

2005 ASSEMBLY BILL 298

April 7, 2005 – Introduced by Representatives PETTIS, KESTELL, BALLWEG, BOYLE, GRONEMUS, GUNDERSON, HINES, KRAWCZYK, KREIBICH, LEHMAN, LEMAHIEU, LOTHIAN, MOULTON, MUSSER, NASS, NERISON, PETROWSKI, PRIDEMORE, SHILLING, VAN ROY, VOS, M. WILLIAMS, SUDER and RHOADES, cosponsored by Senators DARLING, ZIEN, BRESKE, KANAVAS and STEPP. Referred to Committee on Tourism.

1 **AN ACT to amend** 20.380 (1) (b), 66.0615 (1m) (d) 3. and 66.0615 (1m) (d) 4.; and
 2 **to create** 66.0615 (1) (fm) and 66.0615 (4) of the statutes; **relating to:** tourism
 3 promotion and development under room tax law.

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 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, and 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;

ASSEMBLY BILL 298

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

This bill creates a definition of tourism promotion and development, and requires a municipality to file a form, which details the municipality's or commission's expenditures for tourism promotion and development, annually with the Department of Tourism (department). The definition created in the bill deals with tourism promotion and development that generates overnight stays at a hotel, motel, or other lodging establishment on which a room tax may be imposed. If the department determines that a municipality's or commission's expenditures for tourism promotion and development do not meet the standards specified by the definition that is created in the bill, the department must notify the Department of Revenue (DOR). Under the bill, DOR is required to review the municipality's or commission's itemized expenditures. If DOR determines that not all of the municipality's or commission's expenditures for tourism promotion and development meet the requirements that are created in the bill, DOR must impose a forfeiture of \$10, and a surcharge, on the municipality. The surcharge must be at least \$500, and may not exceed 7 percent of the expenditures that did not meet the requirements that are created in the bill. The surcharges are sent to the department and must be used for tourism marketing. The bill also requires DOR to develop a schedule of surcharges.

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.** 20.380 (1) (b) of the statutes is amended to read:

2 20.380 (1) (b) *Tourism marketing; general purpose revenue.* The amounts in the
3 schedule for tourism marketing service expenses and the execution of the functions
4 under ss. 41.11 (4) and 41.17, the surcharge amounts sent to the department under
5 s. 66.0615 (4) (d) for the execution of the functions under s. 41.17, and the grants
6 under 1997 Wisconsin Act 27, section 9148 (2f) and (2x). In each fiscal year, the
7 department shall expend for tourism marketing service expenses and the execution
8 of the functions under ss. 41.11 (4) and 41.17 an amount that bears the same
9 proportion to the amount in the schedule for the fiscal year as the amount expended
10 under par. (kg) in that fiscal year bears to the amount in the schedule for par. (kg)

ASSEMBLY BILL 298

1 for that fiscal year. Of the amounts under this paragraph, not more than 50% shall
2 be used to match funds allocated under s. 41.17 by private or public organizations
3 for the joint effort marketing of tourism with the state. The department shall expend
4 at least \$125,000 in each fiscal year from this appropriation to conduct or contract
5 for marketing activities related to sporting activities and events. Of the amounts in
6 the schedule, \$25,000 shall be allocated in each fiscal year for state sponsorship of,
7 and advertising during, media broadcasts of the Milwaukee symphony. Of the
8 amounts in the schedule, \$50,000 shall be allocated for grants to America's Black
9 Holocaust Museum in the city of Milwaukee.

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

11 66.0615 (1) (fm) "Tourism promotion and development" means a marketing
12 project, transient tourist informational service, or tangible municipal development
13 that is significantly used by transient tourists that will do one of the following:

14 1. Generate paid overnight stays at more than one establishment on which a
15 tax under sub. (1m) (a) may be imposed, that are owned by different persons, within
16 a municipality in which a tax under this section is in effect.

17 2. Generate paid overnight stays at one establishment on which a tax under
18 sub. (1m) (a) may be imposed, within a municipality in which a tax under this section
19 is in effect, if the municipality has only one such establishment.

20 **SECTION 3.** 66.0615 (1m) (d) 3. of the statutes is amended to read:

21 66.0615 (1m) (d) 3. A commission shall use the room tax revenue that it
22 receives from a municipality ~~to promote and develop~~ for tourism promotion and
23 development, including the support of a convention center, other than a privately
24 owned convention center that is used to generate overnight stays at only one

ASSEMBLY BILL 298**SECTION 3**

1 establishment on which a tax under sub. (1m) (a) may be imposed, in the zone or in
2 the municipality.

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

4 66.0615 **(1m)** (d) 4. The commission shall report annually to each municipality
5 from which it receives room tax revenue the purposes for which the revenues were
6 spent. The report shall be in a form that will enable the municipality to easily
7 prepare the form described under sub. (4) (a).

8 **SECTION 5.** 66.0615 (4) of the statutes is created to read:

9 66.0615 **(4)** (a) Annually a municipality that imposes a room tax under sub.
10 (1m) (a) shall file with the department of tourism a form, that either is prepared by
11 the department or that meets guidelines prepared by the department of tourism and
12 that is acceptable to the department, that describes the municipality's room tax
13 revenues received in the prior year and itemizes the municipality's or commission's
14 expenditures of those room tax revenues for tourism promotion and development.
15 The department of tourism shall determine whether all such expenditures were
16 made for tourism promotion and development, to the extent required under sub. (1m)
17 (d).

18 (b) If the department of tourism determines that not all of the expenditures
19 were made for tourism promotion and development to the extent required under sub.
20 (1m) (d), the department of tourism shall send all information on which it based its
21 determination to the department of revenue.

22 (c) 1. If the department of revenue receives information described under par.
23 (b), it shall conduct a review to determine whether the municipality's or commission's
24 itemized expenditures for tourism promotion and development comply with the
25 standards under sub. (1m) (d).

ASSEMBLY BILL 298

1 2. If the department of revenue determines that not all of the expenditures were
2 made for tourism promotion and development to the extent required under sub. (1m)
3 (d), it shall impose on the municipality a forfeiture of \$10 and a surcharge under par.
4 (d).

5 (d) The surcharge imposed by the department of revenue under par. (c) 2. shall
6 be based on a schedule developed by the department, and shall be not more than 7
7 percent of the amount of expenditures that were not made for tourism promotion and
8 development to the extent required under sub. (1m) (d), in the year to which the
9 determination relates, and shall not be less than \$500. To the greatest extent
10 possible, the surcharge shall be paid by the municipality from its share of room tax
11 revenues that are not spent on tourism promotion and development. The
12 municipality shall transmit any payment of imposed surcharges to the department
13 of tourism for deposit into the appropriation account under s. 20.380 (1) (b).

14

(END)