16 c. At least 20 percent of the members of the board ^{in total,} shall be appointed by the
17 principal elected official in each of the municipalities.

18 4. A destination marketing organization's governing board shall do at least all
19 of the following:

20 a. Meet regularly and, from among its members, elect a chairperson, vice
21 chairperson, secretary, and treasurer.

22 b. Engage in activities that generate overnight stays in hotels or motels in the
23 area.

24 c. Prepare, and provide to each municipality from which it receives room tax
25 revenues, at least annually, a complete accounting of the receipts, expenses, and

BILL

1 expenditures of the board and a report that correlates the expenditures of the board
2 and the overnight stays that result from the expenditures. This information shall
3 be provided to the municipality by board members who are appointed under subd.
4 2. d. or 3. c.

5 **SECTION 10.** 66.0615 (1m) (h) of the statutes is created to read:

6 66.0615 (1m) (h) 1. If no destination marketing organization ^{provides services to} ~~exists in~~ a single
7 municipality that imposes a room tax under par. (a), the municipality shall create a
8 tourism committee to which it shall forward its room tax revenues. The tourism
9 committee shall consist of 7 members. Members of the committee shall be appointed
10 by the principal elected official in the municipality and shall be confirmed by a
11 majority vote of the members of the municipality's governing body who are present
12 when the vote is taken. Committee members shall serve for a one-year term, at the
13 pleasure of the appointing official, and may be reappointed. Two of the committee
14 members shall represent the hotel or motel industry. Three of the committee
15 members shall represent tourism-related retailers, other than representatives of
16 the hotel or motel industry. Two members shall be electors who reside in the
17 municipality, and may be individuals who hold elective public office.

18 2. A tourism committee shall contract with a nonprofit tourism organization
19 to provide tourism development and promotion services to the municipality, and
20 shall forward to the organization all of the room tax revenues it receives from the
21 municipality. One of the major purposes of the nonprofit tourism organization shall
22 be to generate overnight stays in hotels or motels in the municipality. The nonprofit
23 tourism organization shall be governed by a board. The governing board shall be
24 composed of the following members:

25 a. At least 51 percent of the members shall represent tourism-related retailers.

BILL

1 b. At least 25 percent of the members shall be owners or operators of hotels or
2 motels ^{that collect the room tax} in the municipality.

3 c. At least 20 percent of the members of the board shall be appointed by the
4 principal elected official in the municipality.

5 3. The governing board of a nonprofit tourism organization described under
6 subd. 2. shall do at least all of the following:

7 a. Meet regularly and, from among its members, elect a chairperson, vice
8 chairperson, secretary, and treasurer.

9 b. Engage in activities that generate overnight stays in hotels or motels in the
10 area.

11 c. Prepare, and provide to the tourism committee and to the municipality from
12 which the room tax revenues are generated, at least annually, a complete accounting
13 of the receipts, expenses, and expenditures of the board, and a report that correlates
14 the expenditures of the board and the overnight stays that result from the
15 expenditures. This information shall be provided to the committee and the
16 municipality by board members who are appointed under subd. 2. c.

17 **SECTION 11.** 66.0615 (4) of the statutes is created to read:

18 66.0615 (4) In any cause of action relating to the interpretation or applicability
19 of this section, the court shall award the prevailing party the costs incurred in
20 connection with the action, including attorney fees.

21 **SECTION 12. Nonstatutory provisions.**

22 (1) **DISSOLUTION OF A COMMISSION, TRANSFER OF ASSETS AND LIABILITIES.** If a
23 commission under section 66.0615 (1) (ae) of the statutes, as affected by this act, is
24 in existence on or after the effective date of this subsection, it shall wind up its affairs
25 by transferring its assets and liabilities, and its existing contracts and programs, to

BILL

1 a destination marketing organization or a tourism committee. Upon so winding up
2 its affairs, the commission shall dissolve, and the dissolution shall take effect on
3 March 31, 2005.

4 **SECTION 13. Initial applicability.**

5 (1) This act first applies to room tax revenues that are collected on the effective
6 date of this subsection, except that, if a municipality that collects a room tax on the
7 effective date of this subsection, forwards its room tax revenue to a commission, this
8 act first applies to room tax revenues that are collected on April 1, 2005.

9 (END)

Northrop, Lori

From: Pettis, Mark
Sent: Wednesday, February 11, 2004 10:42 AM
To: LRB.Legal
Subject: Draft review: LRB 03-3775/2 Topic: Changes to the room tax law; creation of destination marketing organizations

It has been requested by <Pettis, Mark> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 03-3775/2 Topic: Changes to the room tax law; creation of destination marketing organizations



State of Wisconsin
2003 - 2004 LEGISLATURE

LRB-3775/2
MES:cs:pg

2003 BILL

1 **AN ACT to renumber** 66.0615 (1) (a); **to amend** 66.0615 (1m) (a), 66.0615 (1m)
2 (d) 1. and 66.0615 (1m) (d) 2.; and **to create** 66.0615 (1) (ab), 66.0615 (1) (aj),
3 66.0615 (1) (em), 66.0615 (1) (fm), 66.0615 (1m) (g), 66.0615 (1m) (h) and
4 66.0615 (4) of the statutes; **relating to:** changes to the room tax law and the
5 creation of destination marketing organizations and tourism committees.

Analysis by the Legislative Reference Bureau

Under current law a city, village, or town (municipality) and a local exposition district may impose a room tax. The room tax is a tax on the privilege of furnishing, at retail, rooms or lodging to transients by hotelkeepers, motel operators, and other persons who furnish accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations.

Generally, the maximum room tax that a municipality may impose is eight percent. A single municipality that imposes a room tax may create a commission, which is defined as an entity to coordinate tourism promotion and development. If two or more municipalities in a zone impose a room tax, they must create a commission. Current law defines a zone as an area made up of two or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public. Current law requires a commission to contract with an organization to provide staff, development, or promotional services for the tourism industry in a municipality if a tourism entity does not exist in that municipality. A tourism entity is defined as a nonprofit organization that existed before January 1,

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1992, that provides staff, development, or promotional services for the tourism industry in a municipality.

A municipality that first imposes a room tax after May 13, 1994, must spend at least 70 percent of the amount collected on tourism promotion and development, which may be spent directly by the municipality or forwarded to the commission for its municipality or zone.

Under the bill, generally, room tax revenues must be forwarded by a municipality to a destination marketing organization (DMO) or a tourism committee, other than room tax revenues that current law authorizes a municipality to retain for purposes other than tourism promotion and development. The bill defines a DMO as a nonprofit organization whose primary purpose is to generate overnight stays in hotels or motels in an area. An area is defined as the geographic area of one municipality that imposes a room tax or the geographic areas of two or more municipalities that impose a room tax and that enter into a joint contract with a DMO to generate overnight hotel or motel stays in their municipalities.

Under the bill, if a single municipality imposes a room tax, it must contract with a DMO or, if no DMO exists in the municipality, the municipality must create a tourism committee. The DMO must be governed by a board that has less than 30 members who are appointed by the municipality according to procedures established in a municipal ordinance. The board members must consist of tourism-related retailers, owners or operators of hotels or motels, and representatives of the hospitality industry (hotel, motel, restaurant, tourist attraction, or private golf course industry), and at least 20 percent must be appointed by the principal elected official in the municipality.

If two or more municipalities enter into a contract with a DMO to jointly promote their areas, the DMO must be governed by a board whose members must be appointed under the terms of a written agreement entered into by the municipalities. The board members must consist of representatives of the hospitality industry and owners or operators of hotels or motels in the municipality, and at least 20 percent, in total, must be appointed by the principal elected officials in the municipalities.

The bill requires a DMO to do at least all of the following:

1. Engage in activities that generate overnight hotel or motel stays in its area.
2. At least annually, prepare a complete accounting of the receipts, expenses, and expenditures of the DMO's board and provide this report to all of the municipalities that provide room tax revenue to the DMO.
3. At least annually, prepare a report that correlates the expenditures of the DMO's board and the overnight stays that result from the expenditures, which shall be distributed as described in item 2.

If no DMO provides services to a single municipality that imposes a room tax, the municipality must create a tourism committee to which it forwards its room tax. The tourism committee consists of seven members who are appointed by the principal elected official in the municipality, and confirmed by the governing body. The committee members are made up of representatives of the hotel or motel industry, tourism-related retailers, and electors who reside in the municipality. The

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tourism committee must contract with a nonprofit tourism organization (NTO) to provide tourism development and promotion services to the municipality, and the tourism committee forwards the room tax revenue it receives from the municipality to the NTO.

The NTO is governed by a board whose members consist of tourism-related retailers, owners or operators of hotels or motels, and members who are appointed by the principal elected official in the municipality. An NTO's duties are similar to the duties of a DMO.

If a commission exists on or after the effective date of the bill, it must wind up its affairs by transferring its assets and liabilities, and its existing contracts and programs, to a DMO or a tourism committee. Following the winding up of its affairs, the commission shall dissolve, effective March 31, 2005. Generally, the bill first applies to room tax revenues that are collected on the effective date of the bill, but if a municipality forwards its room tax revenues to a commission the bill first applies to such revenues that are collected on April 1, 2005.

Also under the bill, in any cause of action that relates to the interpretation or applicability of the room tax statute, a court must award the prevailing party the costs incurred in connection with the action, including attorney fees.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 66.0615 (1) (a) of the statutes is renumbered 66.0615 (1) (ae).

2 SECTION 2. 66.0615 (1) (ab) of the statutes is created to read:

3 66.0615 (1) (ab) "Area" means the geographic area of one municipality that
4 imposes a room tax under sub. (1m) (a) or the geographic areas of 2 or more
5 municipalities that impose a room tax under sub. (1m) (a) and that enter into a joint
6 contract with a destination marketing organization to generate overnight hotel or
7 motel stays in their municipalities.

8 SECTION 3. 66.0615 (1) (aj) of the statutes is created to read:

9 66.0615 (1) (aj) "Destination marketing organization" means one of the
10 following:

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1 1. A nonprofit organization that came into existence before January 1, 2004,
2 and whose primary purpose is to generate overnight stays in hotels or motels in an
3 area.

4 2. If an area does not have an organization described in subd. 1. that serves the
5 area and that is in existence on January 1, 2004, a nonprofit organization that came
6 into existence after December 31, 2003, and whose primary purpose is to generate
7 overnight stays in hotels or motels in an area.

8 **SECTION 4.** 66.0615 (1) (em) of the statutes is created to read:

9 66.0615 (1) (em) "Tourism committee" means a committee created by a
10 municipality, under sub. (1m) (h), after December 31, 2003, in an area that does not
11 have in existence on January 1, 2004, a destination marketing organization, and
12 whose primary purpose is to generate overnight stays in hotels or motels in an area.

13 **SECTION 5.** 66.0615 (1) (fm) of the statutes is created to read:

14 66.0615 (1) (fm) "Tourism-related retailers" has the meaning given in s.
15 66.1113 (1) (d).

16 **SECTION 6.** 66.0615 (1m) (a) of the statutes is amended to read:

17 66.0615 (1m) (a) The governing body of a municipality may enact an ordinance,
18 and a district, under par. (e), may adopt a resolution, imposing a tax on the privilege
19 of furnishing, at retail, except sales for resale, rooms or lodging to transients by
20 hotelkeepers, motel operators and other persons furnishing accommodations that
21 are available to the public, irrespective of whether membership is required for use
22 of the accommodations. A tax imposed under this paragraph is not subject to the
23 selective sales tax imposed by s. 77.52 (2) (a) 1. and may not be imposed on sales to
24 the federal government and persons listed under s. 77.54 (9a). A tax imposed under
25 this paragraph by a municipality shall be paid to the municipality and ~~may shall~~,

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1 ~~subject to par. (d), be forwarded to a commission if one is created under par. (c), as~~
2 ~~provided in par. (d) destination marketing organization, as described under par. (g)~~
3 ~~or, if such an organization does not exist in the municipality, to a tourism committee,~~
4 ~~as described under par. (h).~~ Except as provided in par. (am), a tax imposed under this
5 paragraph by a municipality may not exceed 8%. Except as provided in par. (am),
6 if a tax greater than 8% under this paragraph is in effect on May 13, 1994, the
7 municipality imposing the tax shall reduce the tax to 8%, effective on June 1, 1994.

8 **SECTION 7.** 66.0615 (1m) (d) 1. of the statutes is amended to read:

9 66.0615 (1m) (d) 1. A municipality that first imposes a room tax under par. (a)
10 after May 13, 1994, shall spend at least 70% of the amount collected on tourism
11 promotion and development. Any amount of room tax collected that must be spent
12 on tourism promotion and development shall ~~either be spent directly by the~~
13 ~~municipality on tourism promotion and development or shall be forwarded to the~~
14 ~~commission for its municipality or zone if the municipality has created a commission~~
15 a destination marketing organization, as described under par. (g) or, if such an
16 organization does not exist in the municipality, to a tourism committee, as described
17 under par. (h).

18 **SECTION 8.** 66.0615 (1m) (d) 2. of the statutes is amended to read:

19 66.0615 (1m) (d) 2. If a municipality collects a room tax on May 13, 1994, it may
20 retain not more than the same percentage of the room tax that it retains on May 13,
21 1994. If a municipality that collects a room tax on May 1, 1994, increases its room
22 tax after May 1, 1994, the municipality may retain not more than the same
23 percentage of the room tax that it retains on May 1, 1994, except that if the
24 municipality is not exempt under par. (am) from the maximum tax that may be
25 imposed under par. (a), the municipality shall spend at least 70% of the increased

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1 amount of room tax that it begins collecting after May 1, 1994, on tourism promotion
2 and development . Any amount of room tax collected that must be spent on tourism
3 promotion and development shall ~~either be spent directly by the municipality on~~
4 ~~tourism promotion and development or shall be forwarded to the commission for its~~
5 ~~municipality or zone if the municipality has created a commission~~ a destination
6 marketing organization, as described under par. (g) or, if such an organization does
7 not exist in the municipality, to a tourism committee, as described under par. (h).

8 **SECTION 9.** 66.0615 (1m) (g) of the statutes is created to read:

9 66.0615 (1m) (g) 1. If a single municipality imposes a room tax under par. (a),
10 the municipality shall contract with a destination marketing organization in its
11 area. If no destination marketing organization exists in the municipality, the
12 municipality shall create a tourism committee under par. (h).

13 2. With regard to a destination marketing organization that provides services
14 to a single municipality, the organization shall be governed by a board that has no
15 more than 29 members. The governing board shall be composed of the following
16 members and, except as provided in subd. 2. d., shall be appointed by the
17 municipality according to procedures established in a municipal ordinance:

18 a. At least 67 percent of the members of the board shall represent
19 tourism-related retailers.

20 b. At least 33 percent of the members of the board shall be owners or operators
21 of hotels or motels that collect the room tax in the municipality.

22 c. At least 51 percent of the members of the board shall represent the hotel
23 industry, the motel industry, the restaurant industry, the tourist attraction industry,
24 or the private golf course industry.

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1 d. At least 20 percent of the members of the board shall be appointed by the
2 principal elected official in the municipality.

3 3. Two or more municipalities that impose a room tax under par. (a) may enter
4 into a contract under s. 66.0301 to jointly promote their areas. If each of the
5 contracting municipalities imposes a room tax, the municipalities may enter into a
6 contract with a single destination marketing organization in their area. A
7 destination marketing organization that provides services to 2 or more
8 municipalities under this subdivision shall be governed by a board. The governing
9 board shall be composed of the following members who shall be appointed under the
10 terms of a written agreement entered into by the municipalities:

11 a. At least 51 percent of the members of the board shall represent the hotel
12 industry, the motel industry, the restaurant industry, the tourist attraction industry,
13 or the private golf course industry.

14 b. At least 25 percent of the members of the board shall be owners or operators
15 of hotels or motels that collect the room tax in the area.

16 c. At least 20 percent of the members of the board, in total, shall be appointed
17 by the principal elected official in each of the municipalities.

18 4. A destination marketing organization's governing board shall do at least all
19 of the following:

20 a. Meet regularly and, from among its members, elect a chairperson, vice
21 chairperson, secretary, and treasurer.

22 b. Engage in activities that generate overnight stays in hotels or motels in the
23 area.

24 c. Prepare, and provide to each municipality from which it receives room tax
25 revenues, at least annually, a complete accounting of the receipts, expenses, and

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1 expenditures of the board and a report that correlates the expenditures of the board
2 and the overnight stays that result from the expenditures. This information shall
3 be provided to the municipality by board members who are appointed under subd.
4 2. d. or 3. c.

5 **SECTION 10.** 66.0615 (1m) (h) of the statutes is created to read:

6 66.0615 (1m) (h) 1. If no destination marketing organization provides services
7 to a single municipality that imposes a room tax under par. (a), the municipality shall
8 create a tourism committee to which it shall forward its room tax revenues. The
9 tourism committee shall consist of 7 members. Members of the committee shall be
10 appointed by the principal elected official in the municipality and shall be confirmed
11 by a majority vote of the members of the municipality's governing body who are
12 present when the vote is taken. Committee members shall serve for a one-year term,
13 at the pleasure of the appointing official, and may be reappointed. Two of the
14 committee members shall represent the hotel or motel industry. Three of the
15 committee members shall represent tourism-related retailers, other than
16 representatives of the hotel or motel industry. Two members shall be electors who
17 reside in the municipality, and may be individuals who hold elective public office.

18 2. A tourism committee shall contract with a nonprofit tourism organization
19 to provide tourism development and promotion services to the municipality, and
20 shall forward to the organization all of the room tax revenues it receives from the
21 municipality. One of the major purposes of the nonprofit tourism organization shall
22 be to generate overnight stays in hotels or motels in the municipality. The nonprofit
23 tourism organization shall be governed by a board. The governing board shall be
24 composed of the following members:

25 a. At least 51 percent of the members shall represent tourism-related retailers.

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1 b. At least 25 percent of the members shall be owners or operators of hotels or
2 motels that collect the room tax in the municipality.

3 c. At least 20 percent of the members of the board shall be appointed by the
4 principal elected official in the municipality.

5 3. The governing board of a nonprofit tourism organization described under
6 subd. 2. shall do at least all of the following:

7 a. Meet regularly and, from among its members, elect a chairperson, vice
8 chairperson, secretary, and treasurer.

9 b. Engage in activities that generate overnight stays in hotels or motels in the
10 area.

11 c. Prepare, and provide to the tourism committee and to the municipality from
12 which the room tax revenues are generated, at least annually, a complete accounting
13 of the receipts, expenses, and expenditures of the board, and a report that correlates
14 the expenditures of the board and the overnight stays that result from the
15 expenditures. This information shall be provided to the committee and the
16 municipality by board members who are appointed under subd. 2. c.

17 **SECTION 11.** 66.0615 (4) of the statutes is created to read:

18 66.0615 (4) In any cause of action relating to the interpretation or applicability
19 of this section, the court shall award the prevailing party the costs incurred in
20 connection with the action, including attorney fees.

21 **SECTION 12. Nonstatutory provisions.**

22 (1) **DISSOLUTION OF A COMMISSION, TRANSFER OF ASSETS AND LIABILITIES.** If a
23 commission under section 66.0615 (1) (ae) of the statutes, as affected by this act, is
24 in existence on or after the effective date of this subsection, it shall wind up its affairs
25 by transferring its assets and liabilities, and its existing contracts and programs, to

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1 a destination marketing organization or a tourism committee. Upon so winding up
2 its affairs, the commission shall dissolve, and the dissolution shall take effect on
3 March 31, 2005.

4 **SECTION 13. Initial applicability.**

5 (1) This act first applies to room tax revenues that are collected on the effective
6 date of this subsection, except that, if a municipality that collects a room tax on the
7 effective date of this subsection, forwards its room tax revenue to a commission, this
8 act first applies to room tax revenues that are collected on April 1, 2005.

9

(END)