CITY OF STOUGHTON, 207 S FORREST ST, STOUGHTON, WISCONSIN

RESOLUTION OF THE COMMON COUNCIL		
Direction to forgo continuing collection efforts regarding June 2023 room tax revenues		
Committee Action:	Finance Committee recommended approval 6-0 on 09/12/2023	
Fiscal Impact:	Unknown	
File Number:	R-148-2023	**Date: 09/26/23**

The City of Stoughton, Wisconsin, Common Council does proclaim as follows:

RECITALS:

WHEREAS, the City of Stoughton Common Council amended Section 2-585 of the Stoughton Code of Ordinances increasing the room tax rate from 6% to 8% effective June 1, 2023 with Ordinance O-11-2023 on April 11, 2023; and,

WHEREAS, the Finance Department notified all known hotelkeepers, motel operators and other person furnishing accommodations that are available to the public in May 2023 of the change in tax rates; and,

WHEREAS, the Finance Department sent reminders of the change in tax rates along with the applicable forms to use for April/ May room taxes as well as June room taxes in June 2023; and,

WHEREAS, of the second quarter 2023 room taxes received in July 2023, three locations paid correctly, three locations paid 6% for the entire quarter and one location paid 8% for the entire quarter; and,

WHEREAS, the Finance Department sent correspondence in August 2023 to the facilities that paid taxes at only 6% for June 2023 but has not received any responses back from those locations; and,

WHEREAS, given the staff time involved already attempting to collect the appropriate amounts for June 2023 along with the fact the City of Stoughton retains only 20% of the revenues, the Director of Finance/Comptroller has recommended the City of Stoughton consider all room tax revenues received for June 2023 shall be considered as correct and will forgo any future attempts at collection;

NOW THEREFORE BE IT RESOLVED, that the Common Council of the City of Stoughton does hereby considers all payments received for June 2023 room taxes shall be considered as paid correctly and no further efforts shall be made for collections of June 2023 room taxes.

Fiscal notes:

A. *The room tax revenues amounts are self-reported. Because a total for the quarter is reported versus monthly amounts, the City has no way to determine the amount of room taxes that were underpaid.*
B. *In the event that the room taxes are incorrectly paid for third quarter 2023 at 6%, the City can easily calculate the additional 2% required and send invoices for those amounts.*

Council Action: ☐ **Adopted** ☐ **Failed** **Vote** _____

Mayoral Action: ☐ **Accept** ☐ **Veto**

_____

Mayor Tim Swadley Date

Council Action: _____ ☐ **Override** **Vote** _____

CITY OF STOUGHTON, 207 S Forrest Street, Stoughton, WI 53589

ORDINANCE OF THE COMMON COUNCIL			
To Amend Section 2-585 of the Stoughton Code of Ordinances, Relating to the Apportionment of Room Tax Revenue.			
Committee Action:	The Finance Committee recommended approval by a vote of 7-0 on 03/28/2023 TIME SENSITIVE ITEM		
Fiscal Impact:	Projected increased General Fund revenue -- $30,492		
File Number:	O-11-2023	**First Reading:** **Second Reading:**	April 11, 2023 April 11, 2023

RECITALS

WHEREAS, the City of Stoughton currently imposes a tax on the furnishing, at retail, rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public;

WHEREAS, the City currently provides ninety (90) percent of its total room tax to tourism entities for tourism promotion and tourism development, and retains ten (10) percent of room tax revenue for economic development;

WHEREAS, under Wisconsin law, the City may retain up to thirty (30) percent of room tax revenue as general-purpose revenue;

WHEREAS, the City desires to increase the amount of room tax that it retains, and spend twenty (20) percent of room tax revenue on economic development.

ORDINANCE

NOW THEREFORE, The City Council of the City of Stoughton, Dane County, Wisconsin, ordains as follows:

1. Section 2-585 of the Stoughton Code of Ordinances is amended as provided in Exhibit A.

2. This ordinance will take effect on June 1, 2023 and after publication or posting pursuant to law.

The foregoing ordinance was adopted by the Common Council of the City of Stoughton at a meeting held on April 11, 2023.

APPROVED:

Timothy Swadley, Mayor

ATTEST:

Candee Christen, City Clerk

Posted: 4-11-2023

Published: 4-20-2023

Attest: 4-11-2023

Second reading waived

EXHIBIT A

Amend Section 2-585(b)(1) as follows:

(1) Pursuant to Wis. Stats. § 66.0615, a tax is hereby imposed on the privilege and services of furnishing, at retail, rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for the use of the accommodations. Until May 31, 2023, the tax rate shall be six percent of the gross receipts from such retail furnishing of rooms or lodgings. Beginning on June 1, 2023, the tax rate shall be eight percent (8%) of the gross receipts from such retail furnishing of rooms or lodgings. Such tax shall not be subject to the selective sales tax imposed by Wis. Stats. 77.52(2)(a)1. ~~Ten (10)~~ Twenty (20) percent of such tax shall be appropriated to the City's General Fund for purposes of promoting economic development. ~~Ninety (90)~~ Eighty (80) percent of such tax shall be deposited in the city tourism fund to be used exclusively for the purpose of tourism promotion and development in the City of Stoughton. The City shall use room tax revenue deposited within the City's tourism fund to contract with a tourism entity or tourism entities to provide tourism promotion and development services for the City.

City of Stoughton
Room Tax Allocation Scenarios
March 29, 2023

	Recipient		Allocation	6% Room Tax	8% Room Tax	Increase as compared to 6% rate tax	
Tax rate increase	Stoughton Visitor Services	7/9ths	70.0%	$ 128,067.18	$ 170,756.24	$ 42,689.06	33.33%
	Stoughton Chamber of Commerce	2/9ths	20.0%	$ 36,590.62	$ 48,787.49	$ 12,196.87	33.33%
	City of Stoughton		10.0%	$ 18,295.31	$ 24,393.75	$ 6,098.44	33.33%
	Total		100.0%	$ 182,953.11	$ 243,937.48	$ 60,984.37	33.33%

	Recipient		Allocation	Current Allocation	Proposed Allocation	Increase as compared to 6% rate tax	
City increases to 15%	Stoughton Visitor Services	7/9ths	66.1%	$ 170,756.24	$ 161,242.67	$ 33,175.49	19.43%
	Stoughton Chamber of Commerce	2/9ths	18.9%	$ 48,787.49	$ 46,104.18	$ 9,513.56	19.50%
	City of Stoughton		15.0%	$ 24,393.75	$ 36,590.62	$ 18,295.31	75.00%
	Total		100.0%	$ 243,937.48	$ 243,937.47	$ 60,984.37	33.33%

	Recipient		Allocation	Current Allocation	Proposed Allocation	Increase as compared to 6% rate tax	
City increases to 20%	Stoughton Visitor Services	7/9ths	62.2%	$ 170,756.24	$ 151,729.11	$ 23,661.93	13.86%
	Stoughton Chamber of Commerce	2/9ths	17.8%	$ 48,787.49	$ 43,420.87	$ 6,830.25	14.00%
	City of Stoughton		20.0%	$ 24,393.75	$ 48,787.50	$ 30,492.19	125.00%
	Total		100.0%	$ 243,937.48	$ 243,937.48	$ 60,984.37	33.33%

	Recipient		Allocation	Current Allocation	Proposed Allocation	Increase as compared to 6% rate tax	
City increases to 25%	Stoughton Visitor Services	7/9ths	58.3%	$ 170,756.24	$ 142,215.55	$ 14,148.37	8.29%
	Stoughton Chamber of Commerce	2/9ths	16.7%	$ 48,787.49	$ 40,737.56	$ 4,146.94	8.50%
	City of Stoughton		25.0%	$ 24,393.75	$ 60,984.37	$ 42,689.06	175.00%
	Total		100.0%	$ 243,937.48	$ 243,937.48	$ 60,984.37	33.33%

	Recipient		Allocation	Current Allocation	Proposed Allocation	Increase as compared to 6% rate tax	
City increases to 30%	Stoughton Visitor Services	7/9ths	54.4%	$ 170,756.24	$ 132,701.99	$ 4,634.81	2.71%
	Stoughton Chamber of Commerce	2/9ths	15.6%	$ 48,787.49	$ 38,054.25	$ 1,463.63	3.00%
	City of Stoughton		30.0%	$ 24,393.75	$ 73,181.24	$ 54,885.93	225.00%
	Total		100.0%	$ 243,937.48	$ 243,937.48	$ 60,984.37	33.33%