

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18

H.640

Introduced by Representatives Manwaring of Wilmington, Bohi of Hartford,  
Botzow of Pownal, Campion of Bennington, Christie of  
Hartford, Clarkson of Woodstock, Condon of Colchester,  
Consejo of Sheldon, Courcelle of Rutland City, Greshin of  
Warren, Keenan of St. Albans City, Komline of Dorset,  
Lanpher of Vergennes, Lenes of Shelburne, McCullough of  
Williston, Miller of Shaftsbury, Moran of Wardsboro, Olsen of  
Jamaica, Russell of Rutland City, Scheuermann of Stowe,  
Stuart of Brattleboro, Waite-Simpson of Essex, Wilson of  
Manchester and Yantachka of Charlotte

Referred to Committee on

Date:

Subject: Commerce and trade; tourism and marketing; meals and rooms tax

Statement of purpose: This bill proposes to adopt a permanent funding  
formula to dedicate additional funds to the promotional budget of the  
department of tourism and marketing.

An act relating to promoting tourism and marketing

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. FINDINGS

3 The general assembly finds:

4 (1) Vermont's economy remains heavily reliant on successful tourism  
5 seasons in fall, winter, and summer. According to Economic and Policy  
6 Resources (A Benchmark Study of the Economic Impact of Visitor  
7 Expenditures on the Vermont Economy, 2009), direct spending by visitors  
8 totals \$1.42 billion annually, visitor spending supports 33,530 (11.5 percent) of  
9 all jobs, and tourism accounts for nearly \$200 million of state revenue from  
10 lodging, meals, gas, and property taxes.

11 (2) Vermont enjoys the tremendous advantage of being within a day's  
12 drive of 80 million people in the metropolitan markets to the north and south.  
13 We share this advantage with Maine, New Hampshire, and New York, and,  
14 with more visitors opting to stay closer to home and forgo the trip to an  
15 airline-dependent destination, it is critically important that we be competitive  
16 with our northeastern neighbors when marketing to our core markets.

17 (3) Maine and New Hampshire, with which Vermont competes in a  
18 similar arena, outpace Vermont in per-capita tourism spending.

19 (4) The state annually funds a tourism budget to promote Vermont's  
20 travel, recreation, and cultural opportunities to markets outside our borders.

21 As the steward of the Vermont brand, the department of tourism and marketing

1 ~~uses this funding to promote Vermont as a destination with a unified voice.~~

2 This money is leveraged with both public and private sector partners to  
3 enhance the efforts of the travel and tourism industry as a whole. The intent of  
4 this legislation is to increase the overall promotional budget of the department  
5 of tourism and marketing above the existing base appropriation.

6 (5) Adopting a permanent funding formula for the department will result  
7 in increased promotional funding at times when meals and rooms tax revenues  
8 increase year over year. Increased promotional funding will encourage a  
9 healthy tourism sector and, in turn, deliver additional tax revenue to Vermont,  
10 as well as help grow Vermont businesses and employment opportunities.

11 Sec. 2. 10 V.S.A. § 668 is added to read:

12 § 668. TOURISM FUNDING

13 (a) In addition to any other funds appropriated to the department of tourism  
14 and marketing, in each fiscal year, the general assembly shall appropriate to  
15 the department of tourism and marketing 75 percent of the amount by which  
16 the total meals and rooms tax revenue collected in the immediately preceding  
17 fiscal year exceeds the total meals and rooms tax revenue collected in the fiscal  
18 year two years preceding the current fiscal year.

19 (b) The additional amount appropriated in a fiscal year pursuant to this  
20 section shall not exceed \$2,000,000.00.

1 ~~Sec. 3. EFFECTIVE DATE~~

2 This act shall take effect on passage.

*Sec. 1. FINDINGS*

*The general assembly finds:*

*(1) Vermont's economy remains heavily reliant on successful four-season tourism. According to Economic and Policy Resources (A Benchmark Study of the Economic Impact of Visitor Expenditures on the Vermont Economy, 2009), direct spending by visitors totals \$1.42 billion annually, visitor spending supports 33,530 (11.5 percent) jobs, and tourism accounts for nearly \$200 million of state revenue from lodging, meals, gas, and property taxes.*

*(2) Vermont enjoys the tremendous advantage of being within a day's drive of 80 million people in the surrounding metropolitan markets. We share this advantage with our neighboring states and provinces, and, with more visitors opting to stay closer to home and forgo the trip to an airline-dependent destination, it is critically important that we more effectively compete with our neighbors when marketing to our core markets.*

*(3) Our neighboring states and provinces, with which Vermont competes in a similar arena, outpace Vermont in per-capita tourism spending.*

*(4) The state annually funds a tourism budget to promote Vermont's travel, recreation, and cultural opportunities to markets within and beyond our*

borders. As a steward of the Vermont brand, the department of tourism and marketing uses this funding to promote Vermont as a preferred destination.

This money is leveraged with both public and private sector partners to enhance the efforts of the travel and tourism industry as a whole.

(5) The recent examples of the expansion of Porter Airlines to Burlington and the need for additional marketing following the damage from Tropical Storm Irene demonstrated the need for a flexible funding source for marketing resources that can be deployed rapidly when needed.

(6) Flexible and timely promotional funding will encourage a healthy tourism sector and, in turn, deliver additional tax revenue to Vermont, as well as help grow Vermont businesses and employment opportunities.

(7) Beyond tourism and marketing, the state should evaluate whether it could significantly benefit from a source of flexible funding, whether through a fast action fund or similar mechanism, to enable a rapid and meaningful response to specific economic development opportunities as they arise.

#### **Sec. 2. COMPREHENSIVE STUDY OF TOURISM FUNDING**

(a) The agency of commerce and community development, in collaboration with the department of finance and management and the joint fiscal office, shall conduct a comprehensive study to evaluate the optimal structure of tourism and marketing funding, specifically including an evaluation of

performance-based, incrementally increased funding for both annual base funding and “fast action” funding for targeted opportunities.

(b) For both base funding and “fast action” funding, the study group shall consider specific performance measures and outcomes designed to gauge the success of tourism funding mechanisms and to trigger incremental increases in funding based on performance.

(c) For the “fast action fund” or similar mechanism, the study group shall consider the appropriate size, project criteria, and process for replenishing the fund, as well as the necessary internal and external controls on the management and deployment of the fund, including an appropriate procedural framework for reasonable review and oversight by the general assembly.

(d) The intent of this study shall be for the agency of commerce and community development to develop strategies that will lead to greater support for tourism funding and growth in Vermont’s tourism economy.

### **Sec. 3. ECONOMIC DEVELOPMENT FAST ACTION FUND**

(a) In addition to the study conducted pursuant to Sec. 2 of this act, the agency of commerce and community development, in collaboration with the department of finance and management and the joint fiscal office, shall conduct a study to evaluate the establishment of a “fast action fund” or similar mechanism designed to provide a rapid and meaningful response to specific economic development opportunities as they arise.

(b) The study group shall consider specific performance measures and outcomes designed to gauge the success of the fund, the appropriate size, project criteria, and a process for replenishing the fund, as well as the necessary internal and external controls on the management and deployment of the fund, including an appropriate procedural framework for reasonable review and oversight by the general assembly.

*Sec. 4. REPORT*

On or before January 15, 2013, the agency of commerce and community development shall submit the results of the studies conducted pursuant to Secs. 2 and 3 of this act, including specific legislative and policy recommendations, to the house committees on commerce and economic development and on agriculture and to the senate committees on economic development, housing and general affairs and on agriculture.

*Sec. 5. EFFECTIVE DATE*

This act shall take effect on passage.