Beginning in July, 2015 with the adoption of WI. Act 55 revising the state Room Tax Statute 66.0615, a municipality imposing a room tax now has two choices with the portion of Room Tax revenue that must be allocated to tourism promotion and tourism development: this portion must be given to either a tourism "commission" or a "tourism entity". There are specific requirements relating to each of these, with WH&LA’s "Tourism Commission Overview" covered separately in the Wisconsin Room Tax Series resources, and this composition providing an overview for the Tourism Entity.

**Statutory Definition of Tourism Entity**

(f) "Tourism entity" means a nonprofit organization that came into existence before January 1, 1992, 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 in a municipality on January 1, 2016, a municipality may contract with such an organization if one is created in the municipality.

To provide clarity to this definition, we will address three types of organizations that could be eligible to provide tourism promotion and tourism development services for a municipality, within the parameters outlined.

1. **Current 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, 1992 (Note: governmental agencies have a different classification)
   - Expend a minimum of 51% of the entity's revenue on tourism promotion and tourism development (as per the statutory definition)
   - Provide destination marketing staff and services for the municipality's tourism industry

2. **Eligible for Tourism Entity Designation in 2016**
   An entity that will fit the definition of "tourism entity" as of January 1, 2016 would need to achieve the following first:
   - No "tourism entity" exists in the municipality on January 1, 2016
   - Official classification by the IRS as a non-profit organization
   - Expend a minimum of 51% of the entity's revenue on tourism promotion and tourism development (as per the statutory definition)
   - Provide destination marketing staff and services for the municipality's tourism industry
3. Other Organization
If there is no "tourism entity" servicing a municipality, the municipality must forward the portion of room tax revenue required to go to tourism promotion and tourism development to a Tourism Commission with separately outlined requirements. This Commission "shall contract with another organization to perform the functions of a tourism entity if no tourism entity exists in that municipality". Thus, in an area without a Tourism Entity, the Commission could contract with a Chamber of Commerce (as "another organization") or a nearby Tourism Entity to perform the specified tourism services.

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.
- 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":

(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 further Wisconsin Room Tax resources visit www.WisconsinLodging.org/roomtax
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10/27/15
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.