

# State Tourism Promotion



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## Introduction

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The state has been involved in tourism promotion activities for more than 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: (a) advertising the state's scenic, historic, cultural, recreational and other attractions through Internet, print, radio and television communications; (b) providing information to prospective travelers by Internet and toll-free phone services; (c) developing joint effort tourism marketing programs; (d) administering various tourism-related grants; and (e) administering tourism development programs that assist businesses and municipalities in identifying marketable features that may attract customers.

The Department of Tourism was established effective January 1, 1996. The agency, which had previously existed as the Division of Tourism Development within the Department of Development (DOD), was established as a separate department under 1995 Act 27. The Department is headed by a Secretary, who is appointed by the Governor and subject to Senate confirmation. In addition to being assigned responsibilities for tourism marketing, 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 Board and Wisconsin Arts Board from the Department of Administration (DOA). The Kickapoo Reserve Management Board and Arts Board are currently budgeted under Tourism, while the Lower Wisconsin State Riverway and State Fair Park Board are attached for administrative purposes only.

**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 Director of the Arts Board, the Director of the Historical Society (or designees), and four appointed state legislators, one from each party of both the Senate and Assembly. Nominations for appointments to the Council are sought from various associations, organizations and businesses related to tourism, including Native American tourism. Appointments 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, as do other ad hoc committees Tourism has created to advise the Department on grant program administration and other marketing activities.

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## Economic Impact of Travel

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Tourism is widely considered to be a significant part of the state economy. The Department of Tourism has regularly commissioned estimates of traveler activity, as have other state and regional tourism agencies around the country, to attempt to quantify the economic impacts of tourism. However, it is considered difficult to distinguish tourism, which would typically be described as discretionary leisure travel by persons from outside the area, from business travel or retail purchases of leisure goods by residents of an area.

From 1989 through 2010, Tourism contracted with the research firm Davidson-Peterson Associates, Inc., to conduct an annual study measuring the economic benefits derived from traveler spending in Wisconsin. Beginning in 2010, annual traveler expenditures and the resulting economic impacts are being estimated for Tourism jointly by Longwoods International and Tourism Economics.

Both Davidson-Peterson and Longwoods International derive estimates from surveys. The Davidson-Peterson study derived economic impact estimates through data collected from interviews with travelers, lodging owners and state residents. For example, in 2010 face-to-face interviews were conducted with approximately 1,500 persons traveling "outside of his or her normal routine" in all parts of the state and in all seasons of the year. These interviews attempted to determine spending by an average traveler on an average trip. Additionally, Davidson-Peterson completed approximately 2,900 surveys throughout the year with lodging properties to determine the number of paid overnight stays during the year. Approximately 800 interviews also were conducted by phone with randomly selected Wisconsin households to determine the number of unpaid overnight stays with family or friends

during the year.

In the currently commissioned study, Longwoods International relies on its Travel USA program, which randomly solicits survey participation from about 500,000 persons nationally each quarter, or about 2 million annually. For the study of 2010 impacts, Longwoods International reports approximately 2,700 persons identified as having taken an overnight visit to Wisconsin in 2010 and about 1,500 persons who took day trips within Wisconsin. From the initial samples of day and overnight travelers, smaller representative samples of each, totaling approximately 1,600 persons, were asked about spending and activities. Total traveler spending estimates were extrapolated from these responses. Tourism Economics then uses these findings, in combination with other data sources, to estimate total traveler spending and further economic impacts.

Table 1 shows the estimates of traveler spending by Davidson-Peterson from 2001 to 2010, as well as the traveler spending estimates made by Tourism Economics for 2009 through 2011. Tourism had overlapping economic impacts reports from both Davidson-Peterson and the Longwoods International-Tourism Economics studies for the 2010 calendar year. The two approaches yielded substantially different estimates for 2010, the only travel year for which the studies overlap. Tourism reports this is due generally to the Longwoods International/Tourism Economics study using more conservative estimates of the portion of retail economic activity attributable to persons traveling from out of the area, although Longwoods International/Tourism Economics also incorporates certain estimates in categories Davidson-Peterson's studies did not, such as air travel expenditures and maintenance and capital improvements costs of second homes. However, the studies were somewhat consistent on the number of overnight visits estimated for the state. For 2011, Longwoods International also estimated day trips in Wisconsin totaled approx-

**Table 1: Estimated Spending by Travelers**

Calendar Year	Traveler Expenditures		Overnight Visits	
	Amount (Billions)	Percent Change	Number (Millions)	Percent Change
<b>Davidson-Peterson</b>				
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
2006	12.83	7.3	40.5	3.4
2007	12.78	-0.4	38.3	-5.5
2008	13.12	2.7	37.2	-2.9
2009	12.09	-7.8	36.0	-3.2
2010	12.30	1.8	36.1	0.3
<b>Tourism Economics/Longwoods International</b>				
2009	\$8.52		31.3	
2010	9.20	7.9%	33.3	6.4%
2011	9.90	7.6	34.8	4.5

imately 52.3 million person-trips. Davidson-Peterson measured travelers by person-visits, equaling one person on an overnight stay of any duration at one lodging establishment. For instance, a couple on an overnight stay at a single hotel would be two person-visits, but if the couple stayed at a second hotel, the activity would be counted as four person-visits. Longwoods International measures travel by person-trips. As an

example, a family of four taking an overnight trip or single-day trip would be considered four person-trips. Both methods of study include leisure travelers, vacation home owners, persons visiting friends or relatives, and business or convention travelers.

The U.S. Bureau of Economic Analysis estimates the nominal gross domestic product (GDP) of Wisconsin was approximately \$254.8 billion for 2011. The 2011 expenditure estimates therefore suggest direct traveler spending may account for perhaps 4% of total state GDP.

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### Tourism Promotion Funding

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In creating the Department of Tourism, 1995 Act 27 consolidated staff and funding from DNR, the UW-Extension Tourism Resource Center, the Division of Tourism Development in DOD, and portions of DOA related to the Kickapoo Valley Reserve. Table 2 shows historic funding levels for tourism promotion and program operations.

**Table 2: Tourism Promotion Funding Levels**

Fiscal Year	GPR	PR	SEG	Total	GPR	PR	SEG	Other GPR	Other PR	Tourism Total
	Tourism Marketing	Tourism Marketing	Tourism Marketing	Tourism Marketing	Program Operations	Program Operations	Program Operations			
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
2007-08	0	9,149,400	2,200,000	11,349,400	3,573,100	101,600	12,200	0	106,200	15,142,500
2008-09	0	9,149,400	2,200,000	11,349,400	3,578,500	101,600	12,200	0	106,200	15,147,900
2009-10	0	8,213,600	1,757,100	9,970,700	3,002,900	0	12,100	0	106,300	13,092,000
2010-11	0	8,373,600	1,597,100	9,970,700	2,876,500	0	12,100	0	106,300	12,965,600
2011-12	1,172,000	9,557,900	1,595,900	12,325,800	2,756,100	0	12,100	0	106,300	15,200,300
2012-13	1,172,100	9,557,900	1,595,900	12,325,900	2,756,100	0	12,100	0	106,300	15,200,400

(Table 2 excludes the Kickapoo Valley Reserve and the Arts Board, although both are budgeted under Tourism.) In 2012-13, the Department is provided \$15,200,400 for tourism promotion functions, which includes: (a) \$3,928,200 in state general purpose revenues (GPR); (b) \$9,664,200 from program revenues (PR); and (c) \$1,608,000 from segregated (SEG) funds. The Department is also authorized 27.0 tourism development positions, all of which are GPR-supported. In addition, \$190,600 PR and \$776,300 SEG with 3.0 SEG and 1.0 PR positions are authorized for the administration and maintenance of the Kickapoo Valley Reserve, which is budgeted under Tourism. The Arts Board, which was transferred to Tourism on July 1, 2011, is also budgeted \$746,000 GPR, \$755,500 in federal (FED) funds and \$44,900 PR with 3.0 GPR and 1.0 FED positions.

As shown in Table 2, Tourism appropriations have varied each fiscal year since 1998-99, but have remained within a range of \$13 million to \$16 million during that time. Tourism's operations and marketing-related activities through 1998-99 were funded primarily by GPR. Since then, the Department of Tourism also has been appropriated program revenue funding from tribal gaming receipts and other miscellaneous sources. Further, transportation fund segregated revenues have been provided for tourism marketing since 2005. The conservation fund also provides segregated funding, which was initially intended to support Tourism's promotion of state parks.

The Department's tourism marketing funding changed in the 2005-07 biennial budget. First, tribal gaming PR replaced Tourism's marketing GPR (\$5,186,400 annually). Second, a new biennial tourism marketing appropriation was created, with funding of \$1,600,000 SEG in 2005-06 and \$2,200,000 SEG beginning 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 effective October 1, 2005. Tourism's GPR marketing appropriation was not budgeted any funds from 2005-06 through 2010-11. 2011 Act 32 appropriated \$1,172,000 in 2011-12 and \$1,172,100 as base funding beginning in 2012-13.

Tourism's three primary marketing appropriations (GPR, tribal gaming PR and transportation SEG) are all biennial appropriations. Biennial appropriations allow Tourism to expend the total funds appropriated in the biennium at any point in the biennium, including transferring expenditure authority from the second year to the first year of a biennium. Unexpended funds, if any, lapse back to the funding source at the close of the biennium, meaning remaining GPR and tribal gaming PR lapses to the state general fund and transportation SEG reverts to the transportation fund balance.

Based on state budgets for fiscal year 2011-12, Wisconsin ranked tenth among U.S. states in total tourism funding, and placed above both the average state tourism budget (\$14.4 million) and the median for state tourism budgets (\$10.8 million). 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 a 24-year period. Per-capita spending is based on the 2011 population estimates from the U.S. Census Bureau, which are the most recent as of October, 2012. Most of these states' tourism budgets are financed from state general fund taxes. Some state tourism offices are at least partly supported by special-purpose taxes, however, including those on casinos and gaming centers (Iowa) and hotel operators (Illinois). Michigan funds its tourism promotion solely with securitized proceeds of the state's tobacco settlement, although tourism office personnel are funded with general purpose revenues.



**Table 3: Comparative Tourism Budgets**

State	1987-88		2000-01		2011-12		Percent Increase (FY 88 to FY 12)	
	Total (millions)	Per Capita	Total (millions)	Per Capita	Total (millions)	Per Capita	Total	Per Capita
Illinois	\$20.5	\$1.79	\$62.2	\$5.13	\$54.6	\$4.24	166%	137%
Indiana	2.1	0.38	4.5	0.76	2.4	0.37	13	-4
Iowa	1.4	0.50	5.3	1.85	3.8	1.23	169	146
Michigan	10.6	1.14	15.9	1.61	27.4	2.78	159	144
Minnesota	5.9	1.35	11.4	2.39	8.3	1.56	41	16
Ohio	6.4	0.59	7.9	0.71	5.0	0.43	-22	-27
Wisconsin	6.3	1.29	15.9	3.03	15.2	2.66	141	106
Combined Average	\$7.6	\$1.01	\$17.6	\$2.21	\$16.7	\$1.90	96%	74%

Source: U.S. Travel Association, U.S. Census Bureau

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### Tourism Marketing Activities

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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 \$12,325,900 is budgeted for marketing activities in 2012-13, with \$9,557,900 coming from tribal gaming PR, \$1,597,100 coming from transportation fund SEG and \$1,172,100 coming from GPR. These marketing funds will account for approximately 81% of the Department's total budget in 2012-13,

excluding budgets of the Kickapoo Valley Reserve and Arts Board. Table 4 provides a breakdown for tourism marketing expenditures in 2011-12. As the table indicates, most of the marketing expenditures were for advertising, with a significant amount also expended for Joint Effort Marketing grants. Expenditures shown in Table 4 do not include encumbered or other unexpended amounts Tourism has transferred to 2012-13 under its biennial expenditure authority for marketing. Therefore, expenditures shown in Table 4 are less than the total appropriations shown in Table 2 for the 2011-12 fiscal year.

**Table 4: Tourism Marketing Expenditures (2011-12)**

Category	Amount	% of Total
Advertising	\$7,141,920	65.8%
Joint Effort Marketing (JEM) Grant Program	1,108,617	10.2
E-marketing/Tourism Web site	831,457	7.7
Public Relations	614,479	5.7
Statutorily Specified Marketing	479,384	4.4
Tourism Impacts Research	282,275	2.6
Customer Services	126,072	1.2
Printing (Travel Guides, Other Publications)	103,259	1.0
Association Dues	80,535	0.7
Other Grants (Ready, Set, Go! and Meetings Mean Business)	51,442	0.5
Minority Marketing Program	29,155	0.3
Total	\$10,848,595	100.0%

## **Annual Statewide Marketing Strategy**

The Department is statutorily required to annually formulate a marketing strategy for Wisconsin destinations, which is to guide the decisions and expenditures made by the Department throughout the year. The statutes specify the Secretary is to form the annual marketing strategy under consultation with five selected members of the Council on Tourism, although Tourism reports the full Council customarily provides advice. In addition to guiding state-level tourism marketing, the Department is also directed to implement the marketing strategy in conjunction with the plans and programs of private tourism enterprises.

### **Advertising**

The Department of Tourism manages the state's tourism marketing campaigns, which utilize Internet-based, print and other forms of advertising to encourage travel in Wisconsin. For example, Tourism runs promotional advertising in newspapers and on travel Web sites. The Department reports that it focuses much of this advertising in large population centers such as Chicago, Minneapolis/St. Paul, and in-state areas such as Milwaukee, Madison, and the Fox Cities.

Tourism advertising campaigns, beginning in 2011, have been structured around consumers' travel motivations as revealed through research. Tourism reports the most widely identified travel motivators have been enjoyment and fun, and campaigns in 2011 and 2012 were created around such a theme. Tourism expects a research-based approach to advertising development would allow the Department to continually adapt its branding strategy to respond to shifts in consumer motivations.

The Department also offers opportunities through its co-op advertising program. The program is administered by Milwaukee-based advertising firm Laughlin Constable as part of a con-

tract with Tourism for general marketing and communications, which is discussed later in greater detail. Laughlin Constable negotiates advertising rates with high-circulation newspapers and magazines in the Midwest, as well as on major newspapers' Web sites, based on Tourism's estimated spending for the year in both its statewide marketing efforts and in individual purchases by Wisconsin destinations under the cooperative program. The negotiated rates are typically lower than a destination would expect to pay individually, affording it the ability to advertise more economically in larger markets. Destinations book advertising through Laughlin Constable, which later bills participating destinations at the reduced rate. In addition, Tourism offers similar cooperative advertising on its own Web site and in emails to subscribers announcing upcoming events and travel discounts throughout the state.

The Department formerly operated a co-op direct mail program, under which tourism-related businesses and attractions purchased mailing addresses from the Department for their own targeted marketing campaigns. The Department discontinued the program in 2009 due in part to decreasing interest by consumers in opting to receive mailings.

*Marketing Contracts.* Tourism uses services of private firms under contract to carry out several of the marketing and advertising activities described earlier. Tourism reports these private firms provide marketing services on a more cost-effective basis than the department would likely be able to provide on its own. For example, the co-op advertising program is carried out by Laughlin Constable. Laughlin Constable also is responsible for: (a) creating and placing general advertising in print, broadcast and Internet-based media; (b) public relations efforts; and (c) marketing research. For Laughlin Constable services in 2012-13, Tourism has allocated approximately \$7 million.

Through June 30, 2012, Tourism conducted multicultural advertising under a five-year contract with Red Brown Klé of Milwaukee, which was to target communications to African-American, Hispanic, and Asian markets. Payments under the contract were \$350,000 annually. Following its expiration, Tourism expects to solicit bids for a new contract beginning in late 2012 or early 2013.

Tourism contracts for Web-related services through Ascedia, also of Milwaukee. Ascedia provides various services related to content and technical administration of Tourism's travelwisconsin.com Web site. Tourism has allocated \$900,000 for Ascedia services in 2012-13.

Tourism is billed either by project or on a monthly basis, depending on the contract. The Laughlin Constable contract began in August, 2009, and runs for three years with up to two one-year renewals (August, 2014). Extensions are granted at Tourism's discretion. The Ascedia contract expires in December, 2014.

It should be further noted the Longwoods International and Tourism Economics research is done on a contract basis, at a cost of \$280,000 annually. The contract with Longwoods International expires in November, 2013. The Davidson-Peterson contract, which expired April 30, 2011, cost \$165,000 annually.

### **Traveler Outreach**

Tourism offers phone- and Internet-based services for prospective travelers seeking information on destinations in the state. However, the Department's Internet site, travelwisconsin.com, has become increasingly used by prospective travelers in recent years to find information. The Tourism Web site had 2.37 million user sessions in calendar year 2011, or an average of approximately 197,500 sessions per month. Users increased by 1 million from 2009.

A primary means of the Department gathering

information on attractions, accommodations, historic sites, restaurants and events throughout the state is its tourism database. The database accepts business or event entries directly or through chambers of commerce and convention and visitors bureaus that serve the area in which the attraction is located. Attractions listed in the database are the basis for much of the content appearing on travelwisconsin.com, as well as in other Tourism promotional materials. The database lists 12,600 entities, as of July 1, 2012.

Further, Tourism operates toll-free informational phone numbers by which prospective visitors can contact the Department for trip planning assistance. In 2011, Tourism received approximately 16,500 phone calls on its toll-free numbers. Phone calls decreased from 22,300 in 2009, which Tourism attributes in part to the call center being operated internally beginning in 2010 and only on standard business days. Previously, Tourism's call center was operated by Lands' End in Dodgeville under contract, and answered calls seven days a week.

Those who contact Tourism by phone, mail, e-mail or Internet can request to have informational packets sent to them. The Department sent approximately 31,300 such packets in 2011. Packets may also be sent as direct mail publications to prospective tourists.

### **Joint Effort Marketing Grants**

In an effort to help nonprofit tourism promotion organizations publicize innovative events and attractions in the state, the Department administers a Joint Effort Marketing (JEM) grant program funded from the tourism marketing appropriations. Public agencies and private nonprofit organizations, including any tribal government or not-for-profit tribal entity, may submit applications for grants to develop publicity and produce and place advertising.

Under the JEM program, Tourism in general

may pay up to 75% of the total promotional (marketing) budget for the first year of a project, up to 50% for the second year of a project, and up to 25% for the third year of a project, although not all types of JEM grants are eligible for multiple years of funding. JEM grants must also not exceed 50% of a project's total annual costs. Along with these annual percentage caps, Tourism has set annual dollar limits for each project type. These limits are noted below in the description of each grant, and the Department may change these limits each year. JEM grants may be used to fund promotional costs related to the following items and media: (a) magazines; (b) newspapers; (c) radio; (d) television; (e) e-mail; (f) Internet; (g) direct mail; (h) media kits; and (i) billboards. Expenses ineligible for JEM grants include: (a) operational costs; (b) local advertising; (c) research; and (d) 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: (a) the applicant has developed an advertising plan and budget; (b) the project coordinates with the statewide tourism marketing strategy; (c) the project has broad appeal and targets markets outside the local area; (d) the project will generate a substantial increase in tourist visits and expenditures; (e) the applicant is able to pay its share of the project costs; and (f) if the project is a continuing event, it has the potential to be self-sufficient within three years.

Events receiving JEM grant awards in the 2011-12 fiscal year are listed in Appendix 1. Table 5 summarizes eligibility and maximum yearly amounts for each type of JEM grant. It also in-

**Table 5: Joint Effort Marketing (JEM) Grant Awards**

Type	Description	Maximum Annual Project Amount	Years of Eligibility for Funding	2011-12 Awards
New Event	Projects promoting an inaugural event that is planned to continue in subsequent years.	\$39,550	Three*	\$308,600
Existing Event	Projects promoting an existing event but which target new geographic areas, new demographic audiences or use new media.	\$39,550	Two**	\$218,300
Sales Promotion	Projects that encourage visits from targeted markets by publicizing discounts or incentives.	\$39,550	Two**	77,500
One-Time/ One-of-a-Kind Event	Projects marketing unique events which are unlikely to return to an area but will generate regional or national media attention.	\$28,250	One	\$135,500
Destination Marketing	Projects involving three or more municipalities and appearing during low-traffic periods. Projects comport with the statewide marketing strategy and either attract regional and extended regional visitors or convention and motorcoach business.	\$10,000 (municipality) \$39,550 (project)	Three*	\$390,100
				\$1,130,000

\* Funding may be awarded in nonconsecutive years.

\*\* Funding must occur in consecutive years.

cludes current maximum individual grant amounts, and the amount awarded by Tourism for each category in 2011-12. The events receiving awards were scheduled to take place between late 2011 and early 2013, and reimbursement for many of these projects will occur throughout 2012-13. Section 41.17(5) of the statutes requires Tourism to expend at least \$1,130,000 annually on the JEM program, which is the amount the Department awarded in 2011-12. JEM expenditures for 2011-12 shown in Table 4 reflect reimbursements mostly for awards made in 2010-11. As such, JEM grant expenditures shown in Table 4 do not directly correspond to the grants shown by category in Table 5 and by award in Appendix 1.

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. Unless otherwise noted, administrative rules limit individual grant awards to no more than 7% of the JEM budget for that year. For example, that would equate to \$79,900 under the \$1.13 minimum allocation. However, Tourism has established current limits at a lower threshold as noted in the following descriptions.

Unlike other JEM grants, destination marketing grants offer funding for the development or implementation of image-based marketing campaigns to promote traditionally slower seasons of tourism. Marketing projects must serve a regional interest, and projects must include at least three municipalities. By administrative rule, destination marketing grants may supply up to \$10,000 per municipality, with a maximum grant of \$40,000 per project, although Tourism has set a cap of \$39,550 annually, consistent with other multi-year JEM grants. Projects are eligible for three years of grants, and the years may be non-consecutive. In 2011-12, 13 destination marketing awards constituted \$390,100, or 34.5% of the \$1.13 million awarded in JEM grants. Tourism administrative rules prohibit more than 50% of

annual JEM awards going to destination marketing unless the secretary finds there is insufficient demand for other types of JEM grants.

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 annual maximum award for a new event is \$39,550. Grants are available for a project for three years, and those years may be nonconsecutive.

A sales promotion grant may be made to support what is typically a six- to eight-week effort that promotes discounted prices to encourage visits by persons from a targeted market. This type of grant has a maximum award of \$39,550. Funding is available for up to two years, and the years must be consecutive.

An existing event grant may be awarded for advertising that targets a new geographic area, demographic audience or medium. Existing event grants may receive up to \$39,550 each year. Existing events may receive grants for two years, but the years must be consecutive.

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 and that have the potential to generate regional or national attention. These grants may be made for one year and may not exceed 75% of the promotional budget or 50% of the total project budget. Funding for each one-time event is also limited by administrative rule to no more than 5% of the JEM budget for that fiscal year, or \$56,500 under the minimum \$1.13 million allocation. However, the Department has currently set \$28,250 as the maximum grant for one-time/one-of-a-kind events.

### **Earmarks**

Tourism is required under the statutes to make expenditures to five designated entities or purposes, on varying annual or biennial bases as

noted below. Tourism may use any of its three general marketing appropriations for these expenditures. The Department has generally used tribal gaming PR for these purposes, although some of the activities are carried out by Tourism's contract marketing agencies, and are therefore divided between the GPR, tribal gaming PR and transportation SEG marketing appropriations.

*Multicultural Events.* The statutes require Tourism to expend \$50,000 to conduct or contract for promotion of multicultural events taking place in Wisconsin. For the 2011-13 biennium, Tourism has allocated \$50,000 as follows: (a) \$10,000 each for the African World Fest and Mexican Fiesta, both in Milwaukee, for expanding the marketing efforts of each; and (b) \$30,000 toward the costs of a travel journalist reporting on the culture of Wisconsin's Native American tribes and the tourist destinations the tribes offer.

Prior to 2011 Act 32, the statutes earmarked \$50,000 biennially for America's Black Holocaust Museum in Milwaukee. However, the Museum closed in July, 2008. Tourism since that time had typically lapsed a minimum of \$25,000 each year to the general fund, equal to the annual amount it had granted to the Museum. The change in the earmark under Act 32 was intended primarily to reflect the uncertainty over the Museum reopening in the future, if ever, although it has since resumed an online presence as of February, 2012. It has not reopened a permanent physical location.

*Milwaukee Public Museum.* The statutes require the Department to allocate \$200,000 each biennium in grants to the Milwaukee Public Museum to promote exhibits and activities at the Museum. Prior to 2011 Act 32, the statutes specified funding was to be for Native American exhibits and activities.

The Museum initially used funds to maintain

the Native American exhibits as well as market the exhibits and other Native American programming to school groups, summer camps and other prospective museum visitors. However, beginning in the 2007-09 biennium, state funding was put toward other Museum marketing campaigns. Tourism reports this change initially was due to some Native American exhibits being closed for repairs, but the expenditure for general marketing was continued thereafter. The 2011 Act 32 change made the earmark provision consistent with this practice of more general promotion of the Museum.

Tourism reports it reviews the marketing plans for the funds prior to authorizing funding for the campaign. Tourism reports in 2011-12, the earmark supported marketing activities for the traveling exhibit "Cleopatra: The Search for the Last Queen of Egypt," with the Chicago-area market being a focus.

*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 advertising and sponsorship of Milwaukee Symphony radio show broadcasts.

*Sports Marketing.* The Department of Tourism is required by the statutes to expend at least \$125,000 annually to conduct or contract for marketing activities related to sporting activities and events. In 2011-13, the Department has allocated this funding to support: (a) general digital and print advertising and marketing for Wisconsin sporting events, including a new Web site to market sporting events in Wisconsin; (b) market research to discern consumers' motivations for attending sporting events taking place in Wisconsin; and (c) marketing Wisconsin as a destination for sporting events by participating in trade shows such as that of the National Association of Sports Commissions and the TEAMS (Travel, Events and Management in Sports) Conference and Expo.

Tourism also administers the Ready, Set, Go! grant program to assist destinations in securing competition-related events that are expected to generate an economic impact for the area, but 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. Tourism formerly maintained a program requirement that the grantee was required to repay either 50% of the grant or 50% of the profit, whichever is less, should the event be profitable, but this requirement has been discontinued.

Tourism maintains a reserve of \$110,000 tribal gaming PR for Ready, Set, Go! grant funds, although Tourism does not count this grant program toward satisfying the statutory sports marketing requirement. In 2011-12, Tourism made 13 grants for a total of \$121,900 under the program. The Department accepts applications three times a year, on January 1, May 1, and September 1.

*Native American Tourism of Wisconsin.* Tourism is required to make grants of at least \$200,000 annually to Native American Tourism of Wisconsin (NATOW), a project of the Great Lakes Inter-Tribal Council (GLITC). NATOW is intended to promote tourist destinations of Wisconsin's Native American tribes, including notable cultural and natural sites. Part of NATOW's marketing activities include the publishing of its "Native Wisconsin" magazine and other promotional publications under the same title. With funding provided during the 2011-13 biennium, NATOW intends to implement its strategic plan, which includes: (a) publication and distribution of Native Wisconsin documents; (b) updating the NATOW Web site; (c) beginning a "green travel" program for tribal destinations, in conjunction with Travel Green Wisconsin, which is discussed later in greater detail; (d) increasing fundraising;

and (e) continuing an annual conference, with emphasis on increasing attendance by non-tribal guests.

### **Meetings Mean Business Grants**

Tourism administers a grant for destinations seeking to attract regional or national business meetings or conventions to increase visitor spending in the destination city and surrounding area. The Department estimates 30% of Wisconsin's total visitors are persons attending such business gatherings, and the program is intended to improve the position of Wisconsin destinations in securing such events relative to competing destinations in other states.

The Department has set aside \$110,000 from its tribal gaming PR marketing appropriation for Meetings Mean Business grants in 2012-13. Grants may be a maximum of \$20,000 per fiscal year for 50% of the costs of convention facilities rentals, shuttles or similar transportation costs within the destination city, or other hosting costs such as promotions of the host city or rebates for guest rooms. Applications are reviewed three times annually, following April 1, August 1 and December 1 submission deadlines. Applications must be submitted at least 90 days prior to the convention or gathering. Applications must also be submitted by a local chamber of commerce, convention and visitors bureau or other similar destination marketing entity. This entity must also provide a funding match at least equal to any amounts provided by Tourism.

Organizations are ineligible for the Meetings Mean Business grant if: (a) a JEM grant was awarded for the same event [nor can a Meetings Mean Business grant recipient request a JEM grant for the event during the same fiscal year]; (b) they are a recipient of a statutory earmark, as discussed earlier; (c) the event was secured for the destination city prior to the grant application. The program also is not open to destinations rotating only within the state or destinations for

events that are scheduled in Wisconsin routinely.

Applications are evaluated based on several factors, including: (a) estimated visitor spending; (b) estimated hotel stays to be generated; (c) whether the increase in economic activity would take place in typical off-peak travel times; and (d) the financial commitments necessary to hold the event, including the approximate return on investments versus the resulting visitor spending. Tourism also requires submission of information on the event's last three years, including hotel nights booked, attendance and visitor spending.

Through June 30, 2012, Tourism has awarded grants totaling \$57,000 to six local tourism organizations in Milwaukee, Madison, Fitchburg, Green Bay, the Appleton/Fox Cities area, and Eau Claire since the program began in 2010. Grants awarded to date are for events taking place between April, 2012 and June, 2015.

### **Other Marketing Activities**

The Department of Tourism markets Wisconsin as a traveler destination in various other ways. It produces several informational publications, which are distributed throughout the state, sent to persons calling the Department in response to tourism advertisements, and posted on the Travel Wisconsin Web site. The Department also arranges customized familiarization tours to various parts of the state each year for travel writers. Further, the Department uses its Web site, call center, e-mail newsletters, direct mail newsletters, press releases, 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: (a) conducting international tourism marketing promotions and advertising in conjunction with other area states through the Great Lakes USA, a marketing subprogram of the Council of Great Lakes Governors; and (b) pro-

moting motor coach travel to Wisconsin. The Department has partnered with a motorcoach marketing organization, Circle Wisconsin, to support public relations and direct marketing efforts to tour operators who may be interested in bringing visitors to Wisconsin. In 2011-12, Tourism expended \$25,000 for Circle Wisconsin's marketing efforts.

*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 designed to increase visits to sites of historic or cultural value as well as preserve these areas. The program was extended until its deletion under 2001 Act 109. Between 1989 and 2001, 12 heritage tourism sites were named. Heritage tourism areas may continue to seek funding through Tourism JEM grants. The Department also reports it works with the Wisconsin Historical Society to promote travel to historic sites throughout the state.

*State Park and Natural Resources Promotions.* In 1996, 19.5 DNR positions (18.5 GPR and 1.0 SEG) were transferred to the new Department of Tourism. The transfer was to provide administrative support to Tourism, including three positions to conduct state parks-related promotion and activities. The SEG position was eliminated as part of the 2005-07 biennial budget act, but \$12,100 annually for supplies and services remains in this appropriation, funded from the parks account of the conservation fund.

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### **Tourist Information Centers**

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Tourism currently has two main programs for supporting informational centers for travelers throughout the state. Each program is intended to replace functions Tourism formerly carried out



with its own staff and funding in several Wisconsin Welcome Centers (WWCs) located at the state borders and in other high-traffic areas in and outside Wisconsin. The following paragraphs describe the history of the WWCs and two successor programs currently in effect: (a) Travel Wisconsin Welcome Centers, an initiative supported in part by Tourism marketing funds for organizations in communities that formerly had WWCs and that, in some cases, operate directly out of the former WWCs; and (b) the regional tourist information center (TIC) competitive grant program for locally based entities providing information to visitors in regions throughout the state.

## **Background**

In 2009, Tourism closed its eight Wisconsin Welcome Centers. The WWCs were intended to offer a convenient source of information on Wisconsin destinations for persons traveling near the state borders. The eight locations were generally on major state highways at the most active state entry points, at Beloit, Hudson, Hurley, Kenosha, Kieler (Grant County), La Crosse, Marinette and Superior. The Department had previously closed welcome centers in Genoa City and Prairie du Chien in 2007. Centers in Chicago and in Tourism's main offices in Madison were closed in 2003. A site in the Mall of America in Bloomington, MN, opened in June, 2000, but was closed November 30, 2001.

Two travel centers (Kieler and Marinette) were open on a seasonal basis from April through October, while the other six centers operated year-round. The eight centers operating for all of 2007-08 received an estimated 897,000 visitors. Seven of the WWCs operated under agreements with the Department of Transportation for space at the rest areas at which they were located; the City of Marinette owns the facility for that WWC. Each of the eight centers had between 0.7 and 3.0 full-time staff members, with additional limited-term employee (LTE) staff serving as support during peak hours or seasons. Total per-

manent positions authorized for the WWCs were 11.95 at the time of their closing, with LTE staffing equivalent to 7.77 full-time equivalent (FTE) employees. In 2007-08, the last full year of WWC operations, staff salaries, fringe benefits, miscellaneous supplies and LTE expenditures associated with WWCs were approximately \$896,000 GPR. Additionally, the Department expended \$464,100 on maintenance and other facilities obligations for the eight WWCs in 2007-08, resulting in total operations costs of \$1.36 million.

Tourism's biennial funding was reduced by 7.95 positions and approximately \$1.5 million under 2009 Act 28, which included \$875,400 GPR, \$43,200 PR and \$560,000 transportation SEG over the biennium. Tourism retained 4.0 positions in 2009 and reassigned them to other areas of the Department. However, 2011 Act 32 deleted 3.45 long-term vacancies in Tourism, limiting the effect of the previously retained positions.

## **Regional Tourist Information Center Grants**

To replace the WWCs, Tourism in 2009 coordinated with chambers of commerce and convention and visitors bureaus (CVBs) in communities that formerly had WWCs to establish locally administered tourist information centers (TICs). Tourism allocated \$160,000 from transportation fund SEG in 2009-10 for one-time grants to groups in and near the communities that formerly hosted WWCs, as well as one city directly. This funding was distributed as follows: (a) \$25,000 each to the busiest entry points of Kenosha, Hudson, La Crosse and Beloit; (b) \$15,000 each to Superior, Hurley, Grant County [Platteville] and Marinette. The Beloit allotment was further divided as \$24,700 to the Beloit Convention and Visitors Bureau and \$300 to the Janesville Area Convention and Visitors Bureau, while the La Crosse allotment was divided into \$18,400 for the La Crosse Area Convention and Visitors Bu-

reau and \$6,600 for the Onalaska Tourism Commission.

In 2010, most of these locations formed a consortium known as the Gateway Visitor Information Centers (GVICs). The GVIC consortium includes the City of Marinette and chambers of commerce or CVBs of Beloit, Hudson, Hurley, Kenosha, La Crosse, Onalaska, Platteville, Prairie du Chien and Superior. In addition to information centers funded under the competitive TIC grant program described below, the GVIC consortium attempted to distribute brochures and information to tourists by charging fees to destinations or attractions wishing to distribute material. Fees were intended to cover the local GVICs costs of staffing and operating its location. However, this fee system, which was not created or administered by Tourism, was abandoned by 2011 due to low support by the attractions seeking distribution of materials.

Beginning in 2010-11, 2009 Act 28 appropriates \$160,000 tribal gaming PR annually for a competitive grant program to support locally based tourism promotion organizations. This is now known as the Tourist Information Center (TIC) grant program. TICs are required to provide informational or promotional materials on area attractions, and must be in a place that a visitor to the area would be reasonably assumed to stop while traveling to a cultural or recreational destination. TICs must also track visitors and provide staffing to assist travelers. A TIC must also be likely to generate increased visitors to the region or state and make a positive economic impact in its region of two or more counties in the state. Tourism has offered grants on a semiannual basis since the program was instituted, typically with January 1 and July 1 application deadlines. Awardees for 2011-12 are shown in Appendix 2.

Both the one-time transitional funding and the TIC grants are available to cover structural expenses, including: (a) publication displays; (b) construction costs associated with expansions for

the promotional operations; (c) signage; (d) postage and shipping of publications; and (e) electronic displays. The primary difference in eligible expenditures between the grants is staffing costs, which the one-time funding did not allow but the TIC grant program does. Also, TIC grants may be for up to 50% of the grantee's eligible costs; the one-time funding did not require a recipient match. TIC grants are also capped at a maximum of \$15,000 per organization per year. Eligible grantees include municipalities, American Indian tribes or other nonprofit organizations with a purpose of promoting tourism and business in the local area or state.

### **Travel Wisconsin Welcome Centers**

In July and August, 2011, Tourism began providing marketing funds to designated GVIC locations to support the local entity's staffing and operation of a welcome center in a former WWC community. The funding was intended to re-establish a state presence in certain high-traffic areas that formerly hosted WWCs, and it had the effect of replacing the fee-based system for distributing publications that the GVICs initially instituted. Supported sites are known as Travel Wisconsin Welcome Centers (TWWCs).

In return for state funding, the sites display Tourism's [travelwisconsin.com](http://travelwisconsin.com) on materials throughout the center, including on shirts worn by staff persons. Tourism refers to the arrangement as "co-branding," in that it allows: (a) the Department to increase attention of its statewide travel planning site and to distribute statewide travel guides and directories; and (b) local tourism agencies and tourist destinations to market the area to visitors. Sites in operation as of July 1, 2012, include Beloit, Kenosha, La Crosse, Platteville, Prairie du Chien, Superior and Marinette.

Table 6 lists the TWWCs opened in 2011-12, along with marketing funding provided by Tourism and approximate visitors served for each lo-

**Table 6: Travel Wisconsin Welcome Centers**

Location	Operating Entity	2011-12 Funding	FY12 Visitors
Beloit	Visit Beloit	\$50,000	129,271
Kenosha	Kenosha Area CVB	26,346	83,424
La Crosse	La Crosse Area CVB	20,500	95,000
Marinette	City of Marinette	3,500	23,258
Platteville	Platteville Area Chamber of Comm.	3,500	10,350
Prairie du Chien	Prairie du Chien Area Chamber of Comm.	3,500	51,784
Superior	Superior and Douglas Co. Area Chamber of Comm.	<u>3,384</u>	<u>22,864</u>
Totals		\$110,730	415,951

cation. Approximately \$107,400 of the total funding listed represents what Tourism considers as the purchase of advertising space at each center for signage, travel guides and other promotional materials. This support ranges from \$3,000 each for Marinette, Platteville, Prairie du Chien and Superior to \$49,500 for Beloit. Approximately \$400 to \$500 per location, totaling \$3,300 overall, purchased apparel bearing the Travel Wisconsin Web site for each TWWC.

In addition to operational support through Tourism's co-branding program, the TWWCs operate with funding from a variety of other sources, including: (a) TIC grants; (b) general budgets of the entity; (c) other area visitors bureaus, chambers of commerce or economic development organizations; (d) room tax revenues; (e) grants from the host city or county; and (f) in-kind contributions from public and private sources. TWWCs in Beloit, Kenosha and La Crosse operate out of the former Wisconsin Welcome Center sites in Department of Transportation rest areas, and have arrangements with Transportation to do so rent-free.

TWWCs operate under several conditions on which Tourism's funding is predicated. For example, each location must operate certain hours with certain levels of trained staff. Visitors must be tracked by a method specified by Tourism. The TWWCs also display brochures and literature from tourism businesses under an approval process administered by Tourism, and must do so

at no charge both to visitors or to the distributor of the brochure. Individual business brochures must advertise for an attraction, activity or event that is not a dining, lodging or retail establishment, although approved destination guides may include dining, lodging, and retail establishments with other attractions. TWWC sites must also distribute publications from Tourism, including guides for events, activities, state parks, biking, birding and arts and crafts. TWWCs may also carry official Wisconsin highway maps or other maps, as well as directories or guides for lodging, golf courses and campgrounds, most of which are published by state trade groups for that industry. Tourism does not specify eligible or ineligible costs, as under the TIC program, as a condition of co-branding funding. The Department plans to review these funding arrangements annually, however.

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### Other Tourism Promotion Activities

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#### Film Production Tax Credits and Film Promotion

*Film Production Tax Credits.* Provisions of 2011 Act 32 transferred to Tourism, beginning with the 2011-12 fiscal year, the administration of parts of the film production services tax credit and the film production company investment tax credit under the state individual and corporate

income and franchise taxes. The credits were created by 2005 Act 483 and are currently capped at \$500,000 per fiscal year in total credits between the programs. Both credits are refundable, meaning claimants receive payment for any credits exceeding their tax liability.

Under the film production services credit, the Department's role is to accredit eligible film, television and video game productions, including determining the work's eligible production expenditures and notifying the Department of Revenue of the production's accreditation and eligible expenditures. Productions eligible for accreditation are film, video, television or advertising productions with \$50,000 or more in salary and wages in the 12-month period beginning with the month after principal filming or taping began, or electronic games with \$100,000 or more in production costs in the 36-month period beginning with the month after principal programming, filming or taping began. These criteria exclude, however, most news, talk or sports programs, awards shows, game shows, gala presentations, finished productions soliciting funds, corporate or institutional communications, or sexually explicit material. Production expenses also may not include costs of: (a) gifts to the cast or crew, including parties; (b) alcohol or tobacco; (c) distribution and marketing expenses; (d) fines or forfeitures from violations of law; (e) legal, bank or transaction fees; (f) per diems for out-of-state residents; or (g) losses or damages.

Accredited productions are eligible for credits of: (a) 25% of salaries, wages or other labor-related contracts paid in a taxable year, provided the payees were Wisconsin residents at the time, working in the state, and not earning more than \$250,000 for the production; and (b) 25% of non-wage production expenditures. Claimants are subject to other limitations, including a minimum of 35% of the production's budget being spent in Wisconsin, and items for which a production expenditure credit is claimed being sourced from

Wisconsin.

Under the film production company investment credit, Tourism must certify eligible expenses incurred in starting or operating a film production company. This certification is to be submitted with the claimant's tax return. Administrative rule Tour 4 specifies a process by which Tourism grants preliminary approval to an applicant company, and then final certification upon receipt and approval of actual incurred expenses. In general, eligible expenses are those for depreciable, tangible personal property sourced from Wisconsin and at least 50% of which is used in the film production company, or those for acquiring, constructing, rehabilitating or repairing certain real property after December 31, 2008. Claimants may receive credits up to 15% of eligible expenses in the taxable year.

By rule, for each credit Tourism must consider the likelihood of the production or company in enhancing economic development in the state, or enhancing the film and video industry in the state. Additionally, for accrediting individual productions, Tourism is to consider the likelihood that the production would not occur in Wisconsin without the possibility of tax credits, and that the production would not harm the reputation of the state.

In 2011-12, Tourism accredited one production for \$100,000 in credits and one production company investment for \$72,400 in credits. For administering the film production services credit, Tourism collects an application fee of 2% of budgeted production costs or \$500, whichever is less. In 2011-12, Tourism collected \$500 from one production application. (The application fee for the production company investment credit was received in 2010-11 by the Department of Commerce prior to its elimination, after which the accreditation responsibilities transferred to Tourism.) Tourism estimates staffing costs related to the film production credits of about \$3,400 in 2011-12.

Additional detail of the film production tax credits is provided in the Legislative Fiscal Bureau's informational paper "Corporate Income/ Franchise Tax."

*Film Promotion.* From 1987-88 through 1990-91, \$150,000 to \$165,000 GPR was appropriated each year specifically for film promotion-related activities. After 1991, general program operations monies funded the film office. 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.

Tourism's film promotion efforts aimed to increase awareness of Wisconsin as a film and production location and to position Wisconsin as a filming location. Tourism staff maintained an information clearinghouse of local Wisconsin crew, equipment and logistical services. Tourism also 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 to promote local talent and promote the state as a movie and production destination.

Funding for the film promotion office and staff was eliminated as part of 2005 Act 25. The reduction consisted of \$125,800 GPR annually and 2.0 positions. 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 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.

### **Travel Green Wisconsin**

Travel Green Wisconsin began statewide in 2007 as program to recognize and certify tourism-related businesses that voluntarily minimize their waste, energy use and overall environmental footprint.

As of July 1, 2012, Travel Green Wisconsin included 336 participants throughout the state. As a benefit of certification, participants may use the Travel Green Wisconsin logo in their promotional and marketing materials. Tourism also lists participants on the Travel Green Wisconsin program Web site, and AAA Wisconsin also acknowledges the certification in its materials.

Travel Green Wisconsin certification is administered with assistance from the Cadmus Group, a Massachusetts-based firm with offices in Madison, on a contract basis. Tourism reports Cadmus Group is responsible for reviewing applications from prospective participants and making a recommendation to Tourism on their admission to the program. Cadmus Group also establishes environmental performance benchmarks for program participants, conduct research as assigned by Tourism, inform the Department on current sustainability best practices, and provide input on marketing and brand integration. These responsibilities are also carried out with two travel writers working for Cadmus Group as sub-contractors. The cost of Tourism's contract with Cadmus Group is \$40,000 annually.

Newly participating businesses pay an initial certification fee of \$95, with biennial renewals incurring a flat fee of \$75. Tourism collections in 2011-12 were \$22,300.

The Department offers compliance assistance to organizations found to be deficient in meeting their environmental commitments, although Tourism reports complaints in the program are

rare. Businesses consistently failing to meet commitments are subject to decertification.

### Regional Tourism Specialists

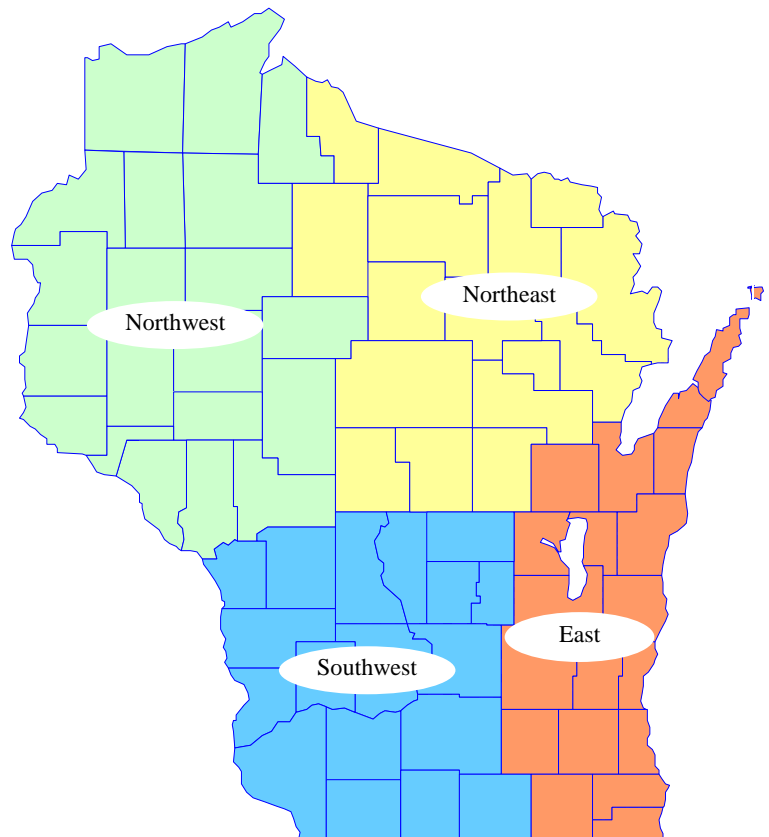
The Department of Tourism has four tourism specialists located in regions throughout the state to assist local areas in growing their tourism economies. The specialists generally inventory an area's tourism resources, evaluate the marketing potential of the area and ultimately recommend a development strategy that local officials and businesses can implement. The specialists also: (a) inform local organizations of other resources available through the Department's grant, marketing and advertising programs; (b) identify assistance available from private sources or other state and federal agencies; and (c) assist businesses in finding resources that may be needed for expansions.

The specialists work from Mercer (Northeast), Hazel Green (Southwest), and Genoa City (Southeast). A specialist for the Northwest region is planned to be based in the Chippewa Falls area by late 2012. Figure 1 illustrates the areas of the state covered by each specialist.

### Wisconsin Governor's Conference on Tourism

The Governor's Conference on Tourism (WIGCOT) is an annual event arranged to bring national experts on tourism to Wisconsin to educate in-state tourism businesses and organizations. The event is generally several days long and structured as multiple seminars and workshops for participants.

**Figure 1: Program Areas for Regional Tourism Specialists**



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### Other Departmental Responsibilities

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The Department of Tourism currently has oversight for budgeting of two independent boards, the Kickapoo Management Reserve Board and the Wisconsin Arts Board. Additionally, the Department has several agencies attached for limited administrative purposes.

### Kickapoo Reserve Management Board

Tourism has administered the Kickapoo Valley Reserve since 1996. The Kickapoo Valley Reserve comprises 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 around 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 stipulates 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 providing personnel, payroll, budget, fiscal and accounting services to the Board. The Department also is responsible for approving changes to the boundaries of the Reserve that may occur as a result of the Board's purchase of additional lands, purchases of development rights, or land transfers.

The Board is appropriated \$776,300 SEG and 3.0 positions in 2012-13 from the forestry account of the conservation fund. In addition, the Board is authorized expenditures of \$160,500 PR and 1.0 education coordinator from revenues generated by the Reserve, which the Board uses primarily for maintenance and park improvement expenditures and other recreational and educational programming for the public and area schools. Sources of this program revenue include use and camping fees, event and permit fees, agricultural lease revenue, timber harvest revenue and other miscellaneous revenues. Further, the Board is appropriated \$30,100 from tribal gaming revenues for law enforcement services.

Of the forestry SEG budgeted for 2012-13, a portion is for annual aids in lieu of property taxes

made to the local taxing jurisdictions. These aids are intended to compensate local municipalities and school districts for state acreage located in their jurisdictions, as these lands are exempt from property taxation. The aids are paid from a sum-sufficient forestry account segregated appropriation. Payments in 2011-12 were \$310,800.

### **Arts Board**

The Arts Board is created as a 15-member body of gubernatorial appointees. Members have three-year terms and must be residents of the state known for their concern for the arts. The board must consist of at least two members each from the northwest, northeast, southwest and southeast areas of Wisconsin, but the statutes do not make any other requirements of appointees.

The Arts Board was transferred to Tourism under 2011 Act 32, previously having existed as an independent but administratively attached board. (Other agencies administratively attached to Tourism are discussed later.) The transfer was intended to combine agencies that some considered as having similar aims of raising awareness of and attracting visitors to cultural destinations and attractions. The Arts Board previously was attached to the Department for administrative purposes, but exercised its own control over agency matters such as budgeting and staffing. Beginning in 2011-12, however, the Arts Board is budgeted under Tourism, with budgeting and staffing carried out under the direction of the Tourism Secretary. An exception provided in Act 32 is that the Board is to continue selecting the executive secretary, who serves at the Board's pleasure.

The 2011-13 budget also reduced the Arts Board staffing and positions. The Board previously was authorized expenditures of \$3.7 million with 10.0 positions. In 2012-13, the Arts Board is budgeted \$1,546,400 with 4.0 positions, including: (a) \$746,000 GPR with 3.0 positions; (b) \$755,500 FED with 1.0 position; and (c)

\$44,900 PR. Of those amounts, \$270,000 GPR, \$231,000 FED and \$20,000 PR are appropriated for program operations. The remaining amounts of \$476,000 GPR, \$524,500 FED and \$24,900 tribal gaming PR are budgeted for grant programs.

Budget reductions under Act 32 were intended in part to reduce state funding to amounts necessary only to match federal funding provided by the National Endowment for the Arts (NEA), which is a federal requirement for the grants. However, Act 32 included \$175,700 GPR annually in the Joint Committee on Finance's reserve appropriation to allow the Arts Board to request additional state funding, up to the amount set aside, if NEA grants exceeded eligible state matches. In 2011-12, NEA grants to the Arts Board totaled \$839,800 FED, while the state's match was \$770,900, consisting of \$746,000 GPR and \$24,900 tribal gaming PR. (A PR operations appropriation of \$20,000, which the Arts Board uses only to cover costs of certain publications, is not counted as matching funding.) To match available federal funding, the Joint Committee on Finance transferred an additional \$68,900 GPR for 2011-12 under a supplemental funding request under s. 13.10 of the statutes. In 2012-13, the Arts Board has been notified its NEA grants will be \$781,300 FED, or \$10,400 more than eligible state matches budgeted at \$770,900. Board staff has budgeted \$187,000 FED for operations and \$594,300 FED for grants.

The statutes require that any recipient of a grant from the Arts Board perform a public service, as defined by the Arts Board in administrative rule and as agreed upon by the grantee in the course of awarding the grant. The Arts Board has defined public service as an activity that increases public awareness of state artists and artistic resources, such as an exhibition, a publication, a performance, an artist in residence, a lecture or demonstration, or a workshop. Also, the public activity must: (a) include a public announcement of its occurrence; (b) be in a place accessible to

persons with disabilities; and (c) relate clearly to the purpose of the grant.

*Creation and Presentation Grants.* Creation and Presentation Grants are awarded to established nonprofit arts organizations to assist with their operations or creation and presentations of arts programming. Grants are typically awarded for two years, with identical funding each year, assuming the recipient maintains eligibility and state or federal funds are available. Eligible recipients are nonprofit arts organizations, including college/university, local or tribal arts groups, which conduct artistic activities in at least the three consecutive years preceding application. Groups must have public participation in arts program planning, and must have a primary mission of creating and/or presenting artistic works or performances that benefit the general public. Organizations based on presentations and performances must present at least four performances from artists outside the presenters' communities. Recipient groups must also provide an equal match of funding for all Arts Board grants received. Eligible costs generally include those for: (a) operations; (b) the creation, presentation or acquisition of works of art or performance and exhibit spaces, excluding capital expenditures; and (c) marketing and promoting presentations and performances. Grant amounts are determined by a scoring process, and may not exceed 25% of the applicant's average operating revenue over the preceding three years. Grants must be a minimum of \$2,000 and, in 2012-13, may be a maximum of \$17,500. The Arts Board awarded \$180,300 GPR and \$530,700 FED in Creation and Presentation grants in 2011-12, and has tentatively budgeted the same amount for 2012-13.

*Creative Communities Grants.* The Creative Communities Grant program provides funding in one of three areas: (a) arts education, which provides funding to schools or community organizations that use professional artists to work with K-12 students on a short-term basis; (b) local arts,



which provides funding to community groups or local government agencies to plan and implement arts programming; and (c) folk and traditional arts, which provides funding to groups specializing in traditional artistry of tribes or ethnicities. Organizations applying to the Creation and Presentation Grant program may not apply for funding through the Creative Communities Grant. However, Creative Communities Grants include many similar eligibility requirements to Creation and Presentation Grants, including public involvement, dollar-for-dollar matches of Arts Board grants and three years of prior work in arts creation or presentation. However, the specific project to be funded may not exceed three years in age. Grants are from \$1,500 to \$6,000, not to exceed 50% of the overall project budget.

The program awarded \$118,300 GPR and \$29,600 FED in 2011-12 and has budgeted the same amounts for grants in 2012-13. These amounts include: (a) \$62,300 for grants for arts education, consisting of \$32,700 GPR and \$29,600 FED; (b) \$20,300 GPR for folk and traditional arts; and (c) \$65,300 GPR for local arts.

*Folk Arts Apprenticeship Program.* The Folk Arts Apprenticeship Program provides grants of \$3,000 to support the teaching of master artists and performers, such as musicians, singers or dancers, to apprentices. The program awarded \$24,000 FED in grants in 2011-12 and the same amount is budgeted for 2012-13 grants.

*Wisconsin Regranting Program.* The Wisconsin Regranting Program provides funding to local arts agencies and partner foundations for the groups to in turn disburse as grants throughout the state. The program is appropriated \$116,700 GPR for 2012-13.

*Arts Challenge Initiative.* The Arts Challenge Initiative awards grants to arts organizations that exceed fundraising in successive years. The program is intended to use potential additional state funding matches to promote growth in arts organ-

izations' revenues from both programming offerings and fundraising. The program has three components: (a) a general incentive program, providing matches of up to 25% of an entity's growth in revenues from one fiscal year to the next, or \$1 in incentive grants for every \$4 in revenue growth; (b) a sustaining program for entities with total income less than \$100,000, which provides equal matches for every dollar in year-over-year revenue increases, and which are a minimum of \$3,000 and a maximum of \$10,000 by statute; and (c) a minority arts organization incentive program, which also provides equal matches on every dollar in year-over-year revenue growth. The statutes require the Arts Board to set aside at least 10% of each fiscal year appropriation for the minority arts organization grants and at least 20% for the sustaining program.

The Arts Challenge Initiative has not been appropriated any funding directly since the 2008-09 fiscal year. The Arts Board continues to award grants to five minority-focused organizations in the Milwaukee area under its general appropriation for state aid for the arts, however. Grants of \$57,000 GPR were awarded in 2011-12, and the same amount is budgeted for grants in 2012-13. As the recipients are minority arts organizations, the Arts Board makes awards at a 1:1 ratio.

*Other Aids and Assistance.* For 2011-12, the Arts Board provided \$36,400 GPR funding to Arts Midwest, a regional body that promotes artists and arts programming, as well as makes grants, primarily in Illinois, Indiana, Iowa, Michigan, Minnesota, North Dakota, Ohio, South Dakota and Wisconsin. The organization is supported by the member states, the NEA and other funds donated by individuals and foundations.

The Arts Board has also budgeted the following for 2012-13: (a) \$6,300 GPR reserved for support of special arts events, and for possible redesign of the Arts Board's grant application and award processes; and (b) \$30,000 GPR for sup-

port of statewide or regional Wisconsin arts organizations that provide grants and technical assistance that complement or augment the Arts Board's programs and activities. These recipients include: (a) Portal Wisconsin, a news and promotional Web site covering Wisconsin arts, culture, history and humanities; (b) Arts Build, an assisting organization for the arts and artists in southwest Wisconsin; (c) the Milwaukee Artists Resource Network, assisting with professional development of Milwaukee-area creators across multiple disciplines; and (d) the Northwest Heritage Passage, promoting art and other products of northwest Wisconsin.

Also, the Arts Board provides technical assistance to local arts agencies, including marketing and various aspects of organizational development, such as strategic planning, fundraising, project or program evaluation, volunteer cultivation and leadership succession. The Arts Board reports it intends technical assistance to provide input on how organizations establish and grow in their communities, while grant funds provide financial means to implement these efforts.

*Inactive or Repealed Programs.* 2011 Act 32 repealed the Percent for Art Program, which, for state building projects costing more than \$250,000, required at least 0.2% of the cost of the project to be for the acquisition and display of one or more works of original, visual art. The Arts Board remains responsible for works procured under the program and continuing to be displayed. Works are to be displayed for at least 25 years, and the Arts Board is to coordinate proper maintenance with DOA and in consultation with the artist.

Further, following funding reductions under 2011 Act 32, the Arts Board determined that several grant programs funded by a combination of state and federal funds should be suspended indefinitely. These include the following programs, which are also described briefly:

- Artist and Community Collaborations, which provided funding for community organizations and local artists to jointly develop arts projects;
- Artist Fellowship Awards, which provided support funding to outstanding active artists;
- Cultural Facilities Assistance Program, which provided funding to assist new arts presenting organizations with building their capacities to present works of art in their community; and
- Phantom Art Galleries, which funded short-term displays in vacant downtown storefronts, with the intention of revitalizing downtowns as well as providing display space for local artists.

### **Attached Boards**

The Lower Wisconsin State Riverway Board and State Fair Park Board are attached to the Department of Tourism for administrative purposes. Administrative attachments allow the attached board to exercise its agency powers and responsibilities, including rule-making, operational planning and budget policy, independent of the head of the agency to which it is attached. Management functions are to be carried out under the supervision of the attached agency, however.

## APPENDIX 1

### Joint Effort Marketing Grants (2011-12 Awards)

<b>Event Name</b>	<b>Event Type</b>	<b>Amount</b>	<b>Counties</b>	<b>Organizer</b>
Abby/Colby Rural Fest	New Event - Year 1	\$6,754	Clark	Abbotsford Colby Area Chamber of Commerce
Ansel Adams: Masterworks at the Paine Art Center	One-Time/One-of-a-Kind	28,250	Winnebago	Paine Art Center and Gardens
Big Tap Chautauqua Fest	New Event - Year 1	8,770	Bayfield	Lake Superior Big Top Chautauqua
Black River Falls Green Expo	New Event - Year 2	2,500	Jackson	Green Life Xpo
Cambridge Civil War Days	Existing Event - Year 1	9,000	Dane	Cambridge Chamber of Commerce
Columbus Horse and Carriage Festival	Existing Event - Year 1	29,837	Columbia	Hickory Knoll Fund
Coon Creek Trout Festival	New Event - Year 2	6,430	Vernon	Trout Unlimited Coulee Region
Driftless Film Festival	New Event - Year 1	24,416	Iowa	Mineral Point Opera House
Eau Claire Area Mobile Campaign	Destination Marketing - Year 2	38,700	Eau Claire	Visit Eau Claire
Flyway Film Festival	Existing Event - Year 2	17,550	Pepin	Flyway Film Festival
Fox Cities Faith-Based Meetings	Destination Marketing - Year 3	4,300	Outagamie	Fox Cities Convention and Visitors Bureau
Fox Cities: Wisconsin's Shopping Place Brand Development	Destination Marketing - Year 2	33,545	Outagamie	Fox Cities Convention and Visitors Bureau
Green Bay Film Festival	New Event - Year 2	15,903	Brown	Film Green Bay
Grow North Marketing Campaign	Destination Marketing - Year 2	39,550	Forest, Lincoln, Langlade, Oneida and Vilas	Oneida County Tourism
Hayward-Spooner Golf Tournament	New Event - Year 1	10,000	Sawyer	Hayward Area Chamber
Houdini: Art and Magic at the Madison Museum of Contemporary Art	One-Time/One-of-a-Kind	28,250	Dane	Madison Museum of Contemporary Art

<b>Event Name</b>	<b>Event Type</b>	<b>Amount</b>	<b>Counties</b>	<b>Organizer</b>
Ice Age Trail Marketing Development	Destination Marketing - Year 1	\$38,650	Barron, Burnett, Chippewa, Columbia, Dane, Door, Langlade, Lincoln, Marathon, Marquette, Milwaukee, Ozaukee, Polk, Portage, Rock, Rusk, Sauk, Sheboygan, Taylor, Walworth, Washburn, Washington, Waukesha, Waushara, and Waupaca	Ice Age Trail Alliance
Janesville Holiday Light Show	Existing Event - Year 1	15,000	Rock	Rotary Botanical Gardens
Jefferson County Marketing Development	Destination Marketing - Year 1	39,550	Jefferson	Jefferson County Economic Development Consortium
Kenosha Now Marketing Campaign	Destination Marketing - Year 3	32,567	Kenosha	Kenosha Area Convention and Visitors Bureau
Kenosha Grill Games	Existing Event - Year 1	31,000	Kenosha	Kenosha Area Chamber of Commerce
Laona Lumberjack Show	New Event - Year 1	25,000	Forest	Camp Five Museum Foundation
Leonardo da Vinci: Machines in Motion at the History Museum at the Castle	One-Time/One-of-a-Kind	28,000	Outagamie	Outagamie County Historical Society
Madison Area Sports Marketing	Destination Marketing - Year 2	33,455	Dane	Greater Madison Convention and Visitors Bureau
Madison Curling Sales Promotion	Sales Promotion - Year 1	39,500	Dane	Madison Curling Club
Mazomanie Gandy Dancer/Circus Festival	Existing Event - Year 1	18,800	Dane	Mazomanie Regional Heritage Foundation
Milwaukee Hair Expo	New Event - Year 2	8,500	Milwaukee	Wisconsin African American Women's Center
Milwaukee Winterfest	New Event - Year 1	39,500	Milwaukee	City Events
Playing Through: African-American Baseball in Dunn County at the Rassbach Heritage Museum	One-Time/One-of-a-Kind	23,000	Dunn	Dunn County Historical Society
Racine County Marketing Campaign	Destination Marketing - Year 3	39,550	Racine	Racine County Convention and Visitors Bureau
Reedsburg Fermentation Fest	New Event - Year 3	6,800	Sauk	Wormfarm Institute
River Falls Bluegrass Festival	Existing Event - Year 1	15,000	Pierce	River Falls Area Chamber of Commerce
Rock the Green	Existing Event - Year 1	25,000	Milwaukee	Rock the Green, Inc.

<b>Event Name</b>	<b>Event Type</b>	<b>Amount</b>	<b>Counties</b>	<b>Organizer</b>
Rusk and Chippewa Counties Rivers and Lakes	Destination Marketing - Year 3	\$7,700	Chippewa and Rusk	Rusk County Tourism
Schooner Coast Sales Promotion	Sales Promotion - Year 2	38,000	Manitowoc, Kewaunee, and Door	Wisconsin Maritime Museum
Shakesperience	One-Time/One-of-a-Kind	28,000	Iowa	American Players Theatre
Shawano Country Fall Art Fest	New Event - Year 2	14,858	Shawano	Shawano Country Chamber of Commerce
Spooner Canoe Fest	New Event - Year 2	6,500	Washburn	Wisconsin Canoe Heritage Museum Inc
Taking the Reins	New Event - Year 1	20,000	Dane	Midwest Horse Fair
Three Lakes Heritage Fest	New Event - Year 1	30,000	Oneida	Three Lakes Area Chamber of Commerce
Walworth County Snow Much Fun Campaign	Destination Marketing - Year 2	39,550	Walworth	Walworth County Visitors Bureau
Washburn Board Across the Bay Race and Fest	New Event - Year 1	25,000	Bayfield	Washburn Chamber of Commerce
Waterford Balloon Festival	Existing Event - Year 1	10,000	Racine	Waterford Area Chamber of Commerce
Watertown Rockman Challenge	Existing Event - Year 1	11,990	Jefferson	Watertown Challenge Association
Waupaca Blues Fest	New Event - Year 1	6,600	Waupaca	Waupaca Area Chamber of Commerce
Waupaca County Marketing Development	Destination Marketing - Year 1	34,000	Waupaca	Waupaca County Economic Development Corporation
Wausau Hockey	New Event - Year 3	16,100	Marathon	Wausau/Central Wisconsin Convention and Visitors Bureau
Winnebago County Marketing Campaign	Destination Marketing - Year 3	9,000	Winnebago	Oshkosh Convention and Visitors Bureau
Wisconsin Science Festival	Existing Event - Year 1	35,075	Dane/Statewide	Wisconsin Alumni Research Foundation
Worn to be Wild at the Harley Davidson Museum	New Event - Year 2	<u>35,000</u>	Milwaukee	Visit Milwaukee
	<b>Total</b>	<b>\$1,130,000</b>		

Note: Awards listed were made in 2011-12 and will be reimbursed mostly in 2013-13. As such, award amounts do not match JEM grant expenditures for 2011-12 shown in Table 4.

## APPENDIX 2

### Tourist Information Center Grant Awards in the 2011-13 Biennium

Organization	Site/City	July 2011	January 2012	Total 2011-12	July 2012
Fox Cities Convention and Visitors Bureau	Appleton	\$828	\$250	\$1,078	
Friends of the Center Alliance (Northern Great Lakes Visitor Ctr.)	Ashland	13,609		13,609	7,500
Beloit Convention and Visitors Bureau	Beloit	8,640	6,360	15,000	\$7,500
Chippewa Falls Chamber of Commerce	Chippewa Falls	269		269	250
Green Lake Chamber of Commerce	Green Lake		3,200	3,200	
Hurley Area Chamber of Commerce	Hurley	1,392	1,400	2,792	1,500
Kenosha Area Convention and Visitors Bureau	Kenosha	11,737	3,200	14,937	7,500
La Crosse Area Convention and Visitors Bureau	La Crosse		8,900	8,900	3,500
Rusk County Tourism	Ladysmith	4,458		4,458	
Manitowoc Area Chamber of Commerce	Manitowoc		8,000	8,000	
City of Marinette	Marinette	3,828		3,828	4,500
Visit Milwaukee	Milwaukee			0	2,250
Minocqua-Arbor Vitae-Woodruff Chamber of Commerce	Minocqua			0	7,000
Monroe Chamber of Commerce	Monroe		1,000	1,000	
Platteville Chamber of Commerce	Platteville	7,077	7,900	14,977	7,500
Prairie du Chien Area Chamber of Commerce	Prairie du Chien	6,130	8,800	14,930	7,500
Racine County Convention and Visitors Bureau	Racine	6,482	5,269	11,751	5,000
Sparta Chamber of Commerce	Sparta	3,697		3,697	
Washburn County Chamber of Commerce	Spooner	655	470	1,125	
Polk County Tourism	St. Croix Falls	6,497	8,400	14,897	6,900
Stevens Point Area Convention and Visitors Bureau	Stevens Point	3,375	3,400	6,775	4,100
Superior Douglas County Chamber of Commerce	Superior	<u>6,867</u>	<u>8,000</u>	<u>14,867</u>	<u>7,500</u>
Totals		\$85,541	\$74,549	\$160,090	\$80,000

\* Another \$80,000 is expected to be awarded in January, 2013.