

**CITY OF EDGERTON
EDGERTON CITY HALL
12 ALBION STREET
EDGERTON, WI**

TOURISM COMMISSION
Tuesday, January 21, 2020 at 6:00 P.M.

1. Call to Order; Roll Call.
2. Confirmation of appropriate meeting notice posted Friday, January 17, 2020.
3. Review the responsibilities of the Commission.
4. Elect officers.
5. Determine how to select the two additional Commission members.
6. Discuss the selection process for the Tourism Entity.
7. Discuss accounting and funding for Commission activities.
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.

Notice is hereby given that a majority of the Common Council is expected to be present at the above scheduled noticed meeting to gather information about a subject over which they have decision-making responsibility. The only action to be taken at this meeting will be action by the Planning Commission."



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.



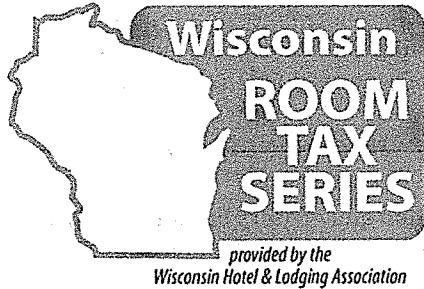
Wisconsin Hotel & Lodging Association

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WisconsinLodging.org | 262/782-2851 | whla@WisconsinLodging.org

Contact: Trisha A. Pugal, CAE – President, GEO – Pugal@wisconsinlodging.org

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

Contact: Trisha A. Pugal, CAE, President, CEO ~ Phone: 262/782-2851 ~ pugal@wisconsinlodging.org

July 2016

**CITY OF EDGERTON
ORDINANCE No. 19-07
OF THE EDGERTON CODE OF GENERAL ORDINANCES,
CITY OF EDGERTON ROCK AND DANE COUNTIES, WISCONSIN

AN ORDINANCE TO CREATE A ROOM TAX DISTRICT
AND IMPOSE A ROOM TAX**

Aldersperson Sarah Braun introduced the following Ordinance and moved its adoption:

WHEREAS, §66.0615 of the Wisconsin Statutes (“Room Tax Act”) authorizes the governing body of a municipality to adopt an ordinance imposing a tax on the privilege of furnishing, at retail, rooms or lodging to transients by hotelkeepers, motel operators, lodging marketplaces, owners of short-term rentals or other persons furnishing accommodations which are available to the public (“Room Tax”); and

WHEREAS, if a tax is imposed under this statute, the imposing municipality must spend at least seventy (70%) percent of the room tax collected on tourism promotion and development, as defined in Wisconsin Statutes §66.0615(1m)(d)1, and that the remaining amount may be spent on municipal purposes; and

WHEREAS, the Common Council of the City of Edgerton has researched the issue of implementing a room tax and had determined that the collection of such a tax would benefit its efforts to attract paid overnight lodging at multiple lodging properties for the benefit of the community; and

WHEREAS, the creation of a tourism zone as provided by Wisconsin Statutes §66.0615 requires the creation of an Intergovernmental Cooperation Commission created under Wisconsin Statutes §66.0301 to oversee the use of the collected tax on overnight lodging; and

WHEREAS, Common Council of the City of Edgerton finds that the geographic area encompassing the CITY OF EDGERTON, WISCONSIN, a Wisconsin municipal corporation and political subdivision (“Edgerton”), the TOWN OF ALBION, WISCONSIN, a Wisconsin municipal corporation and political subdivision (“Albion”), and the TOWN OF FULTON, WISCONSIN, a Wisconsin municipal corporation and political subdivision (“Fulton”), is perceived by the traveling public as a single tourism destination as that term is used in the Room Tax Act (the “Edgerton Tourism Zone”); and

WHEREAS, the Common Council of the City of Edgerton finds that the best interests of the City of Edgerton are served by the passage of this Ordinance.

NOW THEREFORE, the City Council of the City of Edgerton does hereby enact the following ordinances to be effective in the City of Edgerton as follows:

CHAPTER 33

Room and Lodging Tax

(1) DEFINITIONS.

Except as defined below, capitalized terms shall have the definitions ascribed to them in §66.0615 of the Wisconsin Statutes.

- (a) "Chamber" shall mean the Edgerton Area Chamber of Commerce Inc., a Wisconsin nonstock corporation, and its' successors.
- (b) "Tourism Zone" shall mean that geographic area encompassing the City of Edgerton, Wisconsin; the Town of Albion, Wisconsin; and the Town of Fulton, Wisconsin that hereafter becomes a party to the Room Tax Commission Agreement.
- (c) "Operators" shall mean hotelkeepers, motel operator, lodging marketplaces, owners of short-term rentals, and other persons furnishing accommodations that are available to the public, which are located in the City and are obligated to pay Room Taxes under this Ordinance.
- (d) "Quarterly Payment Date" shall mean each January 31, April 30, July 31, and October 31, each of which is the last day of the month next succeeding the end of a calendar quarter.
- (e) "Room Tax" shall mean a tax on the privilege of furnishing, at retail, rooms or lodging to transients by the Operators pursuant to the Room Tax Act.
- (f) "Room Tax Act" shall mean §66.0615 of the Wisconsin Statutes, as amended from time to time.
- (g) "Room Tax Commission" shall mean the Edgerton Room Tax Commission created by the Municipalities within the Tourism Zone pursuant to the Room Tax Commission Agreement in order to coordinate tourism promotion and tourism development within the Tourism Zone.
- (h) "Room Tax Commission Agreement" shall mean the Room Tax Commission Agreement, dated October 1, 2019 entered into by and among the Municipalities and the Room Tax Commission, as amended from time to time.

(2) IMPOSITION OF ROOM TAX.

- (a) Tax Imposed. Pursuant to the Room Tax Act, there is hereby imposed a five percent (5%) Room Tax on the privilege of furnishing, at retail, rooms or lodging to transients, by the Operators. Operators shall remit all Room Taxes to the City Treasurer in accordance with the requirements of this Ordinance and the Room Tax

Act. Such tax shall not be subject to the selective sales tax imposed by Wisconsin Statutes §77.52(2)(a)1, and may not be imposed upon sales to the federal government and persons listed under Wisconsin Statutes §77.54(9a). The Room Tax shall be allocated as follows:

- (1) Seventy percent (70%) shall be imposed and allocated toward the support of the Room Tax Commission, to be used for the promotion of the Tourism Zone as a tourism destination.
 - (2) ~~Thirty percent (30%)~~ Twenty eight percent (28%) ("Municipal Room Tax") shall be imposed and retained by the City of Edgerton to be used as determined by the City Council.
 - (3) Two percent (2%) may be retained by the Operator for administration costs.
- (b) Taxation Effective Date. The effective date of the Room Tax shall be January 1, 2020.
- (c) Room Tax Payment Frequency. Room Tax shall be paid by the Operator on a ~~monthly~~ quarterly basis. It shall be paid by the end of the month following the ~~month~~ quarter in which it was collected to the City Treasurer.
- (d) Quarterly Room Tax Return. The Quarterly Room Tax Return filed with the room tax payment by the Operator shall contain the following information: name of the business, physical address, postal address, municipality located within, name of the designated person filling out the return, quarter and year the return is for, total available rental units during each month of the quarter (number of rental units in the facility multiplied by the days in the quarter or days they were open), number of rooms or units rented, total lodging sales for each month, room tax to be paid (which should equal total lodging sales multiplied by the 5% Room Tax) and the signature of the person filling out this return, attesting to the accuracy. This information will allow the municipality or Commission to judge the accuracy of the return and with all returns in total, to judge the effectiveness of the tourism promotion.

Every Operator required to file such quarterly report shall, with the first report, elect to file an annual report based on either the calendar year or its fiscal year. Such annual report shall be filed within ninety (90) days of the close of each such calendar or fiscal year. The annual return shall summarize the quarterly reports, shall reconcile and adjust for errors in the quarterly reports, and shall contain certain such additional information as the City requires. Such annual reports shall be signed by a representative of the Operator or its duly authorized agent, but need not be verified by oath. The City may, for good cause, extend the time of filing any report, but in no event shall such extension be longer than one (1) month after the due date.

(e) Priority of Payment. In the event any Operator fails to remit the entire Room Tax amounts due on any Quarterly Payment Date under this Ordinance, the City directs that the amounts actually received by the City shall be applied in the following priority order:

1. First, to the Room Tax Commission until paid in full;
2. Second, to the City general fund.

(f) Confidentiality of Reports. All Room Tax returns, schedules, exhibits, writings or audit reports relating to such returns, on file with the Commission and the municipality are deemed confidential pursuant to Wisconsin Statutes §66.0615(3) except they may divulge their contents to the following, and no others:

1. The person who filed the return.
2. Officers, employees or agents of the City Treasurer and the Commission.
3. Other persons for the use in the discharge of duties imposed by law, or in the discharge of the duties of their office (unless otherwise prohibited by law), or by order of a court.

(3) **TOURISM ENTITY.** The Room Tax Commission shall contract with a "tourism entity," or qualified "non-profit organization" as those terms are that term is defined in the Room Tax Act, (collectively, Tourism Entity) for purposes of providing staff, support services and assistance to promote the Tourism Zone to visitors as more fully set forth in an agreement between the Room Tax Commission and the Tourism Entity.

(4) ADMINISTRATION OF ROOM TAX

(a) This Ordinance shall be administered by the City Treasurer.

(b) Permit Required. Every Operator under this Ordinance shall annually file with the City Clerk an application for a permit for each place of business that is required to collect Room Tax hereunder before providing lodging for transients. Every application for a permit shall be made upon a form prescribed by the City and shall pay an annual fee of thirty-five dollars (\$35) set forth the name under which the applicant transacts or intends to transact business, the location of place of business, and such other information as the City requires. The application shall be signed by the owner if a sole proprietor and, if not a sole proprietor, by the person authorized to act on behalf of such owner. At the time of making an application, the applicant shall pay the City an initial fee of thirty-five dollars (\$35.00) for each permit. A permit issued hereunder is non-transferable.

(5) ENFORCEMENT

The City shall enforce this Ordinance in accordance with the Room Tax Act.

- (a) Penalty for Violations. In addition to the forfeiture set forth in subsection (c) herein, any Operator in violation of the terms of this Ordinance by failing to obtain and maintain a permit, when such permit is required, shall be subject to a forfeiture not to exceed \$200.00 for each violation. Each room or unit separately rented or offered for rent, and each day of such rental or offer for rental of such unit shall be a separate violation. In addition, injunctive relief is hereby authorized to discontinue any violation of this Ordinance. Any Operator deemed to have violated any of the provisions of this Ordinance shall be obligated to pay the costs of prosecution, in addition to actual attorney fees expended in the course of said enforcement. The City may revoke or suspend any permit issued hereunder for failure to comply with the provisions hereof.
- (b) Liability for Tax on Sale or Transfer of Business. If any Operator liable for any amount of tax under this Ordinance sells or transfers all or substantially all of its interest in its hotel, motel or other lodging accommodation, its successors or assigns shall withhold sufficient amounts from the purchase price to pay any amount of Room Tax liability due through the sale or transfer date until the Operator produces a receipt that its liability has been paid in full or a certificate stating that no Room Tax amount is due. If a successor Operator subject to the tax imposed by this Ordinance fails to withhold such amount from the purchase price as required, such successor Operator shall become personally liable for payment of the Room Tax amount it is required to withhold.
- (c) Delinquent Room Tax. Delinquent Room Tax returns shall be subject to a twenty-five dollar (\$25) late filing fee. The tax imposed by this Ordinance shall become delinquent if not paid by the due date of the return. A forfeiture of twenty-five percent (25%) of the room tax due or five thousand dollars (\$5,000.00) whichever is less, of the tax imposed, is hereby established and due and owing in the event that the room tax is not paid within thirty (30) days after the due date of the return. In addition to this forfeiture, all unpaid taxes under this Ordinance shall bear interest at the rate of one percent (1%) per month from the due date of the return until received and deposited by the City Treasurer.
- (d) Inspection and Audit of Financial Records. Whenever the City Treasurer has probable cause to believe that the correct amount of room tax has not been assessed or that the tax return is not correct, or that the tax has not been paid, the City Treasurer is authorized to examine and inspect the books, records, memoranda and property of any person in order to verify the tax liability of the person or another person to determine the amount of tax owed. Any Operator who fails to comply with a request to inspect and audit the Operator's financial records shall be subject to a forfeiture in an amount equal to five percent (5%) of amount of tax due in the best judgment of the City Treasurer. The Operator shall pay the amount of tax

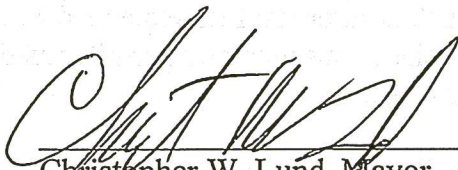
determined due by the City Treasurer plus interest at the rate of one percent (1%) per month on the unpaid balance. If any past due tax, interest or penalties are due at the beginning of a calendar year, a new annual room tax-lodging permit will not be issued by the clerk of the municipality unless satisfactory financial arrangements have been made with the City Treasurer to satisfy payment.

This Ordinance shall be in full force and effect after its passage and publication.

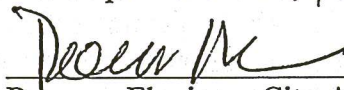
Seconded by Alderperson: Anne Radtke

Roll Call: Ayes Noes

1st Reading: September 3, 2019
2nd Reading: September 16, 2019
Adopted: September 16, 2019
Published: September 18, 2019
Dated: September 16, 2019



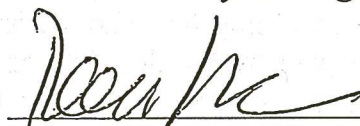
Christopher W. Lund, Mayor



Ramona Flanigan, City Administrator

STATE OF WISCONSIN)
)ss.
COUNTY OF ROCK)

I, Ramona Flanigan, City Administrator, City of Edgerton, Rock and Dane Counties, Wisconsin, do hereby certify that the foregoing is a true and correct copy of the ordinance adopted by the Common Council of the City of Edgerton at its regular meeting the 16 day of September, 2019.



Ramona Flanigan, City Administrator