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**WISCONSIN LEGISLATIVE COUNCIL  
AMENDMENT MEMO**

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**2005 Assembly Bill 298**

**Senate Amendment 1 to  
Assembly Substitute  
Amendment 1 and Assembly  
Amendment 1 to Assembly  
Substitute Amendment 1**

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*Current law* permits a municipality or local exposition district to impose a room tax on the privilege of furnishing retail rooms or lodging to transient guests by operators of hotels, motels, or other such accommodations. The general maximum room tax that may be charged is 8%. A municipality may create a commission to coordinate the use of room tax collections for the promotion and development of tourism. Multiple municipalities in a single destination zone may combine to establish a single commission. A municipality that first imposes a room tax after May 13, 1994, must spend at least 70% of the amount collected on tourism promotion and development. This amount may be spent directly by the municipality or forwarded to a commission for the municipality or zone.

*Assembly Bill 298* defines tourism promotion and development as a marketing project, transient tourist informational service, or tangible municipal development that is significantly used by transient tourists to generate certain specified types of overnight stays. The bill requires a municipality to file a form detailing its room tax expenditures on to arising promotion and development with the Department of Tourism. If the Department of Tourism determines that a municipality's expenditures do not meet the standards established by the bill, the Department of Tourism must then notify the Department of Revenue (DOR). The DOR must then review the expenditures in question and assess forfeitures and surcharges if the expenditures do not meet the bill's requirements.

*Assembly Substitute Amendment 1* eliminates the filing and oversight requirements established in the bill and alters the definition of *tourism promotion and development* to specifically include marketing projects, transient tourist information and tangible municipal development, including a convention center, that are significantly used by transient tourists and are extremely likely to generate paid overnight stays at specified establishments where a room tax is imposed. The amendment specifies that the room tax revenue is to be used for tourism promotion and development, as defined in the amendment, within the collecting zone or municipality.

Finally, the amendment provides that nothing in the section authorizing the collection of room tax (s. 66.0615, Stats.) may prevent a municipality, that issued debt prior to January 1, 2005, to finance the construction of a municipally owned convention or conference center, from meeting all of the original terms of its obligation.

*Assembly Amendment 1 to Assembly Substitute Amendment 1* adds *bond anticipation notes* to the debt obligations referred to in the final section of the bill and eliminates the word *original* from the sentence referring to the *terms of obligation*, permitting a municipality to fulfill any terms of obligation relating to the specified construction debt.

*Senate Amendment 1* amends the bill, as passed by the Assembly as follows:

1. Changes the requirement that the tourism and promotion activities be “*extremely*” likely to generate paid overnight stays to “*reasonably*” likely to promote overnight stays.
2. Requires that for a municipality that has only one establishment that is taxed, that the tourism and promotion activity be “*reasonably likely to generate*” paid overnight stays at that establishment.
3. Changes the punctuation to place a semi-colon after the word “effect” and prior to the “or” in the definition of *tourism promotions and development*, to improve the clarity of the provision.

The Senate amendment makes no other changes to the bill.

Assembly Substitute Amendment 1 was introduced and recommended for adoption by the Joint Committee on Finance on October 31, 2005, by a vote of Ayes, 13; Noes, 3. The committee recommended passage of the bill, as amended, by a vote of Ayes, 13; Noes, 3. Assembly Amendment 1 to Assembly Substitute Amendment 1 was introduced by Representative Pettis on November 9, 2005. The Assembly adopted Assembly Amendment 1 to Assembly Substitute Amendment 1, as amended, by unanimous voice vote on November 9, 2005. The Assembly passed Assembly Bill 298, as amended, by a vote of Ayes, 80; Noes, 14; Paired, 2; on November 9, 2005. In the Senate, the bill was referred to the Committee on Higher Education and Tourism. That committee held a public hearing on the bill on January 18, 2006. Senate Amendment 1 was offered by Senator Harsdorf on February 2, 2006. The amendment was adopted in an Executive Session of the committee on February 2 on a vote of Ayes, 4; Noes, 1. The committee voted to concur in the bill, as amended, on a vote of Ayes, 4; Noes, 1.

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