



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #692

Office of Outdoor Recreation (Tourism)

[LFB 2019-21 Budget Summary: Page 399, #4]

CURRENT LAW

The Department of Tourism is responsible for promoting Wisconsin and supporting its tourism industry. Its responsibilities include: (a) advertising the state's scenic, historic, cultural, recreational, and other attractions through digital, print, radio, and television communications; (b) providing information to prospective travelers by internet, social media, and telephone; (c) developing cooperative marketing programs with the state tourism industry; (d) administering tourism-related grants; and (e) administering development programs that assist businesses and municipalities in identifying marketable features that may attract customers.

In 2018-19, the Department is provided \$15,482,600 for tourism promotion functions, which includes \$4,333,600 in state general purpose revenues (GPR), \$9,545,500 from program revenues (PR), and \$1,603,500 from segregated (SEG) funds. Segregated funding includes \$1,591,400 from the transportation fund and \$12,100 from the parks account of the conservation fund. Expenditures from the conservation fund reflect printing costs associated with the Department's state parks visitor guide. The Department is authorized 30.0 tourism development positions, of which 26.0 are GPR-supported and 4.0 are PR-supported.

GOVERNOR

Provide 3.0 GPR positions with \$274,300 GPR in 2019-20 and \$349,000 GPR in 2020-21 to create an Office of Outdoor Recreation (OOR). Funding would be provided under the Department's general program operations appropriation.

DISCUSSION POINTS

1. Tourism contracts with Longwoods International annually to conduct research on the impacts of tourism on Wisconsin's economy. Longwoods randomly solicits survey participation each quarter from a national sample, and collected data about 4,700 overnight trips to Wisconsin in 2017, the most recently available data. Other than visiting friends and relatives (45%), outdoors (11%) was the next most commonly cited reason for overnight leisure trips in Wisconsin, followed by special events (10%), touring (8%), resorts (3%), theme parks (3%), city trips (3%) and casinos (3%). Tourism describes outdoor recreation as the top "marketable" reason for travel, as social occasions and business travel are not typically influenced by consumer choice. Additionally, the table shows the percentage of 2017 leisure trip respondents reporting participation in various activities, as compared to the national average. Underlined items in the table reflect those that could be considered primarily "outdoor recreation."

Percentage of Overnight Leisure Travelers Participating by Activity

| <u>Activity</u> | <u>Wisconsin</u> | <u>National Average</u> |
|----------------------------|------------------|-------------------------|
| Shopping | 27% | 35% |
| Swimming | 22 | 21 |
| Fine Dining | 17 | 23 |
| Landmark/Historic Site | 16 | 19 |
| Bar/Nightclub | 15 | 17 |
| <u>National/State Park</u> | 15 | 15 |
| Waterpark | 14 | 5 |
| <u>Hiking/Backpacking</u> | 14 | 11 |
| <u>Beach/Waterfront</u> | 13 | 20 |
| Casino | 12 | 14 |
| <u>Fishing</u> | 12 | 6 |
| <u>Camping</u> | 11 | 7 |
| Museum | 11 | 14 |
| Brewery | 9 | 6 |
| Theme Park | 8 | 11 |
| Fair/Exhibition/Festival | 8 | 6 |
| <u>Boating/Sailing</u> | 7 | 6 |
| Winery | 7 | 5 |
| Theater | 5 | 7 |

Note: Excludes activities for which less than 5% of Wisconsin respondents participated.

2. Tourism argues that the significant impact of outdoor recreation on Wisconsin's economy necessitates increased focus for the Department to remain competitive with other Midwestern states in its tourism promotional duties. According to information from the National Association of State Outdoor Recreation Liaison Officers, several states have formed outdoor recreation offices, task forces, councils or other bodies, including Colorado, Maryland, Michigan, Montana, North Carolina, Oregon, Utah, Vermont, Washington, and Wyoming. Each state model is generally intended to further cooperation between those entities managing or promoting public and

private outdoor resources and recreational activities.

3. The Department reports it intends for OOR to promote existing resources and strengths of the state's outdoor recreation industry, and increase awareness and participation in outdoor recreation. The Department intends for the 3.0 positions in the Office to consist of a director (program and policy chief) and two marketing and industry outreach specialists (marketing specialists). The Department expects staff to: (a) conduct market research to develop messaging and identify target groups for advertising outdoor recreational visits; (b) coordinate and collaborate with state and local government agencies, nonprofit organizations, and for-profit recreation businesses; and (c) develop and administer a marketing plan focused on outdoor recreation.

4. The Department reports generally it does not conduct separate marketing efforts focused exclusively on outdoor recreation. Instead, its promotion of outdoor recreation is combined with its general advertising of other tourist destinations and amenities. Further, Tourism reports it is unable to provide an estimate of what proportion of advertising expenditures are dedicated to outdoor recreation-focused topics.

5. Currently, Tourism employs four regional tourism specialists, which assist local areas and businesses to develop their tourism resources, including customer service training to improve customer experiences and strategic planning to identify promotion and development opportunities. Tourism reports it expects that OOR will provide similar support activities targeted at the outdoor recreation industry. However, Tourism argues that its regional tourism specialists do not have the expertise or capacity to provide the type of industry support it envisions for the outdoor recreation industry, which is why it has proposed additional staff.

6. The Department of Natural Resources (DNR) is responsible for managing and promoting the state's parks and other state-owned public lands. DNR parks regularly organize events promoting participation in outdoor recreation. DNR also maintains a website and publishes newsletters that promote public lands. Further, the Department has developed a statewide OutWiGo campaign, designed to encourage residents to be active outdoors, for health and wellness, and to increase use of public lands. While DNR programs promote outdoor recreation, including state public lands, waterway access points and safety, and recruitment and retention of hunters and anglers, Tourism argues these activities do not capture the entire industry, which includes other outdoor activities such as waterskiing, snowboarding, and boating, as well as other entities, such as private retailers and equipment renters, nonprofits, and other local and federal lands. Tourism intends for OOR to expand the breadth of these promotional activities, and argues that as the state's promotional agency, it is best poised to do so. Further, Tourism reports OOR would collaborate with DNR to further increase interest in, and visits to, state parks.

7. Although staff would conduct the activities described previously, it is not clear how many positions would be required to accomplish the proposed activities and program goals. Instead, positions provided could be considered an allocation of resources towards promotion of outdoor recreation in general, and the extent of this promotion would be commensurate with the number of positions. Given the uncertainty in establishing an office dedicated to promotion of outdoor recreation, the Committee could consider providing funding on a one-time basis during the 2019-21 biennium, with 3.0 project positions that expire June 30, 2021. This would allow the Committee an

opportunity to review the operation and results of OOR before authorizing ongoing funding and positions (Alternative 2).

8. Considering the frequent participation in outdoor recreational activities of tourists in Wisconsin, and the resulting impact on the tourism industry and state economy, the Committee could consider adopting the Governor's proposal to create an Office of Outdoor Recreation (Alternative 1). Conversely, given that DNR already spends time promoting outdoor recreation through its marketing of Wisconsin's state public lands, and other public and private organizations market other outdoors activities throughout the state, the Committee could consider taking no further action (Alternative 5).

9. Current general marketing appropriations of GPR, tribal gaming PR, and transportation fund SEG support Tourism's marketing activities and advertising budget. If the Committee wished to provide funding and positions for an Office of Outdoor Recreation, it could consider decreasing the Department's GPR marketing appropriation by an equivalent amount of funding (Alternative 3), and doing so on a one-time basis in the 2019-21 biennium (Alternative 4). This would allow the Department to focus its efforts on promotion of outdoor recreation, while also limiting the budget impact of the proposal. (Additional adjustments to the general marketing funding proposed by the Governor are discussed in a separate Tourism issue paper, entitled "Marketing Increases.")

ALTERNATIVES

1. Adopt the Governor's proposal to provide 3.0 GPR positions with \$274,300 GPR in 2019-20 and \$349,000 GPR in 2020-21 to create an Office of Outdoor Recreation within the Department of Tourism.

| ALT 1 | Change to Base | | Change to Bill | |
|-------|----------------|-----------|----------------|-----------|
| | Funding | Positions | Funding | Positions |
| GPR | \$623,300 | 3.00 | \$0 | 0.00 |

2. Modify the Governor's proposal by providing funding on a one-time basis during the biennium and specifying positions would be two-year project positions that expire June 30, 2021.

| ALT 2 | Change to Base | | Change to Bill | |
|-------|----------------|-----------|----------------|-----------|
| | Funding | Positions | Funding | Positions |
| GPR | \$623,300 | 3.00 | \$0 | 0.00 |

3. Decrease the Department's GPR marketing appropriation by \$274,300 in 2019-20 and \$349,000 in 2020-21, to reflect a reallocation of equal funding to create the proposed Office of Outdoor Recreation. (This alternative could be moved in addition to one of Alternatives 1 or 2.)

| ALT 3 | Change to | |
|--------------|------------------|-------------|
| | Base | Bill |
| GPR | \$0 | - \$623,300 |

4. Specify that the reallocation of funding from the Department's GPR marketing appropriation also be one-time in accordance with one-time funding of the Office of Outdoor Recreation. (This alternative could be moved in addition to Alternatives 2 and 3.)

5. Take no action.

| ALT 5 | Change to Base | | Change to Bill | |
|--------------|-----------------------|------------------|-----------------------|------------------|
| | Funding | Positions | Funding | Positions |
| GPR | \$0 | 0.00 | - \$623,300 | - 3.00 |

Prepared by: Rory Tikalsky