Tourism Entity Clarification

Challenge

Amendments to the state’s room tax statute adopted this past summer resulted in unintended consequences for chambers of commerce, convention and visitors bureaus (CVBs), and municipalities.

Changes to the definition of a “tourism entity” that can receive room tax from municipalities to promote tourism marketing and tourism development take effect on January 1, 2017. These entities include chambers and CVBs. Problems with the new law include:

- A tourism entity must spend 51% of its revenues on tourism promotion and tourism development. Chambers of commerce receive between 10 and 30% of revenues from the room tax and allocate all of those resources for destination marketing and services. Without amendment, the new law will significantly disrupt the tourism role chambers play on behalf of local communities across the state.

- The new law requires tourism entities, including chambers and CVBs, to have been in existence since 1992 in order to receive and dispense room tax revenues. This date is the result of a partial veto the Governor felt compelled to make when signing the law and does not take into account the tourism entities that were either not in existence at that time or have been reconstituted since then.

- Under the new law, a tourism entity is precluded from receiving room tax revenue from more than one municipality. Today, there are a number of tourism entities receiving room tax revenue from several municipalities.

- The current law requires tourism entities which serve tourism zone commissions to have one lodging owner or operator per municipality to serve on the governing board of the entity. In some cases, it is impossible to comply with the law.

Assembly Bill 714

Along with the Wisconsin Association of Convention and Visitors Bureaus and the League of Wisconsin Municipalities, WMC contributed to the development of Assembly Bill 714 and companion Senate Bill 578.

These bills comprise a technical fix to the statute as it currently stands by allowing tourism entities to continue doing the work presently engaged in past the 2017 deadline. The legislation provides an alternative to the 51% threshold for chambers, sets 2015 as the date for tourism entities to have been created, allows multiple municipalities to continue supporting a single tourism entity, and sets a minimum of four lodging owners or operators as members of a governing board of a tourism entity serving a tourism zone commission.

WMC Policy Position

WMC supports passage of Assembly Bill 714.