

Premier Resort Area Tax (PRAT)

ISSUE PAPER

What

La Crosse County will have an advisory referendum on the April ballot asking if they should ask the state for an additional 0.5% sales tax be imposed on certain sellers operating in a Premier Resort Area Tax.

The official language is:

The County has identified \$87.6 million in unmet road needs. To pay for transportation infrastructure in place of annual borrowing, should La Crosse County seek authority to levy a 0.5 percent (1/2 cent on the dollar) sales tax on tourist related items sold, leased or rented through tourist related retailers, (approximately 50% of local retail sales)?"

a. Yes b. No

Why

The County has more than \$87 mil in infrastructure needs on County trunk roads. This PRAT is estimated to provide \$5.6 million / year. This is a net increase of \$2.9 mil/year increase and would eliminate annual borrowing of \$2.7 mil/year.

A sponsoring municipality that has at least 40% of its assessed property values used by tourism-related retailers can enact this ordinance.

- The County does not have the 40% required property tax value base. The County would use a positive referendum vote to seek legislative approval to allow them an exception. An exception was made for four of the six communities.
- Six cities and villages have created the premier resort tax since 1998 currently (from 0.5%-1.25%). No counties. They are:

Rhineland, Stockholm, Eagle River
Bayfield, Wisconsin Dells, Lake Delton.

What

The money is restricted to infrastructure including parking lots, access ways, transportation facilities, roads, bridges, sewer, water, expo centers, boat ramps, beaches, recreational facilities, emergency vehicles and other public safety equipment and materials.

Because the County is imposing the tax, the money can only be used on county, not municipal roads. Each municipality in the county would not be able to additionally impose the tax.

Types of industries:

- Department stores
- variety stores
- general merchandise stores
- candy, nut, and confectionery stores; dairy product stores
- retail bakeries
- food stores
- gasoline service stations (auto parts & service NOTE this does not create a tax on gas)
- clothing stores;
- shoe stores
- eating places
- drinking places
- drug stores
- liquor stores
- sporting good stores
- bicycle shops
- bookstores
- stationery stores

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- jewelry stores
- hobby, toy & game shops
- camera and photographic supply stores
- gift or souvenir stores
- sewing, needlework and piece good stores
- florists
- tobacco stores
- news dealers or newsstands
- misc. retail stores
- hotels and motels
- sporting and recreational camps
- recreational vehicle parks and campsites
- theatrical producers, bands, orchestras, actors and other entertainers
- racing, including track operations
- physical fitness facilities
- public golf courses
- coin-operated amusement device
- amusement parks
- membership sports and recreation clubs
- amusement and recreation services, not elsewhere classified.

Complexities

The Mayor of La Crosse has expressed concerns with this proposal stating the city was looking into the revenue source as well. He is concerned about their inability to pursue this tax. A meeting is being planned.

Impact

While called a premier resort area tax, it will be paid by locals as well as visitors.

There are 814 businesses in the impacted business codes – out of approximately 5,246 in the County (16%) – it impacts at least 33% of the Chamber's membership when considering retail and food industries alone.

FAQs

- The resolution calls for a tax of all tourism related-products. This is wording taken from other communities that had resolutions that passed. However, all purchases at the specified industries/businesses would be taxed.
- The current 0.5% sales tax is the most the County can apply. The County would need legislative approval to increase the sales tax further.
- At this time, the county is not looking to sunset this tax, it would continue on. It is not in the current referendum. The County says it would not rule it out.
- Increases to the tax would require legislative approval.
- Currently the county is borrowing/bonding \$2.7 mil for transportation improvements. This would not occur if the PRAT is implemented.

County Next Steps

If the referendum passes in April, the county must seek legislative action to make them an exception to the requirement that 40% of the total equalized value in tourism-related retailers. If approved by the legislature, the next referendum vote must pass the County board by 2/3 vote. It then goes to a binding referendum vote.

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