



**Testimony of Representative Garey Bies
Assembly Committee on Tourism
Assembly Bill 16 – Hospitality Tax Credits**

Chairman Kaufert, committee members. Thank you for the opportunity to submit testimony on Assembly Bill 16 relating to tax credits for hospitality businesses incurring expenses for advertising out of state.

Assembly Bill 16 is very simple: a business in the hospitality industry, such as hotels, resorts and restaurants, may claim a tax credit for a portion of that business's expenses incurred to advertise outside of the State of Wisconsin. The purpose of this incentive is clear: encourage businesses to draw visitors to Wisconsin.

As a small business owner myself, I rely on tourism. I know first-hand how important tourism is to the local and state economies. According to the Wisconsin Department of Tourism, nearly 97 million people visited Wisconsin in 2012, and the state's tourism industry had an economic impact of \$16.8 billion. That's an increase of 5% since 2011 and 13% increase since 2010.

Assembly Bill 16 will allow a business to take a tax credit equal to 10% of expenses incurred to advertise outside of Wisconsin. This legislation has the support of the associations involved in the hospitality industry, including the Wisconsin Association of Convention and Visitor's Bureau. Similar legislation was passed by this committee last session.

This legislature has made tourism-related spending a priority over the past two years and it's paying off. For every \$1 the state spends on tourism, we yield a \$6 return. The industry supports 184,000 jobs and \$4.5 billion in personal income. Visitors generated \$1.3 billion in state and local revenue and \$977 million in federal taxes in 2012, saving Wisconsin taxpayers nearly \$575 per household.

Once again thank you for the opportunity to testify on Assembly Bill 16. I am happy to answer any questions you may have.

First for Wisconsin!



State Senator
Neal J. Kedzie

11th Senate District

Assembly Committee on Tourism

2013 Assembly Bill 16

Testimony of Senator Neal Kedzie

May 15, 2013

Chairman Kaufert and members of the Committee, thank you for holding a public hearing today on Assembly Bill 16.

AB 16 and its companion, Senate Bill 181, would create a tax credit equal to 10% of the amount that a Wisconsin hospitality business spends on advertising out of state.

The economic downturn has had a negative impact on the tourism industry, which many people in Wisconsin depend upon for their livelihood. This legislation will help the tourism sector of our state economy to rebound by effectively lowering the cost of out-of-state advertising.

It will also have the added benefit of helping to attract more tourism dollars to Wisconsin from other states, and potentially from other countries.

For these reasons, I respectfully request your support for Assembly Bill 16.

Thank you for your time and serious consideration.

I would be happy to answer any questions you may have.



*formerly the
Wisconsin Innkeepers Association*

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industry for more than
100 years

May 15, 2013

To: Assembly Committee on Tourism
Rep. Dean Kaufert, Chair
From: Trisha A. Pugal, CAE
President, CEO
RE: Support of AB 16 Hospitality Tax Credit

On behalf of over 750 hotels, motels, resorts, inns, and bed & breakfasts around the state, the Wisconsin Hotel & Lodging Association (WH&LA) asks for your support of AB 16.

There are three important components to any successful plan to attract visitors to our state to spend money in our local economies. The first is state-wide tourism marketing, which is implemented by the Department of Tourism within their budget. Competition from our neighboring states has increased over recent years as they have and continue to increase their investment in state tourism marketing.

Second is local level tourism marketing, usually funded in whole or part by local room tax revenue, and designed to attract visitors to a certain part of the state.

Last, but not least, is the investment individual tourism businesses make in advertising to attract visitors to their hotel, resort, attraction, etc., which in turn brings the visitor to many other local businesses during their stay.

In order for Wisconsin's tourism economy to grow even further, creating more jobs and generating more sales tax revenue for the state, we need all three levels of tourism marketing to grow and to reinforce each other to help capture some of the tourism revenue our neighboring states are working so hard to also capture.

AB 16 provides an incentive for hospitality businesses to invest even more in marketing to out-of-state potential visitors by providing a 10% income and franchise tax credit solely based on the amount they spend on advertising outside the state. This marketing will help reinforce and maximize the marketing at the other two levels to help grow tourism in our state to an even higher level of success.

Please support AB 16.

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