

Tourism Administration and Funding in Connecticut, Maine, and Massachusetts

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Issue

This report updates OLR Report [1995-R-1521](#), explaining how select states (Connecticut, Maine, and Massachusetts) administer and fund tourism functions. We have been unable to obtain the required information to update this report as it relates to tourism programs in New York and Rhode Island.

Summary

Connecticut and Massachusetts have statutory two-tiered tourism structures in which a state agency is responsible for statewide tourism promotion and regional groups are responsible for promoting tourism in their areas (three in Connecticut and 16 in Massachusetts). In Connecticut, these entities are funded through line-item appropriations. In Massachusetts, state law dedicates funds to these regional entities. Maine also uses substate entities (eight) to promote tourism regionally, but the regional entities are not part of the state's current statutory scheme. Although Maine law dedicates funds to regional tourism promotion, the law does not require that such funds be distributed to the regional tourism districts.

Connecticut and Massachusetts have a volunteer body to advise the state agency. Maine law requires the state agency to regularly consult with industry representatives, but does not establish an advisory body.

All three states remit a portion of specific revenue to the state tourism agency or a state tourism fund for tourism promotion. In Connecticut, it is a portion of the room occupancy tax; in Maine, it is

a portion of the meals and lodging tax; and in Massachusetts, it is a portion of the room occupancy tax and the state's gaming revenue.

Connecticut (CGS § 10-392 et seq.)

Connecticut has a two-tiered system for tourism administration. The Department of Economic and Community Development's (DECD) Office of Tourism conducts the statewide tourism campaign. Three regional tourism districts designated in statute promote tourism within their respective areas.

The 28-member Culture and Tourism Advisory Committee advises DECD's offices of Arts, Tourism, and Preservation on matters pertaining to arts and cultural activities, preservation, and tourism business and initiatives in Connecticut. Members are not compensated, but they are reimbursed for expenses ([CGS § 10-393](#)).

Funding

The Office of Tourism receives line-item (i.e., legislative) appropriations from the Tourism Fund, which is an appropriated fund created by [PA 17-2, June Special Session \(§§ 637 & 639\)](#), that is capitalized by a 10% transfer of room occupancy tax (i.e., 1.5 percentage points of the 15% room occupancy tax). Various arts, culture, and tourism line-item accounts, including the Statewide Tourism Marketing Account, are appropriated through this fund. (With the exception of the Statewide Tourism Marketing Account and the Arts Commission Account, the accounts under the fund finance directly appropriated grants to those organizations named on the account.) Approximately 41% of the Tourism Fund goes toward tourism, as opposed to arts and culture, expenditures. Administrative expenses (e.g., personnel costs) associated with the Office of Tourism are financed through appropriations under the General Fund as well as federal grants ([CGS §§ 10-395a & 10-395b](#) and information from the Office of Fiscal Analysis).

Tourism districts are funded with private funds and line-item appropriations from the Tourism Fund ([CGS § 10-397](#) and information from the Office of Fiscal Analysis). According to DECD, the Office of Tourism does not currently offer any formula or competitive grants to tourism districts.

Maine (Me. Rev. Stat. tit. 5, § 13090-C et seq.)

Maine has a single tier tourism structure (although the eight regional tourism districts that were established in the 1980s by now-repealed statutes continue to exist and receive state grants). Maine's Office of Tourism administers a program to support and expand the tourism

industry and promote the state as a tourism destination. Like Connecticut, it is part of the Department of Economic & Community Development ([Me. Rev. Stat. tit. 5, § 13090-C](#)).

State law does not establish an advisory body to the Office of Tourism. But by law, the Office of Tourism must develop five-year strategic plans in collaboration with the tourism industry ([Me. Rev. Stat. tit. 5, § 13090-E](#)).

Funding

The Office of Tourism may accept private funds and is remitted a portion of the state's meals and lodging tax (i.e., 5% of such tax revenue, after a required transfer to local governments). (The lodging tax rate is 9% and the meals tax rate is 8%.) At least 10% of the tax revenue the office receives must be used for regional marketing and regional special events promotion ([Me. Rev. Stat. tit. 5, §§ 13090-J and -K](#)).

According to the Office of Tourism, the state's eight regional tourism districts (see above) vary in structure, but all of them are funded primarily through Office of State Tourism grants. Some districts also collect membership dues or operate on a "pay-to-play" system. The regional districts, along with other public and private nonprofit organizations, are eligible to apply for Office of Tourism Travel Promotion Matching Fund Program grants for local and regional tourism promotion ([Me. Rev. Stat. tit. 5, § 13090-G](#)).

Massachusetts (Mass. Gen. Laws ch. 23A, § 13A et seq.)

Massachusetts, like Connecticut, has a two-tier system. The Massachusetts Office of Travel and Tourism (MOTT) is a state agency within the Massachusetts Marketing Partnership, which is organized under the state's Executive Office of Housing and Economic Development. MOTT promotes recreational, cultural, historic, and scenic resources statewide to increase tourism, convention, travel, and recreation-related activities. A 30-member advisory commission develops budget recommendations and marketing strategies for MOTT. Commission members are not compensated, but they are reimbursed for expenses ([Mass. Gen. Laws ch. 23A, §§ 13A, 13B, 13E, & 13H](#)).

While MOTT's focus is to market the entire state, 16 regional tourism councils (RTCs) focus their efforts on promoting the tourist attractions within their regions. According to MOTT, the legislature established RTC boundaries. RTCs are independent, membership-based, nonprofit organizations (sometimes they are also the local chamber of commerce or economic development organization). RTCs are funded by membership fees, other private-sector revenues sources, and the Tourism Trust Fund (see below).

Funding

The state's Tourism Trust Fund, administered by the Massachusetts Marketing Partnership, is the only source of state funding provided to the Massachusetts Marketing Partnership and RTCs for tourism promotion. The Tourism Trust Fund receives \$10 million annually from the state's room occupancy tax and a portion of the state's gaming revenue (1% of the revenue from category 1 licensees (i.e., resort-casino licensees)). State law reserves 40% of Tourism Trust Fund money for the Massachusetts Marketing Partnership and 60% for RTCs ([Mass. Gen. Laws ch. 23A, § 13T](#) and correspondence from the Office of Travel and Tourism on January 7, 2019).

RTCs are eligible to apply for MOTT's Regional Grant Program, which is funded by the Tourism Trust Fund. It provides funds to public or nonprofit entities that promote or provide services for tourism, convention, travel, and recreation in the state (in practice, only RTCs apply for such grants). Money is awarded through a performance-based grant formula. Among other things, the grant program requires that applicants match their grants with a minimum one-to-one match of nongovernmental funds. Grantees must use the money to supplement, not supplant, their existing efforts ([Mass. Gen. Laws ch. 23A, § 14](#) and correspondence from the Office of Travel and Tourism on January 7, 2019).

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