



State of Wisconsin
2015 - 2016 LEGISLATURE

LRB-3692/1
MES:jld

2015 ASSEMBLY BILL 655

January 7, 2016 - Introduced by Representatives SANFELIPPO, KUGLITSCH, ALLEN, BORN, DOYLE, HUTTON, KLEEFISCH, KOOYENGA, KREMER, MURPHY and SPIROS, cosponsored by Senators LAZICH and CARPENTER. Referred to Committee on Tourism.

AUTHORS SUBJECT TO CHANGE

1 **AN ACT to amend** 66.0615 (1) (fm) (intro.) and 66.0615 (1m) (d) 2.; and **to create**
2 66.0615 (1) (ap) and 66.0615 (4) (a) 4. of the statutes; **relating to:** changing the
3 permitted uses of room tax revenues.

Analysis by the Legislative Reference Bureau

This bill changes the definition of “tourism promotion and tourism development” under the room tax to include within that definition economic development. The effect of this change is to authorize a municipality that imposes a room tax to spend any amount that must be spent on tourism promotion and development to be spent by the municipality on economic development. Amounts not spent by the municipality on economic development are forwarded to a commission or tourism entity to be spent on other aspects of tourism promotion and development.

Generally under current law, a municipality may retain a certain percentage of room tax revenues to be spent by the municipality for any public purpose, and the remainder of the revenue must be forwarded to a tourism commission, if the municipality has created one, or to a tourism entity, to be spent on tourism promotion and development. Current law defines “tourism promotion and tourism development” as expenditures by a commission or tourism entity on items including tourism marketing projects, tourist information services, and tangible municipal development that are significantly used by transient tourists and are likely to generate paid overnight stays at hotels and motels.

Generally, a municipality may retain approximately 30 percent of the room tax and must forward approximately 70 percent to a commission or tourism entity,

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although that ratio will begin to change somewhat beginning in 2017 such that an increasing percentage of room tax revenue must be spent on tourism promotion and development.

Under this bill, out of the approximately 70 percent that must be spent on tourism promotion and development, a municipality may spend any amount of that revenue on economic development and amounts not spent for that purpose must be forwarded to a commission or tourism entity. The bill defines “economic development” as development designed to promote job growth or retention, expand the property tax base, or improve a municipality’s overall economic vitality. Beginning in 2017, a municipality must certify each year to the Department of Revenue the amount of room tax revenues it spends on economic development.

For further information see the *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:

1 **SECTION 1.** 66.0615 (1) (ap) of the statutes is created to read:

2 66.0615 (1) (ap) “Economic development” means development that is designed
3 to promote job growth or retention, expand the property tax base, or improve the
4 overall economic vitality of a municipality.

5 **SECTION 2.** 66.0615 (1) (fm) (intro.) of the statutes, as affected by 2015
6 Wisconsin Act 55, is amended to read:

7 66.0615 (1) (fm) (intro.) “Tourism promotion and tourism development” means
8 economic development and any of the following that are significantly used by
9 transient tourists and reasonably likely to generate paid overnight stays at more
10 than one establishment on which a tax under sub. (1m) (a) may be imposed, that are
11 owned by different persons and located within a municipality in which a tax under
12 this section is in effect; or, if the municipality has only one such establishment,
13 reasonably likely to generate paid overnight stays in that establishment:

14 **SECTION 3.** 66.0615 (1m) (d) 2. of the statutes, as affected by 2015 Wisconsin
15 Act 55, is amended to read:

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1 66.0615 (1m) (d) 2. Subject to par. (dm), if a municipality collects a room tax
2 on May 13, 1994, it may retain not more than the same percentage of the room tax
3 that it retains on May 13, 1994. If a municipality that collects a room tax on May 1,
4 1994, increases its room tax after May 1, 1994, the municipality may retain not more
5 than the same percentage of the room tax that it retains on May 1, 1994, except that
6 if the municipality is not exempt under par. (am) from the maximum tax that may
7 be imposed under par. (a), the municipality shall spend at least 70% of the increased
8 amount of room tax that it begins collecting after May 1, 1994, on tourism promotion
9 and development. Any amount of room tax collected that must be spent on tourism
10 promotion and tourism development shall either be forwarded to the commission for
11 its municipality or zone if the municipality has created a commission, ~~or~~ forwarded
12 to a tourism entity, or spent by the municipality on economic development. Amounts
13 spent by a municipality for economic development may not be considered amounts
14 retained by the municipality, as described in this subdivision and in par. (dm).

15 **SECTION 4.** 66.0615 (4) (a) 4. of the statutes is created to read:

16 66.0615 (4) (a) 4. A detailed accounting of the amounts of such revenue that
17 were spent by the municipality for economic development.

18 (END)