



February 19, 2015

The Honorable William Botsow  
Chairman, Committee on Commerce and Economic Development  
State House  
Montpelier, VT

Re: Tourism and Marketing Initiative - H.124

Dear Representative Botsow,

Please consider this letter as official testimony in favor of Section 2 of H.124, introduced by the Committee on Commerce Economic Development which addresses the adaptation of multiple economic development provisions including funding for tourism and marketing.

The tourism and marketing initiative-described in this bill mirrors the language in the Governor's budget address and is similar to the Vermont Chamber's proposal to grow and promote Vermont's brand, and investing a portion of the increase in revenues from the rooms and meals tax to maintain a competitive advantage in marketing of Vermont as a place to live, work, play and start a business.

The Vermont Chamber of Commerce believes that such investment in economic development is essential to sustain and improve Vermont's economy.

We support creating a formula that will fortify the ability to market all that Vermont has to offer. We have three suggested changes for the committee to consider.

1. It would be helpful to have "intents and purposes" language in this section to provide future leaders with guidance on the interpretation of this important decision. Borrowing language from H.640 (2012), Section one, article 4 "the intent of this legislation is to increase the overall promotional budget of the agency of commerce and community development above the existing base appropriation." And language from H. 83, Section 1 "ACCD shall design, maintain and promote an integrated economic development and tourism and marketing brand initiative that incorporates a new vision of Vermont that equally promotes the qualities of the natural environment and the many positive features of the current economic environment." – While we love the concept of "Innovative by Nature" the Agency of Commerce must have the flexibility to decide all details of marketing campaigns under their control.
2. We would like to be clear that the intent is not to reduce the historic levels of VDTM marketing funding.
3. We're concerned that the formula as written, won't accomplish the intended goals. There are several caveats that project that.

- a. The cap of \$750,000
- b. Only 15% of the growth
- c. Only if there is a surplus
- d. Based on revised projections

In addition, we recognize that there is a shift to performance based budgeting. In 2014 VDTM was selected by the Joint Fiscal Office to participate in a performance based budget pilot. The Department measured three categories – increase of rooms and meals tax revenue, increase of jobs in the hospitality sector and overnight camping at Vermont State Parks. These particular items were selected as measurable outcomes of tourism marketing because they represent the health of the sector within Vermont. It has been established that Rooms and meals tax, and room's tax in particular, are a direct indicator of tourist spending. Recent testimony by Deputy Commissioner Cook and others in his department indicate they met and/or exceeded these benchmarks in 2014.

We support any means to increase Vermont promotional funding, however, as currently worded, these funds are contingent on a General Fund surplus, making it difficult to realize these increased marketing funds. That is why we brought forth a formula based on the growth of the rooms & meals tax so it won't impact the budget. We are open to any other means to accomplish the goal of increased promotional funding so that ACCD has the expanded ability to market VT in a new way that will attract businesses, raise awareness for economic development opportunities and ultimately feed economic prosperity.