

### Fiscal Estimate - 2005 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>05-1391/4</b>	<b>Introduction Number</b> <b>AB-298</b>
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**Subject**  
 Changes to the room tax law

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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**Local:**

No Local Government Costs  
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<b>5. Types of Local Government Units Affected</b> <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> TOUR/ Kim Chase (608) 261-8764	<b>Authorized Signature</b> Kim Chase (608) 261-8764	<b>Date</b> 4/12/2005
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## Fiscal Estimate Narratives

TOUR 4/12/2005

LRB Number	05-1391/4	Introduction Number	AB-298	Estimate Type	Original
<b>Subject</b>					
Changes to the room tax law					

### Assumptions Used in Arriving at Fiscal Estimate

The Department of Tourism will have one-time costs to create a form in which local governments can report their use of room tax revenues and to create a surcharge schedule. There will also be ongoing costs for the Department in reviewing local governments' annual reports on their use of room tax revenues, communicating with local governments, and working with the Department of Revenue when necessary.

If forfeitures and surcharges are placed on local units of government for improper uses of their room tax revenue (based on the proposed definition of tourism promotion and development), the Department of Tourism could realize an increase in revenues. According to the bill, these dollars would be used for Joint Effort Marketing (JEM) grants to non-profit organizations. One might expect these forfeitures and surcharges to be minimal to nominal, however, since the bill proposes a clear definition of how the room tax revenues are to be used.

It is unclear how local governments will be affected. If they have relied on room tax revenues in the past for purposes other than tourism promotion and development, they will no longer have that money for such purposes. Further, if they would continue to use the room tax revenues in way(s) not fitting the definition of tourism promotion and development (as defined in the bill), they could have to pay a forfeiture and surcharge.

### Long-Range Fiscal Implications