

# ECONOMIC RECOVERY

## Dedicated Tourism and Marketing Promotion Funding



- **WHAT:** Create a Tourism Marketing Promotion Fund ('Fund') to supplement the Department of Tourism and Marketing's (VDTM) budget allocation to be funded by a portion of the Rooms and Meals tax generated annually that exceeds revenue targets. The Fund would be initially seeded with a \$1M investment to meet the immediate challenges of Covid-19 recovery in Vermont.
- **WHY:** Consecutive years of level funding have created consistent challenges in promoting Vermont as destination, especially when competing in a global marketplace and directly with neighboring states that substantially outspend Vermont. Vermont has the smallest tourism marketing budget in New England and the Northeast. In FY20, New Hampshire's tourism budget was \$10.8M, Massachusetts's was \$12.9M and Maine's was \$17.9M, compared to \$3.0M for Vermont.

The State has been losing market share due to this competitive disadvantage with our closest competing markets and we will have even more ground to catch up to reinvigorate travel and the visitor spending that Vermont depends on as the nation recovers from the Covid-19 pandemic. The tourism and hospitality sector has suffered widespread disruption from the pandemic. Without increased and sustained investment, many businesses in the sector may not be able to remain operational with the revenue losses that have been experienced and recovery is estimated to take several years at best.

Robust funding to bring visitors back to the state would not only be lifeline for the businesses that make up our tourism infrastructure, by promoting brand awareness on a state level that supports all communities, properties and cultural organizations, but it would also directly support recovery of tax revenues, get unemployed Vermonters back to work, and stimulate economic activity crucial for recovery in rural communities throughout the state.

When travel is safe again, Vermont will have a strategic opportunity coming out of the pandemic due our abundance of open space, strong outdoor recreation assets and careful management of the virus. We have already seen a small influx of new residents who have relocated to escape high caseloads in larger cities, but employers still need to address a pre-pandemic shortage of workers to address our demographic challenges. If Vermont is to realize this strategic advantage, an investment must be made to remain competitive with other states who will also be actively trying to entice visitors to return and recruit new residents.

An initial investment of \$1,000,000 in the Fund would be targeted to:

- Promote safe travel to Vermont to aid our economic recovery; and spur visitor spending
- Promote relocation to Vermont through a combination of paid outreach, publicizing incentive opportunities and, supporting the existing regional partners relocation 'concierge' network.

The proposed funding mechanism (the 'Fund') would enable an increased investment for marketing outside of the general fund budget. The formula would allocate a portion of state tax revenue collected from rooms and meals receipts in budget years when the State exceeds the rooms and meals revenue forecast. These additional funds would supplement the annual budget allocation for VDTM. All interest earned on Fund balances would be credited to the Fund. Any balance remaining at the end of the fiscal year would remain in the Fund.

- **WHO:** In 2019, visitor spending brought \$3 billion into Vermont's economy and supported over 31,000 jobs, roughly 10 percent of the state's workforce. Total tax revenue generated by tourism activity in 2019 topped \$373 million, the equivalent of a \$1,420 reduction in tax costs per Vermont household. A sustained investment to bring visitors back to Vermont will contribute directly to local economies by generating economic activity for accommodations, restaurants, events, retail, transportation, arts and entertainment, outdoor recreation and more.

**HOW & FUNDING:** One-time \$1,000,000 General Fund investment; plus a portion of the Rooms and Meals tax revenue generated annually that exceeds revenue forecasts.

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