

TOURISM

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LEGISLATIVE
PROGRAM REVIEW
AND
INVESTIGATIONS
COMMITTEE

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**CONNECTICUT GENERAL ASSEMBLY
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE**

The Legislative Program Review and Investigations Committee is a joint, bipartisan, statutory committee of the Connecticut General Assembly. It was established in 1972 to evaluate the efficiency, effectiveness, and statutory compliance of selected state agencies and programs, recommending remedies where needed. In 1975, the General Assembly expanded the committee's function to include investigations, and during the 1977 session added responsibility for "sunset" (automatic program termination) performance reviews. The committee was given authority to raise and report bills in 1985.

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LEGISLATIVE PROGRAM REVIEW
& INVESTIGATIONS COMMITTEE

Tourism

DECEMBER 1997

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Executive Summary

TOURISM

In February 1997, the Legislative Program Review and Investigations Committee voted to study state-funded tourism efforts in Connecticut. Broadly defined, *tourism* includes both leisure and business travelers, visitors from near and far, and businesses providing a broad range of goods and services consumed by those visitors. In 1993, expenditures for transportation, lodging, food, entertainment, and general retail by such travelers in Connecticut totaled \$3.9 billion.

A major focus of the committee's study was the roles, responsibilities, and accountability of publicly funded organizations involved with tourism in Connecticut. These entities include the Office of Tourism in the Department of Economic and Community Development (DECD), the Connecticut Tourism Council, 11 statutorily defined tourism districts, and four municipal "authorities" that receive allocations under the tourism statutes.

The committee also examined existing funding mechanisms. The two major sources of state funds for tourism are the sales tax on lodgings and a surcharge on motor vehicle rentals. Two-thirds of the money directed at tourism-related efforts in FY 97 came from the lodgings tax, one-quarter came from the auto surcharge, and 7 percent came from the General Fund.

State-level tourism activities are carried out by the Connecticut Tourism Council and the Office of Tourism. Together they are responsible for promoting the state as a tourism destination, providing statewide informational materials, and distributing grant funds. The council, which has 13 members representing specified interests, sets policy. The office, with 23 full-time staff, handles administrative functions.

In FY 97, the state-level tourism budget totaled \$5.1 million, with media expenditures comprising one-quarter of the total. Twenty percent of the total budget came from the General Fund; the rest was from the auto rental surcharge. Based on projected state-level tourism budgets, Connecticut ranked 32nd in per capita spending in FY 97.

The regional tourism effort in Connecticut is handled by 11 tourism districts, which are responsible for promoting tourism to stimulate economic growth in their particular region. Each receives a portion of the state's revenue from the sales tax on lodgings, with the exact amount determined by a complicated statutory formula. During FY 97, the districts received a total of \$6.7 million, with each district guaranteed at least \$100,000. The largest allocation was \$1.4 million.

Four specific venues established to attract visitors to Hartford, New Haven, Norwalk, and Stamford also receive a portion of the state's lodging tax revenue. In FY 97, they received a total of \$3.3 million from the tax, with the amount per entity ranging from approximately \$400,000 to

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\$1.5 million. The Connecticut Humanities Council, a public foundation, also receives \$1 million annually from the lodging tax for a grant program to enhance understanding of and participation in the humanities.

The major findings of the program review committee are:

- the current funding system undermines the state's overall tourism strategy by limiting money available for statewide promotion efforts;
- competition between the state office and the tourism districts, and among the districts, diminishes attempts to present a unified image of Connecticut as a tourism destination;
- current tourism district boundaries do not necessarily reflect natural patterns of affiliation;
- tourism districts are creatures of state law, but are not governmental entities, thereby creating accountability questions; and
- in many areas of the state, private organizations already provide services similar to those provided by the publicly funded tourism districts.

The recommendations in the report are intended to establish a comprehensive strategy for Connecticut's tourism effort. The proposals call for state funds to be directed more heavily into a focused effort that will increase visitor awareness of Connecticut as a destination. At the same time, an increased pool of grant funds would be available for regional and local collaborative efforts that enhance the tourism offerings in the state. The goal is to reshape the current system into one that provides a more cohesive product that is responsive to the needs of consumers traveling for business and pleasure.

Under the proposed recommendations, the state organizations responsible for tourism would be a restructured Connecticut Tourism Council with policy setting authority and a staff Office of Tourism within DECD. The primary source of funding for council and office activities would be changed to 15 percent of the state's revenue from the sales tax on lodgings, while income from the surcharge on auto rentals would be used for the expanded grant program. Statutory language establishing specified tourism districts would be repealed.

RECOMMENDATIONS

1.
 - (a) *The state organizations responsible for tourism shall be a restructured Connecticut Tourism Council with policy setting authority and a staff Office of Tourism within the Department of Economic and Community Development;*
 - (b) *the statutory language (C.G.S. Sec. 32-302) establishing the 11 specified tourism districts shall be repealed;*
 - (c) *the primary source of funding for the tourism council and office activities, including promotional and other programs, shall be changed to 15 percent of the state's revenue from the sales tax on lodgings;*
 - (d) *the income received from the surcharge on auto rentals shall be used solely for an expanded grant program that will provide a greater number and variety of grants to regional and local tourism-related organizations; and*
 - (e) *the money currently given to the authorities shall be continued.*
2. *The membership of the Connecticut Tourism Council shall be restructured and include:*
 - *the commissioners of economic and community development, transportation, and environmental protection;*
 - *four gubernatorial appointees as follows:*
 - *one from a tourism information entity (which would include chambers of commerce, tourism districts, regional business associations, convention and visitors bureaus, etc.);*
 - *one from the travel services sector (which would include tour bus companies, group tour operators, travel agents, etc.);*
 - *one from the arts and entertainment sector; and*
 - *one who represents the general public.*

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- *six legislative appointees as follows:*

- *two from properties whose customers pay the sales tax on lodgings -- one each appointed by the Senate president pro tempore and the Senate minority leader;*
- *two from tourist attractions (which would include profit and nonprofit entities) -- one each appointed by the speaker of the House and the House minority leader;*
- *one from the restaurant sector -- appointed by the Senate majority leader; and*
- *one from any aspect of the tourism sector -- appointed by the House majority leader.*

The commissioner of economic and community development shall continue to serve as chairperson. All appointees shall continue to serve coterminous with their appointing authority, but members may remain on the council until a replacement is named.

3. *C.G.S. Sec. 32-300 shall be amended to establish a four-year term for the director of tourism, with the first such term commencing on July 1, 1999.*
4. *Chapter 588o of the state statutes shall be amended to allow the Office of Tourism to replace state staff at the visitor welcome centers with an interactive information system that visitors can access on-site to obtain travel-related information.*
5. *The Cultural Heritage Development Program shall be placed under the administrative control of the Connecticut Tourism Council.*
6. *The Challenge Grant Program shall be replaced with a more comprehensive grant program. The new Tourism Grant Program shall include the following features:*
 - *four categories for which grant money can be used, specifically:*

(1) creative ideas (e.g., thematic trails, new festivals, etc.),

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- (2) marketing and advertising efforts that promote a group of attractions or special event (e.g., collaboration among hotels, museums, and others on weekend getaway packages),*
 - (3) preparation/production of printed materials with long shelf-life (e.g., brochure providing self-guided tour of historic homes in an area), &*
 - (4) cultural heritage programs;*
- preference given to proposals from groups of entities or from organizations represent multiple entities;*
 - limits on number of times same organization/event can receive funding;*
 - minimum and maximum amounts for grants;*
 - financial matching requirements;*
 - geographic diversity among recipients; and*
 - reporting requirements regarding the expenditure of funds and the outcome of the project.*
7. *(a) Portions of C.G.S. Sec. 32- 305 that provide lodging tax revenue directly to the tourism districts shall be repealed;*
- (b) portions of C.G.S. Sec. 32- 305 that provide lodging tax revenue to the cultural heritage development account shall be repealed;*
- (c) General Fund revenue from the Department of Economic and Community Development budget shall continue to be used to pay the personnel costs of the Office of Tourism.*
- (d) 15 percent of the state's receipts from the sales tax on lodgings shall be deposited into a separate, nonlapsing account within the Department of Economic and Community Development for use by the Connecticut Tourism*

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Council and the Office of Tourism to pay for all state-level program activities, except the grants program; and

- (e) revenue from the surcharge on auto rentals shall continue to be deposited into the nonlapsing Tourism Account, but require that all of the money be used for an expanded grants program.*
8. *The Office of Tourism shall print the annual vacation guide and state highway map in sufficient quantities to provide more copies of such materials free of charge to organizations such as hotels, regional promotional organizations, and chambers of commerce that are distributing the information to the traveling public.*
9. *The statutes shall be amended to allow the four "authorities" currently receiving allocations from lodging tax revenues to continue receiving a similar level of funding. The new formulas for this funding shall be as follows:*
- Connecticut Convention Center Authority - 37 percent of the state's revenue from the sales tax on lodgings in Hartford;*
 - New Haven Coliseum Authority - 28 percent of the state's revenue from the sales tax on lodgings in New Haven;*
 - Maritime Center Authority/Maritime Aquarium at Norwalk - 28 percent of the state's revenue from the sales tax on lodgings in Norwalk; and*
 - Stamford Center for the Arts - 28 percent of the state's revenue from the sales tax on lodgings in Stamford.*
10. *The money to market tourist attractions in Bridgeport shall be channeled directly through the city itself. The formula for determining the exact amount of the funding shall be 28 percent of the state's revenue from the sales tax on lodgings in Bridgeport. During any fiscal year the formula does not generate \$125,000 in funding, the Connecticut Tourism Council shall provide a grant from its share of the state tax on lodgings to make up the difference.*

TOURISM

In February 1997, the Legislative Program Review and Investigations Committee approved a study of state-funded tourism efforts in Connecticut. A major focus of the review was the structure of the system, including a comprehensive examination of the roles, responsibilities, and accountability of the publicly funded organizations involved with tourism in Connecticut.

Entities of particular interest to the committee were the Office of Tourism in the Department of Economic and Community Development (DECD), the Connecticut Tourism Council, and the 11 statutorily defined tourism districts. The committee also examined four municipal related "authorities" receiving allocations under the tourism statutes.

As part of the study, the committee examined the relationship between the state entities, the tourism districts, and other public and private groups involved with tourism, especially in terms of communication and coordination. The committee reviewed the mechanisms used to fund tourism efforts, and gathered information about how the tourism-related efforts of Connecticut compare with those in other states.

The committee's study used a broad definition of *tourism*. It included people traveling near and far from home, on day-trips and overnight visits, and for business and leisure purposes. In 1993, expenditures for transportation, lodging, food, entertainment, and general retail by such travelers in Connecticut totaled \$3.9 billion.

As part of the study process, the program review committee held a public hearing on September 3, 1997. In addition, committee staff:

- met with employees of the Office of Tourism and reviewed records of the agency;
- attended meetings of the Connecticut Tourism Council and its committees, and coordinated a discussion about tourism with the council;
- made unannounced visits to 10 state welcome centers;
- visited the 11 tourism districts, meeting with staff and board members and observing board meetings; and
- attended board meetings of the authorities.

Staff also held discussions about tourism with members of various segments of the industry, including lodgings, restaurants, and chambers of commerce. Materials from 34 other states' tourism offices were also obtained.

Report Format

Chapter One of this report describes the tourism industry, including its economic impact in Connecticut. Chapter Two summarizes the roles and responsibilities of the publicly funded entities involved with tourism in the state. Chapter Three explains the mechanisms used to fund tourism in Connecticut. Chapter Four presents findings and recommendations.

Agency Response

It is the policy of the Legislative Program Review and Investigations Committee to provide agencies subject to a study with an opportunity to review and comment on the recommendations prior to publication of the final report. The response from the Department of Economic and Community Development is contained in Appendix E.

Chapter One: The Tourism Industry

- Tourism includes people traveling near and far from home, on day-trips and overnight visits, and for business and leisure purposes
- Tourism-related expenditures cover a broad range of goods and services having direct and indirect effects on the economy
- Travelers in Connecticut spent \$3.9 billion in 1993
- Jobs in Connecticut are expected to grow from 114,500 in 1996 to 133,000 in 2005
- Tourism is one of six key cluster industries in Connecticut
- Connecticut must attract more visitors to the state to increase the benefits available from the tourism industry
- New technologies will change the way people obtain travel information

THE TOURISM INDUSTRY

The impact of the travel and tourism industry on the economy is important in assessing the appropriate level and disbursement of public funding for tourism efforts. However, a complicating factor is the variety of meanings the word *tourism* has acquired. Areas of difference include who is traveling, the purposes of the travel, the distance traveled, and the range of businesses that comprise the tourism industry.

The breadth of the definition selected greatly affects the value attributed to the tourism industry. Clarification of this issue is key to any discussion of the future structure and direction of state-funded tourism efforts in Connecticut.

Definition

Some organizations compiling national tourism-related data use the term *travel* to describe the activities they research. Their definition includes residents of the United States who travel 100 miles or more from home or who stay away one or more nights in paid accommodations and return home within 12 months.¹

The dictionary defines *tourism* as traveling for pleasure or the business of providing tours and services to those who travel for pleasure. Increasingly, however, the term also encompasses those traveling for business purposes, including attendance at conventions and meetings. In 1995, 70 percent of travel by U.S. residents was for pleasure (visiting friends/relatives, outdoor recreation, and entertainment), while 23 percent was business-related.²

The broader definition increases the economic benefits attributable to tourism. First, the base of people whose travel-related expenditures are included in such calculations is expanded. Second, business travelers are more apt to need the products and services that are part of the tourism sector, including air transportation, rental cars, restaurants, and paid lodgings. In 1994, spending per

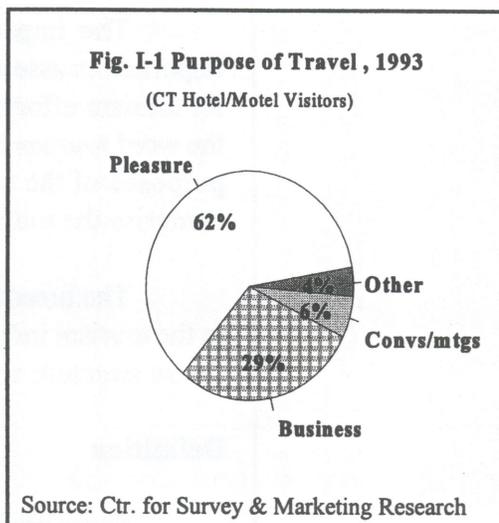
¹ Laura Loyacono, *Travel and Tourism: A Legislator's Guide* (Denver: National Conference of State Legislatures (NCSL), 1991), p. 11.

² U.S. Travel Data Center/Travel Industry Association of America (USTDC/TIA), handouts from NCSL conference: *Tourism Works! Strategies for Sustainable Tourism Development*, September 25-27, 1997.

day for business travelers who flew averaged \$221. For those who drove, it was \$80. In 1995, the average association meeting attendee spent \$188 per day.³

The inclusion of business travelers also provides a clearer representation of the lodging component of the industry. In Connecticut, during the period from 1987 to 1993, at least one-third of all hotel/motel visitors were there for business or convention purposes. Figure II-1 shows the breakdown of guests for 1993.

Business travelers are also important because they are more apt to visit during the week, whereas in recent years leisure travel increasingly occurs on weekends. The lodging industry supplies a highly perishable commodity. A hotel room has the potential of being sold daily, but the opportunity to receive value for it expires at the end of that day. The greater the pool of buyers, the greater the amount of product that will be sold.



The impact of choosing among different geographic definitions is quickly apparent in a state like Connecticut. It covers only 5,011 square miles, making it the third smallest state in the country. If one were to use the 100-mile range definition with Hartford as a destination, then only a visitor who lives at least as far away as Boston or New York City (and no one from Rhode Island) would be counted as a tourist.

As a result, the economic value attributable to tourism would be considerably smaller. In 1993, only 62 percent of the guests in hotels/motels in Hartford County were from out-of-state. Further, 19 percent of the out-of-state visitors were from the New York metropolitan area, and 24 percent were from New England. (Statewide, the figures were 69 percent, 30 percent, and 18 percent respectively.)⁴ The activities of in-state residents are also important, if their visits to local attractions are made in lieu of traveling elsewhere.

The definition of tourism used throughout this report is a broad one. It includes both leisure and business travelers, visitors from near and far, and businesses providing a broad range of goods and services consumed by those visitors.

³ SRI International, *Connecticut Strategic Tourism Cluster Plan: Tourism Product Development Strategy*, Background Information, Section A-I, January 1977.

⁴ Center for Survey and Marketing Research, University of Wisconsin, *The Economic Impact of the Connecticut Travel and Tourism Industry, 1992-93*, pp. 80-81.

Economic Value

A 1991 National Conference of State Legislatures guide to tourism noted states usually consider a variety of factors in assessing the economic impact of the tourism industry. These include expenditures made by visitors to an area, the jobs resulting from those expenditures, the income resulting from the provision of goods and services to those visitors, and the taxes paid as a result of all of those actions.⁵

In addition, indirect benefits may also be considered. These include the jobs created and the income generated as a result of the broad range of goods and services consumed by those employed in tourism-related businesses. An indirect gain also occurs when jobs are created and services consumed during the construction of facilities to be used by travelers.

The specific categories of goods and services most commonly used to quantify the economic value of tourism are lodgings, food/restaurants, and amusements/recreation. Other expenditures that may be considered tourism-related are automobile expenses (e.g., gasoline, repairs, etc.), local transportation, and retail purchases.

The latter is important because shopping has been the activity ranked number one by travelers for many years. In 1995, one-third of domestic travelers and 85 percent of international travelers cited it as something they did while traveling.⁶

In 1988, the Department of Economic and Community Development commissioned a study of the economic impact of tourism on the state's economy. Using a specialized computer program, the Center for Survey and Marketing Research at the University of Wisconsin measured the size and distribution of the travel and tourism industry in Connecticut, based on information from lodging establishments and estimates for other travelers. Subsequently, data through 1993 were collected.⁷

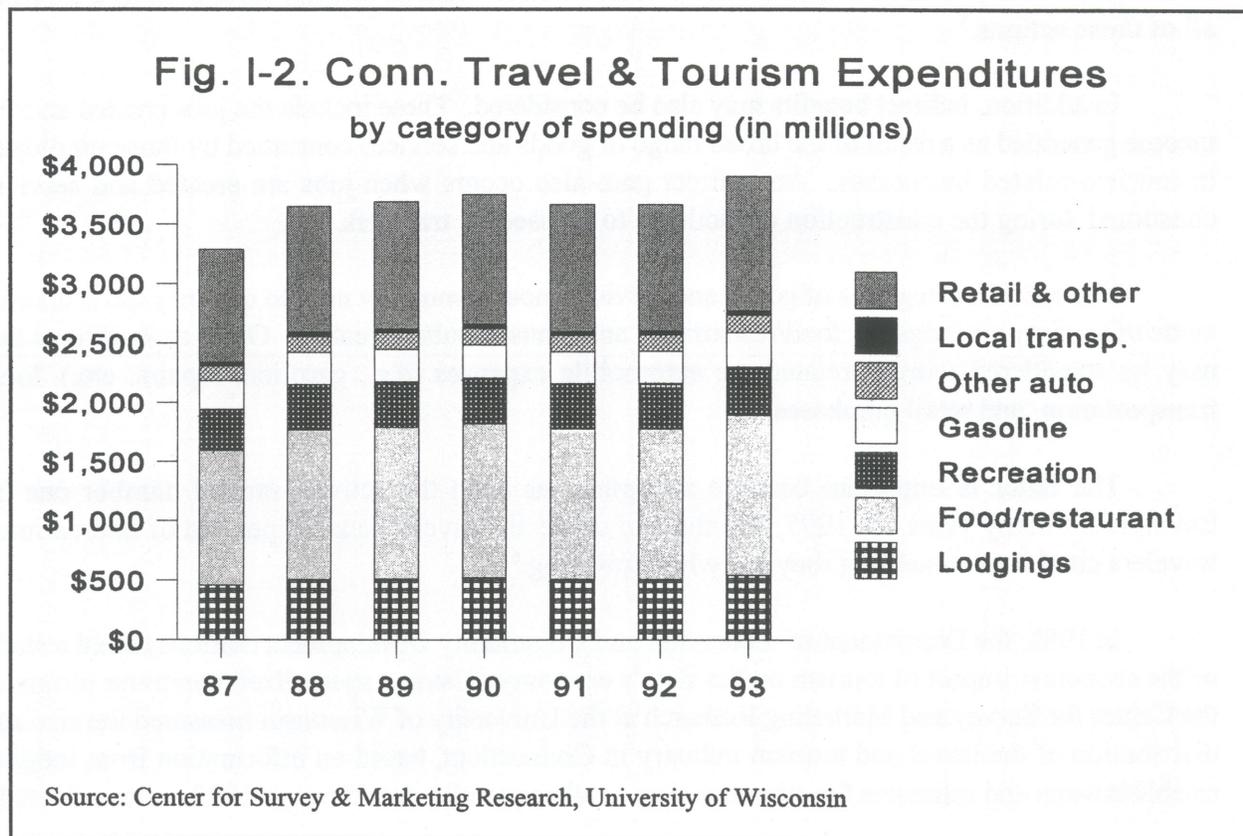
The research methodology used by the University of Wisconsin center defined tourism broadly. It obtained direct measurements from all overnight for-hire accommodations; imposed no minimum mileage limits; and included an assessment of the impact of travelers staying with friends or relatives, those on day trips, and those passing through the state.

⁵ Loyacono, *Travel and Tourism: A Legislator's Guide*, p. 10.

⁶ USTDC/TIA handouts from September 1997 NCSL conference on tourism.

⁷ The initial study by the Center for Survey and Marketing Research (University of Wisconsin) covered 1987 and the first half of 1988. Subsequent research covered 1988-1989, 1990-1991, and 1992-1993. Data from each time period are presented in separate reports. Each is called *The Economic Impact of the Connecticut Travel and Tourism Industry* plus the date for the years covered. Figure I-2 and Tables I-1 and I-2 were compiled using the four reports.

The results of the studies indicated the travel industry's total sales to travelers in Connecticut between 1987 and 1993 annually ranged between \$3.3 billion and \$3.9 billion. Figure I-2 presents the sales data from those years for expenditures by spending category.



The study also provided data on the amount of wages generated directly and indirectly by the travel industry as well as the amount of state and local taxes directly and indirectly resulting from tourism. That information is presented in Tables I-1 and I-2.

As part of the process of developing the *Connecticut Strategic Tourism Cluster Plan*, more up-to-date economic data were examined. During 1995, economic factors that affect tourism, such as consumer confidence, employment levels, and gross domestic product (GDP) rose, while inflation remained low. According to information in the plan, this situation provided a favorable economic climate for tourism. Future trends also looked favorable.

Table I-1. Direct and Indirect Wages From Travel Expenditures (in millions).				
<i>Wages</i>	<i>1987</i>	<i>1989</i>	<i>1991</i>	<i>1993</i>
Direct	\$799	\$896	\$1,037	\$1,200
Indirect	\$413	\$643	\$479	\$946
Total	\$1,212	\$1,539	\$1,516	\$2,146
Source: Center for Survey & Marketing Research				

Table I-2. Direct and Indirect Taxes From Travel Expenditures (in millions).				
<i>Taxes</i>	<i>1987</i>	<i>1989</i>	<i>1991</i>	<i>1993</i>
Direct	\$237	\$265	\$348	\$325
Indirect	\$163	\$183	\$280	\$325
Total	\$400	\$448	\$628	\$650
Source: Ctr. for Survey & Marketing Research				

Nationally, expenditures by U.S. and foreign travelers accounted for 5.7 percent of the gross domestic product in 1994, or nearly \$457 billion. An estimated 6.3 million jobs were created as a direct result of travel spending.⁸

During the period from 1989 to 1994, 5 percent of the local governments surveyed by the International City/County Management Association identified the tourism/hospitality sector as the primary economic base in their area. By the year 2000, 8 percent expect it to be their primary base.⁹

An article by University of Connecticut professor Steven R. Cunningham, the director of the Connecticut Center for Economic Analysis, using data through February 1996 concurred with the outlook for future growth in Connecticut's economy. He noted the jobs likely to be created would be in sectors such as tourism/amusement/recreation, hotels, and food. Taking into consideration the state's slow population growth, he indicated tourism was "a candidate for a lead position in the future growth of the Connecticut economy."¹⁰

In 1996, the tourism, food, and hotel sectors combined represented 7.7 percent of the private sector jobs in Connecticut. Cunningham estimated they would represent 8 percent by 2000 and 8.5 percent by 2005. This would result in an increase from 114,500 jobs in 1996 to 133,000 jobs in 2005.

⁸ M. Rafool and L. Loyacono, *Employment in the Travel & Tourism Industry*, NCSL, March 1997, p.1.

⁹ *Governing* magazine, April 1997, p. 48.

¹⁰ Steven R. Cunningham, "The Economy and Connecticut Tourism," contained in the *Connecticut Strategic Tourism Cluster Plan* as Section A-5, pp.1-8 plus addendum.

Output generated by jobs in those sectors was also expected to grow, although the overall value would continue to comprise a small portion of the gross state product (GSP). This is due in part to the fact many tourism and tourism-related jobs being created pay lower wages than the manufacturing jobs being lost in the state.

Tourism is a growing industry in Connecticut at least in part due to other changes that have occurred in the state's economy the past few years. Consumer demand for products that require different skills to produce (for example, personal computers rather than typewriters), reductions in military spending, and decisions by businesses to shift work to other locations perceived to have lower costs, have all combined to move Connecticut away from manufacturing jobs to service jobs. Many of those service jobs are part of the tourism industry.

Concerns have been expressed about the benefits to the state of tourism jobs. It is true the overall value of tourism jobs comprises a small portion of the gross state product because such jobs pay lower wages. However, Cunningham noted the output directly attributable to them is expected to reach \$5.2 billion in 2000 and \$5.6 billion in 2005.

This result is partly because tourism businesses make a large proportion of their purchases locally. Cunningham calculated the regional purchase coefficient (RPC) for the tourism/amusement/recreation industry at 81.6 percent. This is one of the largest impacts on other state industries in terms of the use of local suppliers, and means future additional indirect employment (not included in the totals above) can result from the tourism industry.

Tourism has also been recognized as an important component of the Connecticut economy by the Connecticut Economic Conference Board. It identified Tourism and Entertainment as one of the six key industry clusters in the state.¹¹

As described in the *1997-99 Economic Report of the Governor*, the businesses and firms that make up cluster industries are viewed as interrelated groups concentrating on producing a single product or a range of similar products. They tend to buy and sell from each other, compete with each other, and at times cooperate with each other.

The goal of the state's cluster program is to improve the economic competitiveness of Connecticut by working in partnership with the business community. The state has established advisory boards for each of the clusters and is working to develop legislative, programmatic, and organizational recommendations for each. The *Connecticut Strategic Tourism Cluster Plan* presents

¹¹ The other industry clusters are financial services, health services, high technology, manufacturing, and telecommunications and information.

the product development strategy for the tourism cluster, while the Connecticut Tourism Council serves as the advisory board for the cluster.

There are reasons for the state to be cautious about the degree to which tourism is adopted as an economic solution. Travel, especially for nonbusiness purposes, is a highly discretionary expenditure. People are more likely to travel farther distances for longer periods of time when they are comfortable with their own financial health and the prospects for the economy in general. Indeed, one explanation for why Connecticut attractions experienced increased attendance during the mid-1990s was that financial concerns prompted people to vacation closer to home, including more day-trips to local sites.

Tourism is also an industry where the most successful businesses are always planning future changes. Many tourism customers want new experiences, whether at a site they previously enjoyed or at a new destination. As a result, lodgings must regularly refurbish the decor of their facilities, museums must offer new exhibits, and restaurants must appeal to changing culinary tastes.

In addition, New England was the region of the country ranked lowest in terms of U.S. travelers selecting it as a destination in 1995. It received only 4 percent of all person-trips that year, the same percentage as outside the country. The top region was South Atlantic with 21 percent of the person-trips.¹²

However, growth in the travel industry is expected to continue at least for the short term. Forecasts for the next three-year period project annual increases of about 2.5 percent in the number of person-trips and about 7 percent annually in the amount of travel expenditures. (Inflation is expected to account for about half of the latter increase.) Changing demographics of the potential leisure traveler are expected to create more interest in specialty and enrichment types of travel, while the business travel market is expected to involve more training and specialized meetings.¹³

Product Definition

For a state or region to reap the economic benefits of tourism, it must ensure visitors come to the area. The process people use to decide on visiting a specific destination involves a number of factors. Primary is awareness that a place exists, including general knowledge about some particular physical or natural attraction it contains. In the case of a state or country, this may be simply a place name and a general geographic location. For example, awareness about the location

¹² USTDC/TIA handouts from September 1997 NCSL conference on tourism.

¹³ USTDC/TIA handouts from September 1997 NCSL conference on tourism and from 1997 TIA Marketing Outlook Forum, October 5-7, 1997.

of Connecticut could range from knowing it is part of the United States to it is on the east coast to it is one of the New England states.

For the leisure traveler, important considerations include a clear understanding of specific things available to see and do, the accessibility of an area, and the cost of getting to and staying in the area. For an organization planning a convention, interest in a destination will depend on the likelihood its membership will be interested in visiting the location (based on the things there are to see and do), the availability of sufficient space to serve the projected attendance, the ease with which the logistics of planning and conducting the event can be handled, and the cost of holding the event there.

For the business traveler, the decision to visit will depend more frequently on the proximity of an office belonging to his or her employer or of current or potential customers. The existence of the headquarters of a large number of companies, as is the case in Fairfield County Connecticut, can provide a ready market for visitors attending business meetings.

To successfully attract visitors, an area must accept the fact it cannot be all things to all people. It needs to market the product it has. However, this does not mean an area is precluded from taking actions that will lead to the creation of products that can supplement existing attractions. Indeed, a concentration of attractions is more likely to draw visitors from greater distances than a single venue will.

More and more states and regions are becoming involved with the development of tourism attractions that appeal to identifiable types of visitors. Large-scale, private venues that aggressively market themselves are welcomed as partners who can supplement government-funded advertising campaigns seeking to woo visitors. The growing competition among cities to add sports teams, auto racetracks, casinos, and theme parks is indicative of this trend.

Information sources. State-funded tourism information services are only one of the many sources people have for learning about a destination they are thinking about or planning to visit. Other sources include local chambers of commerce, tourism districts, private associations that provide literature and maps free to members, book stores, libraries, and the world wide web.

As the 21st century approaches, the Internet and other technological changes are expected to markedly change the way people obtain travel information and make travel plans. The variety of travel-related products and services already available from private companies includes in-car location and directional systems, talking buildings that transmit descriptive information through radio waves, palm-size electronic guides to highway services, and on-line reservation systems. The number of such products or lower-priced versions of existing products will continue to grow.

The breadth and speed with which destination specific information can be obtained will also continue to increase. In the period from 1996 to 1997 alone, a survey conducted for the Travel Industry Association found the portion of people who used the Internet for travel plans and/or reservations increased from 10 percent to 27 percent. Looking to the future, 70 percent of current Internet users said they were likely to consider it for such purposes, while nearly half of those who identified themselves as frequent travelers said they would be likely to use it.¹⁴

As more people acquire access to the Internet and discover the speed with which they can obtain detailed information about a site, they will be less willing to wait for a state or regional fulfillment effort to send them materials in the conventional manner. Indeed, the effect of this shift in information sources may already be evident in Connecticut.

The number of inquiries to the state information system was down each month of 1997 (except July) versus the same month last year. Total inquiries for the past year are down 20 percent. While the state believes this is due to a reduction in the amount of advertising they did, it seems likely that the availability of alternative information sources was also a factor.

¹⁴ USTDC/TIA handouts from September 1997 NCSL conference on tourism.

Chapter Two: Roles and Responsibilities

- The tourism industry in Connecticut involves a mix of private and public organizations
- Primary state-level responsibility divided between Office of Tourism within Department of Economic and Community Development and Connecticut Tourism Council
- Office of Tourism serves as staff to Connecticut Tourism Council
 - mission is to position Connecticut as tourism destination and expand tourism as contributor to economy
 - handles day-to-day administrative, program, and operational duties for the state's tourism effort
- Connecticut Tourism Council statutorily created in 1992 as policy setting body
 - 13-member body that approves state strategic marketing plan, establishes annual budget for special Tourism Account, and awards challenge grants
- 11 regional tourism districts created in 1992 with distinct boundaries
 - mission is to promote their areas as tourist destinations
 - organizations are nongovernmental entities, but have municipally appointed boards of directors; may also have appointees representing tourism interests
 - boards establish annual budget, approve marketing strategy, and make other policy decisions; staff carry out day-to-day functions
 - funding from lodging tax varies widely, depending on number and size of towns and lodging properties in the district; FY 97 allocations ranged from \$100,000 (statutory minimum) to \$1.4 million
- Special entities in four cities also receive portion of state lodging tax receipts
 - these are the Connecticut Convention Center Authority (Hartford), the New Haven Coliseum Authority, the Stamford Center for the Arts, and the Maritime Center Authority (Maritime Aquarium at Norwalk)

ROLES AND RESPONSIBILITIES

A number of organizations are involved with tourism-related efforts in Connecticut. Primary responsibility at the state level is divided between the Office of Tourism and the Connecticut Tourism Council. The office handles day-to-day administrative functions and coordinates the state's promotional efforts, while the council provides broad policy direction.

Several other state agencies are involved with tourism through the management or funding of attractions that appeal to or serve tourists. Regional tourism efforts are handled by 11 statutorily designated tourism districts.

Local public and private organizations, such as town development offices and chambers of commerce, also provide information about their areas to visitors. In addition, a wide variety of businesses, ranging from hotels and restaurants to gas stations and laundromats to shopping malls and museums, provide the services and diversions sought by tourists.

Office of Tourism

The Office of Tourism was statutorily created in 1992 within the Department of Economic and Community Development. The mission of the office is to enhance the perception of Connecticut as a tourism destination and expand the state's tourism product as a contributor to the economy. Under C.G.S. Sec. 32-300, the major duties of the office include:

- develop strategic marketing plan for the promotion of Connecticut as a tourism destination;
- provide marketing and other assistance to the tourism industry;
- operate the visitor welcome centers;
- develop a program of challenge grants that encourage innovation, provide incentives for coordinated activity, and stimulate development of private funds for tourism promotion;
- develop a program of grants to municipalities affected by the presence of tourist attractions; and
- implement the plans and budgets approved by the Connecticut Tourism Council.

Day-to-day operation of the Office of Tourism is overseen by a director of tourism. By statute, the director is to be appointed by the commissioner of economic and community development, with the consent of the tourism council.

The DECD organizational structure in effect during the committee's study placed the Office of Tourism within the department's Industry Cluster and International Division. Although the director of the office met with the head of that division periodically, in practice, the tourism staff worked most closely with the state's chairman of development.¹⁷ Based on a verbal agreement between the economic development commissioner and the chairman of development, the latter oversaw most state tourism-related activities. However, the office remained answerable to the commissioner as well. Figure II-1 shows this structure.

The Office of Tourism has 23 permanent employees, two of whom work part time. Staff is involved with policy issues, research, development of marketing programs and materials, sales efforts, grant application reviews, coordination with other tourism entities, support services for the Connecticut Tourism Council, and responding to inquiries for travel information. Eleven of the 23 are assigned to the visitor welcome center program. The office also employs 13 seasonal workers, who provide additional staff for the welcome centers and assistance with information requests during the summer.

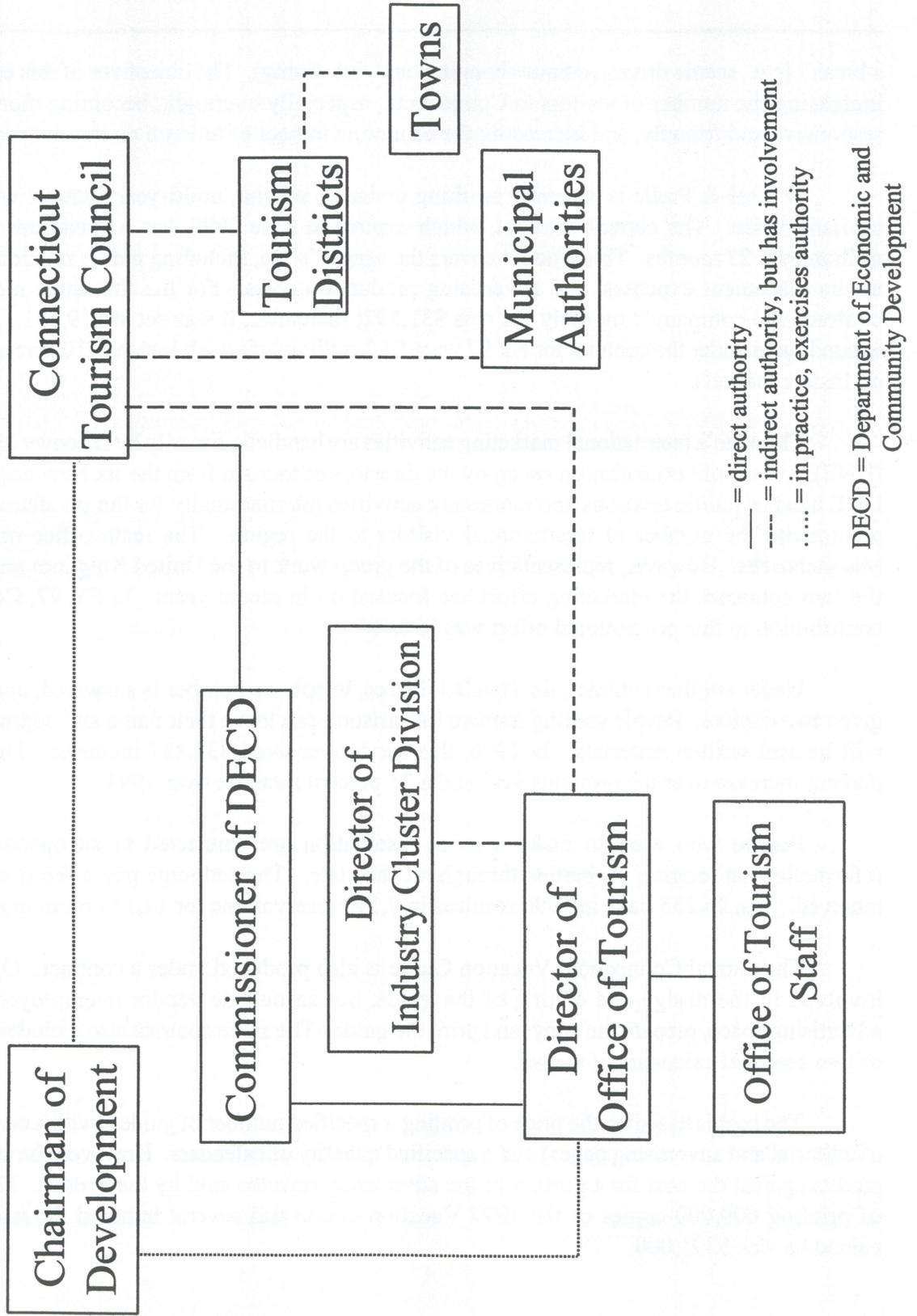
The office also obtains services through contracts with businesses selected through Requests for Proposals (RFPs). Outside contractors are employed periodically to conduct research about the tourism industry and the success of various marketing efforts aimed at attracting visitors to the state.

The public relations firm of O'Neal & Prella, Inc. and its subcontractor for out-of-state public relations work (Patrice Tanaka & Co. from New York) provide strategic marketing, planning, media advertising, collateral and direct mail, material development, promotion, and public relations services to the state. Their work includes the creation of advertising campaigns and the coordination of requests from travel writers seeking information about Connecticut. The firm is also involved in annually updating the state's strategic marketing plan.

Since May 1993, the state has marketed Connecticut as a vacation destination that is "full of surprises." The primary target of the state's advertising efforts is the leisure traveler from the New York metropolitan area, who is interested in short getaway trips. The focus of the current campaign is on four niches -- activities for children (in order to attract families), cultural heritage (e.g., historic sites and festivals), active getaways (e.g., camping and recreational sports), and "take

¹⁷ The title *chairman of development* is used by the current administration to refer to the individual who holds the position of chairperson of the board for the Connecticut Development Authority, the Connecticut Housing Finance Authority, and Connecticut Innovations Incorporated.

Figure II-1. Functional Structure.



a break" (e.g., scenic drives, antique shopping, and fine dining). The objectives of this effort include increasing the number of visitors to Connecticut, especially overnight, becoming more customer-responsive and friendly, and increasing the economic impact of tourism on the state economy.

O'Neal & Prella is currently working under its second, multi-year contract with the state tourism office. The current contract, which expires in June 1998, has a maximum value of \$5 million over 23 months. This amount covers the agency's fee, including public relations activities, media placement expenses, and advertising production costs. For the first three months of the contract, the company's monthly fee was \$31,592; thereafter, it was set at \$19,591. Advertising expenditures under the contract for FY 97 were \$1.3 million, of which less than 10 percent was spent on instate markets.

The state's international marketing activities are handled primarily by Discover New England (DNE), a nonprofit organization set up by the directors of tourism from the six New England states. DNE handles public relations and marketing activities internationally for the six states. Its goal is to increase the number of international visitors to the region. The main office of DNE is in Massachusetts. However, representatives of the group work in the United Kingdom and Germany, the two countries the marketing effort has focused on in recent years. In FY 97, Connecticut's contribution to this promotional effort was \$90,000.

Under another contract, the state's toll-free, telephone number is answered, and callers are given two choices. People seeking tourism information can leave their name and address, and they will be sent written materials. In 1996, this service received 337,487 inquiries. This was a 15 percent increase over the previous year and a 27 percent increase over 1994.

People who want to make a room reservation are connected to an operator who has information on lodging properties throughout the state. The lodgings pay a fee if a booking is received. The 26,255 calls in 1996 resulted in 9,190 reservations for 14,134 room nights.

The annual Connecticut Vacation Guide is also produced under a contract. Office staff is involved in the design and editing of the guide, but an outside vendor is employed to sell the advertising space, prepare the copy, and print the guide. The same contract also includes publication of two seasonal calendars of events.

The cost is based on the price of printing a specified number of guides (with a certain number of editorial and advertising pages) and a specified quantity of calendars. However, the state receives credits against the cost for a portion of the advertising revenue sold by the vendor. The final cost of printing 600,000 copies of the 1997 Vacation Guide and several hundred thousand seasonal calendars was \$391,000.

In January 1997, work on a strategic plan for the tourism cluster in Connecticut was completed. The purpose of this project was to develop a clear approach for the state to follow in its efforts to support tourism as a growing sector in the economy. Under the direction of the Office of Tourism and the tourism council, SRI International compiled information on tourism efforts in other states, conducted numerous interviews with business leaders, and worked with representatives of the tourism industry to develop the final plan. The plan also included data on the economic impact of the tourism industry.

Money for the Office of Tourism comes from two sources -- the General Fund appropriation to DECD and the nonlapsing *Tourism Account*, funded primarily by a surcharge on auto rentals. (The latter account is also known as the Promotion Fund.) During the early 1990s, when the Tourism Account was created, the office and the tourism council spent less than the revenue being generated. During the past couple of years, they have spent more than the annual revenue generated, using up the surplus that had accumulated.

In FY 97, total expenditures for the office, the programs it oversees, and the tourism council were an estimated \$5.4 million. Eighty percent of this money was drawn from the Tourism Account.

Table II-1 shows expenditure data for the past three years. During this period, total spending declined 14 percent. Appendix A contains additional information on expenditure categories.

Welcome centers. Connecticut currently has 11 state-operated visitors welcome centers, located primarily near the major highways. There are two centers at Bradley International Airport -- one in each terminal. Appendix A includes a map that shows the location of each center.

	FY 95	FY 96	FY 97 (est.)
General Fund	\$1,458,742	\$1,286,130	\$1,094,000
Tourism Fund	\$4,850,420	\$4,752,371	\$4,320,000
TOTAL	\$6,309,162	\$6,038,501	\$5,414,000
Source: DECD Office of Tourism.			

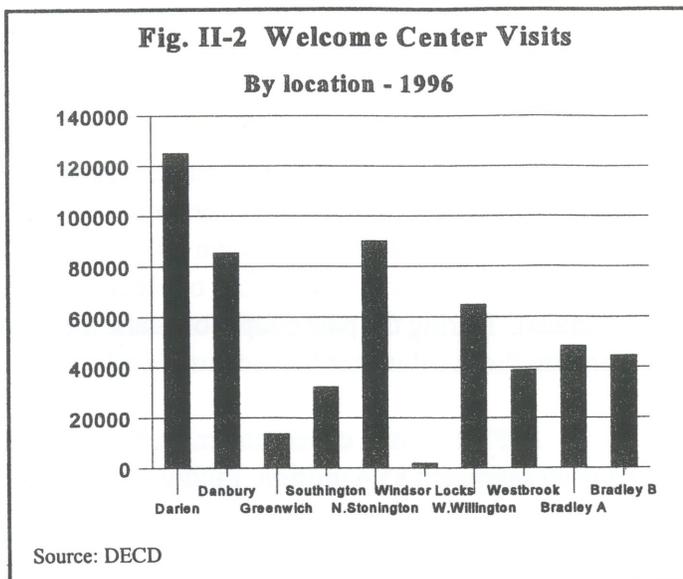
The centers are joint efforts of the Office of Tourism and the Department of Transportation (DOT). All have restrooms in the vicinity, telephones, and a map showing the state highway system. They provide materials on tourist attractions and lodgings in the state. Most also have snack and beverage vending machines. The centers in Middletown and Wallingford operate on a self-service basis. Materials and a map are on display, but no staff is available to answer questions.

Six centers -- Darien, Danbury, North Stonington, West Willington, and the two at Bradley airport -- are staffed year-round with travel counselors. Greenwich is only open from Memorial Day

to Labor Day. The centers in Southington and Westbrook are staffed from Memorial Day to Columbus Day. In some locations, through the Adopt a Visitors Center Program, resources have been provided to keep the centers open on weekends into the winter.

Personnel at the sites with staff counted a total of 545,026 visitors to the centers in 1996, which was a slight increase over the previous year. Figure II-2 shows the number of visits at each site. (The center in Windsor Locks is no longer open.)

Paid employees of the Office of Tourism, known as travel counselors, are supplemented at the centers with volunteers. The counselors are supposed to greet visitors, answer questions, give directions, and encourage the visitor to spend time in Connecticut.



Literature distributed at the centers is warehoused and restocked by Office of Tourism staff. The system for handling this material was changed in May 1997, when the state instituted a charge for this previously free service. Attractions that deliver their materials directly to a center are allowed to place them on display at no charge, if space is available.

In 1993, a task force on "Strategy for Enhancement of the Visitor Welcome Center Program" presented detailed recommendations for where and how the centers should be operated. Many of its recommendations were incorporated into law (P.A. 94-155). The provisions in the statutes enumerate in great detail the duties of the facility supervisors, the level of staffing to be provided at specific locations, the range of services that should be available, and the amount of funding the tourism council should allocate for purposes related to the operation of the centers.

Film office. State statutes (Chapter 587) establish a Connecticut Film Video and Media Office and a 19-member film commission within DECD. The roles of both include promoting the use of Connecticut locations for media productions and providing support services for production companies.

Until May 1997, a contract employee handled film office responsibilities and served as department liaison to the commission. Organizationally, this position was included under the Office of Tourism. When that person's contract expired, tourism office staff provided assistance to the commission on a part-time basis. In December 1997, a new contract employee was hired.

For state FY 98, the film office has been allocated \$150,000 from any increased tax receipts in excess of the receipts received by the 11 regional tourism districts in FY 97. The timing of this disbursement still has to be resolved.

Connecticut Tourism Council

In 1992, an informal governor's advisory council on tourism was replaced by the statutory Connecticut Tourism Council. The primary responsibilities of the council are:

- approve the state's strategic marketing plan;
- determine whether the marketing plans of the tourism districts and other entities funded under the tourism statutes are consistent with the state's marketing plan;
- approve the *Tourism Account* annual budget; and
- award challenge grants.

The council, which meets monthly, has 13 members. The commissioners of economic and community development, environmental protection, and transportation are ex officio members. There are four additional gubernatorial appointees, while the six legislative leaders make one appointment each. All of the appointees must be representatives of specified tourism-related interests. The categories are hotels/motels, campgrounds, chambers of commerce, the arts, a tourist attraction, tour bus companies, restaurants, convention center or coliseum authority, and tourism districts (two seats). Appendix B lists the tourism interests by appointing authority.

Although the commissioner of economic development is the statutory chairperson, the chairman of development, who is not a member of the council, runs the meetings even when the commissioner is present. The commissioners of environmental protection and transportation are statutorily allowed to appoint a designee.

The DOT designee has always participated fully in the work of the council. The current designee is the director of marketing and development from the Bureau of Aviation and Ports. The commissioner of environmental protection named the governor's wife as his designee. She is listed as the honorary chairperson of the council. She has attended only two council meetings, but she is actively involved in efforts to promote the state for tourism purposes. Since the beginning of 1997, the bureau chief of the Department of Environmental Protection's Bureau of Outdoor Recreation has been attending council meetings on behalf of the department.

Most council members serve on one of three standing committees -- marketing and public relations, long range planning, or challenge grants. These committees often meet immediately before or after the regular council meetings. However, lengthy, additional meetings are often required when marketing plans, grant applications, and contract proposals have to be reviewed.

Industry representatives can and do serve on these committees as well. Under revised council operating procedures adopted in August 1997, noncouncil members have been given voting power within these committees.

Two new committees were also established in August. They are a Finance Committee, which will include the chairman and vice chairman of the council and the chairs of the other standing committee, and a Legislative Liaison Committee.

Meeting format. Council meetings are held the first Monday of the month in Rocky Hill, and usually last an hour to an hour and a half. Each begins with approval of the minutes from the previous meeting. A public comment segment is provided for anyone who wishes to address the council on any matter related to tourism or to an action previously taken or under consideration by the council. During the past two fiscal years, one or more persons spoke during this period at eight of the 23 meetings held.

Generally, the next item of business is a report from the director of the Office of Tourism. His oral report highlights events involving state tourism efforts, particularly those of the office staff, that have occurred since the last council meeting. A more detailed written report is also distributed. Then the chair of each of the standing committees is asked to report on the work of the committee since the last council meeting. If any actions by the full council are required to ratify a committee's work (e.g., approve recommended challenge grant recipients), motions for that purpose are made, discussed, and voted on at this time.

Old business remaining from previous council meetings is taken up next by the council. Finally, new business not considered under one of the earlier items is taken up. During the course of a meeting, an executive session may be held to discuss personnel matters or contractor evaluations.

Grant programs. By law, the Office of Tourism was required to develop two competitive grant programs and make recommendations to the state tourism council regarding which applicants should be approved for each. One program was to assist municipalities affected by the presence of tourist attractions within their towns. To date, this program has not been implemented. Although a dedicated fund, called the *Tourism Impact Fund*, was created in 1995 to pay for the program, no money has been appropriated to it.

The other program, known as the Challenge Grant Program, is intended to encourage innovation and job development, provide incentives for coordinated activity consistent with the state's strategic marketing plan, and stimulate the development of private funds for tourism promotion. Funding for this program is taken out of the Tourism Account.

Since the first challenge grant applications were received in 1994, the council has awarded 85 grants worth nearly \$1.5 million. The types of projects approved by the council have included the creation of programs that link sites throughout the state (e.g., Connecticut Impressionist Art Trail), promotion of special events (e.g., Mark Twain Days in Hartford), and production of regional brochures and maps (e.g., Hidden Treasures in Central Connecticut).

Individual grant awards have ranged from \$7,500 to \$44,000; most were in the \$10,000 to \$20,000 range. Funds previously awarded to applicants but not fully paid out continue to be disbursed, but no new applications are currently being accepted.

Tourism Districts

The 11 regional tourism districts in Connecticut share the same general purpose -- promotion of their region as a tourist destination for purposes of stimulating economic growth. However, the organizational structure and composition of each vary.

All are products of state law, but they are nongovernmental entities. According to an attorney general's opinion issued May 28, 1996, to the commissioner of revenue services, the districts "... are neither political subdivisions of the state, nor agencies of the state or any of the political subdivisions thereof." Some are tax-exempt, nonprofit corporations; others exist solely on the basis of the statutory reference to them contained in C.G.S. Sec. 32-302.

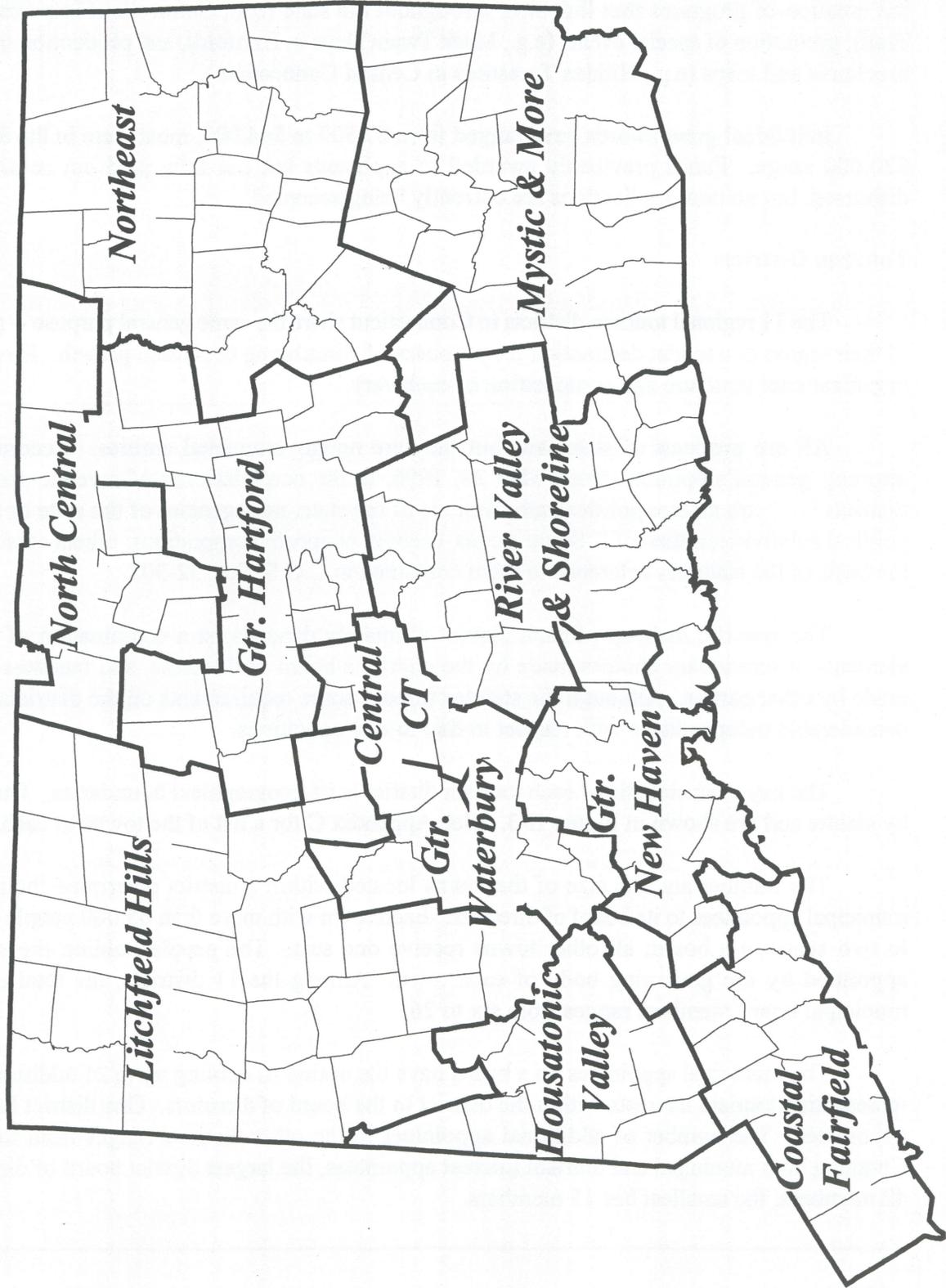
The specific makeup of each district ultimately depends on a combination of mandated elements, discretionary choices made by the district's board of directors, and business decisions made by other parties. Although the statutes impose some requirements on the districts, each has considerable independence with respect to day-to-day operations.

The key characteristic of each tourism district is its geographical boundaries. These are set by statute and are shown in Figure II-3. (See Appendix C for a list of the towns in each district.)

The number and the size of the towns located within a district determine the number of municipal appointees to its board of directors. Each town with more than 65,000 people is entitled to two seats on a board; all other towns receive one seat. The people holding these seats are appointed by the governing body of each town. Among the 11 districts, the total number of municipal board members ranges from six to 26.

The municipal appointees on a board have the option of naming up to 21 additional people representing tourism interests within the district to the board of directors. One district has no such appointees. The number of additional appointees in the other districts ranges from three to 21. Counting both municipal and tourism interest appointees, the largest district board of directors has 42 members; the smallest has 15 members.

Figure II-3. Connecticut's Tourism Districts.



The population of the towns and the number, size, and occupancy levels of the lodging properties within each district determine the amount of sales tax receipts from lodgings the district will receive. The exact amount is determined by a statutory formula. Chapter Three contains a detailed description of the formula.

Districts are guaranteed at least \$100,000 per year in state funding; there is no cap on the maximum amount a district can receive. Table II-2 presents information about the population and physical dimensions of each district. It also indicates the amount of FY 97 tax revenue received.

The funds from the tax on lodgings are nonlapsing, which allows a district to retain the money indefinitely for future projects. The districts can also receive money from other sources, such as public or private contributions and paid advertising. In fact, however, the state dollars are the primary source of revenue for all of the districts. The board of directors in each district controls the allocation of all district funds.

The same section of the statutes that enumerates the funding formula for the districts requires them to submit annual audits conducted by certified public accountants to the Connecticut Tourism Council. In addition, under P.A. 97-238, effective January 1, 1999, the districts must submit their audits to the Office of Policy and Management (OPM) at the same time they submit them to the council. (The districts have been submitting their audits to OPM under the State Single Audit Act, but it was not clear whether they were required to do so.)

In conjunction with the new audit requirement, districts must prepare a corrective action plan in situations where an audit finds "material noncompliance" with laws and regulations or "material weakness in the internal controls" of the organization. If OPM and the tourism council find the district has not implemented the plan within 90 days, then the secretary of OPM must notify the commissioner of revenue services to withhold 10 percent of the district's monthly disbursement until such time as the secretary finds the plan is being implemented.

P.A. 97-238 also institutes another reporting requirement. As of January 1, 1998, the districts must annually submit their budgets for the current and prior years to the tourism council in a format developed collectively by the districts, the council, and OPM. Work on the format began during the summer, and the final version was approved by the Connecticut Tourism Council at its December 1997 meeting.

The amount of funding available to a tourism district influences the number and compensation of the staff employed, the scope of the activities undertaken, and the extent to which promotional efforts are measured quantitatively. Again, those choices are made by the individual boards of directors.

Table II-2. Tourism District Characteristics.

<i>Statutory Name (... Tourism Dist.)</i>	<i>Name Actually Used</i>	<i>Main Office</i>	<i># of Towns</i>	<i>Size of Bd'</i>	<i>FTE Staff</i>	<i>Sq. Miles</i>	<i>FY 95 Popula</i>	<i>FY 97 Tax Receipts</i>
Gtr Fairfield	Coastal Fairfield County Tourism District	Norwalk	13	16	7.5	326	594,780	\$1,269,239
Gtr Waterbury	Wtby. Region Convention & Visitors Bureau	Waterbury	9	20	3	179	218,810	\$413,141
Gtr New Haven	Gtr. NHaven Convention & Visitors Bureau	NewHaven	15	25	7.5	294	476,090	\$676,854
CT Valley	CT River Valley & Shoreline Visitors Council	Middletwn	20	30	3.5	537	308,970	\$476,617
Southeastern CT	Connecticut's Mystic & More	NLondon	20 ²	37	10	630	248,550	\$1,377,123
Litchfield Hills	Litchfield Hills Visitors Commission	Litchfield	26	29	3	876	228,170	\$366,152
Central CT	Central Connecticut Tourism District	NewBritain	5	27	1.75	127	172,770	\$127,373
Gtr Hartford	Greater Hartford Tourism District	Hartford	21	39	4.25	569	561,660	\$642,377
Northeast CT	Northeast Connecticut Visitors District	Putnam	21	42	1.5	732	151,430	\$80,490*
Housatonic Valley	Housatonic Valley Tourism District	Danbury	9	15	4.5	265	166,240	\$758,001
Tobacco Valley	Connecticut's North Central Tourism Bureau	Enfield	10	16	3.5	311	161,620	\$511,946

¹ Reflects the total composition of the board of directors -- both municipal appointees and those representing tourism interests.

² Both the City of Groton and the Town of Groton have municipal representatives on the board for a total of 21 municipal board members.

* Under C.G.S. Sec. 32-301(b)(7), the districts are guaranteed at least \$100,000 per year in state funding. The Connecticut Tourism Council makes up the shortfall with money from the Tourism Account, which is funded by the motor vehicle rental surcharge.

Each district also makes its own decisions regarding the overall size and operation of its board of directors. Factors that differ among the districts include:

- the number of nonmunicipal board members;
- the frequency of meetings;
- the time and location of meetings; and
- the number, composition, and role of committees.

The tourism districts are subject to the provisions of the state's Freedom of Information law, and the districts are required to file their meeting schedules with the clerks in the towns included within their district. Several of the districts indicated they also send the town clerks and local elected officials copies of the minutes from board meetings.

Many of the day-to-day functions of the districts parallel the work of the Office of Tourism, although the focus of the efforts may vary. In all of the districts, staff is involved in developing marketing programs and materials, responding to inquiries for travel information from potential visitors, coordinating familiarization tours for the media, and pursuing group sales opportunities.

Some of the districts concentrate a majority of their resources on a specific segment of the tourism market, such as meeting and convention business or tour groups; others work at attracting people from a variety of segments. In some instances where the districts are focusing on the same markets, they work together and coordinate their sales efforts at trade shows.

All of the districts have produced printed materials about their regions, including information on attractions, lodgings, and other items of interest to visitors. In some of the districts, outside firms provide assistance with promotional materials and advertising campaigns. In other districts, in-house staff handles these tasks.

Under C.G.S. Sec. 32-301, the Connecticut Tourism Council is required to review the plans and activities of the districts to determine whether they are compatible with the state's strategic marketing plan and the promotion of economic growth and employment opportunities. If the efforts of a district are found to be inconsistent with the plan, the district is ineligible for grants awarded by the council. (To date, no district's plan has been found incompatible.) Effective October 1, 1997, the council's review must consider the statutory mission of the districts and each district's unique mission and provide any recommendations for changes to the district's board of directors.

Historical background. The current structure of 11 tourism districts with specified boundaries replaced a previously voluntary system. It also combined funding formulas for districts and large municipalities.

In 1974, municipalities operating facilities subject to the state amusement tax were given the right to establish convention and visitors commissions and receive state financial support for purposes of promoting conventions, and recreational and tourist activity in their cities. This option was also available to coliseum authorities.

Under that law, the municipalities could retain half of the amusement tax receipts generated by the sale of tickets to events at their facility. In 1978, after the collapse of the Hartford coliseum roof, cities with more than 85,000 people were offered an alternative funding mechanism. Instead of tax receipts from ticket sales, they could choose to receive 4.5 percent of the gross sales receipts of properties in their town that were subject to the state sales tax on lodgings.

Beginning in 1981, any group of contiguous towns with a combined population of more than 85,000 could join together as a district for tourism-related purposes and receive state funding to support their efforts. The source of this money was 4.5 percent of the taxable gross sales receipts from lodgings in the towns forming the district.

In 1982, the law was modified to prohibit any municipality with 85,000 or more people from being part of a district with other towns. In addition, the funding rate for districts, but not the large cities, was reduced to 1.5 percent of the taxable gross sales receipts of lodgings located in the towns in the district.

When Public Act 92-184, which created the current system, was adopted, there were 19 tourism regions in the state. This included several single-city efforts. There were also a few towns in the state that were not part of any organized tourism district. The funding mechanism continued to be a portion of the receipts from the sales tax on lodgings, but several different rates were established, based on population.

Authorities

Under the statutes setting out the state's tourism program, four specified entities receive a portion of the lodging tax receipts generated in four of the state's largest cities. The four organizations receiving this funding are the:

- Connecticut Convention Center Authority (Hartford);
- New Haven Coliseum Authority;
- Stamford Center for the Arts; and
- Maritime Center Authority/Maritime Aquarium at Norwalk.

Three of the four are authorities created in accordance with provisions of the statutes. The other -- the Stamford Center for the Arts -- is a private corporation.

Each entity has a board of directors overseeing its operations. As a requirement of receiving state lodging tax receipts, each must file an annual audit and submit descriptive information regarding annual marketing and promotion plans to the Connecticut Tourism Council. Table II-3 summarizes the purpose of each and lists the amount of lodging tax revenue received in FY 97.

Table II-3. Descriptions of Other Entities Funded With Lodging Tax Receipts.			
<i>Name (year created)</i>	<i>Type of Entity</i>	<i>Purpose/Function</i>	<i>FY 97 Tax Receipts</i>
CT Convention Ctr. Authority (1989)	created by state statute (Sec. 32-185); political subdivision of the state, but not a state agency	design/construct new major convention facility in Hartford*	\$1,032,280
New Haven Coliseum Auth. (1966)	created by town ordinance pursuant to state statutes	construct/operate a coliseum and parking facility	\$428,496
Stamford Center for the Arts (1980)	private, nonprofit corporation	create/operate cultural civic center	\$1,482,717
Maritime Center Authority (1986)	created by town ordinance pursuant to state statutes	organized to build/operate a maritime aquarium in Norwalk	\$399,567
* Currently uses majority of its revenue to contract with the Greater Hartford Convention & Visitors Bureau, Inc. for sales and promotion services related to attracting visitors to the Hartford area.			

Connecticut Humanities Council

The Connecticut Humanities Council is a public foundation that serves as the Connecticut program of the federal National Endowment for the Humanities. Its mission is to deepen understanding, broaden appreciation, and encourage participation in the humanities among the people of Connecticut. The council has a 25-member board of directors and six staff. It awards grants to nonprofit groups for specific projects and also conducts programs itself.

Since 1995, the council has served as the administrator of the state's grant program to local institutions in the humanities. The general requirements of the program are detailed in C.G.S. Sec. 10-373bb. Under that law, organizations such as libraries, museums, historical societies, and cultural associations can apply for grants of varying amounts in four categories.

The types of grants and the maximum awards for each are: technical assistance (\$10,000), planning (\$25,000), professional development (\$25,000), and implementation (\$150,000). The grants must be matched equally by the recipients through in-kind and/or monetary contributions. Requirements for implementation grants are more detailed.

The program is funded by an annual allotment of \$1 million from state lodging tax receipts. The money is deposited into the *Cultural Heritage Development Account*, a nonlapsing account within the General Fund. In 1996, the council awarded 57 grants worth \$861,236. Information on the recipients and the specific purposes of the grants must be reported annually to the legislature.

Others

Several state commissions have a role in Connecticut's tourism effort because the areas under their jurisdiction are of interest to tourists. These agencies include the Commission for the Restoration of Historic Assets, the Connecticut Historical Commission, and the State Arts Commission.

The many private businesses that provide services used by tourists also play an important role in the presentation and success of the state as a tourist destination. Of particular note are the numerous lodgings in the state that, through the state's taxation system, produce a large portion of the revenue currently used to fund regional tourism efforts in Connecticut.

Likewise, a wide assortment of private groups, including chambers of commerce, downtown councils, and local business associations contribute to the state's tourism effort through their promotion of a particular region as an advantageous place to visit, shop, work, or live. The citizens of the state also have a role to play. The courtesy and friendliness of the residents of a region attempting to attract visitors can be an important boost to tourism efforts.

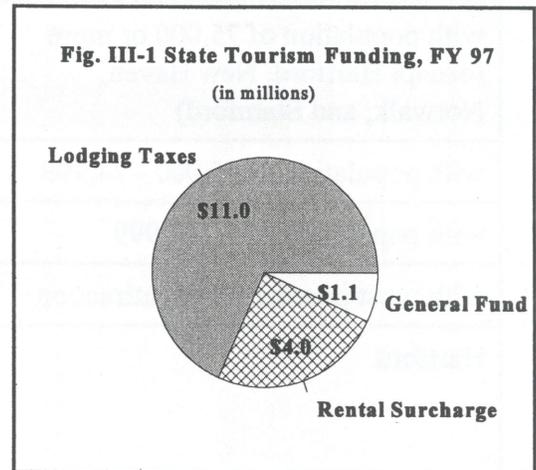
Chapter Three: State Funding

- FY 97 state allocations for tourism-related efforts were \$16.1 million
- Two major sources of funding:
 - 12 percent sales tax on hotels and lodging houses for stays of up to 30 days
 - generated \$50.2 million in revenue in FY 97
 - \$10 million distributed to 11 regional tourism districts and four specified entities, using statutory formula based primarily on population and amount of lodging receipts for each town in a district
 - \$1 million designated for cultural heritage grants program
 - \$1 per day surcharge on motor vehicle rentals of 30 days or less
 - generated \$4 million in revenue in FY 97
 - entire amount deposited in Tourism Account for state-level tourism efforts
- Additional \$1 million in revenue from General Fund used for state level tourism efforts

STATE FUNDING

During FY 97, the state allocated \$16.1 million directly to tourism-related efforts. This does not include money spent by agencies on activities that indirectly affect tourism such as the state parks operated by the Department of Environmental Protection (DEP).

The two major sources of state funding for tourism in Connecticut are the sales tax on lodgings and a surcharge on motor vehicle rentals. As shown in Figure III-1, two-thirds of the money directed at tourism-related efforts in FY 97 came from the state's sales tax on lodgings, one-quarter came from a surcharge on car rentals, and 7 percent came from the General Fund.



Lodging Sales Tax

The sales tax on most goods and services in Connecticut is 6 percent, but the rate imposed on rent received for occupancy of rooms in hotels and lodging houses for stays of up to 30 days is 12 percent.¹ (On stays longer than 30 days, no tax is charged.) The tax applies to the full bill presented to the guest.

In FY 97, the state collected \$50.2 million from the sales tax on lodgings. Under C.G.S. Sec. 32-305, portions of the state's receipts from this tax are distributed to the regional tourism districts and specified municipal authorities. During FY 97, \$10 million was disbursed to those entities -- \$6.7 million to the districts and \$3.3 million to the authorities. An additional \$1 million was directed to the Cultural Heritage Development Account to fund a grant program for institutions in the humanities, such as museums and historical societies.

¹ The current rate structure went into effect on October 1, 1991. It replaced a general sales tax rate of 8 percent that had applied to a variety of goods and services including hotels and lodging houses.

The amount given to each tourism district is calculated using a statutory formula based on town population and the gross lodging receipts subject to the sales tax. Basically, the amount of gross receipts subject to the lodging tax in each town within the district is multiplied by a statutorily specified rate that is determined by the size of that town's population. Table III-1 shows the rate for each town in the state.

Table III-1. Rates Used to Determine Distribution of Lodging Tax Receipts.		
<i>Town</i>	<i>Rate</i>	<i># of Towns</i>
with population of 75,000 or more (except Hartford, New Haven, Norwalk, and Stamford)	4.5% of gross sales receipts from town	3*
with population of 65,000 - 74,999	3.5% of gross sales receipts from town	1
with population of 1 - 64,999	1.5% of gross sales receipts from town	160
with most popular tourist attraction	3.5% of gross sales receipts from town	1
Hartford	4.5% of gross sales receipts, but entire amount is allocated to Connecticut Convention Center Authority (for a net rate to the district of zero)	1
New Haven	4.5% of gross sales receipts, but three- quarters of amount is allocated to New Haven Coliseum Authority (for a net rate to the district of 1.125%)	1
Norwalk	4.5% of gross sales receipts, but three- quarters of amount is allocated to Maritime Center Authority (for a net rate to the district of 1.125%)	1
Stamford	4.5% of gross sales receipts, but three- quarters of amount is allocated to Stamford Center for the Arts (for a net rate to the district of 1.125%)	1
* The tourism district that includes Bridgeport must spend three-quarters of the 4.5% allocation it receives from lodgings in that city to market tourist attractions located there.		
Source: C.G.S. Sec. 32-305		

A district receives the sum of the amount calculated for each town within that district. In several districts, the allocation is reduced by an amount equal to that which is directed to a specified municipal authority. The Department of Revenue Services sends monthly checks to the districts and authorities based on the sales data and tax payments the department has received from lodging properties.

Rental Surcharge

Since 1992, anyone who rents a passenger motor vehicle in Connecticut for 30 days or less is charged a \$1 per day surcharge in addition to any other taxes applicable to the transaction. Annual receipts from the surcharge have totaled nearly \$4 million each of the last three years.

Receipts from the surcharge are the major source of funding for the *Tourism Account*, established under C.G.S. Sec. 32-303. Also referred to as the Promotion Fund, this nonlapsing account is used by the Office of Tourism and the Connecticut Tourism Council to pay for the state's strategic marketing plan, challenge grants, the provision of information services at welcome centers, promotional efforts, and other program expenses.

The tourism council also is required to use funds from the Tourism Account to provide grant subsidies to tourism districts in two situations. The first involves tourism districts that do not receive at least \$100,000 per year under the lodging tax. The state grant must be in an amount that will bring the district up to that level of funding. The past few years, only one district has needed such a grant. The second is given to the tourism district that includes the city of Bridgeport to ensure the funding for mandated marketing of attractions in that city is at least equal to the amount of money the Bridgeport Convention and Visitors Bureau was allocated in FY 91.

General Fund

Another source of revenue for tourism-related efforts is the state's General Fund. During FY 97, the Office of Tourism received \$1.1 million from the General Fund. This money was used to pay for day-to-day operations, including personnel costs for permanent staff.

Chapter Four: Findings and Recommendations

- Connecticut ranked 32nd in per capita spending for projected FY 97 state agency tourism budgets at \$1.56
 - expenditures of \$1.3 million for advertising were below national median of \$1.6 million
 - all New England states exceeded Connecticut in per capita spending, but only Massachusetts had a higher total tourism budget
- Nationally, organizational structures for state tourism operations range from highly centralized to highly decentralized
 - current Connecticut system represents a hybrid, decentralized approach with independent regional districts and a limited state promotional effort
- Six Connecticut tourism districts listed other areas in the state as their main competitors in FY 96 and FY 97 marketing information submitted to the state tourism council

Findings:

- *The current funding system in Connecticut undermines the state's overall tourism strategy by limiting money available for statewide promotion efforts*
- *Competition between the state office and the tourism districts, and among the districts, diminishes attempts to present a unified image of Connecticut as a tourism destination*
- *Current tourism district boundaries do not necessarily reflect natural patterns of affiliation*
- *Tourism districts are creatures of state law, but are not governmental entities, creating accountability questions*
- *In many areas of the state, private organizations already provide services similar to those provided by the publicly funded tourism districts*

Key Points

Recommendations:

- **The state organizations responsible for tourism shall be a restructured Connecticut Tourism Council with policy setting authority and a staff Office of Tourism within the Department of Economic and Community Development**
- **The statutory language establishing the 11 specified tourism districts shall be repealed**
- **The primary source of funding for council and office activities shall be changed to 15 percent of the state's revenue from the sales tax on lodgings**
- **The income received from the surcharge on auto rentals shall be used solely for an expanded grant program that will provide a greater number and variety of grants to regional and local tourism-related organizations**
- **The money currently given to the authorities shall be continued**
- **The Connecticut Tourism Council shall be restructured to include broader membership categories, and members shall be allowed to remain on the council until a replacement is named**
- **The statutes shall be amended to allow the Office of Tourism to replace on-site personnel at the state visitor welcome centers with interactive information systems**
- **The Cultural Heritage Development Program shall be placed under administrative control of the Connecticut Tourism Council, and the council shall award tourism grants in four categories -- creative ideas, marketing and advertising efforts, preparation/ production of printed materials, and cultural heritage programs**

FINDINGS & RECOMMENDATIONS

In recent years, a number of studies have examined elements of tourism in Connecticut. The program review committee's study is different because it looks at tourism from the perspective of the system as a whole. This includes the organizational structure and process at the state and regional level, public funding mechanisms, and the economic impact of the industry.

The recommendations proposed in this report are intended to establish a comprehensive strategy for the state's tourism effort in order to increase Connecticut's position in the industry as the 21st century approaches. The goal of the proposed restructuring is to reshape the current system into one that provides a more cohesive product and is responsive to the needs of the consumer whether he or she is traveling for business or pleasure. All recommendations would take effect on October 1, 1998.

Summary of Current Structure

The two elements of the existing publicly funded tourism structure that have the greatest effect on its operation are the duties assigned to each of the various participants and the methods used to allocate public funds to each.

The state-level effort is handled by the Connecticut Tourism Council and the Office of Tourism. Together they are responsible for promoting the state as a tourism destination, providing statewide informational materials, and distributing grant funds. The council sets policy, while the office handles administrative functions. Their activities are funded primarily by a surcharge on auto rentals, but they also receive General Fund money.

The regional effort is handled by 11 statutorily created tourism districts. The boundaries are specified in statute, and each varies considerably in size (i.e., number of towns, population, and square mileage). Each district has a board of directors appointed by the municipalities in the area. Most also have members representing tourism interests such as attractions and lodgings.

The districts are responsible for promoting tourism to stimulate economic growth in their particular region. Staff handle marketing activities, respond to inquiries for information, pursue group sales and meeting business opportunities, and produce printed materials about their region.

The districts receive a portion of the state's revenue from the sales tax on lodgings. Although the exact amount each receives is determined by a complicated statutory formula, most have received an increase in funding annually since 1992. Districts are not required to raise any additional money, and only a few receive income unrelated to the state allocation. During FY 97, the districts received a total of \$6.7 million, with each district guaranteed at least \$100,000. The largest allocation was \$1.4 million.

Four specific venues established to attract visitors to Hartford, New Haven, Norwalk, and Stamford respectively also receive a portion of the state's lodging tax revenue. (These entities are referred to as "authorities" in this study.) State funding for several predates the creation of tourism districts, but their current allocation is tied to the statutory formula used for the districts.

Like the districts, the funding for each authority has increased annually since 1992. Three also received considerable revenue from other sources, including paid admissions, private donations, and concession sales. In FY 97, the four authorities received \$3.3 million in state revenue, ranging from approximately \$400,000 to \$1.5 million.

The final category of state directed funding specifically related to tourism is an annual allocation of \$1 million to the Connecticut Humanities Council. The council is a public foundation that operates the federal National Endowment for the Humanities program in the state. The money, drawn from state lodging tax revenues, is distributed in the form of grants to enhance understanding of and participation in the humanities.

Other States

Based on projected FY 97 state tourism budgets, state per capita spending figures ranged from 23 cents (California) to \$21.72 (Hawaii); the median rate of spending was \$2.04. Connecticut at \$1.56 ranked 32nd, below all of the other New England States.¹³

Total agency tourism budgets and spending on advertising vary widely. FY 97 data are shown in Table IV-1. Among the New England states, only Massachusetts spent more than Connecticut.

The ability of the state to mount a competitive marketing campaign, especially compared with other states, is probably the aspect of the state-level program most affected by the system currently used to fund tourism. Media expenditures since the creation of the current system in January 1993 peaked in FY 95, when the state spent \$2.3 million.

¹³ Governing, May 1997, p. 76.

Money for this activity comes from the surcharge on automobile rentals, which has been a relatively flat source of funding. The state anticipates its ability to advertise in the future will be limited further as the cost of purchasing advertising time and space increases.

This problem is compounded by the fact the primary market for visitors to Connecticut has been the New York metropolitan area. It is one of the most costly in the country in which to purchase advertising.

Structure. Research about how other states handle tourism structurally shows no single approach is used by a majority of the states. The choice made by each is based on the unique set of conditions within its borders and the level of importance of the tourism industry to its economy.

Table IV-1. Projected FY 97 State Agency Tourism Expenditures.		
	<i>Total Budget</i>	<i>Advertising</i>
United States		
High	\$32.8M (Ill.)	\$9.1M (TX)
Low	\$0.9M (Del.)	\$0.1M (Del.)
Median	\$7M	\$1.6M
NewEngland		
High	\$16.9M (MA)	\$3.3M (MA)
Low	\$2.3M (RIs.)	\$0.6M (ME)
Median	\$2.8M	\$0.8M
Connecticut	\$5.1M	\$1.3M
Source: U.S. Travel Data Center, 1996-97 Survey of State Tourism Offices		

Tourism responsibilities are frequently assigned to divisions, bureaus, or offices located in economic development agencies or commerce departments. Several states use independent entities. Appendix D indicates the name of the state organization responsible for tourism in each state.

A 1997 study by SRI International, commissioned by DECD, identified three types of organizational structures used by state tourism organizations.¹⁴ Two are basic models, while the third is a hybrid that varies depending on which elements of the other two it employs. The choice of a model is often related to the degree of development found within the tourism industry in a state.

The centralized model concentrates decision-making in a single agency that controls funding, product development, and marketing. That entity sets the vision and strategy for the state, ensuring the effort will be unified. This model is considered to work best when the tourism industry in the state is in its early stages of development or is still growing. It may be also used in situations where the industry has entered a period of decline.

¹⁴ All information about the models in this section of the report is from SRI International, *Connecticut Strategic Tourism Cluster Plan: Tourism Product Development Strategy (Background Information)*, January 1977, Section B-I, pp. 1-6, 23.

The decentralized model involves multiple organizations with a great deal of autonomy and independence. Regions have flexibility. They can differentiate themselves and respond quickly to changes. The role of the state is to coordinate certain activities and provide assistance to the local entities. This model is used most commonly when the tourism industry is well established and market share is being maintained.

The hybrid systems range widely, depending on the life cycle stage of the tourism industry within the state. In most cases, the state agency oversees a unified product and marketing strategy and coordinates efforts of a variety of others in order to meet specific goals.

The current Connecticut system is one of the hybrids. Its structure is representative of a decentralized approach, given the existence of highly independent tourism districts and a limited state promotional effort. However, only a few products in the state are at a mature stage.

Proposed State-funded Effort

A state cluster program has been established within DECD to improve the economic competitiveness of Connecticut. Its goal is to work in partnership with the business community. The tourism sector is one of the six key clusters in the program, although it has not always received the same degree of recognition as the other clusters.

Based on the economic data presented in Chapter One of this report, the tourism industry in Connecticut appears to have considerable potential for growth. Continued state support for the industry will enhance that possibility.

A key question then is how to structure the state-funded tourism effort. Under the current system, only 30 percent of the total state allocation for tourism is given to the tourism council and office. With this money, the state must market Connecticut to potential visitors, provide subsidies and award grants, distribute travel materials to the public, operate the visitor welcome center program, produce the annual vacation guide, and conduct market research.

Due to the limited availability of resources, the council suspended the challenge grant program for the first half of the current fiscal year. In addition, the council and the office have been unable to consider any major expansion of the markets within and outside the United States where the state is promoted as a destination. Indeed, as mentioned earlier, media purchases of advertising have actually been reduced. As a result, the state's ability to maintain and expand awareness of Connecticut as a visitor destination has been hampered.

At the same time, 42 percent of the state funding for tourism goes to the 11 regional tourism districts. The districts are a product of state law, but they are nongovernmental entities. State

statutes impose some reporting requirements on them, but they have considerable independence with respect to day-to-day operations.

Each district markets a variety of lodgings, attractions, restaurants, businesses, and natural features within its area. The staff and boards are enthusiastic in their promotion of the individual regions. On occasion, they work together and with the state to lure people away from other countries and states.

More often, the districts are concerned with wooing visitors to their particular area rather than another one in the state. Evidence of this is contained in the district's individual marketing plans. Six districts specifically listed other portions of Connecticut among their main competitors in FY 96 and FY 97 marketing information submitted to the state tourism council.

Disagreements have arisen in the past about whether state-level promotional efforts should treat all the districts the same. In some situations, the districts want the state to promote all areas equally. At other times, the districts with bigger or more attractions have expressed displeasure because the state has not given more attention to promoting their attractions. Competition between the state office and the tourism districts, and among the districts themselves, dilutes the state's effort and hurts the overall goal of promoting Connecticut as a tourism destination.

Both the districts and the state have made efforts to improve communication. In many situations, however, the state gives the districts the same recognition as any other tourism entity, despite the fact districts have statutory recognition and state funding. Indeed, the structure of the existing public funding system seems to be one of the key factors pushing the districts and the state farther apart.

The current allocation system is a paradox that produces disparities among the districts. Those with high levels of overnight lodgers get more money, which in turn can be used to attract even more visitors. Districts with a small supply of lodging facilities and thus low levels of lodgers continue to operate with comparatively less money. In some cases, districts must receive subsidies from the state's tourism budget in order to attain a minimum level of funding.

Table IV-2 presents summary information about the 11 tourism districts, including the level of funding each received in FY 97. As indicated in the far right-hand column of the table, most districts receive between \$350,000 and \$800,000. However, two districts received more than one million dollars, while two received less than \$150,000. As a result, the breadth and scale of the programs each can operate varies.

The physical characteristics of the districts also differ widely. The largest district has 26 towns and covers 876 square miles. Five of the regions contain 20 or more towns and cover more than 500 square miles. The smallest district only contains five towns and covers 127 square miles.

Under the current district system, there is little relationship between funding for the districts and their physical size. The second largest district receives the smallest amount of money. The third smallest district in size received the third highest level of funding in FY 97.

The geography of Connecticut is an important consideration in any discussion of districts. Given that a person can drive from one end of the state to the other in less than three hours, it seems counter-productive to build the state-funded tourism effort around a competitive and segmented system that needlessly divides the state into even smaller geographic areas.

Table IV-2. Tourism District Characteristics.				
<i>District</i>	<i># of Towns</i>	<i>Sq. Miles</i>	<i>FY 95 Popula</i>	<i>FY 97 Tax Receipts</i>
Gtr. Fairfield	13	326	594,780	\$1,269,239
Gtr. Waterbury	9	179	218,810	\$413,141
Gtr New Haven	15	294	476,090	\$676,854
CT River Valley	20	537	308,970	\$476,617
Mystic & More	20	630	248,550	\$1,377,123
Litchfield Hills	26	876	228,170	\$366,152
Central CT	5	127	172,770	\$127,373
Gtr Hartford	21	569	561,660	\$642,377
Northeast CT	21	732	151,430	\$80,490*
Housatonic	9	265	166,240	\$758,001
North Central	10	311	161,620	\$511,946

* District also received state grant for \$19,510.

Such an approach is also contrary to the marketing efforts of other states. For example, committee staff examined 1997 vacation guides from 34 states. Only one presented the information in a format that used more regions than the 11-district layout in the Connecticut guide. That state was California (the third largest in the country with 155,973 square miles), which used 12 regions.

A related problem is the fact the current district boundaries do not reflect natural patterns. When the lines were established in 1992, the final boundaries were a compromise. In some cases, the lines were selected to ensure certain funding levels would result from the formula being created to provide income to the new regions. As a result, the groupings actually shifted towns away from other towns they normally align with for planning and other purposes.

Tension remains within at least some of the districts formed when 19 smaller, previously voluntary districts were brought together in 1992 to create the 11 statutorily defined districts. In some regions, businesses and attractions in the area have established privately supported associations because they do not feel they receive sufficient attention within the promotional efforts of the new,

larger district they now belong to. Thus, some parts of the state have both voluntary and state created organizations promoting the same geographic areas.

There is also concern about how people from outside the state, who may have no knowledge of Connecticut's district lines, obtain information. Due to the variable nature of what, how, and where each district markets itself, visitors may or may not be able to easily obtain services from the entities that are being funded directly by the state for that purpose.

Different ways of redrawing the boundaries of the tourism districts were considered. None was less arbitrary than the current system, nor did they necessarily serve the traveling public. For example, if the boundaries of the state's eight counties were used, the smaller number of regions in such a configuration would present a slightly more consolidated state profile. However, the specific borders do not make sense from a tourism marketing perspective. Further, the overall message about Connecticut as a destination would remain fragmented.

A return to some type of voluntary district system that would provide public funding directly to regional groups meeting certain minimum size requirements was also considered. That alternative raised questions about the need for the state to be providing this type of support to one category of organizations when privately funded entities that perform functions similar to the statutory tourism districts already exist in a number of locations in the state.

Another concern about the existing tourism district system is whether a sufficient level of accountability is required of the districts. The present system, though funded almost exclusively by the state, places major responsibility for oversight within the individual boards of the districts.

In all but one district, at least half of the members on the board are municipal appointees. However, the interest level of the individual municipalities varies considerably. In a few cases, towns have been slow to appoint their representatives to the individual district boards. Given that some towns have neither lodging properties generating revenue nor tourist sites attracting visitors, this is not completely surprising.

Each district must submit its annual marketing plan to the Connecticut Tourism Council. The plan is reviewed for compatibility with the state marketing plan. If a plan were found to be inconsistent, the council must deny that district a challenge grant. Since few districts have ever applied for the limited grant money that has been available, this enforcement power is of little value.

State funds for the districts are based on a statutory formula. The money is distributed monthly, but does not lapse at the end of the fiscal year. In an effort to strengthen the monitoring of district spending, the 1997 legislature explicitly imposed the state's single agency audit provisions on the districts. Under certain circumstances, the secretary of OPM can ask the commissioner of revenue services to withhold 10 percent of the district's monthly disbursement until corrective

actions are implemented. However, this action would be triggered long after the original problem occurred. Further, there is no penalty if a district fails to file an audit, and without an audit the other actions cannot be required.

Effective January 1, 1998, the districts must annually submit their budgets for the current and prior years to the tourism council in a format developed collectively by the districts, the council, and OPM. It is too soon to tell how valuable those reports will be.

In summary, the program review committee finds that:

- *the current funding system undermines the state's overall tourism strategy by limiting money available for statewide promotion efforts;*
- *competition between the state office and the tourism districts, and among the districts, diminishes attempts to present a unified image of Connecticut as a tourism destination;*
- *current tourism district boundaries do not necessarily reflect natural patterns of affiliation;*
- *tourism districts are creatures of state law, but are not governmental entities, thereby creating accountability questions; and*
- *in many areas of the state, private organizations already provide services similar to those provided by the publicly funded tourism districts.*

Based on these findings, the program review committee believes Connecticut needs to adopt a more centralized approach toward tourism. The planning, funding, and administration of the existing tourism program in Connecticut are badly fragmented, leading to a duplicative system that works at competing and cross purposes within itself. The system is in need of structural changes that reflect the state's size, regional position, and mix of attractions.

State funds should be directed more heavily into a focused effort that will increase visitor awareness of Connecticut as a destination. At the same time, an increased pool of grant funds should be available for regional and local collaborative efforts that enhance the tourism offerings in the state. To bring about those changes, the structure and processes of the existing publicly funded tourism system, including the method of funding, should be modified. Specifically, **it is recommended that:**

- **the state organizations responsible for tourism be a restructured Connecticut Tourism Council with policy setting authority and a staff Office of Tourism within the Department of Economic and Community Development;**

-
- **the statutory language (C.G.S. Sec. 32-302) establishing the 11 specified tourism districts be repealed;**
 - **the primary source of funding for the tourism council and office activities, including promotional and other programs, be changed to 15 percent of the state's revenue from the sales tax on lodgings;**
 - **the income received from the surcharge on auto rentals be used solely for an expanded grant program that will provide a greater number and variety of grants to regional and local tourism-related organizations; and**
 - **the money currently given to the authorities be continued.**

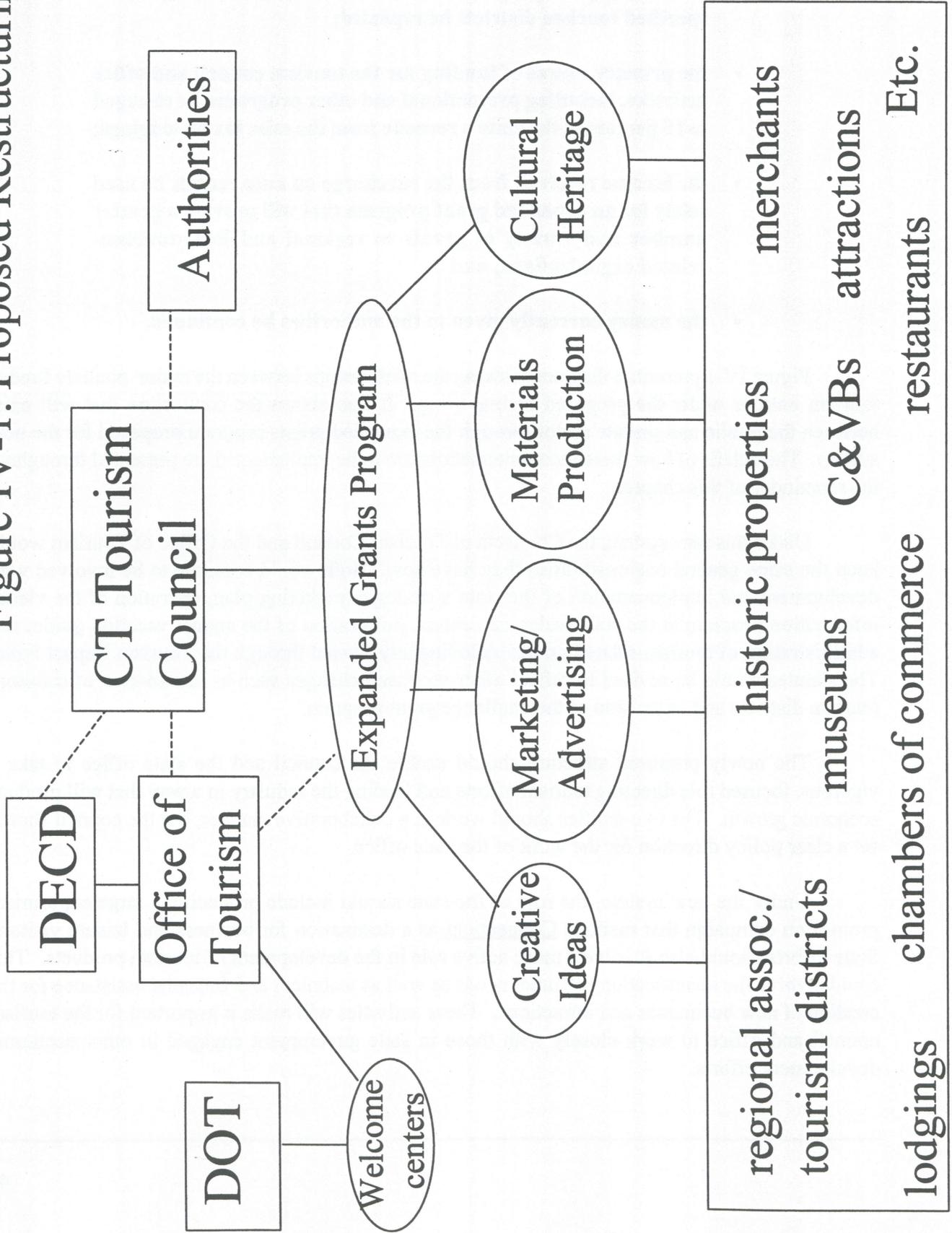
Figure IV-1 presents a diagram showing the relationships between the major publicly funded tourism entities under the proposed restructuring. It also shows the connection that will exist between the public and private sector through the expanded grants program proposed for the new system. The details of how these recommendations are to be implemented are presented throughout the remainder of this chapter.

Under this new system, the Connecticut Tourism Council and the Office of Tourism would keep the same general responsibilities they have now. Both would continue to be involved with development and implementation of the state's strategic marketing plan, operation of the visitor information program at the state welcome centers, publication of the annual vacation guide, and administration of tourism-related grants including any funded through the Tourism Impact Fund. The statutes would be revised to reflect other proposed changes such as elimination of statutory tourism districts and expansion of the challenge grant program.

The newly proposed structure should enable the council and the state office to take a vigorous, focused role directing tourism efforts and leading the industry in a way that will produce economic growth. The two entities should work in a collaborative manner, but the council should set a clear policy direction for the work of the state office.

Under the new system, the role of the state should include producing a targeted, tourism promotion campaign that markets Connecticut as a destination for business and leisure visitors. State efforts should also involve a more active role in the development of tourism products. This could involve the identification of unmet needs as well as technical and financial assistance for the creation of new businesses and attractions. These activities will make it important for the tourism council and office to work closely with those in state government engaged in other economic development efforts.

Figure IV-1. Proposed Restructuring



As a result of the recommendations above, Connecticut will no longer have mandated regional tourism districts. However, under the changes in the grant program, which are described in more detail below, a wider variety of private tourism-related entities will be eligible to receive state funding to continue many of the tourism-related efforts currently performed by the districts.

Incentives are proposed to help existing tourism districts that want to continue as privately established entities serving regions defined by the organizations themselves. Another recommendation presented below would require the state to make more copies of its promotional materials available at no cost to entities such as tourism districts, thereby helping to reduce their expenses. The state would also be able to use its additional state funding to offer more cooperative advertising opportunities. If a district works with other visitor information organizations and obtains support from local tourist-related businesses to pay for day-to-day operations, the restructured district would be in a position to seek state grant assistance for promotional and development activities.

Indeed, an example of this public/private model already exists in the Litchfield Hills region, where the publicly created Litchfield Hills tourism district and the privately established Litchfield Hills Travel Council work together to promote the area. Although the organization would have to be restructured under the new system and obtain additional private funds to pay for operating expenses, it is well positioned to continue operating as a voluntary tourism district.

Under the proposed restructuring, the role of the private sector will be revised into a new partnership focusing on shared responsibility for providing the services sought by travelers. The new configuration will provide the public and private sectors with incentives and opportunities to expand the state's tourism industry.

Likewise, funding should be available at the state level to provide assistance to the statutorily established film office and film commission located within DECD. By promoting the use of Connecticut locations for media productions and providing support services for production companies, this effort expands the range of employment opportunities supported by tourism.

In the future, the state tourism council should also seek to expand the public's vision regarding the role of tourism within the Connecticut economy. When new ideas are identified, such as those contained in the tourism strategic plan, more should be done to publicize the concepts to a wider range of parties.

The general public also needs to be made aware of the importance of tourism as an industry. The attitude of the residents of an area toward people visiting it is an important factor in an area being perceived as welcoming to tourists. For that scenario to occur, residents must understand the value that courteous and helpful treatment of visitors can have.

Council Membership

The Connecticut Tourism Council has 13 members. In addition to the commissioners of economic and community development, environmental protection, and transportation, there are four gubernatorial and six legislative appointees. The statutorily specified interests include hotels/motels, campgrounds, chambers of commerce, the arts, tourist attractions, tour bus companies, restaurants, convention centers/coliseum authorities, and tourism districts.

The number of active members on the council has been a problem during 1997. Due to the narrowly defined interest groups that must be represented and changes in the legislative appointing authorities, four council seats were vacant most of the year. Several individuals seeking re-appointment in the same interest category but from different legislators than had originally appointed them, continued to attend meetings. However, they could only be observers. In addition, one person appointed in the spring was unable to attend meetings for three months. As a result, decisions were often made by a small number of people.

There has also been confusion about the roles of several other members of the council. The economic development commissioner is the statutory chairperson. Although the then-commissioner attended most council meetings from the fall of 1995 through the summer of 1997, the state's chairman of development, who is not a member of the council, ran the meetings.

During this same period, the designee of the commissioner of environmental protection was the governor's wife. She was actively involved in tourism promotion efforts, but only attended two council meetings. During 1997, the chief of the Bureau of Outdoor Recreation began representing the department at meetings. Initially, he attended as an observer, but recently he has participated in discussions and voted on issues.

To strengthen the policy making capability of the council and expand the variety of perspectives represented, **it is recommended that the membership of the Connecticut Tourism Council be restructured and include:**

- **the commissioners of economic and community development, transportation, and environmental protection;**
- **four gubernatorial appointees as follows:**
 - **one from a tourism information entity (which would include chambers of commerce, tourism districts, regional business associations, convention & visitors bureaus, etc.);**

-
- **one from the travel services sector (which would include tour bus companies, group tour operators, travel agents, etc.);**
 - **one from the arts and entertainment sector; and**
 - **one who represents the general public.**
 - **six legislative appointees as follows:**
 - **two from properties whose customers pay the sales tax on lodgings -- one each appointed by the Senate president pro tempore and the Senate minority leader;**
 - **two from tourist attractions (which would include profit and nonprofit entities) -- one each appointed by the speaker of the House and the House minority leader;**
 - **one from the restaurant sector -- appointed by the Senate majority leader; and**
 - **one from any aspect of the tourism sector -- appointed by the House majority leader.**

The commissioner of economic and community development shall continue to serve as chairperson. All appointees shall continue to serve coterminous with their appointing authority, but members may remain on the council until a replacement is named.

Having the DECD commissioner chair the council ensures an ongoing connection between the tourism industry cluster and other development activities in the department. Continuing to have representation from DOT and DEP provides the council with direct access to up-to-date information about the work of the two agencies operating state programs that most directly affect visitors to Connecticut.

In a related matter, the term of service of the director of the Office of Tourism should be clarified. By law, the director is appointed by the commissioner of economic and community development with the consent of the tourism council. The position is exempt from state classified service, but there is no reference to a term of service.

It is recommended that C.G.S. Sec. 32-300 be amended to establish a four-year term for the director of tourism, with the first such term commencing on July 1, 1999. This time

frame is intended to complement the terms of the gubernatorial appointees and allow the perspectives of the department and the council to be reflected in the office.

Welcome Centers

Connecticut has 11 state-operated visitor welcome centers. Each provides restrooms, telephones, and other services for the traveling public. The Department of Transportation is responsible for maintenance of the buildings and grounds where the visitor centers are located. Provision of travel-related information is the responsibility of the Office of Tourism.

Currently, the upkeep of the properties is handled by a mix of DOT maintainers and contract workers, depending on the location of the facility. Day-to-day maintenance at sites that include fuel services are the responsibility of the party that holds the contract to operate that concession. The other locations are taken care of by DOT employees. (The one exception is the site in Westbrook, which is also contracted out.)

DOT recently issued an RFP seeking firms to handle maintenance of the seven facilities that are not co-located with fuel service operations. The bids were opened in November and are currently being evaluated by the department. The bids ranged from \$10,132 to \$43,300 per site. DOT is also looking at the possibility of implementing internal changes that would result in a lower cost than contracting out the work.

The program review committee finds no change should be made regarding the Department of Transportation having responsibility for overseeing maintenance of the welcome center sites.

A combination of volunteers and DECD permanent and seasonal staff provide the visitor information services. The duties of this personnel include greeting visitors, answering questions, giving directions, and encouraging visitors to spend time in Connecticut.

The number of people who obtain information or directions at the centers is reported on a monthly basis by the Office of Tourism. The method used to count visitors has changed several times over the years. Most recent data indicated about 550,000 people a year stop at the centers.

The cost of providing visitor information services at the welcome centers has grown considerably. In 1994, the legislature directed the tourism council to allocate up to \$429,000 of its rental surcharge funds for the operation of visitor welcome centers during the period covering FYs 95 and 96. The annual cost of the program now exceeds that level. In FY 97, expenses totaled \$450,000. The FY 98 estimate is \$500,000.

Based on observations made by committee staff during random visits to all of the welcome centers, the mere presence of a person on-site does not ensure the availability of useful information

or the receipt of a welcoming greeting. While visitors were observed receiving this type of help (and letters relating the positive experiences of other visitors to these facilities were found in the files of the tourism council), the performance of on-site personnel was not consistent.

The state should do more to take advantage of the many advances being made in the provision of information electronically. A number of self-service options exist that can be used to obtain travel data, including such things as electronic "kiosks," which are programmed to provide touch-screen access to detailed data about information of interest to the traveling public. Another type of service being developed uses enhanced telephones to connect directly with desired destinations or with off-site personnel who can answer questions. The tourism council and state office should be examining ways to incorporate the use of these systems at the welcome centers.

Existing statutory language, in particular C.G.S. Sec. 32-307, describes the number and type of staff that should be provided at specific visitor welcome centers. Much of this language reflects recommendations of a 1993 task force that looked at ways of enhancing the operation of the welcome centers. Since then, considerable changes in technology offer alternatives. In order to ensure the state has clear authority to move to an information system that incorporates new technologies, this detailed language should be eliminated from the statutes.

It is recommended that Chapter 588o of the state statutes be amended to allow the Office of Tourism to replace state staff at the visitor welcome centers with an interactive information system that visitors can access on-site to obtain travel-related information.

Grant Programs

The existing Challenge Grant Program is intended to encourage innovation, coordinated activity consistent with the state's strategic marketing plan, and the use of private funds for tourism promotion. Implementation of the program is part of the statutory duties of the Connecticut Tourism Council and the Office of Tourism.

Money for the program is to be taken out of the Tourism Account, which is funded by the auto rental surcharge. Since 1994, 85 grants worth nearly \$1.5 million have been awarded. Recipients are required to match the grants on a dollar for dollar basis with contributions from private sources. Up to 20 percent of the match can be in the form of in-kind services. Most grants have been in the \$10,000 to \$20,000 range.

In setting the Tourism Account budget for FY 98, the tourism council discussed the importance of the challenge grant program. Due to decisions about other budget items, no allocation was made for the program, pending actual spending in other budget areas. Recently, a small amount of money, previously awarded to applicants but never used, has become available for new awards this year.

Another grant program -- the Cultural Heritage Development Program -- is intended to help organizations with projects that will enhance the public's understanding of the humanities. Each grant must be matched equally by the recipient, either through in-kind or monetary contributions. In 1996, the program awarded 57 grants worth \$900,000.

Certain aspects of the current situation are of concern. First, the existing grant programs are not coordinated through a single body. This makes it difficult to ensure the overall direction of the state's tourism effort is being met. It also raises the possibility that opportunities for coordination among groups will be missed. Second, under the cultural heritage program, control over disbursement of state tax revenues has been delegated to a non-state entity. Indeed, the amount of grant money available under that program is greater than the amount of grant money available from the state's own tourism council.

Matching grant programs are an excellent way for the state to support creative ideas and encourage local initiative. Such programs provide an opportunity for the government and the private sector to work together as partners.

More state money should be available for more types of tourism-related projects. The program envisioned would be aimed at giving more assistance to those working cooperatively with others to enhance Connecticut as a tourist destination. Proposals for funding could involve promotion or development, and they could be for start-up or ongoing projects. The program would be centralized to allow for the coordination and possible linking of similar requests for funding. Regulations detailing the application and award process would have to be developed by the state.

To bring about this expanded grant program, **it is recommended that the Cultural Heritage Development Program be placed under the administrative control of the Connecticut Tourism Council.** This change is not a reflection on the work of the Connecticut Humanities Council. Instead, it is based on a desire to have a coordinated tourism grant program and a state government entity disbursing state revenues.

Further, **it is recommended that the Challenge Grant Program be replaced with a more comprehensive grant program. The new Tourism Grant Program shall include the following features:**

- **four categories for which grant money can be used, specifically:**
 - (1) **creative ideas (e.g., thematic trails, new festivals, etc.),**
 - (2) **marketing and advertising efforts that promote a group of attractions or special event (e.g., collaboration among hotels, museums, and others on weekend getaway packages),**

(3) preparation/production of printed materials with a long shelf-life (e.g., brochure providing a self-guided tour of historic homes in an area), and

(4) cultural heritage programs;

- **preference given to proposals from groups of entities or from organizations that represent multiple entities;**
- **limits on the number of times the same organization or event can receive funding;**
- **minimum and maximum amounts for grants;**
- **financial matching requirements;**
- **geographic diversity among recipients; and**
- **reporting requirements regarding the expenditure of funds and the outcome of the project.**

As noted earlier, the intent is that this new grant program will receive considerably more funding than the two existing grant programs receive. Since more money will be available, the number of applications received and grants processed may increase considerably.

To facilitate the administration of the program, the council may want to consider having competitive rounds of funding, based on similar characteristics. For example, one time they could accept proposals from product-based groups (e.g., museums, lodging properties, merchants, etc.) and another time proposals from geographic-based groups (e.g., voluntary tourism districts, convention and visitors bureaus, chambers of commerce, etc.). In yet another round, they might focus on proposals from humanities organizations.

Funding Allocations

Three sources of revenue currently fund state supported tourism efforts. General Fund money pays for the Office of Tourism staff, a surcharge on auto rentals pays for most state tourism programs (including advertising and grants), and a portion of the state's revenue from the sales tax on lodgings goes to regional districts, municipal "authorities," and humanities grants.

The auto rental surcharge generates about \$4 million per year. It has been a flat source of revenue due to the nature of the system used by rental car companies to determine how many

vehicles will be assigned to a region. The same number of passenger vehicles has been available for daily rental in Connecticut since this fee was adopted; no change is expected in the near future.

Lodging tax revenue is produced by a 12 percent state sales tax on stays in lodging properties (hotels, motels, bed & breakfasts, etc.) that last 30 days or less. This tax generated \$46 million in FY 96 and \$50.2 million in FY 97.

An ongoing issue related to this revenue is the sales tax rate imposed on stays at lodging properties in the Connecticut. Concerns have been expressed about the current rate, in the belief that it is considerably higher than the rates in adjacent states. Unlike Connecticut, many states also have local and county taxes that apply to lodgings in addition to the state sales tax. When all of these taxes are combined, the total tax on lodgings in a number of states is close to or higher than the Connecticut rate. Table IV-3 shows the rates currently in effect in the New England and mid-Atlantic states. (See Appendix D for the rates in all 50 states.)

Table IV-3. Tax Rates on Lodgings.			
<i>State</i>	<i>State Tax Rate</i>	<i>Local Tax Rate</i>	<i>Total Tax Rate</i>
Conn.	12.0%	none	12.0%
Maine	7.0%	none	7.0%
Mass.	5.7%	Up to 4%	up to 9.7%
NHampshire	7.0%	none	7.0%
RIsland	12.0%	none	12.0%
Vermont	7.0%	2% only in Burlington	7% - 9%
New Jersey	6.0%	up to 9%	up to 15%
New York	4.0%	up to 11.25% [+\$2/day in NYC for rooms>\$40]	up to 15.25% [in NYC 13.25% + \$2/day]
Penn.	6.0%	Up to 7%	up to 13%

Source of Data: Mandy Rafool, NCSL, *State Tourism Taxes*, September 1997, No. 2.

Approximately one-fifth (\$11 million in FY 97) of the total revenue from the sales tax on lodgings was distributed to specific entities involved with tourism. In most cases, the money was

distributed using a statutory formula based on town population and the value of the taxable gross sales receipts generated within the town. The rates per town range from a low of 1.125 percent of gross sales receipts to a high of 4.5 percent.

The money received by the districts in total comprised 13 percent of the revenue to the state from the lodging tax. An additional 7 percent went to the authorities, and 2 percent went to the Connecticut Humanities Council for the cultural heritage grant program.

As discussed earlier, it is essential that public funds earmarked for tourism be used in a manner that provides comprehensive benefits throughout the state. To achieve that goal, it is proposed that funding previously directed to the tourism districts and for cultural heritage grants be used for state-level tourism efforts. To simplify the formulas, the wording of the allocations would be changed from a portion of the gross receipts of the lodgings to a percentage of the state's revenue. Additional funding for the enhanced grant program would be provided by directing the auto surcharge funds currently going for state-level activities to the new grant program. Cultural heritage grants would be provided under this program as well.

Accordingly, it is recommended that:

- **the portions of C.G.S. Sec. 32- 305 that provide lodging tax revenue directly to the tourism districts be repealed;**
- **the portions of C.G.S. Sec. 32- 305 that provide lodging tax revenue to the cultural heritage development account be repealed;**
- **General Fund revenue from the Department of Economic and Community Development budget continue to be used to pay the personnel costs of the Office of Tourism;**
- **15 percent of the state's receipts from the sales tax on lodgings be deposited into a separate, nonlapsing account within the Department of Economic and Community Development for use by the Connecticut Tourism Council and the Office of Tourism to pay for all state-level program activities, except the grants program; and**
- **revenue from the surcharge on auto rentals continue to be deposited into the nonlapsing Tourism Account, but require that all of the money be used for an expanded grants program.**

Table IV-4 summarizes the current and proposed allocation of state funding for tourism-related entities and programs. The table also presents estimated revenue projections, based on FY 97 revenue figures.

TABLE IV-4. Summary of Current and Proposed Funding Allocations.			
<i>Source</i>	<i>FY97 Revenue</i>	<i>Portion of Revenue Used for Tourism, FY 97</i>	<i>Proposed Allocation</i>
12% sales tax on lodgings	\$50M	\$6.7M to 11 tourism districts \$1M to cultural heritage grants \$3.3M to municipal authorities	15% of state revenue (\$7.5M) to Connecticut Tourism Council and Office of Tourism \$3.3M to municipal authorities, but reword formulas
\$1/day auto surcharge	\$4M	\$4M - dedicated fund for state level promotional efforts, challenge grants, welcome centers, regional subsidies, etc.	\$4M - dedicated fund for restructured and expanded grant program (including those for cultural heritage)
General Fund	\$9B	\$1.1M - Office of Tourism staff salaries, day-to-day expenses	same as currently

Currently, due to budget constraints, free copies of the annual vacation guide and state highway map are distributed in limited quantities to entities like hotels and tourism districts, which pass the materials onto to tourists. Additional copies must be purchased by these organizations. Since the state-level tourism effort will have additional revenue available to it under the recommendations presented above, this policy should be changed.

It is recommended that the Office of Tourism print the annual vacation guide and state highway map in sufficient quantities to provide more copies of such materials free of charge to organizations such as hotels, regional promotional organizations, and chambers of commerce that are distributing the information to the traveling public.

Alternative, less expensive formats for products such as the highway map, including smaller, tear-off versions, should also be considered by the agency. Efforts of this type will improve the relationship between the state and the tourism industry.

Authorities

The four "authorities" receiving a portion of the state's lodging tax receipts are the Connecticut Convention Center Authority, the New Haven Coliseum Authority, the Maritime Center Authority, and the Stamford Center for the Arts. The first three were created in accordance with provisions of the statutes. The latter is a private corporation that represents a partnership between the city of Stamford and major companies in the area.

These organizations represent the oldest component of the state's tourism program included in the program review study. In the early 1970s, the legislature gave municipalities operating facilities subject to the state amusement tax the right to establish convention and visitors commissions and receive state financial support to promote tourist activity in their cities. During the 1970s and 1980s, the law was updated in terms of the nature and level of funding available.

The Connecticut Convention Center Authority, which is seeking to build a convention facility, currently uses most of its funding to contract with the Greater Hartford Convention and Visitors Bureau to promote the area as a location for meetings and conventions. The other three entities operate facilities that annually attract large numbers of visitors to their respective cities.

Currently, the four receive state funds under formulas tied to the allocations given to the tourism districts where they are located. The entities in New Haven, Norwalk, and Stamford receive three-quarters of 4.5 percent of the gross receipts subject to the lodging tax on properties in the town where each is located. This equals 28.125 percent of the state's lodging tax revenue from the specific town. The convention center authority receives 4.5 percent of the taxable gross sales receipts generated by lodgings in Hartford. This equals 37.5 percent of the state's lodging tax revenue from that town.

An in-depth review of these organizations was not done. However, one notable fact about the entities is that most receive considerable revenue from sources other than the lodging tax. For three of the authorities, these funds are a supplement to their programs, which involve a mix of state, local, and private support. Table IV-5 shows the portion of FY96 revenue each received from the lodging tax.

<i>Authority</i>	<i>Percent</i>
Norwalk Aquarium	7%
New Haven Coliseum	9%
Stamford Ctr. for Arts	22%

The Connecticut Convention Center Authority is the one exception currently. For the past few years, it has been funded solely by the allocation from the lodging tax. Previously, the convention center had bond funds awarded to it, and it expects to seek such funds again.

The money from the lodging tax allows all four authorities to increase their marketing efforts and attract more visitors to the state's large cities. This in turn helps the economies of those regions.

An earlier recommendation in this report would eliminate the statutorily defined tourism districts, the funding conduit for the authorities. In order to continue funding for the authorities, an alternative means of allotting the money must be established.

It is recommended that the statutes be amended to allow the four "authorities" currently receiving allocations from lodging tax revenues to continue receiving a similar level of funding. The new formulas for this funding shall be as follows:

- **Connecticut Convention Center Authority - 37 percent of the state's revenue from the sales tax on lodgings in Hartford;**
- **New Haven Coliseum Authority - 28 percent of the state's revenue from the sales tax on lodgings in New Haven;**
- **Maritime Center Authority/Maritime Aquarium at Norwalk - 28 percent of the state's revenue from the sales tax on lodgings in Norwalk; and**
- **Stamford Center for the Arts - 28 percent of the state's revenue from the sales tax on lodgings in Stamford.**

Under another statutory provision, the tourism district containing the city of Bridgeport must use three-quarters of the money it receives from the lodging tax on properties in that city to market tourist attractions located in Bridgeport. This formula equals the same rate (28.125 percent of the state's revenue from that city) as most of the authorities described above. In this case, however, if the amount does not equal the \$125,880 the Bridgeport Convention and Visitors Bureau was receiving at the end of FY 91, the state tourism council is statutorily required to make up the difference. The purpose of this state funding is to encourage economic development and assist the city in its effort to attract visitors. Like the authorities, earlier recommendations eliminate the funding conduit currently used to disburse this tourism money for Bridgeport.

In order to continue this funding at the current level, **it is recommended that the money to market tourist attractions in Bridgeport be channeled directly through the city itself. The formula for determining the exact amount of the funding shall be 28 percent of the state's revenue from the sales tax on lodgings in Bridgeport. During any fiscal year the formula does not generate \$125,000 in funding, the Connecticut Tourism Council shall provide a grant from its share of the state tax on lodgings to make up the difference.**

The five entities covered by these two recommendations shall continue to be subject to the provisions of the state's single agency audit statute. Each will also be required to continue submitting annual marketing plans to the Connecticut Tourism Council.

APPENDIX A

OFFICE OF TOURISM - SUMMARY SHEET

APPENDIX A

OFFICE OF TOURISM

STATUTORY REFERENCE: C.G.S. Sec. 32-300

ESTABLISHED: 1992 (replacing nonstatutory Tourism Division already in existence within the Department of Economic Development)

ORGANIZATIONAL LOCATION: Department of Economic and Community Development as part of the Industry Cluster and International Division

PURPOSE: make tourism a more important contributor to economic development in Connecticut; enhance the perception of Connecticut as a vacation destination to a broader audience; and work with the business community to facilitate retention and expansion of the state's tourism product and encourage strategic investment to ensure tourism flourishes and contributes to the economy and community [from strategic mission statement presented in 1997 *Resource Manual*]

STATUTORY POWERS AND DUTIES:

- ▶ develop and annually update strategic marketing plan for national and international promotion of Connecticut as tourism destination
- ▶ submit marketing plan, annual updates, and annual budgets for implementation of marketing plan to Connecticut Tourism Council for approval
- ▶ implement plans and budgets as approved or amended by council
- ▶ assist council in reviewing annual plans of tourism districts "for compatibility" with state strategic marketing plan
- ▶ provide marketing and other assistance to the tourism industry
- ▶ maintain/operate/manage visitor welcome centers (in cooperation with tourism districts)
- ▶ develop program of *challenge grants* to encourage innovation/job development, provide incentives for coordinated activity consistent with marketing plan, and stimulate development of private funds for tourism promotion
- ▶ develop program (including application procedures and criteria) of grants to municipalities affected by presence of tourist attractions
- ▶ make recommendations to council on which grant applications to approve

- ▶ make grants in accordance with decisions of council
- ▶ assist each tourism district to establish an ad hoc committee to draft a charter and bylaws and organize its initial board of directors meeting [per C.G.S. Sec. 32-202(d)]
- ▶ in consultation with Department of Transportation, develop plans for consistent signage for visitor welcome centers and highway signage regulations for privately operated centers
- ▶ with DOT, establish *Adopt A Visitor Welcome Center* program “under which local civic organizations may provide maintenance, gardening, including wildflowers, and complimentary refreshments or any other type of service at a visitor welcome center to enhance the operation of the center”
- ▶ subject to available funds, put full-time, year-round supervisor and part-time assistant supervisor at Windsor Locks, Danbury, Darien, North Stonington, and West Willington centers, and the two Bradley International Airport centers
- ▶ subject to available funds, put seasonal, full-time supervisor and seasonal part-time assistant supervisor at Greenwich, Southington, Westbrook, and Windsor Locks centers
- ▶ discontinue staffing at Middletown, Plainfield, and Wallingford centers; (in conjunction with tourism industry) seek contract workers to provide tourism services at Middletown and Wallingford as well as Southington and Westbrook when not staffed by the state
- ▶ subject to available funds, (in conjunction with tourism industry) develop and implement initial staff training and conduct periodic training of supervisors
- ▶ (in conjunction with tourism districts and private sector) establish a dedicated highway radio station to highlight ongoing tourism activities and encourage travelers to stop at visitor welcome centers

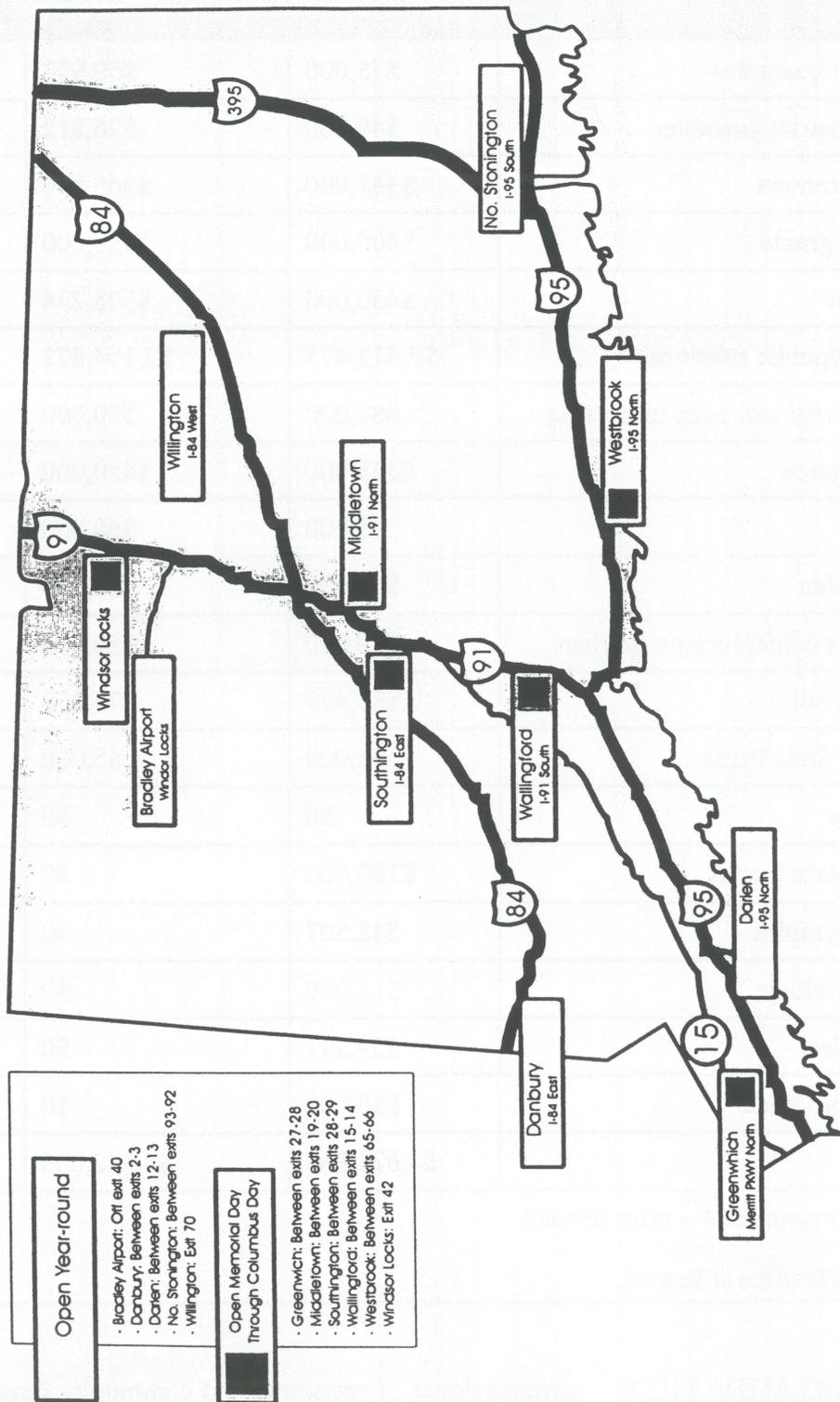
STAFF:

Number of Positions by Source of Funding			
	FY 95	FY 96	FY 97
General Fund permanent	15*	13*	12*
Tourism Fund permanent	10*	12*	11*
TOTAL permanent	25	25	23
General Fund seasonal	13	13	13
* includes one part-time position Source: Office of Tourism			

Tourism Account/Promotion Fund (Car Rental Surcharge) Allocations			
Item	FY96 Expend	Est. FY97 Expend	FY98 Budget
Bridgeport guarantee	\$75,000	\$59,953	\$70,000
Tourism district guarantee	\$40,000	\$26,812	\$40,000
Welcome centers	\$347,000	\$365,000	\$475,000
Challenge grants	\$400,000	\$390,000	\$82,000*
Fulfillment	\$450,000	\$508,234	\$500,000
Marketing/public relations	\$2,613,475	\$2,164,872	\$2,267,129
NEngland regional coop marketing	\$87,000	\$90,000	\$90,000
Vacation guide	\$325,000	\$450,000	\$500,000
Research	\$5,000	\$68,000	\$68,000
Strategic plan	\$50,000	\$87,000	\$10,000
Governor's conference on tourism	\$30,000	\$30,000	\$35,000
Freedom Trail	\$32,493	\$75,000	\$0
Friends of State Parks	\$5,000	\$5,000	\$0
Emergency	\$0	\$0	\$45,000
Stamford Arts Center	\$100,000	\$0	\$0
Special Olympics	\$32,507	\$0	\$0
Cultural Heritage	\$15,000	\$0	\$0
Video Project	\$39,391	\$0	\$0
Group Tour Guide	\$30,000	\$0	\$0
TOTAL	\$4,676,866	\$4,382,000	\$4,120,000
* previously committed -- carry forward			
Source: DECD Office of Tourism			

APPOINTING AUTHORITY: commissioner of economic and community development (with consent of Connecticut Tourism Council) appoints the director

Connecticut Welcome Center Locations



- | | |
|---|---|
| Open Year-round | <ul style="list-style-type: none"> Bradley Airport: Off exit 40 Danbury: Between exits 2-3 Darien: Between exits 12-13 No. Stonington: Between exits 93-92 Willington: Exit 70 |
| Open Memorial Day Through Columbus Day | <ul style="list-style-type: none"> Greenwich: Between exits 27-28 Middletown: Between exits 19-20 Southington: Between exits 28-29 Wallingford: Between exits 15-14 Westbrook: Between exits 65-66 Windsor Locks: Exit 42 |

APPENDIX B

CONNECTICUT TOURISM COUNCIL - SUMMARY SHEET

APPENDIX B

CONNECTICUT TOURISM COUNCIL

STATUTORY REFERENCE: C.G.S. Sec. 32-301

ESTABLISHED: 1992

ORGANIZATIONAL LOCATION: Department of Economic and Community Development, for administrative purposes only

PURPOSE: offer broad policy and budgetary direction to the Office of Tourism; review tourism district and authority plans; and represent the interests of the various segments of the tourism industry

POWERS AND DUTIES:

- ▶ adopt procedures for operation of the council and oversight of Office of Tourism
- ▶ review and approve or amend strategic marketing plan developed by Office of Tourism
- ▶ review plans/activities of tourism districts, convention center authorities, and coliseum authorities
- ▶ determine whether such plans/activities are consistent with strategic marketing plan and promote economic growth and employment opportunities in the state
- ▶ annually submit report to legislative committee with cognizance of DECD
- ▶ determine which challenge grant applications should be approved
- ▶ allocate up to \$429,000 from *Tourism Account* (in FYs 95-96) for the operation of visitor welcome centers
- ▶ make a grant to any tourism district whose hotel tax allocation is less than \$100,000 during any fiscal year in an amount that will bring them up to \$100,000
- ▶ determine which applications for grants from municipalities affected by the presence of tourist attractions should be approved

STAFF: provided by Office of Tourism

BUDGET: see Office of Tourism information

MEMBERS: 13 (with commissioner of economic and community development as chairperson)

APPOINTING AUTHORITY:

- 3 ex officio:

commissioner of economic and community development
commissioners (or their designees) of transportation and environmental protection

- 4 gubernatorial (who serve four years) from specified categories:

one from campground industry
one from a chamber of commerce
one from a tourist attraction
one from the arts

- 6 other specified representatives (who serve coterminous with appointing authority):

one from hotel/motel industry (appointed by the Senate president pro tempore)
one from convention center or coliseum authority (appointed by Senate majority leader)
one from restaurant industry (appointed by Senate minority leader)
two from tourism districts (appointed by speaker of the House & House majority leader)
one from tour bus companies (appointed by House minority leader)

MEETINGS: monthly

APPENDIX C

TOURISM DISTRICTS - SUMMARY SHEET

APPENDIX C

TOURISM DISTRICTS

STATUTORY REFERENCE: C.G.S. Sec. 32-302

ESTABLISHED: boundaries defined in 1992, but operations did not begin until 1993

ORGANIZATIONAL LOCATION: the state's 169 towns are divided into 11 regions (ranging from 5 towns to 26 towns)

SIZE: 1995 population per district ranged from 151,430 to 594,780
Square mileage per district ranges from 127.2 to 875.5

PURPOSE: promote and market their districts as regional leisure and business traveler destinations in order to stimulate economic growth

POWERS AND DUTIES:

- ▶ annually submit an audit of the district's books/accounts for the preceding fiscal year to the Connecticut Tourism Council
- ▶ may borrow money to pay obligations that cannot be paid at maturity out of revenue from allocations (but cannot borrow more than can be repaid from allocation anticipated the year the money is borrowed)
- ▶ work with Office of Tourism on establishing dedicated highway radio station to highlight ongoing tourism activities and encourage travelers to stop at visitor welcome centers
- ▶ provide district's plan to Connecticut Tourism Council for its determination of whether the plan and activities of the district are consistent with the state's strategic marketing plan and the promotion of economic growth and employment opportunities in the state

LODGING TAX REVENUES: ranged from \$73,200 to \$1.3 million in FY 96

MEMBERS: boards of directors range in total size from 10 to 42
number of municipal appointees ranges from 6 to 26
number of tourism related representatives ranges from 0 to 21

by statute, there must be one representative from each town in the district with a population of less than 65,000 and two representatives from towns with more than 65,000 people; also, each board may appoint up to 21 people "representing tourism interests within the district"

APPOINTING AUTHORITY: town representatives appointed by board of selectman of town, council or board of alderman of cities, or board of burgesses of boroughs; additional representatives appointed by specific board of directors

MEETINGS: ranges from monthly to quarterly

TOWNS IN INDIVIDUAL DISTRICTS:

Gtr. Fairfield: Bridgeport, Darien, Easton, Fairfield, Greenwich, Monroe, New Caanan, Norwalk, Stamford, Stratford, Weston, Westport, & Wilton

Gtr. Waterbury: Beacon Falls, Middlebury, Naugatuck, Oxford, Seymour, Thomaston, Waterbury, Watertown, & Wolcott

Gtr. New Haven: Ansonia, Bethany, Derby, East Haven, Hamden, Milford, New Haven, North Branford, North Haven, Orange, Prospect, Shelton, Trumbull, West Haven, & Woodbridge

Connecticut Valley: Branford, Chester, Clinton, Cromwell, Deep River, Durham, East Haddam, East Hampton, Essex, Guilford, Haddam, Killingworth, Madison, Meriden, Middlefield, Middletown, Old Saybrook, Portland, Wallingford, & Westbrook

Southeastern Connecticut: Bozrah, Colchester, East Lyme, Franklin, Griswold, Groton, Ledyard, Lisbon, Lyme, Montville, New London, North Stonington, Norwich, Old Lyme, Preston, Salem, Sprague, Stonington, Voluntown, & Waterford

Litchfield Hills: Barkhamsted, Bethlehem, Bristol, Caanan, Colebrook, Cornwall, Goshen, Hartland, Harwinton, Kent, Litchfield, Morris, New Hartford, New Milford, Norfolk, North Caanan, Plymouth, Roxbury, Salisbury, Sharon, Southbury, Torrington, Warren, Washington, Winchester, & Woodbury

Central Connecticut: Berlin, Cheshire, New Britain, Plainville, & Southington

Gtr. Hartford: Andover, Avon, Bolton, Burlington, Canton, East Hartford, Ellington, Farmington, Glastonbury, Hartford, Hebron, Manchester, Marlborough, Newington, Rocky Hill, Simsbury, South Windsor, Vernon, Tolland, West Hartford, & Wethersfield

Northeast Connecticut: Ashford, Brooklyn, Canterbury, Chaplin, Columbia, Coventry, Eastford, Hampton, Killingly, Lebanon, Mansfield, Plainfield, Pomfret, Putnam, Scotland, Sterling, Thompson, Union, Willington, Windham, & Woodstock

Housatonic Valley: Bethel, Bridgewater, Brookfield, Danbury, New Fairfield, Newtown, Redding, Ridgefield, & Sherman

North Central: Bloomfield, East Granby, East Windsor, Enfield, Granby, Somers, Stafford, Suffield, Windsor, & Windsor Locks

APPENDIX D

**SELECTED TOURISM-RELATED CHARACTERISTICS
FOR THE INDIVIDUAL STATES**

APPENDIX D. Selected Tourism-Related Characteristics for the Individual States.

<i>State</i>	<i>Sq. miles (rank)</i>	<i># Regions in Vacation Guide</i>	<i>Entity Responsible for State Tourism Program</i>	<i>State Office Budget, FY 97</i>	<i>Lodging Tax Rates (State + Local)</i>
Ala	50,750 (28)	4	Bureau of Tourism & Travel [independent agency]	\$7.5M	4% + up to 9%
Alas	570,373 (1)	5	Division of Tourism, Dept. of Commerce & Economic Development [<i>Alaska Tourism Marketing Council</i> (state/private group) designs/executes domestic marketing program]	\$8M	0 + up to 15%
Ariz	113,642 (6)	NA	Office of Tourism [independent agency]	\$7.5M	5.5% + up to 6.8%
Ark	52,075 (27)	NA	Tourism Division, Dept. of Parks & Tourism	\$10.1M	6.625% + up to 7%
Calif	155,973 (3)	12	Division of Tourism, Trade & Commerce Agency	\$7.3M	0+ no maximum (e.g., Los Angeles is 14%)
Colo	103,730 (8)	3 altitudes	Colorado Travel & Tourism Authority [state tourism organization, but receives funds from private businesses]	\$1.6M	3% + no maximum (e.g., Denver is 8.8%)
Conn	4,845 (48)	11	Office of Tourism, Dept. of Economic & Community Development	\$5.1M	12% + 0
Del	1,955 (49)	NA	Tourism Office, Delaware Economic Development Office	\$1M	8% + 0
Fla	53,997 (26)	7	Florida Tourism Industry Marketing Corp.	\$17M	6% + up to 7.5%
Ga	57,919 (21)	9	Dept. of Industry, Trade & Tourism	\$6.6M	4% + up to 10%
Ha	6,423 (47)	NA	Tourism Office, Dept. of Business, Economic Development & Tourism	\$25.3M	10% + 0
Id	82,751 (11)	NA	Dept. of Commerce	\$4.2M	7% + up to 4%
Ill	55,593 (24)	6	Bureau of Tourism, Dept. of Commerce & Community Affairs	\$32.8M	6.2% + up to 10%

<i>State</i>	<i>Sq. miles (rank)</i>	<i># Regions in Vacation Guide</i>	<i>Entity Responsible for State Tourism Program</i>	<i>State Office Budget, FY 97</i>	<i>Lodging Tax Rates (State + Local)</i>
Ind	35,870 (38)	6	Division of Tourism & Film Development, Dept. of Commerce	\$3.8M	5% + up to 6%
Iowa	55,875 (23)	10	Division of Tourism, Dept. of Economic Development	\$4.4M	5% + up to 8%
Kan	81,823 (13)	NA	Travel and Tourism Development Office, Dept. of Commerce & Housing	\$3.3M	4.9% + up to 8%
Ky	39,732 (36)	4	Dept. of Travel (in Tourism Development Cabinet)	\$6.2M	6% + up to 5%
La	43,566 (33)	5	Office of Tourism, Dept. of Culture, Recreation & Tourism, Office of the Lieutenant Governor.	\$15.4M	2-4% + up to 10.25% (+surcharges)
Me	30,865 (39)	8	Office of Tourism, Dept. of Economic & Community Development	\$2.5M	7% + 0
Md	9,775 (42)	5	Office of Tourism Development, Dept. of Business & Employment Development	\$8.6M	5% + up to 8%
Mass	7,838 (45)	6	Office of Travel & Tourism, Dept. of Economic Development	\$16.9M	5.7% + up to 4%
Mich	56,809 (22)	4	Travel Bureau, Michigan Jobs Commission	\$11M	6% + up to 8%
Minn	79,617 (14)	NA	Office of Tourism, Dept. of Trade & Economic Development	\$9M	6.5% + up to 7.5%
Miss	46,914 (31)	3	Division of Tourism Development, Dept. of Economic & Community Development	\$11.3M	7% + up to 3%
Mo	68,898 (18)	10	Division of Tourism, Dept. of Economic Development	\$11.6M	4.225% + up to 9.25%
Mon	145,556 (4)	6	Travel Montana, Dept. of Commerce	\$6.8M	4% + up to 3%

<i>State</i>	<i>Sq. miles (rank)</i>	<i># Regions in Vacation Guide</i>	<i>Entity Responsible for State Tourism Program</i>	<i>State Office Budget, FY 97</i>	<i>Lodging Tax Rates (State + Local)</i>
Neb	76,878 (15)	0	Division of Travel & Tourism, Dept. of Economic Development	\$2.3M	6% + up to 5.5%
Nev	109,806 (7)	5	Commission on Tourism	\$7.2M	0 + up to 8%
NH	8,969 (44)	6	Office of Travel & Tourism Development, Division of Economic Development, Dept. of Resources & Economic Development	\$2.3M	8% + 0
NJ	7,419 (46)	6	Division of Travel & Tourism, Dept. of Commerce & Economic Development	\$5.5M	4-6% + up to 9% [combined max.=13%]
NM	121,364 (5)	6	Dept. of Tourism	\$4.8M	5% + up to 6.94%
NY	47,224 (30)	NA	Division of Tourism, Dept. of Economic Development	\$14.5M	4% + up to 11.25% (+surcharge)
NC	48,718 (29)	NA	North Carolina Travel & Tourism Division, Dept. of Commerce	\$8.6M	5% + up to 8%
ND	68,984 (17)	4	Tourism Department	\$2.1M	5% + up to 4.75%
Oh	40,953 (35)	NA	Division of Travel & Tourism, Dept. of Development	\$7M	5% + up to 12%
Okla	68,679 (19)	NA	Division of Travel & Tourism, Tourism & Recreation Dept.	\$7.7M	4.6% + up to 9%
Ore	96,003 (10)	NA	Tourism Commission, Economic Development Dept.	\$2.7M	0 + up to 9.5%
Pa	44,820 (33)	8	Office of Travel, Tourism & Film Promotion, Dept. of Economic & Community Development	\$18.5M	6% + up to 7%
RJ	1,045 (50)	0	Rhode Island Economic Development Corp.	\$2.3M	12% + 0

State	Sq. miles (rank)	# Regions in Vacation Guide	Entity Responsible for State Tourism Program	State Office Budget, FY 97	Lodging Tax Rates (State + Local)
SC	30,111 (40)	10	Dept. of Parks, Recreation & Tourism	\$16.2M	7% + up to 4%
SD	75,898 (16)	4	Dept. of Tourism	\$3.6M	5% + up to 4%
Tenn	41,220 (34)	NA	Dept. of Tourist Development	\$13.1M	6% + up to 7.5%
Tex	261,914 (2)	7	Travel & Information Division, Dept. of Transportation; Tourism Division, Dept. of Commerce	\$23M	6% + up to 9%
Ut	82,168 (12)	9	Division of Travel Development, Dept. of Community & Economic Development	\$4M	4.75% + up to 7.35%
Vt	9,249 (43)	3	Agency of Commerce & Community Affairs and Dept. of Tourism & Marketing	\$3.1M	7% + up to 1%
Va	39,598 (37)	NA	Virginia Economic Development Partnership and Virginia Tourism Corp.	\$17.4M	3.5% + up to 7%
Wash	66,582 (20)	0	Tourism Development Division, Dept. of Community, Trade & Economic Development	\$3.1M	6.5% + up to 8.7%
WVa	24,087 (41)	NA	Division of Tourism, Development Office	\$5.7M	6% + up to 3%
Wis	54,314 (25)	0	Dept. of Tourism	\$11.1M	5% + up to 9.6%
Wy	97,105 (9)	6	Division of Tourism, Dept. of Commerce	\$4M	4% + up to 6%

NA = guide not available for review

Sources: Column two - Council of State Governments, *The Book of the States*, 1992-93 Edition, Vol. 29 (Lexington, KY), pp. 663-687

Column three - individual state vacation guides

Columns four and five - *1996-97 Survey of State Travel Offices*, pp. 5, 21-40

Column six - Mandy Rafool, National Council of State Legislatures, *State Tourism Taxes*, September 1997, No. 2

APPENDIX E
AGENCY RESPONSE

Connecticut

We're full of surprises

Sensational

AGENCY RESPONSE

Legislative Program Review and Investigations Committee Report on Tourism

In 1992 the Connecticut General Assembly enacted legislation supporting the growth of the tourism industry in Connecticut. A principal part of 1992 legislation was the allocation of resources to support a comprehensive, planned, strategic effort to promote Connecticut as a destination for travelers. In 1992 the legislature recognized the economic potential contained in the tourism industry and directed, through the Department of Economic Development, that efforts be undertaken to unlock that potential.

With legislative support and the direction and guidance of the Connecticut Tourism Council, the Department of Economic and Community Development-Office of Tourism has made tremendous progress. Since 1992, the growth of tourism in Connecticut has been unprecedented. Treating tourism as the economic base that it is, Connecticut has professionally planned and executed a tourism program aimed at enhancing the state as a destination. Connecticut has economically benefited from the expansion of this emerging industry.

Development of the tourism industry in Connecticut has not been without struggles, however. Since 1992, there have been numerous task forces and other forums, attempting to clarify and address problems which have arisen since or were not addressed in the 1992 legislation. In each effort there has been a recognition that, in order to sustain the growth of the tourism industry, issues must be addressed and changes implemented. In a recent effort, members of the tourism industry gathered to discuss the topic "Connecticut Tourism Today - Three Years From Today." and provide input to the Connecticut Tourism Council. Their report indicates that changes in the tourism support structure are required in order for the industry to thrive.

Over the past year the Department of Economic and Community Development - Office of Tourism, along with many other representatives of the tourism industry, have worked with staff of the Legislative Program Review and Investigations Committee with respect to their review of tourism. The staff report is a monumental effort. Program Review and Investigations staff has examined, in depth, a complicated and diverse industry and synthesized the findings into a complete and understandable report. The staff should be commended for their accomplishment.

Tourism in Connecticut is an important business. In fact, the tourism industry is clearly identified as one of the six industry clusters used as the basis for economic development planning. As a cluster, tourism is a model in that the Connecticut Tourism Council represents strong private sector involvement in directing tourism initiatives. A strategic development plan for the Connecticut tourism industry has been developed and is widely recognized as the most comprehensive plan in the nation, and industry input and direction are continually solicited through a series of structured discussions called "Delphi Panels." Although an emerging industry, tourism, as structured in

Connecticut, has been used as a model for economic development by other industry clusters. This report makes clear that there are issues within the tourism industry that must be addressed.

Connecticut Office of Tourism • Department of Economic & Community Development

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Connecticut's tourism industry is at a crossroads. This report has focused attention on what has brought the tourism industry to this point, as well as on what must be considered for the future.

* Tourism is a growing industry in Connecticut. "As such we do not want to undermine the state's overall tourism strategy by limiting resources available for statewide promotion efforts." One of the key findings states the heart of the matter: "The state's ability to maintain and expand awareness of Connecticut as a visitor destination has been hampered." (Page 44)

* This key industry cluster needs the structure which will work best now, when the industry is in its growth and development stage. "The ability of the state to mount a competitive marketing campaign, especially compared to other states, is probably the aspect of the state-level program most affected by the system currently used to fund tourism." (Page 42)

When compared to other states efforts, the centralized tourism marketing program for Connecticut is under funded. Even in our own region, in 1998, Connecticut will rank fifth among the six New England states for statewide efforts. In order to maximize the positive impacts the industry can have on the state there are decisions that must be made. Clearly those decisions are not arrived at easily.

Judging from the initial reactions to this report, recommendations offered are not universally accepted. It is natural to expect that any proposal which alters the status quo will meet with some opposition. When funds in any particular area are diminished this opposition is likely to be all the greater. These disagreements should not, however, deter the discussion and efforts toward finding appropriate solutions to the issues and problems addressed in the report. Overriding recommendations put forth in the report should be carefully considered. These are:

* State funds should be directed more heavily into a focused effort that will increase visitor awareness as a destination. (Page 48)

* An increased pool of grant funds should be available for (essential) regional and local collaborative efforts that enhance tourism offerings in the state. (Page 48)

* Recognizing the expertise and essential role of the private sector - Focusing on partnerships will provide the public and private sectors with incentives and opportunities to expand the state's tourism industry. (Page 51)

* Connecticut must present a unified image. It is essential that clear definitions of the Connecticut product must be developed and adhered to. (Pages 39-40)

These issues deserve to be discussed. In that vein the Connecticut Tourism Council, at the meeting on December 22, 1997, adopted the following resolution:

"Resolved that the Connecticut Tourism Council wishes to urge and ensure that the Legislative Program Review and Investigations Committee report out a bill, reflecting the Committees staff recommendations on tourism, for a full discussion and exploration within the legislative process. This does not mean an endorsement of the recommendations at this time."

A great deal of analytical work has been accomplished in this report. That work should not end within the report. Through the legislative process appropriate solutions to identified problems should be worked out and incorporated into legislation.

The Department of Economic and Community Development - Office of Tourism looks forward to the opportunity to work with the industry and members of the General Assembly to address the issues and to help fashion solutions which will foster continued growth within and benefit to tourism industry.