

## 2005 DRAFTING REQUEST

### Bill

Received: 12/23/2004

Received By: mshovers

Wanted: As time permits

Identical to LRB:

For: Mark Pettis (608) 267-2365

By/Representing: Rep. Pettis

This file may be shown to any legislator: NO

Drafter: mshovers

May Contact:

Addl. Drafters:

Subject: Local Gov't - room tax

Extra Copies: CTS

Submit via email: YES

Requester's email: Rep.Pettis@legis.state.wi.us

Carbon copy (CC:) to:

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### Pre Topic:

No specific pre topic given

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### Topic:

Changes to the room tax law

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### Instructions:

See Attached. Make various changes to the room tax law

---

### Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?				_____			S&L
/1	mshovers 01/13/2005	wjackson 01/14/2005	pgreensl 01/14/2005	_____	mbarman 01/14/2005		S&L
/2	mshovers 01/21/2005	wjackson 01/22/2005	jfrantze 01/25/2005	_____	lemery 01/25/2005		S&L
			jfrantze 02/04/2005	_____	sbasford 02/04/2005		

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/3	mshovers 03/03/2005	wjackson 03/03/2005	jfrantze 03/03/2005	_____	lemery 03/03/2005	lnorthro 03/03/2005	S&L
/4	mshovers 03/11/2005	kfollett 03/11/2005	jfrantze 03/11/2005	_____	sbasford 03/11/2005	sbasford 03/11/2005	

FE Sent For:

<END>

↳ At Intro.

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		14/5/05 3/1/05	jfrantze 02/04/2005	_____	sbasford 02/04/2005		

Handwritten signatures and dates: 3/11, Jch, 3/11

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14 MES 3/11/05

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		13 WJ 3/3	jfrantze 02/04/2005	_____	sbasford 02/04/2005		

13 MES 3/3/05

J 3/3      J/CR  
3/3

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12 ME S 1/21/05  
FE Sent For:  
12 redur - 2/3/05  
12 WJ 1/24  
12 WJ 2/3

*[Handwritten signatures and initials]*  
2/4  
2/4  
<END>

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/? mshovers

1 MES 1/13/05

✓  
1/14  
p8

✓  
1/14  
p8/15

FE Sent For:

<END>

**Shovers, Marc**

---

**From:** Kathi Kilgore [Kilgore@swandby.com]  
**Sent:** Tuesday, December 21, 2004 3:43 PM  
**To:** Shovers, Marc  
**Cc:** Trisha Pugal  
**Subject:** Room Tax Revision Draft

Marc,

Per your conversation with Representative Pettis this afternoon, attached are the drafting instructions for revisions to the room tax law.

Please contact Trisha Pugal (262-782-2851) or me if you need anything further or have any questions.

Thank you very much and Happy Holidays!

Kathi Kilgore  
Lobbyist  
Wisconsin Innkeepers Association

Coenen/Swandby Associates  
608.286.9599 phone  
608.286.0766 fax  
[kilgore@swandby.com](mailto:kilgore@swandby.com)

# **Proposed Room Tax Law Changes**

As of Dec. 15, 2004

## **1. Define Tourism Promotion & Development:**

*"Tourism Promotion and Development" is a marketing project, transient tourist informational service, or tangible civic development primarily for transient tourists that will generate quantifiable paid overnight stays at more than one state licensed lodging facilities owned by more than one owner in the taxed area; or in the event only one state licensed lodging exists, quantifiable paid overnight stays at that facility.*

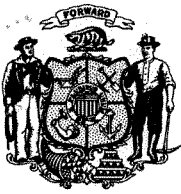
## **2. Accountability Assurance To An Outside Party:**

*A municipality shall file with the Department of Tourism a form itemizing the Tourism Promotion & Development expenditures of the room tax funds. The Department of Tourism shall certify that all funds were expended in accordance with this statute. If the Department of Tourism deems expenditures are not made in accordance with this statute, they shall forward the information to the Department of Revenue for investigation.*

*The departments of Tourism and Revenue shall promulgate rules and determine any fines and penalties to enforce this section.*

## **3. Local Accountability To Those Collecting the Tax:**

*The form itemizing Tourism Promotion & Development expenditures that was filed with the Department of Tourism shall be made available to the public.*



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1391/7  
MES.../...

WJ  
RNR

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

WANTED:  
1/18  
IN 1/13

If This bill creates a definition of tourism promotion and development, and requires a municipality to file a form, which details the municipality's expenditures for tourism promotion and development, annually with the Department of Tourism (Department).  
LPS: THIS is how the 1st sentence in the 4th it should read.

gen

1

AN ACT ...; relating to: 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 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 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.

This bill creates a definition of tourism and promotion and development, and requires a municipality to file a form with the department of tourism (DOT) to be

the expenditure

insert from p. 2  
5 \* 5

annually

department

made to page 1\*

(No ff)

The definition created in the bill deals with tourism promotion and development that generates overnight stays at a hotel or motel.

prepared by DOT which details the municipality's expenditures for tourism promotion and development. If DOT determines that a municipality's expenditures for tourism promotion and development do not meet the standards specified by the definition that is created in the bill, DOT must notify the department of revenue (DOR). Under the bill, DOR is required to investigate the municipality's itemized expenditures. If DOR determines that not all of the municipality's expenditures for tourism promotion and development meet the requirements that are created in the bill, DOR may impose a forfeiture on the municipality that does not exceed 5 percent of the room tax collected by the municipality in the year in which the improper expenditures were made. The bill also requires DOR to develop a schedule of forfeitures.

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) (fm) of the statutes is created to read:

2 66.0615 (1) (fm) "Tourism promotion and development" means a marketing  
3 project, transient tourist informational service, or tangible civic development  
4 primarily for transient tourists that will do one of the following:

5 1. Generate paid overnight stays at more than one hotel or motel, that are  
6 owned by different people, persons, within a municipality in which a tax under this section  
7 is in effect.

8 2. Generate paid overnight stays at one hotel or motel within a municipality  
9 in which a tax under this section is in effect, if the municipality has only one hotel  
10 or motel.

11 SECTION 2. 66.0615 (4) of the statutes is created to read:

12 66.0615 (4) (a) Annually a municipality that imposes a room tax under sub.  
13 (1m) shall file with the department of tourism a form, that is prepared by the  
14 department of tourism, that itemizes the municipality's room tax revenues in the  
15 prior year and the municipality's expenditures of those room tax revenues for

(a) that and which has not created a commission under sub (1m) (b)

1 tourism promotion and development. The department of tourism shall determine  
2 whether all such expenditures were made for tourism promotion and development,  
3 to the extent required under sub. (1m) (d).

4 (b) If the department of tourism determines that not all of the expenditures  
5 were made for tourism promotion and development to the extent required under sub.  
6 (1m) (d), the department of tourism shall send all information on which it based its  
7 determination to the department of revenue.

8 (c) 1. If the department of revenue receives information described under par.  
9 (b), it shall conduct an investigation to determine whether the municipality's  
10 itemized expenditures for tourism promotion and development comply with the  
11 standards under sub. (1m) (d).

12 2. If the department of revenue determines that not all of the expenditures were  
13 made for tourism promotion and development to the extent required under sub. (1m)  
14 (d), it may impose on the municipality a forfeiture under par. (d).

15 (d) The department of revenue shall develop a schedule of forfeitures, not to  
16 exceed 5 percent of the room tax collected by a municipality under this section in the  
17 year to which the determination made under par. (c) relates, which may be imposed  
18 on any municipality about which the department makes a determination under par.  
19 (c) 2.

20

(END)

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-1391/?dn  
MES.....

lodging facilities

Not

It seems to me that hotel or motel would need to comply with the permit requirements in 25 406 40 41 42 43 44 45 46 47 48 49 50

Not

I did find a permit requirement in p. 25 406 40 41 42 43 44 45 46 47 48 49 50 in any event 5 stats

Representative Pettis:

Please review this bill carefully to ensure that it is consistent with your intent. In the definition of "tourism promotion and development" the language provided by the Wisconsin Innkeepers Association (WIA) refers to "state licensed lodging facilities" but I could not find any state licensing requirement for lodging facilities. I ~~did not use this term and instead~~ used "hotel" and "motel" which are defined in the room tax statute under s. 66.0615 (1) (b) and (c). Is this OK? WIA's language also used the phrase "owned by more than one owner in the taxed area" which was a little confusing. It could mean a hotel or motel that happens to be owned by more than one person, or it could mean <sup>two or</sup> more hotels or motels, each of which is owned by a different person. I assume WIA meant the latter, so the definition I created reflects that interpretation.

WIA's instructions as to the fines and penalties that DOR and DOT may impose are a little vague. The language I created in sub. (4) (d) relating to a 5 percent forfeiture is based on existing s. 66.0615 (2) (b). Is this OK, or did you have another forfeiture amount in mind? It seems to me that it may be an improper delegation of authority for the statutes to just let DOR or DOT make up whatever fines it wants without any guidance from the Legislature. Please let me know if you'd like me to make any changes in this subsection.

The provisions in this bill do not apply to expenditures by commissions created under s. 66.0615 (1m) (b) because a commission is required, under s. 66.0615 (1m) (d) 3. to use the room tax revenue it receives to "promote and develop tourism" which is different from the defined term created in the bill. Is this consistent with your intent? In addition, a commission's expenditures are reported annually to each municipality from which it receives room tax revenue, so there already is some level of oversight to a commission's expenditures. See s. 66.0615 (1m) (d) 4.

Finally, WIA's instructions state that form to be submitted to DOT "shall be made available to the public." I believe that the form, and any materials generated by DOT or DOR in a review or investigation of a municipality are already subject to the open records law, so I did not include this provision in the bill.

Please let me know if you'd like any changes made to the bill.

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: marc.shovers@legis.state.wi.us

3 stats

2

sub. (4)

Tourism

3 stats

forfeitures

Tourism

Tourism



**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1391/1dn  
MES:wlj:pg

January 14, 2005

Representative Pettis:

Please review this bill carefully to ensure that it is consistent with your intent. In the definition of "tourism promotion and development," the language provided by the Wisconsin Innkeepers Association (WIA) refers to "state licensed lodging facilities," but I could not find any state licensing requirement for lodging facilities. I did find a "permit" requirement in s. 254.64, stats. In any event, I used "hotel" and "motel," which are defined in the room tax statute under s. 66.0615 (1) (b) and (c), stats. It seems to me that such a hotel or motel would need to comply with the permit requirements in s. 254.64, stats. Is this OK? WIA's language also used the phrase "owned by more than one owner in the taxed area," which was a little confusing. It could mean a hotel or motel that happens to be owned by more than one person, or it could mean two or more hotels or motels, each of which is owned by a different person. I assume WIA meant the latter, so the definition I created reflects that interpretation.

WIA's instructions as to the fines and penalties that DOR and Tourism may impose are a little vague. The language I created in sub. (4) (d) relating to a 5 percent forfeiture is based on existing s. 66.0615 (2) (b), stats. Is this OK, or did you have another forfeiture amount in mind? It seems to me that it may be an improper delegation of authority for the statutes to just let DOR or Tourism make up whatever forfeitures it wants without any guidance from the legislature. Please let me know if you'd like me to make any changes in sub. (4).

The provisions in this bill do not apply to expenditures by commissions created under s. 66.0615 (1m) (b) because a commission is required, under s. 66.0615 (1m) (d) 3. to use the room tax revenue it receives to "promote and develop tourism," which is different from the defined term created in the bill. Is this consistent with your intent? In addition, a commission's expenditures are reported annually to each municipality from which it receives room tax revenue, so there already is some level of oversight to a commission's expenditures. See s. 66.0615 (1m) (d) 4.

Finally, WIA's instructions state that the form to be submitted to Tourism "shall be made available to the public." I believe that the form, and any materials generated by Tourism or DOR in a review or investigation of a municipality are already subject to the open records law, so I did not include this provision in the bill.

Please let me know if you'd like any changes made to the bill.

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: marc.shovers@legis.state.wi.us

RMR

## 2005 BILL

regin

1 **AN ACT** *to create* 66.0615 (1) (fm) and 66.0615 (4) of the statutes; **relating to:**  
2 tourism promotion and development under room tax law.

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

**BILL**

This bill creates a definition of tourism promotion and development, and requires a municipality to file a form, which details the municipality'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 or motel. If the department determines that a municipality'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 investigate the municipality's itemized expenditures. If DOR determines that not all of the municipality's expenditures for tourism promotion and development meet the requirements that are created in the bill, DOR may impose a forfeiture on the municipality that does not exceed 5 percent of the room tax collected by the municipality in the year in which the improper expenditures were made. The bill also requires DOR to develop a schedule of forfeitures.

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) (fm) of the statutes is created to read:

2           66.0615 (1) (fm) "Tourism promotion and development" means a marketing  
3 project, transient tourist informational service, or tangible civic development  
4 primarily for transient tourists that will do one of the following:

5           1. Generate paid overnight stays at more than one hotel or motel, that are  
6 owned by different persons, within a municipality in which a tax under this section  
7 is in effect.

8           2. Generate paid overnight stays at one hotel or motel within a municipality  
9 in which a tax under this section is in effect, if the municipality has only one hotel  
10 or motel.

11           **SECTION 2.** 66.0615 (4) of the statutes is created to read:

12           66.0615 (4) (a) Annually a municipality that imposes a room tax under sub.

13 (1m) (a) ~~and that has not created a commission under sub. (1m) (b)~~ shall file with the

INS  
2-10-11

or COMMISSIONS

**BILL**

1 department of tourism a form, that <sup>meets guidelines</sup> is prepared by the department of tourism, that <sup>and that is acceptable to the department</sup> itemizes <sup>describes</sup> the municipality's room tax revenues <sup>received</sup> in the prior year and the <sup>department itemizes</sup> municipality's <sup>or commission's</sup> expenditures of those room tax revenues for tourism promotion and

2  
3  
4 development. The department of tourism shall determine whether all such

5 expenditures were made for tourism promotion and development, to the extent

6 required under sub. (1m) (d).

7 (b) If the department of tourism determines that not all of the expenditures

8 were made for tourism promotion and development to the extent required under sub.

9 (1m) (d), the department of tourism shall send all information on which it based its

10 determination to the department of revenue.

11 (c) 1. If the department of revenue receives information described under par.

12 (b), it shall conduct an investigation to determine whether the municipality's

13 <sup>or commission's</sup> itemized expenditures for tourism promotion and development comply with the

14 standards under sub. (1m) (d).

15 2. If the department of revenue determines that not all of the expenditures were

16 made for tourism promotion and development to the extent required under sub. (1m)

17 (d), it may impose on the municipality a forfeiture under par. (d).

18 (d) The department of revenue shall develop a schedule of forfeitures, not to

19 exceed 5 percent of the room tax collected by a municipality under this section in the

20 year to which the determination made under par. (c) relates, which may be imposed

21 on any municipality about which the department makes a determination under par.

22 (c) 2.

23 (END)

FNS  
2-10

Section #. 66.0615 (1m) (d) 3. of the statutes is amended to read:

66.0615 (1m) (d) 3. A commission shall use the room tax revenue that it receives from a municipality ~~to promote and develop~~ <sup>for</sup> tourism, <sup>promotion and development</sup> including the support of a convention center, in the zone or in the municipality.

History: 1983 a. 189, 514; 1993 a. 263, 467, 491; 1999 a. 9; 1999 a. 150 ss. 565 to 567; Stats. 1999 s. 66.0615; 2003 a. 203.

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

66.0615 (1m) (d) 4. The commission shall report annually to each municipality from which it receives room tax revenue the purposes for which the revenues were spent.

History: 1983 a. 189, 514; 1993 a. 263, 467, 491; 1999 a. 9; 1999 a. 150 ss. 565 to 567; Stats. 1999 s. 66.0615; 2003 a. 203.

→ ② The report shall be in a form that will enable the municipality to easily prepare the form described under subo (4) (a) ✓

**Room Tax Law Revision  
Feb. 1 Draft Changes**

**1. Definition**

*"Tourism Promotion and Development" is a marketing project, transient tourist informational service, or tangible (civic) municipal development significantly used by transient tourists that will do one of the following:*

1. Generate paid overnight stays at more than one hotel, **bed & breakfast, tourist rooming house** or motel, that are owned by different persons, within a municipality in which a tax under this section is in effect
2. Generate paid overnight stays at one hotel, **bed & breakfast, tourist rooming house**, or motel within a municipality in which a tax under this section is in effect, if the municipality has only one public lodging facility.

**2. Accountability**

Sec.2: (4)(a) " Annually a municipality that imposes a room tax...and that has not created a commission under... , **as well as a commission**, shall file with the department of tourism a **standardized** form, that is prepared **or approved** by the department of tourism, that (itemizes) **specifies** the municipality's room tax revenues in the prior year and **itemizes** the municipality's expenditures of those room tax revenues for tourism promotion and development"

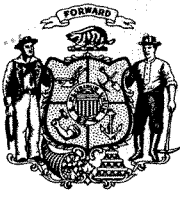
(d) The department of revenue shall develop a schedule of forfeitures **to be submitted to the department of tourism for state tourism marketing**, not to exceed 5 percent of the room tax collected by a municipality **that is allocated for tourism promotion and development** under this section in the year to which the determination is made ..., which may be imposed on any municipality about which the department makes a determination under par.© 2.

**2. Convention Center Clarification**

"3. A commission shall use the room tax revenue that it receives from a municipality to promote and develop tourism, including the support of a convention center, **within the parameters of the definition of "tourism promotion and development"**, in the Zone or in the municipality",

*Forfeiture must go to the school fund under Article X, § 2 of the state constitution*

*Can't go to Dept of Tourism.*



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1391/2

MES:wlj:rs

RMR

2005 BILL

Today please

- 1 *Regen* AN ACT *to amend* 66.0615 (1m) (d) 3. and 66.0615 (1m) (d) 4.; and *to create*  
2 66.0615 (1) (fm) and 66.0615 (4) of the statutes; **relating to:** tourism promotion  
3 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;

**BILL**

*or other lodging establishment on which a room tax may be imposed*

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 or motel. 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 investigate 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 may impose a forfeiture on the municipality that does not exceed 5 percent of the room tax collected by the municipality in the year in which the improper expenditures were made. The bill also requires DOR to develop a schedule of forfeitures.

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

*and allocated for tourism promotion and development*

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

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

2 66.0615 (1) (fm) "Tourism promotion and development" means a marketing  
3 project, transient tourist informational service, or tangible *municipal* development  
4 primarily for *that is significantly used by* transient tourists that will do one of the following:

5 1. Generate paid overnight stays at more than one *establishment on which a tax under sub (1m) (a) may be imposed* hotel or motel, that are  
6 owned by different persons, within a municipality in which a tax under this section  
7 is in effect.

8 2. Generate paid overnight stays at one *such establishment* hotel or motel within a municipality  
9 in which a tax under this section is in effect, if the municipality has only one *such establishment* hotel  
10 or motel.

11 SECTION 2. 66.0615 (1m) (d) 3. of the statutes is amended to read:



**BILL**

1           66.0615 (1m) (d) 3. A commission shall use the room tax revenue that it  
 2 receives from a municipality ~~to promote and develop~~ for tourism promotion and  
 3 development, including the support of a convention center, <sup>other than a privately owned convention</sup> in the zone or in the  
 4 municipality. center

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

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

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

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

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

23           (c) 1. If the department of revenue receives information described under par.  
 24 (b), it shall conduct an investigation to determine whether the municipality's or

*either is prepared by the department or that*

**BILL**

1 commission's itemized expenditures for tourism promotion and development comply  
2 with the standards under sub. (1m) (d).

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

6 (d) The department of revenue shall develop a schedule of forfeitures, not to  
7 exceed 5 percent of the room tax collected by a municipality *and allocated for tourism promotion,* under this section in the  
8 year to which the determination made under par. (c) relates, which may be imposed  
9 on any municipality about which the department makes a determination under par.  
10 (c) 2.

11 (END)

*and development*

fare/ is \$10

surcharge is up to 7% of the amount that was misused, but not  $\leq$  \$500

\* must be paid from <sup>the city's portion of</sup> <sub>to the greatest extent possible</sub> the room tax rev. -- not from the allocated from tourism promotion & devel

Surcharge  $\rightarrow$  "JEM" program in Dept of Tourism

4/1/7

Instructions from Kimber on 2/16, Rep. Pettison on 3/1, and TRISH Pugal on 3/2/05



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1391/2  
MES:wlj:jt  
stays  
RMR

2005 BILL

WANTED:  
FRI. A.M.  
IN 3/3

reger

1 AN ACT to amend 66.0615 (1m) (d) 3. and 66.0615 (1m) (d) 4.; and to create  
2 66.0615 (1) (fm) and 66.0615 (4) of the statutes; relating to: tourism promotion  
3 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;

NO#

**BILL**

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 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 investigate 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 may impose a forfeiture on the municipality that does not exceed 5 percent of the room tax collected by the municipality and allocated for tourism promotion and development in the year in which the improper expenditures were made. The bill also requires DOR to develop a schedule of forfeitures.

review

of \$100 and a surcharge

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:*

IN 21

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

2 66.0615 (1) (fm) "Tourism promotion and development" means a marketing  
3 project, transient tourist informational service, or tangible municipal development  
4 that is significantly used by transient tourists that will do one of the following:

(5) 1. Generate paid overnight stays at more than <sup>one</sup> establishment on which a tax  
6 under sub. (1m) (a) may be imposed, that are owned by different persons, within a  
7 municipality in which a tax under this section is in effect.

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

11 SECTION 2. 66.0615 (1m) (d) 3. of the statutes is amended to read:

**BILL**

1           66.0615 (1m) (d) 3. A commission shall use the room tax revenue that it  
2 receives from a municipality ~~to promote and develop~~ for tourism promotion and  
3 development, including the support of a convention center, other than a privately  
4 owned convention center, in the zone or in the municipality.

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

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

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

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

20          (b) If the department of tourism determines that not all of the expenditures  
21 were made for tourism promotion and development to the extent required under sub.  
22 (1m) (d), the department of tourism shall send all information on which it based its  
23 determination to the department of revenue.

24          (c) 1. If the department of revenue receives information described under par.  
25 (b), it shall conduct <sup>for a review</sup> ~~an investigation~~ to determine whether the municipality's or

**BILL**

**SECTION 4**

1 commission's itemized expenditures for tourism promotion and development comply  
2 with the standards under sub. (1m) (d).

3 2. If the department of revenue determines that not all of the expenditures were  
4 made for tourism promotion and development to the extent required under sub. (1m)

INS  
46

5 (d), it ~~may~~ <sup>shall</sup> impose on the municipality a forfeiture <sup>of \$10 and a surcharge</sup> under par. (d).

6 ~~(d) The department of revenue shall develop a schedule of forfeitures, not to  
7 exceed 5 percent of the room tax collected by a municipality and allocated for tourism  
8 promotion and development under this section in the year to which the  
9 determination made under par. (c) relates, which may be imposed on any  
10 municipality about which the department makes a determination under par. (c) 2.~~

11 (END)

2005-2006 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-1391/3ins  
MES:wlj:jf

INS 2-1

SECTION ~~20~~ 20.380 (1) (b) of the statutes is amended to read:

20.380 (1) (b) *Tourism marketing; general purpose revenue.* The amounts in the schedule for tourism marketing service expenses and the execution of the functions under ss. 41.11 (4) and 41.17, the surcharge amounts sent to the department under s. 66.0615 (4) (d) for the execution of the functions under s. 41.17, and the grants under 1997 Wisconsin Act 27, section 9148 (2f) and (2x). In each fiscal year, the department shall expend for tourism marketing service expenses and the execution of the functions under ss. 41.11 (4) and 41.17 an amount that bears the same proportion to the amount in the schedule for the fiscal year as the amount expended under par. (kg) in that fiscal year bears to the amount in the schedule for par. (kg) for that fiscal year. Of the amounts under this paragraph, not more than 50% shall be used to match funds allocated under s. 41.17 by private or public organizations for the joint effort marketing of tourism with the state. The department shall expend at least \$125,000 in each fiscal year from this appropriation to conduct or contract for marketing activities related to sporting activities and events. Of the amounts in the schedule, \$25,000 shall be allocated in each fiscal year for state sponsorship of, and advertising during, media broadcasts of the Milwaukee symphony. Of the amounts in the schedule, \$50,000 shall be allocated for grants to America's Black Holocaust Museum in the city of Milwaukee.

History: 1995 a. 27 ss. 515b to 515m, 752 to 772, 1070, 1071, 1075, 1076, 1081n, 1084; 1995 a. 216, 225; 1997 a. 27; 1999 a. 9, 84; 2001 a. 16, 109; 2003 a. 33.

INS 4-6

(d) The surcharge imposed by the department of revenue under par. (c) 2. shall be based on a schedule developed by the department, and shall be not more than an amount of up to seven percent of the amount of expenditures that were not



made for tourism promotion and development to the extent required under sub. (1m)  
(d), ~~as described in par. (c) 2.~~ <sup>in the year to which the determination relates and shall</sup> but not less than \$500 <sup>and</sup> to the greatest extent  
possible, <sup>the surcharge</sup> shall be paid by the municipality from its share of room tax revenues that  
are not spent on tourism promotion and development. The municipality shall  
transmit any payment of imposed surcharges to the department of tourism for  
deposit into the appropriation account under s. 20.380 (1) (b).

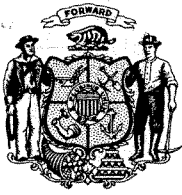
**Northrop, Lori**

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**From:** Pettis, Mark  
**Sent:** Thursday, March 03, 2005 3:37 PM  
**To:** LRB.Legal  
**Subject:** Draft review: LRB 05-1391/3 Topic: Changes to the room tax law

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

Draft review: LRB 05-1391/3 Topic: Changes to the room tax law



State of Wisconsin  
2005 - 2006 LEGISLATURE

LRB-1391/3

MES:wlj:ff

stays

RMR

2005 BILL

WANTED today

repeal

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;

**BILL**

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)

**BILL**

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, in the zone or in the municipality.

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

that is used to generate overnight stays at only one establishment  
on which a tax under sub. (1m) (a) may be imposed

**BILL****SECTION 4**

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

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

6           66.0615 (4) (a) Annually a municipality that imposes a room tax under sub.  
7 (1m) (a) shall file with the department of tourism a form, that either is prepared by  
8 the department or that meets guidelines prepared by the department of tourism and  
9 that is acceptable to the department, that describes the municipality's room tax  
10 revenues received in the prior year and itemizes the municipality's or commission's  
11 expenditures of those room tax revenues for tourism promotion and development.  
12 The department of tourism shall determine whether all such expenditures were  
13 made for tourism promotion and development, to the extent required under sub. (1m)  
14 (d).

15           (b) If the department of tourism determines that not all of the expenditures  
16 were made for tourism promotion and development to the extent required under sub.  
17 (1m) (d), the department of tourism shall send all information on which it based its  
18 determination to the department of revenue.

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

23           2. If the department of revenue determines that not all of the expenditures were  
24 made for tourism promotion and development to the extent required under sub. (1m)

**BILL**

1 (d), it shall impose on the municipality a forfeiture of \$10 and a surcharge under par.

2 (d).

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

12

(END)