



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 5, 2011

Joint Committee on Finance

Paper #631

Tourism Marketing Earmarks (Tourism)

CURRENT LAW

The statutes currently require Tourism to make five expenditures to various organizations or purposes to assist with the marketing of those entities or purposes. These earmarks include: (a) not less than \$125,000 annually for sporting activities and events, which Tourism awards to the Wisconsin Sports Development Corporation; (b) at least \$25,000 annually for state sponsorship of, and advertising during, broadcasts of the Milwaukee Symphony Orchestra; (c) at least \$200,000 biennially to the Milwaukee Public Museum (MPM) for Native American exhibits and activities; (d) at least \$200,000 annually to Native American Tourism of Wisconsin (NATOW); and (e) at least \$50,000 biennially to America's Black Holocaust Museum (ABHM) in Milwaukee. For biennial grants, Tourism typically disburses half the biennial amount each year. Grants are to be awarded from available marketing appropriations, which in 2009-11 includes tribal gaming PR and transportation fund SEG, although Tourism usually allocates tribal gaming PR for these purposes.

GOVERNOR

The bill would make no change to the earmarks. However, the administration has indicated that the bill should have changed the \$50,000 biennially for ABHM to instead be for multicultural activities in the city of Milwaukee.

DISCUSSION POINTS

America's Black Holocaust Museum

1. The administration has recommended changing the ABHM earmark because the Museum closed indefinitely in July, 2008, due to its financial condition, and it is not clear when, or

if, the Museum will reopen. Since 2008-09, Tourism has not disbursed the \$25,000 each year that would normally have gone to ABHM, instead reserving it to help meet the Department's general fund lapse requirements.

2. In addition to the ABHM earmark while the Museum was in operation, Tourism has promoted other multicultural activities with marketing funds, including funds for NATOW that are now required under that earmark. Multicultural events may also apply for joint effort marketing (JEM) grants. Also, Tourism is currently contracting with Red Brown Klé, a Milwaukee advertising firm, to market Wisconsin to certain groups including African-American, Hispanic, and Asian audiences. This marketing is typically general marketing of the state to targeted populations as opposed to site-specific advertising such as the ABHM earmark.

3. It could be argued that redirecting the earmark toward other multicultural events as recommended by the administration would re-establish the intent of the statutes. Establishing the expenditure for multicultural events would also broaden Tourism's ability to provide marketing support for a variety of activities and ethnic or cultural events in Milwaukee, whereas the current language of the earmark limited the expenditure to one facility in Milwaukee. The Committee may wish to modify the earmark as recommended by the administration [Alternative A1].

4. The earmark under current law pertains to support of an entity that portrayed African-American history and preserved historical artifacts. To maintain consistency with current law, the Committee could specify that the expenditure be required for grants for the marketing of African-American cultural or historical events in the city of Milwaukee [Alternative A2].

5. The Committee could consider specifying that Tourism expend \$50,000 biennially to conduct or contract for marketing for multicultural events and activities statewide [Alternative A3]. This alternative would be similar in structure to the required marketing of sporting activities and events. Tourism would either: (a) conduct the activities under its own annual marketing plans; or (b) enter into contracts for the promotion of multicultural activities in Wisconsin.

6. Another option to provide grants for the marketing of multicultural activities would be to require Tourism to allocate at least \$25,000 of the minimum annual JEM grant allocation for projects to market multicultural events and activities [Alternative A4]. This would allow Tourism to incorporate the grant into an existing grant program.

7. Conversely, it could be argued that because Tourism provides marketing support to other multicultural activities, and is not prohibited from doing so with its general marketing authority, the earmark is obsolete and could be eliminated. This would also provide Tourism greater discretion in determining allocations for marketing funds. The Committee could eliminate only the statutory language for the ABHM earmark [Alternative A5a], or eliminate the statutory language and reduce tribal gaming PR by \$25,000 in each year of the biennium [Alternative A5b]. Unspent tribal gaming PR is credited to the general fund, so Alternative A5b would increase the June 30, 2013, general fund balance by \$50,000.

Milwaukee Public Museum

8. Although the earmark for MPM requires the grant to be for Native American exhibits and events, the grant has been used since the 2007-09 biennium to market the Museum and multiple special exhibits rather than Native American exhibits. Initially, this change was due to a significant portion of MPM's existing Native American exhibit being closed for repairs for over one year. These exhibits have since reopened. Beginning with the exhibit closure, Tourism and MPM determined other exhibits and attractions to be marketed with the funding. Tourism argued this course constituted a better use of marketing funds than promoting partially closed exhibits or funding physical repairs. For example, since 2007-09, the earmark has funded campaigns for traveling exhibits such as "Body Worlds," "Titanic: The Artifact Exhibition," "Dead Sea Scrolls," and "Mummies of the World," all of which the Museum has hosted. Marketing plans and advertising placements are currently made by MPM in consultation with Tourism. MPM reports ads have generally been targeted to attracting visitors from northern Illinois. Tourism reimburses the Museum up to the \$200,000 biennially as the Museum is billed for its advertising costs.

9. The Committee and the Legislature approved a change in the 2009-11 budget that would have amended the MPM earmark to be for general marketing of the Museum's exhibits and activities, which would have made the statutes consistent with current practice. However, the Governor item-vetoed this provision, and the statutes retain the requirement pertaining to Native American exhibits and activities.

10. Given that the Tourism expenditure does not meet the requirements of the statute, the Committee could consider one of the following: (a) retain the Museum expenditure, but specify it be for marketing of Museum exhibits or activities, which would make the statutes consistent with current practice [Alternative B1]; (b) delete the earmark language only [Alternative B2a]; (c) delete the earmark language, and reduce tribal gaming PR amounts for marketing by \$100,000 each year [Alternative B2b]; or (d) make no change [Alternative B3]. A decrease in an appropriation for tribal gaming PR would increase the general fund balance by a corresponding amount, as all unexpended tribal gaming PR is credited to the general fund.

ALTERNATIVES

A. America's Black Holocaust Museum

1. Adopt the administration's recommendation to delete the ABHM earmark and instead to specify a grant of at least \$50,000 biennially for multicultural activities in the city of Milwaukee.

2. Delete the statutory reference to ABHM. Instead, require Tourism to make grants for the marketing of African-American cultural or historical events in the city of Milwaukee.

3. Specify that Tourism expend at least \$50,000 each biennium to conduct or contract for marketing to promote multicultural events taking place in Wisconsin.

4. Specify that of the minimum expenditure for joint effort marketing grants, Tourism make expenditures of at least \$25,000 each year to projects promoting multicultural events.

5. Delete one of the following:

- a. The statutory earmark for America’s Black Holocaust Museum;
- b. The earmark and \$25,000 tribal gaming PR each year.

ALT A5b	Change to Bill	
	Revenue	Funding
GPR	\$50,000	\$0
PR	0	- 50,000

B. Milwaukee Public Museum

1. Specify that Tourism expend at least \$200,000 biennially for promotion of exhibits and activities at the Milwaukee Public Museum. (This would make the statutes consistent with current practice.)

2. Delete one of the following:

- a. The statutory earmark for the Milwaukee Public Museum;
- b. The earmark and \$100,000 tribal gaming PR each year.

ALT B2b	Change to Bill	
	Revenue	Funding
GPR	\$200,000	\$0
PR	0	- 200,000

3. Make no change. (The MPM earmark would continue to be required for Native American exhibits and activities.)

Prepared by: Paul Ferguson