

Fiscal Estimate - 2015 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 15-4176/1	Introduction Number SB-516
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Description
 Changing the permitted uses of room tax revenues

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected
<input checked="" type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties <input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOR/ Travis Arthur (608) 266-8565	Authorized Signature Robert Schmidt (608) 266-5773	Date 1/14/2016
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Fiscal Estimate Narratives

DOR 1/14/2016

LRB Number	15-4176/1	Introduction Number	SB-516	Estimate Type	Original
Description Changing the permitted uses of room tax revenues					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a municipality may retain a certain percentage of room tax revenues to be spent by the municipality for any public purpose. The municipality must forward the remainder of the revenue to a tourism commission or tourism entity to be spent on tourism promotion and tourism development. Current law defines "tourism promotion and tourism development" as expenditures by a commission or tourism entity on tourism marketing projects, tourist information services, and tangible municipal development that are significantly used by transient tourists and are likely to generate paid overnight stays at hotels and motels. The amount of room tax revenue a municipality may retain depends on when the municipality first imposed the tax. Generally, a municipality may retain approximately 30 percent of the room tax and must forward approximately 70 percent to a commission or tourism entity. Under 2015 Wisconsin Act 55, beginning in 2017, municipalities must report certain information regarding local room tax rates, collections, and expenditures to the Department of Revenue (DOR) on an annual basis.

The bill modifies the definition of tourism promotion and tourism development to include economic development. Under the bill, out of the approximately 70 percent of room tax revenue that must be spent on tourism promotion and tourism development, a municipality may spend any amount of that revenue on economic development and forward the remainder to a commission or tourism entity. The bill defines "economic development" as development designed to promote job growth or retention, expand the property tax base, or improve a municipality's overall economic vitality. The bill would also require municipalities to provide DOR with a detailed accounting of room tax revenue spent by the municipality on economic development on an annual basis.

The bill will not affect local room tax collections or total expenditure amounts. In 2014, municipalities collected approximately \$73 million in local room tax revenue. The department does not currently possess information on the amount of room tax revenue spent on tourism promotion and tourism development or for other purposes.

Long-Range Fiscal Implications