

TOURISM COMMISSION

TUESDAY, JANUARY 26, 2021 at 6:00 P.M.

EDGERTON CITY HALL
12 ALBION STREET
EDGERTON, WI

NOTE: PER EMERGENCY ORDER - FACE COVERINGS ARE REQUIRED

REMOTE PARTICIPATION: To participate or view the meeting, please select the link to the meeting listed on the **calendar events** on the City website's home page at www.cityofedgerton.com.

1. Call to Order; Roll Call.
2. Confirmation of appropriate meeting notice posted Friday, January 22, 2021.
3. Approve February 25, 2020 minutes.
4. Elect officers.
 - A. Chair
 - B. Vice Chair
 - C. Secretary
5. Financial Report.
6. Consider payables procedures.
7. Discuss the selection of the Tourism Entity.
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.

**FEBRUARY 25, 2020 TOURISM COMMISSION MINUTES
CITY OF EDGERTON**

Mark Wellnitz called the meeting to order at 6:00 p.m. Committee members present were Kim Olson and Mark Wellnitz. Andy Walton was excused. Also present were Mayor Chris Lund, City Administrator Flanigan, James Kapellen, David Esau, Sagar Batel, Teresa Johnson and a few citizens.

Flanigan confirmed the meeting agendas were properly posted on Friday, February 22, 2020 at the Post Office, Edgerton Library and City Hall.

MINUTES: A Wellnitz/Olson motion to approve the minutes passed, all voted in favor.

SELECTION OF AT LARGE COMMISSION MEMBERS: An Olson/Wellnitz motion to appoint Teresa Johnson of Coachmans Inn and Sagar Batel of the Quality Inn as members at large passed, all voted in favor.

ELECT OFFICERS: An Olson/Johnson motion to nominate Mark Wellnitz as the Commission Chair passed, all voted in favor. A Wellnitz/Olson motion to nominate Teresa Johnson Vice Chair passed, all voted in favor. A Wellnitz/Johnson motion to nominate Kim Olson Secretary passed, all voted in favor.

DISCUSS ACCOUNTING AND FUNDING FOR COMMISSION ACTIVITIES: Flanigan reported the City of Edgerton has agreed to provide administrative support and the Town of Fulton will provide accounting services for the Commission.

DISCUSS THE SELECTION PROCESS FOR THE TOURISM ENTITY: Jim Kapellen offered to invite a staff member from the Janesville Area Convention & Visitors Bureau to attend a future meeting in an effort to learn how a larger organization utilizes its room tax funding. The Commission debated alternatives for utilizing Commission funds. One alternative is for the Commission to make decisions and spend the advertising funds directly with media outlets. Another alternative is for the Commission to hire a tourism entity that would develop a marketing campaign and make the advertising decision on behalf of the Commission.

SET NEXT MEETING DATE, LOCATION, AND FUTURE AGENDA ITEMS: The Committee would like to have one consistent location for meetings. The next meeting is set for March 31, 2020 at 6:00 pm at Edgerton City Hall. [Due to COVID19 no meeting was held.]

Ramona Flanigan, City Administrator
City of Edgerton

Memo

To: Tourism Commission
From: Staff
Date: 1/20/2021
Re: January 26, 2021 agenda

Election of Officers: Mark Wellnitz has been replaced by Casey Langan as the City's representative on the Commission. Since Mark Wellnitz served as chair of the Commission, the Commission will have to fill that position. The agenda allows for nominations for all offices if the Commission wishes to make any other changes.

Financial Report:

Municipality	Collection period	Tourism Commission Share
Fulton	March 5-January 14, 2020	\$18,457
Albion	First 3 quarters of 2020	\$4,911
Edgerton	First 4 quarters of 2020	\$596
Total		\$23,964

Payables procedures: Because all member municipalities bank at the Bank of Edgerton, staff recommends a checking account be established there. To pay future invoices, staff recommends the Commission review and approve the payment of invoices during its meetings. Staff also recommends the Clerks of the member municipalities have the ability to sign checks once the Commission authorizes their payment.



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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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 visitor's 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):

(1m) "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

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