**Fiscal Facts: State Room Taxes Have More Than Doubled Since 1999**

Statewide room tax collections have more than doubled since 1999, growing faster than inflation or state and local taxes collectively in Wisconsin. Of the major state and local taxes in Wisconsin that produce more than $100 million annually, local taxes on hotel stays have grown most rapidly over that period.

State Department of Revenue (DOR) data show the tax on hotel room charges and other short-term lodging generated $111.9 million in 2017, a 3.7% increase over the previous year. These figures may even understate somewhat the actual amount of local room tax collections, which in some cases are not fully reported on the forms DOR uses to generate statewide totals.

The growth in room taxes has been driven by increased visitor numbers and lodging charges, more municipalities adopting the tax, and rising rates in communities with an existing tax.

The room tax, which is levied on charges for hotel rooms but not on food or other expenses, is generally limited to a maximum rate of 8% and is imposed in addition to any applicable state and county sales taxes. State law generally requires that at least 70% of room tax collections fund efforts that increase overnight stays in the municipality, such as advertising, informational brochures, convention centers, and attracting events.

As statewide room tax collections have grown, so has the scrutiny of the tax and its uses. Over the past 25 years, the Legislature has capped tax rates, directed most of the tax revenues toward tourism promotion, required municipalities to turn the tourism portion of these funds over to outside entities, and put new reporting rules in place.

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