

**CITY OF MERRILL
COMMITTEE OF THE WHOLE/TOURISM COMMISSION
(Joint meeting)**

Tuesday, July 9th, 2013 at 5:30 P.M.

**City Hall Council Chambers
1004 East First Street**

AGENDA

1. Call to order
2. Referral from June 11th, 2013 Common Council meeting on Mayor Bialecki/Personnel and Finance Committee recommendation to increase the lodging room tax from 4% to 8%
3. Public Comment
4. Adjournment

Agenda prepared by City Clerk Bill Heideman
Agenda reviewed by City Administrator Dave Johnson

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Date and time agenda was posted: _____

Posted by: _____

The following background information materials related to Room Tax are provided for review:

Pages

- 1 – 3 Merrill Common Council meeting minutes from June 11th, 2013 and proposed Ordinance Amendment

- 4 – 5 Tourism Commission (Special Meeting) minutes from June 10th, 2013

- 6 – 7 May 24th, 2013 e-Mail from Finance Director Kathy Unertl and Historical 2007 – 2012 Room Tax fiscal information

- 8 City of Merrill Ordinance Sec. 2-153 – Tourism Commission

- 9 – 11 City of Merrill Ordinance Sec. 18-36 – Room Tax

- 12 – 16 Merrill Common Council Resolution No. 1615 (December 14th, 1999) and agreement between the City of Merrill and Merrill Area Chamber of Commerce

- 17 – 21 Wisconsin Statutes – 66.0615 Room Tax

- 22 – 35 Room Tax Information that was received for the June 11th, 2013 Merrill Common Council meeting from local hotel representative

1306251 ORDINANCE NO. 2013-

AN ORDINANCE AMENDING CHAPTER 18, ARTICLE II, SECTION 18-36 TO AMEND IMPOSITION OF ROOM TAX

Motion (Hass/Malm) to refer to a joint meeting of the Committee of the Whole and Tourism Commission. Carried.



DRAFT

1306251

CITY OF MERRILL
1004 EAST FIRST STREET
MERRILL, WI 54452-2586

AN ORDINANCE: By Personnel and Finance
Committee
Re: Amending Chapter 18, Article II, Section 18-36
to amend Imposition of Room Tax.

ORDINANCE NO. 2013-
Introduced: June 11, 2013
1st Reading: _____
2nd Reading: _____
3rd Reading: _____
Committee/Commission Action:
RECOMMENDED FOR PASSAGE

AN ORDINANCE

The Common Council of the City of Merrill, Wisconsin, does ordain as follows:

Section 1. Chapter 18, Article II, Section 18-36 of the Code of Ordinances for the City of Merrill is amended as follows:

Sec. 18-36. - *Imposition of room tax.*

- (1) Pursuant to Wis. Stats. § 66.0615, a tax is hereby imposed on the privilege and service of furnishing, at retail, rooms or lodgings to transients by hotel keepers, motel operators, bed and breakfast operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations. Such tax shall be capped at the rate of ~~four~~ eight percent of the gross receipts from such retail furnishing of rooms or lodging. Such tax shall not be subject to the selective sales tax imposed by Wis. Stats. § 77.52(2)(a)1. In order to defray the cost of collection, one-tenth percentage point of the room tax rate under this section may be retained by the hotel, motel or other authorized person filing a return and the balance shall be paid to the city as herein provided.
- (2) The tourism commission established by section 2-153, is the principal organization for the purpose of promotion of convention and tourist business and shall distribute ~~three~~ _____ percentage points of the total room tax rate. The funds distributed by the tourism commission shall be used on tourism promotion and development. The city will retain one-half percentage point of the room tax rate for promotion of the city area recreation complex and one-fourth percentage point of the room tax rate for the cost of administration.
- (3) The tourism commission shall require entities receiving monies generated by room tax collections to submit an annual report to the tourism commission

and the common council, on or before April 1, following December 31 of the previous year for monies received in the previous year.

Section 2. Severability. In the event any section, subsection, clause, phrase or portion of this ordinance is for any reason held illegal, invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remainder of this ordinance. It is the legislative intent of the Common Council that this ordinance would have been adopted if such illegal provision had not been included or any illegal application had not been made.

Section 3. Repeal and Effective Date. All ordinances or parts of ordinances and resolutions in conflict herewith are hereby repealed. This ordinance shall take effect from and after its passage and publication.

Moved by: _____
Adopted: _____
Approved: _____
Published: _____

Approved:

William R. Bialecki,
Mayor

Attest:

William N. Heideman, City Clerk

Tourism Commission (*Special Meeting*)

June 10, 2013

Merrill Chamber Office

Attending: Dan Wendorf, Jim Arndt, Chris Malm, Russ Grefe, Lauree O-Day, Debbe Kinsey

Missing: Mayor Bill Bialecki

Called to Order: The special meeting was called to order by Commission Chair Dan Wendorf at 10:10 am.

Review of minutes: Will review previous minutes at the next general meeting of the Tourism Commission.

Discussion on proposed Room Tax rate increase: Reason for meeting is to discuss the proposed room tax increase from the current 4% to 8% and goes to city council on 6/11. The commission wants a voice in the process. Our goal is to have a positive discussion of the proposed ordinance and to make a recommendation to the council.

Debbe gave overview. Merrill's room tax pre-dates 1992 and as such we fall under a state statute that requires the City to establish a Tourism Commission that budgets room tax dollars and then passes the budget and funds onto a non-profit tourism organization for administration/fiduciary oversight and management. That non-profit entity is the Merrill Chamber of Commerce. That's how room tax has been assigned/budgeted/managed. To be clear, the commission assigns the budget, not the Chamber. There were two red flags noted: (1) a memo and agenda that stated that the City would keep/manage the increased 4% and not the Chamber to be used for welcome and directional signage and other items; (2) the request for an increase did not come before the commission for input nor was it discussed with any of the lodging businesses to see if there was opposition or concern on the affects it may cause on over-night stays which is what generated room tax dollars. Merrill has always followed the state statute on room tax usage and this proposal, as stated, would be a violation.

Russ distributed data: background, the statute, and other data on room tax. As a lodging manager and member of the commission, he has concern that the city maybe taking funds to use for non-tourism related items that should be paid by property tax dollars and not room tax dollars. Per the statute, funds should be used for promotion and marketing as always to promote overnight stays which is where the funds are derived. He also spoke with the Innkeepers Association who wants the room tax to be used as the statute declares for marketing and promotion.

Discussion of the current distribution of room tax funds: a portion goes to the city, the MARC, administration and the majority of the funds go into the tourism budget which is decided on by the Tourism Commission.

Commissioner Questions: What is the impact of an increase on businesses? What can be covered under current statute? Don't we need to make sure that overnight stays remain the key? Isn't there a process for the reading of ordinances and why is this going so quickly?

From the hotel perspective, there are concerns on what effect an increase will have on overnight stays. Locally the goal is to keep stays under the \$100 mark. Once you go over it, customers begin looking for lesser rates. If it goes over that mark, it will definitely have an effect on overnight stays in Merrill. From a lodging perspective, both Russ and Debbe agree. Jim also agreed from a business perspective, because if overnight stays decrease based on pricing it will impact other businesses.

The Commissioners over all concern is that the wrong and/or incomplete information is being put out. We need to get the correct information to the city councilors before a vote is taken on an increase so that they are making an educated decision/vote. Russ will make a summary memo with bullets and get it disbursed. We need to share information and ideas so that the right choices are made for Merrill.

The commission is not necessarily opposed to an increase, but they agree with the lodging owners that were spoken to that an 8% increase is a lot all at once. The #1 rule of the commission is that overnight stays is always the first goal. Without overnight stays, there is no room tax, which means there is no money for tourism promotion and marketing.

Commission Recommendation: Request to postpone a council vote on the issue and hold a joint meeting between the Tourism Commission and COW to share information, before moving the proposal forward for a room tax increase. **Motioned by Commissioner R. Grefe/2nd by Commissioner C. Malm/Motion carried.**

Other: Discussed the fact that the commission did budget dollars for directional signage in the new budget (2013/14). Discussed the previously planned welcome signage and the potential sites that were considered a couple of years ago. Debbe recommended talking with Val Mindak, Park City Credit Union about possibility of incorporating a sign into the landscaping on the hill. There is nothing stating that a welcome sign must be on the right side and this would make it visible from the highway as well as to those entering Merrill on Hwy. 64. Also directional signs in other communities are frequently sponsored by local businesses, which should also be considered to help with costs.

How many room of lodging are there in Merrill annually? That data is not collected by the city. Also about 30% of lodging comes from local businesses, so do we want to raise the tax on them? Basically our room tax is factored on an 'honor system'. However, there are mechanisms in place that can be used to collect that data. Basically, the commission 'guesstimates' the budget annually based on the previous budget cycle. We are generally very accurate if there are no hiccups along the way. Reminder that there is a delay in the actual cash/budget for tourism which is why we require grantees to pay their bills then submit for reimbursement for their grants annually. Room tax is collected 60 days after the end of each quarter, there is automatically a delay built in for payments to grant recipients. This must also be taken into consideration when putting together the tourism budget annually.

Next Meeting: Let's see what happens at the council meeting on 6/11 and if the City Council agrees to a joint meeting between the Tourism Commission and COW. That will determine our next meeting date.

Public Comment: Christine Vorpapel said that Dave Johnson met with the Discover Downtown group earlier and signage came up. The group would love to see new signs but they have no money for it and some of the businesses are concerned where the funds will come from. She also agrees that raising the tax could make visitors spend less if lodging is costing them more.

Adjournment: A motion to adjourn the meeting was made at 11:05 am by Commissioner C. Malm/2nd by Commissioner L. O'Day/Motion carried.



Unertl, Kathy

From: Unertl, Kathy
Sent: Friday, May 24, 2013 9:45 AM
To: Hass, Steve; Caylor, Anne; Schwartzman, Ryan
Cc: Heideman, Bill; Bialecki, Bill; Johnson, David; Hayden, Tom
Subject: Room Tax - Fiscal & NEW Quarter Better
Attachments: Room Tax Summary.pdf

Importance: High

Background information for item on Personnel & Finance Committee agenda:

- Historical information from 2007 through 2012 on Merrill Room Tax is attached.
- When would any change to Room Tax be effective? The following is my suggestion:

To facilitate hotel fiscal collections, it would be better to change room tax rate effective the start of NEW quarter or new year. For example, effective July 1st if adopted at the 6/11th Council meeting (i.e. 2nd quarter ends June 30th).

Kathy Unertl, Finance Director

City of Merrill Room Tax

Year	ROOM TAX 3.90%	3.0% TO TOURISM*	.5% TO MARC	.4% KEPT BY CITY
2007	\$45,089	\$34,684	\$5,781	\$4,625
2008	\$43,791	\$33,685	\$5,614	\$4,491
2009	\$42,797	\$32,906	\$5,484	\$4,407
2010	\$40,631	\$31,255	\$5,209	\$4,167
2011	\$42,662	\$32,817	\$5,469	\$4,376
2012	\$45,639	\$35,107	\$5,851	\$4,681

*Transferred to Merrill Convention & Visitor's Bureau (Through Chamber)

City of Merrill Ordinance –

Sec. 2-153. - Tourism commission.

(a) *Creation.* The tourism commission is created pursuant to the provisions of Wis. Stats. § 66.0615, as amended from time to time.

(b) *Composition and compensation.* The commission shall consist of five members appointed by the mayor and confirmed by the common council for one-year terms beginning May 1. Commission members may be reappointed. Citizen members of the commission shall be compensated at \$15.00 per meeting for their attendance in accordance with the policy established by section 2-155. The composition of the committee members shall be as follows:

- (1) A representative of the state hotel and motel industry as required by Wis. Stats. § 66.0615(1m)(c)1;
- (2) An alderperson;
- (3) The recreation and marketing director of the city;
- (4) Two members from the public at large.

(c) *Commission meetings and chairperson.* The commission shall meet regularly. At its first meeting after appointment, the commission shall elect one of its members to be chairperson of the commission. The chairperson shall serve a one-year term and may be reelected.

(d)

Duties and responsibilities. The commission shall have the following duties and responsibilities, subject to review and approval by the common council:

- (1) Monitor the collection of the room tax to ensure compliance.
- (2) Establish policies for promoting tourism in the Merrill area and distributing that portion of the city's room tax under section 18-36, which is under the commission's jurisdiction.
- (3) Utilize the room tax subject to its jurisdiction to promote and develop tourism in the city.
- (4) Make an annual report to the common council outlining the purposes for which the room tax revenues under its jurisdiction were spent.
- (5) Contract with a tourism entity in the city to obtain staff, support services and assistance in developing and implementing programs to promote the city to visitors.

(Code 1993, § 2-4-16; Ord. No. 98-25, 12-8-1998)

State law reference— Tourism commission, Wis. Stats. § 66.0615(1m)(b).

City of Merrill Ordinance

Sec. 18-36. - Room tax.

(a)

Definitions. The following words, terms and phrases, when used in this section, shall have the meanings ascribed to them in this subsection, except where the context clearly indicates a different meaning:

Gross receipts means the definition applied in Wis. Stats. § 77.51(4), insofar as applicable.

Hotel or motel means a group of buildings in which the public may obtain accommodations for a consideration, including, without limitation, such establishments as inns, motels, hotels, bed and breakfasts, resort lodges, cottages, tourist homes, tourist houses or courts, apartment hotels, and cabins, and any other building or group of buildings in which accommodations are available to the public, except accommodations rented for a continuous period of more than one month and accommodations furnished by any hospitals, sanitariums, nursing homes or by corporations or associations organized and operated exclusively for religious, charitable or educational purposes, provided that no part of the net earnings of such corporations or associations inures to the benefit of any private shareholder or individual, and excepting manufactured home parks and campgrounds.

Transient means any person residing for a continuous period, less than one month, in a hotel, motel or other furnished accommodations available to the public.

(b)

Imposition of room tax.

(1)

Pursuant to Wis. Stats. § 66.0615, a tax is hereby imposed on the privilege and service of furnishing, at retail, rooms or lodgings to transients by hotel keepers, motel operators, bed and breakfast operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations. Such tax shall be capped at the rate of four percent of the gross receipts from such retail furnishing of rooms or lodging. Such tax shall not be subject to the selective sales tax imposed by Wis. Stats. § 77.52(2)(a)1. In order to defray the cost of collection, one-tenth percentage point of the room tax rate under this section may be retained by the hotel, motel or other authorized person filing a return and the balance shall be paid to the city as herein provided.

(2)

The tourism commission established by section 2-153, is the principal organization for the purpose of promotion of convention and tourist business

and shall distribute three percentage points of the total room tax rate. The funds distributed by the tourism commission shall be used on tourism promotion and development. The city will retain one-half percentage point of the room tax rate for promotion of the city area recreation complex and one-fourth percentage point of the room tax rate for the cost of administration.

(3)

The tourism commission shall require entities receiving monies generated by room tax collections to submit an annual report to the tourism commission and the common council, on or before April 1, following December 31 of the previous year for monies received in the previous year.

(c)

Schedule of payment. The city treasurer shall administer this section. The tax imposed by subsection (b) of this section, shall be payable quarterly and shall be due on the last day of the month next succeeding the calendar quarter for which imposed. A return shall be filed with the city treasurer, by those furnishing at retail, such rooms and lodging on or before the same date on which such tax is due and payable. Such return shall show the gross room receipts of the preceding calendar quarter from retail furnishing of rooms or lodging, the amount of taxes imposed for such period and such other information as the city treasurer deems necessary. Every person required to file such quarterly return shall, with his first return, elect to file on an annual calendar year or fiscal year basis. Such annual return shall be filed within 90 days of the close of each such calendar or fiscal year. The annual return shall summarize the quarterly returns, reconcile and adjust for errors in the quarterly returns, and shall contain certain such additional information as the city treasurer requires. Such annual returns shall be signed by the person required to file a return or his duly authorized agent, but need not be verified by oath. The city treasurer may, for good cause, extend the time of filing any return, but in no event longer than one month from the filing date.

(d)

Enforcement. In the event that a hotel or motel fails to file the returns required under subsection (c) of this section, or the city has information which indicates that a hotel or motel has misstated or otherwise violated the terms of this section, the city may take all actions permitted under Wis. Stats. § 66.0615, to enforce this section, including, but not limited to:

(1)

Inspect and audit the books of any person, hotel or motel subject to the room tax.

(2)

Exchange, audit and other information, with the state department of revenue.

(3)

Determine the amount of room tax due under subsection (a) of this section, in the event that the person, hotel or motel subject to the tax fails, neglects or refuses to file a quarterly or annual return under subsection (b) of this section, and set a payment due date for the amount so determined.

(4)

Room tax not paid by the date due shall accrue interest at the rate of one percent per month on the unpaid balance. No refund of any amount paid under subsection (c)(3) of this section, shall be granted until a correct room tax return is filed and the city is allowed to inspect and audit the books of the person, hotel or motel subject to the room tax.

(e)

Confidentiality. Information gathered by the city pursuant to subsection (d) of this section, shall remain confidential, except as needed by persons using the information in the discharge of the duties imposed by law, or of the duties of their offices or by order of a court. The city treasurer shall provide for the publication of returns and/or statistics classified so as not to disclose the identity of the particular person, hotel or motel filing a return under this section.

(f)

Penalties. Any person, motel or hotel convicted of a violation of the requirements of this section may be required to forfeit, not less than \$100.00 nor more than \$500.00, and in addition, may be subject to the following penalties:

(1)

Failure to permit the inspection or audit of financial records pursuant to subsection (d)(1) of this section, imposes a penalty not to exceed five percent of the amount due under subsection (b) of this section.

(2)

Failure to pay all or part of the tax imposed by subsection (b) of this section, results in a penalty equal to the lesser of 25 percent of the room tax due or \$5,000.00.

(Code 1993, § 3-1-18; Ord. No. 98-25, 12-8-1998)

State law reference— Room tax, Wis. Stats. § 66.0615.

11



RESOLUTION NO. 1615

A RESOLUTION APPROVING THE TOURISM PROMOTION AGREEMENT BETWEEN THE CITY OF MERRILL, MERRILL TOURISM COMMISSION, AND MERRILL AREA CHAMBER OF COMMERCE

WHEREAS, the City of Merrill adopted Ordinance No. 98-25 (the "Room Tax Ordinance") which created the City's Room Tax and the Merrill Tourism Commission; and,

WHEREAS, the Room Tax Ordinance requires that 3 percentage points of the Room Tax be devoted to tourism promotion and development under the direction of the Merrill Tourism Commission; and,

WHEREAS, the Merrill Tourism Commission is authorized to contract with a tourism entity to accomplish its tasks of tourism development and tourism promotion and the only organization in the City of Merrill that qualifies as a tourism entity under state law is the Merrill Area Chamber of Commerce; and,

WHEREAS, the City, Merrill Tourism Commission and Merrill Area Chamber of Commerce have negotiated a two-year agreement for the Chamber to provide staff and services for tourism development and promotion in the City of Merrill; and,

WHEREAS, the Agreement provides that the Chamber will be paid for its services only out of the proceeds of the Room Tax devoted to tourism development and promotion and also provides that the Chamber will report the results of its activities on a regular basis to the Tourism Commission and annually to the Commission and Common Council;

NOW THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF MERRILL, WISCONSIN this 14th day of December, 1999, that the Tourism Promotion Agreement between the City of Merrill, Merrill Tourism Commission and the Merrill Area Chamber of Commerce on file in the office of the City Clerk is hereby ratified and approved.

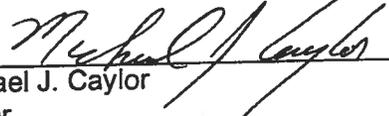
BE IT FURTHER RESOLVED that the appropriate city officials are hereby authorized to execute the Agreement on behalf of the City of Merrill and the Merrill Tourism Commission.

Recommended by: Tourism Commission

Moved: Alderman English

Passed: December 14, 1999 6-1-1

CITY OF MERRILL, WISCONSIN



Michael J. Caylor
Mayor



William N. Heideman
City Clerk

Tourism Promotion Agreement
by and between the
City of Merrill, Merrill Tourism Commission
and the
Merrill Area Chamber of Commerce

This agreement is entered in this 28th day of December, 1999, by the City of Merrill, Wisconsin, (the "City"), the Merrill Tourism Commission (the "Commission") and the Merrill Area Chamber of Commerce, a Wisconsin non-profit corporation (the "Chamber")

WHEREAS, the City is authorized by the laws of Wisconsin to impose, collect and distribute the proceeds of the hotel/motel room taxes to promote visitor attractions of the area and for the purpose of improving its economic well being; and

WHEREAS, the City adopted Ordinance 98-25 which created code of Ordinances Section 2-4-15, 3-1-18 and 7-15-1 (the 'Room Tax Ordinance') and authorizes the Commission, and

WHEREAS, the Chamber, the Commission and the City desire to establish a program to continually encourage and promote the expansion of tourism in the area, and

WHEREAS, the Chamber desires to continue its commitment to the promotion of tourism and expand employment in the visitor industry, and is capable of providing the City with professional services to carry out such programs;

NOW THEREFORE it is agreed by the parties hereto as follows:

1. Room Tax Ordinance. This contract is subject to the terms, conditions and requirements of the City's Room Tax Ordinance as amended from time to time.
2. Terms of Agreement. This agreement shall be for an initial term of two years commencing on the date first above written and ending on December 31st, 2001, with a review at the end of six months, and shall be automatically renewed from year to year thereafter, unless terminated.
3. Tourism Commission. The Tourism Commission of the City is empowered by the City under the Room Tax Ordinance to adopt, direct and monitor annual tourism promotion programs within a budget approved by the Commission, subject to the limits of the Room Tax Ordinance.
4. Professional Services of the Chamber. The City nor the Commission are not the legal employers of staff members hired or utilized to provide services under this agreement. The Chamber shall act as the legal

employer of the staff members employed at the discretion of the Chamber and within the funding authorized by the Tourism Commission under the Room Tax Ordinance.

5. Chamber Tourism. Specific services to be preformed by the Chamber shall include:
 - a.) Attracting visitors, conferences, conventions and meetings.
 - b.) The development and the dissemination of promotional materials designed to publicize the services, facilities and attractions available to visitors to the Merrill area.
 - c.) Perform such other services related to visitor attraction as the City shall authorize under this agreement.

6. Annual Tourism Action Plan and Budget. The Chamber shall provide the Commission with a proposed action plan and budget for the succeeding calendar year detailing how services anticipated by this agreement will be accomplished for the next calendar year. Said action plan and budget shall be presented each year by September 1st.

7. Funding. During the term of this agreement, the City, through the Commission, shall fund the Chamber's tourism promotion activities, not to exceed the amount established under Sec. 3-1-18(b)(2) of the Code of Ordinances for convention and tourist business promotion. In consideration for the services provided under this agreement by the Chamber, the City shall pay to the Chamber the payments collected under the Room Tax Ordinance for convention and tourist business promotion within thirty (30) days of receipt by the City. Under no circumstances shall the City be obligated to pay anything more than is collected by the City under the Room Tax Ordinance for convention and tourist business promotion.

8. Reporting Requirements. The Chamber shall keep and maintain adequate records of the revenues and expenses incurred in carrying out the program and submit annually to the City's auditor. The Commission and the City shall have the right to examine such records at all reasonable times. Program progress and reviews by the City may be called for on an annual basis. In addition, the Chamber shall provide a written annual report to the Common Council of the City by the May meeting each year. Said report shall include a summary of the financial information provided to the City's auditors as well as a summary of the Chamber's Tourism and Visitor Promotion activities for the previous calendar year. Said annual reports shall be presented to the Tourism Commission prior to presentment to the Common Council

9. Independent Contractor. The Chamber is deemed an independent contractor and any and all officers and employees of the Chamber, including the staff associated with the Commission hired under this contract, while engaged in the performance of any work or services required by this agreement, shall be considered officers and employees of the Chamber only and not of the City or Commission. Any and all claims that may arise under Wisconsin Workers compensation made by or on behalf of said officers and employees while so engaged, and all claims made by any third party as a consequence of any act or omission on the part of the Chamber and its officers, employees and agents, while so engaged in any work or services under this agreement, shall be the sole obligation and responsibility of the Chamber. The Chamber shall take out and maintain, during the full term of this agreement and any renewal thereof, Workers Compensation Insurance for all of its employees performing work of services under this agreement and shall provide the City with written evidence of such insurance upon request.
10. Indemnification and Hold Harmless. The chamber shall indemnify, save and hold harmless the City and all of its officers, agents and employees of and from any and all claims, demand, actions, or causes of actions of whatever nature and character, arising out of or by reason of the execution or performance of work of services provided herein, and further agrees to defend, at its sole cost and expense, any action on proceeding commenced for the purpose of asserting any claim of whatever character arising hereunder. The Chamber shall not indemnify, save and hold harmless the City as a result of the negligence or misconduct of the City and its officers, agents and employees, from any and all claims, demands, actions or causes of actions of whatever nature of character, arising out of or by reason of the execution or performance of work or services provided herein.
11. Termination. Any or all parties to this agreement may cancel their participation in this agreement at any time, with or without cause, upon giving ninety (90) days written notice of such cancellation to the Chamber, who shall distribute it to the other parties. If this agreement is cancelled under this provision, the Commission shall reimburse the Chamber according to the terms hereof to the date of such cancellation.

In the event that cancellation results in the abolishment of the Tourism Commission, the City shall further reimburse the Chamber for any and all costs to which the Chamber may be obligated in the faithful performance of this agreement and the annual work program.

In witness whereof, the parties hereto have caused this agreement to be executed on the day and the year first above written.

Merrill Area Chamber of Commerce

By: Jane Ann Sawicki

Attest: [Signature]

City of Merrill

By: [Signature]

Attest: [Signature]

Merrill Tourism Commission

By: [Signature]

Attest: _____

Wisconsin Statutes -

66.0615 Room tax; forfeitures.

(1) In this section:

(a) "Commission" means an entity created by one municipality or by 2 or more municipalities in a zone, to coordinate tourism promotion and development for the zone.

(am) "District" has the meaning given in s. 229.41 (4m).

(b) "Hotel" has the meaning given in s. 77.52 (2) (a) 1.

(c) "Motel" has the meaning given in s. 77.52 (2) (a) 1.

(d) "Municipality" means any city, village or town.

(dm) "Sponsoring municipality" means a city, village or town that creates a district either separately or in combination with another city, village, town or county.

(e) "Tourism" means travel for recreational, business or educational purposes.

(f) "Tourism entity" means a nonprofit organization that came into existence before January 1, 1992, and provides staff, development or promotional services for the tourism industry in a municipality.

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

1. Marketing projects, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motorcoach groups.

2. Transient tourist informational services.

3. Tangible municipal development, including a convention center.

(g) "Transient" has the meaning given in s. 77.52 (2) (a) 1.

(h) "Zone" means an area made up of 2 or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public.

(1m)

(a) The governing body of a municipality may enact an ordinance, and a district, under par. (e), may adopt a resolution, imposing a tax on the privilege of furnishing, at retail, except sales for resale, rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations. A tax imposed under this paragraph is not subject to the selective sales tax imposed by s. 77.52 (2) (a) 1. and may not be imposed on sales to the federal government and persons listed under s. 77.54 (9a). A tax imposed under this paragraph by a municipality shall be paid to the municipality and may be forwarded to a commission if one is created under par. (c), as provided in par. (d). Except as provided in par. (am), a tax imposed under this paragraph by a municipality may not exceed 8%. Except as provided in par. (am), if a tax greater than 8% under this paragraph is in effect on May 13, 1994, the municipality imposing the tax shall reduce the tax to 8%, effective on June 1, 1994.

(am) A municipality that imposes a room tax under par. (a) is not subject to the limit on the maximum amount of tax that may be imposed under that paragraph if any of the following apply:

1. The municipality is located in a county with a population of at least 380,000 and a convention center is being constructed or renovated within that county.

2. The municipality intends to use at least 60% of the revenue collected from its room tax, of any room tax that is greater than 7%, to fund all or part of the construction or renovation of a convention center that is located in a county with a population of at least 380,000.

3. The municipality is located in a county with a population of less than 380,000 and that county is not adjacent to a county with a population of at least 380,000, and the municipality is constructing a convention center or making improvements to an existing convention center.

4. The municipality has any long-term debt outstanding with which it financed any part of the construction or renovation of a convention center.

(b)

1. If a single municipality imposes a room tax under par. (a), the municipality may create a commission under par. (c). The commission shall contract with another organization to perform the functions of a tourism entity if no tourism entity exists in that municipality.

2. If 2 or more municipalities in a zone impose a room tax under par. (a), the municipalities shall enter into a contract under s. 66.0301 to create a commission under par. (c). If no tourism entity exists in any of the municipalities in the zone that have formed a commission, the commission shall contract with another organization in the zone to perform the functions of the tourism entity. Each municipality in a single zone that imposes a room tax shall levy the same percentage of tax. If the municipalities are unable to agree on the percentage of tax for the zone, the commission shall set the percentage.

3. A commission shall monitor the collection of room taxes from each municipality in a zone that has a room tax.

4. A commission shall contract with one tourism entity from the municipalities in the zone to obtain staff, support services and assistance in developing and implementing programs to promote the zone to visitors.

(c)

1. If a commission is created by a single municipality, the commission shall consist of 4 to 6 members. One of the commission members shall represent the Wisconsin hotel and motel industry. Members shall be appointed under subd. 3.

2.

a. If the commission is created by more than one municipality in a zone, the commission shall consist of 3 members from each municipality in which annual tax collections exceed \$1,000,000, 2 members from each municipality in which annual tax collections exceed \$300,000 but are not more than \$1,000,000 and one member from each municipality in which annual tax collections are \$300,000 or less. Except as provided in subd. 2. b., members shall be appointed under subd. 3.

b. Two additional members, who represent the Wisconsin hotel and motel industry, shall be appointed to the commission by the chairperson of the commission, shall serve for a one-year term at the pleasure of the chairperson and may be reappointed.

3. Members of the commission shall be appointed by the principal elected official in the municipality and shall be confirmed by a majority vote of the members of the municipality's governing body who are present when the vote is taken. Commissioners shall serve for a one-year term, at the pleasure of the appointing official, and may be reappointed.

4. The commission shall meet regularly, and, from among its members, it shall elect a chairperson, vice chairperson and secretary.

5. The commission shall report any delinquencies or inaccurate reporting to the municipality that is due the tax.

(d)

1. A municipality that first imposes a room tax under par. (a) after May 13, 1994, shall spend at least 70% of the amount collected on tourism promotion and development. Any amount of room tax collected that must be spent on tourism promotion and development shall either be spent directly by the municipality on tourism promotion and development or shall be forwarded to the commission for its municipality or zone if the municipality has created a commission.

2. If a municipality collects a room tax on May 13, 1994, it may retain not more than the same percentage of the room tax that it retains on May 13, 1994. If a municipality that collects a room tax on May 1, 1994, increases its room tax after May 1, 1994, the municipality may retain not more than the same percentage of the room tax that it retains on May 1, 1994, except that if the municipality is not exempt under par. (am) from the maximum tax that may be imposed under par. (a), the municipality shall spend at least 70% of the increased amount of room tax that it begins collecting after May 1, 1994, on tourism promotion and development. Any amount of room tax collected that must be spent on tourism promotion and development shall either be spent directly by the municipality on tourism promotion and development or shall be forwarded to the commission for its municipality or zone if the municipality has created a commission.

3. A commission shall use the room tax revenue that it receives from a municipality for tourism promotion and development in the zone or in the municipality.

4. The commission shall report annually to each municipality from which it receives room tax revenue the purposes for which the revenues were spent.

5. The commission may not use any of the room tax revenue to construct or develop a lodging facility.

6. If a municipality issued debt or bond anticipation notes before January 1, 2005, to finance the construction of a municipally owned convention center or conference center, nothing in this section may prevent the municipality from meeting all of the terms of its obligation.

7. Notwithstanding the provisions of subds. 1. and 2., any amount of room tax revenue that a municipality described under s. 77.994 (3) is required to spend on tourism promotion and development shall be forwarded to, and spent by, the municipality's tourism entity, unless the municipality creates a commission and forwards the revenue to the commission.

(e)

1. Subject to subd. 2., a district may adopt a resolution imposing a room tax under par. (a) in an amount not to exceed 3% of total room charges. A majority of the authorized members of the district's board may vote that, if the balance in a special debt service reserve fund of the district is less than the requirement under s. 229.50 (5), the room tax imposed by the district under this subdivision is 3% of total room charges beginning on the next January 1, April 1, July 1 or October 1 after the payment and this tax is irrevocable if any bonds issued by the district and secured by the special debt service reserve fund are outstanding. A room tax imposed by a district under this subdivision applies within the district's jurisdiction, as specified in s. 229.43, and the proceeds of the tax may be used only for the district's debt service on its bond obligations. If a district stops imposing and collecting a room tax, the district's sponsoring municipality may impose and collect a room tax under par. (a) on the date on which the district stops imposing and collecting its room tax.

2. In addition to the room tax that a district may impose under subd. 1., if the district's only sponsoring municipality is a 1st class city, the district may adopt a resolution imposing an additional room tax. The additional percentage of room tax under this subdivision shall be equal to the percentage of room tax imposed by the sponsoring municipality on the date on which the sponsoring municipality agrees to stop imposing and collecting its room tax, as described under s. 229.44 (15). A district shall begin collecting the additional room tax imposed under this subdivision on the date on which the sponsoring municipality stops imposing and collecting its room tax. A room tax imposed by a district under this subdivision applies only within the borders of the sponsoring municipality and may be used for any lawful purpose of the district.

3. A district adopting a resolution to impose the taxes under subd. 1. or 2. shall deliver a certified copy of the resolution to the secretary of revenue at least 120 days before its effective date.

(f)

1. The department of revenue shall administer the tax that is imposed under par. (a) by a district and may take any action, conduct any proceeding and impose interest and penalties.

2. Sections 77.51 (12m), (14), (14g), (15a), and (15b), 77.52 (3), (13), (14), (18), and (19), 77.522, 77.58 (1) to (5), (6m), and (7), 77.585, 77.59, 77.60, 77.61 (2), (3m), (5), (8), (9), and (12) to (15), and 77.62, as they apply to the taxes under subch. III of ch. 77, apply to the tax described under subd. 1.

3. From the appropriation under s. 20.835 (4) (gg), the department of revenue shall distribute 97.45% of the taxes collected under this paragraph for each district to that district and shall indicate to the district the taxes reported by each taxpayer in that district, no later than the end of the month following the end of the calendar quarter in which the amounts were collected. The taxes distributed shall be increased or decreased to reflect subsequent refunds, audit adjustments and all other adjustments. Interest paid on refunds of the tax under this paragraph shall be paid from the appropriation under s. 20.835 (4) (gg) at the rate under s. 77.60 (1) (a). Any district that receives a report along with a payment under this subdivision or subd. 2 is subject to the duties of confidentiality to which the department of revenue is subject under s. 77.61 (5).

4. Hotels and motels and the department of revenue may not collect taxes under this paragraph for any district after the calendar quarter during which all bonds issued by the district under subch. II of ch. 229 during the first 60 months after April 26, 1994, and any bonds issued to fund or refund those bonds, are retired or for more than 2 years if bonds have not been issued during that time, except that the department may collect from hotels and motels taxes that accrued before that calendar quarter, or before the end of that 2-year period, and interest and penalties that relate to those taxes. If taxes are collected and no bonds are issued, the district may use the revenue for any lawful purpose.

5. Persons who are subject to the tax under this subsection, if that tax is administered by the department of revenue, shall register with the department. Any person who is required to register, including any person authorized to act on behalf of a person who is required to register, who fails to do so is guilty of a misdemeanor.

(2) As a means of enforcing the collection of any room tax imposed by a municipality or a district under sub. (1m), the municipality or district may exchange audit and other information with the department of revenue and may do any of the following:

(a) If a municipality or district has probable cause to believe that the correct amount of room tax has not been assessed or that the tax return is not correct, inspect and audit the financial records of any person subject to sub. (1m) pertaining to the furnishing of accommodations to determine whether the correct amount of room tax is assessed and whether any room tax return is correct.

(b) Enact a schedule of forfeitures, not to exceed 5% of the tax under sub. (1m) or par. (c), to be imposed on any person subject to sub. (1m) who fails to comply with a request to inspect and audit the person's financial records under par. (a).

(c) Determine the tax under sub. (1m) according to its best judgment if a person required to make a return fails, neglects or refuses to do so for the amount, in the manner and form and within the time prescribed by the municipality or district.

(d) Require each person who is subject to par. (c) to pay an amount of taxes that the municipality or district determines to be due under par. (c) plus interest at the rate of 1% per month on the unpaid balance. No refund or modification of the payment determined may be granted until the person files a correct room tax return and permits the municipality or district to inspect and audit his or her financial records under par. (a).

(e) Enact a schedule of forfeitures, not to exceed 25% of the room tax due for the previous year under sub. (1m) or par. (c) or \$5,000, whichever is less, to be imposed for failure to pay the tax under sub. (1m).

(3) The municipality shall provide by ordinance and the district shall provide by resolution for the confidentiality of information obtained under sub. (2) but shall provide exceptions for persons using the information in the discharge of duties imposed by law or of the duties of their office or by order of a court. The municipality or district may provide for the publishing of statistics classified so as not to disclose the identity of particular returns. The municipality or district shall provide that persons violating

ordinances or resolutions enacted under this subsection may be required to forfeit not less than \$100 nor more than \$500.

History: 1983 a. 189, 514; 1993 a. 263, 467, 491; 1999 a. 9; 1999 a. 150 ss. 565 to 567; Stats. 1999 s. 66.0615; 2003 a. 203; 2005 a. 135; 2007 a. 20; 2009 a. 2; 2011 a. 18, 32.

A city was authorized to enact a room tax. The gross receipts method was a fair and reasonable way of calculating the tax. *Blue Top Motel, Inc. v. City of Stevens Point*, 107 Wis. 2d 392, 320 N.W.2d 172 (1982).

Under sub. (1) (am), this section favors expenditures to construct or improve convention facilities. However, sub. (1) (am), only addresses when a municipality may impose a room tax rate of greater than 8% and is irrelevant when the city has not exceeded that maximum. The only restrictions the rest of the statute places on the use of room tax monies are found in sub. (1m) (d), which directs a municipality to spend a certain percentage on "tourism promotion and development, which means the promotion and development of travel for recreational, business, or educational purposes. *English Manor Bed and Breakfast v. City of Sheboygan*, 2006 WI App 91, 292 Wis. 2d 762, 716 N.W.2d 531, 05-1358.

Room Tax Information

1. At least 70% of Room Tax must be spent on “tourism promotion and development”.
2. Improper use of room tax includes: Funding Main Street or Historic Programs that primarily service local businesses and residents, and separate funds set up for the municipality or its leadership’s discretion without requiring compliance with the state room tax statute.
3. Merrill’s current Room Tax of 4% is equal to other communities in our area including Tomahawk, Medford, Minocqua, Woodruff, and Arbor Vitae.
4. The Tourism Entity(with Commission oversight) selects which projects best attract paying overnight tourists to their local area.

CITY OF MERRILL
PERSONNEL AND FINANCE COMMITTEE
Tuesday, May 28, 2013 at 5:15 P.M.
City Hall Basement Conference Room
1004 East First Street

Voting members: Alderman Steve Hass (Chairperson),
Alderwoman Anne Caylor, and Alderman Ryan Schwartzman

AGENDA

1. Call to order
2. Vouchers
3. Discuss and consider increase in room tax from 4% to 8%. The City would control the additional revenue and it would be used for new and additional directional signs as well as business district beautification projects (agenda item requested by Mayor Bialecki)
4. City staff recommendation(s) regarding possible reorganization of the Information Technology Department and related City organizational chart (from April 23rd, 2013 Personnel & Finance Committee meeting)
5. City staff recommendation(s) on development of long-term plan for the Information Technology Department (from April 23rd, 2013 Personnel & Finance Committee meeting)
6. Monthly Reports:
 - a. Municipal Court
 - b. Finance/Technology Director Unertl
 - c. City Attorney Hayden
 - d. City Clerk Heideman
 - e. City Administrator Johnson
 - f. City Building/Zoning Permits
7. Next Meeting
8. Public Comment

1306140

**City of Merrill
Personnel and Finance Committee
Tuesday, May 28, 2013 at 5:15 P.M.
Basement Conference Room at City Hall, 1004 East First Street**

Voting Members Present (3 of 3): Alderman Steve Hass (Chairperson), Alderwoman Anne Caylor and Alderman Ryan Schwartzman

Others Present Included: City Administrator Dave Johnson, Mayor Bill Bialecki, City Attorney Tom Hayden, Treasurer/Finance Director Kathy Unertl, Information Technology Manager Ron Turner, Mike Morrissey, Library Director Stacy Stevens and City Clerk Bill Heideman. A student was in attendance to videotape the meeting for the Cable Access Channel.

Call to order

Alderman Hass called the meeting to order at 5:15 P.M.

Vouchers

The vouchers were in the meeting packet.

Motion (Schwartzman/Caylor) to approve the vouchers. Carried.

Consider increase in room tax from 4% to 8%

Mayor Bialecki had requested that this item be placed on the agenda. He is requesting that consideration be given to increasing the lodging room tax from 4% to 8%. Mayor Bialecki is suggesting that the additional revenue could be used for new and additional directional signs as well as business district beautification projects. He explained that the typical room tax percentage in the area is 8% to 11%, and is even higher in some areas of Wisconsin.

Alderwoman Caylor stated that, before any increase is approved, a long-term plan for the increased revenue should be prepared and considered. City Administrator Johnson responded that, at the present time, there is at least four years' worth of known uses for the revenue.

Motion (Schwartzman/Caylor) to approve the increase in the lodging room tax from 4% to 8%, by an amendment to the Code of Ordinances Section 18-36. Carried.

The ordinance will be on the June 11th, 2013 Common Council meeting agenda.

3

Heideman, Bill

From: Johnson, David
Sent: Thursday, May 16, 2013 12:24 PM
To: Heideman, Bill
Cc: Bialecki, Bill
Subject: Personnel & Finance Agenda

Bill,

The Mayor asked me to forward this request to you for inclusion on the next Personnel & Finance agenda. He wants discuss increasing the current 4% room tax to 8% and having the City use the additional revenue for new and additional directional signs and business district beautification projects. This increase would be under City control rather than the Chamber of Commerce, as the present 4% is. Thanks!

David Johnson, City Administrator
City of Merrill
1004 E. 1st St.
Merrill WI 54452
715-536-5594

MAILED
MAY 16 2013
By: *DH*



Room Tax

The Law in Wisconsin

~ A Basic Primer ~

What is a "Room Tax"?

A room tax is a tax that may be authorized by a municipality on the renting of sleeping rooms at hotels, motels, resorts, inns, bed & breakfasts and other lodging facilities in the local area. The tax rate can be set from 0 – 8%, with limited exceptions.

The original intent of the room tax was to provide funding for tourism marketing and promotions, such as brochures and information services, which are utilized by the very guests paying the tax.

Who pays the tax, and where does the revenue go?

The lodging property adds the room tax to their customer's bill when they pay for their lodging. Room tax is charged in addition to state sales tax (and county sales tax when appropriate).

The revenue is forwarded to the municipality by each lodging property, in accordance with the schedule set by local ordinance. Currently, the property is not eligible to retain an administrative fee (allowed with state sales tax) to offset costs such as charge card processing fees, etc.

What can Room Tax revenue be spent on?

State law requires that at least 70% of Room Tax revenue must be spent on "tourism promotion and development", which is now also defined in the statute.

The remaining revenue (0 – 30%) is available for the municipality to spend as determined. This may include infrastructure or services supporting both those visiting the community and residents (such as police staffing at local parades or fireworks), or for other purposes determined by the municipality.

In simplified language, the portion designated for "tourism promotion and development" must be spent on marketing projects to attract tourists, tourist informational services, or municipal development significantly used by tourists. Any funded project, service, or development is required to be reasonably likely to generate paid overnight stays at multiple lodging properties (i.e. by the visitors paying room tax).

An exception occurs for municipalities imposing a Room Tax before May 1994 who had allocated less than 70% of Room Tax revenue for tourism promotion and development. Some restrictions apply, and any increases in the 1994 Room Tax rate must follow the newer state requirements.

Who makes the decisions on what is funded by Room Tax revenue?

Expenditure decisions are made locally, within the parameters provided by state law under section 66.0615 of the Wisconsin statutes.

A single municipality may create a "Tourism Commission" of 4-6 members to contract with and oversee a local tourism entity - such as a Convention & Visitors Bureau or a Chamber of Commerce. The Tourism Entity (with Commission oversight) then selects which projects would best attract paying overnight tourists to their local area. The Commission is appointed by the chief elected official of the municipality for a 1-year term and confirmed by the municipality's governing body. At least one of the appointees must be an owner or operator of a lodging property paying Room Tax.

If the municipality does not create a Commission, the municipal governing body may contract with a local tourism entity or directly spend the revenue on "tourism promotion and development" within the parameters and requirements of the definition in the law. Usually, a local tourism entity, with a governing board made up of business operators in the tourism industry, has more expertise in determining expenditures

Continued on back

that would comply with the definition and intent of "tourism promotion and development".

The law also allows multiple municipalities to band together to create a tourism "zone". If they do so, they must create a "Tourism Commission" with representation and duties as noted in the law.

It is beneficial to have the input of multiple tourism business professionals, including lodging property operators, when determining how local Room Tax revenue should be spent. Lodging property operators can provide helpful overnight stay data to assist municipalities in complying with the law and as part of an evaluation of expenditures.

What public accountability is required?

A "Tourism Commission" is required to report at least annually to the municipality on how Room Tax revenue was spent on "tourism promotion and development."

Whether a Commission or the municipality directly expends the Room Tax revenue, the record of these expenditures is subject to Wisconsin's "Open Records Law". This means that any local tourism business, the general public, or any media interested in learning how the Room Tax revenue is spent may request and receive this record from the municipality.

Is Room Tax right for my community?

Room Tax is not necessarily appropriate for all communities, and should be carefully evaluated before considering a local ordinance to authorize Room Tax. The following are just a few factors to consider when evaluating:

- Is the goal in creating a local Room Tax to increase tourism business in your community?
- What is the potential business impact on tax-collecting lodging properties in your community? Will room tax put local lodging businesses at a disadvantage with their competition in other communities that have a lower (or no) Room Tax?
- Does your community currently offer a variety of options for the traveler, such as attractions, shops, restaurants, etc. in addition to lodging, to provide a tourism product to market in order to generate paid overnight stays?
- Is a Tourism Commission with tourism industry representation proposed to help ensure that the expenditures will increase tourism business, within the requirements of the law?
- Is the proposed tax percentage low enough to be competitive with other communities?

Prepared by

The Wisconsin Hotel & Lodging Association
1025 S. Moorland Road, Suite 200
Brookfield, WI 53005
262-782-2851 (pugal@wisconsinlodging.org)

Reviewed by

The University of Wisconsin Extension
Kate Lawton
The Local Government Center
(www.uwex.edu/lgc)

and

The Wisconsin Association of CVB's
608-837-6693 (escape@escapetowisconsin.com)

This piece does not constitute a position for or against the implementation of a local Room Tax.

Updated 6/10



ROOM TAX REVENUE

~ Examples of Proper & Improper Use ~

The use of Room Tax Revenue is governed primarily by state Statute, with the municipality authorized to make certain refinements in their local ordinance. In general, a minimum of 70% of the revenue must be spent on "tourism promotion and development" as outlined in the statute, however, the municipality may designate a higher percentage to this use if they choose. The remaining amount (up to 30%) may be used by the municipality for whatever use they designate, including the uses noted on the second page.

This reference piece is focusing on the 70% or more allocation for 'tourism promotion and development', in order to provide general guidance, through examples, of what expenditures may be considered properly in compliance with the statute and what may be considered "improper" use that would not be aligned with the language or intent of the statute.

PROPER USE OF ROOM TAX REVENUE

~ EXAMPLES ~

Reminder Note: *Each of the Following* must be focused on transient tourists and must be reasonably likely to **generate paid overnight stays** in *multiple* lodging properties in the community (room tax area)

- Marketing to attract meeting & convention business to the area
- Marketing to attract large sports tournaments with participants from beyond nearby communities
- Publishing and distributing a Travel Guide that promotes local lodging options, local attractions, and local restaurants, and is mailed and distributed more than 50 miles
- Development and upkeep of a website promoting local tourism, including local lodging options
- Advertising, media contacts & public relations efforts to promote local tourism in out-of-area markets
- Renting, leasing, or operating a facility that has as its primary purpose providing information to attract and service out-of-area travelers
- Development of a public convention center that services primarily out-of-area meetings, conventions, and events
- Purchasing targeted electronic or direct mail lists for marketing to attract out-of-area travelers
- Electronic or mailed communications promoting tourism and paid overnight stays
- Booth fees and direct expenses for participating in travel shows designed to attract out-of-area travelers to the municipality
- Wages and salaries of the official tourism entity (usually a CVB or Chamber) staff who have, as their primary focus, tourism marketing of the area and/or the provision of services to attract tourists who will stay overnight in local public lodging properties

Page 1 of 2

The Wisconsin Hotel & Lodging Association

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In Consultation With

The Wisconsin Association of Convention & Visitor Bureaus

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IMPROPER USE OF ROOM TAX REVENUE

~ EXAMPLES ~

Reminder Note: This list refers to the portion of room tax that is by state statute to go to "tourism promotion and development". Municipalities have the authority to use their own allocated percentage of room tax revenue for any of the following examples, if they wish.

- Local holiday parade, local fireworks, local festivals, local concerts or events, and local decorations, etc. that are not significantly utilized by transient tourists and are not likely to directly generate multiple local paid overnight stays
- Funding of an Economic Development Organization, or an Economic Development Fund that primarily promotes or services local industrial and corporate development
- Development, furnishings & fixtures, maintenance, operations, or paying off debt for public, municipal or county grounds, facilities, waters, wetlands, land, or transportation primarily used by residents
- Assessing a Room Tax in a community with minimal lodging & attractions to promote
- Funding local arts or other non-profit group's projects or programs that are not significantly used by transient tourists nor are designed to generate paid overnight guests at multiple local lodging properties
- Charitable contributions or funding scholarships
- Funding Main Street or Historic Preservation Programs that primarily service local businesses and residents
- Subsidizing a municipality's General Fund, Property Taxes, or studies or activities primarily servicing residents
- School or University building projects, amenities, or equipment
- Community Water Parks, local parks, local trails, or local museums not significantly used by transient tourists and not likely to generate multiple paid overnight stays
- Construction or operation of Sports Facilities or Fields not intended for significant use by transient tourists and that would not generate paid overnight stays at multiple local lodging properties on a regular basis
- Area Guides that do not primarily promote tourism and lodging options
- Funding of Local Business Events
- Funding road repairs
- Funding travel expenses for government officials to attend functions not directly related to tourism marketing nor generating local paid overnight stays
- Separate funds set up for the municipality or for its leadership's discretion without requiring compliance with the state room tax statute

Disclaimer: The examples noted have not been tested in court as of February, 2009, but are based on experienced and prudent interpretation along with general lodging industry knowledge relating to the potential for generating paid overnight stays at lodging properties. What appears to be proper use in one community may not be in another due to factors such as size, whether the community is considered a tourism destination, if there are sufficient area attractions to support overnight stays, etc.

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6/30/10

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(29)



Wisconsin Room Tax Rates

Compiled by the Wisconsin Hotel & Lodging Association

February 2010

Adams

Adams, Town of	5.5
Dell Prairie, Town of	5.0
Rome, Town of	8.0
Strong's Prairie, Town of	5.5

Ashland

Ashland, City of	6.5
La Pointe, Town of	6.5

Barron

Rice Lake, City of	5.5
Turtle Lake, Village of	4.0

Bayfield

Bayfield, City of	6.5+
Bayfield, Town of	6.5
Bayview, Town of	6.5
Cable, Town of	4.0
Drummond, Town of	4.0
Eileen, Town of	4.5
Grand View, Town of	4.0
Hughes, Town of	3.0
Iron River, Town of	3.0
Namakagon, Town of	4.0
Washburn, City of	6.5

Brown

Allouez, Village of	8.0
Ashwaubenon, Village of	8.0
Bellevue, Village of	8.0
De Pere, City of	8.0
Green Bay, City of	8.0
Howard, Village of	8.0

Burnett

Siren, Village of	4.0
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Calumet

Harrison, Town of	5.0
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Chippewa

Chippewa Falls, City of	6.0
Stanley, City of	3.0
Wheaton, Town of	7.0

Clark

Thorp, City of	5.0
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Columbia

Caledonia, Town of	4.0
Columbus, City of	3.0
Portage, City of	6.0
Wisconsin Dells, City of	5.0++

Crawford

Bridgeport, Town of	5.0
Clayton, Town of	3.0
Prairie du Chien, City of	5.0
Soldiers Grove, Village of	3.0

Dane

Blooming Grove, Town of	6.0
Burke, Town of	3.0
DeForest, Village of	3.0
Fitchburg, City of	5.0
Madison, City of	9.0
Madison, Town of	8.0
Middleton, City of	7.0
Middleton, Town of	5.0
Monona, City of	8.0
Stoughton, City of	6.0
Sun Prairie, City of	4.0
Verona, City of	6.0
Vienna, Town of	3.0
Wausaukee, Village of	5.0
Windsor, Town of	3.0

Dodge

Beaver Dam, City of	5.0
Lomira, Village of	4.0
Waupun, City of	5.0

Door

Baileys Harbor, Town of	5.5
Brussels, Town of	5.5
Clay Banks, Town of	5.5
Egg Harbor, Town of	5.5
Egg Harbor, Village of	5.5
Ephraim, Village of	5.5
Forestville, Town of	5.5
Forestville, Village of	5.5
Gardner, Town of	5.5
Gibraltar, Town of	5.5
Jacksonport, Town of	5.5
Liberty Grove, Town of	5.5
Nasewaupee, Town of	5.5
Sevastopol, Town of	5.5
Sister Bay, Village of	5.5
Sturgeon Bay, City of	5.5
Sturgeon Bay, Town of	5.5
Union, Town of (Door)	5.5
Washington Island, Town	5.5

Douglas

Solon Springs, Village of	2.0
Superior, City of	5.0, 6.0 ¹

Dunn

Menomonie, City of	6.0
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Eau Claire

Altoona, City of	7.0
Eau Claire, City of	8.0
Union, Town of (Eau)	7.0

Fond du Lac

Fond du Lac, City of	7.0
North Fond du Lac, Village	7.0
Ripon, City of	6.0

Forest

Crandon, City of	4.5
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Grant

Boscobel, City of	5.0
Lancaster, City of	5.0
Platteville, City of	4.0

Green

Monroe, City of	4.0
New Glarus, Village of	5.0

Green Lake

Berlin, City of	4.0
Brooklyn, Town of	5.0
Green Lake, City of	7.0

Iowa

Mineral Point, City of	3.0
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Iron

Anderson, Town of	5.0
Hurley, City of	5.0
Kimball, Town of	5.0
Mercer, Town of	4.5

Jackson

Black River Falls, City of	7.0
Brockway, Town of	7.0

Jefferson

Fort Atkinson, City of	5.0
Jefferson, City of	5.0
Johnson Creek, Village of	8.0
Watertown, City of	3.0

Juneau

Mauston, City of	5.0
New Lisbon, City of	6.0

Union Center, Village of	5.0*
Kenosha	
Bristol, Town of	8.0
Kenosha, City of	8.0
Pleasant Prairie, Village of	8.0
Wheatland, Town of	8.0
Kewaunee	
Algoma, City of	6.0
Kewaunee, City of	4.0
La Crosse	
Campbell, Town of	5.0
Holmen, Village of	5.0
La Crosse, City of	8.0
Onalaska, City of	7.0
West Salem, Village of	1.0
Lafayette	
Belmont, Village of	4.0
Langlade	
Antigo, City of	6.0
Lincoln	
Merrill, City of	4.0
Tomahawk, City of	4.0
Manitowoc	
Manitowoc, City of	6.0
Mishicot, Village of	6.0
Two Rivers, City of	6.0
Marathon	
Abbotsford, City of	3.0
Mosinee, City of	5.5
Rib Mountain, Town of	7.5
Rothschild, Village of	7.5
Schofield, City of	6.5
Wausau, City of	8.0
Weston, Village of	7.0
Marinette	
Marinette, City of	6.0
Marquette	
Buffalo, Town of	4.5
Harris, Town of	4.5
Mecan, Town of	4.5
Montello, City of	4.5
Montello, Town of	4.5
Neshkoro, Village of	4.5
Packwaukee, Town of	4.5
Westfield, Village of	4.5
Milwaukee	
Brown Deer, Village of	9.0
Franklin, City of	8.0

Glendale, City of	9.0
Greenfield, City of	9.0
Milwaukee, City of	9.0
Oak Creek, City of	8.0
Wauwatosa, City of	9.0
West Allis, City of	8.0
West Milwaukee, Village	9.0
Monroe	
Sparta, City of	6.0
Tomah, City of	5.0
Oneida	
Minocqua, Town of	4.0
Pelican, Town of	3.5
Rhineland, City of	5.5
Three Lakes, Town of	4.5
Woodruff, Town of	4.0
Outagamie	
Appleton, City of	6.0
Grand Chute, Town of	6.0
Kaukauna, City of	5.0
Kimberly, Village of	3.0
Little Chute, Village of	6.0
Ozaukee	
Belgium, Village of	7.0
Cedarburg, City of	5.0
Grafton, Village of	7.0
Port Washington, City of	7.0
Saukville, Village of	7.0
Pepin	
Pepin, Village of	5.0
Polk	
Amery, City of	4.0
Saint Croix Falls, City of	4.0
Portage	
Plover, Town of	6.0
Plover, Village of	8.0
Stevens Point, City of	8.0
Price	
Eisenstein, Town of	4.5*
Lake, Town of	4.5
Osceola, Village of	3.0
Park Falls, City of	4.5
Phillips, City of	3.0
Racine	
Burlington, City of	3.0
Caledonia, Village of	8.0
Mount Pleasant, Village of	8.0
Racine, City of	8.0
Waterford, Village of	6.0

Yorkville, Town of	8.0
Richland	
Richland Center, City of	2.5
Rock	
Beloit, City of	8.0
Evansville, City of	7.0
Janesville, City of	8.0
Rusk	
Ladysmith, City of	4.0
Sauk	
Baraboo, City of	6.0
Delton, Town of	5.0*
Lake Delton, Village of	5.0++
Merrimac, Town of	7.0
Prairie du Sac, Village of	3.0
Reedsburg, City of	4.5
Sauk City, Village of	3.0
West Baraboo, Village of	6.0
Sawyer	
Hayward, City of	4.0
Hayward, Town of	4.0+
Lenroot, Town of	2.0
Shawano	
Belle Plaine, Town of	3.0
Cecil, Village of	3.0
Shawano, City of	4.5
Washington, Town of	3.0
Wescott, Town of	4.5
Wittenberg, Town of	3.0
Sheboygan	
Elkhart Lake, Village of	5.0
Kohler, Village of	5.0
Plymouth, City of	7.0
Sheboygan Falls, City of	5.0
Sheboygan, City of	8.0
Sheboygan, Town of	6.0
St. Croix	
Baldwin, Village of	5.0
Hudson, City of	3.0
New Richmond, City of	5.0
River Falls, City of	5.0
Somerset, Village of	5.0
Taylor	
Medford, City of	4.0
Rib Lake, Village of	5.0
Trempealeau	
Trempealeau, Village of	2.5

Vernon

Hillsboro, City of	5.0
Viroqua, City of	3.0

Vilas

Arbor Vitae, Town of	4.0
Boulder Junction, Town of	4.5
Eagle River, City of	4.5+
Lincoln, Town of (Vilas	4.5
Manitowish Waters, Town	4.5
Presque Isle, Town of	4.5
Saint Germain, Town of	4.5
Washington, Town of	4.5

Walworth

Delavan, City of	8.0
Delavan, Town of	8.0
East Troy, Village of	5.0
Elkhorn, City of	6.0
Fontana, Village of	5.0
Geneva, Town of	6.0
La Fayette, Town of	6.0
Lake Geneva, City of	5.0
Lyons, Town of	3.0
Whitewater, City of	5.0
Williams Bay, Village of	5.0

Washburn

Beaver Brook, Town of	5.0
Spoooner, City of	5.5

Washington

Germantown, Village of	6.0
Hartford, City of	6.0
Jackson, Village of	5.0
West Bend, City of	8.0

Waukesha

Brookfield, City of	8.0
Brookfield, Town of	8.0
Delafield, City of	8.0
Elm Grove, Village of	7.0
Menomonee Falls, Village	8.0
Mukwonago, Village of	6.0
New Berlin, City of	8.0
Oconomowoc, City of	6.0
Pewaukee, City of	6.0
Waukesha, City of	8.0

Waupaca

Fremont, Village of	4.5
New London, City of	6.0
Waupaca, City of	8.0

Waushara

Bloomfield, Town of	4.0
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Dakota, Town of	4.0
Marion, Town of	4.0
Mount Morris, Town of	4.0
Oasis, Town of	4.0
Rose, Town of	4.0
Saxeville, Town of	4.0
Wautoma, City of	4.0
Wautoma, Town of	4.0
Wild Rose, Village of	4.0

Winnebago

Menasha, City of	5.0
Menasha, Town of	6.0
Neenah, City of	5.0
Neenah, Town of	5.0
Oshkosh, City of	10.0

Wood

Marshfield, City of	6.0
Wisconsin Rapids, City of	8.0

[^] = Not yet confirmed

¹ = 5.0% for hotels with <25 rooms and 6.0% for ≥25 rooms

+ = Premier Area Resort Tax (.5%)

++ = Premier Area Resort Tax (1%)

Milwaukee County rates include the 2% County-Wide Room Tax

Facts:

- Total Municipalities with a room tax: 278
- Average rate: 5.5%
- Most Common Rate: 5.0%

The data in this report was compiled December 2009 and January 2010 by the Wisconsin Hotel & Lodging Association.

Sources:

- Wisconsin Hotel & Lodging Association Membership
- Local Municipalities
- Local Government Revenue Options Informational Paper by the Wisconsin Legislative Fiscal Bureau
- 2008 WISTAX Room Taxes & Tourism Development Study

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Local Taxes

How *Room Tax* Compares

	Property Tax	Room Tax (Optional Tax)
Who pays the tax?	<ul style="list-style-type: none"> * Local residents * Local businesses 	<ul style="list-style-type: none"> * Overnight guests of local lodging properties * Local lodging properties who must pay charge card processing fees on guest tax payments and absorb administration costs
Who sets regulations on tax expenditures?	<ul style="list-style-type: none"> * Local government 	<ul style="list-style-type: none"> * State regulation is primary * Local ordinance can add locally-directed guidance but must comply with state regulation
What is the tax intended to fund?	Services and programs for: <ul style="list-style-type: none"> * Local residents * Local businesses 	<ul style="list-style-type: none"> * Tourism Marketing Projects * Tourism Informational Services * Tourism Development With <u>all</u> targeted to transient tourists, and targeted to generate paid overnight stays in multiple lodging properties paying the tax
Who benefits?	<ul style="list-style-type: none"> * Local residents * Local businesses 	<ul style="list-style-type: none"> * Overnight travellers and other out-of-town travelers * Broad base of local retail businesses receiving revenue from tourists (gas stations, shops & malls, grocery & drug stores, restaurants, lodging properties, etc.), and experiencing improved real estate value.
Who determines how the tax revenue is spent?	Municipal staff with oversight of elected governing body	1. A local Convention & Visitors Bureau (CVB) or other local Tourism Entity with oversight of a Board or Tourism Commission OR 2. A municipality, if a Tourism Commission is not appointed and if no Tourism Entity exists <i>All determinations must be made in compliance with the state room tax statute.</i>

With some limitations, the current state room tax statute also allows an allocation of up to 30 percent of room tax revenue to go to the municipality. This special revenue may be used to fund municipal services targeted for travelers; special events for residents and those visiting the area for the day; or other purposes the municipality chooses. Some municipalities with a room tax as of May 1994 are eligible to retain a percentage higher than 30 percent, with conditions outlined in the statutes.

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4/29/09



Room Tax Statute

— State Of Wisconsin — Revised March 29, 2006 —

66.0615 Room tax; forfeitures. (1) In this section:

(a) "Commission" means an entity created by one municipality or by 2 or more municipalities in a zone, to coordinate tourism promotion and development for the zone.

(am) "District" has the meaning given in s. 229.41 (4m).

(b) "Hotel" has the meaning given in s. 77.52 (2) (a) 1.

(c) "Motel" has the meaning given in s. 77.52 (2) (a) 1.

(d) "Municipality" means any city, village or town.

(dm) "Sponsoring municipality" means a city, village or town that creates a district either separately or in combination with another city, village, town or county.

(e) "Tourism" means travel for recreational, business or educational purposes.

(f) "Tourism entity" means a nonprofit organization that came into existence before January 1, 1992, and provides staff, development or promotional services for the tourism industry in a municipality.

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

1. Marketing projects, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motorcoach groups.

2. Transient tourist informational services.

3. Tangible municipal development, including a convention center.

(g) "Transient" has the meaning given in s. 77.52 (2) (a) 1.

(h) "Zone" means an area made up of 2 or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public.

(1m) (a) The governing body of a municipality may enact an ordinance, and a district, under par. (e), may adopt a resolution, imposing a tax on the privilege of furnishing, at retail, except sales for resale, rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for use of the accommodations. A tax imposed under this paragraph is not subject to the selective sales tax imposed by s.

77.52 (2) (a) 1. and may not be imposed on sales to the federal government and persons listed under s. 77.54 (9a). A tax imposed under this paragraph by a municipality shall be paid to the municipality and may be forwarded to a commission if one is created under par. (c), as provided in par. (d). Except as provided in par.

(am), a tax imposed under this paragraph by a municipality may not exceed 8%. Except as provided in par. (am), if a tax greater than 8% under this paragraph is in effect on May 13, 1994, the municipality imposing the tax shall reduce the tax to 8%, effective on June 1, 1994.

(am) A municipality that imposes a room tax under par. (a) is not subject to the limit on the maximum amount of tax that may be imposed under that paragraph if any of the following apply:

1. The municipality is located in a county with a population of at least 380,000 and a convention center is being constructed or renovated within that county.

2. The municipality intends to use at least 60% of the revenue collected from its room tax, of any room tax that is greater than 7%, to fund all or part of the construction or renovation of a convention

center that is located in a county with a population of at least 380,000.

3. The municipality is located in a county with a population of less than 380,000 and that county is not adjacent to a county with a population of at least 380,000, and the municipality is constructing a convention center or making improvements to an existing convention center.

4. The municipality has any long-term debt outstanding with which it financed any part of the construction or renovation of a convention center.

(b) 1. If a single municipality imposes a room tax under par. (a), the municipality may create a commission under par. (c). The commission shall contract with another organization to perform the functions of a tourism entity if no tourism entity exists in that municipality.

2. If 2 or more municipalities in a zone impose a room tax under par. (a), the municipalities shall enter into a contract under s. 66.0301 to create a commission under par. (c). If no tourism entity exists in any of the municipalities in the zone that have formed a commission, the commission shall contract with another organization in the zone to perform the functions of the tourism entity. Each municipality in a single zone that imposes a room tax shall levy the same percentage of tax. If the municipalities are unable to agree on the percentage of tax for the zone, the commission shall set the percentage.

3. A commission shall monitor the collection of room taxes from each municipality in a zone that has a room tax.

4. A commission shall contract with one tourism entity from the municipalities in the zone to obtain staff, support services and assistance in developing and implementing programs to promote the zone to visitors.

(c) 1. If a commission is created by a single municipality, the commission shall consist of 4 to 6 members. One of the commission members shall represent the Wisconsin hotel and motel industry. Members shall be appointed under subd. 3.

2. a. If the commission is created by more than one municipality in a zone, the commission shall consist of 3 members from each municipality in which annual tax collections exceed \$1,000,000, 2 members from each municipality in which annual tax collections exceed \$300,000 but are not more than \$1,000,000 and one member from each municipality in which annual tax collections are \$300,000 or less. Except as provided in subd. 2. b., members shall be appointed under subd. 3.

b. Two additional members, who represent the Wisconsin hotel and motel industry, shall be appointed to the commission by the chairperson of the commission, shall serve for a one-year term at the pleasure of the chairperson and may be reappointed.

3. Members of the commission shall be appointed by the principal elected official in the municipality and shall be confirmed by a majority vote of the members of the municipality's governing body who are present when the vote is taken. Commissioners shall serve for a one-year term, at the pleasure of the appointing official, and may be reappointed.

4. The commission shall meet regularly, and, from among its members, it shall elect a chairperson, vice chairperson and secretary.

5. The commission shall report any delinquencies or inaccurate reporting to the municipality that is due the tax.

(d) 1. A municipality that first imposes a room tax under par. (a) after May 13, 1994, shall spend at least 70% of the amount collected on tourism promotion and development. Any amount of room tax collected that must be spent on tourism promotion and develop-

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ment shall either be spent directly by the municipality on tourism promotion and development or shall be forwarded to the commission for its municipality or zone if the municipality has created a commission.

2. If a municipality collects a room tax on May 13, 1994, it may retain not more than the same percentage of the room tax that it retains on May 13, 1994. If a municipality that collects a room tax on May 1, 1994, increases its room tax after May 1, 1994, the municipality may retain not more than the same percentage of the room tax that it retains on May 1, 1994, except that if the municipality is not exempt under par. (am) from the maximum tax that may be imposed under par. (a), the municipality shall spend at least 70% of the increased amount of room tax that it begins collecting after May 1, 1994, on tourism promotion and development. Any amount of room tax collected that must be spent on tourism promotion and development shall either be spent directly by the municipality on tourism promotion and development or shall be forwarded to the commission for its municipality or zone if the municipality has created a commission.

3. A commission shall use the room tax revenue that it receives from a municipality for tourism promotion and development in the zone or in the municipality.

4. The commission shall report annually to each municipality from which it receives room tax revenue the purposes for which the revenues were spent.

5. The commission may not use any of the room tax revenue to construct or develop a lodging facility.

6. If a municipality issued debt or bond anticipation notes before January 1, 2005, to finance the construction of a municipally owned convention center or conference center, nothing in this section may prevent the municipality from meeting all of the terms of its obligation.

(e) 1. Subject to subd. 2., a district may adopt a resolution imposing a room tax under par. (a) in an amount not to exceed 3% of total room charges. A majority of the authorized members of the district's board may vote that, if the balance in a special debt service reserve fund of the district is less than the requirement under s. 229.50 (5), the room tax imposed by the district under this subdivision is 3% of total room charges beginning on the next January 1, April 1, July 1 or October 1 after the payment and this tax is irrevocable if any bonds issued by the district and secured by the special debt service reserve fund are outstanding. A room tax imposed by a district under this subdivision applies within the district's jurisdiction, as specified in s. 229.43, and the proceeds of the tax may be used only for the district's debt service on its bond obligations. If a district stops imposing and collecting a room tax, the district's sponsoring municipality may impose and collect a room tax under par. (a) on the date on which the district stops imposing and collecting its room tax.

2. In addition to the room tax that a district may impose under subd. 1., if the district's only sponsoring municipality is a 1st class city, the district may adopt a resolution imposing an additional room tax. The additional percentage of room tax under this subdivision shall be equal to the percentage of room tax imposed by the sponsoring municipality on the date on which the sponsoring municipality agrees to stop imposing and collecting its room tax, as described under s. 229.44 (15). A district shall begin collecting the additional room tax imposed under this subdivision on the date on which the sponsoring municipality stops imposing and collecting its room tax. A room tax imposed by a district under this subdivision applies only within the borders of the sponsoring municipality and may be used for any lawful purpose of the district.

(f) 1. The department of revenue shall administer the tax that is imposed under par. (a) by a district and may take any action, conduct any proceeding and impose interest and penalties.

3. From the appropriation under s. 20.835 (4) (gg), the department of revenue shall distribute 97.45% of the taxes collected under this paragraph for each district to that district and shall indi-

cate to the district the taxes reported by each taxpayer in that district, no later than the end of the month following the end of the calendar quarter in which the amounts were collected. The taxes distributed shall be increased or decreased to reflect subsequent refunds, audit adjustments and all other adjustments. Interest paid on refunds of the tax under this paragraph shall be paid from the appropriation under s. 20.835 (4) (gg) at the rate under s. 77.60 (1) (a). Any district that receives a report along with a payment under this subdivision or subd. 2. is subject to the duties of confidentiality to which the department of revenue is subject under s. 77.61(5).

4. Hotels and motels and the department of revenue may not collect taxes under this paragraph for any district after the calendar quarter during which all bonds issued by the district under subch. II of ch. 229 during the first 60 months after April 26, 1994, and any bonds issued to fund or refund those bonds, are retired or for more than 2 years if bonds have not been issued during that time, except that the department may collect from hotels and motels taxes that accrued before that calendar quarter, or before the end of that 2-year period, and interest and penalties that relate to those taxes. If taxes are collected and no bonds are issued, the district may use the revenue for any lawful purpose.

5. Persons who are subject to the tax under this subsection, if that tax is administered by the department of revenue, shall register with the department. Any person who is required to register, including any person authorized to act on behalf of a person who is required to register, who fails to do so is guilty of a misdemeanor.

(2) As a means of enforcing the collection of any room tax imposed by a municipality or a district under sub. (1m), the municipality or district may exchange audit and other information with the department of revenue and may do any of the following:

(a) If a municipality or district has probable cause to believe that the correct amount of room tax has not been assessed or that the tax return is not correct, inspect and audit the financial records of any person subject to sub. (1m) pertaining to the furnishing of accommodations to determine whether the correct amount of room tax is assessed and whether any room tax return is correct.

(b) Enact a schedule of forfeitures, not to exceed 5% of the tax under sub. (1m) or par. (c), to be imposed on any person subject to sub. (1m) who fails to comply with a request to inspect and audit the person's financial records under par. (a).

(c) Determine the tax under sub. (1m) according to its best judgment if a person required to make a return fails, neglects or refuses to do so for the amount, in the manner and form and within the time prescribed by the municipality or district.

(d) Require each person who is subject to par. (c) to pay an amount of taxes that the municipality or district determines to be due under par. (c) plus interest at the rate of 1% per month on the unpaid balance. No refund or modification of the payment determined may be granted until the person files a correct room tax return and permits the municipality or district to inspect and audit his or her financial records under par. (a).

(e) Enact a schedule of forfeitures, not to exceed 25% of the room tax due for the previous year under sub. (1m) or par. (c) or \$5,000, whichever is less, to be imposed for failure to pay the tax under sub. (1m).

(3) The municipality shall provide by ordinance and the district shall provide by resolution for the confidentiality of information obtained under sub. (2) but shall provide exceptions for persons using the information in the discharge of duties imposed by law or of the duties of their office or by order of a court. The municipality or district may provide for the publishing of statistics classified so as not to disclose the identity of particular returns. The municipality or district shall provide that persons violating ordinances or resolutions enacted under this subsection may be required to forfeit not less than \$100 nor more than \$500.