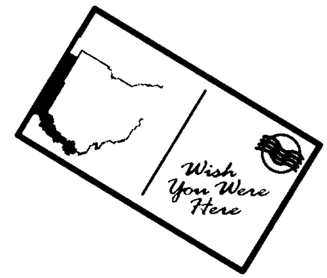
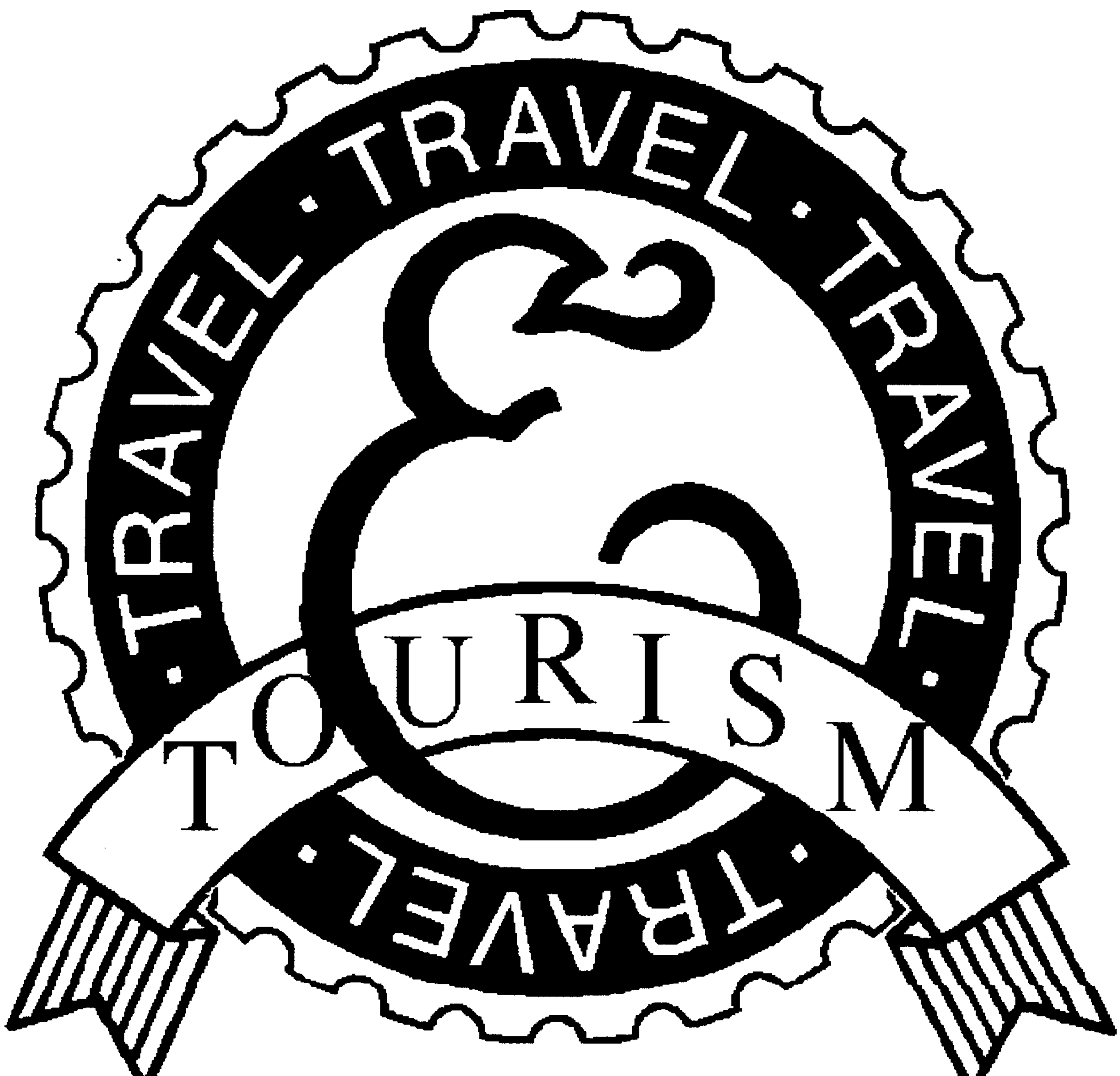
LSC Staff Research Report
Travel & Tourism Funding
September 1998





LSC Staff Research Report No. 146

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This publication is a report of the research staff of the Legislative Service Commission. The report consists solely of information and analyses relating to the subject matter as prepared by the research staff. It does not purport to represent the findings and opinions of the Legislative Service Commission.

The Legislative Service Commission authorized its staff to prepare and publish the report pursuant to the mandate of Am. Sub. H.B. 215 of the 122nd General Assembly, but the Commission has taken no position in regard to the material contained in the report.

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STAFF RESEARCH REPORT SEPTEMBER, 1998

INTRODUCTION

This LSC Staff Research Report was initiated pursuant to Section 47.17 of Am. Sub. H.B. 215 of the 122nd General Assembly. That section instructed the Legislative Service Commission to identify possible sources of funding to be used by the Division of Travel and Tourism in the Department of Development to encourage visitors to travel to and throughout the state of Ohio.

This staff report includes a general overview of the impact of the tourism industry on the federal and state economies, the allocation of responsibilities among state agencies to promote tourism in Ohio, and the identification of alternative revenue sources and organizational structures utilized in other states to develop and expand the tourism industry within their borders. Current trends in tourism promotion as well as the possible role of the travel and tourism industry in providing future employment opportunities also are discussed.

Governmental entities and private industry have joined in the promotion of tourism. Both sectors benefit from a strong travel and tourism industry. States normally have designated a state agency that plays an active role in the development and execution of marketing programs that encourage visitors to travel to and throughout the state.

In Ohio, state-funded tourism promotion is primarily delegated to the Division of Travel and Tourism within the Department of Development, but several state agencies engage in promotional efforts. The Division of Travel and Tourism is funded through appropriations from the state General Revenue Fund. Some states are implementing alternative funding mechanisms to replace or supplement the use of general revenue for the promotion of tourism. This staff report includes a brief description of some of these alternative funding mechanisms and organizational structures. They include the use of dedicated revenue sources; the creation of private, nonprofit corporations funded by a combination of public and private revenue; and mandatory self-assessments of the businesses comprising the tourism industry. Despite differences in the approaches taken to generate revenue for tourism promotion, the tourism industry and tourists themselves are bearing a large portion of the financial burden of tourism promotion.

While the state of Ohio does not levy "tourism taxes," many local governments in Ohio do impose such taxes. The expansion of the types of local governments that can impose these taxes, the broad purposes for which revenue from the taxes may be used, and the general lack of state assistance in administering these taxes have led to some very high tax rates on tourists in some areas of the state and complex tax compliance issues for the industry. Although the study does not deeply delve into compliance or expenditure issues, these could be issues for future legislative examination.

Given the level of funding provided by the state and the relatively small staff allocated to this activity, Ohio appears to achieve significant benefits from its activities promoting tourism. While this staff report does not attempt to define an optimal funding or staffing level, given the level of funding of tourism promotion in other states and the very competitive quest for tourists' dollars, it seems doubtful that Ohio can continue to successfully compete for tourists without additional resources.

This LSC Staff Research Report incorporates much of the work of the staff of the National Conference of State Legislatures. The work of Laura Loyacono and Mandy Rafool was particularly useful. *Travel and Tourism: A Legislator's Guide*[i] and *State Tourism Taxes*[ii] are recommended reading for those interested in the tourism industry. The compilation of tourism taxes imposed by the states that is set forth in *State Tourism Taxes* is included in this report as Appendix A by permission of the National Conference of State Legislatures.

This LSC Staff Research Report was prepared for submission to the members of the Legislative Service Commission. This project was supervised by LSC Assistant Director, Tom Manuel. The report includes substantial research and writing efforts of LSC Research Assistant, Jennifer Ryser. In addition, Eric Vendel, LSC Staff Attorney and Sheila Roth, former LSC Research Assistant, made significant contributions to this report. If approved by the Commission, copies of this report will be distributed to members of the General Assembly and may be obtained by others for a nominal copying charge. It also will be available at the LSC Internet site (www.lsc.state.oh.us).

END NOTES FOR INTRODUCTION

[i] Loyacono, Laura, *Travel and Tourism: A Legislator's Guide*, National Conference of State Legislatures, Washington, DC, 1991.

[ii] Rafool, Mandy, *Travel & Tourism: A Partnership Series*, "State Tourism Taxes," National Conference of State Legislatures, No. 2, March 1998.

Chapter I

The Impact of Travel and Tourism on the National and State Economies

Tourism is rapidly becoming one of the largest industries in the United States. By the turn of the century, industry forecasters predict that tourism will be the largest business activity in the world.[1] Travel and tourism is an industry identified by its diversity and the impact it has on the economies of regions as vast as the global market to local, rural areas. The development of tourism as an industry has had significant impacts on consumer spending, job growth, the generation of tax revenue, and the development of state and local economies. According to recent data compiled by the Travel Industry Association of America (TIA) in the *Tourism Works for America 1997 Report*:[2]

- Expenditures in the U.S. from domestic and international travelers totaled over $473 billion in 1996.
- In 1996, 46.3 million international travelers to the United States spent $90.5 billion while 52.3 million Americans traveling abroad spent $64.5 billion, thus generating a $26 billion travel trade surplus—an 18% increase from the prior year.
- The travel and tourism industry, directly and indirectly, employs 15.8 million individuals.
- The tourism industry is ranked the first, second, or third largest employer in 32 out of 50 states.
- Travel employment generated by domestic and international travelers produced a total of $121.6 billion in payroll in 1996.
- Domestic and international travelers spent a combined total of $452.5 billion in 1996 which generated over $67.1 billion in tax revenue for federal, state, and local governmental entities.
- The tourism industry is the third largest retail sales industry, following automotive dealers and food stores, respectively.
- Direct travel and tourism receipts represent 6% of the U.S. gross domestic product.[3]

Like many states, Ohio has achieved substantial economic benefits from the travel and tourism industry.[4]

- Ohio ranked sixth in the nation in the number of leisure visitors with 61 million leisure visits to the state in 1996.
- In-state visitors stay an average of 1.4 days and spend $205 per trip, while out-of-state visitors stay an average of 2.8 days and spend $475 per trip.
- In 1996, visitors to the state spent $9.9 billion and generated $520 million in state and local taxes.
- Travel and tourism employs 309,000 Ohioans with an annual payroll of $4 billion.
- The Department of Development's Division of Travel and Tourism claims a 10:1 Return-on-Investment for 1996.[5] In other words, the Division generated $10 in state taxes for every dollar spent by the Division.

End Notes for Chapter I

[1] Loyacono, Laura, *Travel and Tourism: A Legislator's Guide*, National Conference of State Legislatures, Washington, DC, 1991, p. xi.

[2] "Report Confirms Travel and Tourism's Economic Impact on U.S.," Travel Industry Association of America web site http://www.tia.org, December 1, 1997.

[3] United States National Tourism Organization Act of 1996, "A Summary of Public Law 104-288."

[4] Ohio Division of Travel and Tourism, "Travel & Tourism: Ohio's Economic Giant," 1997.

[5] The return-on-investment is calculated by dividing the sales taxes generated by visitors who received travel information through 1-800-BUCKEYE ($58 million) by the Division's total budget ($5.8 million).

Chapter II

The Promotion of Travel and Tourism in Ohio

The promotion of travel and tourism in Ohio and throughout the nation has developed into a multi-jurisdictional industry involving both cooperation and competition among various state agencies, legislative and executive branches of state and federal government, local communities, regional organizations, and private industry. A coordinated approach to tourism promotion can be beneficial since: (1) there are limited public funds available for tourism promotion, (2) resources often cut across jurisdictional boundaries, and (3) there is a "grass roots" philosophy in which many local regions often prefer to be involved in promotions affecting their areas. At the same time, however, competition among countries, regions within a country, states, and localities for travel and tourism dollars is fierce.

Between 1954 and 1963 in Ohio, a state travel office existed in various state agencies such as the Department of Commerce and under various names such as the Division of Travel and Information. A Travel Bureau was placed in the Department of Development upon the latter's establishment in 1963. In 1963, this Travel Bureau employed two persons. In 1972, the Department of Development was renamed the Department of Economic and Community Development. In 1982, the Department of Economic and Community Development was renamed the Department of Development.

The travel office has been called the Travel Bureau, the Bureau of Travel and Tourism, the Office of Travel and Tourism, and the Division of Travel and Tourism. Regardless of the name, the function has been one of promoting tourism within Ohio.

In 1974, the Ohio General Assembly requested the Legislative Service Commission staff to study the promotion of tourism in Ohio. Among other things, the staff reported:

> The Ohio agency responsible for promoting the state's tourism resources is the Bureau of Travel and Tourism in the Department of Economic and Community Development. The Bureau sponsored its promotional program in 1974 with a budget of $160,000, which was the third smallest budget among the 50 state travel offices.

At that time, the Bureau had a staff consisting of a Director, two professional staff, and three secretaries.

In 1980, the Ohio General Assembly again requested the Legislative Service Commission to study travel and tourism in Ohio. Among other things, the 1980 study recommended:

- Increased attention to market research;
- More cooperation and coordination of promotional efforts among the various agencies engaged in tourism promotion in order to reduce inefficiency and duplication of efforts;
- Reorganization within the Department to elevate the Office of Travel and Tourism into a Division;
- Increased attention by the Department's upper-level administrators to travel and tourism and this industry's impact on the economy;
- Increased funding for the Office of Travel and Tourism.

The 1980 study reported that the Office of Travel and Tourism employed seven professional and five clerical persons in fiscal year 1979, and its two-year biennial budget for FY 78 and FY 79 totaled $1.1 million. The report indicated that Ohio had moved up to 45th in state expenditures for tourism promotion.

Currently, the Division of Travel and Tourism is one of seven divisions within the Ohio Department of Development (ODOD). Generally, the Department is responsible for the creation, retention, and expansion of job opportunities in all industries within Ohio. The Department is segmented into seven operating divisions: (1) Economic Development, (2) International Trade, (3) Technology, (4) Community Development, (5) Ohio Housing Finance Agency, (6) Governor's Office of Appalachia, and (7) Travel and Tourism. These divisions provide a multitude of services including: administering short- and long-term economic development programs; cooperating with national and international companies to locate operations in Ohio; providing assistance to Ohio companies looking to export goods and services to expanding markets; fostering entrepreneurial and minority business growth; and promoting partnerships among the state government, local communities, and the private sector.

Section 122.04(F) of the Ohio Revised Code states that the Department of Development shall "promote and encourage persons to visit and travel within this state." To accomplish this mandate, section 122.07(A)(1) and (2) specifies that the Department may (1) disseminate information concerning the various resources, advantages, and attractions of the state and/or (2) provide assistance to public and private agencies for the preparation of promotional programs to attract business, industry, and tourists to the state.

Table I. GRF APPROPRIATIONS* TO DEPARTMENT OF DEVELOPMENT AND DIVISION OF TRAVEL & TOURISM FY 98 and FY 99		
	Department of Development	Division of Travel and Tourism
FY 98	$105,864,043	$6,450,000
FY 99	$103,108,412	$6,450,000
* Appropriations are prior to mandated reductions		
Source: Legislative Budget Office, *FY 98-99 Operating Budget Analysis*		

The Division of Travel and Tourism represents only a small fraction of the Department's responsibilities and, therefore, its funding. Compared to similar agencies in other states, the Ohio Division of Travel and Tourism's budget in FY 96 was ranked 27th.

Division of Travel and Tourism

The Division of Travel and Tourism has a major, but certainly not the exclusive, responsibility for marketing Ohio and its resources, events, and attractions to in- and out-of-state visitors. The mission of the Division is to increase visitor spending in Ohio to be accomplished by encouraging visitors to travel to and throughout Ohio. As the data in Chapter I suggest, successful promotion of the tourism industry within a state generally leads to increases in tourism revenue, jobs, and tax collections for both state and local governments.

The operation of the Division is divided into five distinct offices that work interdependently. They are: (1) Marketing, (2) Public Relations, (3) Information Technologies, (4) Film Commission, and (5) Research. These separate entities, in collaboration with private sector businesses and nonprofit organizations, have developed a multi-faceted approach to the promotion of travel and tourism in Ohio.

Marketing. The Marketing Office familiarizes potential travelers to Ohio with the industrial, commercial, governmental, educational, cultural, and recreational advantages that make Ohio a unique travel destination. The Marketing Office joins material and financial resources of the state with private sector resources in order to market the state and its attractions to a larger population of potential travelers. The Marketing Office is also responsible for familiarizing potential tourists with the travel information hotline, 1-800-BUCKEYE, as a resource available to the public to gain further information regarding attractions and events in Ohio.

Public Relations. The Public Relations Office maintains relationships with numerous media outlets to insure coverage of events and attractions in newspapers, magazines, travel publications, and electronic media. This is accomplished through the issuance of press releases as well as by inviting media personnel to attend and take part in specific events. Familiarization Tours are another method employed by the Public Relations Office to gain support and coverage from the press. These "FAM Tours" are directed at the media and are normally led by the Governor to spotlight certain events, attractions, or sites of the state. Since 1992, the Division of Travel and Tourism has conducted 18 media tours with 159 journalists. According to the Division, these tours have generated in excess of $3.1 million in free publicity for the Ohio travel industry. Also, several publications, such as *Ohio's Calendar of Events*, *Ohio's Preview of Festivals and Events*, and *Buckeye Line*, are made available to the public through the Division's Public Relations Office.

Information Technologies. Information Technologies operates the Ohio tourism information line, 1-800-BUCKEYE, which provides information regarding thousands of Ohio's sites, attractions, and events to potential visitors and dispenses printed materials to travelers via the Travel Distribution Center. While the Marketing Office promotes the use of 1-800-BUCKEYE, Information Technologies operates and maintains the information line and insures that interested individuals receive requested information. Information Technologies also supplies literature to the Department of Transportation's Travel Information Centers and assists in the development of curriculums and training programs for the tourism field in conjunction with educational institutions throughout the state.

Ohio Film Commission. The Ohio Film Commission promotes the use of Ohio as a film and video production location. The Commission accomplishes this through attendance at various trade shows and public relations events, sales calls, and other forms of advertising. The Commission also publishes a production manual and serves as a clearinghouse for information regarding crews, equipment, and sites available throughout the state.

Research. The Research Office is primarily responsible for conducting market research and establishing demographic and life-style profiles of visitors to Ohio. The research is used to target marketing efforts. The Research Office may also develop legislative policy initiatives. Since 1995, however, no new legislation affecting the travel and tourism industry, other than appropriations, has been introduced.

The Division of Travel and Tourism can provide state subsidies to community organizations for regional and local tourism activities if funds are available. The appropriations for these subsidies are

Table II. TRAVEL AND TOURISM SET-ASIDE GRANTS FY 98 and FY 99

Project	FY 98	FY 99
Outdoor dramas Trumpet in the Land Blue Jacket Tecumseh Becky Thatcher Showboat	$200,000	$200,000
Ohio Showboat Drama	$250,000	$0
Middletown Convention Center Feasibility Study	$50,000	$0
Cincinnati Film Commission	$75,000	$75,000
U.S. International Air/Trade Show (Dayton)	$150,000	$0
International Center for the Preservation of Wild Animals	$750,000	$750,000

Source: Legislative Budget Office, *FY 98-99 Operating Budget Analysis*

$1,550,000 for FY 98 and $1,300,000 for FY 99. The grants are awarded on the basis of need and require local matching funds of at least one-to-one. Most state funds, however, are earmarked for specific projects by the General Assembly in the biennial appropriations act. The projects receiving earmarked grants in FY 98 and FY 99 are set forth in Table II.

Ohio Department of Natural Resources

Division of Parks and Recreation

The Division of Parks and Recreation within the Ohio Department of Natural Resources (ODNR) works in cooperation with the Ohio Department of Transportation (ODOT) and the Department of Development (ODOD) to promote Ohio's parks and the special events hosted by the public park system. The Ohio parks system encompasses more than 200,000 acres in 72 parks throughout the state. The system includes eight full-scale resorts/conference centers, six golf courses, 554 rental cabins, 10,000 campsites, 73 swimming beaches, 32 nature centers, and over 1,000 miles of nature trails. The system records over 70 million visitor occasions each year and has increased revenue from $11 million to $21 million since 1991 while remaining one of the few state park systems not to charge entrance fees for day-use facilities.[6] The Ohio parks system is one of the most varied and heavily used park systems in the nation and won the first-ever National Gold Medal Award for parks and recreation excellence from the National Recreation and Park Association and the National Sporting Goods Association in 1997.[7]

Several resources are used by the Division of Parks and Recreation to promote the park system. The Division provides information literature to *OhioPass Magazine*, 1-800-BUCKEYE, and ODOT Travel Information Centers. The Division also maintains a partnership with the Ohio Lottery Commission that airs promotional commercial spots during the Lottery Commission's *Cash Explosion* weekly television show. In addition to utilizing the marketing resources of other state agencies, the Division publishes the *Ohio State Parks Magazine*; provides articles and information for *Home and Away Magazine* and *Ohio Magazine*; promotes special events in the *Calendar of Events*; maintains a web site on the world wide web; engages in partnerships with Ohio and surrounding states' private radio stations to use promotional air time in return for weekend getaway prizes; and works in cooperation with local convention and visitors' bureaus and chambers of commerce and local private businesses and nonprofit organizations for special events promotion. An example of such a partnership includes the Alum Creek Holiday Lights display undertaken in cooperation with Easter Seals and ODOT.

Division of Natural Areas

The mission of the Division of Natural Areas within the ODNR is to protect the natural resources of Ohio, increase tourism, and help develop economic growth within the state. The Division maintains 115 nature preserves ranging in size from one half acre to 1,500+ acres; inventories the state's ten natural scenic river systems; maintains a web site on the world wide web; and works in cooperation with the Ohio Arts Council and ODOD's Division of Travel and Tourism to develop and expand tourism within the state.

Ohio Department of Transportation

ODOT promotes tourism in Ohio by providing tourism brochures, maps, and discount coupons at Travel Information Centers on major highway systems in Ohio. State employees who are trained and certified travel counselors also are available to recommend and direct travelers to destinations in Ohio. In 1996, 1.2 million people from all 50 states and several foreign countries were assisted at the Department's travel centers. The Department also maintains a web site on the world wide web.

Though much of the state's advertising and marketing is done in conjunction with the private sector, the Revised Code prohibits the operation of Travel Information Centers in joint business ventures with private sector entities. R.C. section 5515.07 states that "No person, firm, corporation, or association shall engage in selling or offering for sale or exhibiting for purposes of sale, goods, products, merchandise, or services within the bounds of rest areas . . . ." The law contains an exception for the sale of services, goods, or products required for emergency repairs or medical treatment. The law also permits the Director of ODOT to approve the use of vending machines that ". . . dispense food, drink, and other appropriate articles."

Ohio law (R.C. §§ 4511.102 to 4511.106) permits the Director of ODOT to ". . . carry out a program for the placement of tourist-oriented directional signs and trailblazer markers within the rights-of-way of those portions of rural state highways that are not on the interstate system." The Director is granted the authority to contract for the operation, maintenance, and marketing of the program with any private person who meets the necessary qualifications. A "reasonable profit" may be made by the operator of the program, but all costs shall be fully paid by the participants in the program.

Ohio Arts Council

The Ohio Arts Council works in cooperation with numerous state agencies and nonprofit organizations to improve the economic, educational, and cultural development of Ohio. The activities of the Council lend greatly to the development and expansion of cultural/heritage tourism in Ohio. The goal of the Council is to preserve and present arts, provide access to the arts, and contribute to the economic success of the state by developing a stronger and more positive self-awareness of underdeveloped regions. An example of the Council's grass roots efforts in this regard is the Ohio Hill's Country Heritage Initiative. This project is discussed later.

Ohio Historical Society

The Ohio Historical Society is a nonprofit organization whose mission is ". . . to promote a knowledge of archaeology and history, especially in Ohio."[8] The Society is responsible for preserving and collecting evidence of the past and providing leadership in the state to further public knowledge, understanding, and appreciation for the living history of Ohio. The Society is an integral component of Ohio's development of cultural/heritage tourism. The successful promotion of cultural/heritage tourism depends upon the preservation and maintenance of infrastructure and artifacts related to Ohio's history, education of the public regarding past traditions, and ultimately, promotion to encourage visitors to seek to understand the heritage of a region. The Society manages over 60 historical sites across the state, approximately half of which charge admission. The infrastructures of the historical sites are monitored by the Society to ensure that there is not an overburdening of the resources by visitors so that the resources may be sustained for future use.

Although not an agency of the state, the Ohio Historical Society is one of the largest state-funded historical societies in the nation. Although the Society is a nonprofit organization, state appropriations account for 75% of the Society's total income (50% for operations and 25% for capital projects) while 12% comes from earned revenue such as retail sales and admissions, subscriptions, investments, and membership dues; 4% from the Ohio Historical Foundation; 4% from federal grants; and 5% from other private sources.[9]

Authority granted to local political subdivisions for tourism promotion

The Revised Code specifies that a local political subdivision may appropriate moneys from its general fund to promote tourism within the region in which it is located. Section 307.692 grants boards of county commissioners the power to appropriate funds for the purpose of encouraging economic development of the county or area through the promotion of tourism. Section 307.693 grants boards of county commissioners the power to appropriate moneys from the general fund to convention and visitors' bureaus operating in the county. Likewise, sections 505.58 and 505.80 grant similar powers to boards of township trustees. For purposes of these sections, "promotion of tourism" means ". . . the encouragement through advertising, educational and information means, and public relations, both within the state and outside of it, of travel by persons away from their homes for pleasure, personal reasons, or other purposes, except to work, to the county, or to the local area." There are approximately 90 local convention and visitors' bureaus throughout the state. The majority of promotion efforts conducted by these local bureaus are in conjunction with private sector enterprises in the region and the state Division of Travel and Tourism.

OHIO'S PARTICIPATION IN REGIONAL PROMOTION EFFORTS

International travelers to the United States prefer to visit more than one state during a visit; therefore, many states are pooling resources to present regional tourism packages to international visitors. Partnerships are formed among states that normally compete for tourism dollars in order to encourage and stimulate travel to the member states through cooperative, cost-effective implementation of regional marketing. Ohio is an active participant in two such regional campaigns: the Appalachian Mountain and River Region and the Great Lakes of North America.

APPALACHIAN MOUNTAIN AND RIVER REGION

The Appalachian Mountain and River Region (AM&RR) is a cooperative effort among Kentucky, Ohio, and West Virginia to promote the tri-state area to foreign travelers. According to the United States Department of Commerce, the U.S has become the first destination of choice among German travelers, thus, much of the AM&RR effort is focused on this market. On average, a German tourist spends $5,600 per person when traveling in the United States. While California, Florida, Nevada, Arizona, New York, and Washington, DC have been the primary tourist attractions in the past, the secondary regions of the U.S. are a growing trend as destinations of choice for seasoned foreign travelers. In 1995, 840,000 Germans traveled to the U.S. and nearly nine million have expressed an interest in traveling to the U.S. within the next five years.[10]

The mission of the AM&RR is to educate foreign and domestic travel agents on the Appalachian Mountain and River Region project, create a greater public awareness of the member states, increase demand for travel to the member states, and ultimately, increase the share of the tourism market for the member states. Press releases are distributed to trade and consumer publications regarding tour packages and destination features, and, currently, two Media FAMS—familiarization tours for press and foreign travel agents—are being planned for implementation in 1998.

GREAT LAKES OF NORTH AMERICA

The Great Lakes of North America (GLNA) which consists of Minnesota, Wisconsin, Illinois, Michigan, Indiana, Ohio, and the Canadian Province of Ontario (New York and Pennsylvania chose not to participate in 1994) is the tourism initiative of the Council of

Great Lakes Governors (CGLG). Since its inception in 1990, the GLNA member states have worked together as a region to promote international tourism. The focus of the promotion and advertising campaign is the German market (which includes Germany, Austria, and Switzerland) and the United Kingdom. Funding is provided by annual, equal contributions from each member, as well as private sector promotion partners.

The economic impact from GLNA has been significant. In 1993, 1.2 million United Kingdom and German-market travelers visited the region (of a total 4.8 million visitors to the United States) which generated $2.9 billion in travel-related expenditures and supported nearly 50,000 Great Lakes jobs. It appears that Ontario has received the largest economic benefit from the cooperative effort with approximately 20,000 jobs and $1 billion in travel expenditures. However, Ohio noted significant gains with an increase in 5,000 jobs and $500 million in travel expenditures.[11]

Tourism promotion partnerships: Ohio and private enterprises

Regardless of whether Ohio is promoting travel and tourism within its own borders or in cooperation with an entire region, partnerships with private enterprises are considered to be essential. All advertising and marketing of the state of Ohio done through the Division of Travel and Tourism is accomplished through partnerships with private sector entities. In 1996, a total of $4.1 million was spent on out-of-state promotions to entice visitors to Ohio. Less than 25% ($900,000) of those funds, however, came from the Division and public funds. The remaining $3.2 million came from the private sector.

Throughout the 1997 advertising campaign, the Division maintained 20 private sector partnerships which included such private entities as Bob Evans Restaurants, Cross Country Inns, Sea World of Ohio, and Paramount's Kings Island. The state also participated in regional promotions such as northeast Ohio's "Brains, Brawn and Blue Suede Shoes" campaign that offers a three-way ticket for the Football, Rock and Roll, and Inventure Place Halls of Fame.

Certain guidelines are established by the Division of Travel and Tourism for promotion partnerships with private sector enterprises. For example, to be included in the "Getaway Packet" available through 1-800-BUCKEYE, a partner must schedule a minimum of $100,000 in media purchases and is encouraged to purchase at least one full-page, color ad in *OhioPass*. The 1-800-BUCKEYE tagline is also required to be included in all media spots.[12]

The Division also maintains guidelines concerning the programming in which state tourism is promoted. Demographic studies show leisure visitors to Ohio are young families (adults 25-54), with moderate incomes (69% under $50,000), who travel for cultural attractions and activities and to visit friends. Therefore, programs that are appropriate for families are chosen as vehicles for tourism promotion. The primary out-of-state regional markets for Ohio tourism promotion include Detroit, Pittsburgh, Indianapolis, Louisville, and Lexington.[13]

End Notes for Chapter II

[6] "Ohio State Parks are the Nation's Best—Ohio's 72-Park System is First to Win Gold Medal Award for Parks and Recreation Excellence," Ohio Department of Natural Resources Division of Parks and Recreation web site http://www.DNR.state.oh.us/ODNR/parks, November 4, 1997.

[7] *Id.*

[8] Ohio Historical Society and Ohio Historical Foundation Annual Report, July 1, 1996 - June 30, 1997.

[9] *Id.*

[10] ID Marketing, "Appalachian Mountain & River Region—Profile of German-speaking Market."

[11] Council of Great Lakes Governors, "Great Lakes of North America, 1995-1996 Cooperative Marketing Plan."

[12] Ohio Division of Travel and Tourism, "Partnership Guidelines—Spring/Summer 1997."

[13] *Id.*

Chapter III

Public Funding of Travel and Tourism Promotion

In order to generate revenue to promote travel and tourism, many states and political subdivisions impose taxes on various activities undertaken by the traveling public. Such activities include renting hotel and motel rooms, eating at restaurants, renting cars, and attending entertainment events. This method of generating revenue for the public financing of tourism promotion is growing in popularity. Tourism taxes, as they are called, are levied by some level of government in each of the fifty states. Currently, a lodging tax is imposed at some level in every state, restaurant taxes are levied in 30 states and the District of Columbia, 37 states and the District of Columbia impose taxes on rental car transactions, and 23 states levy entertainment taxes.[14] (See Appendix A for a complete listing of tourism taxes levied in the individual states.)

Economic rationale for the taxation of travel spending

The Advisory Commission on Intergovernmental Relations (ACIR) cites four economic reasons for state and local governments to tax travel spending: (1) revenue diversification, (2) benefits taxation, (3) correction of market failure, and (4) tax exportation.[15] As travel and tourism continues to grow, travel spending and the taxes generated by such spending also increases. In order to reduce the dependence on traditional public revenue sources (i.e., income, general sales, and property taxes) and to diversify revenue bases, state and local governments are implementing tourism taxes.

In addition to supplementing traditional public revenue sources, tourism taxes are favored by those who support the benefits theory of taxation. The underlying philosophy of this theory is that the amount of taxes paid by an individual should be proportional to the benefits received. Political subdivisions, by implementing tourism taxes on such things as lodging, car rentals, restaurants, transportation, and entertainment, ensure that, at a minimum, travelers bear some of the costs that they collectively impose on government. These include such costs as the maintenance of infrastructure and the provision of public services, as well as indirect costs such as the negative effects on permanent residents resulting from the increased congestion, pollution, and resource degradation.[16]

The use of tourism taxes to fund the public promotion of travel and tourism is also viewed by some to correct market inefficiencies. Some private businesses that benefit from tourism might not voluntarily share the cost of promotional efforts. They become "free riders" who benefit without costs. Taxes on the tourists, however, correct this inequity by generating public revenue that can be used for promoting an area encompassing all public and private beneficiaries.

ACIR also cites tax exportation as an economic advantage of tourism taxes. Tourism taxes, especially those on lodging and rental cars, are assumed to be paid by nonresident consumers, primarily tourists and business travelers. This attribute of tourism taxes has great appeal to those who have the authority to impose taxes. The argument is that the revenue is spent to benefit local residents but the revenue is collected from nonresidents. While this argument has validity, it is probably also true that if tourism taxes are too burdensome compared to tourism taxes imposed by other competing areas, it is also possible to export the tourists.

It should be noted that most tourists visiting an area pay more than just the tourism taxes. Tourists' expenditures for goods and services are subject to general sales taxes and the purchase of motor vehicle fuel by tourists is subject to excise taxes. These are direct taxes paid by the tourist which generate substantial revenue to political subdivisions over and above the direct tourism taxes paid. In addition, tourism generates substantial indirect public revenue. Those persons employed by hotels, motels, restaurants, entertainment complexes, and similar businesses who might not otherwise be employed without the tourism business, pay income taxes on their wages or business earnings as well as sales taxes on most of their consumption expenditures. This multiplier effect that tourism has on governmental revenue is difficult to measure but few would deny its existence.

Revenue sources for tourism promotion in Ohio

Unlike many states, Ohio imposes no tourism taxes at the state level. While the state imposes no state tax on lodging or car rentals, these transactions are subject to the state sales tax. In Ohio, some local governments impose "piggy-back" sales taxes that apply to the same transactions that are taxable by the state. The rates of the additional local tax are determined locally up to state-controlled maximums. Admissions are not generally subject to the sales tax in Ohio.

Even though some of the transactions associated with tourism taxes are subject to both state and local sales taxes, many local governments impose additional taxes or fees on lodging, car rentals, and admissions. After state and local sales taxes are imposed and local tourism taxes are added, the resulting total rate of taxation of some of these transactions in some areas of the state is among the highest in the United States. The total rate of taxation on lodging in Columbus, for example, is 15.75% which is second only to the 17% rate imposed in Houston, Texas.

History

In 1967, the Ohio Tax Study Commission noted in its final report that many states had authorized local governments to impose certain non-property taxes as supplements (piggy-back) to a state-imposed tax, such as a piggy-back local sales tax. The report also listed other nonproperty taxes that could be imposed at a local level to diversify and strengthen the local tax structure. Among those listed was a tax on the rental of transient accommodations (the lodging tax).

The Ohio Tax Study Commission made several recommendations to the General Assembly in the 1967 report regarding the authorization of local taxes. With regard to the local piggy-back sales tax, the Commission recommended that the local tax be authorized at a uniform 1% rate with the tax collected by the state and returned by the state to the levying subdivision. The Commission strongly advised the General Assembly, however, that "such local sales tax supplements **must**, in every case, be imposed uniformly over areas no smaller than a county."[17] (Emphasis added.)

Similarly strong advice was given to the General Assembly with respect to the lodging tax. The Commission's report states:

> *In enabling local government to make use of such levies, the General Assembly should lay down uniform guidelines as to taxpayers, tax base, and exemptions to be followed by localities imposing such taxes, should encourage adoption of such taxes over areas at least as large as a county, and should offer the maximum possible assistance of the State in administering these taxes.*[18] (Emphasis added.)

The enactment of legislation granting local governments the authority to levy these additional nonproperty taxes was one of the first responses of the General Assembly to the Commission's report. The 107th General Assembly authorized counties to levy a piggy-back sales tax at a uniform rate of one half of 1%. Ignoring the Commission's recommendation that any authorized lodging tax be imposed on at least a county-wide basis, the General Assembly authorized municipal corporations and townships to levy an excise tax of up to 3% on hotel and motel accommodations. The General Assembly likewise ignored the Commission's recommendation for enactment of uniform guidelines regarding the base and exemptions and enacted no provisions for state assistance in administration.

In 1974, the 110th General Assembly enacted legislation that ignored two major Commission recommendations that the legislature had initially followed with respect to the local piggy-back sales tax. The General Assembly authorized regional transit authorities to levy voter-approved piggy-back sales taxes to be levied at rates ranging from one quarter of 1% to 1.5%, thereby violating the Commission's recommendations for county-wide application and uniform rates.

Between 1967 and 1974, ten cities and three townships levied the lodging tax on hotel and motel accommodations. In 1980, the 113th General Assembly expanded the scope of the lodging tax by authorizing counties to levy it. In 1988, the General Assembly authorized convention facilities authorities to levy the tax. By 1996 (the last year for available data), 52 counties, 114 municipalities, 81 townships, and two convention facilities authorities imposed a lodging tax. In addition, the purchase of hotel and motel accommodations is subject to the state sales tax as well as local piggy-back taxes imposed by counties and regional transit authorities. Currently, all 88 counties and six regional transit authorities levy a local piggy-back sales tax in addition to the 5% state sales tax.

Since the state imposes a 5% sales tax on the rental of hotel and motel accommodations and all counties impose the county permissive piggy-back sales tax of at least one half of 1%, the minimum tax on hotel and motel accommodations in Ohio is 5.5%. Adding the piggy-back sales tax that can be imposed with voter approval by regional transit authorities at rates ranging from one quarter of 1% to 1.5%, the combined sales tax on hotel and motel accommodations can range from 5.5% to 7%. Adding the lodging tax that can be imposed by municipalities, townships, counties, and convention facilities authorities, at combined rates ranging from 1% to 10%, the total tax levied on the rental of hotel and motel accommodations in Ohio could be 17%.

In addition to becoming a significant burden on those purchasing hotel and motel accommodations, the non-uniform manner in which the taxes are imposed within a county and the separate reporting and collection procedures adopted by the various political subdivisions make compliance by the hotel and motel industry difficult and administration of these taxes complicated. In many instances, the lodging tax imposes differential burdens on similar or identical transactions within a county or even within a neighborhood.

In addition to the lodging tax, section 715.013 of the Revised Code states that municipal corporations in Ohio are not prohibited from levying a tax on "amounts received for admission to any place." Generally, the tax is charged as a per cent of the cost of entrance to such things as movies, theme parks, and professional sports. A total of 55 municipalities (43 cities and 12 villages) imposed an admissions tax on entertainment events in calendar year 1996. Tax rates range from 1.5% in Woodlawn to 8.0% in Cleveland.

Aside from the general sales tax, there are no additional state-imposed taxes on either restaurant sales or car rentals. Counties and transit authorities, however, are permitted to levy a supplemental local general sales tax of up to 3% on restaurant sales and car rentals. Additionally, the state does not expressly prohibit local governments from levying a transaction fee (an amount per transaction as opposed to a percentage of cost) on car rentals. Some municipalities in Ohio, such as Cleveland, have enacted this type of fee as a way to generate additional local revenue.

In many states, the revenue generated by tourism taxes is earmarked for specific purposes normally associated with the promotion of tourism. The revenue is frequently compared to "seed corn" and expenditures are likened to "priming the pump." In Ohio, revenue resulting from the taxation of transactions associated with tourism is not normally earmarked for the promotion of tourism, although that is a permissible use of such funds.

End Notes for Chapter III

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[15]Advisory Commission on Intergovernmental Relations, *Revenue Diversification: State and Local Travel Taxes*, April 1994, pp. 21-25.

[16] *Id.*

[17] Ohio Legislative Service Commission, *Tax Study Commission Report of 1967*, as cited in "Tax Laws and Revenue Changes, 1967-1974," Information Bulletin 1974-3, December 1974, p. 27.

[18] *Id.*

Chapter IV

Alternative Approaches to State Funding of Tourism Promotion

As tourism increases in importance to the economic development of states, greater attention has been given to alternative organizational and funding mechanisms. While Ohio primarily utilizes the Division of Travel and Tourism within the Department of Development to promote tourism in Ohio and relies on General Revenue Fund appropriations to the Department for its funding, several states are experimenting with new organizational structures and funding mechanisms to increase the promotion of tourism within their states.

Establishment of a centralized state agency responsible for tourism promotion

The responsibility for the promotion of travel and tourism within a state is generally decentralized. Several state agencies, nonprofit organizations, and private enterprises must formally or informally coordinate activities in order to be effective. At times, the coordination of activities among state agencies is difficult since the promotion of tourism is not the primary mission of any single department and is assigned differing priorities by different departments. Some states have taken steps to centralize the responsibility within a state agency while other states have transferred the responsibility from the public sector to nonprofit private corporations.

Wisconsin

In Wisconsin, where tourism is regarded as one of the most important industries in the state, tourism promotion was recently consolidated into a single Department of Tourism.[19] It is anticipated that the new organizational approach will permit a more centralized tourism promotion strategy.

Prior to January 1, 1996, Wisconsin's Division of Tourism Development was in the state's Department of Development and worked in conjunction with several state agencies, including the Department of Natural Resources and the Department of Administrative Services, to promote the state's tourism industry. In 1996, the Department of Tourism was created. It is headed by a secretary appointed by the Governor. The legislation creating the new cabinet-level department transferred the responsibilities of the previous Division of Tourism Development to the newly created Department of Tourism and provided the Department with additional responsibilities related to providing marketing services to state agencies and the promotion of the state parks system.

The creation of the Wisconsin Department of Tourism consolidated staff and funding from the Department of Natural Resources, the UW-Extension Tourism Resource Center, Department of Administrative Services, and the Division of Tourism Development in the Department of Development. Appropriations for the new Department of Tourism in FY 96-97 were approximately $12 million.

Private, nonprofit organizations as agents of the state for tourism promotion

Another alternative approach to tourism promotion unites the resources of both the public and private sectors by forming a private, nonprofit corporation. Several states including Florida, Virginia, Hawaii, Oregon, and California use or are considering the private, nonprofit corporation approach.

Florida

In the 1996 legislative session, the Florida legislature created a private/public partnership between a new Florida Commission on Tourism and the state of Florida. The Commission was established to provide a public/private partnership to help in the development of policy and provide technical expertise for the promotion and marketing of Florida's tourism industry.

The Commission serves as an organizational and administrative link between the public and private sectors. Membership is comprised of the Governor, as a voting member, a member of the Senate and a member of the House of Representatives, as ex-officio members, and 28 persons appointed by the Governor. The 28 appointees represent small and large businesses, all geographic areas of the state, and the tourism industries which contribute significant revenues to promote Florida tourism. With the Governor as its chairman, the Commission is authorized to make policy decisions on promoting and developing tourism in Florida. Moreover, in conjunction with the Florida Office of Tourism, Trade, and Economic Development (OTTED), the Commission develops an operating budget for promoting tourism. The budget also provides funding for the Commission's contract with a direct-support organization created to carry out the Commission's programs.

The direct-support organization (DSO) is a 501(c)(6), not-for-profit corporation known as the Florida Tourism Industry Marketing Corporation (FTIMC). The FTIMC was established to assist the Commission in accomplishing its goals. The 28 private sector tourism-related members of the Commission compose the corporation's board of directors. The Florida legislature intended the nonprofit corporation to emulate a privately operated business. Essentially, the state of Florida is the sole shareholder in this corporation.[20]

The corporation is not considered an agent of the state for purposes of certain statutes which govern the activities of other state agencies. For example, the corporation is exempt from public disclosure of certain information. The corporation is also exempted from the chapters of Florida law which relate to the depositing of state funds, planning and budgeting, and the procurement of personal property and services. The corporation is given the authority to hire employees and contract to perform the state's tourism promotion and development functions. All meetings of the corporation are public, and no elected official may be appointed to the corporation's board of directors. Quarterly progress reports and annual financial audits must be submitted by the corporation to the Commission.

A Tourism Promotional Trust Fund was established to finance the Commission. The Trust Fund receives 15.75% of the proceeds of the $2.05 per day rental car surcharge to support the operation of the Commission. The Commission is also required to include in its four-year marketing plan provisions for reaching a one-to-one match of private to public contributions within four calendar years. The Commission is authorized to develop incentive programs and membership plans to garner private contributions. Contributions may be generated through strategic alliances, merchandising/licensing and voluntary partnership investments, through a partners program. This program provides special benefits and opportunities through the not-for-profit FTIMC to assist a partner in gaining a competitive edge over other tourist destinations.[21]

The Florida Office of Tourism, Trade, and Economic Development (OTTED) is responsible for monitoring the public/private partnerships. OTTED is required to include performance standards and sanctions in the contracts executed with the public/private partnerships and report to the legislature on contract compliance.

VIRGINIA

In 1996, the Virginia Economic Development Partnership chartered the Virginia Tourism Corporation, a nonstock, nonprofit corporation to direct the state's tourism marketing effort.[22] The Articles of Incorporation for the Corporation specify that the marketing effort for the state should include the setting of a philosophical tone on advertising and tourism promotion, the establishment of a statewide marketing policy, and the encouragement of public/private partnerships in tourism promotion. The board of directors of the Corporation is comprised of 13 members including six members, serving six-year terms, appointed by the board of directors of the Virginia Economic Development Partnership; six members, serving terms of four years, from among the ranks of the travel and tourism industry of Virginia who are appointed by the Governor; and the Executive Director of the Virginia Economic Development Partnership who is the Director of the Corporation. A return-on-investment formula is the primary measure for the Corporation to obtain continuing funding from the state. The Corporation is exempted from state procurement, personnel, travel, and freedom of information regulations.

Earmarked Revenue Source

As pointed out earlier, Ohio funds the promotion of tourism entirely through appropriations made to the Department of Development by the General Assembly. At least 18 states have earmarked revenue sources to fund a major portion of their state's promotion of tourism. Several additional states have earmarked a revenue source to supplement appropriations from general revenue funds.

Missouri

In 1993, the Missouri travel industry backed the state legislature's enactment of H.B. 188 to establish a dependable revenue source for the state's Division of Tourism in the Department of Economic Development. The Missouri Division of Tourism estimates that the state generates between $8 and $10 in state tax revenue for every dollar invested in tourism marketing. It is also estimated that an additional $0.43 is collected in local tax revenue for every state tax dollar collected in the tourism industry. Therefore, the Missouri Tourism 2001 funding committee, an industry group with representatives from the Missouri Hotel & Motel Association, the Missouri Restaurant Association, the Missouri Travel Council, and the Travel Federation of Missouri, concluded that, in order to maximize the benefits of the tourism industry, Missouri needed a reliable source of funding at a level that would enable the state to compete in the national tourism market.

H.B. 188 of the 1993 legislative session established the "Division of Tourism Supplemental Revenue Fund" to be used solely by the Division of Tourism to fulfill the duties and functions of the Division as prescribed by law. Unlike previously unsuccessful attempts to dedicate a revenue source solely for tourism promotion in Missouri, H.B. 188 did not require that a new tax be collected by businesses in the tourism industry. Rather, a percentage of future growth in the state sales tax revenue generated by the sale of tourist-oriented

Table III. STANDARD INDUSTRY CLASSIFICATION CODES SUBJECT TO THE PROVISIONS OF H.B. 188
Eating places, only
Eating and drinking places
Drinking places, alcohol
Hotel, motels, and tourist courts
Rooming and boarding houses
Camps and trailering parks
Trailering parks and camp sites
Organization hotels and lodging houses
Producers, orchestras, entertainers
Commercial sports
Miscellaneous Amusement and recreation
Boat and canoe rental
Public golf/swimming pools
Amusement parks
Tourist attractions
Amusement NEC
Botanical and zoological gardens
Source: Missouri Division of Tourism Funding Plan

goods and services was earmarked to be deposited into the Supplemental Revenue Fund and used to provide for increased tourism promotion efforts.

In order for the funding mechanism to become effective, the state's Department of Revenue had to identify the businesses that generate tax revenue primarily through the servicing of travelers. Businesses in 17 Standard Industry Classification codes were ultimately included in the provisions of H.B. 188. (See Table III for a complete list of the SIC codes included in H.B. 188.) The Missouri Plan is formulated so that as the sales tax revenue generated by these businesses increases, a percentage of the growth in revenue is earmarked for the Division of Tourism to fund additional tourism promotion and marketing.

The Missouri Plan funding formula is based on the assumption that tax revenue generated by tourist-oriented businesses will grow by a minimum of 3% each year. This level of growth is considered normal. Any growth above this 3% level is subject to the provisions of H.B. 188. Such provisions mandate that half of any increase in tourism-generated tax revenue above the 3% level is to be deposited into the Division of Tourism Supplemental Revenue Fund by the Director of Revenue. The Fund is administered by the State Treasurer and is to be used solely by the Division of Tourism. The revenue deposited into the Fund is capped at $3 million in any one fiscal year. Additional provisions prevent any revenue originally credited to the Fund from being transferred to the state's general revenue fund.

The Missouri Division of Tourism also continues to receive existing funding from the state's general revenue fund as a means of stabilizing funding for the promotion of tourism during the first ten years. However, the appropriation of general revenue funds is to be gradually eliminated at a rate of 10% of the base year (FY 94) each succeeding fiscal year. Therefore, by 2004, the law's "sunset" year, the Division will be funded entirely from the newly earmarked revenue source.

Prior to the appropriation of supplemental revenue from the Fund to the Division of Tourism, the legislation mandates that a status report be given to the House of Representatives and the Senate. The information presented to the House Committee on Tourism, Recreational and Cultural Affairs and the Senate Transportation and Tourism Committee must include a promotional marketing strategy including targeted markets, duration of market plans, ensuing market strategies, and actual and estimated investment return.

Under ideal conditions, the Division of Tourism's budget could increase to as high as $32 million by 2004. In its third year of operation, FY 97, officials report that the Missouri Plan has raised an additional $11.6 million for tourism promotion.[23] As the increased funds become available, the state is expanding its advertising program to reach a larger market area. Also, $1 million is being made available to regional groups on a cost-sharing basis through a new cooperative tourism marketing program. Provided that the funding continues to become available under the new plan, the state also intends to initiate rural tourism development programs and more cooperative advertising packages.

Mandatory self-assessments of the tourism industry

California

California's Office of Tourism was funded entirely through the state's general fund until 1994. The impetus for a change in funding came in 1993 when a task force convened by the Governor recommended an alternative to state-funded tourism promotion: mandatory assessments of tourism businesses. In 1995, the California Marketing Act created the Tourism Selection Commission to coordinate the assessments and determine which businesses are heavily dependent on tourism.

In 1997, 3,400 businesses voted to implement annual assessments on themselves in order to supplement state funding to finance an expanded tourism marketing program to promote California's tourism industry.[24] California became the first state in the nation to utilize industry-imposed assessments to partially fund tourism marketing activities.[25]

The public/private funding consists of a state contribution of $7.3 million and a travel industry contribution of a minimum of $7.5 million. Hotels and attractions in California are assessed $450 per $1 million of revenue. Other businesses having at least 8% of their revenue coming from tourism are taxed at levels based on the actual percentage of revenue coming from tourism. Businesses with less than 8% of revenue generated by tourism and businesses that have total revenue of under $1 million are exempt from the tax.[26] The maximum assessment on any location cannot exceed $250,000. The money generated through the public/private funding is managed by a newly created nonprofit tourism organization, the California Travel and Tourism Marketing Commission.[27]

The Commission is directed by 37 commissioners who serve as the board of directors for purposes of California Nonprofit Corporation Law. The Secretary of Trade and Commerce serves as chairperson. Twelve members, who represent one of California's 12 officially designated tourism regions, are appointed by the Governor and 24 members are elected by the businesses that pay assessments.[28] Each assessed business is entitled to a weighted vote in each referendum. In calculating weighted votes, each assessed business receives a vote equal to the relative assessment paid by that business. For example, an assessed business paying nine hundred dollars in annual assessments has three times the vote of a business paying three hundred dollars.

The Commission must prepare two annual reports. One report to all assessed businesses must provide data on the activities and budget of the Commission, the Fund balance, a summary of the tourism marketing plan, and a progress report detailing achievement of the goals set forth in the initial plan. The Commission must prepare a second report, using the advice and recommendations of industry marketing advisory committees, that includes the following: an evaluation of the previous year's budget and activities; review of California tourism trends, conditions, and opportunities; target audiences for tourism marketing expenditures; marketing strategies, objectives, and targets; and budget for the current year.[29]

The Commission must comply with California's open meetings and public record law; however, information pertaining to assessed businesses is confidential and exempt from public records statutes.[30] Employees of the Commission do not receive state benefits and the Commission determines the terms of employment.[31] California law provides that, anytime following the initial four years of operation, the assessed businesses may vote to terminate the Commission.

Preliminary reviews of this funding arrangement suggest that the assessments on tourism businesses have not generated the anticipated revenue. The low revenue is attributed partly to the fact that some of the assessments that were originally anticipated, such as those on airlines and buses, are exempt because of interstate commerce laws.[32]

Colorado

In 1993, Colorado voters decided not to renew the state's 0.2% tax on restaurant meals, ski lift tickets, lodging, sightseeing buses, and private attractions to fund tourism promotion. With this source of funding eliminated, Colorado became the only state without a state tourism office. Opponents of the tax argued that Colorado residents were paying more of the tax than out-of-state visitors. In addition, residents believed the state's parks, attractions, and ski resorts were already too crowded.[33]

Following the voters' refusal to renew the tourism tax, the state created the Colorado Travel and Tourism Authority to lead the state's tourism promotion effort. The Authority's system of funding was based on voluntary contributions by tourism-oriented businesses. The problem with this system of funding, however, was "free riders." The benefits of tourism advertising accrued to some extent to all tourist businesses, but not all businesses were contributing to the cost of promoting tourism.[34] The "free riders" were reaping benefits from the contributions made by other businesses. The Authority was unable to garner enough financial support to thrive and, therefore, failed.[35]

In 1997, the Colorado legislature made a one-time, $2.1 million appropriation to recreate the Colorado Tourism Board (CTB). The Board is reviewing alternative forms of funding, including a public/private partnership and mandatory assessments of tourism-related businesses. The Board is attempting to convince state lawmakers to provide a permanent funding source for state tourism promotion.[36] A similar situation occurred in Wyoming where voters also repealed a lodging tax that was used primarily for the promotion of tourism because they feared increased tourism would lead to increased population.

State travel offices

Most states continue to rely on a state agency to coordinate its promotion of tourism. A review of state travel offices indicates that the majority of states with relatively large tourism budgets have a source of state revenue other than general revenue funds. A listing of the ten states with the top travel budgets in FY 97 ranked Illinois at the top with a budget of $35.3 million; Hawaii $27.7; Texas $25.1; Florida $23.0; Pennsylvania $19.4; Virginia $18.3; New York $18.1; Massachusetts $17.4; Louisiana $15.1; and Michigan with a budget of $14.7 million. The average budget for all state travel offices was approximately $9.7 million.[37] (See Appendix B for a complete listing of state travel office budgets.)

Of these top ten states, only Hawaii, Pennsylvania, and Michigan rely solely on the state's general revenue funds to finance the state's travel and tourism efforts. In all, 20 states fund tourism promotion entirely through appropriations from the state's general revenue fund. The remaining states have adopted a variety of different approaches, such as dedicated revenue sources and mandatory business assessments to supplement the funding of their tourism offices.

End Notes for Chapter IV

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[23] Smith, Brad, "Tourism board pushes for funding," *The Denver Business Journal*, Vol. 49, Issue 9, Nov. 7, 1997, p. 3.

[24] California Travel & Tourism web site http://www.gocalif.ca.gov/geninfo/annual/ann12, "Issue Analysis and Management."

[25] California Travel & Tourism web site at http://www.gocalif.ca.gov/tma, "California Tourism Marketing Referendum Approved."

[26] *Id*.

[27] California Tourism Industry Association web site http://www.caltia.com/CTMA, "California Tourism Marketing Act Overview."

[28] Cal. Code § 15372.70.

[29] Cal. Code §§ 15372.74 and 15372.75.

[30] Cal. Code §§ 15372.70 and 15372.89.

[31] Phone conversation with the California Division of Tourism.

[32] *Id*.

[33] Anders, K.T., "Got $13 Million You Could Spare?" *Restaurant Business,* December 10, 1993, p. 42.

[34] S.D. L.R.C. Issue Memorandum 95-12, p. 3.

[35] Smith, Brad, "Tourism board pushes for funding," *The Denver Business Journal,* Vol. 49, Issue 9, Nov. 7, 1997, p. 3.

[36] *Id.*

[37] Travel Industry Association of America, *Survey of State Tourism Offices, 1997-1998*.

CHAPTER V

THE FUTURE OF THE TRAVEL AND TOURISM INDUSTRY

To capitalize on the opportunity for increased economic development from the travel and tourism industry, states must work in collaboration with other public and private entities, recognize and market evolving tourism trends, adapt to the additional burdens placed on nonrenewable resources and existing infrastructures by increased tourist activities, and use the tourism industry as a viable source of employment for the growing and changing workforce.

TRENDS IN TOURISM PROMOTION

There are emerging opportunities in the tourism industry to identify and market cultural, historical, and natural resources in order to increase a region's tourism. Ecotourism and cultural/heritage tourism are experiencing significant growth as a result of creative tourism promotion. States will need to react to these shifting market demands of tourists to realize the economic potential of these trends. Ecotourism and cultural/heritage tourism must be developed in a manner that will provide a sustainable future while still meeting the more sophisticated travel and educational needs of these tourists. These sectors of the tourism industry are frequently promoted on a regional, educational, and cultural basis.

CULTURAL/HERITAGE TOURISM

The travel and tourism industry is working with the nonprofit cultural community to create a mutually beneficial relationship that is able to develop new sources of revenue through entrepreneurial activity while preserving cultural integrity. Cultural/heritage tourism is a form of tourism that can be marketed based on the distinct cultural and historical qualities of an area. According to the National Trust for Historic Preservation:[38]

> Market studies have consistently shown that Americans place a premium on touring, sightseeing, and engaging in recreational activities in settings that offer interesting architecture, a sense of local history and heritage, the taste of ethnic cuisine, and the experience of unique and authentic cultural activities.

The growing popularity of cultural/heritage tourism results from the fact that an increased number of travelers are discovering the unique attractions of the nation's byways. Rural America offers sights "beyond Disney World" to a growing number of both domestic and international visitors.[39] Cultural/heritage tourism, therefore, holds potential for strengthening and diversifying rural economies.

As a method of revitalizing rural economies, tourism: (1) generates jobs, income, and tax revenues, (2) stimulates the growth and development of other industries, (3) transforms natural features into recreational tools which become income-producing assets, (4) strengthens income-producing capacity of historic buildings and other man-made resources, and (5) injects tourist money into local economies.[40] Rural tourism also broadens the economic base of rural areas that are traditionally dependent upon limited resources. Therefore, fluctuating economies may become more stabilized.

Although tourism holds potential for economic development in rural areas, it is not a panacea and might not be welcomed in all areas. The success of tourism promotion in rural areas, as in all areas, depends on the quality of planning, the existence of infrastructures, essential services, management, maintenance, and an accessible market. To the extent that promotional activities are successful, the quality of rural life and the environment may be disrupted.

The mission of cultural tourism is to foster the past and living traditions of a location or its people. Visitors seek regions with distinctive qualities and a unique sense of place. Cultural tourism promotion can take many approaches. Visitors to Ohio's Amish communities may enjoy both the pastoral setting and the opportunity to learn about Amish society. Tours also have been developed to enlighten tourists regarding many other groups, their cultures, and contributions to society. Among these are tours of various locations relating to African Americans and Native Americans. Tours of Appalachia, art museums, science centers, and similar sites can be marketed under cultural tourism promotional activities as well.

Rides through rural areas on historic trains are gaining popularity as a link to a previous era. Amtrak, the National Railroad Passenger Corporation, has redesigned its daily Adirondack line from New York City to Montreal so that it gives its passengers an historic feel. Traveling along the Hudson River and Lake Champlain in eastern New York State, the trip offers refashioned cars, specially commissioned works of art, and a bilingual menu that recognizes the tastes of French-speaking Canadian riders. This program won the Travel Industry Association's 1997 Odyssey Award in the Cultural Heritage category and was commended for the cooperative relationships among private industry, state government, and local communities that contributed to its success.[41]

<u>Ohio's heritage initiatives</u>. Heritage initiative programs are used in Ohio as a basis for cultural tourism promotion. Revised Code section 149.322 creates the Wright-Dunbar State Heritage Commission whose membership is responsible for the promotion and preservation of the unique features of the Miami Valley area. The Commission highlights the area's aviation heritage and the works of Paul Laurence Dunbar to stimulate the region's economic development. The collaborative efforts among the Commission, the Dayton Aviation Heritage National Historic Park, Dayton Aviation Heritage Commission, and other federal, state, and local entities contribute to the success of this program.

The Ohio Hill Country Regional Heritage Initiative is another example of an Ohio heritage initiative. About two years ago, the Ohio Arts Council began this cooperative, grass roots effort in southern Ohio to help connect people, regions, and agencies to foster relationships in order to preserve the culture and history of the region and enhance the economic development of the area. The Ohio Hill Country Regional Heritage Initiative encourages communities, organizations, and individuals to plan proactively for the beneficial future of the area. The program enhances the ability of the region to explore opportunities for its own development and build upon southern Ohio's special cultural and historic attributes. As a natural outgrowth of the area's unique qualities, it is able to develop a heritage identity that may be consistently applied in promotional materials and advertising to familiarize and reinforce the idea of the region as a travel destination. To date, about 400 people are actively involved in the program in 31 counties throughout southern Ohio.

Ecotourism

Ecotourism is the fastest growing sector of world tourism expanding by approximately 30% per year.[42] Ecotourism's function as a tourism promotion tool is to build respect for nonrenewable resources while developing marketing strategies that encourage sustainable use and recreational enjoyment of these resources. A working definition established by International Expeditions maintains that "ecotourism" is

> purposeful travel that creates an understanding of cultural and natural history, while safeguarding the integrity of the ecosystem and producing economic benefits that encourage conservation.[43]

A primary function of ecotourism is to provide economic development to rural, underdeveloped, and economically depressed areas. Therefore, ecotourism efforts should be financially beneficial to the local region and its citizens. Although still unsure as to the long-term effects of ecotourism on the environment and regional economic development, states and local political subdivisions have adopted the concept as a new marketing tool in the increasingly competitive tourism industry. Ecotourism's emphasis on local community development also encourages states to help its cities and towns to develop ecotourism markets.

Through ecotourism, states and regions have developed initiatives that achieve goals related to education and the public role in protection and responsible stewardship of nonrenewable assets as well as the promotion of tourism. The conservation of natural resources provides a basis for a growing ecotourism industry and also provides other economic benefits to local communities. Properly preserved public lands enhance local property values, improved air and water quality, and energy savings through the development of smaller "ecosites" in urban settings.[44]

Ecotourism may be found in such diverse activities as swimming and snorkeling with North Atlantic humpback whales during their migration off the Dominican Republic's Silver Bank; bird watching in Minnesota during the Eagle Watch Weekend in which bald eagles migrate along the Mississippi River; or traveling to idyllic spots for the rare opportunity to view a solar eclipse. Ecotourism also encompasses the conservation of open space and greenways in urban areas and the conservation of flood-prone regions for recreational enjoyment rather than residential living.

In Ohio, the expanding trend of ecotourism also is found in the increased number of visitors traveling to parks and nature preserves. The Ohio Coastal Management Program (OCMP) is an integrated management program developed by the ODNR to preserve, protect, develop, restore, and enhance the resources of the Lake Erie coastal area. It is a cooperative program between the state and its political subdivisions to manage and control available resources and the activities that impact them in order to foster the sustainable use of nonrenewable resources for the benefit of present and future visitors.

Ecotourism, while offering states opportunities for economic development, also presents challenges. Inherent in the promotion of ecotourism is the danger of over-burdening natural resources. Negative impacts on natural resources resulting from increasing numbers of tourists require that protection criteria be defined and enforced. Many projects require interagency as well as public/private cooperation with private property owners to manage resources that cross jurisdictional boundaries. These relationships often are established by the creation of task forces or advisory committees made up of representatives of all affected sectors. The key to successful and sustainable ecotourism is cooperative interaction among all interested parties.[45]

FLORIDA'S ECOTOURISM/HERITAGE TOURISM ADVISORY COMMITTEE. A majority of state travel offices have integrated ecotourism and cultural/heritage tourism into their promotion and marketing efforts and have developed alliances with nongovernmental groups and other state agencies not traditionally associated with tourism promotion. In Florida, for example, the Ecotourism/Heritage Tourism Advisory Committee was developed to create a more integrated approach to common needs within Florida's tourism industry. Its mission is to connect ecotourism/heritage tourism interests on a local, regional, and state level and link them to Florida's more traditional commercial tourism.

The Florida Advisory Committee considers how to utilize natural, coastal, historical, and cultural assets while ensuring their protection and linking them to other commercial tourist assets. The interest of the Committee is to market and protect the "real" Florida. The ultimate goal of the Committee is to raise consumer awareness of the vast array of Florida experiences and encourage tourism in more regions throughout the state. The Advisory Committee's charge is to construct an integrated regional tourism promotion plan to serve as a catalyst for economic development in rural counties and to supplement growth in areas where tourism already is a significant factor.

END NOTES FOR CHAPTER V

[38] National Trust for Historic Preservation, *Heritage Tourism Demonstration Program* (Denver, Colorado, January 1989), quoted by Loyacono, p. 21.

[39] Loyacono, p. 22.

[40] *Id*. at 23-24.

[41] "Eight Travel Industry Organizations Receive Awards," TIA web site http://www.tia.org, September 22, 1997.

[42] Ecotourism/Heritage Tourism Advisory Committee, "Recommendations on the Statewide Plan to Protect and Promote the Natural, Coastal, Historical, Cultural and Commercial Assets of Florida," September 18, 1997, C-7.

[43] Whiteman, John, "Ecotourism Promotes, Protects Environment," *Forum for Applied Research and Public Policy*, Winter 1996, p. 96.

[44] Ecotourism/Heritage Tourism Advisory Committee, J-6, 7.

[45] Whiteman, p. 99.

Chapter VI

The Tourism Industry and the American Workforce

The tourism industry offers potential employment opportunities to all sectors of society in a variety of skill categories. In the early part of the decade, the travel industry created nine million full-time jobs each year and continually out-performed the overall economy in the creation of new jobs.[46] This trend continues. While many entry-level, service-sector positions exist in the tourism industry, forecasters predict that, by the year 2000, 41% of new jobs created in the tourism industry will be in the high-skill category.[47] Beyond the primary employment contributions of the tourism industry lie the secondary level of employment created as a result of the industry. The Kentucky Department of Travel Development reports that every 50 new tourism jobs creates another 25 nontourism jobs in wholesale trade, real estate, manufacturing, and agriculture.[48]

Changes in the workforce population and travel patterns forecast a positive future for employment opportunities in the tourism industry. Demographic studies show that the age of the workforce is increasing, as is the proportion of women, minorities, and new immigrants. Society is also becoming more mobile and the amount of time an individual remains in the same job is decreasing.[49] The tourism industry is well-suited to adapt to these changes and to become an important source of employment opportunities.

The travel patterns of Americans are also changing. The amount of leisure time available to many people is limited and this has resulted in a decreased number of long family vacations. However, there is a greater frequency of trips, though shorter in both time and distance.[50] These "mini-vacations" prove advantageous to all areas of the country as travel is no longer limited to typical vacation destinations.

Employment in the travel and tourism industry is expected to grow at a rate greater than the total growth rate for all industries. According to the Bureau of Labor Statistics, the growth rate for the tourism industry (employment in air transportation, restaurants, lodging, amusement and recreation services, and travel planning) is expected to increase by 18% between 1994 and 2005. For all industries combined, the growth rate is projected to increase by 15%.[51] Employment in some industries, such as manufacturing, is projected to decline. States traditionally dependent on slow growth or declining industries are focusing on developing tourism and the service industries.

The role of the tourism industry in welfare reform

Due to the 1996 Congressional enactment of welfare-reform legislation, travel and tourism may play a significant role in the future of employment of many unemployed public-aid recipients. The tourism industry offers alternatives for states facing federally mandated changes in the management of social service programs such as welfare-to-work and school-to-work. State and educational institutions view the tourism industry as an opportunity for unemployed persons of all ages and educational backgrounds to enter the job market. Many states have placed special emphasis on training programs and curriculums geared toward the hospitality and tourism industries. Private enterprises, oftentimes in conjunction with public agencies, are also initiating their own training programs to fill increasing numbers of vacancies in the industry with historically unemployed sectors of society.

Welfare-to-work and school-to-work programs

The federally mandated changes in social service programs presents numerous challenges to legislators, private enterprises, public agencies, and citizens. A successful transition from public assistance to self-sustenance requires the cooperation of all involved. In 1995, 250 restaurant operators and all 50 state restaurant associations pledged to work in cooperation with state and local officials to train and promote individuals receiving public assistance.[52] The "Good Start Project" is an effort of the National Restaurant Association to alleviate the strains of an increasing workforce on the public sector by providing a source of skills training and job placement for those individuals currently participating in public assistance programs. The Project will also benefit the private sector by providing trained individuals for the increasing number of jobs in the hospitality industry. These efforts are already reporting success. The Virginia Health and Human Resources Department reported in 1996 that 24% of all unsubsidized jobs held by VIEW (Virginia Initiative for Employment not Work) participants are in the restaurant industry.[53] In preparation for the opening of Universal's Islands Adventure in 1999, Florida's Universal Studios is working with the Florida Wages Board to meet an anticipated need to hire more than 10,000 employees. It is anticipated that many of those employees can be provided through Florida's welfare-to-work program WAGES (Work And Gain Economic Self-sufficiency).

The HOST (Hospitality On Site Training) program is a welfare-to-work pilot program started in Columbus, Ohio in 1996. It is a joint public/private partnership among the Hotel & Motel Association, Ohio Restaurant Association, Ohio Department of Education Division of Vocation & Adult Education, Columbus Public Schools, Eastland Vocational School, Franklin County Department of Human Services, and the Ohio Department of Development. HOST is a job placement program for welfare recipients that builds a workforce for the hospitality industry while helping to alleviate social and economic problems. The program is nine months long and combines classroom education, on-the-job training, and weekly one-on-one counseling. The instructors assist participants of the HOST program to succeed in the workplace as well as in personal development to make the transition from public assistance to self-reliance more successful.

The Courtyard Restaurant at the Hyatt Regency in New Orleans offers paid internships to high school seniors through the school's Travel and Tourism Academies.[54] The Academies integrate career-focused curriculum into regular studies to offer students experience in a tourism career. For individuals receiving public assistance, the Marriott Hotel chain operates the "Pathway to Independence . . . A Training for Jobs Program" which is a six-week job training program that includes 180 hours of educational and occupational training. Skills training is conducted on-site at designated Marriott businesses and, therefore, is reality-based and current to the needs of the hospitality industry. The program has a 90% graduation rate and guarantees job placement following graduation.

While many private organizations are providing states with job opportunities for historically unemployed individuals, the opportunity presents the states with a growing challenge to establish courses of study in public schools and training programs for adults to teach the skills necessary for a career in the service sector. The programs mentioned and many others that exist throughout the country represent the beginning of what appears to be a long-term opportunity to create a newly self-reliant workforce while easing the increasing demand of the tourism industry for new employees.

End Notes for Chapter VI

46 Loyacono, p. 44.

47 *Id.* at 49.

48 *Id.* at 46.

49 Rafool, Mandy and Laura Loyacono, *Travel and Tourism: A Partnership Series*, "Employment in the Travel & Tourism Industry," National Conference of State Legislatures, No. 1, p. 6.

50 *Id*.

51 *Id.*

52 Rafool, et al., p. 5.

53 *Id.*

54 LaBan, Craig, "An Education from Scratch Through Small Academies Rising Around the City, the Local Hospitality Industry is Growing its Own Workforce," *Times-Picayune*, November 11, 1997, F1.

APPENDIX A

TABLE 1

STATE AND LOCAL ACCOMMODATION TAXES - 1997

STATE	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Alabama	4%	4%*	4%	25% to tourism fund 75% to general fund	up to 4%	up to 5%	majority goes to local tourism offices	Mobile State: 4% Local Sales: 1% Local Lodging: 5% **Total: 10%**
* Lodging tax is in lieu of sales tax.								
Alaska *	none	none	none	n/a	up to 6%	up to 9%	local discretion	Anchorage Local Lodging: 8% **Total: 8%**
* All accommodation taxes are local option.								
Arizona	5%	5.5%*	5.5%	general fund	up to 2.5%	up to 4.3%	local discretion	Phoenix State: 5.5% Local sales: .825% (includes 0.25% for stadium district) Local lodging: 4.3% **Total: 10.625%**
* Lodging tax is in lieu of sales tax.								
Arkansas	4.625%	2%	6.625%	state tourism promotion	up to 4%	up to 3%	local tourism promotion	Little Rock State: 6.625% Local Sales: 1.5% Local Lodging: 2% **Total: 10.125%**
California*	6%	none	none	n/a	up to 2.5%	no specified maximum	local discretion	Los Angeles Local Lodging: 14% **Total: 14%**
* All accommodation taxes are local option.								
Colorado	3%	none	3%	n/a	up to 5%	no specified maximum	local discretion	Denver State: 3% Local Lodging: 8% (3% goes to retire convention center bonds) Special districts: 0.8% **Total: 11.8%**
Connecticut	6%	12%*	12%	25% to regional tourism offices	none	none	n/a	Hartford State: 12% No local taxes **Total: 12%**
* Lodging tax is in lieu of sales tax.								
Delaware	none	8%	8%	1% to specific counties for tourism promotion	none	none	n/a	Wilmington State: 8% No local taxes **Total: 8%**

STATE	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
District of Columbia	5.75%	13%* plus $1.50 per day	13% plus $1.50 per day	convention center	same as state	same as state	same as state	Washington, D.C. State: 13% Lodging surcharge: $1.50/day **Total: 13% + $1.50 / day**
* Lodging tax is in lieu of sales tax.								
Florida	6%	none	6%	n/a	up to 1.5%	up to 6%	tourism and convention development	Miami State: 6% Local lodging: 6% (3% tourism development and 3% convention development) Indigent care tax: 0.5% **Total: 12.5%**
Georgia	4%	none	4%	n/a	up to 2%	up to 8%	local discretion	Atlanta State: 4% Local sales: 1% Transit district:: 1% Local lodging: 8% **Total: 14%**
Hawaii	4.16%	6%	10.16%	first 1/6% for convention center fund. 5% of remainder to general fund and 95% to counties.	none	none	n/a	Honolulu State: 10.16% No local taxes **Total: 10.16%**
Idaho	5%	2%	7%	tourism development	up to 2%(resorts only)	up to 2%	tourism promotion	Boise State: 7% Local lodging: 2% Auditorium district: 2% **Total: 11%**
Illinois	6.25%	6%*	6.2%	tourism promotion	up to 2% plus transit sales taxes	up to 5% (Chicago-up to 8%)	tourism promotion (non home-rule communities)	Chicago State: 6.2% Local sales: 1.1% Metro Pier & Expo: 2.5% Chicago occupancy: 3% Stadium tax: 2.1% **Total: 14.9%**
* Lodging tax is in lieu of sales tax.								
Indiana	5%	none	5%	n/a	none	up to 6%	local discretion	Indianapolis State: 5% Local lodging: 5% **Total: 10%**
Iowa	5%	none	5%	n/a	up to 1%	up to 7%	local discretion	Des Moines State: 5% No local sales tax Local lodging: 7% **Total: 12%**

STATE	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Kansas	4.9%	none	4.9%	n/a	up to 2%	up to 6%	tourism promotion	Wichita **State: 4.9%** **Local sales tax: 1%** **Local lodging: 6%** **Total: 11.9%**
Kentucky	6%	none	6%	n/a	none	up to 5%	tourism promotion and convention centers	Louisville **State: 6%** **No local sales tax** **Local lodging: 5%** **Total: 11%**
Louisiana	4%	none	4% (2% on lodging in Orleans & Jefferson Parishes)	The 4% state sales tax rate includes a .03% levy by the Louisiana Tourism Promotional District	up to 5%	up to 5.25%*	local discretion	New Orleans **State: 2%** **Local sales: 3%** **Stadium Authority: 4%** **Exhibition Hall: 2%** **Total: 11% plus daily surcharge**
* The New Orleans Exhibition Hall Authority imposes an additional surcharge. The rate varies from $0.50 to $2 per night according to the number of rooms in the facility.								
Maine	6%	7%*	7%	general fund	none	none	n/a	Portland **State: 7%** **No local taxes** **Total: 7%**
* Lodging tax is in lieu of sales tax.								
Maryland	5%	none	5%	n/a	none	up to 8%	general fund	Baltimore **State: 5%** **Local lodging: 7%** **Total: 12%**
Massachusetts	5%	5.7%*	5.7%	35% to tourism fund for local tourism councils, international tourism and the state convention center	none	up to 4%	local discretion	Boston **State: 5.7%** **Local lodging: 4%** **Total: 9.7%**
* Lodging tax is in lieu of sales tax.								
Michigan	6%	none	6%	n/a	none	up to 5% (additional taxes imposed in Detroit)	tourism promotion	Detroit **State: 6%** **Local lodging assessment: 2%** **Stadium tax: 1%** **Convention facility tax: 6%*** **Total: 15%**
* Convention facility tax (In Detroit, rate varies from 3% to 6% according to room size. Outside Detroit in Wayne, Oakland or Macomb County, rates range from 1.5% to 3%. Facilities with less than 81 rooms are exempt.								

STATE	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Minnesota	6.5%	none	6.5%	n/a	up to 1%	up to 6%*	tourism promotion	Minneapolis State: 6.5% Local sales tax: 0.5% Entertainment tax: 3% Local lodging: 2% **Total: 12%**
* The 2% transient lodging tax in Minneapolis applies to facilities with more than 50 rooms.								
Mississippi	7%	none	7%	n/a	none	up to 3%	tourism promotion	Jackson State: 7% Local lodging: 1% plus $0.75 /night **Total: 8% plus $0.75/night**
Missouri	4.225%	none	4.225%	n/a	up to 3.75%	up to 5.5%	construction, maintenance or operation of convention and tourism facilities	St. Louis State: 4.225% Convention/sports: 3.5% Local sales tax: 2.625% Local lodging: 3.75% **Total: 14.1%**
Montana	none	4%	4%	lodging tax revenues divided among the following: State Parks, Department of Revenue, University System, Historical Society and the Department of Commerce	none	up to 3% in designated resort communities (5 qualify)*	local discretion	Bozeman State: 4% No local taxes **Total: 4%**
* The five resort communities are: West Yellowstone, Whitefish, Virginia City, St. Regis and Big Sky.								
Nebraska	5%	1%	6%	state visitors promotion cash fund	up to 1.5%	up to 4%	visitor promotion and visitor attractions	Omaha State: 6% Local sales: 1% Local lodging: 4% **Total: 11%**
Nevada *	6.5%, 6.75% or 7%	none	none	n/a	up to 0.5%	up to 6%	local discretion	Las Vegas Local lodging: 6% Other local tax: 2% **Total: 8%**
* All accommodation taxes are local option. ** State sales tax varies by county.								
New Hampshire	none	8%	8%	general fund	none	none	n/a	Manchester State: 8% No local taxes **Total: 8%**

STATE	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
New Jersey	6%	none	6%*	n/a	none	up to 6% (9% in Atlantic City and 8% in Cape May)	tourism development (only Cape May County).	Atlantic City State: 4% Local luxury tax: 9% **Total: 13%**
* When combined with the luxury tax, the state rate is limited to 4% for a combined maximum rate of 13%.								
New Mexico	5%	none	5%	n/a	up to 1.9375%	up to 5%	tourism promotion	Santa Fe State: 5% Local sales: 1.25% Local lodging: 4% **Total: 10.25%**
New York	4%	none	4%	n/a	up to 4.25%	up to 7%	local discretion	New York State: 4% Local sales: 4.25% Local lodging: 5% plus $2/day **Total: 13.25% plus $2/day**
* New York City imposes a lodging surcharge of $2/day on rooms that cost more than $40.								
North Carolina	4%	none	4%	n/a	up to 2.5%	up to 6%	local discretion	Charlotte State: 4% Local sales: 2.5% Local Lodging: 6% **Total: 12.5%**
North Dakota	5%	none	5%	n/a	up to 1.75%	up to 3%	local discretion	Fargo State: 5% Local sales: 1% Local lodging: 3% **Total: 9%**
Ohio	5%	none	5%	n/a	up to 2%,	up to 10%	1/3 to 1/2 is earmarked in some areas to local convention bureaus	Cleveland State: 5% Local sales; 2% Local lodging: 6% Cultural facility: 1.5% **Total: 14.5%**
Oklahoma	4.5%	0.1%	4.6%	state's tourism advertising campaign	up to 4%	up to 5%	usually tourism promotion or economic development	Tulsa State: 4.6% Local sales: 3.5% Local lodging: 5% **Total: 13.1%**
Oregon *	none	none	none	n/a	none	up to 9.5%	usually some is allocated to travel and tourism	Portland State: none Local lodging: 9% **Total: 9%**
*All accommodation taxes are local option.								

STATE	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Pennsylvania	6%	none	6%	n/a	1% (only Philadelphia and Allegehny County)	up to 5% (6% in Philadelphia)	tourism and convention centers	Philadelphia State: 6% Local sales: 1% Local lodging: 6% **Total: 13%**
Puerto Rico	none	9% or 11% if hotel has casino	9% or 11%		none	none	n/a	San Juan State: 9% or 11% **Total: 9% or 11%**
Rhode Island	7%	5%	12%	47% of room taxes go to six regional tourism organizations.	None	none	n/a	Providence State: 12% No local taxes **Total: 12%**
South Carolina	5%	7*%	7%	n/a	up to 1%	up to 3%	local discretion	Charleston State: 7% Local sales: 1% **Total: 8%**
* Lodging tax is in lieu of sales tax.								
South Dakota	4%	1%	5%	tourism promotion fund	up to 2%	up to 1%	tourism purposes	Sioux Falls State: 5% Local sales: 2% Local lodging: 1% Visitor assessment: 1% **Total: 9%**
Tennessee	6%	none	6%	n/a	up to 2.75%	up to 5%	general fund	Nashville State: 6% Local sales: 2.25% Local Lodging: 4% **Total: 12.25%**
Texas	6.25%	6%*	6%	.005 percent to the Texas Department of Commerce for marketing state	Up to 2% (includes special districts)	up to 9%**	tourism promotion, convention centers, sports stadiums and historic preservation	Dallas State:6% Local sales: n/a Local lodging: 9% **Total: 15%**
* Lodging tax is in lieu of sales tax. ** Local lodging tax is normally not in addition to local sales tax (Houston/Harris County is an exception).								
Utah	4.75%	none	4.75%	n/a	up to 3.35* (includes special districts)	up to 4%**	up to 1/3 for infrastructure; the rest for tourism promotion	Salt Lake City State: 4.75% Municipal Room Tax: 1% Local sales: 1.25% Local lodging: 3.5%*** **Total: 10.5%**
* Includes resort community tax of up to 1% imposed on sales in communities where transient room capacity equals or exceeds permanent resident population. ** Includes municipal room tax levied in four communities. *** Includes Tourism, Recreation, Cultural and Convention Facilities Tax of 0.5% on lodging.								

STATE	STATE SALES TAX	SPECIFIC STATE LODGING TAX	COMBINED STATE TAXES ON LODGING	STATE USES FOR SPECIFIC LODGING TAXES	LOCAL GENERAL SALES TAX	LOCAL LODGING TAX	LOCAL USE OF LODGING REVENUES	COMBINED STATE AND LOCAL LODGING TAXES IN SELECT CITIES
Vermont	5%	9%*	9%	general fund	1% (not all localities qualify)	1% (only a few localities qualify)	general fund	Burlington State: 9% Local lodging: 1% **Total: 10%**
* Lodging tax is in lieu of sales tax.								
Virginia	3.5	none	3.5	n/a	up to 1%	up to 6%	general fund	Norfolk State: 3.5% Local sales: 1% Local lodging: 6% **Total: 10.5%**
Washington	6.5%	none	6.5%	n/a	up to 2.1% (includes transportation district)	up to 7%	tourism promotion, convention and visitors centers	Seattle State: 6.5% Local sales: 2.1% Local lodging: 7% **Total: 15.6%**
West Virginia	6%	none	6%	lodging revenue goes to the counties where 50% is dedicated to convention and visitors bureaus and 50% to parks and recreation	none	up to 3%	local discretion	Charleston State: 6% Local lodging: 3% **Total: 9%**
Wisconsin	5%	none	5%	n/a	up to 0.6% (includes stadium tax of 0.1% in 5 counties)	up to 8%	70% for tourism promotion	Milwaukee State: 5% Local sales: 0.6% Local lodging: 8% Exposition district: 1% **Total: 14.6%**
Wyoming	4%	none	4%	n/a	up to 2%	up to 4%	90% for tourism promotion	Cheyenne State: 4% Local sales: 2% Local lodging: 2% **Total: 8%**

Source: NCSL survey of state tourism offices, 1997.

TABLE 2

STATE AND LOCAL RESTAURANT TAXES - 1997

STATE	STATE SALES TAX	SPECIFIC STATE RESTAURANT TAX	COMBINED STATE RESTAURANT TAXES	STATE USES FOR SPECIFIC RESTAURANT TAXES	LOCAL GENERAL SALES TAX	LOCAL RESTAURANT TAX	LOCAL USE OF RESTAURANT TAX REVENUES	COMBINED STATE AND LOCAL RESTAURANT TAXES IN SELECT CITIES
Alabama	4%	none	4%	n/a	up to 4%	up to 5%	local discretion	Mobile State: 4% Local sales: 1% Local restaurant: 5% **Total: 10%**
Alaska	none	none	none	n/a	up to 6%	local sales	general fund	Anchorage No sales taxes **Total: 0**
Arizona	5%	none	5%	n/a	up to 2.5%	up to 4.25%	local discretion	Phoenix State: 5% Local sales: 0.75% (includes 0.25% for stadium district) Local restaurant: 1.3% **Total: 7.05%**
Arkansas	4.625%	none	4.625%	n/a	up to 4%	up to 3%	local tourism promotion	Little Rock State: 4.625% Local sales: 1.5% Local restaurant: 2% **Total: 8.125%**
California	6%	none	6%	n/a	up to 2.5%	none	n/a	Los Angeles State: 6% Local sales: 2.25% **Total: 8.25%**
Colorado	3%	none	3%	n/a	up to 5%	up to 0.5%	n/a	Denver State: 3% Local sales: 3.5% Local Restaurant: 0.5% Special districts: 0.8% **Total: 7.8%**
Connecticut	6%	none	6%	n/a	none	none	n/a	Hartford State: 6% No local taxes **Total: 6%**
Delaware	none	none	none	n/a	none	none	n/a	Wilmington No sales tax
District of Columbia	5.75%	10%*	10%	some to convention center	same as state	same as state	same as state	Washington, D.C. State: 10% **Total: 10%**

* Restaurant tax is in lieu of sales tax.

National Conference of State Legislatures

STATE	STATE SALES TAX	SPECIFIC STATE RESTAURANT TAX	COMBINED STATE RESTAURANT TAXES	STATE USES FOR SPECIFIC RESTAURANT TAXES	LOCAL GENERAL SALES TAX	LOCAL RESTAURANT TAX	LOCAL USE OF RESTAURANT TAX REVENUES	COMBINED STATE AND LOCAL RESTAURANT TAXES IN SELECT CITIES
Florida	6%	none	6%	n/a	up to 1.5%*	up to 2%**	local tourism development	Miami State: 6% Local restaurant tax: 2% Indigent care tax: 0.5% **Total: 8.5%**
* Counties with high tourism may impose additional sales taxes. ** Counties may impose a 2% tax on restaurants in hotels and motels only and a 1% tax on restaurants licensed to sell alcoholic beverages.								
Georgia	4%	none	4%	n/a	up to 2%	local sales tax	general fund	Atlanta State: 4% Local sales: 1% Transit district:: 1% **Total: 6%**
Hawaii	4%	none	4%	n/a	none	none	n/a	Honolulu State: 4% No local taxes **Total: 4%**
Idaho	5%	none	5%	n/a	up to 2% (resorts only)	up to 2% (resorts only)	tourism promotion	Boise State: 5% **Total: 5%**
Illinois	6.25%	none	6.25	n/a	up to 2% plus transit sales taxes	up to 5%	local discretion	Chicago State: 6.25% Local sales: 1.5% Metro Pier & Expo: 1% Central business tax: 1% **Total: 9.75%**
Indiana	5%	none	5%	n/a	none	up to 1%	local discretion	Indianapolis State: 5% Local meals tax: 1% **Total: 6%**
Iowa	5%	none	5%	n/a	up to 1%	local sales tax	general fund	Des Moines State: 5% No local sales tax **Total: 5%**
Kansas	4.9%	none	4.9%	n/a	up to 2%	up to 3% (if a sports authority has been created in the locality)	local discretion	Wichita State: 4.9% Local sales tax: 1% **Total: 5.9%**
Kentucky	6%	none	6%	n/a	none	up to 3%	local discretion	Louisville State: 6% No local taxes **Total: 6%**

STATE	STATE SALES TAX	SPECIFIC STATE RESTAURANT TAX	COMBINED STATE RESTAURANT TAXES	STATE USES FOR SPECIFIC RESTAURANT TAXES	LOCAL GENERAL SALES TAX	LOCAL RESTAURANT TAX	LOCAL USE OF RESTAURANT TAX REVENUES	COMBINED STATE AND LOCAL RESTAURANT TAXES IN SELECT CITIES
Louisiana	4%	none	4%	the 4% state sales tax rate includes a 0.03% levy by the Louisiana Tourism Promotional District	up to 5.25%	additional 0.5%	local discretion	New Orleans State: 4% Local sales: 5% Exhibition Hall: 0.5% **Total: 9.5%**
Maine	6%	7%*	7%	general fund	none	none	n/a	Portland State: 7% No local taxes **Total: 7%**
* Restaurant tax is in lieu of sales tax. The 7% rate applies to restaurants that serve alcoholic beverages. If no alcohol is served, the rate is 6%.								
Maryland	5%	none	5%	n/a	none	up to 1% in resort areas	general fund	Baltimore State: 5% No local taxes **Total: 5%**
Massachusetts	5%	5%*	5%	general fund and local aid	none	none	n/a	Boston State: 5% No local taxes **Total: 5%**
*Restaurant tax is in lieu of sales tax.								
Michigan	6%	none	6%	n/a	none	up to 1%	stadiums and convention centers	Detroit State: 6% Local 1% **Total: 7%**
Minnesota	6.5%	none	6.5%	n/a	up to 1%	up to 3%	usually convention centers or sports facilities	Minneapolis State: 6.5% Local sales tax: 0.5% Downtown restaurant tax: 3% **Total: 10%**
Mississippi	7%	none	7%	n/a	none	up to 2%	tourism promotion	Jackson State: 7% Local restaurant tax: 1% **Total: 8%**
Missouri	4.225%	none	4.225%	n/a	up to 3.75%	up to 2%	tourism promotion	St. Louis State: 4.225% Local sales tax: 2.625% Local restaurant tax: 1.5% **Total: 8.35%**
Montana	none	none	none	n/a	none	up to 3% in designated resort communities (5 qualify)*	local discretion	Bozeman No sales taxes No restaurant taxes **Total: 0**
* The five resort communities are: West Yellowstone, Whitefish, Virginia City, St. Regis and Big Sky.								

STATE	STATE SALES TAX	SPECIFIC STATE RESTAURANT TAX	COMBINED STATE RESTAURANT TAXES	STATE USES FOR SPECIFIC RESTAURANT TAXES	LOCAL GENERAL SALES TAX	LOCAL RESTAURANT TAX	LOCAL USE OF RESTAURANT TAX REVENUES	COMBINED STATE AND LOCAL RESTAURANT TAXES IN SELECT CITIES
Nebraska	5%	none	5%	n/a	up to 1.5%	sales tax	general fund	Omaha State: 6% Local sales: 1% **Total: 7%**
Nevada	6.5%, 6.75% or 7.0%*	none	6.5%, 6.75% or 7.0%*	n/a	up to 0.5%	sales tax	n/a	Las Vegas State sales tax: 7% **Total: 7%**
*State sales tax rate varies by county.								
New Hampshire	none	8%	8%	general fund	none	none	n/a	Manchester State: 8% No local taxes **Total: 8%**
New Jersey	6%	none	6%*	n/a	none	up to 9%*	tourism development (only Cape May County).	Atlantic City State: 4% Local luxury tax: 9% **Total: 13%**
* When combined with the luxury tax, the state rate is limited to 4% for a combined maximum rate of 13%. However, alcoholic beverages sold by the drink in Atlantic City are taxed at a combined rate of 10% (3% local luxury tax, 7% state sales tax).								
New Mexico	5%	none	5%	n/a	up to 1.9375%	local sales tax	general fund	Santa Fe State: 5% Local sales: 1.25 **Total: 6.25%**
New York	4%	none	4%	n/a	up to 4.25%	up to 7%	local discretion	New York State: 4% Local sales: 4.25 **Total: 8.25%**
North Carolina	4%	none	4%	n/a	up to 2.5%	up to 1%	civic centers, arenas, tourist related expenses	Charlotte State: 4% Local sales: 2.5% Meals tax: 1% **Total: 7.5%**
North Dakota	5%	7% on alcoholic beverages	7%	general fund	up to 1.75%	up to 1%	local discretion	Fargo State: 5% Local sales: 1% **Total: 6%**
Ohio	5%	none	5%	n/a	up to 2%	local sales tax	general fund	Cleveland State: 5% Local sales: 2% **Total: 7%**
Oklahoma	4.5%	0.1%	4.6%	state's tourism advertising campaign	up to 4%	local sales tax	general fund	Tulsa State: 4.6% Local sales: 3.5% **Total: 8.1%**

STATE	STATE SALES TAX	SPECIFIC STATE RESTAURANT TAX	COMBINED STATE RESTAURANT TAXES	STATE USES FOR SPECIFIC RESTAURANT TAXES	LOCAL GENERAL SALES TAX	LOCAL RESTAURANT TAX	LOCAL USE OF RESTAURANT TAX REVENUES	COMBINED STATE AND LOCAL RESTAURANT TAXES IN SELECT CITIES
Oregon	none	none	none	n/a	none	up to 5%	local discretion	Portland No sales tax **Total: 0**
Pennsylvania	6%	none	6%	n/a	1% (only Philadelphia and Allegehny County)	local sales tax	general fund	Philadelphia State: 6% Local sales: 1% **Total: 7%**
Puerto Rico	none	none	none		none	none		San Juan **Total: 0**
Rhode Island	7%	none	7%	n/a	None	none	n/a	Providence State: 7% No local taxes **Total: 7%**
South Carolina	5%	none	5%	n/a	up to 1%	up to 2%	local discretion	Charleston State: 5% Local sales: 1% **Total: 6%**
South Dakota	4%	none	4%	n/a	up to 2%	up to 1%	tourism purposes	Sioux Falls State: 4% Local sales: 2% Local restaurant: 1% **Total: 7%**
Tennessee	6%	none	6%	n/a	up to 2.75%	local sales tax	general fund	Nashville State: 6% Local sales: 2.25% **Total: 8.25%**
Texas	6.25%	none	6.25%	n/a	Up to 2% (includes special districts)	local sales tax	general fund	Dallas State:6.25% Local sales: 2% **Total: 8.25%%**
Utah	4.75%	none	4.75%	n/a	up to 3.35* (includes special districts)	up to 1%	tourism promotion, recreation, cultural or convention facilities	Salt Lake City State: 4.75% Local sales: 1.25% Local restaurant: 1%** **Total: 7%**
* Includes resort community tax of up to 1% imposed on sales in communities where transient room capacity equals or exceeds permanent resident population. ** Includes Tourism, Recreation, Cultural and Convention Facilities Tax of 1.0% on restaurants.								
Vermont	5%	9%*	9%	general fund	1% (not all localities qualify)	1% (only a few communities qualify)	general fund	Burlington State: 9% Local restaurant: 1% **Total: 10%**
* Restaurant tax is in lieu of sales tax.								

STATE	STATE SALES TAX	SPECIFIC STATE RESTAURANT TAX	COMBINED STATE RESTAURANT TAXES	STATE USES FOR SPECIFIC RESTAURANT TAXES	LOCAL GENERAL SALES TAX	LOCAL RESTAURANT TAX	LOCAL USE OF RESTAURANT TAX REVENUES	COMBINED STATE AND LOCAL RESTAURANT TAXES IN SELECT CITIES
Virginia	3.5%	none	3.5%	n/a	up to 1%	up to 4%	general fund	Norfolk State: 3.5% Local sales: 1% Local restaurant: 4% Other taxes: 1.5% **Total: 10%**
Washington	6.5%	none	6.5%	n/a	up to 2.1% (includes transportation district)	0.5% (King County)	baseball stadium	Seattle State: 6.5% Local sales: 2.1% Local restaurant 0.5% **Total: 9.2%**
West Virginia	6%	none	6%	n/a	none	none	n/a	Charleston State: 6% No local tax **Total: 6%**
Wisconsin	5%	none	5%	n/a	up to 0.6% (includes stadium tax of 0.1% in 5 counties)	up to 0.5%	local exposition centers	Milwaukee State: 5% Local sales: 0.6% Local restaurant: 0.25% **Total: 5.85%**
Wyoming	4%	none	4%	n/a	up to 2%	local sales tax	general fund	Cheyenne State: 4% Local sales: 2% **Total: 6%**

Source: NCSL survey of state tourism offices, 1997.

TABLE 3

STATE AND LOCAL RENTAL CAR TAXES - 1997

STATE	STATE SALES TAX	SPECIFIC STATE RENTAL CAR TAX	COMBINED STATE RENTAL CAR TAXES	STATE USES FOR SPECIFIC RENTAL CAR TAXES	LOCAL GENERAL SALES TAX	LOCAL RENTAL CAR TAX	LOCAL USE OF RENTAL CAR TAX REVENUES	COMBINED STATE AND LOCAL RENTAL CAR TAXES IN SELECT CITIES
Alabama	4%	8%*	8%	education	up to 4%	sales tax	n/a	Mobile State: 8% Local sales: 1% **Total: 9%**
* State sales tax on rental cars is 8%								
Alaska	none	none	none	n/a	up to 6%	none	n/a	Anchorage No sales tax **Total: 0**
Arizona	5%	5%	10%	information not available	up to 2.5%	up to 3.3% plus $3.50 or $2.50 per day	local discretion	Phoenix State: 10% Local rental car tax: 3.3% Other taxes: 0.75% County surcharge: $2.50/day **Total: 14.05% plus $2.50/day***
* Additional off-airport car rental fee of 7%.								
Arkansas	4.625%	5.5%*	5.5%	information not available	up to 4%	up to 5%	local discretion	Little Rock State: 5.5% Local sales: 1.5% Local rental car: 5% **Total: 12%**
* State rental car tax is in lieu of state sales tax.								
California	6%	none	6%	n/a	up to 2.5%	none	n/a	Los Angeles State: 6% Local sales: 2.25% **Total: 8.25%***
* Additional off-airport car rental fee of 8%.								
Colorado	3%	none	3%	n/a	up to 5%	up to 5.5%	information not available	Denver State: 3% Local sales: 5.5% **Total: 8.5%***
* Additional off-airport car rental fee of $2.98 per day.								
Connecticut	6%	3% plus $1.00 per day	9% plus $1.00 per day	$1.00 /day surcharge is dedicated to tourism	none	none	n/a	Hartford State: 9% plus $1.00 / day No local taxes **Total: 9% plus $1.00 / day**
Delaware	none	none	none	n/a	none	none	n/a	Wilmington No sales tax **Total: 0**
District of Columbia	5.75%	10%*	10%	some to convention center	same as state	same as state	same as state	Washington, D.C. State: 10% **Total: 10%****
* Rental car tax is in lieu of sales tax. ** Additional off-airport car rental fee of 4%.								

STATE	STATE SALES TAX	SPECIFIC STATE RENTAL CAR TAX	COMBINED STATE RENTAL CAR TAXES	STATE USES FOR SPECIFIC RENTAL CAR TAXES	LOCAL GENERAL SALES TAX	LOCAL RENTAL CAR TAX	LOCAL USE OF RENTAL CAR TAX REVENUES	COMBINED STATE AND LOCAL RENTAL CAR TAXES IN SELECT CITIES
Florida	6%	$2.05 / day	6% plus $2.05 / day	75% for roads, 15.75% for tourism promotion and 4.25% for international trade promotion	up to 1.5%*	none	n/a	Miami State: 6% plus $2.05 **Total: 6% plus $2.05 / day**
* Counties with high tourism may impose additional sales taxes.								
Georgia	4%	none	4%	n/a	up to 2%	up to 3%	some to pay for sports facilities	Atlanta **State: 4%** **Local sales: 1%** **Transit district: 1%** **County rental car tax: 3%** **Total: 9%***
* Additional off-airport car rental fee of 8%.								
Hawaii	4.16%	$2.00 / day	4.16% plus $2.00/day	highway fund	none	none	n/a	Honolulu State: 4.16% plus $2.00/day No local taxes **Total: 4.16% plus $2.00/day**
Idaho	5%	none	5%	n/a	up to 2% (resorts only)	none	n/a	Boise State: 5% **Total: 5%**
Illinois	6.25%	5%	5%*	general fund	up to 2% plus transit sales taxes	up to 1% (excluding Chicago)	local discretion	Chicago State: 5% Local car rental: 1% **Metro Pier & Expo: 6%** **Chicago transaction tax: 6%** **Chicago surcharge: $2.75/rental** **Total: 18% plus $2.75/rental**
* Rental car tax is in lieu of sales tax.								
Indiana	5%	4%	9%	information not available	none	up to 2%	economic development	Indianapolis State: 9% **Total: 9%***
* Additional off-airport car rental fee of 7%.								
Iowa	5%	none	5%	n/a	up to 1%	local sales tax	general fund	Des Moines State: 5% No local sales tax **Total: 5%**
Kansas	4.9%	3.5%	8.4%	information not available	up to 2%	local sales tax	general fund	Wichita State: 8.4% Local sales tax: 1% **Total: 9.4%**
Kentucky	6%	none	6%	n/a	none	up to 3%	local discretion	Louisville State: 6% No local sales tax **Total: 6%**

STATE	STATE SALES TAX	SPECIFIC STATE RENTAL CAR TAX	COMBINED STATE RENTAL CAR TAXES	STATE USES FOR SPECIFIC RENTAL CAR TAXES	LOCAL GENERAL SALES TAX	LOCAL RENTAL CAR TAX	LOCAL USE OF RENTAL CAR TAX REVENUES	COMBINED STATE AND LOCAL RENTAL CAR TAXES IN SELECT CITIES
Louisiana	4%	3%	7%	The 4% state sales tax rate includes a 0.03% levy by the Louisiana Tourism Promotional District.	up to 5%	up to 5.25%	local discretion	New Orleans State: 7% Local car rental: 5% Other taxes 1.75% Surcharge $2 per day **Total: 13.75% plus $2 per day***
* Additional off-airport car rental fee of 5%.								
Maine	6%	10%*	10%	general fund	none	none	n/a	Portland State: 10% No local taxes **Total: 10%**
* Rental car tax is in lieu of sales tax.								
Maryland	5%	11.5%*	11.5%	general fund	none	none	n/a	Baltimore State: 11.5% No local taxes **Total: 11.5%**
* Rental car tax is in lieu of sales tax.								
Massachusetts	5%	none	5%	n/a	none	$10.30/rental surcharge in Boston	Local discretion	Boston State: 5% $10.30/rental surcharge is imposed in Boston **Total: 5% plus $10.30/rental**
Michigan	6%	none	6%	n/a	none	up to 2%	stadiums and convention centers	Detroit State: 6% Local taxes: 2% **Total: 8%**
Minnesota	6.5%	6.2%	12.7%	information not available	up to 1%	none	n/a	Minneapolis State: 12.7% No local taxes **Total: 12.7%***
* Additional off-airport car rental fee of $1.75.								
Mississippi	7% (3% on car rentals)	6%	9%	information not available	none	none	n/a	Jackson State: 9% No local taxes **Total: 9%**
Missouri	4.225%	none	4.225%	n/a	up to 3.75%	none	n/a	St. Louis State: 4.225% Local taxes 1.75% **Total: 5.975%**
Montana	none	none	none	n/a	none	none	n/a	Bozeman No taxes **Total: 0**
Nebraska	6.5%	4.5%	11%	information not available	up to 1.5%	$2 per day (Omaha)	information not available	Omaha State: 11% Local tax: $2/day **Total: 11% plus $2/day**

STATE	STATE SALES TAX	SPECIFIC STATE RENTAL CAR TAX	COMBINED STATE RENTAL CAR TAXES	STATE USES FOR SPECIFIC RENTAL CAR TAXES	LOCAL GENERAL SALES TAX	LOCAL RENTAL CAR TAX	LOCAL USE OF RENTAL CAR TAX REVENUES	COMBINED STATE AND LOCAL RENTAL CAR TAXES IN SELECT CITIES
Nevada	6.5%, 6.75% or 7%*	6% state rental surcharge	varies	general fund	up to 0.5%	none	n/a	Las Vegas State: 13% **Total: 13%****
* State sales tax rate varies according to county. ** Additional off-airport car rental fee of 8%.								
New Hampshire	none	none	none	n/a	none	none	n/a	Manchester No taxes **Total: 0**
New Jersey	6%	none	6%	n/a	none	none	n/a	Atlantic City State: 6% No local taxes **Total: 6%***
* Additional off-airport car rental fee of 10%.								
New Mexico	5%	5% plus $2.00 per day	10% plus $2 per day	road fund and general fund	up to 1.9375%	none	n/a	Santa Fe State: 10% plus $2/day Local tax: .75% **Total: 10.75% plus $2/day**
New York	4%	5%	9%	information not available	up to 4.25%	none	n/a	New York State: 9% Local sales: 4.25 **Total: 13.25**
North Carolina	5%	8%*	8%	highways and general fund	up to 2.5%	up to 5%	transportation	Charlotte State: 8% No local taxes **Total: 8%****
* A highway use tax is imposed instead of the state sales tax. **Additional off-airport car rental fee of 5%.								
North Dakota	5%	none	none	n/a	up to 1.75%	none	n/a	Fargo No rental car taxes **Total: 0**
Ohio	5%	none	5%	n/a	up to 2%	up to 6%	n/a	Cleveland State: 5% Local sales tax: 2% Local car rental: 6% **Total: 13%**
Oklahoma	4.5%	0.1% plus 6% rental tax	10.6%	(0.1% for state's tourism advertising campaign)	up to 4%	none	n/a	Tulsa State: 10.6% Local tax: 3.31% **Total: 13.910%**
Oregon *	none	none	none	n/a	none	10%	local discretion	Portland State: none Local: 10% **Total: 10%****
* All rental car taxes are local option. ** Additional off-airport car rental fee of 4%.								

STATE	STATE SALES TAX	SPECIFIC STATE RENTAL CAR TAX	COMBINED STATE RENTAL CAR TAXES	STATE USES FOR SPECIFIC RENTAL CAR TAXES	LOCAL GENERAL SALES TAX	LOCAL RENTAL CAR TAX	LOCAL USE OF RENTAL CAR TAX REVENUES	COMBINED STATE AND LOCAL RENTAL CAR TAXES IN SELECT CITIES
Pennsylvania	6%	2% plus $2/day	8% plus $2/day		1% (only Philadelphia and Allegheny County)	none	n/a	Philadelphia State: 8% plus $2/day Local sales: 1% **Total: 9% plus $2/day**
Puerto Rico	none	none	none		none	none	n/a	San Juan **Total: 0**
Rhode Island	7%	6%	13%		None	none	n/a	Providence State: 13% No local taxes **Total: 13%**
South Carolina	5%	5%	10%		up to 1%	none	n/a	Charleston State: 10% Local sales: 1% **Total: 11%**
South Dakota	4%	5.5%*	9.5%	1% to tourism promotion fund	up to 2%	none	n/a	Sioux Falls State: 9.5% Local sales: 2% **Total: 11.5%**
* 4.5% state tax on rental cars is imposed in lieu of motor vehicle excise tax								
Tennessee	6%	2%	8%	general fund	up to 2.75%	local sales tax	general fund	Nashville State: 8% Local sales: 2.25% **Total: 10.25%**
Texas	6.25%	10%*	10%	general fund	Up to 2% (includes special districts)	Up to 5%	sports facilities	Dallas State: 10% Local sales: n/a Local rental car: 5% **Total: 15%****
* Rental car tax is in lieu of sales tax. **Additional off-airport car rental fee of 8%.								
Utah	4.75%	6.5%	11.25%	real property purchases for highway corridors	up to 3.35* (includes special districts)	up to 3%	tourism promotion, recreation, cultural facilities or convention facilities	Salt Lake City State: 11.25% Local sales: 1.25% Local rental car: 3%** **Total: 15.50%**
* Includes resort community tax of up to 1% imposed on sales in communities where transient room capacity equals or exceeds permanent resident population. ** Includes Tourism, Recreation, Cultural and Convention Facilities Tax of 3.0% on rental cars.								
Vermont	5%	none	5%	general fund	1% (not all localities qualify)	none	n/a	Burlington State: 5% No local taxes **Total: 5%**

STATE	STATE SALES TAX	SPECIFIC STATE RENTAL CAR TAX	COMBINED STATE RENTAL CAR TAXES	STATE USES FOR SPECIFIC RENTAL CAR TAXES	LOCAL GENERAL SALES TAX	LOCAL RENTAL CAR TAX	LOCAL USE OF RENTAL CAR TAX REVENUES	COMBINED STATE AND LOCAL RENTAL CAR TAXES IN SELECT CITIES
Virginia	3.5	8%*	8%	n/a	up to 1%	none	n/a	Norfolk **State: 8%** **No local taxes** **Total: 8%****
* Rental vehicles are exempt from sales tax, but subject to the motor vehicle sales tax. ** Additional off-airport car rental fee of 7%.								
Washington	6.5%	5.9%	12.4%	transportation	up to 2.1% (includes transportation district)	up to 1% (additional 2% in King County only)	public sports stadiums	Seattle **State: 12.4%** **Local sales: 2.1%** **Local rental car: 3%** **Total: 17.5%***
* Additional off-airport car rental fee of 4%.								
West Virginia	6%	none	6%	n/a	none	none	n/a	Charleston **State: 6%** **No local taxes** **Total: 6%**
Wisconsin	5%	none	5%	n/a	up to 0.6% (includes stadium tax of 0.1% in 5 counties)	up to 4%	exposition center	Milwaukee **State: 5%** **Local sales: 0.6%** **Local rental car: 3%** **Total: 8.6%**
Wyoming	4%	4%	8%	information not available	up to 2%	up to 1%	local discretion	Cheyenne **State: 8%** **Local tax: 1%** **Total: 9%**

Source: NCSL survey of state tourism offices, 1997.

TABLE 4

STATE AND LOCAL ADMISSIONS/ENTERTAINMENT TAXES - 1997

STATE	STATE SALES TAX	SPECIFIC STATE ADMISSIONS TAX	COMBINED STATE ADMISSIONS TAXES	STATE USES FOR SPECIFIC ADMISSIONS TAXES	LOCAL GENERAL SALES TAX	LOCAL ADMISSIONS TAX	LOCAL USE OF ADMISSIONS TAX REVENUES	COMBINED STATE AND LOCAL ADMISSIONS TAXES IN SELECT CITIES
Alabama	4%	none	4%	n/a	up to 4%	local sales tax	general fund	Mobile State: 4% Local sales: 1% **Total: 5%**
Alaska	none	none	none	n/a	up to 6%	local sales tax	general fund	Anchorage No sales tax **Total: 0**
Arizona	5%	none	5%	n/a	up to 2.5%	up to 2%	local discretion	Phoenix State: 5% Local sales: .75% (includes 0.25% for stadium district) Local admissions: 1.3% **Total: 7.05%**
Arkansas	4.625%	2%	6.625%	to state tourism office for tourism promotion	up to 4%	local sales tax	general fund	Little Rock State: 6.625% Local sales: 1.5% **Total: 8.125%**
California	6%	none	n/a*	n/a	up to 2.5%	$.50 per seat**	local discretion	Los Angeles State: n/a Local sales: 2.25% **Total: 2.25%**
* Admissions exempt from state sales tax. ** Stadium admission charge of $.50 imposed on tickets more than $12.99 in San Francisco County, but not in the city.								
Colorado	3%	none	n/a*	n/a	up to 5%	up to 10%	local discretion	Denver State: n/a Local admissions: 10% **Total: 10%**
* Admissions exempt from state sales tax.								
Connecticut	6%	10%*	10%	n/a	none	none	n/a	Hartford State: 10% No local taxes **Total: 10%**
* Admissions exempt from state sales tax but subject to state admissions tax.								
Delaware	none	none	none	n/a	none	none	n/a	Wilmington No sales tax
District of Columbia	5.75%	none	5.75%*	n/a	same as state	same as state	same as state	Washington, D.C. State: 5.75% **Total: 5.75%**
* Admissions to cultural events is exempt.								
Florida	6%	none	6%	n/a	up to 1.5%*	local sales tax	general fund	Miami State: 6% Local indigent care tax: 0.5% **Total: 6.5%**
* Counties with high tourism may impose additional sales taxes.								

STATE	STATE SALES TAX	SPECIFIC STATE ADMISSIONS TAX	COMBINED STATE ADMISSIONS TAXES	STATE USES FOR SPECIFIC ADMISSIONS TAXES	LOCAL GENERAL SALES TAX	LOCAL ADMISSIONS TAX	LOCAL USE OF ADMISSIONS TAX REVENUES	COMBINED STATE AND LOCAL ADMISSIONS TAXES IN SELECT CITIES
Georgia	4%	none	4%	n/a	up to 2%	local sales tax	general fund	Atlanta State: 4% Local sales: 1% Transit district:: 1% **Total: 6%**
Hawaii	4%	none	4%	n/a	none	none	n/a	Honolulu State: 4% No local taxes **Total: 4%**
Idaho	5%	none	5%	n/a	up to 2% (resorts only)	none	n/a	Boise State: 5% **Total: 5%**
Illinois	6.25%	none	n/a*	n/a	up to 2% plus transit sales taxes	up to 7%	local discretion	Chicago State: n/a Local amusement: 7% **Total: 7%**
* Admissions are exempt from state sales tax.								
Indiana	5%	none	n/a*	n/a	none	up to 5%	local discretion	Indianapolis State: n/a Local admissions: 5% **Total: 5%**
* Admissions are exempt from state sales tax.								
Iowa	5%	none	5%	n/a	up to 1%	local sales tax	general fund	Des Moines State: 5% No local sales tax **Total: 5%**
Kansas	4.9%	none	4.9%	n/a	up to 2%	up to 3% (if a sports authority has been created in the locality)	local discretion	Wichita State: 4.9% Local sales tax: 1% **Total: 5.9%**
Kentucky	6%	none	6%	n/a	none	up to 10% on tickets sold in multi-purpose arena	local discretion	Louisville State: 6% No local sales tax **Total: 6%**
Louisiana	4%	none	4%	the 4% state sales tax rate includes a 0.03% levy by the Louisiana Tourism Promotional District	up to 5%	up to 5.25%*	local discretion	New Orleans State: 4% Local sales: 5% Local admissions: 5%* **Total: 14%**
* The New Orleans admissions tax on movies and theaters is 2%.								
Maine	6%	none	n/a*	n/a	none	none	n/a	Portland No sales taxes No admissions taxes **Total: 0**
* Admissions are exempt from state sales tax.								

STATE	STATE SALES TAX	SPECIFIC STATE ADMISSIONS TAX	COMBINED STATE ADMISSIONS TAXES	STATE USES FOR SPECIFIC ADMISSIONS TAXES	LOCAL GENERAL SALES TAX	LOCAL ADMISSIONS TAX	LOCAL USE OF ADMISSIONS TAX REVENUES	COMBINED STATE AND LOCAL ADMISSIONS TAXES IN SELECT CITIES
Maryland	5%	none	5%	n/a	none	up to 10%	mostly to stadium authority	Baltimore State: 5% Local admissions: 10% **Total: 15%**
Massachusetts	5%	none	n/a*	n/a	none	none	n/a	Boston No sales taxes No admissions taxes **Total: 0**
* Admissions are exempt from state sales tax.								
Michigan	6%	none	n/a*	n/a	none	none	n/a	Detroit No admissions taxes **Total: 0**
* Admissions are exempt from state sales tax.								
Minnesota	6.5%	none	6.5%	n/a	up to 1%	up to 3%	usually dedicated for convention centers or sports facilities	Minneapolis State: 6.5% Local sales tax: 0.5% Entertainment tax: 3% **Total: 10%**
Mississippi	7%	none	7%	n/a	none	none	n/a	Jackson State: 7% No local taxes **Total: 7%**
Missouri	4.225%	none	4.225%	n/a	up to 3.75%	up to 5%	local discretion—some for tourism	St. Louis State: 4.225% Local sales tax: 2.625% Local admissions: 5% **Total: 11.85%**
Montana	none	none	n/a	n/a	none	none	n/a	Bozeman No sales taxes No admissions taxes **Total: 0**
Nebraska	5%	none	5%	n/a	up to 1.5%	sales tax	local discretion	Omaha State: 5% Local sales: 1% **Total: 6%**
Nevada *	6.5%, 6.75 or 7%*	none	none**	n/a	up to 0.5%	none	n/a	Las Vegas No taxes **Total: 0**
* State sales tax rate varies by county ** Admissions are exempt from state sales tax.								
New Hampshire	none	none	n/a	n/a	none	none	n/a	Manchester No sales taxes No admissions taxes **Total: 0**

STATE	STATE SALES TAX	SPECIFIC STATE ADMISSIONS TAX	COMBINED STATE ADMISSIONS TAXES	STATE USES FOR SPECIFIC ADMISSIONS TAXES	LOCAL GENERAL SALES TAX	LOCAL ADMISSIONS TAX	LOCAL USE OF ADMISSIONS TAX REVENUES	COMBINED STATE AND LOCAL ADMISSIONS TAXES IN SELECT CITIES
New Jersey	6%	none	6%*	n/a	none	9% in Atlantic City and 2% in Cape May County	tourism development (only Cape May County).	Atlantic City State: 4% Local luxury tax: 9% **Total: 13%**
* When combined with the luxury tax, the state rate is limited to 4% for a combined maximum rate of 13%.								
New Mexico	5%	none	5%	n/a	up to 1.9375%	local sales tax	general fund	Santa Fe State: 5% Local sales: 1.25% **Total: 6.25%**
New York	4%	none	4%	n/a	up to 4.25%	up to 7%	local discretion	New York State: 4% Local sales: 4.25 **Total: 8.25%**
North Carolina	4%*	3%	3%	general fund	up to 2.5%	none	n/a	Charlotte State: 3% No local tax **Total: 3%**
* Admissions are exempt from state sales tax.								
North Dakota	5%	none	5%	n/a	up to 1.75%	local sales tax	general fund	Fargo State: 5% Local sales: 1% **Total: 6%**
Ohio	5%	none	n/a*	n/a	up to 2%	up to 3%	local discretion	Cleveland State: n/a Local sales: 2% Local admissions: 3% **Total: 5%**
* Admissions are exempt from state sales tax.								
Oklahoma	4.5%	0.1%	4.6%	state's tourism advertising campaign	up to 4%	local sales tax	general fund	Tulsa State: 4.6% Local sales: 3.5% **Total: 8.1%**
Oregon	none	none	none	n/a	none	none	n/a	Portland No sales taxes No admissions taxes **Total: 0**
Pennsylvania	6%	none	n/a*	n/a	1% (only Philadelphia and Allegheny County)	up to 10%	local discretion	Philadelphia State: n/a% Local sales: 1% **Total: 1%**
* Admissions are exempt from state sales tax.								
Puerto Rico	none	10%	10%		none	none	n/a	San Juan State: 10% **Total: 10%**

STATE	STATE SALES TAX	SPECIFIC STATE ADMISSIONS TAX	COMBINED STATE ADMISSIONS TAXES	STATE USES FOR SPECIFIC ADMISSIONS TAXES	LOCAL GENERAL SALES TAX	LOCAL ADMISSIONS TAX	LOCAL USE OF ADMISSIONS TAX REVENUES	COMBINED STATE AND LOCAL ADMISSIONS TAXES IN SELECT CITIES
Rhode Island	7%	none	n/a*	n/a	none	none	n/a	Providence No sales taxes No admission taxes **Total: 0**
* Admissions are exempt from state sales tax.								
South Carolina	5%	none	5%	n/a	up to 1%	local sales tax	general fund	Charleston State: 5% Local sales: 1% **Total: 6%**
South Dakota	4%	1%*	5%	tourism promotion fund	up to 2%	up to 1%	dedicated for tourism purposes	Sioux Falls State: 5% Local sales: 2% Local admissions: 1% **Total: 8%**
* Excludes movies								
Tennessee	6%	none	6%	n/a	up to 2.75%	varies	local discretion	Nashville State: 6% Local sales: 2.25% **Total: 8.25%**
Texas	6.25%	none	6.25%	n/a	up to 2% (includes special districts)	local sales tax	general fund	Dallas State:6.25% Local sales: 2% **Total: 8.25%**
Utah	4.75%	none	4.75%	n/a	up to 3.35* (includes special districts)	local sales tax	general fund	Salt Lake City State: 4.75% Local sales: 1.25% **Total: 6 %**
* Includes resort community tax of up to 1% imposed on sales in communities where transient room capacity equals or exceeds permanent resident population.								
Vermont	5%	none	5%	n/a	1% (not all localities qualify)	1% (only Burlington)	general fund	Burlington State: 5% Local admissions: 1% **Total: 6%**
Virginia	3.5%	none	3.5%	n/a	up to 1%	up to 10%	local discretion	Norfolk State: 3.5% Local sales: 1% **Total: 4.5%**
Washington	6.5%	none	n/a*	n/a	up to 2.1% (includes transportation district)	up to 5%	local discretion	Seattle State: n/a Local sales: n/a Local admissions: 5% **Total: 5%**
* Admissions are exempt from state sales tax if local admissions tax is imposed.								

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West Virginia	6%	none	6%	n/a	none	Up to 2%	Local discretion	Charleston State: 6% Local amusement tax: 2% **Total: 8%**
Wisconsin	5%	none	5%	n/a	up to 0.6% (includes stadium tax of 0.1% in 5 counties)	local sales tax	general fund	Milwaukee State: 5% Local sales: 0.6% **Total: 5.6%**
Wyoming	4%	none	4%	n/a	up to 2%	local sales tax	general fund	Cheyenne State: 4% Local sales: 2% **Total: 6%**

Source: NCSL survey of state tourism offices, 1997.

SURVEY OF STATE TOURISM OFFICES

1997-1998

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BUDGET - INTRODUCTION

State	Date Fiscal Year Begins	Actual Budget for Fiscal Year 1996-97	1996-97 Rank	Projected Budget for Fiscal Year 1997-98	1997-98 Rank	Entire Tourism Office Budget Funded by State General Revenue?	IF NO: Other Sources of Funding for Tourism Office (% of Total Budget)		Explanation of Sources of Funding
AL	10/01	6,939,384	26	9,177,112	19	NO	Lodging Tax	6% 0% 0%	State law imposes 4% tax on lodging, 25% of this goes to Travel Office
AK STO	07/01	3,098,600	21	2,381,000	27	NO	Earned Income	20%	Private sector contributions to cooperative marketing programs.
AK ATMC	07/01	5,312,393	21	4,225,655	27	NO	Industry Matching Funds	0%	The legislature determines ATMC's budget. However private industry must provide a minimum of 25% in matching contributions. Funds are raised through the sale of advertising space and other promotional materials.
AZ	07/01	7,456,000	22	8,295,000	24	NO	Lodging Receipts	30%	6.5% on lodging where .2% is dedicated to travel office funding.
AR	07/01	10,130,934	16	10,543,951	16	NO	2% Tourism Tax	68%	All dedicated to tourism development. Collected on hotels, motels, marina rentals and tourist attractions.
CA	07/01	7,300,000	24	12,300,000	14	NO	Marketing Act	41%	
CT	07/01	5,125,422	33	5,505,585	31	NO	Car Rental Surcharge	78%	$1 per day fee imposed on car rentals of 30 days or less. 100% to STO.
DE	07/01	886,800	49			YES			
FL	07/01	19,146,447	4	23,031,986	4	NO	Car Rental Surcharge	84%	Two dollars a day surcharge on rental cars in Florida. Tourism receives 15.75% of total collected. Industry Partner memberships began on July 1, 1996.
GA	07/01	6,577,000	27	7,557,000	26	YES			
HI STO	07/01	1,319,907	1	1,729,568	2	YES			
HI HVB	07/01	34,550,000	1	26,050,000	2	YES			
ID	07/01	4,152,665	36	4,283,050	39	NO	2% Hot/Mot & Private Camps General Fund	99% 1%	Hotel/Motel and private campgrounds entire amount dedicated to tourism development.

State	Date Fiscal Year Begins	Actual Budget for Fiscal Year 1996-97	1996-97 Rank	Projected Budget for Fiscal Year 1997-98	1997-98 Rank	Entire Tourism Office Budget Funded by State General Revenue?	IF NO: Other Sources of Funding for Tourism Office (% of Total Budget)		Explanation of Sources of Funding
IL	07/01	32,756,500	2	35,336,700	1	NO	State hotel/motel tax	100%	6% state specific tax on lodging. 8% of the receipts from the tax are dedicated to domestic advertising and 8% of the receipts are dedicated for grants to local convention & visitor bureaus. 13% of the receipts from the tax are deposited in the Tourism Promotion Fund, which is used to fund operations, international advertising, other grant programs, special programs, special promotions, publications, etc.
IN	07/01	3,805,000	38	4,805,000	35	YES			
IA	07/01	4,356,822	34	5,410,868	32	YES			
KS	07/01	3,779,379	39	4,254,010	40	NO	Fee Gaming $ State Gen $	25% 65% 10%	Our agency receives 26% of all EDIF funds. This division receives 12% of those funds.
KY	07/01	6,272,900	30	6,375,100	30	YES			
LA	07/01	14,840,529	9	15,167,392	9	NO	State Sales Tax	100%	Funding for the Office of Tourism comes from a fund that dedicates three tenths of one percent of all state sales tax collections. The money is collected in the Louisiana Tourism Promotion District Fund. The Legislature raised the previous cap to $16 million annually. Additional funds incorporated into the budget come from the unspent balance from previous years and Scenic Byways grant funds.
ME	07/01	2,733,000	43	4,223,000	41	YES			
MD	07/01	8,580,532	20	8,670,366	23	YES			
MA	07/01	16,933,000	8	17,405,000	8	NO	State Occupancy Tax	100%	All tourism funding comes from the Massachusetts Tourism Fund. The fund consists of 35% of the state Hotel Occupancy Tax (5.7%). From this fund, 40% goes to the Massachusetts Tourism Office and 19% to the Tourism Grant Program.
MI	10/01	11,038,900	14	14,794,300	10	YES			

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MN	07/01	9,379,512	17	9,132,677	20	NO	Revenue Trunk Highway	10% 7%	
MS	07/01	10,958,415	15	10,506,301	17	YES			
MO	07/01	11,591,288	13	13,267,150	12	YES			The State of Missouri has passed legislation that includes a formula to determine the amount of General Revenue funding for the Div. of Tourism. This formula incorporates the growth in tourism as an indication of the level of funding.
MT	07/01	6,349,530	29	6,447,151	29	NO	Lodging Tax	100%	The 1997 legislature authorized the use of $400,000 of accommodation tax for 4 years to help acquire historic Virginia and Nevada cities. These funds come off the top, before disbursements are made.
NE	07/01	2,200,400	46	2,732,100	46	NO	Lodging Tax General Fund (Film Office)	94% 6%	
NV	07/01	9,298,169	18	9,116,897	21	NO	Lodging Tax Misc.	99% 1%	3/8 of 1% statewide room tax credited to tourism budget.
NH	07/01	2,484,168	45	3,433,219	43	YES			
NJ	07/01	5,440,000	31	5,282,000	33	YES			
NM	07/01	5,240,200	32	4,769,400	36	NO	Road Fund	26%	The Department's travel & tourism budget receives state road funds to operate the state's 9 welcome centers. The funds come from road fund cash balance.
NY	04/01	17,842,900	6	18,197,300	7	NO	Adv. & logo rev., corp. cred. cards	6%	Revenue is generated from advertising in our tourism collateral, from logo licensing, trade shows and an affinity credit card.
NC	07/01	9,054,650	19	10,368,476	18	YES			
ND	07/01	2,054,968	48	2,108,484	48	YES			
OH	07/01	6,352,714	28	6,500,000	28	NO			$6,450,000 is FY 1998 General Reserve Fund funding. Additional of $50,000 anticipated from Federal grants.
OK	07/01	7,205,925	25	8,835,854	22	NO	Gross receipts tax on tourism businesses	60%	To be used on media advertising only. All media placement and production are funded by tourism gross receipts tax.

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									Funds from tax cannot be used for any other STO expenses.
OR	07/01	2,681,850	44	2,904,425	45	NO	Lottery	100%	Our biennial $5,808,851 million budget (1997-1999) is funded by lottery revenue; however, a variety of partnerships with the private sector and other public agencies supplement many program areas - this partnership funding is not reflected in our budget. Our goal is a 1:1 ratio of state funds to "other" funds. We took a reduction in the 95-97 budget of $102,303 as a result of short falls in state lottery revenue. The cuts were taken in March 1996.
PA	`07/01	18,490,000	5	19,450,000	5	YES			
RI	07/01	2,115,361	47	2,622,530	47	YES			In the current fiscal year the travel office is receiving its funding as part of a general fund appropriation to the Rhode Island Economic Development Corporation. Part of that appropriation is based on an approximation of what would have been received from a 1.35% share of a 5% room tax.
SC	07/01	14,539,252	10	14,617,001	11	NO	Sales of Publications & Research Reports	4%	5% tax on professional entertainment activities. 100% dedicated to travel office. Includes golf green fees.
SD	07/01	3,931,000	37	4,212,000	42	NO	Co-ops/Partnerships Gaming Promotion Tax	9% 33% 58%	The state receives 40% of the Deadwood Gaming Tax and 1% of the gross receipts from hotels and lodging places; campgrounds; motor vehicle rentals, visitor attractions, recreation equipment rentals, recreation services, spectator events and visitor intensive businesses (June, July, August, and September).
TN	07/01	13,081,200	11	12,395,700	13	YES			

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TX DOT	09/01	8,037,384	3	9,843,662	3	NO	Highway fund	100%	Currently, the state sales tax rate applicable to commercial lodging is 6%. One-half of 1% (currently 1/12) of this tax is dedicated to the Texas Department of Economic Development for tourism advertising. None of these funds are allocated to the Travel & Information Division of the Texas Department of Transportation.
TX STO	09/01	13,727,222	3	15,285,000	3	NO	Hotel Occupancy Tax	100%	6% tax on lodging where ½ of 1% is dedicated for promoting travel to Texas.
UT	07/01	4,334,000	35	4,586,750	37	YES			Note: The 3% County Option Transient Room Tax funds tourism promotion at the county level. The money is not used for tourism promotion/development at the state level.
VT	07/01	3,360,557	41	5,074,470	34	NO	Special Fund General Fund	1% 99%	Transportation Agency pays for operation of our info. centers via Transportation funds which come from state and federal tax dollars.
VA	07/01	17,436,922	7	18,322,322	6	NO	Transportation Trust Welcome Center Fees	3% 2%	Revenue from DOT vending program varies. Revenue from renting of WC brochure slots and translates-100%.
WA	07/01	3,057,823	42	3,181,690	44	YES			
WV	07/01	7,425,668	23	8,011,392	25	NO	Lottery	100%	3% of lottery proceeds.
WI	07/01	11,821,405	12	11,680,000	15	YES			
WY	07/01	3,649,542	40	4,311,551	38	YES			
DC CVA						NO			Dues and hotel occupancy tax serve as major sources of revenue for advertising and sales.
PR	07/01	78,844,147				NO	Capital Improvements Fund Other Funds PRTC Funds Slot Machines Operations Tourism Development Fund	3% 7% 18% 34% 9%	