

## Matching Advertising Partnership Program

### Issue

Tourism has always been vital to West Virginia's economy and is one of West Virginia's leading industries. Tourism in West Virginia not only creates jobs, income, taxes and wealth, it also maintains good stewardship of our state's natural assets and showplaces West Virginia's tremendous beauty. A significant reason for this continued success has been the Matching Advertising Partnership Program (MAPP) of the West Virginia Division of Tourism. MAPP was designed to provide matching advertising dollars to qualifying tourism industry applicants and has done so successfully since 1995. However, despite its proven track record of success, this program's funding now faces sharp cuts and MAPP finds itself in a dire situation where requests into the fund will greatly exceed available dollars. To ensure the continued prosperity of the tourism industry in West Virginia, tourism industry funding is crucial and MAPP funding must be restored to a sufficient level.

### Background

The MAPP program was established by 1995 legislation and created the West Virginia Tourism Commission funded from the Video Lottery Revenue. Since its inception, MAPP has distributed over \$123 million to qualified applicants. These matching advertising dollars have been successful in increasing travel spending in West Virginia from \$2.4 billion in 2000 to \$3.9 billion in 2006. In 1995, prior to the enactment of the MAPP legislation, state tax receipts generated by travel spending were \$195 million. During this time period, tax receipts grew to \$532 million in 2006 and West Virginia benefited from a 272.8% increase in tax receipts generated by travel spending.

From 1995 to 2004 the revenues into the MAPP fund totaled \$95 million and the tourism industry was awarded only \$55.2 million, creating a surplus. During the 2004 Fiscal Year, the West Virginia Legislature, as per SB197, transferred \$15 million from the surplus leaving a balance in the fund of \$24.8 million. Additionally, S.B.197 redistributed the 3% of video lottery funds allocated to the Tourism Promotion Fund as follows:

- 1.3750% Tourism Promotion Fund
- 0.3750% Development Office Promotion Fund
- 0.5000% Research Challenge Fund
- 0.6875% Capital Renovation and Improvement Fund
- 0.0625% Capital Complex Parking Garage Fund
- 3.0000%

Additionally, in 2008, new legislation required payment out of the MAPP fund to the Division of Highways of \$4.7 million to subsidize the Courtesy Patrol on our West Virginia highway system. As a result of the continued reallocation of funding for unrelated projects, as of the end of Fiscal Year 2009 there is no longer a surplus in the

fund. Projections for Fiscal Year 2010 forecast that the 1.3750% placed into the Tourism Promotion Fund will amount to \$10.5 million, of which only \$5.80 million will be available to fulfill MAPP's stated purpose of providing much-needed matching dollars to advertise tourism in West Virginia. The Courtesy Patrol is slated to continue to receive \$4.7 million in 2010, which amounts to almost half of the \$10.5 million, available leaving a balance of only \$5.80 million for MAPP participants.

MAPP awards in 2008 and 2009 were in excess of \$13.5 million each year. Now, only \$5.8 million is projected to be available to industry applicants. This drastic decrease in available funds to MAPP recipients will no doubt have a devastating and long lasting adverse impact on West Virginia's tourism industry.

With the contracting economy, it is imperative we continue to inform our close neighbors and tourists that West Virginia is the place to enjoy all the benefits an extended vacation or weekend getaway can provide without excessive cost.

### **The Chamber's Position**

The West Virginia Chamber of Commerce supports responsible measures to return this vital MAPP funding to the level necessary to enable continued growth of the tourism industry in West Virginia without taking funding from other necessary tourism industry projects and programs. The West Virginia Chamber of Commerce further supports entrepreneurial activities within the Department of Highways to creatively generate funds from Courtesy Patrol vehicles to fund the services that it provides.