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To: Senate Committee on Senate Committee on Financial Institutions and Revenue
From: Curt Witynski, J.D., Deputy Director, League of Wisconsin Municipalities
Toni Herkert, Government Affairs Director, League of WI Municipalities
Date: May 25, 2021
Re: SB 198, Collecting Room Taxes from Online Marketplace Providers

The League of Wisconsin Municipalities supports SB 198, requiring marketplace providers like Airbnb and Expedia to provide municipalities with more information about room tax collections which communities may be able to use to ensure they are receiving the full amount of room taxes owed.

Over 290 municipalities impose a room tax in Wisconsin. In 2019 room tax collections generated about \$107 million in revenue statewide. Obviously, that number is likely to be significantly less in 2020 owing to the COVID Pandemic.

Cities and villages typically retain only 30% of the room tax revenue they collect. State law mandates that 70% be forwarded to tourism entities or tourism commissions to be spent on tourism promotion and development.

This bill will help municipalities determine whether online hotel and short-term home rental booking services are collecting and remitting all the room taxes owed to them as 2019 Wisconsin Act 10 requires.

Under SB 198, Airbnb, Expedia, and other online lodging marketplace providers charged with collecting and remitting room taxes are required to collect the room tax and file it with the municipality, on a form specified by DOR, on a quarterly basis. The form must contain at least the following information:

- The total sales for properties located in a municipality with a room tax.
- The total number of nights such properties were rented.
- The room tax rate.
- The total tax collected.

The bill further provides that if a marketplace provider does not file the required room tax returns to municipalities in a timely fashion or fails to pay the taxes, a municipality may impose a forfeiture of up to \$5,000 annually.

We also support Amendment 1 to the bill, giving communities the ability to reach agreement with marketplace providers for payment of room taxes on a more frequent basis than quarterly. Communities like Brookfield, Wausau and others are currently receiving payments from online lodging marketplace providers monthly. The League thanks Rep. Kitchen's for introducing this amendment at our request.

We urge you to recommend passage of Amendment 1 and Sb 198 as amended. Thanks for considering our comments.