



Memorandum

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Brookfield, WI 53005
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DATE: December 7, 2023

TO: Tom Ziarnik, DoubleTree by Hilton Madison Downtown

FROM: Bill Elliott, WHLA President & CEO

SUBJECT: Use of Room Tax for Community Events

Thank you for contacting me with your question regarding the use of Room Tax funds for community events. The answer to this question isn't a simple yes or no, rather it is dependent on the event and its impact on your local lodging establishments.

Under Wisconsin's Room Tax Law, State Statute 66.0615, clearly indicates that the 70% of room tax dollars overseen by your Room Tax Commission must be used for "Tourism Promotion and Tourism Development", which is outlined under the law:

"Tourism promotion and tourism 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.

If the event only brings local people into the facility (ie a parent/toddler playgroup, community book club, etc), it would not be likely to produce overnight stays, therefore it wouldn't be a proper use of room tax funds. If it is a larger event that is "significantly used by transient tourists" and it is driving stays in your local lodging properties, room taxes could be a proper use (ie large music concert, sporting tournament, etc. that is being advertised to people outside of the municipality).

When used appropriately, Room Tax can be a tremendous vehicle to enhance a community both in terms of quality of life and economic impact. By investing in driving tourism to your community, more businesses that support tourists and community members will be successful, and the 30% of the revenue that room tax generates that the city can use in an unrestricted manner will continue to grow. This is why it is important to not only ask if an expenditure is proper, but also to ask if it is the most effective use.

I have attached our "How Can Room Tax Be Spent" infographic for your review. Please know that the Wisconsin Hotel & Lodging Association is here to serve as a resource to you, the City of Madison, and the Madison Room Tax Commission. Please feel free to contact me if I can be of further assistance.



HOW CAN ROOM TAX BE SPENT?



Up to **30%** can go to **municipality**, unless municipality has been grandfathered in at a different rate.



At least **70%** must be spent on **Tourism Promotion** and **Tourism Development**.

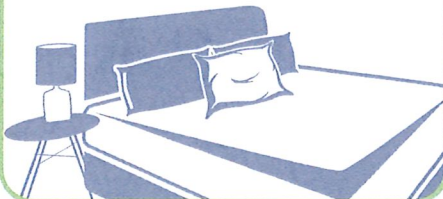


What expenditures are eligible?
(Answer "yes" to all three)

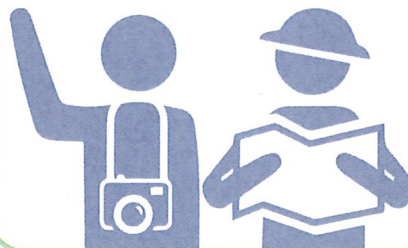


Is it reasonably likely to generate **paid overnight stays** in multiple lodging properties?

- If municipality only has one property, is it likely to generate stays there?
- If you aren't sure, ask a lodging property operator!



Will it be significantly used by **transient tourists**?



Will it be for a Marketing Project, Tourist Information, or Tangible Municipal Development?

- **Ad buys/marketing** of tourist materials
- **Tourist services** creating overnight guests
- Funding a **convention center**



Make sure it complies — public reports are required to be filed by May 1 every year!