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**City of Racine, Wisconsin
COMMON COUNCIL**

AGENDA BRIEFING MEMORANDUM

COMMITTEE: Finance & Personnel

LEGISLATION ITEM #: 0800-18

AGENDA DATE: Common Council Referral: August 6, 2018
Finance & Personnel Committee: August 13, 2018
Common Council: August 21, 2018

DEPARTMENT: City Attorney
Prepared By: Nicole F. Larsen, Deputy City Attorney

SUBJECT: A request by the Deputy City Attorney to review the Transient Lodging Tax ordinances, Racine Code of Ordinances 90-51 et seq.

EXECUTIVE SUMMARY:

The City Attorney's office, having worked in concert with the City Administrator, Dept. of City Development, Finance Dept., Health Dept., and the Police and Fire Depts., proposes several changes to the Transient Lodging Tax ordinances. Primarily, to: update the ordinances' language; make the ordinances applicable to short-term rentals, which are competing with hotels and motels located in the City; update the penalty provisions; and to bring the ordinances into compliance with state statute regarding confidentiality.

BACKGROUND & ANALYSIS:

The Transient Lodging Tax ordinances have not been updated since 1973. The current ordinances do not address bed & breakfast establishments or short-term rentals (also known as tourist rooming houses). New language permits the Treasurer to suspend a permit for failure to file the room tax return or to pay the room tax, and also imposes a forfeiture against permit holders for late payments. New language regarding confidentiality brings the Article into conformance with the confidentiality requirements found in Wis. Stat. sec. 66.0615(3).

31 **BUDGETARY IMPACT:**

32 These changes codify policy that the Council has previously approved in entering into an agreement with
33 Airbnb. Namely, the applicability of the transient lodging tax to short-term rentals.

34 These changes will not impact currently licensed lodging facilities. It will make clear that the room tax
35 applies to short-term rentals, which did not exist when the room tax was enacted and which compete
36 with lodging facilities located in the City.

37 We do not currently know the number of short-term rentals operating in the City. As the City becomes
38 aware of short-term rentals, it will notify the owners that they are subject to the room tax, giving them
39 an opportunity to come into compliance with the ordinance prior to imposing any penalties or
40 forfeitures.

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42 **OPTIONS/ALTERNATIVES:**

- 43 1.) To recommend approval of the changes to the ordinance as proposed.
44 2.) To recommend other changes to the ordinance.
45 3.) To recommend no changes to the ordinance (receive & file).

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47 **RECOMMENDED ACTION:**

48 To recommend approval of the changes to the ordinance, as proposed, and to direct City Attorney staff
49 to revise the ordinance and send the proposed ordinance back to Council for review and approval.

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51 **ATTACHMENT(S):**

52 Redlined version of 90-51 through 90-61.