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FISCAL NOTE (Form 1)
(Office of Fiscal Analysis)
Analyst: *EB 6/16/92*
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Version: 1

BILL NUMBER: SHB 5610
FILE NUMBER:
AMENDMENTS: House "A"

TITLE: "AN ACT RESTRUCTURING THE CONNECTICUT TOURISM INDUSTRY"

FAVORABLY REPORTED BY Commerce and Exportation, Finance, Revenue and Bonding, Government Administration and Elections

EFFECTIVE DATE: 7/1/92, except tourism council 7/1/92 and provisions regarding the new and existing districts, authorities, and the tax on campground spaces, 7/1/93

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5610

STATE IMPACT	Revenue Gain (Tourism Fund), Cost and Future Revenue Loss (General Fund), see explanation below
MUNICIPAL IMPACT	See explanation below
STATE AGENCY(S)	Economic Development, Revenue Services

EXPLANATION OF ESTIMATES:

STATE IMPACT: Passage of this bill as amended, will create a Tourism office within the Department of Economic Development (DED) to be run by someone with experience in tourism and a ten member council within DED for administrative purposes. The DED already has a division of tourism within its organizational structure. SA 92-13 (the Appropriations Act as passed by the General Assembly) provides 16 employees and \$1,856,496 for the Tourism Division currently within DED. It is anticipated that costs to the DED due to the tourism council will be minimal. Duties to be performed by DED (assistance, planning, marketing, etc.), will be handled within their current resources and by the \$1 per day charge on rental cars. The revenue generated by this tax is estimated at \$2 million for FY 93, based on information from the car rental industry. This revenue will be deposited in a Special Tourism Fund along with any additional money earned from promoting tourism. This Fund will be used by DED for a state-wide tourism promotion.

The administrative cost to the Department of Revenue Services for the \$1 surcharge on rental cars is \$30,000 in FY 93 for printing forms, mailing and other associated expenses. The cost in FY 94 is \$50,000 for an auditor and related expenses. DRS can use \$30,000

from the Tourism Fund for administrative costs. However, costs beyond FY 93 are anticipated to be higher than \$30,000.

The revenue gain from applying the 12% Room Occupancy Tax on campgrounds is \$0.2 million in FY 94. The estimate is based on the number of campgrounds in the State.

A State revenue loss/tourism district revenue gain of \$1 million, starting in FY 94, is expected to result from the increase in the number of towns in tourism districts and change in the distribution formula for Room Occupancy Tax receipts. The estimate is based on information regarding the current system of revenue distribution to tourism districts. This loss takes into account the additional camp grounds to the definition.

MUNICIPAL IMPACT: Although municipalities comprise tourism districts, municipal revenue will not increase or change due to this legislation. Revenue goes directly to the district and coliseum and convention center authorities.

House "A" makes changes with regard to the qualifications of the Director of Tourism; the exact impact is not known, changes the composition of the districts and increases them from 10 to 11 redistricting and decreasing revenue available to various districts. Allows \$30,000 for DRS to be financed through the Tourism Fund decreasing funds available for other purposes. The amendment also dedicates additional revenue to the New Haven Coliseum Authority and to market Bridgeport from funds available and makes various other changes.

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