

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

**Appointments**

03hr\_SC–HET\_Appt\_pt00

**Committee Hearings**

03hr\_SC–HET\_CH\_pt00

**Committee Reports**

03hr\_SC–HET\_CR\_pt00

**Clearinghouse Rules**

03hr\_SC–HET\_CRule\_03–

**Executive Sessions**

03hr\_SC–HET\_ES\_pt00

# Hearing Records

03hr\_ab0000

# 03hr\_sb0505

**Misc.**

03hr\_SC–HET\_Misc\_pt00

**Record of Committee Proceedings**

03hr\_SC–HET\_RCP\_pt00



**Fox Cities**  
of Wisconsin  
CONVENTION  
& VISITORS BUREAU

Date: February 24, 2004

Subject: Testimony Regarding LRB-4330 and LRB-3775

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

← SB 505

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

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

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

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

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

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

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

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WISCONSIN ASSOCIATION  
OF CONVENTION  
& VISITORS BUREAUS

**WI Assoc. of Convention and Visitors Bureaus Testimony on SB 505**  
**Senate Committee on Higher Education and Tourism**  
**3/3/04**

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Chair Harsdorf and committee members, I am Tammy Tritz, chair of the Wisconsin Association of Convention and Visitor Bureaus (WACVB). Our association is comprised of 30 destination marketing organizations that promote Wisconsin's top travel destinations. Working together, our association markets our communities to meeting, leisure and sports travelers. WACVB represents all facets of the tourism industry and collectively, represent well over 11,000 tourism businesses in the state of Wisconsin. On behalf of our association, I urge you to support SB 505.

Almost all of our members receive a portion of their funding from room tax allocations and use those dollars for their original intent - tourism promotion and development. Their efforts help to generate millions of dollars in traveler expenditures each year in their destinations. They understand, as you do, that tourism marketing is an investment with a quantifiable return.

According to the Department of Tourism, for every million dollars that is spent on tourism promotion with public and private funding, \$12.5 million is returned to local units of government and \$17.5 million is returned to the state in the form of taxes.

To ensure that tourism promotion can continue to have a strong return on investment for our communities and state, and recognizing an increased misuse of room tax allocations, the leadership of the Wisconsin Innkeepers Association and WACVB began meeting nearly a year ago to identify what steps could be taken to eliminate this misuse. The result is SB 505 – the "Tourism Marketing Accountability Act".

This act clarifies the current room tax law's intent, allowing allocated room tax revenue to be used for tourism marketing, not to be spent on hosting business seminars; weed removal from lakes without public access; the hosting of civic events and the like.

The bill directs allocated room tax revenue to Destination Marketing Organizations (DMOs) or convention and visitor bureaus and in some cases chambers of commerce whose very mission is to increase tourism's economic impact in their community. It also establishes public accountability of these organizations by requiring them to report how the revenue is spent on tourism promotion and development, including how it contributes to generating overnight lodging, a standard measure of tourism success;

The bill authorizes local government representation on the DMO board, ensuring its participation in the decision-making and accountability of room tax expenditures and it provides stability to existing, eligible Convention & Visitor Bureaus and Chambers of Commerce.

WACVB and WIA put a great deal of thought and effort into the development of this proposal. We have the support of the Wisconsin Tourism Federation, which represents all sectors of Wisconsin's \$11.7 billion tourism industry.

On behalf of the Wisconsin Association of Convention & Visitor Bureaus, I ask for your support of this legislation. We need to reinvest room tax dollars as intended, back into each community by generating more dollars from the traveling public.

Thank you.



**WISCONSIN  
TOURISM  
FEDERATION**

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American Automobile Assoc.  
Assoc. of Wisconsin Tourism  
Attractions  
Golf Course Owners of  
Wisconsin  
Outdoor Advertising Assoc.  
of Wisconsin  
Tavern League of Wisconsin  
Wisconsin All Terrain Vehicle  
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Wisconsin Association of  
Campground Owners  
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& Visitors Bureaus  
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Convention Bureau  
Wisconsin Grocers Assoc.  
Wisconsin Innkeepers  
Association  
Wisconsin Manufacturers &  
Commerce  
Wisconsin Restaurant  
Association  
Wisconsin Wholesale Beer  
Distributors Association

Date: March 3, 2004

To: Members of the Senate Higher Education and Tourism Committee –  
Senator Sheila Harsdorf, Chairperson

From: Ed Lump – President  
Wisconsin Tourism Federation

Re: Testimony in Support of SB 505, the Tourism Marketing Accountability  
Act

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Chairperson Harsdorf and distinguished Committee Members, my name is **Ed Lump** and I am here today **on behalf of the Wisconsin Tourism Federation in support of SB 505, the Tourism Marketing Accountability Act.** Thank you for the opportunity to address the Committee.

In order to clarify the use of tourism marketing dollars generated by room tax revenues, **SB 505 has essentially four main goals:**

- **To remove confusion over the intent of current room tax law with regard to tourism marketing dollars**
- **To decrease the possible misuse of room tax revenue originally set aside for “tourism promotion and development”**
- **To establish public accountability with annual reporting requirements**
- **To require local government representation in the decision making process**

Together, these four goals will ensure that the dollars generated by room tax revenues are used for their intended purpose through the decisions made by both the tourism industry and local units of government.

By establishing public accountability and requiring local government representation in the decision making process, the efficient use of these funds can be assured with the broadest possibly benefit for both the tourism destination and the local municipality in mind.

Thank you for your consideration.

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The Federation of Wisconsin Hospitality/Tourism/Recreation Groups

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**To: Senate Committee on Higher Education and Tourism**  
**From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities**  
**Date: March 3, 2004**  
**Re: Opposition to SB 505, Changes to Room Tax Law**

The League of Wisconsin Municipalities opposes SB 505, which removes from municipal governing bodies the decision of how to spend room tax revenues. We oppose the bill because it jeopardizes a method that many municipalities have used to help finance the construction of convention centers, arenas and performing arts centers. Under the bill, any room tax revenue collected by a municipality that must be spent on tourism promotion and development must be delivered to a destination marketing organization or a tourism committee and that entity must use the money to generate overnight stays in hotels or motels in the area.

Under current law, municipalities have the option of directly spending room tax revenues on tourism promotion and development. While many communities forward a portion or all of their room tax revenue to the local chamber of commerce or visitors and convention bureau, many others use room tax revenues to promote tourism in other ways. For example, some communities use it to help pay for 4<sup>th</sup> of July or other community festivals. Others use it to help support downtown Business Improvement Districts or even to assist a local opera house.

In addition, many municipalities around the state have used room tax revenues to help fund the construction of convention centers, arenas, and performing arts centers. For example, in Brown County the City of Green Bay and six other municipalities have pledged their room tax revenues to the County to help retire the debt owed on the Arena project and the convention center. Similarly, the City of Appleton and neighboring communities have pledged their room tax revenues to help pay off the bonds used to construct the Fox Cities Performing Arts Center. Also, the Monona Terrace Convention Center in Madison is funded in part by room tax revenues collected by the City of Madison. These are valid and appropriate uses of room tax dollars. Each of these facilities certainly promotes tourism in their respective communities. SB 505 would wipe out these funding arrangements and require municipalities to rely exclusively on the property tax to pay back the money that was borrowed to construct the facilities.

For these reasons, we strongly urge you to vote against recommending passage of SB 505. Thanks for considering our comments on this bill.



Serving the  
Lodging Industry  
for Over 100 Years

March 3, 2004

Memo to: Senate Committee on Higher Education and Tourism  
Senator Sheila Harsdorf, Chair

From: Trisha Pugal, President, CEO

RE: **SB 505 Tourism Marketing Accountability Act**

On behalf of the over 1,100 hotels, motels, resorts, inns, and bed & breakfasts in our membership, the Wisconsin Innkeepers Association respectfully **requests your support of SB 505**, the Tourism Marketing Accountability Act.

This bill was a collaborative effort targeted to solve the growing number of problems with interpretation of the state room tax law. Across the state we have learned of communities seeking sources of revenue for local services and events who have used or planned to use room tax revenues collected from travelers, designated by state law to be used for "tourism promotion and development", for a variety of civic purposes. The following are just a few examples of how room tax revenues designated for tourism promotion and development are being used in communities:

- Maintaining city buildings
- City Debt Reduction
- Holiday lights
- Local parades
- A "Mayor's Fund"
- Weed Cutting on a lake without any nearby overnight lodging facilities
- Police Department overtime for local parades
- Local Fireworks

We choose to believe that this occurs due to a lack of knowledge of just what expenditures will attract overnight guests, a standard measure of tourism success.

SB 505 revises current state room tax law (66.0615 State Statutes) to address and clarify the intent of the law in a manner that maximizes the use of the room tax revenues to generate more revenue from tourists, and offers stronger accountability.

SB 505 benefits state government, local governments, and the tourism industry, as outlined in an attachment. Each has an opportunity to legitimately expand the resources available to them, without having to resort to costly litigation.

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This bill:

- Eliminates misunderstandings over the intent of current room tax law by splitting out and directing the amount of tax revenue that may go to the municipality (maximum of 30%) from the amount that is required to go to "tourism promotion and development" (minimum of 70%)
- Reduces potential misuse of room tax revenue intended for "tourism promotion and development" by requiring that a majority of decision-makers are familiar with tourism and its local impact
- Establishes public accountability, by requiring an annual reporting of expenditures and how this contributed to generating overnight stays, a standard measure of tourism success
- Requires representation by local government to participate in decisions and accountability
- Provides stability with existing Convention & Visitor Bureaus and Chambers of Commerce eligible to provide tourism promotion services if they comply with their choice of three different options with representation and accountability requirements.

We appreciate your consideration and ask for your support.

Cc: WIA Executive Committee  
Kathi Kilgore, WIA Lobbyist

March 3, 2004

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

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

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

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

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

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

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



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

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

Thank you for your consideration. Please feel free to contact me with any questions you may at 715-235-9087 or by email at [director@menomoniechamber.org](mailto:director@menomoniechamber.org).

Sincerely,

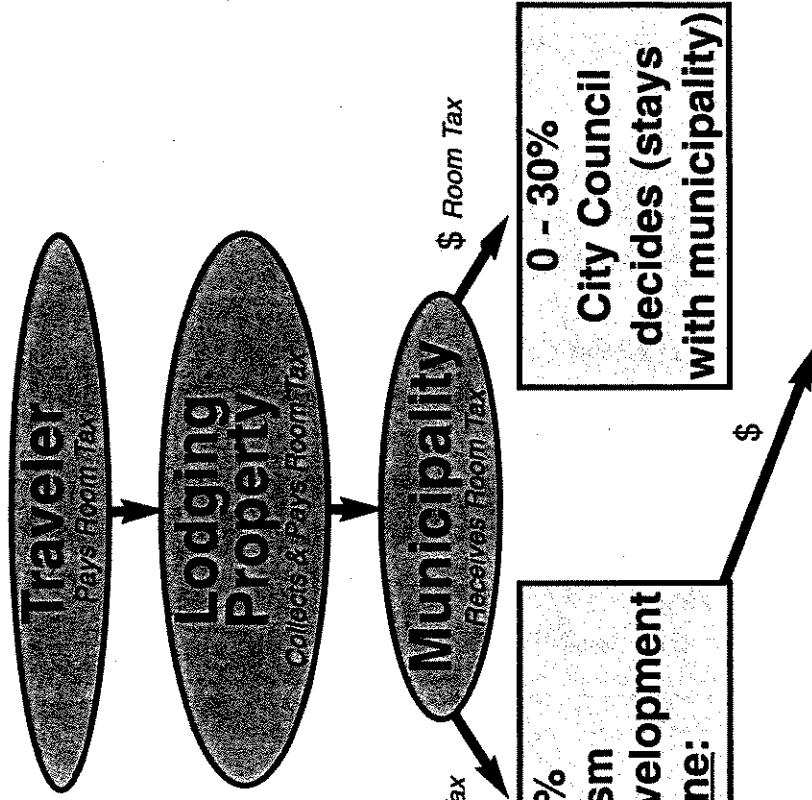
A handwritten signature in black ink that reads "Linda McIntyre". The signature is written in a cursive, flowing style.

Linda McIntyre, Executive Director  
Greater Menomonie Area Chamber of Commerce

# AB 918 / SB 505

## “Tourism Marketing Accountability Act”

### Proposed Room Tax Flow Chart



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

**Option 1**  
**Single Community**  
**- with a "DMO" -**

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

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

**Option 2**  
**Multiple Communities**  
**- with a "DMO" -**

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

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\*25%+ From Industry Collecting Tax (Lodging)

**Option 3**  
**Single Community**  
**- without a "DMO" -**

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

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\*25%+ From Industry Collecting Tax (Lodging)

## **AB 918/SB 505: Who Benefits**

### **The State**

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

### **Local governments**

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

### **Tourism industry**

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