

Village of Cottage Grove  
Meeting

Notice of Public

## COMMUNITY DEVELOPMENT AUTHORITY

Monday, February 11, 2019  
Village Hall

5:30 P.M.

221 E Cottage

Grove Rd.

1. Call To Order
2. Determination Of Quorum And That The Agenda Was Properly Posted.
3. PUBLIC APPEARANCES- Public's Opportunity To Speak About Any Subject That Is Not A Specific Agenda Item.
4. Discuss And Consider Approval Of Minutes Of The January 14, 2019 CDA Meeting.

Documents:

[1-14-2019 CDA MINUTES.PDF](#)

5. Presentation By Nicole Solheim On Housing Options To Support Businesses.
6. Discuss And Consider Amendment To Ordinance 16-9, The Village's Room Tax Ordinance.

Documents:

[CDA\\_ROOMTAX\\_2019-02-11.PDF](#)  
[VOCG\\_16-9\\_PROPAMEND\\_2019-02-11.PDF](#)

7. Discuss And Consider Directing Staff To Prepare An Amendment To The Village Ordinance To Create A Tourism Commission Per Wis. Stat. 66.0615.

Documents:

[CDA\\_TOURISMORD\\_FINAL\\_2019-02-11.PDF](#)

8. CLOSED SESSION:

CLOSED SESSION: pursuant to Wisconsin State Statute §19.85(1)(e) deliberating or negotiating the purchase of public property, investing of public funds, conducting other specified business whenever competitive and/or bargaining reasons require a closed session; and pursuant to Wisconsin State Statute §19.85(1)(g) conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved, real estate matters affecting TID# 10 development.

9. Reconvene Into Open Session And Possible Consideration Of Closed Session Items.

10. Future Agenda Items

11. Adjournment

This agenda has been prepared by Staff and approved by the Chair of the Community Development Authority for use at the meeting as listed above. Any item on the agenda is subject to final action.

Notice: Persons needing special accommodations should call 608-839-4704 at least 24 hours prior to the meeting. It is possible that members of and possibly a quorum of members of other governmental bodies may be in attendance at the above stated meeting to gather information; no action will be taken by any governmental body at the above-stated meeting other than the governmental body specifically referred to above in this notice.

**VILLAGE OF COTTAGE GROVE**  
**COMMUNITY DEVELOPMENT AUTHORITY**  
**Monday, January 14, 2019**

**MINUTES**

1. **Call to order** – meeting was called to order by Williams at 5:30 p.m.
2. **Determination of quorum and that the agenda was properly posted** – It was confirmed that a quorum was present, and the meeting was properly posted. In attendance were John Williams, Jeff Lennberg, Jim Ahearn, Mike Millage and Jerrud Rossing. Absent and excused was Mike Elder and John Hogan. Also, in attendance were Planning Director Erin Ruth, Village Clerk Lisa Kalata, Kyle Adams from Ruedebush, Paula Severson Cottage Grove Chamber and Village Attorney Leighton Boushea.
3. **PUBLIC APPEARANCES** – None
4. **Discuss and consider approval of minutes of the December 10, 2018 CDA meeting.**  
**Motion** by Rossing to approve the minutes of the December 10, 2018 CDA meeting, seconded by Lennberg. **Motion** carried with a voice vote of 5-0-0.
5. **Discuss and consider Greywolf Partners proposal to provide master planning services for the Northlands area in TID #10.**  
Ruth explained the draft agreement in the packet that it is very similar to the agreement they have with Greywolf for the former Ghidorzi Building. Attorney Boushea indicated that there will be some revisions coming from their attorneys. **Motion** by Ahearn to approve the proposed agreement with Greywolf Partners to provide master planning services for the Northlands area in TID #10 with revisions to be made by staff, seconded by Millage. **Motion** carried with a voice vote of 5-0-0.
6. **Discuss and consider directing staff to prepare amendment to Ordinance 16-9, the Village's Room Tax Ordinance and related ordinances.**  
Ruth explained the information in the packet and that if a change is needed the ordinance would need to be updated. Also, it may be a good time to look at the language and incorporate a tourism commission. The committee agreed that the room tax should be lowered to 7% to stay within our comparable communities. Paula Severson indicated that the Chamber is already working on tourism and this would be a good fit for both the Village and the Chamber of Commerce. Staff will continue to work on the revisions and bring it back to the committee.
7. **Discuss and consider directing staff to prepare general incentive parameters for TIF districts.**  
Ruth explained the report in the packet and would like feedback on the parameters for TIF incentives. Williams indicated that it was a good document and works well with the TIF guidelines. **Motion** by Lennberg to approve the general incentive parameters for TIF districts, seconded by Ahearn. **Motion** carried with voice vote of 5-0-0.
8. **Future agenda items**  
Ordinance revision  
Update on Greywolf Partners
9. **Adjournment**  
**Motion** by Rossing to adjourn at 6:34 p.m., seconded by Millage. **Motion** carried with a voice vote of 5-0-0.

**Lisa Kalata, Clerk**  
**Village of Cottage Grove**  
**Approved:**

**These minutes represent the general subject matter discussed in this meeting but do not reflect a verbatim documentation of the subjects and conversations that took place.**

DRAFT



# CDA STAFF REPORT

**MEMO DATE:** February 8, 2019  
**MEETING DATE:** **FEBRUARY 11, 2019**

**TO:** Village of Cottage Grove Community Development Authority  
**CC:** Matt Giese – Village Administrator  
Lee Boushea – Village Attorney

**FROM:** [Erin Ruth, AICP – Village Planning Director](#)

**RE:** **Room Tax Ordinance**

## BACKGROUND

At the January meeting the CDA discussed issues related to the Village's Room Tax Ordinance (16-9 of the Village Ordinance).

The result of those discussions was a recommendation to reduce the tax rate from 8% to 7%. The ordinance should also be amended to change references to the Village Clerk-Treasurer to the Village Treasurer.

Attached is the proposed amendment reflecting the issues noted above. Text to be deleted is ~~red and struck-through~~ while new text is blue.

## STAFF RECOMMENDATION

Staff recommends the attached amendment to Ch. 16-9 of the Village Ordinance be approved. A positive vote from the CDA will provide a recommendation to the Village Board for final consideration.

## § 16-9. Hotel/motel room tax.

[Added 6-4-2012 by Ord. No. 04-2012]

### A.

Definitions. In this section, the following definitions shall apply:

#### HOTEL or MOTEL

A building or group of buildings in which the public may obtain accommodations for a consideration, including, without limitation, such establishments as inns, motels, tourist homes, tourist houses or courts, bed-and-breakfast establishments, lodging houses, rooming houses, summer camps, apartment hotels, resort lodges and cabins and any other building or group of buildings in which accommodations are available to the public, except accommodations rented for a continuous period of more than one month and accommodations furnished by any hospital, sanitariums or nursing homes or by corporations or associations organized and operated exclusively for religious, charitable or educational purposes, provided that no part of the net earnings of such corporations and associations inures to the benefit of any private shareholder or individual.

#### GROSS RECEIPTS

Has the meaning as defined in s. 76.48(d), Wis. Stats., insofar as applicable.

#### TRANSIENT

Any person residing for a continuous period of less than one month in a hotel, motel or other furnished accommodation available to the public.

#### BED-AND-BREAKFAST ESTABLISHMENT

Any place of temporary lodging that provides four or fewer rooms for rent, which is open for rental more than 10 nights in a twelve-month period, is the owner's personal residence and is occupied by the owner at the time of rental, and in which the only meal served is breakfast.

### B.

Imposition of tax.

#### (1)

Pursuant to s. 66.0615, Wis. Stats., a tax is hereby imposed on the privilege and services of furnishing, at retail, rooms or lodging to transients by hotelkeepers, motel operators and other persons furnishing accommodations that are available to the public, irrespective of whether membership is required for the use of the accommodations. Such tax shall be at the rate of ~~8%~~ 7% of the gross receipts from such retail furnishing of rooms or lodgings. Such tax shall not be subject to the selective sales tax imposed by S 77.52(2)(a)1, Wis. Stats. The Village shall distribute the room tax as provided by the Wisconsin Statutes.

#### (2)

Exemptions. The following room sales are exempt from this tax:

##### (a)

Sales to the federal government;

##### (b)

Sales to persons listed under s. 77.54(9a), Wis. Stats.

#### (3)

Exemption conditions. The following conditions must occur for a sale to be exempt from the room tax:

##### (a)

The lodging establishment must issue the billing or invoice for the lodging in the name of the exempt entity; and

(b)

The lodging establishment must receive from the exempt entity:

[1]

In the case of federal and Wisconsin state or local governmental units, a purchase order, written document (such as a letter of authorization), or other acceptable authorization; or

[2]

In the case of nonprofit religious, charitable, scientific or educational organization, the organization's certificate of exempt status number.

(c)

The exemption still applies if the employee pays with his or her own funds, as long as the above conditions are met.

C.

Collection of tax.

(1)

Administration by Village ~~Clerk~~-Treasurer. This tax shall be administered by the Village ~~Clerk~~-Treasurer who shall, at Village expense, provide the necessary application and reporting forms at no cost to the taxpayer.

(2)

Reporting periods. The tax imposed for the months of January, February and March, and for each calendar quarter thereafter, is due and payable on the last day of the month next succeeding the calendar quarter for which imposed. A return shall be filed with the Village ~~Clerk~~-Treasurer, by those furnishing at retail such rooms and lodging, on or before the same date on which such tax is due and payable. Such returns shall show the gross receipts of the preceding calendar quarter from such retail furnishing of room or lodging, the amount of taxes imposed for such period, and such other information as the Village ~~Clerk~~-Treasurer deems necessary. Every person required to file such quarterly return shall, with their first return, elect to file an annual calendar year or fiscal year return. Such annual return shall be filed within 90 days of the close of each such calendar or fiscal year. The annual return shall summarize the quarterly returns, reconcile and adjust for errors in the quarterly returns, and shall contain certain such additional information as the Village ~~Clerk~~-Treasurer requires. Such annual returns shall be made on forms as prescribed by the Village ~~Clerk~~-Treasurer. All such returns shall be signed by the person required to file a return or duly authorized agent, but need not be verified by oath. The Village ~~Clerk~~-Treasurer may, for good cause, extend the time for filing any return, but in no event longer than one month from the filing date.

(3)

Sale or conveyance of business. If any person liable for any amount of tax under this section sells out his business or stock of goods or quits the business, his successors or assigns shall withhold sufficient portion of the purchase price to cover such amount until the former owner produces a receipt from the Village ~~Clerk~~-Treasurer that it has been paid or a certificate stating that no amount is due. If a person subject to the tax imposed by this section fails to withhold such amount of tax from the purchase price as required, he shall become personally liable for payment of the amount required to be withheld by him to the extent of the price of the accommodations valued in money.

(4)

Determination of tax by audit. The Village ~~Clerk~~-Treasurer may, by office audit, determine the tax required to be paid to the Village or the refund due to any person under this section. This determination

may be made upon the basis of the facts contained in the return being audited or on the basis of any other information within the Village ~~Clerk~~-Treasurer's possession. Whenever the Village ~~Clerk~~-Treasurer has cause to believe that the correct amount of room tax has not been assessed or that the room tax return is not correct, the Village ~~Clerk~~-Treasurer is authorized to examine and inspect the financial records pertaining to the furnishing of accommodations in question in order to verify the tax liability of that person or establishment. One or more such office audit determination may be made of the amount due for any or for more than one period.

(5)

Failure to file return. If any person fails to file a return as required by this chapter, the Village ~~Clerk~~-Treasurer shall make an estimate of the amount of the gross receipts under Subsection **C(2)** and **(3)**. Such estimates shall be made for the period for which such person failed to make a return and shall be based upon any information which is in the Village ~~Clerk~~-Treasurer's possession or may come into the Village ~~Clerk~~-Treasurer's possession. On the basis of this estimate, the Village ~~Clerk~~-Treasurer shall compute and determine the amount required to be paid to the Village, adding to the sum thus arrived at a penalty equal to 10% thereof. One or more such determinations may be made for one or more than one period.

(6)

Interest on unpaid taxes. All unpaid taxes under this chapter shall bear interest at the rate of 12% per year from the due date of the return until the first day of the month following the month in which the tax is paid or deposited with the Village ~~Clerk~~-Treasurer. An extension of time within which to file a return shall operate to extend the due date of the return for the purposes of interest computations. If the Village ~~Clerk~~-Treasurer determines that any overpayment of tax has been made intentionally or by reason of carelessness or neglect, or if the tax which was overpaid was not accompanied by a complete return, she shall not allow any interest thereon.

(7)

Delinquent returns; late fees; penalty.

(a)

Delinquent tax returns shall be subject to a late filing fee of \$100. The tax imposed by this chapter shall become delinquent if not paid:

[1]

In the case of a timely filed return, within 30 days after the due date of the return, or within 30 days after the expiration of an extension period, if one is granted.

(b)

If due to negligence no return is filed, or a return is filed late, or an incorrect return is filed, the entire tax finally determined shall be subject to a forfeiture established herein as follows:

[1]

A forfeiture of 25% or \$5,000, whichever is less, of the tax imposed and is due and owing within 30 days after the due date of said return.

[2]

If a person fails to file a return when due or files a false or fraudulent return with the intent in either case to defeat or evade a tax imposed by this section, a forfeiture of 50% of the entire tax finally determined shall be added to the tax required to be paid exclusive of interest and other penalties.

D.

Security required. In order to protect the revenue of the Village, the Village ~~Clerk~~-Treasurer may require any person liable for the tax imposed by this chapter to place with her before or after a permit is issued such security not in excess of \$100 as the Village ~~Clerk~~-Treasurer shall determine. If any taxpayer fails or refuses to place security, the Village ~~Clerk~~-Treasurer may revoke or refuse to issue



such permit. If any taxpayer is delinquent in the payment of the taxes imposed by this section, the Village ~~Clerk~~-Treasurer may, upon 10 days' notice, recover the taxes, interest and penalties from the security placed with the said Village ~~Clerk~~-Treasurer by such taxpayer. No interest shall be paid or allowed by the Village to any persons for the deposit of such security.

E.

Records to be maintained. Every person liable for the tax imposed by this section shall keep or cause to be kept such records, receipts, invoices and other pertinent papers in such form as the Village ~~Clerk~~-Treasurer and this chapter shall require. Such records shall be retained and made available for a period of five years from the date of a filing period.

F.

Confidentiality maintained.

(1)

All tax returns, schedules, exhibits, writings or audit reports relating to such returns on file with the Village ~~Clerk~~-Treasurer are deemed to be confidential, except the Village ~~Clerk~~-Treasurer may divulge their contents to the following and no others:

(a)

The person who filed the return.

(b)

Officers, agents or employees of the Federal Internal Revenue Service or the State Department of Revenue.

(c)

Officers, employees or agents of the Village Auditors.

(d)

Such other public officers of the Village of Cottage Grove when deemed necessary.

(2)

No person having an administrative duty under this section shall make known in any manner the business affairs, operations or information obtained by an investigation of records of any person on whom a tax is imposed by this section or the amount or source of income, profits, losses, expenditures or any particulars thereof, set forth or disclosed in any return, or to permit any return or copy thereof to be seen or examined by any person, except as provided above.

G.

Violations and penalties. Any person who is subject to the tax imposed by this chapter who fails or refuses to permit the inspection of records by the Village ~~Clerk~~-Treasurer after such inspection has been duly requested by such Village ~~Clerk~~-Treasurer, or who fails to file a return as provided in this chapter, or who violates any other provision of this chapter, shall be subject to:

(1)

A forfeiture, not to exceed 5% of the room tax, may be imposed for a failure to comply with a request to inspect and audit required financial records.

(2)

Require the amount of taxes due to be paid plus interest at the rate of 1% per month on the unpaid balance. No refund or modification of the payment may be granted until the person files a correct room tax return, and permits the municipality to inspect and audit the financial records.

(3)

Forfeiture, not to exceed 25% of the room tax due for the previous year or \$3,000, whichever is less, of the tax imposed, in the event the room tax is not paid.

(4)

Each day, or portion thereof, that such violation continues is hereby deemed to constitute a separate offense.



# CDA STAFF REPORT

**MEMO DATE:** February 5, 2019  
**MEETING DATE:** **FEBRUARY 11, 2019**

**TO:** Village of Cottage Grove Community Development Authority  
**CC:** Matt Giese – Village Administrator  
Lee Boushea – Village Attorney

**FROM:** [Erin Ruth, AICP – Village Planning Director](#)

**RE:** **Tourism Ordinance**

## BACKGROUND

At the January meeting, the CDA discussed the Village's room tax rate, the creation of a tourism commission, and the potential use of the Cottage Grove Chamber of Commerce as a 'tourism entity.'

## OVERVIEW

It was suggested at the previous meeting that the room tax rate should be lowered from 8% to 7%. Also, all references to the Village Clerk/Treasurer shall be changed to Village Treasurer or Village Clerk as appropriate in each case.

Implementation of the room tax will require the Village to have a Tourism Commission in place. An ordinance is needed to create that body. Examples of the Tourism Commission enabling ordinances for several nearby communities (Middleton, Monona, Sun Prairie, Verona, Waunakee, and Windsor) are included in the packet.

At a minimum, the following elements will need to be included in the Village's Tourism Commission enabling ordinance:

1. Composition and appointment of members
2. Election of commission officers
3. Meeting schedule
4. Powers and duties

### Composition and Appointment of Members

Per Wis. Stat. 66.0615(lm)(c)(1), the Tourism Commission shall be comprised of 4 to 6 members. Among the examples Windsor's ordinance allows for 4 to 6 members, Middleton's



ordinance calls for 6 members, and the remaining communities have 5 member commissions. Staff recommends 5 members to avoid tie votes.

Also per statute, 1 member must represent the “Wisconsin hotel and motel industry.” This should be stated specifically in the ordinance.

In the examples, the composition is handled a variety of ways. Middleton is very specific about appointing a member who represents restaurants and one who represents tourist attractions in addition to the hotel representative. Sun Prairie states that the Chamber of Commerce shall designate a liaison to be a non-voting member. Waunakee designates the Administrator and Chamber Director to be voting members. Windsor assigns at least one and not more than two trustees. Verona requires one council member, while Monona states that one member may be a council member.

The statute also states that the members shall be appointed by the “principal elected official” and confirmed by a majority vote the municipality’s governing body present at the time of the vote; and that the members shall serve 1-year terms and may be reappointed. Again, all of these requirements should be stated in the ordinance.

In some of the example ordinances, the communities designate a specific date each year when the commission will be organized. In staff’s opinion this will tend to occur naturally following the annual spring election, but the CDA may choose to specify a date if they see a benefit to doing so.

### Officers

State statute requires that the commission members elect a chairperson, vice-chairperson, and a secretary. This should be stated in the ordinance.

### Meeting Schedule

The statute is somewhat vague on this topic, stating only that the commission shall meet “regularly.” This requirement is handled in a few different ways in the example ordinances. Middleton specifies that the commission chair shall call the meetings. Verona states that the commission shall determine its own meeting schedule and procedures. Windsor repeats the statutory “meet regularly” language. Sun Prairie broadly references statutory duties, and Waunakee does not appear to address the issue at all.

Whether specified in the ordinance or not, the commission would likely benefit from an assigned monthly meeting time to ensure staff and any trustees serving on the commission do not have conflicts with other meetings. The decision to meet in a given month could be determined by the chairperson based on the workload of the commission.



### Powers and Duties

The powers and duties of the Tourism Commission are largely defined by Wis. Stat. 66.0615. In the examples, the communities reference these statutory obligations in a few different ways. Middleton and Sun Prairie simply reference the state statute. Monona, Verona, and Windsor provide and list of duties and reference the statute. Waunakee has a list of duties and no reference to the statute.

### Other Considerations

The Village's room tax ordinance (16-9) is somewhat vague about how the tax revenue shall be distributed, stating that "the Village shall distribute the room tax as provided by the Wisconsin Statute."

The CDA should consider whether more description is needed either in the room tax ordinance or in the Tourism Commission ordinance about how the revenue is spent.

Wis. Stat. 66.0615(d)(1) states that "any amount of room tax collected that must be spent on tourism promotion and tourism development shall be forwarded to the commission for its municipality." Furthermore, 66.0615(d)(4) states that "the commission shall report annually to each municipality from which it receives room tax revenue the purposes for which it was spent." It appears the intent of the statute is that the commission has the final spending authority on the 70% used for tourism, as opposed to making a recommendation to the Village Board. At the very least, it may make sense for the ordinance to specify this arrangement to avoid confusion later.

## **STAFF RECOMMENDATION**

Staff is requesting direction from the CDA on the following issues, the responses to which will be used to draft the Tourism Commission ordinance for the next meeting:

1. Number of commission members? – 4 to 6 required, staff recommends 5.
2. Number of trustees? – staff recommends 2.
3. Other specified members? – 1 hotel rep. required. Staff recommends no other specifications, may specify that citizen members may either live or work in Village.
4. Designate a specific annual organization date? – most committees are typically adjusted after the spring election, so a specific date may not be necessary.
5. Meeting schedule? – staff recommends that a recurring monthly date is established, but this could be left to the commission to organize. At a minimum the ordinance should state the commission is to "meet regularly" per statute.
6. Reference statutes for powers and duties, or list specifics? – staff recommends referencing statutes primarily to avoid inconsistencies if the statutes change. To clarify expectations it may be helpful to describe the use of a "tourism entity" and to specify the spending authority of the commission.