

# Senate Ways and Means Committee

*Sonja Caldwell 271-2117*

**SB 63-FN**, relative to funding for the division of travel and tourism.

**Hearing Date:** February 5, 2025

**Members of the Committee Present:** Senators Lang, Murphy, Sullivan and Fenton

**Members of the Committee Absent :** Senator Rosenwald

**Bill Analysis:** This bill raises funds for the division of travel and tourism through from the meals and rooms tax.

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**Sponsors:**

Sen. Lang

Sen. Gannon

Sen. Pearl

Sen. Reardon

Sen. Birdsell

Sen. Innis

Sen. Watters

Sen. Perkins Kwoka

Rep. Moffett

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**Who supports the bill:** Sen. Lang, Charyl Reardon (White Mountains Attractions Assoc.), Tom Prasol (NH Retail Assoc.), Natch Greyes (BIA), Jessica Keeler (Ski NH), Rebecca Metcalf (NH Travel Council), Mike Somers (NH Lodging & Restaurant Assoc.), Sen. Innis, Janet Lucas, Daniel Richardson, Sen. Reardon, Sen. Gannon

**Who opposes the bill:** No one

**Who is neutral on the bill:** Chase Hagaman (BEA), Kathy Fredericksen (BEA)

**Summary of testimony presented:**

**Senator Lang**

- This bill is basically a fix for a change made a couple years ago to the way the rooms and meals tax is dealt with and how funds are allocated and distributed.
- A couple years ago the municipal revenue fund was created. This fund allows the portion of rooms and meals tax that goes to municipalities to be transferred in.
- The original law stated that the other part of that revenue share was that 3.15% of the net revenue generated would be allocated to funding Travel and Tourism, with the goal of promoting the state and attracting visitors. It has been wildly successful.
- However, when the municipal fund was created, the formula was adjusted and instead of taking the 3.15% out of all of the money generated by rooms and

meals tax, they removed the municipal piece first and then calculated the 3.15%. This has resulted in a drastic decrease in revenue to the Tourism Division.

- This bill seeks to fix this problem and put it back to the way it was and give the Tourism Division that 3.15% off the top. What is left over from that will be distributed to municipalities and the other places the money has to go.
- The rooms and meals tax revenue has been steadily increasing, and the goal is to keep it that way. To do that, it's necessary to give the BEA and the Tourism Division the money they need to bring tourists into the state.

### **Charyl Reardon – President of The White Mountains Attractions Association**

- Ms. Reardon spoke on behalf of the tourism industry of NH, a vital sector that employs over 70,000 individuals.
- Ms. Reardon stressed the industry's strong support of SB 63 which seeks to reverse the modification to the calculation of the meals and rooms tax revenue that determines the budget for the Division of Travel and Tourism.
- The current statutory formula for funding the Division of Travel and Tourism imposes a significant reduction of over 40% in marketing funds available for fiscal years 2026 and 2027.
- This reduction is based on a calculation method that jeopardizes the potential growth and sustainability of the tourism sector. By adjusting the funding calculation to occur before the transfer to the municipal revenue fund instead of after, central funding levels that support strong and successful tourism marketing efforts can be restored starting in fiscal year 2028.
- Research conducted by the state's travel and tourism office has shown that every dollar spent on tourism and marketing yields a double-digit return on investment; as much as \$17 in recent years.
- This return-on-investment illustrates the efficiency and effectiveness of the state's tourism marketing as a crucial tool for attracting visitors. By restoring and safeguarding funding for these initiatives, SB63 will enable the Division of Travel and Tourism Division to continue promoting NH's unique attractions, outdoor recreation, tax free shopping, and locally crafted products.
- Although favorable weather was experienced last year some areas have seen a slow down in visitation. The industry is not immune to economic fluctuations. The current report of increases in meals and rooms tax revenue of 4% is attributed not only to visitation numbers, but also to businesses adjusting their prices to manage rising operational costs.
- A cut in marketing funds at this delicate time would undermine the Travel and Tourism Division and the industry's efforts to attract tourists. This would be counterproductive to the economic wellbeing of New Hampshire and the

financial support for other public services that are subsidized by the states operating budget.

- The proposed change in SB 63 is not just a fiscal adjustment, it's a necessary action to ensure the continued growth and success of the tourism industry.
- The WMAA urges the committee to support SB 63 and help protect an industry vital to the economy.

**Natch Greyes - Business and Industry Association:**

- The BIA supports this legislation.
- Every dollar spent on the travel and tourism budget ends up yielding about \$17 in return for the state in economic activity.
- There's a direct line between how well their members do in the tourism side of things and revenue collected by the state through the business enterprise tax, business profits tax, and rooms and meals tax.
- The more that can be done for this budget the better the state ends up economically.

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Date Hearing Report completed: February 6, 2025