



Premier Resort Area Tax (PRAT) Advisory Referendum

For the upcoming Spring 2023 election, the City of Lake Geneva has placed an advisory referendum on the ballot asking residents if the City should petition the Wisconsin State Assembly to allow the adoption of a “Premier Resort Area Tax” (PRAT).

What is the Premier Resort Area Tax (PRAT)? Pursuant to 66.1113 of Wisconsin State Statute, it is a retail sales tax authorized by the Wisconsin State Legislature. It requires certain retailers related to the tourist industry to collect an additional sales tax. Adoption of PRAT allows the City to utilize a tool created by the legislature for communities like ours to share the expense of maintaining our local infrastructure with tourists who visit Lake Geneva and use its municipal services.



How does PRAT work? The PRAT rate would be one half cent on the dollar (0.5%) and would generate revenue from a broad cross section of people using City facilities, not just City property owners. Similar to a user fee, PRAT helps spread infrastructure costs among all users. The tax is collected by the retailer at the same time state sales tax is collected and paid to the Wisconsin Department of Revenue, which then would return the PRAT proceeds to the City of Lake Geneva.



What can PRAT Tax be used for? The proceeds from the tax must be used for infrastructure expenses within the jurisdiction of the premier resort area. “Infrastructure expense” means the costs of purchasing, constructing, or improving parking lots; access ways; transportation facilities, including roads and bridges; sewer and water facilities; exposition center facilities, parks, boat ramps, beaches, and other recreational facilities; fire-fighting equipment; police vehicles; ambulances, and other equipment or materials dedicated to public safety or public works.

Why a PRAT? Lake Geneva’s year-round population is slightly over 8,000 but much of the year the tourist and transient population in our City is several times greater. This makes it necessary for the City to provide services (such as ambulance, fire, police, and public works) on a much larger scale than what would be required by the local population. Lake Geneva currently has no sales tax; a \$100 purchase within the City of Lake Geneva generates zero dollars (\$0) revenue for the City.



Lake Geneva has approximately 43 miles of paved roads under its jurisdiction with its permanent population of approximately 8,000 residents. However the tourist season drastically increases the daily visitor population to over 40,000 causing average daily traffic counts to increase dramatically. Over the past decades, state road aids have not kept pace with the cost of construction. At the same time, the Lake Geneva City Council has sought to minimize any increase to the City's property tax levy. In order to properly reconstruct and maintain City roadways, new revenue sources must be identified. Instead of solely relying on general property taxes increases, PRAT could be a new revenue source. Lake Geneva's Public Works Department has identified approximately \$3.5 million in infrastructure projects that could be justified for completion in the next 5 years. In addition to local residents, this infrastructure is used and relied upon by transient guests and tourists. Similarly, Fire and Police calls have doubled in the past nine years with no meaningful increase in the departments' budgets.



What is subject to PRAT Tax? "Tourism-related retailers" as stated in Wisconsin State Statute 66.1113(1)(d). A detailed list can be found here: [Wisconsin Legislature: 66.1113\(1\)\(d\)](#)

Alternatives to the PRAT. Because of the limited number of revenue options given to cities in Wisconsin, alternatives to the PRAT Tax would very likely include an increase in the current property tax rate. Other revenue options include bond issuances (loans) to be repaid by Lake Geneva taxpayers and/or further increases to the City's various fees including parking.

What will the referendum question look like? The exact wording approved by the City Council reads as follows;

"To pay for street and infrastructure expenses and other eligible expenses as defined in Wis. Stats. §66.1113 (1) (a), with revenue from tourists and visitors, as well as residents, should the City of Lake Geneva impose a levy of 0.5% (½ cent on the dollar) sales tax on tourist related items sold, leased, or rented through tourist related retailers?"

If passed by voters, the referendum results will be presented to the State Representatives who represent the City of Lake Geneva for their assistance in petitioning the State legislature for approval. If ultimately approved, the percentage amount (0.5%) could not be increased unless another referendum is passed by the citizens of Lake Geneva.