

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE  
Revised

Senate Bill 882 (Senator Bromwell)

Budget and Taxation

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**Maryland Tourism Development - Appropriations**

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The bill requires the Governor to include in the annual budget bill a proposed general fund appropriation to the Maryland Tourism Development Board Fund of at least: \$7.5 million for fiscal 2002; \$9 million for fiscal 2003; \$10.5 million for fiscal 2004; \$12 million for fiscal 2005; and \$13.5 million for fiscal 2006 and for each subsequent year.

Additionally, the bill requires the Governor to include in the annual budget bill a proposed general fund appropriation for the Office of Tourism Development in an amount not less than: \$6,480,050 for fiscal 2001; \$7,480,050 for fiscal 2002; \$8,480,050 for fiscal 2003; \$9,480,050 for fiscal 2004; \$10,480,050 for fiscal 2005; and \$11,480,050 for fiscal 2006 and for each year thereafter. Any amount appropriated to the office for fiscal 2001, 2002, and 2003 must include \$1.6 million for the Baltimore Area Convention and Visitors Association (BACVA).

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**Fiscal Summary**

**State Effect:** Significant increase in general fund expenditures beginning in FY 2002. No effect on the Office of Tourism Development in FY 2001 as the amount mandated by the bill reflects the amount in the proposed FY 2001 budget. No effect on the Maryland Tourism Development Board Fund in FY 2001. Revenues would not be affected.

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

**Small Business Effect:** Potential meaningful.

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**Analysis**

**Current Law:** The Maryland Tourism Development Board Fund was established to allow the Maryland Tourism Development Board to fund programs relating to the planning, advertising, promotion, assistance, and development of the tourism industry in the State.

The Governor must include a general fund appropriation in the amount of \$6 million for fiscal 2001 and each year thereafter to the Maryland Tourism Development Board Fund. Additionally, the annual funding for the Office of Tourism Development must not be less than the amount appropriated for the office in fiscal 1995.

**Background:** Chapter 111 of 1994 set a minimum funding level for the Maryland Tourism Development Board Fund at \$3 million for fiscal 1996, 1997, and 1998. This legislation was set to sunset after fiscal 1998. Chapter 471 of 1997 increased the mandated minimum funding for the fund to \$4 million for fiscal 1999, \$5 million for fiscal 2000, and \$6 million for fiscal 2001 and for each year thereafter.

Chapter 111 of 1994 further provided that annual funding for the Office of Tourism Development must not be less than the amount appropriated for the office in fiscal 1995. In fiscal 1995, \$5.7 million was appropriated for the Office of Tourism Development.

The Office of Tourism Development encourages travel in Maryland from around the State, country, and world through advertising, public relations, promotions and events, literature, and direct sales efforts. This office also administers a program of local matching grants to support general tourism development at the local level and for special promotional events and opportunities.

The BACVA is a nonprofit organization financially supported by hotel tax revenue, State and local grants, and membership dues.

### **State Fiscal Effect:**

#### *Maryland Tourism Development Board Fund*

The bill does not increase the minimum funding level for the fund for fiscal 2001. The proposed fiscal 2001 budget includes \$6 million for the fund as required under current law. However, the bill increases minimum funding levels beginning in fiscal 2002 by \$1.5 million each year through fiscal 2006. 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.

#### *Office of Tourism Development*

The bill increases minimum funding levels for the Office of Tourism Development beginning

in fiscal 2001. The current minimum funding level must not be less than the amount appropriated for the office in fiscal 1995, or \$5.7 million annually. The proposed fiscal 2001 budget includes \$6,480,050, which reflects the amount required by the bill for fiscal 2001. Accordingly, the bill does not affect funding levels for fiscal 2001. Minimum funding levels are increased by \$1 million in each of the out-years through fiscal 2006. 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.

From the amount appropriated to the Office of Tourism Development, \$1.6 million must be granted to the BACVA. Annual funding for the BACVA from the Maryland Tourism Development Board is currently \$125,000. It is assumed that the additional funding from the Office of Tourism would be over and above that which BACVA already receives from the board. The office may be required to divert funds from local tourism activities and from other operating expenses.

**Local Fiscal Effect:** The Office of Tourism Development provides grant funding to local jurisdictions for tourism-related activities. The Office of Tourism Development is expected to grant \$650,000 for local tourism activities and for special promotional events and opportunities. The bill requires the office to grant \$1.6 million for the BACVA for fiscal 2001, 2002, and 2003. The office may be required to divert funds from other local activities at least until fiscal 2003, when the increase in funding for the office surpasses the amount earmarked for BACVA. Beginning in fiscal 2003, local governments could receive additional revenues, with a commensurate increase in spending on tourism activities. 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-related activities. 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, 95% of businesses directly involved in the tourism trade in Maryland are small businesses.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

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