

# SENATE BILL 458

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By: **Senators Astle, Forehand, Jacobs, and Middleton**

Introduced and read first time: January 31, 2008

Assigned to: Finance and Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **Tourism Promotion Act of 2008**

3 FOR the purpose of requiring the Maryland Tourism Development Board to provide  
4 certain grants to the destination marketing organizations and certain financial  
5 assistance to the Office of Tourism Development; for a certain fiscal year,  
6 requiring the Governor to include in the annual budget bill a certain proposed  
7 General Fund appropriation to the Maryland Tourism Development Board  
8 Fund; beginning in a certain fiscal year, requiring the Governor to include in  
9 the annual budget bill a certain proposed General Fund appropriation based on  
10 certain prior fiscal year appropriations; beginning in a certain fiscal year,  
11 requiring the Treasurer to deposit annually into the Fund a certain additional  
12 amount derived from sales tax revenues collected on certain retail sale of  
13 tourist-oriented goods and services; specifying the calculation for the additional  
14 amount to be deposited into the Fund; limiting the total annual funding that  
15 may be deposited into the Fund from certain sources; providing that any  
16 amount that may not be deposited into the Fund due to the limitation shall be  
17 deposited into the General Fund; encouraging certain local government to  
18 reevaluate certain policies governing the means by which revenues derived from  
19 local hotel and motel taxes are shared between local governments and the  
20 destination marketing organizations; requiring that the annual operating  
21 budget of the Office shall continue to be financed from the General Fund with  
22 additional support consistent with this Act; requiring that on or before a certain  
23 date each year, the Department of Business and Economic Development shall  
24 report to certain persons on a certain analysis of the effectiveness of this Act  
25 and provide a certain recommendation; and generally relating to promoting  
26 tourism in Maryland.

27 BY repealing and reenacting, without amendments,  
28 Article 83A – Department of Business and Economic Development  
29 Section 4–206  
30 Annotated Code of Maryland

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2003 Replacement Volume and 2007 Supplement)

2 BY repealing and reenacting, with amendments,  
3 Article 83A – Department of Business and Economic Development  
4 Section 4–207 and 4–208  
5 Annotated Code of Maryland  
6 (2003 Replacement Volume and 2007 Supplement)

7 Preamble

8 WHEREAS, Maryland is known as “America in Miniature” with unsurpassed  
9 natural, cultural, and historical amenities waiting to be discovered; and

10 WHEREAS, Maryland’s \$11 billion travel and tourism industry represents the  
11 State’s fourth largest industry which recent reports show employs over 100,000 people  
12 and generates an estimated \$3 billion in salaries and wages and \$895 million in State  
13 tax revenues on an annual basis; and

14 WHEREAS, Studies indicate that every dollar spent marketing the State of  
15 Maryland converts into a \$28.24 return on investment to Maryland’s economy; and

16 WHEREAS, Neighboring states realize the economic value of self–promotion  
17 and are outspending Maryland in a concerted effort to capture a regional market share  
18 of visitor spending, especially by baby boomers with their disposable income who are  
19 moving into the 45 to 54 age group; and

20 WHEREAS, State funding for travel and tourism development and promotion in  
21 Maryland has fluctuated over the years largely because of shifting priorities,  
22 depressed revenue attainment, and less than a full understanding of the dollar  
23 potential associated with a well–financed, clearly understood marketing strategy; and

24 WHEREAS, Prevailing economic conditions, coupled with competition from  
25 neighboring states and the predictability of a measurable return on investment, call  
26 for a bold, innovative, and well–funded plan to strengthen Maryland’s standing as a  
27 premiere destination for travelers; and

28 WHEREAS, The General Assembly envisions the Tourism Promotion Act of  
29 2008 as a timely investment in Maryland’s future that will generate much–needed  
30 revenues for State and local governments through the promotion of a State whose  
31 credit as “America in Miniature” is well–deserved; now, therefore,

32 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
33 MARYLAND, That the Laws of Maryland read as follows:

34 **Article 83A – Department of Business and Economic Development**

35 4–206.

1           Subject to the approval of the Secretary, the Board has the following powers and  
2 duties:

3           (1)    To adopt reasonable regulations to effectuate the provisions of this  
4 subtitle;

5           (2)    To enter into contracts and agreements;

6           (3)    To engage services;

7           (4)    To request and obtain from any department, division, board,  
8 bureau, commission or other agency or unit of the State, assistance and data to enable  
9 it to carry out its powers and duties under this subtitle;

10          (5)    To accept any federal funds granted by an act of Congress or by  
11 executive order for any of the purposes of this subtitle;

12          (6)    To accept any gifts, donations, or bequests for any of the purposes  
13 of this subtitle; and

14          (7)    Subject to the provisions of § 4–208 of this subtitle, to generate  
15 revenue through sales of goods and services relating to tourism.

16 4–207.

17           Subject to the approval of the Secretary, the Board shall:

18          (1)    Draft and implement:

19                  (i)    A 5–year strategic plan for the promotion and development  
20 of tourism in Maryland; and

21                  (ii)   An annual marketing plan consistent with the strategic  
22 plan;

23          (2)    Submit to the Maryland Economic Development Commission for its  
24 review the 5–year strategic plan and annual marketing plan;

25          (3)    Establish an annual operating budget consistent with the  
26 marketing plan;

27          (4)    Protect, preserve, promote, and restore the natural, historical,  
28 scenic, and cultural resources in the State;

29          (5)    Encourage the development of new tourism resources, products,  
30 businesses, and attractions in the State;

1 (6) Facilitate the movement and activities of tourists to, from, and  
2 within the State through signs, information aids, and other services;

3 (7) Improve the safety and security of tourists in the State;

4 (8) Encourage and facilitate training and education of individuals for  
5 jobs in the tourism industry, and provide a healthy environment for the development  
6 of human resources in tourism businesses;

7 (9) Encourage residents to pursue careers in the tourism industry;

8 (10) Produce a climate conducive to small tourism business growth and  
9 viability;

10 (11) Review existing and proposed taxes, fees, licenses, regulations, and  
11 regulatory procedures affecting tourism and tourism businesses in the State and  
12 evaluate their impact on the ability of the tourism industry to create employment and  
13 generate income;

14 (12) Support the conducting of research necessary to evaluate, plan,  
15 and execute effective tourism programs;

16 (13) Cooperate with other public and private agencies and  
17 organizations in the development and promotion of the State's tourism and travel  
18 industries;

19 (14) Encourage, assist, and coordinate the tourism activities of local  
20 and regional promotional organizations;

21 (15) Publish and submit to the Commission and the Secretary an  
22 annual report and other material that the Board considers appropriate;

23 (16) Set policies regarding the expenditures of appropriated and other  
24 funds for tourism advertising, written and graphic materials, cooperative and  
25 matching promotional programs, and other tourism and travel developmental and  
26 promotional activities for the State; [and]

27 (17) Spend funds of the Maryland Tourism Development Board Fund  
28 for the planning, advertising, promotion, assistance, and development of tourism and  
29 travel industries in this State;

30 **(18) BEGINNING IN FISCAL YEAR 2011 AND EACH FISCAL YEAR**  
31 **THEREAFTER, ANNUALLY PROVIDE GRANTS TO THE DESTINATION MARKETING**  
32 **ORGANIZATIONS, OF NOT LESS THAN \$2.5 MILLION IN TOTAL, FOR THE PURPOSE**  
33 **OF ATTRACTING VISITORS TO THE STATE; AND**

1           **(19) BEGINNING IN FISCAL YEAR 2011 AND EACH FISCAL YEAR**  
2 **THEREAFTER, PROVIDE FINANCIAL ASSISTANCE TO THE OFFICE OF TOURISM**  
3 **DEVELOPMENT FOR PURPOSES CONSISTENT WITH THE INTENT OF THIS TITLE.**

4 4-208.

5           (a) There is a Maryland Tourism Development Board Fund.

6           (b) The Fund is established to provide a continuing fund for the Board to  
7 fund programs relating to the planning, advertising, promotion, assistance, and  
8 development of the tourism industry in the State.

9           (c) The Fund is a special, continuous, nonlapsing fund that is not subject to §  
10 7-302 of the State Finance and Procurement Article.

11           (d) The Treasurer shall invest and reinvest the Fund in the same manner as  
12 other State funds and credit any investment earnings to the General Fund.

13           (e) The Fund consists of:

14                   (1) Moneys appropriated in the State budget to the Fund; and

15                   (2) All funds accepted by the Board in accordance with § 4-206 of this  
16 subtitle.

17           (f) Expenditures from the Fund may be made only by the Board in  
18 accordance with an appropriation.

19           (g) (1) In this subsection, "Governor's proposed General Fund  
20 appropriation" means the General Fund appropriation included by the Governor in the  
21 annual budget bill as submitted to the General Assembly, including any proposed  
22 supplemental budget, before any amendment by the General Assembly.

23                   (2) The Governor shall include in the annual budget bill a proposed  
24 General Fund appropriation to the Fund in an amount not less than \$6,000,000 for  
25 fiscal year 2006 [and each fiscal year thereafter] **THROUGH FISCAL YEAR 2009.**

26                   (3) **THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET**  
27 **BILL A PROPOSED GENERAL FUND APPROPRIATION TO THE FUND IN AN**  
28 **AMOUNT NOT LESS THAN \$10,000,000 FOR FISCAL YEAR 2010.**

29                   (4) **BEGINNING IN FISCAL YEAR 2011 AND EACH FISCAL YEAR**  
30 **THEREAFTER, THE GOVERNOR SHALL INCLUDE IN THE ANNUAL BUDGET BILL A**  
31 **PROPOSED GENERAL FUND APPROPRIATION TO THE FUND IN AN AMOUNT NOT**  
32 **LESS THAN THE PRIOR FISCAL YEAR'S GENERAL FUND APPROPRIATION MINUS**  
33 **5%.**

1           **(H) (1) IN ADDITION TO THE PROPOSED GENERAL FUND**  
2 **APPROPRIATION TO THE FUND BEGINNING IN FISCAL YEAR 2011 AND EACH**  
3 **FISCAL YEAR THEREAFTER, THE TREASURER SHALL DEPOSIT INTO THE FUND**  
4 **AN AMOUNT, AS CALCULATED IN ACCORDANCE WITH PARAGRAPH (2) OF THIS**  
5 **SUBSECTION, THAT HAS BEEN DERIVED FROM SALES TAX REVENUES**  
6 **COLLECTED ON THE RETAIL SALE OF TOURIST-ORIENTED GOODS AND SERVICES**  
7 **UNDER THE CLASSIFICATION CODES THE COMPTROLLER DEEMS APPLICABLE**  
8 **AFTER CONSULTATION WITH THE DEPARTMENT OF BUDGET AND**  
9 **MANAGEMENT.**

10           **(2) IF THE INCREASE IN THE AMOUNT OF SALES TAX REVENUES**  
11 **COLLECTED ON THE RETAIL SALE OF TOURIST-ORIENTED GOODS AND SERVICES**  
12 **IN THE FISCAL YEAR 2 YEARS PRIOR TO THE FISCAL YEAR IN WHICH EACH**  
13 **DEPOSIT SHALL BE MADE INTO THE FUND UNDER PARAGRAPH (1) OF THIS**  
14 **SUBSECTION IS AT LEAST 3% OVER THE AMOUNT OF SALES TAX REVENUES**  
15 **COLLECTED ON THE RETAIL SALE OF TOURIST-ORIENTED GOODS AND SERVICES**  
16 **IN THE FISCAL YEAR 3 YEARS PRIOR TO THE FISCAL YEAR IN WHICH EACH**  
17 **DEPOSIT SHALL BE MADE INTO THE FUND, THE COMPTROLLER SHALL**  
18 **CALCULATE THE AMOUNT THAT THE TREASURER IS TO DEPOSIT INTO THE**  
19 **FUND TO BE AN AMOUNT EQUAL TO ONE-HALF OF THE AMOUNT OF THE SALES**  
20 **TAX REVENUES COLLECTED ABOVE A 3% INCREASE.**

21           **(I) (1) THE TOTAL ANNUAL FUNDING DEPOSITED INTO THE FUND**  
22 **UNDER SUBSECTIONS (G) AND (H) OF THIS SECTION IN ANY FISCAL YEAR MAY**  
23 **NOT EXCEED THE AMOUNT DEPOSITED INTO THE FUND UNDER SECTIONS (G)**  
24 **AND (H) OF THIS SECTION IN THE FISCAL YEAR IMMEDIATELY PRECEDING THE**  
25 **CURRENT FISCAL YEAR BY MORE THAN \$5,000,000.**

26           **(2) BASED ON THE LIMITATION OF THE AMOUNT THAT MAY BE**  
27 **DEPOSITED INTO THE FUND UNDER PARAGRAPH (1) OF THIS SUBSECTION, ANY**  
28 **AMOUNT OF SALES TAX REVENUES COLLECTED ON THE RETAIL SALE OF**  
29 **TOURIST-ORIENTED GOODS AND SERVICES THAT MAY NOT BE DEPOSITED INTO**  
30 **THE FUND SHALL BE CREDITED TO THE GENERAL FUND.**

31           SECTION 2. AND BE IT FURTHER ENACTED, That local governments in  
32 Maryland are encouraged to reevaluate their respective policies governing the means  
33 by which revenues derived from local hotel and motel taxes are shared between local  
34 governments and the destination marketing organizations consistent with the intent  
35 and purpose of this Act in order to increase visitor attendance and visitor spending  
36 throughout Maryland.

37           SECTION 3. AND BE IT FURTHER ENACTED, That:

1           (a)    The annual operating budget of the Office of Tourism Development  
2 within the Department of Business and Economic Development shall continue to be  
3 financed from the General Fund, subject to approval through the normal budgetary  
4 process, with additional support consistent with this Act; and

5           (b)    On or before October 1 of each year beginning with October 1, 2013, the  
6 Department of Business and Economic Development, in cooperation with the  
7 Maryland Tourism Development Board and the Maryland Association of Destination  
8 Marketing Organizations, shall report to the Governor and, in accordance with §  
9 2–1246 of the State Government Article, to the General Assembly on:

10                   (1)    The effectiveness of this Act from the standpoint of an analysis of  
11 its impact on increasing visitor attendance and visitor spending in Maryland; and

12                   (2)    Its recommendation whether the Office of Tourism Development is  
13 able to become fiscally self-sufficient through the Maryland Tourism Development  
14 Board Fund within a certain designated time frame.

15           SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 July 1, 2008.