

Director: Margie Emmermann

JLBC Analyst: Brian Schmitz

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	28.0	25.0	25.0 ^{1/}
Personal Services	623,900	565,900	565,900
Employee Related Expenditures	102,900	130,900	98,900
Professional and Outside Services	299,900	0	0
Travel - In State	12,300	5,300	5,300
Travel - Out of State	26,700	0	0
Other Operating Expenditures	1,307,700	1,102,700	1,130,600
Equipment	20,600	4,700	4,700
OPERATING SUBTOTAL	2,394,000	1,809,500	1,805,400
SPECIAL LINE ITEMS			
Maricopa County Tourism Promotion	3,828,700	2,000,000	0 ^{2/}
Media Advertising	4,132,800	4,949,100	4,961,300
Media Communication	766,200	402,000	401,100
Research and Data Repository	505,900	35,700	35,900
Travel Counseling and Direct Marketing	1,010,000	954,800	954,800
Travel Industry Marketing	1,363,100	850,000	841,500
AGENCY TOTAL	14,000,700	11,001,100	9,000,000 ^{3/4/5/}
FUND SOURCES			
General Fund	10,172,000	9,001,100	9,000,000
<u>Other Appropriated Funds</u>			
Tourism Fund	3,828,700	2,000,000	0 ^{2/}
SUBTOTAL - Other Appropriated Funds	3,828,700	2,000,000	0
AGENCY TOTAL	14,000,700	11,001,100	9,000,000

AGENCY DESCRIPTION — *The office is responsible for promoting tourism within the state, which includes planning and developing an information campaign, advertising, exhibitions, and operating a visitors' center. The funding for this agency is provided by a formula that transfers 3.5% of bed taxes, 3% of amusement taxes, and 2% of restaurant taxes collected in the prior year from the General Fund to the Tourism Fund. The agency also receives a transfer from the Tourism and Sports Authority (TSA).*

	FY 2002 Appropriation	FY 2002 Actual	FY 2003 Appropriation	FY 2004 Appropriation
PERFORMANCE MEASURES				
• Number of domestic tourists (millions)	26.3	27.1	27.1	27.1
• Number of requests for travel materials	500,000	287,200	500,000	500,000
• Advertising cost per inquiry for travel materials	\$8.00	\$8.01	\$8.00	\$8.00
• Visitors at the welcome center	115,000	102,200	118,000	118,000
• Customer satisfaction rating for travel kits program (Scale 1-8)	6.0	NA	6.0	6.0
• Administration as a % of total cost	4.4	4.8	4.4	10

Comments: The agency did not submit information for any measure labeled as "NA." The agency reports that the number of requests for travel materials in FY 2002 was down due to the tourism slowdown following September 11 and due to more people choosing to use the Office of Tourism's web site rather than ordering visitor guides.

1/ Includes 13 FTE Positions funded from Special Line Items in FY 2004.

2/ Beginning in FY 2004, the Tourism Fund is non-appropriated. The Tourism Fund is the fund source for the Maricopa County Tourism Promotion Special Line Item. Since the fund is now non-appropriated, expenditures from the fund are not displayed here.

3/ Notwithstanding A.R.S. § 41-2306 and A.R.S. § 42-5029, or any other law, the appropriation from the State General Fund to the Tourism Fund shall not exceed \$9,000,000 in FY 2004. (General Appropriation Act footnote)

4/ All monies deposited into the Tourism Fund by legislative appropriation, or by transfer from the Tourism and Sports Authority under the provisions of A.R.S. § 5-835, are appropriated for use by the Office of Tourism in FY 2004. (General Appropriation Act footnote)

5/ General Appropriation Act funds are appropriated as a Lump Sum by Agency.

Formula Funding — The approved amount represents a \$(2,098,600) General Fund reduction from the amount that would have been provided under an existing statutory funding formula. A.R.S. § 42-5029 provides for an Office of Tourism budget that is based on 3.5% of bed taxes, 3% of amusement taxes, and 2% of restaurant taxes from the previous year. The formula would have provided an estimated total of \$11,098,600 from the General Fund in FY 2004. A budget footnote, however, temporarily suspended the formula allocation in favor of a fixed appropriation of \$9,000,000 for FY 2004.

Technical Adjustments — The FY 2004 approved amount includes technical adjustments for Employee Related Expenditures, Risk Management charges, and lease-purchase rent charges. *(Please see the General Provisions section at the end of this Appropriations Report for further details on these changes.)*

Special Line Items

Maricopa County Tourism Promotion — Monies in this line item represent transfers from the Tourism and Sports Authority (TSA) for use on tourism promotion in Maricopa County. The funds are expended as grants to various tourism organizations in Maricopa County and are not directly administered by the Office of Tourism.

Maricopa County voters in November 2000 approved Proposition 302, the TSA initiative. The initiative provides for a 1% increase in the bed tax rate, and a 3.25% increase in the car rental tax to fund a variety of projects, including additional funding for tourism promotion in Maricopa County. The Proposition designated \$4,000,000 of the additional tax collections to be used on Maricopa County tourism promotion in FY 2002. This amount is required by the same law to annually grow by 5% in each subsequent year. In FY 2004, the TSA will transfer \$4,410,000 to the Office of Tourism for Maricopa County tourism promotion. This line item is non-appropriated beginning in FY 2004, and for this reason the line item's FY 2004 expenditures are not displayed in the number table on the previous page.

Media Advertising — Monies in this line item are used for paid media placements in targeted markets to promote Arizona as a unique travel destination. The approved amount is unchanged from FY 2003 except for technical adjustments. The line item includes 6 General Fund FTE Positions.

Media Communication — Monies in this line item support the development of media publicity through magazine and newspaper articles, and through broadcast programs. The approved amount is unchanged from FY 2003 except for technical adjustments. The line item includes 3 General Fund FTE Positions.

Research and Data Repository — Monies in this line item allow the Office of Tourism to manage all state tourism data and conduct research when necessary. The approved amount is unchanged from FY 2003 except for technical adjustments. The line item includes 1 General Fund FTE Position.

Travel Counseling and Direct Marketing — Monies in this line item support a toll-free phone line and the distribution of various travel materials. The approved amount is unchanged from FY 2003.

Travel Industry Marketing — Monies in this line item promote Arizona to domestic and international travel agents. The approved amount is unchanged from FY 2003 except for technical adjustments. The line item includes 3 General Fund FTE Positions.

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