



TOURISM MARKETING PERFORMANCE FUND

EXECUTIVE APPROPRIATIONS COMMITTEE
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ISSUE BRIEF

SUMMARY

The Tourism Marketing Performance Fund (TMPF) captures revenue from predefined tourism related sales tax growth. The money is spent primarily on advertising with the goal of increasing Utah tourism as indicated by certain performance measures. Last year, the Legislature increased the potential size of the fund by \$12 million and required better reporting on outcomes. They also required the Governor's Office of Economic Development to develop a new set of predefined sales tax categories.

Questions

There are two main questions the Legislature should address related to the requirements provided in the statute:

- Which sales tax categories are appropriate to measure the growth of the tourism sector?
- Are the current performance measure and benefits analysis provided by GOED adequate and useful?

BACKGROUND

The Tourism Marketing Performance Fund is a performance based funding mechanism linked to increases in sales tax revenue for 21 tourism related industries. The TMPF is able to capture half the growth in the targeted categories over 3 percent up to a \$3 million incremental increase annually. Funding is allocated to the tourism advertising program in the Office of Tourism.

In the 2014 General Session the Legislature passed H.B. 34 Tourism Marketing Performance Account Amendments, extending by four years the revenue accruing to fund, and allowing the fund to capture growth increments lost during the great recession. When fully phased in the fund will total \$30 million annually. The legislation also requires the development of better performance measures and a new set of predefined sales tax definitions.

Funding is allocated in the following ratios: 70% for the statewide advertising efforts, 20% to the local co-op program, and 10% to the Sports Commission.

Advertising: Advertising funding is allocated to national and international advertising focuses. Funding is also split between the summer and winter advertising campaigns.

Cooperative Marketing: The co-op program is used to leverage funding to attract out of state visitors. State funding must be matched by funds from the local and private sector.

Sports Commission: Funding allocated to the Sports Commission is used to promote sporting events in Utah.

Budget Highlights:

During the 2014 General Session, the Legislature appropriated \$15 million to the Tourism Marketing Performance Fund distributed as follows: \$10.5 million to the advertising budget, \$1.5 million to the Sports Commission, and \$3.0 million to the co-op program.