



GUIDE TO COMMENCING SHORT TERM RENTALS IN DOOR COUNTY

This guide is to help property owners who may have been contacted with a compliance letter regarding permitting their property or those requesting more information about short term rentals in Door County. This document will explain what room tax is and what the requirements are for short term rentals.

- ✓ Door County established a room tax in 2007, which requires all transient rental properties to be permitted and collect room tax on rentals. **Even if you have yet to rent the property, the act of advertising for transient rental requires the property to be permitted.**
- ✓ To be in compliance with the room tax ordinances, you must collect room tax if your property conforms to the definition of transient lodging:
"Hotel or motel means a building, group of buildings or structure in which the public may obtain accommodations for a monetary consideration, including, without limitation, such establishments as inns, motels, hotels, tourist homes, private homes, bed and breakfast establishments, rooming houses, condominiums, summer camps, apartment homes, resort lodges and cabins, commercial indoor lodging facilities, campgrounds with A-frames, cabins or trailers and any other building or group of buildings available to the public" (Door County Tourism Zone Commission Agreement)
- ✓ The room tax must be collected on any transient rental, which is defined as any rental term less than thirty (30) days. **Please note that you are responsible for room tax payments as of the date you began renting, even if you were not permitted or collecting the tax.**
- ✓ The same requirements apply whether you are in business as an inn, hotel or a home that just rent a few times a year.

THE HISTORY OF ROOM TAX IN DOOR COUNTY...

Why and When...In May of 2007 the Door County Tourism Zone Commission was established out of the hard work from a group of concerned citizens. This grass roots effort by a group called "Door County Peninsula Strategic Marketing Coalition" fundraised and volunteered their time to raise money for a market study. This idea didn't originate with local government officials; it began with the very people who make their livelihood in the tourism and hospitality industry in Door County.

What did the market study show? Door County needed new revenue sources to create and implement effective marketing to stop losing tourism market share. Membership dues simply weren't enough to effectuate a modern marketing program. In order for Door County to remain a sought-after destination, the only option was to generate money for a broad and unified marketing campaign.

WHY IS DESTINATION MARKETING IMPORTANT AND WHY SHOULD ROOM TAX FUND IT?

While some visitors are drawn to Door County by its natural beauty and the region's unique natural and historical attractions, other visitors need to hear why to visit and what they can do while they are here through marketing. **Individual businesses are responsible for marketing themselves, but Destination Marketing must create the interest in visitation before an individual business can effectively market itself.**

WHAT IS ROOM TAX AND WHO HAS TO PAY IT?

For the privilege of occupancy in any lodging facilities, each transient is subject to and pays a tax in the amount of 5.5% of the rent charged by each lodging provider. Lodging facilities come in many forms and must be permitted for transient rental. Common examples include: Hotels, motels, B&B'S, cabins, cottages, lodges, homes, condos or rental rooms. This is not an all-inclusive list. The Tourism Zone evaluates new forms of lodging for permitting requirements as types of lodging continue to develop and change.

Room Tax Is A Pass-Through Tax Similar to Sales Tax. Meaning, The Customer Pays It, The Lodging Provider Collects and Remits It Through Their Monthly Reporting.

WHAT IS THE ROLE OF THE DOOR COUNTY TOURISM ZONE COMMISSION?

The Tourism Zone Commission is a government entity created by the Intergovernmental Agreement (State Statutes Section §66.0615) and must comply with the laws of the State affecting public

entities including open meetings and open records.

The Commission is responsible for issuing the lodging permits, collecting the room tax, preparing and delivering all the required reports, contracting with a Tourism Entity (Destination Door County) for the purpose of marketing the destination, approving the Strategic Marketing Plan and reviewing the performance measurements. The purpose of the Commission is to ensure that the room tax funds collected increase tourism in member municipalities as measured by increased overnight stays in lodging establishments.

WHERE DO THE ROOM TAX DOLLARS GO?

Room tax is a pass-through tax. The tax is charged directly to the guest and remitted by the lodging provider. All room tax dollars are paid to the Tourism Zone Commission. The Intergovernmental Agreement that was part of the adoption of the tax split the total tax into the following monthly distribution of the room tax collections:

- 30% to the municipality where the lodging facility is located
- 66% to be distributed to the contracted tourism entity *
- 4% to be used for administrative expenses.

**The Commission has contracted with the Destination Door County to develop and undertake a variety of marketing efforts designed to increase the number of overnight stays in lodging establishments in member municipalities.*

WHEN DOES MY PROPERTY NEED TO BE PERMITTED?

Your property needs to be permitted prior to the commencement of business. The Tourism Zone considers the commencement of business to be any and all advertising, social media, business associations or word of mouth advertising for your property.

WHAT HAPPENS IF I DON'T PERMIT MY PROPERTY?

It is in your best interest to permit your property as soon as possible. You are responsible for room tax payments as of the date you began renting, even if you were not permitted or collecting the tax.

The ordinance allows for:

"Penalty for Non-compliance: *Any party in violation of the ORDINANCE FOR THE COLLECTION OF TAX ON OVERNIGHT LODGING by failing to obtain and maintain a lodging permit, when such permit is required, shall be subject to a forfeiture of not less than twenty dollars (\$20.00) nor more than one hundred dollars (\$100.00) for each violation. Each room or unit separately rented or offered for rent and each day of such rental or offer for rental of such unit shall be a separate violation. In addition, injunctive relief is hereby authorized to discontinue violation of the aforementioned Ordinance. Any party deemed to have violated the Ordinance shall be obligated to pay the costs of prosecution, in addition to actual attorney fees expended in the enforcement of the Ordinance."* (Door County Tourism Zone Commission Agreement)

HOW TO GET STARTED?

A property owner can use our "GETTING STARTED CHECKLIST" as a guide to the steps of commencing short term rentals. The first step is completing the permit application and returning it to the Tourism Zone office. Once the Tourism Zone receives a permit application, a property will be issued a permit number. The Tourism Zone Administrator is available to assist every step of the process.

HOW DO I GET MORE ASSISTANCE?

The Tourism Zone Commission office is available to assist you. Please contact the office at: 920.854.6200 or email at info@doorcountytourismzone.com

FOR FURTHER INFORMATION PLEASE REFER TO THE FOLLOWING DOCUMENTS:

- ✓ROOM TAX PRIMER
- ✓GETTING STARTED CHECKLIST