
Wisconsin Legislative Council

ACT MEMO



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2021 Wisconsin Act 55
[2021 Senate Bill 198]

Local Room Tax Modifications

BACKGROUND

Under current law, a municipality or local exposition district may, subject to certain specified requirements, impose a room tax for the privilege of furnishing rooms or lodging to transients by hotelkeepers, motel operators, lodging marketplaces, and other persons who furnish such accommodations. The tax may not exceed eight percent unless an exemption applies and it is collected from the aforementioned providers by the municipality or municipalities imposing the tax. In addition, current law generally requires marketplace providers¹ to collect state and local sales taxes as well as room taxes, if applicable, for sales transactions made on their platforms.

2021 WISCONSIN ACT 55

2021 Wisconsin Act 55 modifies state law relating to the administration of the local room tax. Together with several technical changes, the act:

- Clarifies the terminology and procedures for collection of room taxes by marketplace providers who facilitate the sale of accommodations, including by requiring marketplace providers to submit quarterly reports to municipalities;²
- Revises the definition of “short term rental” by defining it with an upper bound of fewer than 30 days rather than fewer than 29 days under current law;
- Revises provisions of the room tax statute to facilitate the exchange of information between municipalities;
- Specifies penalties applicable to marketplace providers for noncompliance with the statutes; and
- Requires marketplace providers to submit reports to municipalities on a quarterly basis, at a minimum, or more frequently if mutually agreed to by a marketplace provider and a municipality, and specifies the contents of such reports.

¹ A “marketplace provider” means any person who facilitates a retail sale by a seller by listing or advertising for sale by the seller, in any manner, of certain goods and services and, who directly or indirectly, through agreements or arrangements with third parties, processes the payment from the purchaser for the retail sale, regardless of whether the person receives compensation or other consideration in exchange for the services provided. [s. 77.51(7i), Stats.]

² The act incorporates the above definition of “marketplace provider” as created by 2019 Wisconsin Act 10 for purposes of sales and use tax provisions.

Effective date: The creation of s. 66.0615 (1r) (c), Stats.,³ took effect on July 1, 2021. The remaining provisions of the act take effect on October 1, 2021.

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³ Section 66.015 (1r) (c), Stats., as created by 2021 Act 55, provides the following:

No later than 90 days after the effective date of this paragraph, and updated annually, the Department of Revenue shall create a website that contains the following information about room tax collections:

1. The name and mailing address of each municipality that imposes a room tax under sub. (1m).
2. The rate of the room tax imposed by each municipality specified in subd. 1.