

HB13-1503

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number: LLS 13-0003	Date: November 15, 2012
Prime Sponsor(s): Rep. Brown, Jones Sen. Smith, Thomas	Bill Status: House Judiciary
	Fiscal Analyst: Chris Ward (303-866-5834)

TITLE: CONCERNING THE COLORADO TOURISM OFFICE.

Fiscal Impact Summary	FY 2012-13	FY 2013-14	FY 2014-15
State Revenue	See State Revenue section		
General Fund			
Cash Funds			
Colorado Travel and Tourism Additional Source Fund	* \$50,000	* \$100,000	* \$100,000
State Diversions			
Diversion from the General Fund to the Colorado Travel and Tourism Promotion Fund			(\$5,000,000)
State Expenditures			
General Fund		\$20,000	
Cash Funds			
Colorado Travel and Tourism Additional Source Fund	* \$50,000	*100,000	* \$100,000
FTE Position Change			
Effective Date: August 10, 2013, assuming the legislature adjourns May 11, 2013, as scheduled, and no referendum petition is filed.			
Appropriation Summary for FY 2013-2014: See State Appropriations section.			
Local Government Impact: None.			

* This fiscal impact is conditional, dependent on the receipt of gifts, grants, and donations. The amount shown is the minimum expected to be needed to support television advertising.

Summary of Legislation

This bill modifies several provisions of law related to tourism promotion. First, it diverts \$5 million per year in sales and use tax revenue from the General Fund to tourism promotion beginning in FY 2014-15. Second, it requires more frequent audits of tourism promotion funds. Third, it requires television advertising if sufficient funding is available through gifts, grants, and donations. Fourth, it removes an exemption from the state procurement code for the Colorado Tourism Office (CTO). And, finally, it requires the CTO to promote Colorado tourism and travel through social networking sites.

Background

The Colorado Tourism Office was created in 2000 to promote and develop tourism and travel within the state. It is governed by a 15-member board of directors and housed in the Governor's Office of Economic Development and International Trade. In FY 2012-13, about \$15 million in revenue from the Limited Gaming Fund was allocated to the office via the Colorado Travel and Tourism Promotion Fund.

State Revenue

The bill may increase state revenue from gifts, grants, and donations to support advertising on a travel- or tourism-related television channel, although the exact amount of any increase is unknown. Based on costs identified in the State Expenditures section, this fiscal note assumes that at least \$100,000 per year will be necessary to support television advertising; half of that amount will be necessary in the first fiscal year, FY 2013-14. Any gifts, grants, and donations would be credited to the Colorado Travel and Tourism Additional Source Fund.

Other state revenue from taxes and fees may increase to the extent that the bill generates an increase in travelers and tourists in Colorado. This impact has not been quantified.

State Diversions

Beginning in FY 2014-15, the bill diverts \$5 million in state sales and use tax revenue from the General Fund to the Colorado Travel and Tourism Promotion Fund. Diverting money from the General Fund reduces the amount available for other purposes.

State Expenditures

Overall, the bill affects about \$5.1 million in state expenditures, including the following:

- \$5 million per year made available for travel and tourism promotion, rather than being appropriated from the General Fund for other purposes, beginning in FY 2014-15;
- at least \$100,000 per year to advertise on television, assuming sufficient moneys are received from gifts, grants, and donations; and
- \$20,000 in one-time auditing costs in FY 2013-14.

\$5 million for tourism promotion. Beginning in FY 2014-15, the bill diverts \$5 million per year from the General Fund to the Colorado Travel and Tourism Promotion Fund for use by the CTO to expand efforts to promote Colorado as a destination for travelers and tourists. Among other things, CTO currently operates welcome centers, develops and distributes promotional materials, and finances research on tourism trends. To the extent that the additional funding leads to new programs or outreach efforts, additional staff support may be required.

Television advertising. Beginning January 1, 2013, the bill requires the purchase of monthly advertising time slots if sufficient moneys are received from gifts, grants, and donations. This fiscal note assumes that at least \$100,000 per year will be necessary for an effective television advertising campaign; half of that amount in the first fiscal year, FY 2012-13. These costs will be paid from the Colorado Travel and Tourism Additional Source Fund, which is continuously appropriated to support the CTO.

Auditing requirements. Under current law, the State Auditor is required to audit the expenditure of tourism promotion funds every two years. The bill requires annual audits beginning January 1, 2014, which will cost an estimated \$20,000 in FY 2013-14, payable from the General Fund. Under current law, an audit is not required until August 1, 2014, in FY 2014-15.

Other provisions. The state already utilizes social networking web sites to promote travel and tourism in Colorado, so establishing a statutory requirement to do so will have no fiscal impact. Requiring the CTO to comply with the state procurement code will increase the workload of the staff and may affect the cost of contracted goods and services, but should not require any new appropriations.

State Appropriations

For FY 2012-13, this fiscal note implies a need for an appropriation of \$20,000 from the General Fund to the Legislative Department - State Auditor's Office.

Additional appropriations may be required for the expenditure of gifts, grants, and donations to support television advertising. However, the actual appropriation will depend on the amount received.

Departments Contacted

State Auditor Governor