

Dear Mr. Waspi and Tourism Commission Members,

Unfortunately, I won't be able to attend the Tourism Commission meeting on Monday, May 13, 2024. Therefore, I am sending this letter as public comments regarding agenda item #9: Discussion/Action on Tourism Promotional Grant Program and Requests.

Room Tax in Wisconsin was created in 1967 as a vehicle to pool resources from lodging establishments to fund promotion and marketing, generating additional overnight stays at lodging establishments that pay the tax. In the case of Lake Geneva, this includes hotels, short-term rentals, bed and breakfasts, and other residential-like properties that have an indoor commercial lodging conditional use.

The Wisconsin State Statute 66.0615 paragraph that applies to Lake Geneva allows a municipality to retain up to 30% of the room tax funds. The rest must be forwarded to a commission or tourism entity. Those funds are to be spent on Tourism promotion and development per 66.0615(1m)(d)3.

A commission shall use the room tax revenue that it receives from a municipality for tourism promotion and tourism development in the zone or in the municipality.

Further, as stated on the Tourism page on the City website and per 66.0615(1)(fm):

"Tourism promotion and tourism development" means any of the following that are significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment on which a tax under sub. (1m) (a) may be imposed, that are owned by different persons and located within a municipality in which a tax under this section is in effect; or, if the municipality has only one such establishment, reasonably likely to generate paid overnight stays in that establishment:

1. Marketing projects, including advertising media buys, creation and distribution of printed or electronic promotional tourist materials, or efforts to recruit conventions, sporting events, or motorcoach groups.
2. Transient tourist informational services.
3. Tangible municipal development, including a convention center.

The request grant does not meet the requirements for how the dollars given to the Tourism Commission can be spent.

First, software to gather traffic demographics is not a marketing project that involves actual marketing and generating overnight room stays.

Second, the application indicates the BID would be the provider of data gathered from Placer.ai regarding the return to the area from grants given. While this information is important for the overall area, that is not a criterion to the core of how room tax dollars are spent. Room tax dollars given to a commission are only to be used on items listed in the State Statute "...that are significantly used by transient tourists and reasonably likely to generate paid overnight stays at more than one establishment on which a tax under sub. (1m) (a) may be imposed ...". Placer.ai is not used by transient tourists and the information it provides does not evaluate if paid overnight stays are generated.

While I completely understand the desire and reasoning behind Placer.ai and think it would benefit the BID, the grant request needs to meet the requirements for how room tax dollars the commission receives can be spent. This grant does not meet any of these requirements.

It is important to note that over half of the hotels are outside the BID, not including short-term rentals and B&Bs. In addition, room tax dollars are to be used to promote the area to generate overnight stays, not purchase software for a business improvement district.

I am by no means diminishing the importance of the BID and our downtown corridor, as Alex and the BID board have been doing some incredible things recently. However, the commission must spend the dollars according to the State Statute, which was written in agreement with the state's lodging industry. These funds are strictly to be used to generate overnight stays at hotels within the city limits of Lake Geneva.

The concerns extend well beyond this one grant request. Top of mind is a recent grant to refinish the Rivera floors. The grant given to the City of Lake Geneva for the floors at Rivera is illegal per the State Statute. The State Statute does not allow spending of money on the maintenance of a facility, only on the new development of a convention center. In addition, the Rivera is not a convention center, nor is redoing the floors considered development. As the City can only keep 30% of the room tax dollars, giving money back to the City to maintain a City facility is skirting around the law. Minutes from the meeting stated the discussion included that this met grant guidelines as the Rivera is a convention center, which it is not, but that isn't the only criterion needed to assess when giving a grant. A refinished floor is nice, but it doesn't generate additional stays. We just refinished our floors at Maxwell Mansion, where we host events, groups, and weddings, but we didn't come asking for a grant because we know it doesn't qualify, just like the Rivera.

Wrapping up, it is hard to comment on a topic like this as my wife and I believe we are all in this together and we are all better together in Lake. We don't see it as competition we see it as opportunities. We do this day in and day out in how we run our businesses. I do not want this to be construed as downplaying and passing by the importance of all the businesses in Lake Geneva, the BID, or the hard work and time commitment this commission gives. But just like BID tax dollars are used to promote and grow business within the BID and TIF funds are used to pay for improvements within the TIF, Room Tax dollars must be used to promote and grow paid overnight stays at hotels, B&Bs, and rentals located within the city limits. In all these cases, funds spent, whether within a district, area or the lodging industry, will always have a positive impact outside of those it is spent on.

Thank you for taking the time to read this letter and understand the concerns raised within.

Kind Regards,

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cc: Mayor Krause