

CITY OF RHINELANDER



Premier Resort Area Tax Fact Sheet

April 2015 Referendum

Did you know?

Rhinelanders provides sales and services to a population far exceeding those being taxed within the City. The Daytime population of Rhinelanders is nearly double the City's actual population; and the trade-area population is 10 times as much. Rhinelanders accounts for 32% of trade-area sales but has only 10% of the trade-area population.

Oneida County represents a significant part of the Rhinelanders trade-area; yet the City of Rhinelanders receives none of the \$3,722,972 sales tax revenue generated within Oneida County.

Rhinelanders taxes are greater and assessed property values are lower when compared to other area communities. The property tax levy per capita for Rhinelanders appears to be high at \$787 compared to the State average of \$545; and when compared with Antigo at \$412 and Merrill at \$507. Property values in the smaller Town of Minocqua are assessed at \$1,430,563,400 while Rhinelanders is at \$564,875,400. This is a difference of nearly 3 times assessed property value.

Eagle River has already completed this process and received the PRAT tax allowance in 2006.

The State of Wisconsin continues to provide tax relief to industries, causing municipalities to rely more and more on residential property taxes for funding. Under the current revenue structure, the City does not have adequate tax revenue to maintain current services and roadways without increasing taxes or finding additional funding. It is the City's desire to do everything possible to avoid the need for additional residential property taxes.

How does Premier Resort Tax work?

A half cent on the dollar Premier Resort Area Tax (PRAT) would generate revenue from those regional visitors and travelers who utilize City amenities and infrastructure; the end result is that all who utilize City amenities will contribute to upkeep of infrastructure.

A goal for the City of Rhinelanders is to lower its dependence on property taxes as a source of revenue while still maintaining a safe level of fire protection, police protection and utility services which our residents have come to expect and deserve.

A conservative estimate of revenue generated from a PRAT would be \$400,000 annually which by state statute can only be spent on infrastructure needs — roads, bridges etc.

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(continued)

What is the process to implement a PRAT?

- ◆ The City Council first needs to pass a resolution calling for the PRAT Referendum.
- ◆ The Referendum would then appear on the April 2015 ballot: “Should the City of Rhinelanders levy a 0.5% (half cent on the dollar) sales tax on tourist related items sold, leased or rented through tourist related retailers to pay for transportation infrastructure? YES or NO”
- ◆ The City of Rhinelanders must pass a resolution with two-thirds approval declaring Rhinelanders a “premier resort area”.
- ◆ The State of Wisconsin legislature must then pass a statute allowing the City of Rhinelanders to enact this tax by tourism related retailers.
- ◆ Implementation of the tax by educating affected establishments of the rate change and working with Department of Revenue to enact the tax. Remember by State of Wisconsin statute these funds can only be spent on **infrastructure** construction projects.
- ◆ With the new tax revenue resource established, the City could increase the rate with which over \$2 million of infrastructure road repairs can be completed. The priority locations for repairs are currently identified and estimated with cost as follows:

Lincoln Street (Oneida to Evergreen), \$425,000

Lincoln Street (Evergreen to Eisenhower Parkway), \$540,000

Stevens Street (Frederick to Dwight), \$460,000

Boyce Drive (Prospect St. to Hwy. 17 Bypass), \$275,000

Kemp Street (Wabash to Oneida), \$230,000

Oneida Ave (Lincoln Street to Oneida Ave Bridge), \$190,000)