

CITY OF LAKE GENEVA



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**To: Committee on Tourism, Recreation and State Properties
Honorable Dean Kaufert, Chair**

Assembly Bill 563 – Changes to Local Room Tax

Dear Chairman Kaufert and Members of the Committee on Tourism, Recreation and State Properties,

Many cities collect a room tax, but many of them are completely different from one another. Lake Geneva is a city that is first and foremost a tourist attraction. The lake is a tourist magnet. The City and local merchants have spent millions of dollars in the past 15 years to make the community an added attraction to the lake. The City has utilized capital project funds, general funds and TIF in the downtown area to eliminate blight, improve traffic flow and make significant improvements in infrastructure. Once the City invested in improving the infrastructure and improve the traffic flow, the commercial community responded by significantly upgrading their properties. That is shown by the increased assessments generated in the downtown commercial area.

As a main tourist attraction, Lake Geneva is affected a great deal differently than other communities of the same size and area. The City has a year round population of 7,500. There is a summer population of 25,000 to 30,000, and a shoulder season population of 12,000 to 15,000. The City has to provide many more services than a normal city. As an example, the City of Burlington has a population of 10,500 and has 21 full time sworn officers. Elkhorn has a population of 10,084 and has 15 sworn police officers. Lake Geneva has a population of 7,500 and has 22 full time sworn officers and 14 part-time officers. Because aesthetics are primary to a tourist city, the City of Lake Geneva sweeps the downtown commercial area at least 4 days a week. Street Department personnel pick up garbage from the City parks on Saturdays and Sundays in addition to their weekly runs. Last July Fourth weekend, the City crews picked up over 7 tons of garbage from containers in the downtown area and City Parks. These services are all necessary because of the impact of the tourists to our City.

After reading the proposed Bill, it is evident that one of the main components of this bill is to make those communities that passed a room tax before 1994, to give 70% of the room taxes collected to tourism and convention bureaus. Since the City of Lake Geneva passed a room tax in 1992, it has placed the money in the City's General Fund. The City does make a contribution of \$95,000 to the Chamber of Commerce annually. The City also provides a lakefront location and building for the Chamber at a cost of \$1 per year. The Convention and Visitors Bureau is an adjunct of the Chamber of Commerce. The City has continually invested general fund monies to improve infrastructure and provide amenities for tourists. For 19 years the room tax has been a part of the City's budget. Now, with a Levy Cap in place, it would be very difficult for the City to replace the approximately \$300,000 this legislation would carve from the City's budget. Is the Tourism Bureau or Chamber of Commerce going to pay for police protection, street department services or traffic improvements? I think not. If the City was abusing the funds for spurious projects, that is one thing. However, the City of Lake Geneva can demonstrate that the funds received have been put to use in support of the tourism and lodging industry in the City and beyond.

The consequences of losing room tax revenue will be staff reduction and reduced services. It is the City of Lake Geneva's position that tourists visit communities they feel are safe, clean and provide necessary services. The City has maintained the same tax rate for the past three years and in 2010, lowered its operating budget 1% below 2009's operating budget. The Common Council has been very conscious of the taxes local residents pay and would rather raise funds from visitors than the local populace. The Room Tax helps to fund the services that the tourists expect and need.

The City of Lake Geneva respectfully requests that the legislation not be punitive to those communities that provide services to the tourism industry.

We strongly urge opposition to AB 563 and any other proposed changes to the law that would further erode local control of room tax dollars.

Thank you for the opportunity to address the Committee and for your consideration of this testimony.

Dennis E. Jordan
City Administrator