



Legislation Text

File #: 49285, Version: 1

Fiscal Note

This ordinance adds "lodging marketplaces" to the definition of entities subject to the room tax. An example of a "lodging marketplace" is Air BnB. The City currently has an agreement with Air BnB to collect room taxes from participants on their platform that rent a short-term rental to an occupant and collects the consideration for the rental from the occupant. Based on two months of room tax collections from Air BnB, estimated collections from lodging marketplaces could be \$300,000 to \$400,000 annually.

Title

Amending Section 4.21(2) of the Madison General Ordinances to include lodging marketplaces as entities subject to the room tax.

Body

DRAFTER'S ANALYSIS: This proposal amends the City's room tax ordinance to include lodging marketplaces as entities subject to the room tax. Under Wis. Stat. § 66.015(1)(bs), "lodging marketplace" means an entity that provides a platform through which an unaffiliated third party offers to rent a short-term rental to an occupant and collects the consideration for the rental from the occupant.

The Common Council of the City of Madison do hereby ordain as follows:

Subsection (2) of Section 4.21 entitled "Room Tax" of the Madison General Ordinances is amended to read as follows:

"(2) Pursuant to Wis. Stat. § 66.0615, a tax is hereby imposed on the privilege and service of furnishing, at retail, except sales for resale, rooms or lodging to transients by hotelkeepers, motel operators, lodging marketplace, and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for the use of the accommodations. Beginning January 1, 2007, such tax shall be at the rate of nine percent (9%) of the gross receipts from such retail furnishing of rooms or lodgings. The proceeds thereof shall be subject to annual appropriation by the Common Council. Such tax shall not be subject to the selective sales tax imposed by Wis. Stat. § 77.52(2)(a)1. and may not be imposed on sales to the federal government and persons listed under Wis. Stat. § 77.54(9a)."