



# Statewide Tourism Marketing Program

## FREQUENTLY ASKED QUESTIONS – HB1123 AND SB 5251

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### OVERVIEW

1. *Why is a sustainable, long-term funding program important for Washington State?*

Since the legislature closed the state tourism office in 2011, Washington has been the only state in the U.S. without a statewide tourism marketing program. Competition has never been stronger for the tourism dollar and we are at significant risk of losing market share without a statewide marketing program.

2. *What process was used to get to a legislative proposal for 2017? What kind of stakeholder input was received?*

At the request of the Washington Tourism Alliance (WTA) a Tourism Working Group of legislators began meeting and discussing what should be in a tourism marketing program for Washington State. The group included both Democrats and Republicans, from both the House and Senate and from all parts of the state. Industry representatives coordinated the group and provided input about how other states fund their tourism programs, what kind of return on investment can be expected, possible governance models, the content of tourism marketing programs and ways to fund a program. The 2017 proposal (HB 1123/SB5251) is a product of the Working Group and a starting point for the 2017 legislature to consider – it contains the basic priorities for the Washington Tourism Alliance – it is industry-driven, doesn't impose any new taxes and ensures a statewide marketing program that helps rural and tourism-dependent communities.

3. *What has changed this year that legislators are more willing to consider a statewide tourism marketing program?*

Legislators who participated in the Tourism Working Group in 2016 came to realize that tourism is an important economic driver for Washington and provides tax revenue and jobs. A tourism marketing program has a quicker return on investment than many other programs. Legislators want to expand the return on investment and help rural and tourism-dependent communities outside of urban areas.

4. *Is there bipartisan support for the 2017 legislation?*

Yes! Both HB1123 and SB 5251 are sponsored by Republicans and Democrats in both houses. The sponsors also represent both rural and urban districts; from every corner of Washington state.

5. *What will the proposed legislation do if passed?*

It establishes a Tourism Marketing Authority with four legislators, nine industry representatives and a non-voting advisory committee. The Authority will contract with a non-profit tourism marketing organization to develop and implement a statewide marketing plan.

6. *How is the 2017 proposal similar or different from prior legislation that did not pass?*

Prior legislation was funded by industry assessment, a business and occupation tax credit or use of existing lodging taxes. The 2017 has a different funding mechanism. The governance structure and the content of the tourism marketing program are similar prior legislation.

7. *Does the Washington Tourism Alliance support this legislation and why?*

Yes. The Washington Tourism Alliance supports this proposal because it is consistent with the basic principles adopted by its board of directors: it doesn't unduly burden any one industry or segment of tourism; it is not unilateral in the method of raising funds from the difference sources, industry will have the majority of the seats on the governing authority, and it is structured to be a dedicated fund for tourism and therefore less likely to be swept by future legislatures.

## **FUNDING**

8. *What is the funding mechanism?*

The initial proposal (HB 1123/SB5251) will create a mechanism to raise funds from both public and private sources. First, initial seed funding will come from a one-time appropriation from the Washington State Multimodal Transportation Fund. This will allow the Tourism Marketing Authority to develop a plan with significant industry input. Second, a fund is created by diverting 0.1 percent of the state sales tax paid by hotels, restaurants and other tourism businesses to a special statewide marketing fund. In order to access this fund, there must be a 2:1 match of private funds. The fund is \$15 million fund has two components - \$5 million per biennium from the tax diversion and \$10 million from a private industry match.

9. *Other proposals have been based on fees assessed certain tourism industry sectors; does this new legislation propose fees?*

No. Details of the industry match will be determined by the newly created industry-led Tourism Marketing Authority. The legislative proposal does not include an authorization for fees.

9. *What is the total funding under the proposal and what is the source of the funds?*

The initial proposal provides for a \$15 million fund in the 2017-2019 biennium. The state's share will come from the dedication of a portion of the taxes already collected by hotels, restaurants, and other tourism businesses. There are no new taxes in the proposal.

10. *Why is money from the state's general fund included? I thought this was supposed to be industry funded?*

Several legislators in the Tourism Working Group felt strongly that the state needs to participate because it has become clear that tourism is an economic engine for Washington and the state benefits from the tax revenues generated by the industry.

11. *What is a "private match" and how will it be assessed and collected?*

The Tourism Marketing Authority will determine exactly what qualifies as a private match but it is generally thought that it will include a mix of cash and in-kind donations. For example, the publication of the Washington State Visitors' Guide by the Washington Tourism Alliance could be considered an in-kind contribution.

12. *Will businesses that benefit from tourism but are not assessed under the legislation contribute to the marketing program?*

There is no formula for an industry assessment in the 2017 legislation. The details of the industry contributions (cash and in-kind) which would be collected have not been determined and will be further refined through the legislative process or by the new Tourism Marketing Authority.

13. Why is the one-time seed money necessary? What will it provide?

Before the new Washington Tourism Marketing Authority can determine exactly how the industry match funds will be collected, a statewide tourism marketing plan needs to be developed and circulated among industry leaders so that the Authority can better determine how to define the match, including cash and in-kind contributions. The seed money will provide the funds to establish that initial marketing plan.

14. *What is the multimodal fund and why is that being used to start this marketing program?*

The multimodal fund has several components and is generally used to fund alternative modes of transportation. About 16 percent of the Washington State Multimodal Transportation Fund comes from a special state tax on rental cars. The fund is used for many different projects including grants to local communities for transportation-related projects. In the past this fund has been used for ferry marketing programs. The one-time \$2 million contribution to the Tourism Marketing Authority would not substantially impact those projects since there is currently a balance in the fund.

15. *Is there any guarantee that future legislatures will not take away the state's commitment to match the industry contributions?*

There is never a guarantee that future legislatures won't change things, but once the fund is established and the return on investment can be shown to add to state coffers, it will be much more unlikely for legislators to want to take it away. Additionally, because this is a "working" fund, i.e., money goes in and comes out of it continuously, there is significantly less likelihood that the legislature would change it.

## GOVERNANCE

16. *Who will be on the 13-member Tourism Marketing Authority and the 5-member Advisory Committee?*

Voting:

- 4 legislative members (1 member from each of the two major caucuses of the House and Senate). Each member has an appointed alternate.
- 9 representatives from the tourism industry and related businesses (includes, but is not limited to, hotel, restaurant, outdoor recreation, attractions, retail, and rental car businesses).

Advisory Committee:

- 4 ex-officio members (one each from the Departments of Commerce, Revenue, State Parks Department, and Transportation).
- 1 member from a federally-recognized Indian tribe appointed also by the Department of Commerce.

17. *Will the Washington Tourism Alliance become the contractor for the state to implement the tourism marketing program?*

The legislation calls for the Tourism Marketing Authority to contract with a non-profit organization whose sole purpose is to market the state to tourists. The Washington Tourism Alliance would qualify to be the contractor but would apply and follow all the requirements of the state before being considered for the contract.

18. *What does the proposal say about the goals of the marketing program?*

The goals include specific reference to actions that will help rural tourism-dependent counties, promote natural wonders and outdoor recreation opportunities in the state, promote attractions for international tourists, and identify local offerings for tourists. Additionally, the program will provide assistance to a tourism area adversely impacted by natural disaster.

*19. How will we know the marketing program is working once it is established?*

One of the duties of the Tourism Marketing Authority is to evaluate the impact of the statewide marketing program. Additionally, the proposal requires the Washington State Joint Legislative Audit and Review Committee (JLARC) to complete an evaluation of the performance of the Tourism Marketing Authority by December 2020.

*20. If the legislation passes, approximately when would the industry match be collected and used for statewide tourism marketing activities?*

The Tourism Marketing Authority will determine the details of how the match will be collected, but it is hoped it could begin as soon as possible in late 2017 or early 2018.

*21. Why not reinstate the State Tourism Office in the state Department of Commerce?*

The Tourism Working Group of legislators agrees with the Washington Tourism Alliance that it is important for the new statewide tourism marketing program to be implemented by industry leaders and not through state agencies. It is a model that works well in other states and can work for Washington.

*22. Why can't this be a voluntary organization (e.g. Statewide Chamber of Commerce)?*

Since the closure of the State Tourism Office in 2011 the Washington Tourism Alliance has operated as a voluntary organization, and although it has continued to provide important tourism related information, a more robust and formal funding mechanism will provide Washington with the size and scope of a tourism marketing budget and program to compete with other states.

*23. Who is marketing statewide tourism in the meantime?*

The Washington Tourism Alliance's current, but slim, annual budget is essential to maintaining our state's modest marketing activities, including visitor guide collateral, destination website, trade show marketing participation, travel publicity, social media and more. The existing budget also allows the WTA to maintain tourism research and to ensure geographic diversity through all its marketing, which means that small communities get their fair share of tourism's benefit.

For More Information:

[www.watourismalliance.com/tourismworks](http://www.watourismalliance.com/tourismworks)