



# How Can Room Tax Be Spent?

The portion of Room Tax revenue that is NOT retained by the municipality, in accordance with WI Statute 66.0615, must be spent on “tourism promotion and tourism development” (“TP&TD” for short). This guide was developed to assist Tourism Commissions, Tourism Entities, and any interested parties in determining if a proposed expenditure qualifies as TP&TD, in accordance with the Statute. A report on Room Tax expenditures by municipalities with a room tax must now be filed by May 1<sup>st</sup> each year with the State Department of Revenue. This report is available online to the public, making it more important than ever for decision makers to interpret the requirements correctly.

## **SIMPLIFIED METHOD TO DETERMINE ELIGIBILITY**

Asking the questions noted below, in sequence, will simplify your determination if a proposed expenditure will qualify as tourism promotion and tourism development in compliance with the law. All three must be answered in the affirmative to be eligible, as it is all packaged together in the statutory definition, which is shown below.

### **1. Is this expenditure reasonably likely to generate paid overnight stays in multiple lodging properties, with different owners, collecting and remitting the room tax in this municipality?**

- If there is only one lodging property, then it must still be reasonably likely to generate paid overnight stays in the one property.
- To determine if it is “reasonably likely”, most lodging properties would be a good resource to check as they track what generates overnight stays at their property.

### **2. Is this expenditure on something that is significantly used by transient tourists?**

- The state statute defines “transient” for this purpose as “any person residing for a continuous period of less than one month in a hotel, motel, or other furnished accommodations available to the public”. Thus, this basically means it must be significantly used by paid overnight guests at lodging properties.

### **3. Is the expenditure on a: Marketing project, Transient tourist informational service, or Tangible municipal development?**

- “Marketing projects” are noted in the statute to include “advertising, media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motor coach groups”
- “Transient tourist informational service” again refers to the definition of “transient” noted above – which is paid overnight guests at lodging properties.
- “Tangible municipal development” provides the example of a convention center.

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Definition from WI Statute 66.0615:

*“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.*

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