



**ARIZONA STATE SENATE**  
*Forty-ninth Legislature, First Regular Session*

**PROGRAM PRESENTATION**  
Arizona Office of Tourism

Background

The Arizona Office of Tourism (AOT) promotes tourism within the state, which includes planning and developing an information campaign, advertising, exhibitions and operating a visitors' center.

Specific AOT programs include:

***Advertising:*** In FY 2008-2009, AOT focused on the development of a fully integrated marketing plan, including strategies and tactics for all AOT campaigns to grow the state's tourism industry.

***Arizona Tourism University:*** Conducts free workshops to assist Arizona's communities and tribal entities with their tourism development and marketing efforts.

***Native American Tourism Development:*** Supports Native American communities and cultural heritage tourism, which includes the Native American experience.

***Trade Shows and Sales Missions:*** The Media Relations and Travel Industry Marketing divisions organize and attend several trade shows and media events on behalf of AOT.

***International Marketing:*** Markets Arizona as a tourism destination in Canada, France, Germany, Japan, Mexico and the United Kingdom.

***Cooperative Opportunities:*** Cooperative advertising opportunities for AOT tourism partners to increase exposure in a cost effective manner.

***Visitor Services:*** Programs are designed to increase the awareness of Arizona's diverse attractions and amenities by providing education, training and technical assistance to communities, destination marketing organizations and local visitor information centers.

***Arizona Council for Enhancing Recreation and Tourism:*** Encourages federal, state, universities and not-for-profit organizations to work collaboratively to advance the public's awareness of tourism and recreation opportunities on public lands and in rural and tribal areas of the state.

***Grant Programs:*** AOT has the following three tourism related marketing grant programs: 1) the Rural Tourism Development Grant Program (RTDGP) provides funding for economic development projects related to tourism in rural communities; 2) the Teamwork for Effective Arizona Marketing Grant (TEAM) provides matching advertising and marketing

PROGRAM PRESENTATION

Arizona Office of Tourism

Page 2

oriented funds for destination marketing organizations, tribal entities and statewide tourism associations; and 3) the Proposition 302 Maricopa County Grant (Prop. 302 Maricopa Co.) provides funding for new tourism marketing activities for county destination marketing organizations.

Fiscal Information

The AOT budget is based on a transfer from the state General Fund (GF) to the Tourism Fund (TF) of 3.5 percent of the gross revenues from bed taxes, 3 percent of the gross revenues from amusement taxes and 2 percent of the gross revenues from restaurant taxes collected during the previous fiscal year (A.R.S. § 42-5029).

AOT also receives monies from the Sports and Tourism Authority, which promotes tourism in Maricopa County, and Tribal Gaming (A.R.S. § 41-2306). See table below for fund sources and revenues.

<b>Table 1 (JLBC)</b>					
<b>Office of Tourism Revenues</b>					
<u>Sources of Funding</u>	<u>Fund</u>	<u>FY 2008 Amount</u>	<u>FY 2009 Amount</u>	<u>FY 2010 Amount</u>	
<u>Tourism Formula</u>					
• 3.5% of bed tax	General Fund	\$4,480,700	\$ 4,625,700	\$ 4,607,200	
• 3% of amusement tax		1,699,600	1,717,400	1,809,800	
• 2% of restaurant tax		9,270,400	9,653,300	9,580,100	
• Statewide Adjustments		0	700	0	
• Lump Sum Reduction		<u>(1,010,100)</u>	<u>(1,600,000)</u>	<u>(1,600,000)</u>	
Subtotal from Tourism Formula		14,440,600	14,397,100	14,397,100	
<u>Sports and Tourism Authority</u>					
• Partial allocation of 1% of bed tax and 3.25% car rental tax (Laws 2000, Ch. 372)	Tourism Fund	5,382,700	5,651,900	5,934,400	
<u>Tribal Gaming</u>					
• 8% of state's share of gaming proceeds, after distribution to Department of Gaming (Prop. 202 - 2002)	Tourism Fund	<u>6,845,200</u>	<u>6,539,600</u>	<u>7,039,300</u>	
<b>Total</b>		<b>\$26,668,500</b>	<b>\$26,588,600</b>	<b>\$27,370,800</b>	

***FY 2008-2009 Grant Funding***

AOT awarded \$462,635 in RTDGP matching funds to 12 organizations and communities and \$1,100,000 in TEAM matching funds to 50 organizations and communities.

Prop. 302 Maricopa Co. grant funding is continuously appropriated to AOT from a tax on rental cars and accommodations within Maricopa County (A.R.S. § 41-2306).

PROGRAM PRESENTATION

Arizona Office of Tourism

Page 3

FY 2008-2009 Budget Action

- 1) Swept \$200,000 from the TF to the GF.
- 2) Reduced appropriations of \$100,600 for personnel expenses from the state GF.

Prepared by Senate Research

February 9, 2009

GK/jas