

2005 ASSEMBLY BILL 1088

March 6, 2006 – Introduced by Representative HINES, cosponsored by Senators SCHULTZ and OLSEN. Referred to Committee on Tourism.

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

Analysis by the Legislative Reference Bureau

Generally, under current law, the governing body of a city, village, town, or county (political subdivision) may, by a two-thirds vote of the members of the governing body, enact an ordinance or adopt a resolution declaring itself to be a premier resort area if at least 40 percent of the equalized assessed value of the taxable property within the political subdivision is used by tourism-related retailers. “Tourism-related retailers” is defined to be certain retailers who are classified in the standard industrial classification manual that is published by the U.S. Office of Management and Budget. The statutory definition includes 21 retailers who are so classified, including variety stores, dairy product stores, gasoline service stations, eating places, drinking places, and hotels and motels.

A premier resort area may impose a tax at a rate of 0.5 percent of the gross receipts from the sale, lease, or rental of goods or services that are subject to the general sales and use tax and are sold by tourism-related retailers. The proceeds of the tax may be used to pay only for infrastructure expenses within the jurisdiction of the premier resort area. The definition of “infrastructure expenses” includes the costs of purchasing, constructing, or improving parking lots; transportation

ASSEMBLY BILL 1088

facilities, including roads and bridges; sewer and water facilities; recreational facilities; fire fighting equipment; and police vehicles.

Also under current law, the city of Eagle River and the city of Bayfield are authorized to enact an ordinance or adopt a resolution to become a premier resort area notwithstanding the fact that neither city meets the generally applicable requirement that at least 40 percent of the equalized assessed value of the taxable property within a political subdivision be used by tourism-related retailers.

This bill authorizes a political subdivision that is a premier resort area to either prohibit the creation of managed time-share projects within the political subdivision, or to permit the creation of such projects, subject to regulation by the political subdivision. A “managed time-share project” is defined in the bill as a development that contains at least one residential time-share unit that may be occupied on a periodic basis by a person other than the owner through a rental or an exchange and that offers certain commercial amenities.

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 percent, and the proceeds of the tax are spent on tourism promotion and development, although some portion of the tax may be retained by the municipality.

This bill authorizes a municipality to impose the room tax on exchanges of time-share units. Under the bill, the room tax on exchanges that may be imposed for each day of an exchange is equal to the municipality’s current room tax rate, multiplied by the daily rental value of the time-share unit. The proceeds of the room tax collected on such exchanges is treated the same way as the proceeds of any other amount of room tax that is collected under current law.

Also under the bill, a political subdivision that permits the creation of a managed time-share project may impose a tax on exchanges of time-share units. Like the proceeds of the current law tax, the tax that is authorized in the bill may be used only to pay for infrastructure expenses in the premier resort area. The amount of the tax is equal to 0.5 percent of the daily rental value of the time-share unit.

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 (1m) (a) of the statutes is amended to read:
- 2 66.0615 **(1m)** (a) The governing body of a municipality may enact an ordinance,
- 3 and a district, under par. (e), may adopt a resolution, imposing a tax on the privilege

ASSEMBLY BILL 1088

1 of furnishing, at retail, except sales for resale, rooms or lodging to transients by
2 hotelkeepers, motel operators and other persons furnishing accommodations that
3 are available to the public, irrespective of whether membership is required for use
4 of the accommodations, and may impose the tax on the exchange of any time-share
5 unit included in a managed time-share project that is allowed in a municipality
6 under s. 66.1113 (4) (b). A room tax that is imposed on the exchange of a time-share
7 unit shall be treated as any other room tax that is imposed under this paragraph, and
8 shall be computed for each day of the exchange by multiplying the rate of the room
9 tax by the daily rental value that is established under s. 66.1113 (4) (a). A tax
10 imposed under this paragraph is not subject to the selective sales tax imposed by s.
11 77.52 (2) (a) 1. and may not be imposed on sales to the federal government and
12 persons listed under s. 77.54 (9a). A tax imposed under this paragraph by a
13 municipality shall be paid to the municipality and may be forwarded to a commission
14 if one is created under par. (c), as provided in par. (d). Except as provided in par. (am),
15 a tax imposed under this paragraph by a municipality may not exceed 8%. Except
16 as provided in par. (am), if a tax greater than 8% under this paragraph is in effect
17 on May 13, 1994, the municipality imposing the tax shall reduce the tax to 8%,
18 effective on June 1, 1994.

19 **SECTION 2.** 66.1113 (1) (am) of the statutes is created to read:

20 66.1113 (1) (am) “Managed time-share project” means a development that
21 contains at least one residential time-share unit, as defined in s. 707.02 (33), to
22 which all of the following apply:

23 1. The residential unit may be occupied on a periodic basis by a person other
24 than the owner through either a rental or an exchange.

