

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 685 (Delegate Taylor, *et al.*)
Appropriations

Maryland Tourism Development - Funding

This bill provides that the Governor must include in the annual budget bill a proposed general fund appropriation to the Maryland Tourism Development Board of \$4 million in fiscal 1999, \$5 million in fiscal 2000, and \$6 million in fiscal 2001 and subsequent fiscal years. The Office of Tourism Development must spend in each fiscal year a specified portion of their budget appropriation on tourism advertising and promotion.

The Governor must also include in the annual budget proposal for each fiscal year an appropriation for the Office of Tourism Development not less than the amount in the Governor's proposed fiscal 1995 budget. The Maryland Tourism Development Board must submit a report to the Legislative Policy Committee on tourism-related data.

Fiscal Summary

State Effect: Significant increase in general fund expenditures beginning in FY 1999. Revenues would not be affected.

Local Effect: Potential significant increase in local revenues, with a commensurate increase in expenditures.

Small Business Effect: Potential meaningful impact on small businesses as discussed below.

Fiscal Analysis

State Effect: Due to legislation passed during the 1994 session, the Governor's proposed general fund appropriation for the Maryland Tourism Development Board Fund for fiscal 1996, 1997, and 1998 had to be at least \$3 million. Under this bill, mandated minimum proposed appropriations would continue at \$4 million in fiscal 1999, \$5 million in fiscal 2000, and \$6 million in fiscal 2001 and beyond. The exact increase in general fund

expenditures due to this bill would depend upon the amount actually appropriated each year, and the amount that would have been included in the Governor's proposed budget absent this legislation.

The bill also requires the Governor's proposed budget to include no less than \$5.7 million for the Office of Tourism Development; this is the amount proposed in the fiscal 1995 budget. The bill requires that the portion of these funds spent on tourism marketing be at least equal to that spent in fiscal 1995. Of the \$5.7 million proposed for fiscal 1995, approximately \$1.1 million (20%) was allocated for tourism advertising.

Local Effect: Since the Tourism Development Board provides grant funding to local jurisdictions for tourism-related activities, local governments would receive additional revenues, with a commensurate increase in spending on tourism activities. Local jurisdictions are slated to receive \$750,000 in the proposed fiscal 1998 budget; the Tourism Development Board advises that this would increase to \$850,000 for subsequent fiscal years given the bill's provisions. Again, the impact of this legislation depends upon the amount actually appropriated in the budget and allocated to local grants, and how this differs from the amount that would have been allocated absent this legislation.

Small Business Effect: Under this bill, spending would increase on tourism marketing and promotion efforts. To the extent that such efforts are effective, the Maryland tourism industry would benefit. According to information provided by the Department of Business and Economic Development (DBED), there are 2,200 businesses directly involved in the tourism trade in Maryland, 95% of which are small businesses. (This number does not include retail service stations.) The tourism industry provides approximately 80,000 jobs in the State, and accounts for \$5.8 billion in direct spending in Maryland. The strategic plan for Maryland tourism development aims to increase job figures to 150,000 by the year 2000, and increase direct spending in Maryland to \$10 billion annually.

Information Source(s): Department of Business and Economic Development, Department of Fiscal Services

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Analysis by: Kim E. Wells-McDonnell
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710