



# MIKE ROHRKASTE

STATE REPRESENTATIVE • 55<sup>TH</sup> ASSEMBLY DISTRICT

Assembly Bill 714: relating to changes affecting tourism entities under the room tax.  
Testimony of State Representative Mike Rohrkaste  
Assembly Committee on Tourism  
January 27, 2016

Thank you, Chair Tranel, and members of the Committee on Tourism for holding this public hearing.

I introduced this legislation along with Senator Roth because of concerns raised by our local Fox Cities Convention and Visitors Bureau and its Executive Director Pam Seidl. This legislation provides a technical change and does not affect the room tax itself.

Assembly Bill 714 changes the definition and membership of the governing body of a tourism entity. Again, this legislation does not change the room tax or how money for the room tax is spent. We have worked with all interested parties on this legislation and have the support of the Wisconsin Association of Convention and Visitors Bureaus, the Wisconsin Hotel and Lodging Association, the League of Wisconsin Municipalities, and Wisconsin Manufacturers and Commerce.

Thank you for your time and I'm happy to answer any questions you may have.



WISCONSIN ASSOCIATION  
OF CONVENTION  
& VISITORS BUREAUS

**To:** Members, Assembly Committee on Tourism  
**From:** Julia Hertel, Executive Director of Wisconsin Association of Convention and Visitors Bureaus  
**Date:** January 27, 2016  
**Re:** Testimony in support of AB 714

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Chairman Tranel and committee members: The WI Association of Convention & Visitors Bureaus is comprised of 38 destination marketing organizations that promote Wisconsin's destinations. Our members are the "tourism entities" as defined in the state's room tax law. On behalf of them, I urge you to support AB 714.

Almost all of our members receive a portion of their funding from room tax allocations and use those dollars for tourism promotion and tourism development. Recent revisions in the state's room tax law unintentionally created compliance concerns for our members and other chambers of commerce and municipalities across the state.

We believe the technical changes recommended in this bill will solve these legitimate concerns.

Specifically, the bill adjusts the creation date of an existing tourism entity to help those created after 1992 but before January 1, 2016. It also changes a provision that requires all tourism entities to have 51 percent of their overall revenues spent on tourism promotion and tourism development. While most of our members meet this requirement, there are some chambers of commerce that spend 100 percent of the room tax revenue they receive on tourism promotion and tourism development but they have revenues from other sources.

AB 714 also resolves the problem for tourism entities that represent multiple municipalities and therefore do not physically "exist in the municipality" for which they provide destination marketing and services.

Lastly, the bill modifies a provision that requires one lodging owner or operator *per municipality* to sit on the entity's governing body. Some tourism entities represent more than 10 municipalities making this requirement difficult, if not impossible, to meet.

Thank you for your time and consideration.

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## 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.