

**TOURISM COMMISSION**

**TUESDAY, FEBRUARY 25, 2020 at 6:00 P.M.**

EDGERTON CITY HALL  
12 ALBION STREET  
EDGERTON, WI

1. Call to Order; Roll Call.
2. Confirmation of appropriate meeting notice posted Friday, February 21, 2020.
3. Approve January 21, 2020 minutes.
4. Selection of two additional Commission members.
5. Elect officers.
  - A. Chair
  - B. Vice Chair
  - C. Secretary
6. Discuss accounting and funding for Commission activities.
7. Discuss the selection of the Tourism Entity.
8. Set next meeting date, location and future agenda items
9. Adjourn.

cc: Commission Members                      All Council Members                      Department Heads  
City Engineer                                      Newspapers

**NOTICE:** If a person with a disability requires that the meeting be accessible or that materials at the meeting be in an accessible format, call the City Administrator's office at least 6 hours prior to the meeting to request adequate accommodations. Telephone: 884-3341.

## **JANUARY 21, 2020 TOURISM COMMISSION MINUTES CITY OF EDGERTON**

Mark Wellnitz called the meeting to order at 6:00 p.m. Committee members present were Andy Walton, Kim Olson, and Mark Wellnitz. Also present were Mayor Chris Lund, City Administrator Flanigan, and James Kapellen. Clerk/Treasurer Hegglund arrived at 6:45 PM.

Flanigan confirmed the meeting agendas were properly posted on Friday, January 17, 2020 at the Post Office, Edgerton Library and City Hall.

**REVIEW THE RESPONSIBILITIES OF THE COMMISSION:** Jim Kapellen, who assisted with the creation of the district, reviewed the responsibilities of the commission (see attached). Wellnitz asked if the entity should have a name. The Town of Fulton provided a list of Air B&Bs in their town. Representatives from the Town of Albion and the City of Edgerton will research the Air B&Bs in their area.

**ELECT OFFICERS:** The Committee postponed nominating officers until the next meeting.

**DETERMINE HOW TO SELECT THE TWO ADDITIONAL COMMISSION MEMBERS:** The committee will first contact three hotel owners to see if they have a representative for the commission. Jim Kapellen stated he will contact Quality Inn and Town Edge Motel in Edgerton. Chris Lund will contact Coachman's located in Albion.

**DISCUSS THE SELECTION PROCESS FOR THE TOURISM ENTITY:** Jim Kapellen gave some examples as to what entities other organizations working with. The commission has postponed this discussion as more information is gathered. Jim Kapellen offered to investigate further.

**DISCUSS ACCOUNTING AND FUNDING FOR COMMISSION ACTIVITIES:** The committee would like to have one municipality account for all funds and offer administrative support. Olson and Walton will talk with clerks from Town of Fulton and Town of Albion. City of Edgerton Clerk/Treasurer Hegglund joined the meeting and indicated she will work with the clerks from Town of Albion and Town of Fulton on the process to provide administrative functions.

**SET NEXT MEETING DATE, LOCATION, AND FUTURE AGENDA ITEMS:** The Committee would like to have one consistent location for meetings. The next meeting is set for February 25<sup>th</sup> at 6:00 pm at Edgerton City Hall.

Ramona Flanigan/jas

# Memo

**To:** Tourism Commission  
**From:** Staff  
**Date:** 2/20/2020  
**Re:** February 25, 2020 agenda

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**Administrative services:** The Town of Fulton Clerk has agreed to perform the accounting services for the Commission and the City of Edgerton staff will prepare agendas and minutes. The details of the accounting procedures will be created as the Commission develops its operating process.





# Tourism Commission Overview

*The following is a basic overview of the components of WI. Room Tax Statute 66.0615 specifically relating to tourism commissions.*

**Definition of "Commission":** An entity created by one municipality or by 2 or more municipalities in a zone, to coordinate tourism promotion and tourism development for the zone.

## Tourism Commission FOR A SINGLE MUNICIPALITY

**Composition:** 4-6 members. One of the members shall represent the Wisconsin hotel and motel industry.

**Appointed by:** The principal elected official in the municipality, with confirmation required by a majority vote of the members of the municipality's governing body present when the vote is taken.

**Terms:** One year, at the pleasure of the appointing official. They may be re-appointed.

### **Required Actions:**

1. It shall contract with another organization to perform the functions of a tourism entity if no tourism entity exists in that municipality.
2. It shall meet regularly, and shall elect a chairperson, vice chairperson, and secretary from its members.
3. It shall use the room tax revenue that it receives from a municipality for tourism promotion and tourism development (as defined in the statute) in the municipality.
4. It shall report annually to the municipality providing the room tax revenue, the purposes for which the revenues were spent.
5. It shall report any delinquencies or inaccurate reporting to the municipality.
6. It shall not use any of the room tax revenue to construct or develop a lodging facility.
7. If a municipality issued debt or bond anticipation notes before January 1, 2005, to finance the construction of a municipally owned convention or conference center, nothing in this section may prevent the municipality from meeting all of the terms of its obligation.

## Tourism Commission FOR A TOURISM ZONE

*("Zone" is defined in 66.0615 as "an area made up of 2 or more municipalities that, those municipalities agree, is a single destination as perceived by the traveling public")*

**Composition:** 3 members from each municipality in which annual room tax collections exceed \$1 million. 2 members from each municipality in which

annual room tax collections are more than \$300,000, but less than \$1 million. One member from each municipality in which annual room tax collections are \$300,000 or less. Two additional members representing the Wisconsin hotel and motel industry shall also be appointed.

**Appointed by:** the municipality representatives shall be appointed by the principal elected official in the municipality, with confirmation required by a majority vote of the members of the municipality's governing body present when the vote is taken. The two hotel and motel industry representatives shall be appointed by the Chairperson of the Commission.

**Terms:** One year term, at the pleasure of the appointing official, and they may be reappointed.

**Required Actions:**

1. The municipalities shall enter into a contract to create a commission.
2. It shall meet regularly, and from among its members, shall elect a chairperson, vice chairperson, and secretary.
3. Each municipality in the zone shall levy the same percentage of tax. If they are unable to agree on the percentage of tax for the zone, the commission shall set the percentage
4. It shall contract with one tourism entity from the municipalities in the zone to obtain staff, support services and assistance in developing and implementing programs to promote the zone to visitors.
5. If no tourism entity exists in any of the municipalities in the zone that have formed a commission, the commission shall contract with another organization in the zone to perform the functions of the tourism entity.
6. It shall use the room tax revenue that it receives from a municipality for tourism promotion and tourism development (as defined in the statute) in the zone or in the municipality.
7. It shall report annually to each municipality from which it receives room tax revenue the purposes for which the revenues were spent.
8. It shall not use any of the room tax revenue to construct or develop a lodging facility.
9. It shall monitor the collection of room taxes from each municipality in the zone that has a room tax.
10. It shall report any delinquencies or inaccurate reporting to the municipality that is due the tax.
11. If a municipality issued debt or bond anticipation notes before January 1, 2005, to finance the construction of a municipally owned convention or conference center, nothing in this section may prevent the municipality from meeting all of the terms of its obligation.



Wisconsin Hotel & Lodging Association

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TAP 9/8/15



# Tourism Entity Overview

Two separate significant changes relating to Tourism Entities in the Wisconsin Room Tax Statute 66.0615 took place in the 2015/16 state legislative sessions. Both changes are incorporated into this Overview in order to provide current guidance on the updated law.

First, in July 2015 with the adoption of WI. Act 55, a municipality imposing a room tax will, as of January 1, 2017, have exactly two choices relating to the oversight of the portion of Room Tax revenue that must be allocated to "tourism promotion and tourism development" (TP&TD). This portion must be given to either a tourism "commission" or a "tourism entity". There are specific requirements relating to each of these. WH&LA's "Tourism Commission Overview" is covered separately in the Wisconsin Room Tax Series resources, and this composition provides an overview for the Tourism Entity.

Second, on March 30, 2016, WI. Act 301 was signed into law providing revisions to the statutory definition of "Tourism Entity" and the composition of its governing body, all of which went into effect immediately.

## New Statutory Definition of "Tourism Entity"

(f) "Tourism entity" means a nonprofit organization that came into existence before January 1, 2015, spends at least 51 percent of its revenues on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality, except that if no such organization exists, a municipality may contract with one of the following entities:

1. A nonprofit organization that spends at least 51 percent of its revenues on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality.
2. A nonprofit organization that was incorporated before January 1, 2015, spends 100 percent of the room tax revenue it receives from a municipality on tourism promotion and tourism development, and provides destination marketing staff and services for the tourism industry in a municipality.

To provide clarity to this definition, we will address 3 types of organizations that could be eligible to provide tourism promotion and tourism development services for a municipality or Tourism Commission, per 66.0615.

### "Tourism Entity"

An existing entity that fits the definition of "Tourism Entity" must have achieved all of the following:

- Official classification by the IRS as a non-profit organization by January 1, 2015 (Note: governmental agencies have a different classification)
- Spends a minimum of 51% of the entity's revenue on tourism promotion and tourism development (as per the statutory definition)
- Provides destination marketing staff and services for the tourism industry in a municipality. (Note: with this definition, a Tourism Entity may service more than one municipality, and does not need to be located in each municipality it services).

A Tourism Entity may receive room tax revenue either directly from a municipality or from an appointed Tourism Commission that contracts with them. Regardless of which way they receive their room tax revenue, all of it must be spent on "tourism promotion and tourism development" as defined in the statute.

If there is no "Tourism Entity" fitting the definition outlined above, a municipality or a tourism commission may contract with one of the following alternate organizations to expend the room tax revenue allocated for tourism promotion and development (TP&TD), as outlined in the statute:

**Alternate Nonprofit Organization Option #1** *(Generally a post-January 1, 2015 CVB or Chamber of Commerce)*

This organization would typically be a more recently created convention and visitors bureau (CVB), also sometimes known as a destination marketing organization (DMO), or a chamber of commerce in a dominantly tourist area. The difference between this organization and a "tourism entity" is purely the creation date. The requirements are:

- Official classification by the IRS as a non profit organization (with no date requirement)
- Spends a minimum of 51% of the entity's revenue on tourism promotion and tourism development (as per the statutory definition)
- Provides destination marketing staff and services for the tourism industry in the municipality.

**Alternate Nonprofit Organization Option #2** *(Generally an established Chamber of Commerce focusing and spending most of their revenue on the development of multiple industries, but using the room tax revenue received only for TP&TD)*

The difference between this organization, usually a chamber of commerce, and a "tourism entity" is that the majority of their budget is not spent on TP&TD, but all of their room tax revenue is. The requirements are:

- Official classification by the IRS as a nonprofit organization prior to January 1, 2015.
- Spends 100 percent of the room tax revenue it receives on tourism promotion and tourism development (TP&TD) as outlined in the statute.
- Provides destination marketing staff and services for the tourism industry in the municipality

**What Requirements Must a Tourism Entity Follow?**

Under the state statutes, a Tourism Entity must:

- Expend all of the room tax revenue received on tourism promotion and tourism development (as defined in statute)
- Include in their governing body at least one owner or operator of a lodging facility collecting room tax that is located in the municipality for which the room tax is collected. For a Tourism Entity servicing a "zone" with multiple municipalities, a minimum of four (4) owners or operators of lodging facilities in the zone must be included in the governing body.
- Provide an annual report on the purposes for which the room tax revenues were spent to each municipality it receives room tax revenue from.

**Definition of "tourism promotion and tourism development" (TP&TD):**

(fm) "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.

Provided as a service of the Wisconsin Hotel & Lodging Association, with review by Legal Counsel. This is not intended, however, to replace individually retained legal advice by a qualified attorney.

For Wisconsin Room Tax resources visit [www.WisconsinLodging.org/roomtax](http://www.WisconsinLodging.org/roomtax)

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