

## **Local Economic Impact of Tourism and the Premier Resort Area Tax Option for Transportation**

According to recent data prepared by the Wisconsin Department of Tourism, La Crosse County saw a 5.69% growth in Visitor Spending for a total of more than \$236.1 million in 2015 and has moved up to 9<sup>th</sup> out of 72 Counties in business activity related to Tourism. The hospitality industry represents a significant part of our local economy and contributes a great deal to our quality of life.

The geographic features of the region combined with the Mississippi River, our thriving downtown, the La Crosse Center, multiple festivals and a very successful lodging industry, make La Crosse County a prime destination for vacationers and second homeowners who like to hike, fish, ski, boat, kayak, ATV, snowmobile, bike or hunt throughout the year.

The Wisconsin Legislature enacted a law which permits a municipality or county to impose a 0.5% premier resort area tax if the municipality or county meets certain conditions. The premier resort area tax was authorized by 1997 Act 27. One of the conditions is that the municipality or county must enact an ordinance or resolution declaring itself to be a “premier resort area”; however, subsequent legislation has authorized certain municipalities to declare themselves premier resort areas even if they did not meet the 40% value threshold.

While 40% of the equalized assessed value of the taxable property within La Crosse County is not used by tourism-related retailers, the significant increases in tourism, make it feasible for La Crosse County to consider enacting an ordinance declaring itself a “premier resort area” and imposing a 0.5% premier resort area tax to be used for infrastructure expenses including roads and bridges.

### **Business Challenge**

La Crosse County faces significant challenges in maintaining, improving and constructing infrastructure to meet the needs of the tourism industry. We have 285 miles of County Trunk Highway (CTH), 69 bridges on the CTH system and hundreds of structures that do not meet the Federal definition of a bridge.

As with all local units of government in Wisconsin, La Crosse County utilizes the PASER system for reporting pavement conditions to the Wisconsin Department of Transportation. The PASER system is a 1 to 10 scale where 10 is brand new pavement and 1 is severely deteriorated. The average PASER rating of CTHs in La Crosse County has steadily declined since 1998. In 1998 our average rating was 6.81 as of the 2015 rating cycle our average is 5.72.

This deterioration is the direct result of La Crosse County not being able to keep up with maintenance and construction of our Highways. This lack of ability is directly attributable to a number of factors starting with extreme inflation on maintenance and construction materials over the past 10 years, for example Seal Coat Oil 51.5%, Hot Mix 40.8%, and Fuel 30.9%. Combined with the inflationary increases are increases in traffic, increases in vehicle weight including truck weights and larger implements of husbandry. Adding to our dilemma is a lack of funding which results from being up against levy caps, decreasing General Transportation Aids and the decreasing availability of other grant and funding streams.

**Economic Impact of Tourism to La Crosse County**

The following information regarding the economic impact of tourism to La Crosse County has been reported on the Wisconsin Department of Tourism website in TOTAL TOURISM IMPACTS/WISCONSIN AND COUNTIES spreadsheet, prepared by Wisconsin Department of Tourism. Clearly the data shows the evidence of the significance of tourism to La Crosse County economic environment.

**2015 County by County Tourism Expenditures Ranked Numerically \***

County	Total Expenditures	Rank
La Crosse	\$236.1 Million	9

**2014 vs 2015 County by County Tourism Direct Impact**

County	2014 Visitor Spending	2015 Visitor Spending	% Change	2014 Business Sales	2015 Business Sales	% Change
La Crosse	\$223.4 Million	\$236.1 Million	5.69%	\$368.8 Million	\$387.8 Million	5.21%

County	2014 Employment	2015 Employment	% Change	2014 Labor Income	2015 Labor Income	% Change
La Crosse	4017	4122	2.61%	\$93.0 Million	\$98.9 Million	6.35%

**ONE SOLUTION DESCRIPTION AND BENEFITS**

The ability for La Crosse County Board of Supervisor to designate the County as a premier resort area would attain an additional 0.5% premier resort tax allowing La Crosse County to support and sustain the vital infrastructure necessary to County’s growing tourism industry. The premier resort tax would allow for La Crosse County to eliminate borrowing to maintain and construct roads, which would enhance the County’s tourism industry along with all of our other transportation dependent economic drivers. The Wisconsin Department of Revenue has estimated that the La Crosse County tourism-related retailers could generate approximately \$5.6 million of premier resort tax annually to be used for infrastructure expenses including roads and bridges.

**SUMMARY**

The County Board has adopted a resolution seeking authority to declare La Crosse County a Premier Resort Area and enact a 0.5% premier resort tax would diversify the collection of dollars to maintain and construct infrastructure to meet the needs of industry in La Crosse County including the large economic engine that is tourism. The next step is to hold an advisory referendum with the following question:

"The County has identified \$87.6 million in unmet road needs. To pay for transportation infrastructure while eliminating annual borrowing for County Road improvements, 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 or b. No.

If approved, the legislature would need to enact legislation enabling La Crosse County to proceed, subject to a super majority vote of the County Board and approval of a second binding referendum.