

MAINE STATE LEGISLATURE

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123rd MAINE LEGISLATURE

FIRST REGULAR SESSION-2007

Legislative Document

No. 1076

H.P. 794

House of Representatives, March 6, 2007

An Act To Encourage Expansion and Development of Maine Tourism

Reference to the Committee on Business, Research and Economic Development suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative MIRAMANT of Camden.
Cosponsored by President EDMONDS of Cumberland and
Representatives: ANNIS of Dover-Foxcroft, CONNOR of Kennebunk, Speaker CUMMINGS
of Portland, DUCHESNE of Hudson, FAIRCLOTH of Bangor, KOFFMAN of Bar Harbor,
PINGREE of North Haven, Senator: NASS of York.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 5 MRSA §13058-A** is enacted to read:

3 **§13058-A. Governor to report**

4 The Governor shall, beginning in calendar year 2009, with the assistance of the
5 commissioner and the Maine Tourism Commission, report to the Legislature biennially
6 on the major problems facing and opportunities for expansion or improvement of the
7 tourism industry in the State. The report must recommend a policy that will allow for
8 future development and growth of the tourism industry and a cooperative arrangement
9 between state agencies to meet opportunities for expansion or improvement.

10 **Sec. 2. 5 MRSA §13090-K**, as enacted by PL 2001, c. 439, Pt. UUUU, §1, is
11 amended to read:

12 **§13090-K. Tourism Marketing and Development Fund**

13 **1. Fund established.** The Tourism Marketing ~~Promotion~~ and Development Fund is
14 established in the Department of Economic and Community Development, Office of
15 Tourism as a nonlapsing dedicated account.

16 **2. Source of fund.** Beginning July 1, 2003 and every July 1st thereafter, the State
17 Controller shall transfer to the Tourism Marketing ~~Promotion~~ and Development Fund an
18 amount, as certified by the State Tax Assessor, that is equivalent to ~~5%~~ 8% of the 7% tax
19 imposed on tangible personal property and taxable services pursuant to Title 36, section
20 1811, for the first 6 months of the prior fiscal year after the reduction for the transfer to
21 the Local Government Fund as described by Title 30-A, section 5681, subsection 5.
22 Beginning on October 1, 2003 and every October 1st thereafter, the State Controller shall
23 transfer to the Tourism Marketing ~~Promotion~~ and Development Fund an amount, as
24 certified by the State Tax Assessor, that is equivalent to ~~5%~~ 8% of the 7% tax imposed on
25 tangible personal property and taxable services pursuant to Title 36, section 1811, for the
26 last 6 months of the prior fiscal year after the reduction for the transfer to the Local
27 Government Fund. The tax amount must be based on actual sales for that fiscal year and
28 may not consider any accruals that may be required by law. The amount transferred from
29 General Fund sales and use tax revenues does not affect the calculation for the transfer to
30 the Local Government Fund.

31 **3. Restrictions.** A minimum of 10% of the funds received by the Tourism
32 Marketing ~~Promotion~~ and Development Fund in accordance with subsection 2 must be
33 used for regional marketing promotion and regional special events promotion. The
34 Office of Tourism shall provide the Maine Tourism Development Fund established in
35 section 13090-M with the funds necessary for the Maine Tourism Development Fund to
36 carry out the purposes of section 13090-M, as requested by the Board of Directors of the
37 Maine Tourism Development Fund, and calculate the increase in revenue to the Tourism
38 Marketing and Development Fund from the revenues dedicated to the fund from the 7%
39 tax under subsection 2 of the prior fiscal year due to increased tax revenues and transfer
40 the amounts required by this subsection to the Maine Tourism Development Fund
41 established in section 13090-M.

1 **Sec. 3. 5 MRSA §13090-M** is enacted to read:

2 **§13090-M. Maine Tourism Development Fund**

3 **1. Fund established.** The Maine Tourism Development Fund, referred to in this
4 section as "the fund," is established as an interest-bearing, revolving account to fund a
5 grant program created under this section. All interest earned by the fund becomes part of
6 the fund. Any balance remaining in the fund at the end of a fiscal year does not lapse but
7 is carried forward into the subsequent fiscal year. Revenue to the fund is collected,
8 managed, deposited, invested and disbursed by the board.

9 **2. Board.** The fund is administered by the Board of Directors of the Maine Tourism
10 Development Fund, referred to in this section as "the board." The board is composed of
11 13 members, of which the commissioner or the commissioner's designee and the Director
12 of the State Planning Office within the Executive Department or the director's designee
13 are ex officio members. The 11 appointed members of the board are appointed as
14 follows:

- 15 A. Nine members appointed by the Governor;
- 16 B. One member appointed by the President of the Senate; and
- 17 C. One member appointed by the Speaker of the House of Representatives.

18 Qualifications of members of the board must include a wide experience in elements of the
19 tourism industry, demonstrated ability and interest in creating new tourism destinations
20 and demonstrated support for innovation in the tourism industry. Members serve for a 3-
21 year term. The members shall elect a chair, who shall serve as chair for the duration of
22 that member's term. The board shall develop a budget in a form determined by the
23 commissioner and submit the budget to the commissioner for funding from the Tourism
24 Marketing and Development Fund established in section 13090-K. The board shall adopt
25 conflict of interest guidelines for the board.

26 **3. Revenue sources.** For purposes of funding its activities, the board is authorized
27 to accept appropriations and allocations, funds from the Tourism Marketing and
28 Development Fund established in section 13090-K and donations or contributions from
29 private and public sources and shall consult with donors in making distribution
30 determinations.

31 **4. Grant programs.** The board shall provide grants to:

32 A. Provide seed money to undertake a feasibility study to create new tourism or to
33 expand existing tourist destinations in the State that could attract a significant number
34 of new visitors. A grant under this paragraph may not exceed \$10,000 and must be
35 matched by cash or in-kind services or materials by the recipient. Organizations
36 eligible to receive a grant under this paragraph are nonprofit organizations, chambers
37 of commerce and convention and visitors bureaus and associations. The board shall
38 award at least one grant under this paragraph every 3 months;

39 B. Develop a concept subject to a feasibility study funded by a grant under paragraph
40 A that the study has demonstrated could attract a significant number of new visitors

1 and is financially feasible, to allow the recipient to prepare a complete plan for
2 presentation to a potential investor or partner. A grant under this paragraph may not
3 exceed \$25,000 and at least 50% of the grant must be matched in cash by the
4 recipient. The board shall award at least one grant under this paragraph every 6
5 months;

6 C. Assist a for-profit or nonprofit tourism business in developing and implementing
7 best practices that would improve the marketing, promotion, operation, service and
8 working force of the State's tourism industry. A grant under this paragraph may not
9 exceed \$25,000, and must be matched by cash or in-kind services or materials by the
10 recipient. The board shall award at least one grant under this paragraph every 6
11 months;

12 D. Assist an arts, cultural or heritage organization to conduct market research and
13 implement targeted marketing to attract in-state and out-of-state tourists. An
14 applicant for a grant under this paragraph must create a cluster with at least one other
15 partner that is a chamber of commerce, tourism development organization or
16 convention and visitors bureau or association. A grant under this paragraph may not
17 exceed \$40,000 and must be matched by cash or in-kind services or materials by the
18 recipient. The board shall award at least one grant under this paragraph every 6
19 months;

20 E. Assist a public or private organization in conducting market research and targeted
21 marketing and creating and placing signage to attract tourists interested in nature to
22 the State. An application for a grant under this paragraph must include definite and
23 measurable goals for the number of new tourists that would be attracted as a result of
24 the grant. An applicant for a grant under this paragraph must create a cluster with at
25 least one other partner that is a chamber of commerce, tourism development
26 organization or convention and visitors bureau or association. A grant under this
27 paragraph may not exceed \$40,000 and must be matched by cash or in-kind services
28 or materials by the recipient. The board shall award at least one grant under this
29 paragraph every 6 months; and

30 F. Assist a municipality to make a main street or waterfront more attractive to
31 tourists and residents. A grant under this paragraph may be used for a feasibility
32 study, planning and infrastructure including lighting, seating, public
33 accommodations, landscaping and signage for historical and other attractions in the
34 municipality. A grant under this paragraph may not exceed \$25,000 and must be
35 matched by cash or in-kind services or materials by the recipient. The board shall
36 award at least one grant under this paragraph every 6 months.

37 For purposes of this subsection, "cluster" means a partnership of at least 2 dissimilar
38 organizations.

39 **5. Report and evaluation.** The board annually shall publish a report describing
40 each current program and grant of the fund. At least once every 2 years the board shall
41 contract with an outside contractor to evaluate the fund's grant-making process, each
42 program and grant and the effectiveness of each program and grant. The board shall
43 review an evaluation contracted under this subsection and make whatever changes to the
44 activities of the fund that the board determines appropriate.

1 6. Rules. The board may adopt routine technical rules pursuant to Title 5, chapter
2 375, subchapter 2-A to carry out the purposes of this section.

3 **Sec. 4. Original terms for Maine Tourism Development Fund Board of**
4 **Directors.** Under the Maine Revised Statutes, Title 5, section 13090-M, subsection 2, 4
5 of the original appointments of the Governor shall serve 2 years as an initial term and 4 of
6 the original appointments of the Governor shall serve one year as an initial term.

7 **Sec. 5. Priorities in nature tourism grants.** In the first 2 years of
8 implementation of a grant under Title 5, section 13090-M, subsection 4, paragraph E, the
9 Board of Directors of the Maine Tourism Development Fund shall give priority to any
10 grant that proposes a cluster as identified in the "Strategic Plan for Implementing the
11 Maine Nature Tourism Initiative," published by Fermata, Inc. in September 2005.

12 **Sec. 6. Disbursement of funds from the Maine Tourism Development**
13 **Fund.** For the first fiscal year of implementation, the Board of Directors of the Maine
14 Tourism Development Fund shall disburse at least \$500,000 for the grant program
15 established under the Maine Revised Statutes, Title 5, section 13090-M, subsection 4,
16 paragraph A; \$500,000 for the grant program established under Title 5, section 13090-M,
17 subsection 4, paragraph B; \$500,000 for the grant program established under Title 5,
18 section 13090-M, subsection 4, paragraph C; \$500,000 for the grant program established
19 under Title 5, section 13090-M, subsection 4, paragraph D; \$500,000 for the grant
20 program established under Title 5, section 13090-M, subsection 4, paragraph E; and
21 \$400,000 for the grant program established under Title 5, section 13090-M, subsection 4,
22 paragraph F. The board shall increase the disbursements under this section in a
23 subsequent fiscal year by an amount proportional to an increase in revenue to the fund.

24 **Sec. 7. Appropriations and allocations.** The following appropriations and
25 allocations are made.

26 **ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF**

27 **Office of Tourism**

28 Initiative: Provides additional funds to purchase print, television, radio, digital and other
29 media to promote tourism in the State.

30

31 GENERAL FUND	2007-08	2008-09
32 All Other	\$2,600,000	\$2,665,000
33		
34 GENERAL FUND TOTAL	\$2,600,000	\$2,665,000

35 **Office of Tourism**

36 Initiative: Provides additional funds to contract with member campuses of the University
37 of Maine System or the Maine Community College System or another person to offer a
38 new or expanded degree program for future managers or owners of tourism-related
39 businesses or organizations or a certificate program for key staff members or middle-level

1 managers or special skills training for front-line supervisors or staff members in tourism-
2 related businesses or organizations.

3

4		2007-08	2008-09
5	GENERAL FUND		
6	All Other	\$500,000	\$512,500
7	GENERAL FUND TOTAL	<u>\$500,000</u>	<u>\$512,500</u>

8 **Office of Tourism**

9 Initiative: Provides funds for the University of Maine System, Center for Tourism
10 Research and Outreach to identify best practices in tourism in other states and sectors and
11 promote these practices to the tourism industry in the State, to research, analyze and
12 disseminate facts on the State's tourism competitive position, to develop new tools for
13 tourism forecasting, to provide small seed grants for University of Maine System faculty
14 at all campuses to conduct research useful to the tourism industry and for special events
15 aimed at increasing investments in tourism in the State.

16

17		2007-08	2008-09
18	GENERAL FUND		
19	All Other	\$300,000	\$307,500
20	GENERAL FUND TOTAL	<u>\$300,000</u>	<u>\$307,500</u>

21

22	ECONOMIC AND COMMUNITY DEVELOPMENT, DEPARTMENT OF		
23	DEPARTMENT TOTALS	2007-08	2008-09
24	GENERAL FUND	\$3,400,000	\$3,485,000
25		<u>\$3,400,000</u>	<u>\$3,485,000</u>
26	DEPARTMENT TOTAL - ALL FUNDS	\$3,400,000	\$3,485,000

27 **SUMMARY**

28 This bill makes ongoing appropriations of \$3,400,000 for fiscal year 2007-08 and
29 \$3,485,000 for fiscal year 2008-09 to the Department of Economic and Community
30 Development, Office of Tourism for additional funding for advertising to promote
31 tourism in the State, for contracting with the University of Maine System and Maine
32 Community College System and others to provide education and training for managers,
33 owners and staff of tourism-related businesses and organizations and for funding of the
34 University of Maine System, Center for Tourism Research. This bill also:

1 1. Requires the Governor with the assistance of the Commissioner of Economic and
2 Community Development and the Maine Tourism Commission to report biennially on
3 tourism in the State;

4 2. Changes the name of the Tourism Marketing Promotion Fund to the Tourism
5 Marketing and Development Fund and increases the fund's revenue from 5% to 8% of a
6 portion of the sales and use tax and directs the fund to fund and annually transfer the
7 yearly increase in its revenue to the Maine Tourism Development Fund created by this
8 Act; and

9 3. Creates the Maine Tourism Development Fund to provide grants to various for-
10 profit and nonprofit organizations and municipalities for tourism-related projects.