

FY 2009 STATE BUDGET: TOURISM FUNDING

Instructions to contact your legislator regarding the reduction of tourism funding.

HISTORY

In February 2003 Governor McGreevy, in an effort to present to the legislature a balanced budget slashed several discretionary items including Tourism Advertising and Promotion appropriations. These appropriations have always been granted from general revenues and were never stable or predictable. Additionally Governor McGreevy zeroed out funding for Arts, Cultural and History.

During his budget address Governor McGreevy announced the imposition of a Statewide Hotel and Motel Occupancy tax of 4%. His proposal originally called for all of the revenue to be earmarked as general reoccurring revenue for the state with no dedication of the funds to any one activity or appropriation. NJTIA along with the arts and history community lobbied hard to redirect those monies to activities that would benefit New Jersey as a destination and to restore and enhance the funding that was proposed to be eliminated. The Occupancy Tax was instituted and today at 5% state tax generates over \$80 million for general revenue to the State. It is project to generate \$90 million in FY 2009. In the final language adopted and enacted into law NJTIA was successful in achieving dedication of some of the funds along with a provision that if the funds as dedicated ever fell below a certain level (\$9,000,000.00 for Tourism promotion) the Occupancy Tax would automatically be repealed.

The final budget including language that “dedicated” monies to the Arts, History, Cultural and Tourism promotion programs. Specifically of the fees collected...

- 22.68% or not less than \$22,680,000 to the State Council on the Arts for cultural grants
- 3.84% or not less than \$3,840,000 to the New Jersey Historical Commission
- 12.76% or not less than \$12,760,000 for Tourism promotion

Over the years and including this year the number has been modified as budget deficits have increased and the State of the economy worsens. This year the Governor has proposed cutting all programs to the floor level which means Tourism promotion is suggested to be funded at the minimum \$9,000,000 level. **THIS IS A \$1.8 MILLION REDUCTION** from last year's funding.

WHAT HAPPENS NEXT

The legislature now has its turn to review and debate the Governor's recommendation and present the Governor with a FY 2009 budget passed by both houses. **THIS PROCESS IS IN PLAY.** Your legislators are currently reviewing the cuts, holding public hearings and responding to various interests groups. The budget needs to be adopted by July 1, 2008.

ACTION

- Contact your legislators by clicking this link www.state.nj.us which takes you to the State's web site. Click on "the Legislature" then "find your legislator".
- Communicate with your elected representative and urge them to seek restoration of the funding for Tourism advertising and promotion, as well as Arts, History and Cultural grants funded by the Occupancy Tax.

TALKING POINTS

Include some or all of the following in your communications:

- The funding to support Tourism promotion is generated by the industry itself through the imposition of a 5% tax on Hotel Occupancy
- Tourism promotion and destination marketing is a competitive industry. We are competing against many other destinations that have much more funding including many competitors within a 300 mile radius.
- Tourism is the number 2 industry in the State generating \$33 billion dollars in revenue and employing over a half a million people. Jeopardizing this industry by cutting its marketing budget makes no economic sense.
- While the Occupancy tax was not "constitutionally dedicated it was "morally and philosophically" dedicated when the tax was enacted.
- Every dollar spent in marketing and promotion returns \$36.00 in revenue to the State
- Occupancy tax revenue, at a minimum of \$12.76 million, should be dedicated to the advertising and promotion of NJ as a destination. This would assure that the lodging properties are full and would increase revenue to the state

FOLLOW UP

NJTIA will be following up your grassroots effort with meetings with legislative leadership and key Budget Committee officials. **PLEASE COPY NJTIA ON ANY AND ALL CONTACTS YOU MAKE WITH YOUR REPRESENTATIVE.**