



# FREQUENTLY ASKED QUESTIONS

DOOR COUNTY TOURISM ZONE COMMISSION

## WHAT IS THE FUNCTION OF THE TOURISM ZONE COMMISSION

The Tourism Zone Commission is a government entity created by the intergovernmental agreement (State Statutes Section §66.0615) and must comply with the laws of the State affecting public entities including open meetings and open records. The Commission is responsible for issuing the lodging permits, collecting the room tax, preparing and delivering all the required reports, contracting with a tourism entity (Door County Visitor Bureau) for the purpose of marketing the destination, approving the marketing plan and reviewing the performance measurements. The purpose of the Commission is to insure that the room tax funds collected increase tourism in member municipalities as measured by increased stays in lodging establishments.

## WHERE DO MY ROOM TAX DOLLARS GO?

All room tax dollars are paid to the Tourism Zone Commission. The intergovernmental agreement that was part of the adoption of the tax split the total tax into the following monthly distribution of the room tax collections:

- 30% To the municipality where the lodging facility is located
- 66% To be distributed to the contracted tourism entity
- 4% to be used for administrative expenses

The Commission has contracted with the Door County Visitor Bureau to develop and undertake a variety of marketing efforts designed to increase the number of overnight stays in lodging establishments in member municipalities.

## DO I HAVE TO BE A MEMBER OF THE DOOR COUNTY VISITOR BUREAU?

Being permitted and collecting room tax is mandatory; membership in the Door County Visitor Bureau is voluntary. Go to [www.doorcounty.com](http://www.doorcounty.com) to learn more about DCVB membership.

## HOW DOES THIS DCTZC OPERATE?

The Commission has retained the services of the Kerber Rose CPA firm to collect all the permit information, payments, and track compliance. The accounting firm handles all of the records to assist in maintaining the confidentiality of the reports. The Commission has its financial transactions audited at the end of each fiscal year. The Commission meets regularly to review general collection information and performance reports from the Door County Visitor Bureau. The Commission reports regularly to its member municipalities and lodging establishments on the activities undertaken, funds expended, and the status of its goals. With the exception of any closed session on any given agenda, Commission meetings are open to the public; dates and meeting places of upcoming meetings are posted on the DCTZC website

## WHAT IS THE ROOM TAX AND WHY WAS IT IMPLEMENTED?

In 2006, the Door County Strategic Marketing Coalition commissioned a study to determine alternatives and options to offset the decline in tourism in Door County. The consultant's report recommended a substantial increase in the funding for marketing Door County as a tourism destination. The following municipalities adopted ordinances imposing a 5.5% tax on transient lodging. *The room tax is authorized to be collected under Section §66.0615 of the Wisconsin State Statutes.* The member municipalities are as follows:

- Town of Baileys Harbor
- Town of Brussels
- Town of Clay Banks
- Town of Egg Harbor
- Village of Egg Harbor
- Village of Ephraim
- Village of Forestville
- Town of Forestville
- Town of Gardner
- Town of Gibraltar
- Town of Jacksonport
- Town of Liberty Grove
- Town of Nasewaupee
- Town of Sevastopol
- Village of Sister Bay
- Town of Sturgeon Bay
- City of Sturgeon Bay
- Town of Union
- Town of Washington

## Filling Out a Mail in Form

### HOW DO I FILL OUT THE MAIL IN FORM?

The information in the left hand columns should be routine, self-explanatory and unchanging from month to month.

The information requested on the right side of the report is **necessary** for the Commission to measure the success of the Annual Marketing Plan. This will provide important data as ongoing research will determine if the room tax revenue invested in marketing is achieving the desired results. Your actual room tax collections are included in the Commission's Monthly Room Tax Report to Municipalities by municipal total not individual properties.

Please indicate if the post address changes for the property so our records remain current. Make additional copies as needed.

### *NEED HELP FILLING OUT THESE LINES?*

#### **The Total Available Rental Units During Month of Report:**

The number of units you have available times the number of days in the months. If you have one unit multiply (1 X the number of days in the month). If you have multiple units, multiply the number of units x the number of days in the month. If units are not available for rent or are out of service for repairs, those unit days should be deducted.

For example, you have 15 units and it is July, which has 31 days.

$$15 \times 31 = 465$$

- Two units underwent repairs for 3 days and were not available for rent

$$2 \times 3 = 6$$

- You should deduct the unavailable for rent room days.

$$465 - 6 = 459$$

Enter 459 on the **Total Available Rental Units During Month of Report** line.

#### **The Number of Unit Days Rented during the Month of Report**

Enter the number of nights rented for the report period.

Using the example above you rented your 15 units for a total of 5 nights each in the 31-day period. Enter 75 on the **Number of Unit Days Rented During the Month of Report** line.

$$15 \times 5 = 75$$

### DO I HAVE TO COMPLETELY FILL OUT MY FORM?

Under the provision of Sec. 66.0615, Stats. the local ordinances that enacted the room tax and established the Commission also provides for and requires a monthly room tax lodging report for each lodging provider. Specifically, the Ordinance provided the requirement of the following information:

*\*NAME OF THE BUSINESS,*

*\*PHYSICAL ADDRESS,*

*\*POSTAL ADDRESS,*

*\*MUNICIPALITY LOCATED WITHIN,*

*\*NAME OF DESIGNATED PERSON FILLING OUT THE RETURN,*

*\*MONTH AND YEAR THE RETURN IS FOR,*

*\*TOTAL AVAILABLE RENTAL UNITS DURING THE MONTH (NUMBER OF RENTAL UNITS IN FACILITY MULTIPLIED BY THE DAYS IN THE MONTH OR DAYS THEY WERE OPEN),*

*\*NUMBER OF ROOMS OR UNITS RENTED,*

*\*TOTAL LODGING SALES FOR THE MONTH, ROOM TAX TO BE PAID (WHICH SHOULD EQUAL TOTAL LODGING SALES MULTIPLIED BY THE 5.5% ROOM TAX), AND*

*\*THE SIGNATURE OF THE PERSON FILLING OUT THE RETURN ATTESTING TO THE ACCURACY.*

The Room Tax Ordinance provides that this information is necessary to allow the Commission to determine the accuracy of the Report.

This information is also important to the Commission in regard to the Commission's reporting responsibilities to the municipalities and the Wisconsin Department of Revenue.

If you are not sure about what is taxable, please see the "what is taxable" section for a complete

How to....

**HOW ARE NO-SHOWS & CANCELLATIONS TO BE HANDLED?**

**Forfeited Room Deposits:** Amounts customers deposit to hold a room and which are forfeited to the hotel because the customer fails to arrive and use the room (“no shows”) are not subject to Wisconsin sales tax, if the room is available to be furnished to another guest. If the hotel keeps the room available for the guest who is charged the deposit, the deposit is taxable.

**Cancellation Fees:** Amounts charged to customers who cancel a room reservation are not subject to Wisconsin sales tax if the room is available to be furnished to another guest. If the hotel keeps the room available for the customer who is charged the cancellation fee, the cancellation fee is taxable.

**WHAT QUALIFIES AS AN EXEMPTION/EXEMPT SALES?**

In general, sales of lodging services are subject to Room Tax. An exemption applies however, for sales of lodging services to exempt entities that furnish appropriate documentation to the seller. Please refer to the guidelines below when claiming exemptions. When filling out your monthly report you will be required to enter the CES# when claiming an exemption(s).

*Additional information about the sales tax treatment of lodging services is provided in Publication 219, Hotels, Motels and Other Lodging Providers*

**HOW ARE LODGING PACKAGES HANDLED?**

The entire charge for furnishing lodging packages, which include lodging along with other taxable or nontaxable property or services, is subject to room tax, assuming more than 10 percent of the purchase price and sales price of the package is related to taxable products (i.e., lodging service, prepared food, admissions, etc.).

*Example — Lodging Packages:* Hotel E offers a lodging package for \$170. The package includes two nights of lodging, two breakfast buffets, dinner, and the use of the health spa. The entire \$170 is subject to tax.

**WHAT IS TAXABLE AND WHAT IS NOT?**

**TAXABLE**

- ✓ Meeting rooms used for amusement, entertainment, athletic or recreational purposes.
- ✓ Deposits: If a guest fails to show and the hotel keeps the room available for the guest who has been charged the deposit, the deposit is taxable.
- ✓ Cleaning fees- If the cleaning fees are mandatory and charged in connection with the furnishing of lodging the cleaning fee is considered part of the sale of the lodging. If the lodging charge is subject to tax, the cleaning fee is subject to tax.
- ✓ Cancellation Fees: If the hotel keeps the room available for the customer who is charged the cancellation fee, the cancellation fee is taxable
- ✓ Late Check Out Fees: Amounts charged to customers for late check-out in connection with the furnishing of lodging are part of the sale of the lodging to the customer. If the lodging is subject to tax, the late check-out fee is also subject to tax.
- ✓ Smoking fees: A fee charged by the hotel for cleaning that is charged on all smoking rooms is considered a part of the sales price from lodging is taxable.
- ✓ Pet Fees: Amounts charged to customers with pets are considered a part of the total sale of the lodging to the customer. If the lodging charge is subject to tax, the amount charged as a pet fee is also subject to tax.

**WHAT IS TAXABLE AND WHAT IS NOT?**

**NOT TAXABLE**

- ✓ Complimentary Rooms
- ✓ Meeting Rooms used for meetings, conventions, conferences and seminars.
- ✓ Forfeited room deposits – Amounts customers deposit to hold a room and which are forfeited to the hotel because the customer fails to arrive and use the room are not subject to room tax, if the room is available to be furnished to another guest.
- ✓ Security deposits: Amounts charged to customers as security deposits solely for damages to the room are not subject to tax is such amounts are returned to the customer if there is no damage.
- ✓ Damage fees: Fees charged by the hotel for damages to the hotel room or furnishings are not subject to tax
- ✓ Cancellation Fees: Amounts charged to customers who cancel a room reservation are not subject to tax if the room is available to be furnished to another guest.
- ✓ Smoking Fees: If the charge is a cleaning fee that is imposed only on rooms that require additional cleaning after the lodging period is over, the fee is not taxable.
- ✓ Child Care Service: Fees for providing child care services are not subject to tax

## Online filing....

We have implemented on-line filing of your Room Tax Report. We have contracted with Bay Lakes Information Systems to develop secure access with ACH capabilities that will allow you to log in to our website at any time to complete your Room Tax Report and pay the tax directly from your bank account. You can review the history of your account, update certain information, and receive communications by logging into your account. Check our site at [www.doorcountytourismzone.com](http://www.doorcountytourismzone.com) to start the process of filing on-line. Your user name and password will be issued along with your permit

### ARE WE ABLE TO FILE OUR REPORTS ONLINE?

Yes. Go to [www.doorcountytourismzone.com](http://www.doorcountytourismzone.com) and hit "Submit Room Tax" on the menu (lower left corner).

Log in, using your User Name (the "RT" number) and the password provided you with your permit (if you cannot locate your access information, please call or e-mail the Commission office).

Through this system, your payments can be made directly from your bank account on the payment date you select.

### I DON'T KNOW MY USERNAME. HOW DO I OBTAIN IT?

Your username is not your permit number or your email address. Your username was sent to you when you received your permit. It is a "RT" code that is followed by numbers (i.e. RT001). If you need your username please contact the DCTZC at 920.854.6200 or email the administrative assistant at [dctourismzonecomission@gmail.com](mailto:dctourismzonecomission@gmail.com)

### IDON'TKNOWWHAT MYPASSWORDIS. HOWDOI OBTAINIT?

Go to our website [www.doorcountytourismzone.com](http://www.doorcountytourismzone.com) Click File Online, the link is located in the bottom left hand corner of the home page.

Click Forgot Password below the log in button. Enter your username (it is a RT followed by numbers) The system will send you an email showing you your current password to the email address that is on record. Be sure to check your spam folder for the email from the online system. (it might be in your Spam folder because the address is [donotreply@baylakesis.com](mailto:donotreply@baylakesis.com) and some systems filter those generic-type addresses into Spam).

If you don't have success or don't have your username, please contact the DCTZC at 920.854.6200 or email the administrative assistant at [dctourismzonecomission@gmail.com](mailto:dctourismzonecomission@gmail.com)

### WHAT ABOUT BARTERED ROOM STAYS?

Oftentimes, a business will trade its products for the services, realty, or intangibles of another business.

Sales or use tax may apply to such trades.

Section 11.32(6), Wis. Adm. Code (May 2010 Register), provides that the sales price from a retail transaction includes the exchange of tangible personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d), Stats., for taxable or nontaxable services, realty, or intangibles if the person providing the tangible personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d), Stats., receives the sales price or purchase price valued in money, whether received in money or otherwise. If the products that a business provides are not subject to sales and use taxes (such as nontaxable services or realty), the business may deduct the sales price from the transaction on its sales and use tax return.

**Example:** A restaurant operator exchanges meals having retail price of \$100 for radio or television advertising which has an established price of \$100 for this type of advertising service. The restaurant operator and the radio or television station each have to report the sales price of \$100 as a result of the transaction. **Note:** The total sales reported on the sales and use tax return includes both taxable and nontaxable transactions. The radio station may, however, deduct the \$100 from its total sales reported on its sales and use tax return, since the advertising service that it is selling is not subject to Wisconsin sales or use tax. The restaurant operator's sales of the meals are taxable; therefore, no deduction may be taken on the restaurant operator's sales and use tax return.

For information about trading tangible personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d), Stats., for other tangible personal property or items, property, or goods under s. 77.52 (1) (b), (c), or (d), Stats., see the tax release titled "Trade-ins," which was published in *Wisconsin Tax Bulletin #124* (April 2001), beginning on page 30.

### WHAT DO I CHARGE ROOM TAX ON?

The criteria for a permit and regular reporting is **offering** rental, not actual rental. Any exchange of cash is considered by the State of Wisconsin and the Tourism Zone Commission to be a lodging rental, even if rented only to friends and relatives. Room tax must be collected on the lodging portion of any stay less than 30 consecutive days including all amenities, such as breakfast, that are part of the regular rate. Do not report or pay tax on deposits until the actual lodging takes place; if a guest cancels and you retain the deposit, it is not taxable because no lodging service was provided. In addition, if you offer a package that includes items such as tickets to a play or a restaurant coupon, those items are not taxable.

### WHEN ARE THE REPORTS AND TAXES DUE THE COMMISSION?

Tax for any given month is due in our offices by the last day of the month following (e.g., August 2008 tax is due September 30). As with other sales tax, if the tax is not paid in a timely manner, the Commission pursues enforcement. Delinquent returns are subject to a \$25 late fee plus 1% interest that continues to accrue until the tax is paid. After 30 days' delinquency, an additional twenty-five percent (25%) of the room tax due or five thousand dollars (\$5,000.00) whichever is less, of the tax is due and owing, and other fees (e.g., legal fees incurred) may be assessed. In addition, a \$35 fee will be charged for checks returned as NSF. If noncompliance continues and the attorney or collection agency must follow up, the permit holder is subject to legal fees.

### HOW SHOULD I TREAT DEPOSITS?

Advance deposits should not be reported until the rental period, and then included as part of the total rental. Until then, it is simply a payment to hold the rental period. If a fee is withheld, or the advance payments not refunded due to cancellation, there has been no lodging service. By sales tax rules it would not be subject to sales tax, and room tax would follow the same

### IS IT IMPORTANT TO NOTIFY THE COMMISSION IF I AM NO LONGER RENTING?

Please take notify the Commission if you are no longer renting. It allows the Commission to deactivate your permit by doing so the DCTZC won't request monthly reports to be filed.

### DO YOU NEED TO FILE A MONTHLY REPORT FOR THE MONTHS YOU ARE CLOSED?

When you filed your lodging permit application, you indicated the months you are available for rent. These are the **only** months that you will need to file a report. If you do not have any rentals in a month you indicated you would be open, a report is still required showing \$0 income.

If you have an extra rental outside the months you indicated you were renting, please file your report as usual. You may hear from the DCTZC office to ask if the rental months should be changed on your permit. If filing by mail, indicate on your form that the rental was a "chance occurrence".

### WHAT IF MY RENTAL CARRIES OVER INTO ANOTHER MONTH?

If your rental is split between two months add up the number of rental days and divide it by the total lodging sales. This will give you your daily rate for the rental. Then multiply the daily rate times the number of days that fall into each month. You now have your total sales for each month

### SHOULD I FILE MY REPORTS "EARLY" IF I HAVE RESERVATIONS?

No, you may end up with cancellations or additional rentals. Please report your lodging sales after the report month has concluded.

### HOW SHOULD I COMPUTE MY TOTAL LODGING SALES?

Be sure to take your State Sales Tax and Room Tax off your lodging sales so that you don't pay tax on tax. Enter your net lodging sales.

### HOW DO I KNOW MY INFORMATION WILL BE KEPT CONFIDENTIAL?

First, the data we are asking you to provide in terms of occupancy rates and lodging sales is essential to know if the marketing efforts of the Door County Visitor Bureau are working. **We will keep your information confidential.** State Statute Section §66.0615(3) mandates the confidentiality of all room tax information and provides for civil forfeitures if confidentiality is broken. The Commission Intergovernmental Agreement also provides the following mandates:

All Room Tax returns, schedules, exhibits, writings or audit reports relating to such returns, on file with the Commission and the municipality are deemed confidential, except the Commission or municipality may divulge their contents to the following, and no others:

- a. The person or his or her legal representative who filed the return.
- b. Officers, employees, or agents of the municipal treasurer and the Commission.
- c. Other persons for the use in the discharge of duties imposed by law, or in the discharge of the duties of their office (unless otherwise prohibited by law) or by order of a court.

The Commission and its committees discuss individual lodging properties by name only in Closed Session. Lodging property individual collections and statistics are not included in the Door County Tourism Zone Commission reports. All information is summarized by municipality.

### CAN I COMBINE MULTIPLE MONTHS ON ONE REPORT?

No, file each report month separately

### IS IT IMPORTANT TO NOTIFY THE COMMISSION IF I CHANGE MY RENTAL MONTHS?

Each season please review the months you will be open and report any changes to the Commission.