



## Senate

General Assembly

**File No. 603**

February Session, 2000

Substitute Senate Bill No. 566

*Senate, April 13, 2000*

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11<sup>th</sup> Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***An Act Enhancing Cultural Heritage And Tourism.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) There is established a Heritage Advisory  
2 Committee. The committee shall be comprised of a representative of  
3 (1) the Connecticut Historical Commission, (2) the Connecticut  
4 Humanities Council, (3) the Connecticut Museum Association, (4) the  
5 Connecticut Tourism Association, (5) the Connecticut Tourism  
6 Council, (6) the Connecticut Trust for Historic Preservation, and (7) the  
7 League of Connecticut History Organizations. The State Historian and  
8 the State Archaeologist shall also serve on said committee. Said  
9 committee shall coordinate heritage initiatives across the state, assist  
10 the joint standing committee of the General Assembly having  
11 cognizance of matters relating to commerce in reviewing heritage  
12 bonding proposals and offer policy recommendations to the  
13 appropriate committees of the General Assembly to strengthen the  
14 capacities of the cultural heritage and tourism industries.

15       Sec. 2. (NEW) Notwithstanding the provisions of section 32-305 of  
16 the general statutes, as amended by this act, for the fiscal year ending  
17 June 30, 2001, and annually thereafter, the Commissioner of Revenue  
18 Services shall segregate from gross receipts from sales within the  
19 meaning of subparagraph (h) of subdivision (2) of section 12-407 of the  
20 general statutes, the following percentages, which are allocated as  
21 provided in this section:

22       (1) Eight hundred fifty-five ten thousandths of one per cent to the  
23 State Library, for the purpose of creating a matching grant program for  
24 collection preservation, including, but not limited to, microfilming and  
25 digitalization projects across the state;

26       (2) One hundred seventy-one ten thousandths of one per cent to the  
27 State Library, for the purpose of creating a matching grant program for  
28 improving environmental conditions for state and local records;

29       (3) Five hundred thirteen ten thousandths of one per cent to the  
30 Connecticut Humanities Council Cultural Heritage Development  
31 Fund, for the purpose of establishing a matching grant program for the  
32 care and preservation of museum and historical-society-based heritage  
33 collections;

34       (4) One thousand six hundred twenty-five ten thousandths of one  
35 per cent to the Connecticut Historical Commission, for the purpose of  
36 creating a matching grant program for the restoration of the state's  
37 historical structures and landmarks owned by the state's nonprofit  
38 organizations and municipalities;

39       (5) One hundred seventy-one thousandths of one per cent to the  
40 Connecticut Humanities Council and the Connecticut Historical  
41 Commission, for the purpose of establishing a matching grant program  
42 providing support to mid-level heritage and preservation  
43 organizations across the state;

44 (6) One hundred seventy-one thousandths of one per cent to the  
45 Historic Asset Fund for the purpose of reestablishing a support  
46 mechanism for heritage institutions to be jointly administered by the  
47 Department of Economic and Community Development, the  
48 Connecticut Historical Commission and the Connecticut Humanities  
49 Council;

50 (7) One hundred seventy-one thousandths of one per cent to the  
51 Department of Economic and Community Development for the  
52 purpose of expanding state-wide tourism efforts;

53 (8) Four hundred twenty-eight ten thousandths of one per cent to  
54 the State Library for the purpose of enhancing its conservation and  
55 preservation services, including, but not limited to, conserving and  
56 enhancing access to the State Library's collections and the State  
57 Archives and to provide technical services to local municipalities and  
58 other repositories;

59 (9) Four hundred twenty-eight ten thousandths of one per cent to  
60 the Connecticut Trust for Historic Preservation for the purpose of  
61 funding the program of technical and planning assistance to determine  
62 the feasibility, costs and administrative mechanisms necessary to  
63 preserve historic structures and landmarks;

64 (10) One hundred seventy-one ten thousandths of one per cent to  
65 the Cultural Heritage Development Fund for the purpose of  
66 supporting professional development;

67 (11) One hundred seventy-one ten thousandths of one per cent to  
68 The University Of Connecticut for the purpose of maintaining the  
69 Office of the State Historian and supporting its research, technical  
70 assistance and publication efforts;

71 (12) One thousand two hundred eighty-three ten thousands of one  
72 per cent to the Connecticut Humanities Council for the purpose of

73 expanding the Cultural Heritage Development Fund, administered by  
74 said council;

75 (13) Three hundred forty-two ten thousandths of one per cent to the  
76 tourism districts for the purpose of strengthening regional tourism  
77 promotion;

78 (14) One hundred seventy-one ten thousandths of one per cent to  
79 Central Connecticut State University for the purpose of establishing a  
80 tourism training institute for tourism professionals and for other  
81 functions enhancing tourism;

82 (15) One hundred seventy-one ten thousandths of one per cent to  
83 the Connecticut Historical Society for the purpose of providing  
84 funding for the expenses of Connecticut History Day, a day of history  
85 attended by high school students around the state;

86 (16) One hundred seventy-one ten thousandths of one per cent to  
87 The University of Connecticut for the purpose of funding the State  
88 Archaeologist;

89 (17) One hundred seventy-one ten thousandths of one per cent for  
90 the purpose of funding the Beardsley Park Zoo.

91 Sec. 3. Section 32-305 of the general statutes is repealed and the  
92 following is substituted in lieu thereof:

93 (a) The Commissioner of Revenue Services shall segregate (1) one  
94 and one-half per cent of the gross receipts from sales within the  
95 meaning of subdivision (h) of subsection (2) of section 12-407, as  
96 amended, by any hotel or lodging house located in any municipality  
97 having a population of less than sixty-five thousand, (2) three and one-  
98 half per cent of the gross receipts from such sales in any municipality  
99 having a population of sixty-five thousand or more but less than  
100 seventy-five thousand, and (3) four and one-half per cent of the gross  
101 receipts from such sales in any municipality having a population of

102 seventy-five thousand or more, provided the commissioner shall  
103 segregate three and one-half per cent of the gross receipts from such  
104 sales in the municipality having the most popular tourist attraction in  
105 the state, as determined by the Office of Tourism, if such municipality  
106 has a population of less than sixty-five thousand. Such segregated  
107 funds shall be allocated to tourism districts established under section  
108 32-302 as follows: The portion of the funds attributable to such tax  
109 receipts in a municipality shall be allocated to the tourism district in  
110 which the municipality is located, provided (A) ninety per cent of the  
111 amount attributable to such gross receipts from sales in Hartford shall  
112 be allocated to the Capital City Economic Development Authority and  
113 ten per cent of the amount attributable to such gross receipts from  
114 sales in Hartford shall be allocated to the Greater Hartford Arts  
115 Council, (B) seventy-five per cent of the amount attributable to such  
116 gross receipts from sales in New Haven shall be allocated to the New  
117 Haven Coliseum Authority, (C) seventy-five per cent of the amount  
118 attributable to such gross receipts from sales in Stamford shall be  
119 allocated to the Stamford Center for the Arts, (D) seventy-five per cent  
120 of the amount attributable to such gross receipts from sales in Norwalk  
121 shall be allocated to the Maritime Center Authority, [and] (E) seventy-  
122 five per cent of the amount attributable to such gross receipts from  
123 sales in Bridgeport shall be allocated to the Greater Fairfield district  
124 established in section 32-302, as amended, for the sole purpose of  
125 marketing tourist attractions located in Bridgeport. If for any state  
126 fiscal year the amount of the allocation under subparagraph (E) is less  
127 than the amount of funds allocated during the fiscal year ending June  
128 30, 1991, to the then existing Bridgeport Convention and Visitors  
129 Bureau, pursuant to sections 7-136b and 7-136c of the general statutes,  
130 revised to January 1, 1991, the Connecticut Tourism Council shall  
131 provide a grant under section 32-300, from the tourism account, in the  
132 amount of such difference, to said Greater Fairfield district for the  
133 purpose set forth in subparagraph (E). Notwithstanding the provisions  
134 of this section, during the fiscal year ending June 30, 1998, the

135 Commissioner of Revenue Services shall segregate one hundred fifty  
136 thousand dollars from any increase in receipts of such amount  
137 segregated under this section during the fiscal year ending June 30,  
138 1997, and shall allocate such segregated amount to the Connecticut  
139 Film, Video and Media Office established under section 32-86a,  
140 provided the amount segregated and allocated to any entity under this  
141 section is not less than the amount segregated and allocated during the  
142 fiscal year ending June 30, 1997. Not later than January 1, 1999, and  
143 annually thereafter, each tourism district and each authority receiving  
144 funds under this section shall submit to the Connecticut Tourism  
145 Council a full audit of the books and accounts of the district or  
146 authority for the preceding fiscal year at the same time that an audit is  
147 submitted to the Office of Policy and Management under subsection (f)  
148 of section 32-302, as amended. Each such audit shall be conducted by  
149 an independent certified public accountant. The Commissioner of  
150 Revenue Services shall also segregate an additional one million dollars  
151 of the sales tax receipts from such sales in the state during each state  
152 fiscal year and allocate such funds to the cultural heritage  
153 development account established under section 10-373bb. The  
154 Commissioner of Revenue Services may adopt regulations, in  
155 accordance with the provisions of chapter 54, concerning accounting  
156 procedures necessary to carry out the purposes of this section.

157 (b) The Commissioner of Revenue Services shall segregate eight-  
158 tenths of one per cent of the gross receipts from sales within the  
159 meaning of subdivision (h) of subsection (2) of section 12-407, as  
160 amended, by any hotel or lodging house and allocate such funds to the  
161 tourism account established pursuant to section 32-303.

162 [(b)] (c) Except as provided by law, a tourism district, convention  
163 center authority, coliseum authority or the Capital City Economic  
164 Development Authority, as the case may be, may borrow money to  
165 pay its obligations that cannot be paid at maturity out of current  
166 revenue from such allocations, but shall not borrow a sum greater than

167 can be repaid out of the allocations anticipated during the year in  
168 which the money is borrowed. The tourism district, convention center  
169 authority or coliseum authority, as the case may be, may pledge its  
170 securities to secure the repayment of any sum so borrowed.

171 Sec. 4. Subsection (g) of section 12-667 of the general statutes is  
172 repealed and the following is substituted in lieu thereof:

173 (g) The proceeds from the surcharge imposed by this chapter shall  
174 be deposited in the [tourism account established under section 32-303]  
175 General Fund.

**Statement of Legislative Commissioners:**

In section 1, the numbering was changed for consistency.

**CE Committee Vote:** Yea 25 Nay 1 JFS C/R FIN

**FIN Committee Vote:** Yea 41 Nay 5 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** Revenue Loss

**Affected Agencies:** Department of Economic and Community Development, Historical Commission, State Library, University of Connecticut, Central Connecticut State University, Department of Revenue Services

**Municipal Impact:** Revenue Gain

**Explanation**

**State Impact:**

This bill will result in a net revenue loss to the General Fund of approximately \$7.5 million in FY 01 (assuming full year implementation). The bill diverts percentages of the gross receipts from sales from hotel and motel room rentals annually to 17 various programs and/or uses, totaling \$6.9 million. See chart.

The revenue loss is based on hotel/motel gross receipts estimated at \$583,000,000 in FY 01. The bill also redirects the funds generated by the surcharge on car rentals from the tourism account and the specified uses of that account, to the General Fund. An additional percentage of the gross receipts would replace and increase these funds. Revenue from the car rental surcharge is approximately \$4.1 million and the bill provides approximately \$4.7 million. The Department of Economic and Community Developments' (DECD) tourism office uses the

account for strategic marketing plans, challenge grants and welcome centers.

		<b>Estimated</b>
<b>Matching Grant Programs</b>	<b>Percentage</b>	<b>Funding</b>
Preserving collections	0.0855%	\$500,000
Improving environmental conditions	0.0171%	\$100,000
Preserving collections	0.0513%	\$300,00
Restoring historical landmarks	0.1625%	\$950,000
Supporting mid-level organizations	0.1710%	\$1,000,000
<b>Existing Programs</b>		
Recapitalize Historic Asset Fund	0.1710%	\$1,000,000
Enhancing conservation services (State Library)	0.0428%	\$250,000
State Historian's Office (UConn)	0.0171%	\$100,000
Expanding state tourism efforts (DECD)	0.1710%	\$1,000,000
Strengthening regional tourism (Tourism Districts)	0.0342%	\$200,000
Expanding Cultural Heritage Development Fund	0.1283%	\$750,000
State Archaeologist (UConn)	0.0171%	\$100,000
Beardsley Park Zoo	0.0171%	\$100,000
<b>New Programs</b>		
Technical and planning assistance	0.0428%	\$250,000
Professional development support	0.0171%	\$100,000
Tourism-training institute (CCSU)	0.0171%	\$100,000
Connecticut History Day	0.0171%	\$100,000
<b>Sub-total</b>		\$6,900,000
Segregation of .8% of lodging receipts to Tourism Account		\$4,700,000
Redirect car rental surcharge to General Fund		(\$4,100,000)
<b>Net Change</b>		\$7,500,000

Any increase in the Department of Revenue Services' administrative workload due to the segregation of the funds is anticipated to be minimal and within budgetary resources.

Any increase in the administrative workloads of the Connecticut Historical Commission, the State Historian or the State Archeologist for serving on the Heritage Advisory Committee is anticipated to be minimal and within budgetary resources.

***Municipal Impact:***

The bill requires that approximately \$100,000 in FY 01 be paid to the Beardsley Zoo in Bridgeport. To the extent that other grant programs in the bill provide funds to municipalities, various municipalities will incur a revenue gain.

**OLR Bill Analysis**

sSB 566

***AN ACT ENHANCING CULTURAL HERITAGE AND TOURISM.*****SUMMARY:**

This bill diverts 1.18% of the lodging gross receipts from the General Fund and dedicates it specifically for cultural heritage programs (see COMMENT). It designates 17 different programs for the fund's use ranging from a heritage preservation matching grant program to Connecticut History Day for high school students.

The bill also redirects the funds generated by the car rental surcharge from the Tourism Account to the General Fund. It requires the revenue services commissioner to segregate .8% of the lodgings gross receipts for the Tourism Account.

It establishes a Heritage Advisory Committee to coordinate heritage initiatives across the state, assist the Commerce Committee in reviewing heritage bonding proposals, and offer policy recommendations to the appropriate General Assembly committees.

EFFECTIVE DATE: October 1, 2000

**PROGRAMS AND ORGANIZATIONS RECEIVING FUNDS**

The bill provides funds, based on specific percentages of lodgings gross receipts, for matching grants, operating and expansion funds for existing programs, and the creation of new programs. (The percentages are indicated at the end of each component below.)

***Heritage and History Matching Grant Programs***

The bill creates the following statewide matching grant programs, but does not specify guidelines for awarding the grants:

1. preserving collections, including microfilming and digitizing projects, administered by the State Library (.0855%);
2. improving environmental conditions for state and local records, administered by the State Library (.0171%);
3. preserving museum and historical-society-based heritage collections, administered by Connecticut Humanities Council through its Cultural Heritage Development Fund (.0513%);
4. restoring historical structures and landmarks owned by nonprofit organizations and municipalities, administered by Connecticut Historical Commission (.1625%); and
5. supporting mid-level heritage and preservation organizations, administered jointly by Connecticut Humanities Council and the Connecticut Historical Commission (.171%).

### ***Funding Existing Programs***

The bill provides funding for the following existing programs:

1. recapitalizing the Historic Asset Fund to support heritage institutions, jointly administered by the Department of Economic and Community Development (DECD), the Connecticut Historical Commission and the Connecticut Humanities Council (the bill does not define “heritage institutions”) (.171%);
2. enhancing conservation and preservation services at the State Library, including conserving and enhancing access to its collections and the state archives and providing technical services to local municipalities and other repositories (.0428%);
3. maintaining the State Historian’s Office at the University of Connecticut and supporting its research, technical assistance, and publication efforts (.0171%);
4. expanding statewide tourism efforts through the DECD (.171%);

5. strengthening regional tourism promotion by the tourism districts (.0342%);
6. expanding the Cultural Heritage Development Fund, administered by Connecticut Humanities Council (.1283%);
7. the state archaeologist (.0171%);
8. the Beardsley Park Zoo in Bridgeport (.0171%).

***New Programs***

The bill funds the following new programs:

1. technical and planning assistance to determine the feasibility, costs, and administrative mechanisms necessary to preserve historic structures and landmarks, administered by Connecticut Trust for Historic Preservation (.0428%);
2. supporting professional development, administered by Cultural Heritage Development Fund (the bill does not specify what types of organizations would be eligible for professional development funds) (.0171%);
3. establishing a tourism-training institute at Central Connecticut State University for tourism professionals and other functions enhancing tourism (.0171%); and
4. providing funds for a high school Connecticut History Day, administered by the Connecticut Historical Society (.0171%).

**HERITAGE ADVISORY COMMITTEE**

The bill establishes a nine-member Heritage Advisory Committee to coordinate heritage initiatives, assist the Commerce Committee in reviewing heritage bonding proposals, and offer policy recommendations to the appropriate General Assembly committees. The committee is composed of the state historian, state archaeologist and representatives of the (1) Connecticut Historical Commission, (2) Connecticut Humanities Council, (3) Connecticut Museum

Association, (4) Connecticut Tourism Association, (5) Connecticut Tourism Council, (6) Connecticut Trust for Historic Preservation, and (7) League of Connecticut History Organizations. The bill does not specify who selects the representatives from each organization or their terms.

**COMMENT**

***First-Year Funding***

The bill specifies that the diversion applies to FY 2000-2001. But its effective date is October 1, 2000. It is not clear if funds can be segregated for the entire FY 2000-2001, or just for the nine months beginning October 1, 2000.

**COMMITTEE ACTION**

Commerce Committee

Joint Favorable Substitute Change of Reference

Yea 25      Nay 1

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 41      Nay 5