



## Legislative Fiscal Bureau

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February 7, 2024

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 461/Senate Bill 451: Use of Premier Resort Area Tax Revenues

Assembly Bill (AB) 461 was introduced on September 28, 2023, and referred to the Assembly Committee on Ways and Means. Assembly Substitute Amendment (ASA) 1 to AB 461 was offered on December 8. A public hearing was held for the bill on January 4, 2024. On February 1, 2024, the Committee adopted ASA 1, and AB 461, as amended, passed the Committee 9 to 0.

Senate Bill (SB) 451 was introduced on September 20, 2023, and referred to the Senate Committee on Agriculture and Tourism, with a public hearing held for the bill on September 27, 2023. On October 12, the Committee recommended the bill for passage on a vote of 8 to 0. On November 14, 2023, the Senate adopted Senate Substitute Amendment (SSA) 1 to SB 451, and passed the bill, as amended, on a vote of 32 to 1.

### **BACKGROUND**

Under current law, a premier resort area tax option is generally allowed for units of local government that meet certain eligibility criteria. The governing body of a political subdivision can enact an ordinance or adopt a resolution declaring itself to be a premier resort area if at least 40% of the equalized value of the taxable property within the political subdivision is used by retailers that fall within certain tourism-related standard industrial classifications. Proceeds from a premier resort area tax may only be used to pay for infrastructure expenses within the jurisdiction of that premier resort area.

A municipality or county, all of which is included in a premier resort area, can enact an ordinance to impose a tax at a rate of 0.5% on the gross receipts from the sale, lease, or rental in the municipality or county of goods or services that are taxable under current state sales tax provisions made by businesses that are included in a second list of tourism-related retailers (this list is more extensive than that used to determine whether the 40% threshold is met). In 1998, the Village of Lake Delton and the City of Wisconsin Dells each enacted a 0.5% premier resort area tax under the statutory requirements.

Under 2009 Wisconsin Act 28, any municipality that enacted an ordinance to impose a 0.5% premier resort area tax prior to January 1, 2000, can amend its ordinance to increase the tax rate to 1.0%. Only the Village of Lake Delton and the City of Wisconsin Dells meet this specified date. Both municipalities increased their premier resort area tax rates to 1%, effective January 1, 2010. Subsequently, under 2013 Wisconsin Act 20, the rate in these two municipalities could be increased to 1.25%, if approved by a majority of the municipal electors. Following such approval, both municipalities increased their premier resort area tax rate to 1.25%, effective July 1, 2014.

For calendar year 2023, the Village of Lake Delton received \$9,104,438 from the tax, and the City of Wisconsin Dells received \$3,045,577.

## **SUMMARY OF BILLS, AS AMENDED BY ASA 1 and SSA 1**

Under AB 461/ SB 451, as introduced, any municipality that enacted an ordinance imposing a premier resort area tax that became effective before January 1, 2000 (City of Wisconsin Dells and the Village of Lake Delton), may amend the existing ordinance to increase the tax rate to a maximum of 1.5%, but may only use the proceeds in excess of the existing 1.25% tax rate to pay for public safety expenses within the jurisdiction of a premier resort area.

The substitute amendments to the companion bills (AB 461 as amended by ASA1, and SB 451 as amended SSA 1) are identical and would not provide for the increase of the tax rate, but only expand the allowable uses of revenues from the current tax. Under the bills, as amended, a municipality that enacted an ordinance imposing a premier resort area tax that became effective before January 1, 2000 (City of Wisconsin Dells and the Village of Lake Delton), would be allowed to use the proceeds from the tax to pay for public safety expenses within the jurisdiction of a premier resort area, in addition to infrastructure expenses as provided under current law.

## **FISCAL EFFECT**

As introduced, AB 461 and SB 451 would have allowed the City of Wisconsin Dells and the Village of Lake Delton to pass an ordinance to increase each community's existing premier resort area tax rate from 1.25% to 1.50%. In its fiscal estimate to the bill, the Department of Revenue (DOR) estimates revenue from the additional 0.25% tax would have generated an additional \$590,000 in Wisconsin Dells and \$1.8 million in Lake Delton over the 12-month period ending August 2023. The Department notes that any growth in the tax base between August, 2023, and when the new rates go into effect would lead to a modest increase in the additional revenue.

The substitute amendments to the companion bills would not provide for a premier resort area tax rate increase in either the City of Wisconsin Dells or the Village of Lake Delton. Therefore, there is no fiscal effect associated with the amended bills.

Prepared by: Ryan Horton