

To: House Committee on Commerce and Economic Development
From: Parker Riehle, Vermont Ski Areas Association
Date: March 9, 2015
RE: Utah Funding Formula for Tourism Promotion

As promised from my testimony regarding H.124, I am providing the information on Utah's funding formula experience. Beginning in FY 2006, Utah implemented a Tourism Marketing Performance Account which dedicates to the Office of Tourism 50% of the year-over-year increase in revenues from the sales and use tax, if the increase is at least 3%: *"if the increase in the state sales and use tax revenues derived from the retail sales of tourist-oriented goods and services, in the fiscal year two years prior the fiscal year in which the set-aside is to be made for the account, is at least 3% over the state sales and use tax revenues derived from the retail sales of tourist-oriented goods and services generated in the fiscal year three years prior to the fiscal year in which the set-aside is made, an amount equal to 1/2 of the state sales and use tax revenues generated above the 3% increase shall be calculated by the commission and set aside by the treasurer for appropriation to the account."* (<http://le.utah.gov/~2014/bills/hbillenr/hb0034.pdf> - amended in 2014 to extend the formula through FY19).

As a result, Utah's Office of Tourism received an exponentially higher level of tourism funding beginning in FY06 as illustrated below from the U.S. Travel Association's Survey of U.S. State Tourism Office Budgets, along with a comparison to skier visits:

Utah Tourism Budget

1995-96: \$4,100,000
1996-97: \$4,334,000
1997-98: \$4,100,000
1998-99: \$4,334,000
1999-00: \$5,428,200
2000-01: \$5,592,200
2001-02: \$7,275,900
2002-03: \$7,242,700
2003-04: \$4,353,200
2004-05: \$3,997,300
2005-06: \$15,839,900
2006-07: \$16,337,500
2007-08: \$18,075,100
2008-09: \$14,287,800
2009-10: \$10,185,020
2010-11: \$10,185,020
2011-12: \$11,967,149
2012-13: \$10,527,064
2013-14: \$13,401,150

Utah Skier Visits

1995-96: 2,954,690
1996-97: 3,042,767
1997-98: 3,101,735
1998-99: 3,095,347
1999-00: 2,959,778
2000-01: 3,278,291
2001-02: 2,984,574
2002-03: 3,141,212
2003-04: 3,386,141
2004-05: 3,895,578
2005-06: 4,062,188
2006-07: 4,082,094
2007-08: 4,249,190
2008-09: 3,972,984
2009-10: 4,070,822
2010-11: 4,247,510
2011-12: 3,825,090
2012-13: 4,018,812
2013-14: 4,161,585

As illustrated in the side-by-side comparison between 1995 and 2014, we saw Utah's skier visits grow substantially from around 3 million skier visits to over 4 million, beginning with the increased tourism funding and attention around the 2002 Winter Olympics. While there's no question that the Olympics and increased flights into Salt Lake City helped increase these skier visits, the sustained increase by over 1 million skier visits is truly remarkable and can certainly also be attributed to the exponential growth in Utah's tourism promotion efforts.

In addition, the Utah Economic and Business Review's 2014 *State of Utah's Tourism, Travel & Recreation Industry*

(<https://bebr.business.utah.edu/sites/default/files/uebr2013no4.pdf>) illustrates the significant growth in Utah's tourism industry, including the following key highlights:

- Non-resident visitor volume increased 39% from 2003 to 2012 (p. 3)
- National Park visitation increased 30% from 2003 to 2012 (p. 8)
- State Park visitation increased 11% from 2003 to 2012 (p. 8)
- Tourism, Travel and Recreation Related Tax Revenue increased 42% from 2003 to 2012 (p. 11)

As we have seen in Utah, a sustained and dedicated funding formula for Vermont's year-round promotional efforts will reap significant benefits for tourism-dependent businesses in every Vermont community and for the entire Vermont economy.