

Informational Paper 93

State Tourism Promotion

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Introduction

This paper describes Wisconsin's tourism promotion programs administered by the Department of Tourism.

The state has been involved in tourism promotion activities for almost 50 years. Chapter 403, Laws of 1959, directed the then Department of Resource Development to survey the tourism industry, collect data on the scope of the industry and recommend ways and means of stimulating it. Over the past several decades, state-sponsored research of the tourism industry has continued and tourism promotion has expanded to include such activities as: (1) advertising the state's scenic, historic, cultural, recreational and other attractions through internet, print, radio and television communication; (2) operating welcome centers along state highways; (3) providing toll-free tourist information by telephone; and (4) developing joint effort tourism marketing programs.

Until January 1, 1996, the Division of Tourism Development within the Department of Development (DOD) was responsible for the overall promotion of the state's tourism industry. However, on that date, a separate Department of Tourism, headed by a Secretary who is appointed by the Governor and subject to Senate confirmation, was statutorily created. The Department performs tourism-related functions similar to those previously carried out by the Division of Tourism Development. However, the Department also became partially responsible for the promotion of the state parks system, along with the Department of Natural Resources (DNR). In addition, the State Fair Park Board was attached to

the Department of Tourism for limited administrative purposes. The Department also assumed certain administrative responsibilities for the Lower Wisconsin State Riverway Board from DNR, as well as the Kickapoo Reserve Management and Wisconsin Arts Boards from the Department of Administration.

Council on Tourism. The Council on Tourism was created in 1987 to advise the state tourism agency. The Council's 21 members include 14 gubernatorial appointees, the Secretary of Tourism, the Executive Secretary of the Arts Board, the Director of the Historical Society (or designees), and an appointed Senator and Representative from each party. Nominations for appointments to the Council are sought from various associations, organizations and businesses related to tourism (including American Indian tourism), and appointments are made in an attempt to reflect the diversity of the tourism industry and achieve geographical balance throughout urban and rural areas of the state. All members, except ex officio members, are required to have experience in marketing and promotion strategy.

The Council advises the Secretary when formulating an annual statewide tourism marketing strategy. The Department then considers this plan for marketing and promoting facilities and attractions in the state for the ensuing year. Additional Council subcommittees focus on particular aspects of the state's tourism program. These subcommittees include Joint Effort Marketing (JEM) Grant Review, Marketing, Meetings and Conventions, and Sports Marketing.

Economic Impact of Travel

Since 1989, Tourism has contracted with the research firm Davidson-Peterson Associates, Inc., to conduct an annual study measuring the economic benefits derived from dollars spent by travelers in Wisconsin. For purposes of the study, "travelers" include all those "traveling outside their normal routine" whether they are out-of-state or Wisconsin residents and whether they travel for leisure, recreation, business, or visiting family or friends.

The method of the annual study is to determine economic impact through data samples collected from interviews with travelers lodging owners and state residents. For example, in 2005 face-to-face interviews were conducted with approximately 2,000 persons traveling "outside their normal routine" in all parts of the state and in all seasons of the year. These interviews attempted to determine how much is spent by an average traveler on an average trip. Additionally, 3,200 interviews were conducted by phone throughout the year with lodging properties to determine the number of paid overnight stays during the year. Finally, approximately 1,000 interviews were conducted by phone with randomly selected Wisconsin households to determine the number of unpaid overnight stays with family or friends during the year.

Table 1 lists the amount of traveler expenditures and overnight visitors in Wisconsin. The overnight visitor count is an estimate of the number of people lodging per location of overnight stay (for example, a couple on a three-night stay at one hotel would count as two, whereas if they changed lodging each night, they would be counted as six "visitors"). As indicated in the table, estimated traveler expenditures, as well as the number of overnight visitors in the state, have generally increased each year.

Table 1: Estimated Spending by Travelers

Calendar Year	Traveler Expenditures		Overnight Visitors	
	Amount (Billions)	Percent Change	Number (Millions)	Percent Change
1993	\$5.29	--	24.5	--
1994	5.76	8.8%	26.3	7.3%
1995	6.13	6.5	26.7	1.5
1996	6.70	9.2	30.5	14.2
1997	6.80	1.5	29.8	-2.0
1998	8.12	19.4	31.9	7.0
1999	9.08	11.8	32.2	0.9
2000	11.05	21.7	37.4	16.1
2001	11.45	3.7	36.9	-1.3
2002	11.56	1.0	38.0	3.0
2003	11.71	1.3	38.6	1.6
2004	11.78	0.6	39.1	1.3
2005	11.95	1.4	39.1	0.0

In its 2005 study, Davidson-Peterson Associates, Inc. estimated that travel spending (where travel was defined as all movement outside of someone's normal routine) in the state had a total economic impact on resident income of \$6.7 billion (direct and indirect), and supported approximately 308,000 jobs.

In 1998, Tourism attempted to measure the economic impact of those travelers who could generally be considered tourists or leisure travelers, such as convention travelers or those who usually make two trips or less to the state in a given year. It is these travelers that are most likely to be influenced by the state's tourism promotions. Utilizing economic impact study, traveler profile and interest data, Tourism estimated that these convention and infrequent travelers in 1996 had an economic impact of approximately \$3.5 billion.

Since it is impossible to ascertain precise expenditures or the number of "tourists" from the broader category of "travelers," it is difficult to provide a reliable estimate of the economic impact of tourism on Wisconsin. However, it is certain that tourism is among the largest industries in the state.

Tourism Promotion Funding

In creating the Department of Tourism, 1995 Act 27 consolidated staff and funding from DNR, DOA related to the Kickapoo Valley Reserve, the UW-Extension Tourism Resource Center and the Division of Tourism Development in DOD. In 2006-07, the Department is provided \$3,252,600 in state general purpose revenues (GPR) and 38.4 GPR positions, and is authorized \$9,445,100 from program revenues (PR) with 1.0 PR position and \$2,212,200 in segregated revenue (SEG), for a total of \$14,909,900 and 39.4 positions. In addition, \$139,600 PR and \$678,700 SEG with 3.0 SEG positions is authorized for the administration and

maintenance of the Kickapoo Valley Reserve, which is administratively attached to Tourism.

As shown in Table 2, until 1999, tourism related activities were primarily GPR funded. Since then, the Department of Tourism also has received program revenue funding and position authority from tribal gaming revenue and the sponsorship of tourism related conferences. Further, transportation fund segregated revenues have been provided for tourism marketing since 2005. The conservation fund provides segregated funding relating to Tourism's state parks promotion functions.

In 2005 Act 25, some changes were made to the Department's tourism marketing funding. First, Tourism's GPR marketing funding (\$5,186,400

Table 2: Tourism Promotion Funding Levels

Fiscal Year	GPR Tourism Marketing	PR Tourism Marketing	SEG Tourism Marketing	Total Tourism Marketing	GPR Program Operations	PR Program Operations	SEG Program Operations	Other GPR	Other PR	Tourism Total
1984-85	\$914,200	\$0	\$0	\$914,200	\$1,102,600	\$0	\$0	\$0	\$0	\$2,016,800
1985-86	1,379,200	0	0	1,379,200	1,142,200	0	0	0	0	2,521,400
1986-87	3,303,600	0	0	3,303,600	1,139,800	0	0	0	0	4,443,400
1987-88	5,000,000	0	0	5,000,000	1,167,600	0	0	150,000	5,000	6,322,600
1988-89	5,100,000	0	0	5,100,000	1,250,200	0	0	150,000	5,000	6,505,200
1989-90	6,864,600	0	0	6,864,600	1,641,800	0	0	227,000	27,400	8,760,800
1990-91	7,492,400	0	0	7,492,400	1,731,000	0	0	354,000	27,400	9,604,800
1991-92	7,092,400	0	0	7,092,400	1,978,100	0	0	347,000	27,400	9,444,900
1992-93	7,110,300	0	0	7,110,300	2,096,200	0	0	266,200	27,400	9,500,100
1993-94	7,110,300	0	0	7,110,300	2,205,200	0	0	153,900	85,500	9,554,900
1994-95	8,110,300	0	0	8,110,300	2,200,900	0	0	131,700	85,500	10,528,400
1995-96	7,750,000	0	0	7,750,000	3,019,000	0	26,400	131,700	162,100	11,089,200
1996-97	7,741,000	0	0	7,741,000	3,724,700	0	52,700	131,700	324,200	11,974,300
1997-98	7,741,000	0	0	7,741,000	3,673,900	0	42,500	134,200	127,900	11,719,500
1998-99	9,241,000	0	0	9,241,000	3,726,600	0	42,500	134,200	149,600	13,293,900
1999-00	7,691,000	3,976,500	0	11,667,500	3,926,900	23,500	46,400	185,400	106,200	15,955,900
2000-01	7,691,000	3,969,500	0	11,660,500	3,926,900	30,500	46,400	135,400	106,200	15,905,900
2001-02	6,434,300	3,969,500	0	10,403,800	3,988,000	126,500	49,100	41,900	106,200	14,715,500
2002-03	5,503,400	3,969,500	0	9,472,900	3,952,900	126,500	49,100	0	106,200	13,707,600
2003-04	5,186,400	3,969,500	0	9,155,900	3,562,200	129,700	54,600	0	106,200	13,008,600
2004-05	5,186,400	3,969,500	0	9,155,900	3,562,200	129,700	54,600	0	106,200	13,008,600
2005-06	0	9,115,700	1,600,000	10,715,700	3,354,100	189,500	12,200	0	106,200	14,377,700
2006-07	0	9,149,400	2,200,000	11,349,400	3,252,600	189,500	12,200	0	106,200	14,909,900

annually) was replaced with tribal gaming program revenue (tribal gaming PR). In addition, a new biennial tourism marketing appropriation was created, with funding of \$1,600,000 SEG in 2005-06 and \$2,200,000 SEG in 2006-07 provided by the transportation fund. These amounts were chosen to reflect the increased revenue deposited to the transportation fund expected to result from increasing the vehicle rental fee from 3% to 5% of the gross receipt of all vehicles rented within the state (aside from limousines, for which the vehicle rental fee was already 5%) effective October 1, 2005. As a biennial appropriation (which the tribal gaming PR marketing appropriation also is), all funds not expended within the biennium lapse back to the funding source (in this case, the transportation fund).

The GPR and tribal gaming program revenue (shown as PR in the table) appropriated for Wisconsin tourism promotion for fiscal years 1984-85 through 2006-07 is indicated in Table 2. From 1987-88 through 1990-91, \$150,000 to \$165,000 GPR was appropriated each year specifically for film promotion related activities. However, after 1991, general program operations monies funded the film office until this funding was eliminated as part of 2005 Act 25. Heritage tourism funds were provided between 1989-90 and 2001-02 (generally between \$130,000 and \$200,000 GPR annually), when specific funding for the program was deleted. Separate funds were also provided for grants to educational, civic, social, ceremonial and cultural programs celebrating the quincentennial of the voyages of Christopher Columbus, during the 1991-93 biennium (\$125,000 GPR). Further, 1999 Act 9 provided \$50,000 GPR in one-time funding for two grants of \$25,000 each to counties or consortiums for the establishment and maintenance of an Internet referral system for tourism-related businesses. The Department contracted with the Jefferson County Economic Development Commission and the Vilas County Chamber of Commerce for the two grants. While the sites differed in approach and emphasis, they both allowed the visitor to link directly to

tourism businesses within the county, and allowed the visitor to search accommodations by categories such as price, availability and amenities.

While state funding for tourism promotion and operation has generally increased over the last two decades, funding was reduced across most state agencies in Wisconsin due to budget difficulties from 2001-02 through 2004-05. However, 2005 Act 25 increased tourism funding for the first time since 1999-00.

Based on 2005-06 projected state budgets, Wisconsin ranked sixteenth among U.S. states in total tourism funding. Table 3 compares the total projected Wisconsin Department of Tourism budget with those of other states in the region and indicates the change in funding levels for each state over the last eighteen years. While most of these states' tourism budgets are financed from general fund taxes, it is notable that Missouri's tourism budget is linked to tourism-based tax revenues, that Michigan welcome centers are funded by gas tax and vehicle registration fees, and the Illinois tourism budget is funded from a share of a state hotel-motel tax.

Tourism Marketing Activities

The marketing component of the Department's budget directly affects the level of advertising and other activities that can be supported by Tourism. A total of \$11,349,400 is budgeted for marketing activities in 2006-07 (\$9,149,400 tribal gaming PR and \$2,200,000 transportation fund SEG). These marketing funds will account for over 76% of the Department's total budget in 2006-07. Table 4 provides an expenditure breakdown for tourism marketing funds in 2005-06. As the table indicates, nearly half of the marketing expenditures were for advertising, with a significant amount also expended for Joint Effort Marketing grants.

Table 3: Comparative Tourism Budgets

State	<u>1987-88</u>		<u>2000-01</u>		<u>2005-06</u>		<u>Percent Increase (FY 88 to FY 06)</u>	
	Total (millions)	Per Capita	Total (millions)	Per Capita	Total (millions)	Per Capita	Total	Per Capita
Illinois	\$20.5	\$1.79	\$62.2	\$5.13	\$47.8	\$3.75	133%	109%
Indiana	2.1	0.38	4.5	0.76	6.2	0.98	195	158
Iowa	1.4	0.50	5.3	1.85	3.4	1.16	143	132
Michigan	10.6	1.14	15.9	1.61	15.8	1.56	49	37
Minnesota	5.9	1.35	11.4	2.39	9.5	1.86	61	38
Missouri	5.2	1.02	16.4	3.00	13.2	2.28	154	124
Ohio	6.4	0.59	7.9	0.71	6.8	0.59	6	0
Wisconsin	6.3	1.29	16.1	3.07	14.5	2.61	130	102
Combined Average	\$7.3	\$1.01	\$17.5	\$2.31	\$14.7	\$1.85	109%	88%

Advertising. The Department of Tourism manages the state's seasonal tourism marketing campaigns, which utilize television, radio, print and other forms of advertisement to encourage travel in Wisconsin. For example, Tourism runs

seasonal promotion advertising in newspapers and on travel web sites. Further, in calendar year 2005, the Department's Internet site had approximately 3.7 million user sessions, an average of nearly 310,000 sessions per month.

Table 4: Tourism Marketing Expenditures (2005-06)

Category	Amount	Percent of Total
Advertising	\$4,997,300	47.0%
Joint Effort Marketing Grants	1,358,700	12.8
Public Relations (press releases and tours, newsletters)	672,400	6.3
Technology Marketing (e-marketing)	540,500	5.1
Other (professional services, association dues software, travel, etc.)	483,200	4.5
Minority Marketing Program	460,900	4.3
Rents/Leases	435,300	4.1
Printing (publications, other printed material)	383,900	3.6
Fulfilling requests/Telemarketing (ad inquiries, response mailings)	360,800	3.4
Special Promotions (marketing outside advertising contract)	360,500	3.4
Statutorily Required Promotional Spending	275,000	2.6
Research	144,600	1.4
International Promotion	120,000	1.1
Trade Shows (motor coach and sport shows, etc.)	<u>44,500</u>	<u>0.4</u>
Total	\$10,637,600	100.0%

The Department also offers opportunities through its Co-op Advertising Program under which the state buys a banner heading in a newspaper or magazine to place over a group of advertisements from Wisconsin tourism businesses and organizations to create a single advertisement. This program is intended to allow local destinations, attractions and tourism businesses to establish a presence in large potential tourism markets that they would otherwise be unable to afford due to the lower prices paid by Tourism as a result of the large volume of advertisement space purchased.

In addition, Tourism created the Co-op Email program in 2006, which allows businesses to purchase advertisement space in a monthly Department email sent to subscribers who have chosen to receive these emails.

The goal of the advertisements is to convince the viewer, listener or reader to visit the

Department's website or call for travel information provided free of charge by Tourism. The Department focuses most advertising in Chicago, the Twin Cities, and the Grand Rapids area, as well as within the state (predominantly Milwaukee and the Green Bay/Appleton area).

Joint Effort Marketing (JEM) Grants. In an effort to help non-profit tourism promotion organizations publicize innovative events and attractions in the state, the Department administers a joint effort marketing grant program funded from the tourism marketing appropriations. Public agencies and private non-profit organizations, including any tribal government or not-for-profit tribal entity, may submit applications for grants to fund up to 50% of the cost of a project related to the development of publicity and the production and placement of advertising. Under the JEM program, Tourism may pay up to 75% of the total promotional (marketing) budget for a year 1 project, up to 50% for a year 2 project, and up to 25% for year 3. JEM grants may be used to fund promotional costs related to the following items and mediums: magazines; newspapers; radio; television, email; internet; direct mail; media kits; and billboards. Expenses ineligible for JEM grants include: operational costs; local advertising; research; and posters and brochures that are not direct mailed.

Department staff review JEM grant applications and make recommendations to a review committee of the Council on Tourism. The review committee then forwards their selections to the Tourism Secretary for final approval. In order to make a grant, the Department must determine that: (1) the applicant has developed an advertising plan and budget; (2) the project coordinates with the statewide tourism marketing strategy; (3) the project will generate a substantial increase in tourist visits and expenditures; (4) the applicant is able to pay its share of the project costs; and (5) if the project is a continuing event, it has the potential to be self-sufficient within three years.

Section 41.17(5) of the statutes requires tourism to expend at least \$1,130,000 annually on the JEM program. As shown in Table 4, Tourism spent \$1,358,700 for JEM grants in 2005-06. This figure represents actual cash reimbursements for previously awarded grants, and is broken down by individual grant in the Appendix of this paper.

The JEM grant program offers five different grant options: (1) destination marketing; (2) new event; (3) sales promotion; (4) existing event; and (5) one time/one-of-a-kind event.

Unlike other JEM grants, destination marketing grants offer funding for image-based marketing campaigns that serve a regional interest (which must include at least three municipalities) to promote traditionally slower seasons of tourism. Destination marketing grants supply up to \$10,000 per municipality, with a maximum grant of \$40,000 annually for three years, to each qualifying project. In 2005-06, the Department awarded \$1.36 million in JEM grants, including a total of \$621,700 to 24 regions in destination marketing awards (approximately 46% of total awards).

New event JEM grants are for events that have not previously been held in a given community or area, but one that the applicant intends to repeat regularly. The current maximum award for a new event is \$39,550 annually for three years, although this amount may be changed by Tourism annually.

A sales promotion grant may be made to support a six to eight week effort (typically) to encourage a targeted market to visit the area. This type of grant has a maximum award of \$39,550 (which may be modified by the Department annually), with funding available for up to two consecutive years (up to 75% of promotional costs for the first year, and 50% in the second, with a maximum grant of 50% of total project costs).

An existing event grant may be awarded for advertising that targets a new: (a) geographic area;

(b) demographic audience; or (c) medium. Existing event grants may be made for two years, and may not exceed 75% of promotional costs for the first year, and 50% in the second, with a maximum grant of 50% of total project costs. Tourism has set the maximum existing event award at \$39,550 annually for two consecutive years.

A one time/one-of-a-kind event grant may only be made to events that are so unique as to be unlikely to ever occur again, while having the potential to generate regional or national publicity. These grants may be made for one year, and may not exceed 75% of the promotional budget or 50% of the total project budget. The Department has set \$28,250 as the maximum grant for one time/one-of-a-kind events.

America's Black Holocaust Museum. The statutes require Tourism to allocate \$50,000 to America's Black Holocaust Museum in each biennium. Tourism has traditionally made two \$25,000 grants (one per fiscal year) and awarded these grants after receiving the museum's marketing plan for use of the money. In the 2005-07 biennium, the \$50,000 in funding is being used by the museum for: (a) brochure development, printing and distribution; (b) a direct mail and media publication campaign throughout the Midwest; and (c) redesigning and updating the Museum's website.

Milwaukee Public Museum. The statutes also require the Department to allocate \$200,000 each biennium for grants to the Milwaukee Public Museum for Native American exhibits and activities. In the 2001-03 biennium, funding was used for advertising and publicity of the museum's Native American programming, along with the production of brochures directed at school groups and summer campers. In the 2003-05 biennium, funding was used for production, maintenance and promotion of the Native American exhibit at the museum. In the 2005-07 biennium, state funds are being used for marketing, advertising, creating in-house signage, and a brochure mailing related to the "Celebrations of Native American Culture"

permanent exhibit. In addition, some funds are being used for educational expenses associated with Native American programming (including program management, classes, camp programs, distance learning and audio visual support) that occurs at the Museum.

Milwaukee Symphony Radio Show. The statutes also require that the Department of Tourism allocate \$25,000 annually for Milwaukee Symphony radio advertising. This funding is designated for the state sponsorship of, and advertising during, Milwaukee Symphony radio show broadcasts.

Sports Marketing. The Department of Tourism is required by the statutes to expend at least \$125,000 annually from its tourism marketing appropriation to conduct or contract for marketing activities related to sporting activities and events. In 2005-06 and 2006-07, the Department is contracting with the Wisconsin Sports Development Corporation (WSDC) to: (a) promote the Ironman Wisconsin Triathlon; (b) promote the Badger State Games; (c) in association with Tourism and the Wisconsin Association of Convention and Visitors Bureaus (WACVB), facilitate the Ready, Set, Go! grant program; and (d) enhance the Corporation's website. The Wisconsin Sports Development Corporation is an independent nonprofit organization that promotes sporting events in the state of Wisconsin.

The Ready, Set, Go! grant program is administered by the WSDC, the WACVB, and Tourism, with the funding provided by Tourism (approximately \$200,000 of the \$250,000 provided to the WSDC in the 2005-07 biennium). The program provides matching grants to assist destinations in securing competition-related events expected to generate an economic impact for the area, and that require an upfront financial commitment. Under the program, a grant may be up to 50% of eligible costs, with a maximum of \$20,000. Program funds may be used for bid fees, up-front financial commitments paid directly to the

event holder, and financial commitments needed to secure a venue for an event. In addition, should the event be profitable, the grantee is required to repay either 50% of the grant or 50% of the profit, whichever is less.

Other Marketing Activities. The Department of Tourism markets Wisconsin as a vacation destination in various other ways. It produces several informational publications that are sent in response to state tourism advertisements and distributed at state welcome centers (see description below). The Department also arranges customized familiarization tours to various parts of the state each year for travel writers considered likely to have their work published. Further, the Department uses its web site, its call center, e-mail newsletters, press releases, newsletters, interviews and public service announcements to alert the public and the media of ski and snowmobile trail conditions, fall colors and upcoming events.

Other marketing efforts of the Department include promoting motorcoach travel to Wisconsin; exhibiting and distributing literature at several sport/travel shows each year; and conducting international tourism marketing promotions and advertising in conjunction with other area states.

Other Tourism Promotion Activities

Film Promotion. Prior to the elimination of staff specifically devoted to film promotion in 2005 Act 25, Tourism designated staff members to promote Wisconsin as a film location and to increase awareness of Wisconsin as a film and production location. Towards this end, Tourism staff maintained a database of local Wisconsin crew, equipment and logistical services. Further, Tourism utilized a web site, a film promotion hot line, production guides, regular e-mail newsletters, trade shows, publications, newsletters, film company surveys, and sponsorship of movie festivals in or-

der to promote local talent and the state as a movie and production destination.

Beginning in 1995-96, the Department allocated 1.0 GPR position from general program operations to promote Wisconsin as a location for film and television production activities. In 2001-02, Tourism merged the Film Office staff (which had increased to 3.0) into the Bureau of Marketing, removing the office from the Department's organizational structure.

In 2005 Act 25, the Department's film promotion office was eliminated along with associated funding of \$125,800 GPR and 2.0 GPR positions. In the 2003-05 biennium, Tourism allocated these staff to primarily promote Wisconsin as a film and video industry destination by maintaining an information clearinghouse of Wisconsin crew, equipment and logistical services, an internet site, film promotion hot-line, production guide, and producing email newsletters and publicity to promote the state's film and video industry.

With the closure of the film office, and the elimination of staff specifically devoted to film promotion, Tourism has ceased most of the above film promotion efforts. However, the Department's Communications Bureau still assists persons looking for information about producing films, television and commercials in Wisconsin by sharing site location information and referring interested parties to Film Wisconsin, a private group that formed in response to the closure of Tourism's film office in order to assist the film industry in Wisconsin.

Although not administered by Tourism, provisions of 2005 Wisconsin Act 483 created both a film production services tax credit and a film production investment tax credit under the state individual and corporate income and franchise taxes, for tax years beginning after December 31, 2007.

The film production services tax credit is based on wages, production expenses, and sales and use taxes related to the production of a film in this state

that has been accredited by the Department of Commerce for purposes of the tax credit. In order to claim the credit, a claimant is required to file an application with the Department of Commerce, and Commerce is required to approve the application and accredit the production for the purpose of claiming the tax credit. If Commerce accredits a production it must determine the amount of production expenditures that are eligible for the credit, which has both refundable and nonrefundable components (unused non-refundable tax credits can be carried forward up to 15 years to offset future tax liabilities).

The film production company investment tax credit is a nonrefundable credit for certain amounts expended for depreciable tangible personal property or to acquire, construct, rehabilitate, remodel, or repair real property in order to establish a film production company in Wisconsin. The credit may be claimed for the first three tax years that the claimant does business in the state as a film production company, upon receiving certification from Commerce that the claims were for expenses related to establishing a film production company in the state.

A more detailed description of the film production credits is provided in the Legislative Fiscal Bureau's informational paper entitled, "Corporate Income/ Franchise Tax."

Heritage Tourism. The heritage tourism program was authorized in 1989 to permit Tourism to participate in a three-year pilot program offered by the National Trust for Historic Preservation. The program was extended until it was deleted under 2001 Act 109. Between 1989 and 2001, twelve heritage tourism sites were named. Heritage tourism areas may continue to seek funding through Tourism JEM grants.

The heritage tourism program was designed to:
(a) increase visits to attractions, sites and areas that

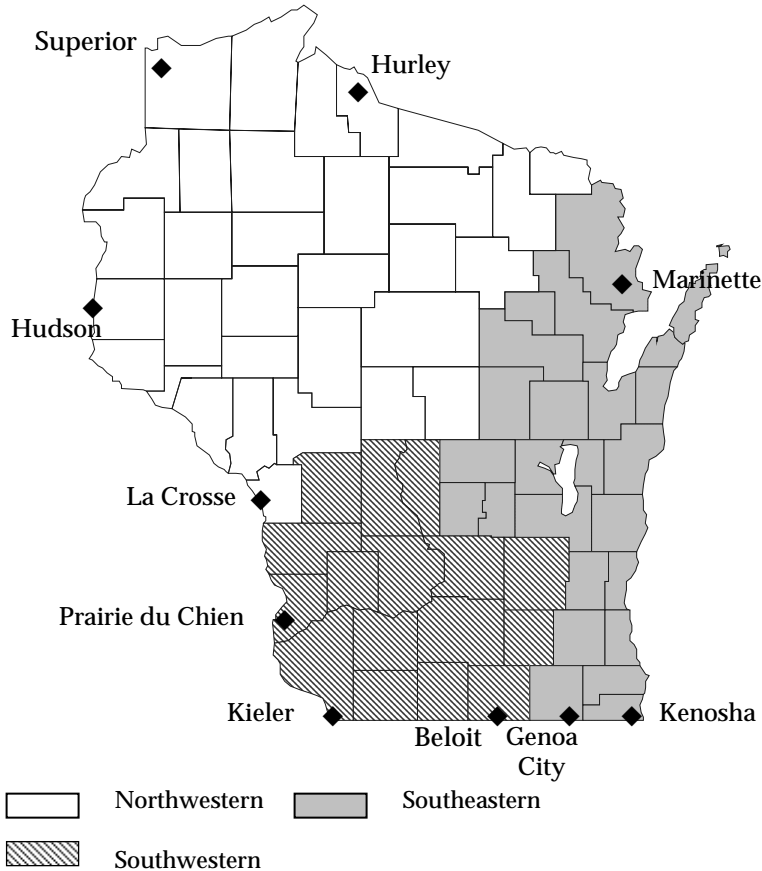
are perceived to have historic or cultural value and interest; and (b) preserve these historically and culturally valuable sites.

Wisconsin Welcome Centers. The Department operates 10 Wisconsin Welcome Centers (WWCs). WWCs (which, prior to the 2005-07 biennium, were known as Wisconsin Travel Information Centers, or WTICs) are intended to offer highway and urban travelers a convenient source of information concerning Wisconsin tourism. The 10 WWCs are located on major state highways at entry points to the state near Kenosha, Genoa City, Beloit, Kieler (Grant County), Prairie du Chien, La Crosse, Hudson, Superior, Hurley and Marinette. Two other centers, which had been located in Chicago and Madison, were closed by the Department in 2003. Figure 1 portrays WWC locations. A thirteenth center in the Mall of America in Bloomington, MN, was opened in June 2000, and closed November 31, 2001.

Former Madison welcome center staff members (who also have additional Tourism responsibilities), along with telemarketers contracted from the Lands' End facility in Dodgeville, operate toll-free telephone numbers for travel information. In calendar year 2005, Tourism received approximately 52,900 phone calls on its toll-free numbers. The phone operators relay information requests to tourism officials who often respond by sending informational packets to these potential tourists. When informational packets sent out in response to phone, mail, email and website inquiries, are combined with direct mailing publications sent out by Tourism, the Department estimates it sent out over 139,700 literature packets in 2005.

Individual communities and attractions may provide promotional literature to one or more WWCs for distribution, with Tourism approval. The centers also distribute information produced by the Department such as calendars of events and general promotional brochures. Computer terminals with Internet links are also available. Exclud-

Figure 1: Wisconsin Welcome Centers



ing motor coach and school group visitors, the 10 WWCs reported approximately 978,300 visitors in 2005.

Four travel centers (Genoa City, Prairie du Chien, Kieler and Marinette) are open on a seasonal basis from April through October, and the other six centers are open year-round. Each of the 10 centers is operated by between 0.65 and 2.0 full time staff members, and many centers depend on limited-term employee (LTE) staff to serve as support during peak seasons. In 2005-06, staff salaries, fringe benefits, miscellaneous supplies and LTE expenditures associated with WWCs were approximately \$811,600 GPR.

The Department rents space for the Prairie du Chien WWC and has an agreement with the Department of Transportation for space at eight of the other centers (the City of Marinette owns its facility, though it is staffed by the Department). In 2005-06, the Department expended \$440,800 on maintenance and facility costs for the 10 WWCs. Total operations cost of the WWCs was approximately \$1.25 million in 2005-06.

Tourism Development Consultants.

In the 2005-07 biennium, the Department of Tourism is returning to the use of three tourism development consultants (two were used in the 2003-05 biennium, three in biennia prior to this) to promote Wisconsin as a tourist destination. The consultants provide tourism advice and assistance to business executives and managers, the Department's management staff and local economic, community and tourism development leaders. The consultants also encourage tourism businesses to expand or develop new facilities in the state and assist local officials, local groups and statewide organizations in developing and promoting tourism sites, attractions and events. The consultants also have written a tourism development manual aimed at helping communities develop their tourism businesses, including assistance in conducting tourism assessments and writing marketing plans. In addition to the full time consultants stationed in Mercer (who conducts activities in Northwestern Wisconsin) and Neenah (who conducts activities in Southeastern Wisconsin), a position stationed in Madison serves as the consultant for activities in Southwestern Wisconsin, in addition to other job duties. Figure 1 illustrates the areas of the state covered by each tourism development consultant.

Other Departmental Responsibilities

In 1996, the Department of Tourism was given responsibilities for certain state parks promotion as well as additional program responsibilities related to the Kickapoo Valley Reserve and various other state boards.

State Park and Natural Resources Promotions.

In 1996, 19.5 DNR positions (18.5 GPR and 1.0 SEG) were transferred to Tourism. The transfer included three positions to conduct state parks related promotion and activities. The staff also provide administrative support to Tourism. The SEG position was eliminated as part of the 2005-07 biennial budget act. However, \$12,200 annually for supplies and services remains in this appropriation, funded from the parks account of the conservation fund.

Kickapoo Reserve Management Board.

Tourism has administered the Kickapoo Valley Reserve since 1996. The Kickapoo Valley Reserve refers to approximately 8,600 acres of land north of La Farge in Vernon County. The property was the site of a U.S. Army Corps of Engineers dam and reservoir project on the Kickapoo River that was abandoned in approximately 1975. The Corps transferred ownership of approximately 7,400 acres to the State of Wisconsin in December, 2000. Additionally, 1,200 acres were transferred to the Bureau of Indian Affairs in trust for sites sacred to the Ho-Chunk tribe. However, a 1997 MOU between the state and the Ho-Chunk nation states the entire acreage will be managed as one property.

Conservation fund (forestry account) appropriations to Tourism support administrative functions for the Kickapoo Reserve Management

Board. The Board is responsible for: (a) managing the land in the Kickapoo River valley to preserve and enhance its unique environmental, cultural and scenic features; (b) providing facilities for the use and enjoyment of visitors to the Reserve; and (c) promoting the Reserve as a destination for vacationing and recreation. The Department of Tourism is responsible for determining the boundaries of the Reserve and providing personnel, payroll, budget, fiscal and accounting services to the Board. The Board is appropriated \$678,700 and 3.0 positions in 2006-07 from the forestry account of the conservation fund. In addition, the Board is appropriated \$32,300 from tribal gaming revenues for law enforcement services and authorized expenditures of \$107,300 PR for general program services (used primarily for maintenance and park improvement expenditures). Sources of this program revenue include reserve use and camping fees, event and permit fees, agricultural lease revenue, timber harvest revenue and other miscellaneous revenues. Due to the federal transfer of the property to Wisconsin, annual aids in lieu of property taxes are made to the local taxing jurisdictions on the state acreage from a sum sufficient forestry account SEG appropriation (a payment of approximately \$248,300 is expected in January, 2007, which is included in the total amount of forestry account dollars mentioned above).

Attached Boards. The Arts Board, Lower Wisconsin State Riverway Board, and State Fair Park Board are attached to the Department of Tourism for administrative purposes. Administrative attachment includes attending to personnel and payroll services as is the case of the Arts Board or reviewing and forwarding, without change unless concurred in by the Board, personnel and biennial budget requests for the State Fair Park Board.

APPENDIX

Joint Effort Marketing Program (2005-06 Expenditures)

County(ies)*	Type	Organization	Event	Grant Approved
Barron & Rusk	Destination Marketing, Yr. 1	Rice Lake Tourism & Retail Development	Back on the Bike	\$23,490
Brown	Existing Event	Packer Country CVB	Baylake Bank Tall Ship Festival	39,424
Crawford	New Event, Yr. 2	Community Development Alternatives Inc.	Crawford County Art Fair	10,197
Dane	One Time, One-of-a-Kind	Madison Museum of Contemporary Art	Grand Opening Festival	26,513
Dane	New Event, Yr. 1	Stoughton Chamber of Commerce	Stoughton Learn Away	19,793
Dane & Sauk	Destination Marketing, Yr. 2	Middleton Tourism Commission	Works of Wonder Tour	15,660
Dodge	New Event, Yr. 1	WI Outdoor Alliance Education Foundation	Wisconsin Outdoor Education Expo	39,000
Dodge*	Destination Marketing, Yr. 3	Fond du Lac Area CVB	Lake to Lake & Everything in Between	13,215
Door	Destination Marketing, Yr. 2	Door County CVB/Chamber of Commerce	Kingdom so Delicious	40,000
Douglas	New Event, Yr. 3	Richard I. Bong WWII Heritage Center	World War II Heritage Festival	11,324
Douglas	New Event, Yr. 1	Superior/Douglas County Chamber of Comm.	Haug Fest	25,812
Douglas & Rusk*	Destination Marketing, Yr. 1	Rusk County Development & Tourism	Experience Northwest Wisconsin	35,150
Dunn, Chip. & Eau Cl.	Destination Marketing, Yr. 3	Chippewa Valley CVB	Unexpected Wisconsin	9,098
Eau Claire	Sales Promotion, Yr. 1	Chippewa Valley CVB	Simple Pleasures in Chippewa Valley	36,780
Grant	New Event, Yr. 1	Stonefield Historic Site	Railroad Day	3,470
Iron	Destination Marketing, Yr. 2	Iron County Development Zone Council	Ultimate ATV Experience	16,595
Jefferson	Destination Marketing, Yr. 2	Jefferson Co. Economic Dev. Consortium	The Hunt is On	27,811
Jefferson*	Destination Marketing, Yr. 2	Beloit CVB	Earth, Air, Fire, Water	32,080
Kenosha	Existing Event	Kenosha Area CVB	Air/Nautique Championship	39,000
Kenosha	Destination Marketing, Yr. 1	Kenosha Area CVB	One Great Lake - Greater Kenosha	39,000
Kenosha*	Destination Marketing, Yr. 2	Wisconsin Harbor Towns Association	Discover Wisconsin Harbor Towns	26,420
Kewaunee	New Event, Yr. 3	Agricultural Heritage Resources	Heritage Farms Bluegrass Festival	7,595
Lincoln, Price & Vilas	Destination Marketing, Yr. 2	Minocqua-Arbor Vitae-Woodruff CC	Trek the Northwoods Trails	23,196
Marquette	Destination Marketing, Yr. 1	Marquette Now	Marquette County Promotion	36,500
Milwaukee	One Time, One-of-a-Kind	First Stage Milwaukee Inc.	Smoldering Fires	28,170
Milwaukee	One Time, One-of-a-Kind	Florentine Opera Company	Aida	27,764
Milwaukee	One Time, One-of-a-Kind	Milwaukee Art Museum	Milwaukee Art Mus. Comic Book Exhibit	28,500
Milwaukee	Sales Promotion, Yr. 1	Milwaukee Repertory Theater	Christmas Carol Unwrapped	38,368
Milwaukee	Sales Promotion, Yr. 2	Visit Milwaukee	Reconnect Across the Lake	39,550
Milwaukee & Racine	Destination Marketing, Yr. 1	Visit Milwaukee	Experience Our Fall Colors	40,000

APPENDIX (continued)

Joint Effort Marketing Program (2005-06 Expenditures)

County(ies)*	Type	Organization	Event	Grant Approved
Oconto	New Event, Yr. 2	Revitalize Gillett, Inc.	Gillett ATV Weekend	\$34,562
Oneida	New Event, Yr. 2	Minocqua-Arbor Vitae-Woodruff CC	Chill Out	22,300
Outagamie & Winne.	Destination Marketing, Yr. 1	Fox Cities CVB	Wisconsin's Shopping Place	28,266
Ozaukee & Washington	Destination Marketing, Yr. 1	West Bend Area Chamber of Commerce	Wisconsin Frame of Mind	34,960
Pierce	Destination Marketing, Yr. 1	Pierce County Partners in Tourism	Autumn Bounty in Pierce County	24,000
Polk, St. Croix & Pierce	Destination Marketing, Yr. 2	New Richmond Chamber of Commerce	Swing thru St. Croix	27,441
Portage	Destination Marketing, Yr. 1	Stevens Point CVB	Convention Central	14,950
Price, Rusk & Sawyer	Destination Marketing, Yr. 2	Price County Tourism	Paddle the Flambeau	24,250
Richland	Sales Promotion, Yr. 1	Richland Main Street Association	Richland Center Sales Promotion	23,115
Rock	New Event, Yr. 1	Beloit Riverfest Festivals Inc.	Beloit International Film Festival	39,337
Rock	New Event, Yr. 1	Edgerton Area Chamber of Commerce	Edgerton Book Festival	12,020
Statewide ski areas	Destination Marketing, Yr. 1	Portage Area Chamber of Commerce	WSIA 5 th Grade Passport	2,000
Statewide ski areas	Destination Marketing, Yr. 1	Great Lakes Intertribal Council	American Iron Poker Run	30,000
Vilas	Existing Event	St. Germain Chamber of Commerce	Pig in the Pines Rib Fest	30,800
Vilas	Sales Promotion, Yr. 1	St. Germain Chamber of Commerce	Tradition on the Line	31,000
Vilas	Destination Marketing, Yr. 1	Vilas County Tourism	Vilas County Autumn Tour	31,556
Waukesha	New Event, Yr. 1	Sharon Lynne Wilson Center for the Arts	Wisconsin Fall Artist Festival	36,550
Waukesha	Destination Marketing, Yr. 1	Waukesha & Pewaukee CVB	Waukesha & Pewaukee meetings	26,030
Winnebago	Existing Event	Experimental Aircraft Association	EAA's Good Old Days	28,400
Winnebago	New Event, Yr. 2	Midwest Sports Events	Oshkosh Triathlon	12,393
Winnebago	One Time, One-of-a-Kind	Paine Art Center & Arboretum	Electric Tiffany	28,250
Wood	Sales Promotion, Yr. 2	Wisconsin Rapids CVB	Reel Value in Central Wisconsin	<u>17,030</u>
Total				\$1,358,685

*The main county participant(s) in the grant is(are) listed. Additional counties also participated in the grant, as Destination Marketing grants often include multiple counties.