



## Wisconsin Taxpayers Alliance

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### **Wisconsin Communities Benefit from \$60 Million Tax on Tourists** Three Municipalities Gather More from Room Taxes Than Property Taxes

MADISON—Wisconsin communities collected a total of \$59.7 million in 2006 room taxes. Of that, \$48.0 million was received by 225 municipalities and \$11.7 million by the Wisconsin Center District (WCD) in Milwaukee. Total revenues have been growing, due to increasing tax rates and more communities using the tax, according to an exclusive new study of room taxes and tourism development available from the Wisconsin Taxpayers Alliance (WISTAX), a nonprofit, nonpartisan organization dedicated to public-policy research and citizen education.

According to WISTAX, room taxes yielded over \$1 million for each of seven municipalities, with Madison (\$7.1 million), Lake Delton (\$6.4 million), and Brookfield (\$2.4 million) receiving the most. Another 17 garnered more than \$500,000 in room tax revenues. These figures may be conservative, the study noted, because some municipalities report only “net” collections after administrative fees or distributions to a convention center.

Although room taxes (\$59.7 million) were small compared to the \$2.0 billion in municipal property taxes, they were a significant revenue source for some communities. Three collected more in room taxes than in municipal property taxes: Lake Delton (299% of the levy), the Town of Lyons in Walworth County (194%), and the Town of Anderson in Iron County (116%). Another 10 had room tax collections greater than 30% of their levy.

Room tax collections rose statewide from \$12.6 million in 1987 to \$59.7 million in 2006. Increases in both tourism and the number of taxing municipalities contributed to the growth. In 1987, 73 municipalities had a room tax. By 2006, that number had grown 208% to 225. During the 20-year period, an average of eight municipalities added the tax each year.

Room tax rates also rose over the period. In 1994, just over a quarter of municipalities surveyed had a rate greater than 5.0%. In 2003, 40% reported rates above 5.0%, and by 2008, that share was nearly 50%. Among the 31 that reported raising their rates from 2003 to 2008, the median (half higher, half lower) increase was 1.5 percentage points.

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