

Village of Cottage Grove  
Meeting

Notice of Public

## COMMUNITY DEVELOPMENT AUTHORITY

Monday, March 11, 2019      5:30 P.M.  
Village Hall

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 February 11, 2019 CDA Meeting.

Documents:

[2-11-19 CDA MINUTES.PDF](#)

5. Discuss And Consider Creation Of Ordinance 12-20, For The Purpose Of Enabling The Creation Of A Tourism Commission.

Documents:

[CDA\\_TOURISMORD\\_2019-03-11.PDF](#)

6. Discuss And Consider Amendment To Ordinance 16-9, The Village's Room Tax Ordinance.

Documents:

[CDA\\_ROOMTAX\\_2019-03-11.PDF](#)

7. Overview Of Current Status Of Village TIF Districts.
8. Future Agenda Items
9. 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-** the meeting was called to order by Williams at 5:32 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 Elder, John Hogan and Jerrud Rossing. Absent and excused was Mike Millage. Also, in attendance were Planning Director Erin Ruth, Village Clerk Lisa Kalata, Kyle Adams from Ruedebush.
3. **PUBLIC APPEARANCES-** None
4. **Discuss and consider approval of minutes of the January 14, 2019 CDA meeting.**  
**Motion** by Lennberg to approve the minutes of the January 14, 2019 CDA meeting, seconded by Ahearn. **Motion** carried with a voice vote of 4-0-2 with Elder and Hogan abstaining.
5. **Presentation by Nicole Solheim on Housing Options to Support Businesses.**  
Lennberg introduced Nicole Solheim from Gorham and Company to give a presentation on housing options that support business within a community. Nicole explained that a lot of communities are asking how to develop housing uses as we grow our communities. Communities are looking to have different types of housing, as businesses are looking for areas that have housing options, so it is easier to retain employees. Also, people are looking to come back to the communities that they grew up in and starter homes or retirement homes may not be an option. She gave several examples of projects in surrounding communities that have developed mixed use housing options. Nicole also pointed out that you increase your tax base with multi-family housing more than with single family housing. Lennberg asked how many put retail in the base of the development? Nicole indicated that they are seeing it more because of the location of the building, which may be more of a main street location. Williams asked if they are developed mostly in TIDs? Nicole indicated that they use a variety of funding sources. Giese asked if most developments are owned by the municipality? Nicole indicated that is about 50/50 between municipality owned and privately owned. Ruth asked if there is push back with affordable housing with neighbors? Nicole indicated that they get feedback, but you need to have buy in from the boards and staff, so the community can see the need for the project. A typical building would be 70% affordable housing and 30% market rate, and all units look the same.
6. **Discuss and consider amendment to ordinance 16-9, the Village's Room Tax Ordinance.**  
Melissa Ratciff- was present to ask the committee to vote no to changing the room tax rate. This would take away from businesses, chamber and tourism and it is coming from an outside source. TID #10 can support a hotel and we should let the TID work for itself.

Sun Prairie made the change to their rate over a period of time and they also gave incentives in the TID to get the hotel. There are also costs associated with the ordinance change as well. Lennberg commented that he feels a hotel will come no matter what they do, and Ratcliff made some good points. Williams indicated that the ordinance will need updating regardless if they change the rate or not. Ahearn questioned if the rate has been discussed with any potential hotel that has had interest in the Village? Giese indicated that it is not an issue the bigger issue would be the incentives that would be needed to get the type of hotel the Village would like to have. **Motion** by Ahearn to keep the room tax at the current rate and to make the changes necessary for the tourism commission and other language changes that are needed, seconded by Lennberg. **Motion** carried with a voice vote of 6-0-0.

**7. Discuss and Consider Directing Staff to Prepare an Amendment to the Village Ordinance to Create a Tourism Commission Per Wis. Stat. 66.0615.**

Ruth explained the memo in the packet and what would be needed to create a Tourism Commission. The committee agreed with the staff recommendation in the memo. **Motion** by Williams to draft a Tourism Commission ordinance with it being a five members and following the recommendations in the staff memo, seconded by Rossing. **Motion** carried with a voice vote of 6-0-0.

**8. 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.**

Giese indicated that there was no a reason to convene into closed session.

**Motion** by Lennberg to not convene into closed session, seconded by Ahearn. **Motion** carried with a voice vote of 6-0-0.

**9. Reconvene into Open Session and Possible Consideration of Closed Session Items.**

Committee did not convene into closed session in item #8.

**10. Future Agenda Items**

Tourism Commission Ordinance

TID updates

**11. Adjournment**

**Motion** Ahearn to adjourn at 6:37 p.m., seconded by Elder. Motion carried with a voice vote of 6-0-0.

**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.



# CDA STAFF REPORT

**MEMO DATE:** March 5, 2019  
**MEETING DATE:** **MARCH 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.'

The CDA discussed various aspects that would comprise a new ordinance creating a Tourism Commission. The decisions made during that discussion have informed the attached proposed ordinance.

## STAFF RECOMMENDATION

Staff recommends approval of the creation of Ordinance 12-20, Tourism Commission, as attached.

## **CREATE 12-20. TOURISM COMMISSION**

- A. Creation and purpose. The Village hereby creates the 'Village of Cottage Grove Tourism Commission' (hereafter 'the Commission') pursuant to Wis. Stat. 66.0615(1m)(b) and (c), as may be amended from time to time, for the purpose of administering the Village's room tax revenues.
- B. Composition. The Commission shall consist of 5 members, to be appointed by the Village President and confirmed by a majority vote of the Village Board of Trustees. The Commission shall be comprised of two Trustees, one representative of the Wisconsin hotel/motel industry, and two at large members. Commissioners shall serve a one-year term and may be reappointed. Any vacancies shall be filled for the remainder of the term in the same manner as the initial appointment.
- C. Officers. Commissioners shall be appointed as soon as practicable after the April election, and shall meet thereafter. At the first meeting after appointments are made, the commission shall elect a Chairperson, Vice-Chairperson, and Secretary.
- D. Meetings. The Commission shall establish a regular monthly meeting time. The chairperson shall determine the need for a meeting in any given month based on the workflow and duties of the Commission.
- E. Powers and duties. The Commission shall exercise the powers and perform the duties granted in Sec. 66.0615 of the Wis. Statutes. Such powers and duties may include, but are not limited to, the following:
  - 1. Receiving no less than 70 percent of the room tax collected by the Village per Ch. 16-9 of the Village Ordinance, and authorizing the expenditure of those funds for the purpose of 'tourism promotion' and 'tourism development' as those terms are defined by Wis. Statute, 66.0615(1)(fm).
  - 2. Reporting any inaccuracies or delinquencies of room taxes to the Village Board.
  - 3. Contracting with a 'tourism entity' as that term is defined by Wis. Statute, 66.0615(1)(f), with preference given to a local entity such as the Cottage Grove Chamber of Commerce.
  - 4. Providing an annual report to the Village Board documenting the purposes for which the room tax was spent.



# CDA STAFF REPORT

**MEMO DATE:** March 7, 2019  
**MEETING DATE:** **MARCH 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 February 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 keep the room tax rate at 8%. It was also decided that the ordinance should be amended to change references to the Village Clerk-Treasurer to the Village Treasurer, and to acknowledge that short term rentals (such as Air BnB units) are also subject to the room tax.

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.

## AMEND ORDINANCE 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.

**SHORT TERM RENTAL:** a residential dwelling that is offered for rent for a fee for fewer than 20 consecutive days.

**RESIDENTIAL DWELLING:** any building, structure, or part of the building or structure, that is used or intended to be used as a home, residence, or sleeping place by one person or two or more persons maintaining a common household, to the exclusion of all others.

### 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, including short term rentals, 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% 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.