



DOOR COUNTY TOURISM ZONE COMMISSION

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FOR IMMEDIATE RELEASE

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TOURISM ZONE COMMISSION PURSUES ROOM TAX NON-COMPLIANCE

Sister Bay, WI – January 19th, 2017–In May of 2007 the Door County Tourism Zone Commission was established out of the hard work of a group of concerned citizens. Studies showed that Door County was losing its market share to other locations in the state; the only way for Door County to remain a relevant destination was to generate money for a broader marketing campaign. By 2009 all nineteen Door County communities were a part of the Tourism Zone creating a cohesive effort to promote the region as a single destination. The Door County economy has benefited from those efforts with generation of incremental economic impact for the communities by attracting visitors with marketing strategies with that ensure sustainable tourism. Currently, there are approximately 1031 permit holders countywide, from single owners renting cabins or condos to bed & breakfasts to large resort complexes. The 5.5% room tax is mandated by ordinance to be distributed at 30% to the municipalities, 66% to the Door County Visitor Bureau for tourism marketing and promotion, and 4% for Commission administrative costs.

In order to balance the costs and benefits of tourism against the preservation of our communities and quality of life the Tourism Zone believes legal lodging providers who collect and remit room tax deserve a level playing field for following the requirements. Failing to collect or remit tax and maintain licenses may give an illegal unit an unfair advantage over a legal lodging property. The Tourism Zone proactively and diligently seeks out those who are offering their property for short term rentals via word-of-mouth, craigslist,

newspaper, or online rental by owner sites such as VRBO, Homeaway, Tripadvisor and Airbnb to ensure proper permitting and remittance of room tax.

With nearly ten years of room tax collections, the Tourism Zone has a wealth of data for each municipality that provides statistics for available rooms, rented rooms, occupancy and average nightly rate. While the Tourism Zone refrains from random audits, it is always actively seeking enforcement and compliance with regards to un-permitted properties and properties that are underreporting room tax. Non compliant properties who evade or under report room tax erode at the benefits that room tax provides to Door County municipalities and the efforts of the Door County Visitor Bureau to market Door County as a destination.

In November 2016, the Door County Circuit Court issued a judgment against a non-compliant lodging provider in Door County for failure to comply with the room tax ordinances. The Defendant, a lodging provider in the Town of Gibraltar, was found by the Court to have failed to accurately report and pay room taxes. The Commission caught the property under reporting which triggered a multi-year analysis based on actual municipal lodging statistics and data. A judgment of \$25,091.31 was entered for delinquent under reported room tax, late fees, penalties, interest and litigation expenses and fees incurred by the Commission in pursuing compliance.

In a similar case, the Commission discovered a Village of Egg Harbor property advertising on Airbnb which was found to also be underreporting lodging sales. The Commission requested the property owner to produce payout statements from Airbnb to substantiate their room tax reporting. As suspected, what was booked and paid through Airbnb was inconsistent with what was reported to the Commission. The Commission has entered into an agreement with the property owners to make restitution on the unpaid taxes, fees and penalties.

The Tourism Zone used its investigative resources to track down owners of an unpermitted Town of Egg Harbor property advertising on VRBO. The compliance and enforcement effort resulted in the recovery of \$20,000 in unreported lodgings sales for years that the property was not permitted but participating in transient rentals.

Commission Chair Josh Van Lieshout adds, “The room tax is a pass-through tax and should not be commingled with personal income. During difficult times, some lodging owners have been spending that money on their own expenses, but room tax money is not theirs to use.” The results of noncompliance are felt throughout the county, Van Lieshout explains: “Every delay hampers the ability of the Door County Visitor Bureau to promote tourism and stalls municipalities in their budgeted projects. The Commission intends to collect all delinquent and or under reported room tax and continue to bring all transient rental properties into full compliance.”

2015 room tax collections were \$4.13 million, up over 8.2% over 2014 and up 36.5% over the baseline year of 2009, the first year all 19 municipalities were part of the Tourism Zone. 2016 Year End Reporting will be available in February of 2017. Ordinance language, the Commission Bylaws, and full room tax reporting can be found on the Tourism Zone’s website, doorcountytourismzone.com.