



Local Taxes

How *Room Tax* Compares

Property Tax		Room Tax (Optional Tax)
Who pays the tax?	*Local residents *Local businesses	*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?	*Local government	*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: *Local residents *Local businesses	*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?	*Local residents *Local businesses	*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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