2013 DRAFTING REQUEST

Senate Amendment (SA-SB301)

Received:	**1/10/2014**	Received By:	**mshovers**
Wanted:	**As time permits**	Same as LRB:	
For:	**Luther Olsen (608) 266-0751**	By/Representing:	**Cory in Rep. Bies' office**
May Contact:		Drafter:	**mshovers**
Subject:	**Local Gov't - room tax**	Addl. Drafters:	
		Extra Copies:	**EVM**

Submit via email: **YES**
Requester's email: **Sen.Olsen@legis.wisconsin.gov**
Carbon copy (CC) to:

Pre Topic:

No specific pre topic given

Topic:

Room tax; maximum retention for locals, existing contracts

Instructions:

See attached

Drafting History:

Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	Jacketed	Required
/?	mshovers 1/17/2014	scalvin 1/17/2014		_______ _______			
/1			rschluet 1/17/2014	_______ _______	lparisi 1/17/2014	lparisi 1/17/2014	

FE Sent For:

<END>

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/?	mshovers	/1 sac 01/17/2014	/1 sac 01/17/2014				
/1 MES	1/17/14						

FE Sent For:

<END>

Shovers, Marc

From: Bruce, Cory
Sent: Tuesday, January 07, 2014 11:10 AM
To: Shovers, Marc
Cc: Harriman, Amy; Trisha Pugal (pugal@wisconsinlodging.org); Kathi Kilgore (Kilgore@swandby.com)
Subject: AB 385 - language for additional amendment
Attachments: AB 385 additional amendment 1-2014.pdf

Marc,
Can you please draft an additional amendment to AB 385/SB 301 (Room tax) for us? The language is attached. I've copied Sen. Olsen's staff on this request. They'd like to introduce it for the Senate Bill as well.

Please let us know if you have any questions. (Trisha Pugal is copied on this. You can also direct questions to her).

Thanks,
Cory Bruce
Bies Office

Room Tax Reform –

AB 385 –Additional Amendment Considerations

January 7, 2014

1. <u>Phasing-Out Exceptions to a 30% Maximum Retention for Municipalities</u>

<u>Proposal</u>
Continue with AB 385's general six-year phase-out plan for municipalities retaining more than 30% of room tax for their own use, however add a cap on the amount decreased each year of 5% of the annual total amount the municipality retains as of 2014.

For example: A municipality currently retains all (100%) of room tax that totals $100,000 annually. AB 385 as it reads now would require them to reduce the gap between 100% retention to 30% (70% change) within 6 years. This currently equates to a **decrease of 11.6% each of the six years**.

The new proposal capping it at **5% annually would allow them to reduce the amount they retain by only 5% annually, which would take over 14 years.**

2. <u>Protection of Existing Contracts for Municipalities</u>

Municipalities with contracts already in place as of January 1, 2013 for the use of room tax revenue for other than tourism promotion and development uses, would be authorized to continue to honor the contract funding commitments until the contract expires, is renewed, or is modified – at which point the municipality must come into compliance within the original 6 year timeline in AB 385, with no further exception.

For example, if the municipality has previously contracted for general economic development services funded by room tax, regardless if this would be compliant with the current or revised statute, the municipality could honor their commitment. However, once the contract expires or changes in any way, the municipality must follow AB 385. If the contract expires after the six years (or as revised under proposal #1 above), the municipality must the very next year be in full compliance with the 30% maximum retained and all statutory requirements.

a1458/1

RMNR

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sac

State of Wisconsin
2013 – 2014 LEGISLATURE

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

~~ASSEMBLY~~ SENATE AMENDMENT ,

TO ~~ASSEMBLY~~ BILL ~~385~~ 301

D-NOTE

WANTED MON.

At the locations indicated, amend the bill as follows:

1. Page 8, line 8: delete "(dm) Beginning" and substitute "(dm) 1. Subject to subds. 2. and 3., beginning".

2. Page 8, line 16: after that line insert:

"2. If the formula of one–sixth reductions under subd. 1. would require a municipality to reduce the amount of room tax revenue that it retains by more than 5 percent each year, the municipality may limit the amount of reduction to 5 percent each year, even if capping the reduction at 5 percent each year results in the municipality taking more than 6 years to reach the 30 percent maximum retainage percentage specified in subd. 1.

3. Notwithstanding the provisions of subds. 1. and 2., if a municipality is a party to a contract that is in effect on January 1, 2013, which requires the

municipality to expend room tax revenues for purposes other than tourism promotion and tourism development such that the municipality would not be in compliance with the 30 percent maximum retainage percentage specified in subd. 1., the municipality may continue to honor the terms of the contract until the contract expires, is renewed, or is modified. Upon the expiration, renewal, or modification of the contract, the municipality must comply with the 30 percent maximum retainage percentage specified in subd. 1. starting with the the first day of the second calendar quarter that begins after the contract expires, is renewed, or is modified.".

(END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

-date-

LRB~~a1457/?~~a1458/1dn
MES...:/.....
sac

* ~~Rep. Bies:~~ Senator Olsen

* The instructions for item 2 state that once a contract expires, the municipality must be in compliance with the 30% maximum retainage "the very next year." If a contract expires, for example, on December 31, the municipality must meet the 30% standard the next day. If a contract expires on January 1, the municipality must meet the 30% standard in 364 or 365 days, which seems very unbalanced. Is this your intent?

I drafted the provision so that the municipality would have to be in compliance on the first day of the second calendar quarter that begins after the contract expires, is renewed, or is modified. This would give municipalities somewhere between approximately 90 and 180 days. Is this consistent with your intent? Please let me know if the amendment needs to be redrafted. Thanks.

Marc E. Shovers
Managing Attorney
Phone: (608) 266-0129
E-mail: marc.shovers@legis.wisconsin.gov

Drafter's Note
FROM THE
Legislative Reference Bureau

LRBa1458/1dn
MES:sac:rs

January 17, 2014

Senator Olsen:

The instructions for item 2. state that once a contract expires, the municipality must be in compliance with the 30% maximum retainage "the very next year." If a contract expires, for example, on December 31, the municipality must meet the 30% standard the next day. If a contract expires on January 1, the municipality must meet the 30% standard in 364 or 365 days, which seems very unbalanced. Is this your intent?

I drafted the provision so that the municipality would have to be in compliance on the first day of the second calendar quarter that begins after the contract expires, is renewed, or is modified. This would give municipalities somewhere between approximately 90 and 180 days. Is this consistent with your intent? Please let me know if the amendment needs to be redrafted. Thanks.

Marc E. Shovers
Managing Attorney
Phone: (608) 266–0129
E–mail: marc.shovers@legis.wisconsin.gov