



DATE: February 21, 2019
TO: Commerce Committee
FROM: Jeff Shaw, Senior Director of Public Policy & Advocacy, The Alliance
RE: H.B. No. 6360, AN ACT ESTABLISHING AN ANNUAL TOURISM INCENTIVE GRANT

Good morning Senator Hartley, Representative Simmons, Senator Martin, Representative Cummings and members of the Commerce Committee:

My name is Jeff Shaw, Senior Director of Public Policy & Advocacy, of the Connecticut Community Nonprofit Alliance (The Alliance). The Alliance is the statewide advocacy organization representing nonprofits, with a membership of more than 300 community organizations and associations. Nonprofits deliver essential services to more than half a million people each year and employ almost 14% of Connecticut's workforce.

The Alliance opposes H.B. No. 6360, An Act Establishing an Annual Tourism Incentive Grant. The proposed legislation seeks to give a city or town a dedicated percentage of any increase in the hotel/lodging tax based on increased tourism. While the intent of the bill is to keep revenue in the local municipality in which it was earned, the proposal will divert money away from important arts and cultural programs that attract visitors and boost local economies. It is also unclear how that data would be tracked.

The "Tourism Fund" was established in Public Act 17-2 as a way to create a dedicated revenue to support arts, cultural and tourism programs, all of which have faced ongoing, significant state budget cuts. The hotel/lodging tax is expected to collect \$130 million annually, with 25% (\$32 million) dedicated to arts, culture and tourism programs via the Tourism Fund. This proposal would intercept dollars intended to go to programs that make our communities vibrant, promote our history, feature our cultural identity and enrich our lives.

As municipalities seek economic development initiatives and new revenue, arts and cultural institutions should be viewed as a key strategic partner. The arts and cultural community generates \$797 million in annual economic activity, supports over 23,000 jobs and provides \$72 million in local and state tax revenue. Research shows a \$7 to \$1 return on investment of funding for arts and cultural programs (greater than the ROI on tourism, which is \$3 to \$1).

Arts and cultural initiatives lead to vibrant downtowns, support innovation and creativity and provide a quality of life that can attract businesses and families to live, work and play. Diverting funding away from these programs does not make sense.

Please take no action on this bill.

Thank you for your time and consideration.