



## Legislative Fiscal Bureau

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June 1, 2023

Joint Committee on Finance

Paper #751

### Opportunity Attraction and Promotion Fund (Tourism)

[LFB 2023-25 Budget Summary: Page 614, #3]

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#### CURRENT LAW

The Department of Tourism has general statutory authority for promoting the growth of travel to and within the state. Over the past several decades, tourism promotion has expanded to include such activities as: (1) advertising the state's scenic, historic, cultural, recreational, and other attractions through digital, print, radio, and television communications; (2) developing cooperative marketing programs with the state tourism industry; (3) administering tourism-related grants; and (4) administering tourism development programs that assist businesses and municipalities in identifying marketable features that may attract customers. In many states, tourism promotion has expanded to include the hosting of events that encourage interstate and international travel, spending by visitors, media coverage, and general exposure of the host state to visitors.

Wisconsin's tourism promotion-related appropriations generally have remained within a range of \$15 million to \$17 million annually in recent biennia, with a majority of each year's funding dedicated to marketing of the state. (See Legislative Fiscal Bureau Paper #750 for a summary of Tourism funding.) Under Committee action to date, the Department is also authorized 27.0 tourism development positions, of which 26.0 are supported by general purpose revenues (GPR) and 1.0 is supported from program revenues (PR).

#### DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would provide \$20 million GPR in 2023-24 and \$10 million GPR in 2024-25 to create what would be known as an Opportunity Attraction and Promotion Fund. Funding would be provided in a new, continuing appropriation intended to support marketing, advertising, and outreach to encourage large events to be held in the state, or to secure features of the

state in television or film. The bill would direct Tourism to collaborate with the Wisconsin Economic Development Corporation (WEDC) to implement the provision. The bill would also include 1.0 permanent position with funding of \$54,800 in 2023-24 and \$69,500 in 2024-25 in Tourism's general operations appropriation to administer the program. Funding of \$10 million in 2024-25 would continue in the agency base for future biennia.

2. Tourism reports that the Opportunity Attraction and Promotion Fund would be used for the state to bid competitively for hosting rights of large-scale events and attractions, including professional and collegiate sporting events, large-scale festivals and conventions, state-centric features in television and film productions, and other events where travel into the state would encourage visitor spending and state exposure. Tourism cites the following recent events that occurred in Wisconsin and that demonstrate the scale of event Tourism would intend to bid on, or otherwise assist or pair with statewide promotions during the event: (a) major golf events, such as the Ryder Cup, which was hosted in 2021, or the U.S. Senior Open, occurring June 27 to July 2, 2023, in Stevens Point; (b) the Crossfit Games, which have been held in Madison since 2017 and are planned to continue through 2024; (c) NASCAR, IndyCar, or other motorsports races, such as those historically held at the Milwaukee Mile or Road America; (d) the National Football League Draft, of which the 2025 event was awarded to the City of Green Bay and the Green Bay Packers on May 22; and (e) the Democratic and Republican National Conventions in Milwaukee in 2020 and 2024, respectively.

3. Tourism argues that such large events could attract national and international travelers, fans, media, and other guests into the state. A large volume of visitors would be expected to increase activity for numerous vendors in the area for the duration of the events. Media outlets that follow and report on large-scale events may provide television and written exposure to the state through normal reporting, also called "earned media."

4. Tourism indicates that the Opportunity Attraction and Promotion Fund would operate in three phases: (1) first, by identifying events that are believed to be both unique in reach and frequency, ranging from major events to television shows or movies; (2) second, by bidding competitively for hosting rights of those events; and (3) third, by promoting the state, rather than the event itself, while the event is occurring, including for those events for which bid or host fees were not supported by Tourism funding. Tourism contends a substantial use of the fund would be to promote Wisconsin and its recreational, cultural, business, agricultural, and other offerings, while the large events themselves would mostly be promoted by the organizations that own or run them.

5. In providing rationale for the \$30 million in total funding, Tourism reports that the funds could be used to attract between two and four events or productions to the state each year. The Department asserts that while event managers consider many variables when selecting a host state, including hotel availability, venue spaces, and private sponsorships, Tourism contends that the state's capacity to bid competitively for events can weigh significantly in successfully recruiting large events.

6. Costs can vary widely depending on the scale and prominence of the events in question. Tourism indicates that, for example, hosting a season of a major culinary or travel television show could cost between \$1 and \$2 million, while a single episode of a television show could cost between \$50,000 and \$100,000. The Department indicates that hosting a major sporting event could cost between \$1 and \$4 million. Tourism indicates that the Department's total marketing budget does not

currently allow for the procurement of large-scale events to the state, due to the high initial costs, and the Department has declined inquiries from event planners looking for venues to host such events and productions.

7. Tourism reports that, based on an informal survey conducted of other states of event attraction and promotion, most state tourism agencies do not currently have dedicated funds for opportunity attraction and promotion. Some states, however, have committed substantial funding to such efforts. Texas and Arizona are two states that maintain funds for event support. Listings for the Texas Events Trust Funds program indicate approximately \$100 million in state funding for events in 2022. Arizona in 2022 created the Major Events Fund program with \$7.5 million each year for attractions, but state proceeds are capped at 25% of the local operating committee's expenditures. Tourism indicates that some states have considered or are considering such funds, including a \$50 million proposal in Minnesota. Tourism indicates many states or large destination marketing organizations have made state funds available when event requests have been made of them, including New Jersey, Arkansas, Virginia and Missouri.

8. It may be that state funding is warranted to assist local destination marketing organizations or other parties who seek large events and productions to be held in Wisconsin. As an example, the efforts to secure the NFL Draft in Green Bay required an agreement between the NFL and area municipalities committing public support to costs such as public works, law enforcement, fire protection, traffic management, and costs of adverse impacts on local businesses. In addition, the municipalities agreed to waive permitting fees. However, the Packers have also pledged \$1 million toward an estimated \$6 million to \$7 million total needed for support of the NFL Draft hosting. State funding could assist municipalities in offsetting certain costs related to hosting such events, to the extent they are not covered by another organizer.

9. Under AB 43/SB 70, Tourism would receive \$30 million over the biennium in a continuing appropriation and \$10 million each year thereafter as base funding. All amounts would remain in the appropriation rather than lapse to the general fund balance at the close of a fiscal year or biennium. It is conceivable that if Tourism did not expend appropriated amounts on event bidding and hosting fees or other promotion of the state, the appropriation could accumulate a considerable balance that would be unavailable for other programs supported by the general fund.

10. To initiate an Opportunity Attraction and Promotion Fund, the Committee could approve the full amount of funding included in AB 43/SB 70 [Alternative 1a]. The Committee could also consider half the suggested amount [Alternative 1b], a quarter of the suggested amount [Alternative 1c] or the amount in either year of the biennium as one-time funding to begin the program on a pilot basis [Alternatives 1d and 1e]. Funding could be provided on a one-time basis [Alternative 2]. The Committee could also provide for an Opportunity Attraction and Promotion Fund, but allocate funding in the Committee's supplemental appropriation for Tourism to request at a later date in the event the Department were to make a proposal in seeking an event [Alternative 3]. The Committee could also consider providing 1.0 position with funding of \$54,800 in 2023-24 and \$69,500 in 2024-25 as a permanent or project position [Alternative 4].

11. The Committee could also consider specifying a match requirement for expenditures that would be shared with a local operating organization or other units of government. As introduced,

the program would not include a match requirement. A match may not be appropriate in all uses of the proposed fund, such as when Tourism acquires a Wisconsin feature for a television or film production. However, for state cost-sharing programs involving other entities or individuals, state matches typically are intended to require recipients of state funding to exercise prudence in incurring costs that would be subject to state reimbursement. The Committee could consider state funding limits of 25% [Alternative 5a], 50% [Alternative 5b] or two-thirds [Alternative 5c] of costs.

12. The Committee could also consider establishing the program under WEDC, with consultation provided by Tourism [Alternative 6]. WEDC programs mostly provide assistance or tax credits to start-up businesses or those seeking certain expansions. Although the events to be sought with funding under the provision could be mostly non-recurring events, it may be appropriate to provide WEDC with funding and authority to administer the program to recruit events, while Tourism would continue marketing and promotion of the state generally, in conjunction with the attention generated by large events. The Committee could still take action on Tourism's marketing budget under other budget provisions.

13. The Committee could also take no action on funding [Alternative 7]. Some may argue Tourism's primary role in event attraction is best suited to assisting local entities in such efforts, while maintaining promotions of the state through the Department's existing marketing efforts. Also, the attractions identified in point #2 of this paper occurred without state funding used to attract these events to the state. If the Committee took no action on the proposal, the Committee could still direct funding to Tourism's existing marketing appropriations under Paper #750 for additional tourism promotion activities in the 2023-25 biennium. The Legislature could also provide additional funding in the future under separate legislation should any large events be held in the state.

**ALTERNATIVES**

1. Create a continuing appropriation for Tourism authorizing expenditures to attract major opportunities and events to the state, including major marketing and promotional efforts. Require Tourism to coordinate program duties with the Wisconsin Economic Development Corporation. Provide one of the following amounts as funding:

- a. \$20 million in 2023-24 and \$10 million in 2024-25.

ALT 1a	Change to Base
GPR	\$30,000,000

- b. \$10 million in 2023-24 and \$5 million in 2024-25.

ALT 1b	Change to Base
GPR	\$15,000,000

- c. \$5 million in 2023-24 and \$2.5 million 2024-25.

<b>ALT 1c</b>	<b>Change to Base</b>
GPR	\$7,500,000

- d. \$20 million in 2023-24.

<b>ALT 1d</b>	<b>Change to Base</b>
GPR	\$20,000,000

- e. \$10 million in 2023-24.

<b>ALT 1e</b>	<b>Change to Base</b>
GPR	\$10,000,000

- 2. Specify that the funding under Alternative 1 is one-time.

3. Specify that funding is to be placed in the Committee's supplemental appropriation. Require Tourism to request release of the funds under s. 13.10 of the statutes with a report describing the event or opportunity in question with justification of requested funding. (This alternative could be moved in addition to Alternatives 1 or 2.)

4. Authorize 1.0 position with funding of \$54,800 in 2023-24 and \$69,500 in 2024-25. (This could be moved in addition to any of Alternatives 1a through 1e.) Specify the position as:

- a. A permanent position;

<b>ALT 4a</b>	<b>Change to Base</b>	
	<b>Funding</b>	<b>Positions</b>
GPR	\$124,300	1.00

- b. A four-year project position; or

<b>ALT 4b</b>	<b>Change to Base</b>	
	<b>Funding</b>	<b>Positions</b>
GPR	\$124,300	1.00

- c. A two-year project position.

<b>ALT 4c</b>	<b>Change to Base Funding                  Positions</b>	
GPR	\$124,300	1.00

5. Require Tourism to administer the Opportunity Attraction and Promotion Fund with one of the following matches for events held in conjunction with local operating organizations or units of government:

- a. 25% of costs;
- b. 50% of costs; or
- c. Two-thirds of costs.

6. In addition to any of the alternatives selected, provide funding to the Wisconsin Economic Development Corporation, and authorize WEDC to administer a program to attract major opportunities and events to the state. Require WEDC to consult with Tourism to implement the program.

7. Take no action.

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