

Tourism Factoid: Hotel Room Tax

Hotel Room Tax may provide insight into overnight-tourism capacity and insight into the distribution of tourism in Grant County. Data suggests that the estimated, average annual amount of overnight accommodations in Grant County subject to Hotel Room Tax is about \$2.7 million resulting in about \$82,090 per year for tourism promotion in municipalities¹ collecting a Room Tax.

Municipalities elect to collect a room tax for overnight lodging. Seventy percent (70%) of room tax revenues must go directly to tourism.² Twenty-eight percent (28%) goes to the municipality and 2% goes to the hotel venue charging the tax for administration costs. Three municipalities now collect Room Tax of 5%³ —Boscobel, Lancaster, and Platteville.

	Boscobel	Lancaster	Platteville	Summary
Room Tax Rate	5.0%	5.0%	4.0%	
Average Annual Room Tax Revenues	\$22,891	\$13,690	\$80,691	\$117,272
Average Annual Room Rental Revenues				
(Room Tax Rate)	\$457,818	\$273,796	\$2,017,271	\$2,748,885
Estimated Average Amount to Tourism	\$16,024	\$9,583	\$56,484	\$82,090
Estimated Average Amount to Municipality	\$6,409	\$3,833	\$22,593	\$32,836
Estimated Average Amount to Venues	\$458	\$274	\$1,614	\$2,345

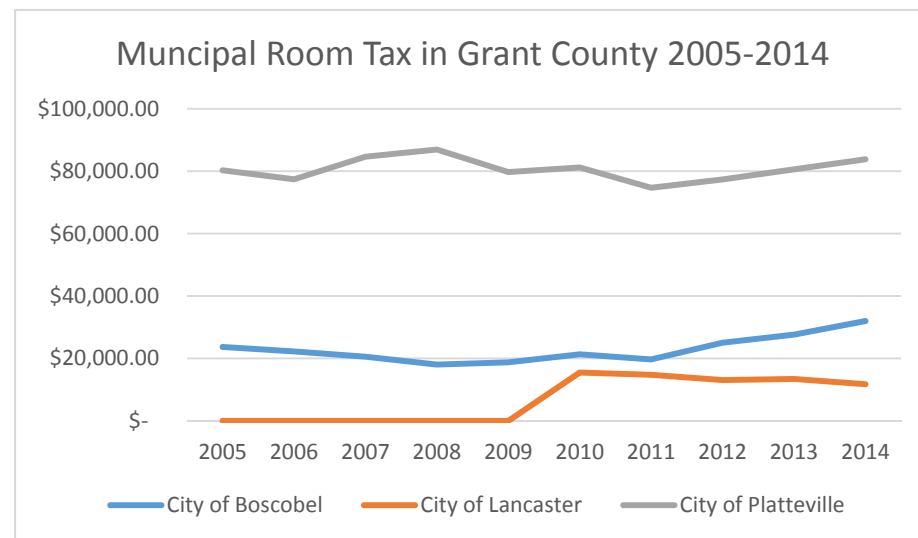
Boscobel, Lancaster, and Platteville collectively gross about \$117,271 per year, on average, in Room Tax revenues resulting in about \$82,090 on average available for direct, tourism promotion.⁴

¹ Certainly, Grant County as a whole also benefits from such promotion.

² See Wis. Stat. 66.0615(1m) at <http://www.wisconsinlodging.org/roomtax>.

³ Platteville recently increased the rate to 5% from 4%. Four percent is used here for historical reasons.

Looking at the distribution of taxes collected, Platteville represents about 6 times the average annual collections, or about \$80,691, as Lancaster, about \$13,690, and about 2.5 times the amount of Boscobel, at about \$22,891. This may explain the sometimes seemingly disproportionate tourism focus, beyond mere parochialism, in some municipalities—some simply collect far more funds to promote tourism.



Room Tax revenues remained largely flat for the past ten years. In part, this reflects the static nature of hotel accommodations in Grant County with little additional capacity added in quite some time. This finite capacity might limit some types of tourism expansion requiring hotel-type stays or serve as an opportunity to help focus tourism on day-trips or non-hotel accommodations.

⁴ All data received from the Wisconsin Department of Revenue per an Open Records request.