2007 ASSEMBLY BILL 382

May 31, 2007 – Introduced by Representative Van Akkeren. Referred to Committee on Tourism, Recreation and State Properties.

AN ACT *to repeal* 66.0615 (1m) (d) 2.; and *to amend* 66.0615 (1m) (d) 1. of the statutes; **relating to:** the percentage of room tax revenue that must be spent on tourism promotion and development.

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 382

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the expenditure may be spent directly by the municipality or forwarded to the commission for its municipality or zone. The 30 percent or less of the room tax revenue that is not spent on tourism promotion and development may be retained by the municipality and used for any other purpose. If a municipality collected a room tax on May 13, 1994, it may retain up to the same percentage of the room tax that it retained on that date, even if that percentage is more than 30 percent.

In general, under this bill, every municipality that collects a room tax must spend at least 70 percent of the amount collected on tourism promotion and development.

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:

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

66.0615 **(1m)** (d) 1. —A—Except for a municipality acting under par. (am) 2., a municipality that first imposes a room tax under par. (a) after May 13, 1994, shall spend at least 70% of the amount collected on tourism promotion and development. Any amount of room tax collected that must be spent on tourism promotion and development shall either be spent directly by the municipality on tourism promotion and development or shall be forwarded to the commission for its municipality or zone if the municipality has created a commission.

SECTION 2. 66.0615 (1m) (d) 2. of the statutes is repealed.

SECTION 3. Initial applicability.

(1) This act first applies to room tax revenue that is collected on the first day of the 3rd month beginning after the effective date of this subsection.

13 (END)