

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Approved By JLCB**

DEPARTMENT: Culture, Recreation & Tourism

AGENDA NO.: 13

AGENCY: Tourism

ANALYST: Monique Appearing

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Administrative	\$0	0
Interagency Transfers:	\$0	Marketing	\$1,610,000	0
Self-Generated Revenue:	\$2,000,000	Welcome Centers	\$390,000	0
Statutory Dedications:	\$0			
Federal Funds:	\$0			
Total	<u>\$2,000,000</u>	Total	<u>\$2,000,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA-7 request is to increase the Fees & Self-generated budget authority by \$2 M for the Department of Culture Recreation and Tourism, Office of Tourism. The revenue source is Louisiana Tourism Promotion District (LTPD). On June 26, 2018, the Revenue Estimating Conference (REC) Official Forecast increased the revenue forecast of LTPD by \$3 M, from \$26.2 M to \$29.2 M. This BA-7 requests \$2 M for expenditures outlined below.

NOTE: The revenue estimate recommendations presented by the state's economists to the REC on November 27th and December 10th, if adopted would have lowered the LTPD forecast by \$3 M (DOA) or \$6 M (LFO). While there is a potential that current year revenues may not fully cover the \$2 M in the BA-7 request, there is a sufficient fund balance to draw funds if the current revenue forecast is not realized.

REVENUE

LTPD was created as a special taxing district by Act 1038 of 1990 to promote and develop tourism in Louisiana. The District is a political subdivision of the state with the authority to levy and collect a 3/100 of 1% sales and use tax on retail sales of personal property and services subject to Revised Statute 47:331 (Imposition of Tax).

Historical Beginning Balances of LTPD

- FY 19 beginning balance was \$9 M
- FY 18 beginning balance was \$6.6 M (Currently recognized in June 26, 2018, REC Official Forecast)
- FY 17 beginning balance was \$3.8 M
- FY 16 beginning balance was \$3.9 M
- FY 15 beginning balance was \$2.9 M

EXPENDITURES

The \$2 M increase provides for the following:

1) Welcome Center Upgrades - \$390,000 - provides for interactive kiosks and guest book, social media and video wall, platform (Content Management System) extensions and mobile apps for the Slidell, New Orleans and Mound locations. Currently one welcome center (Vinton) has these types of updates. This funding provides enhancements and upgrades at three (3) additional welcome centers to offer digital options to get information to visitors. NOTE: there are currently 10 welcome centers, including the Vinton welcome center that are open statewide.

2) International Marketing - \$770,000 - provides for increased marketing efforts in Canada, France, United Kingdom, Germany, China, and Japan through billboards, digital ads, video screens, print ads, tour operator coops, travel agent training, and taxi/bus wraps. This will occur through Brand USA, the commerce department's international tourism marketing agency, as well as the Louisiana Office of Tourism's official advertising agencies. Additional plans are to investigate entering the Australian market. In FY 18 the agency expended \$554,775 with Brand USA and in FY 17 \$245,225. In FY 19, the agency has approved two work orders that total \$887,000. Brand USA is a non-profit, private partnership dedicated to increasing inbound international travel to the United States. Established by the Travel Promotion Act of 2009 as the nation's first public-private partnership to spearhead a globally coordinated marketing effort to promote the United States as a premier travel destination and communicate U.S. entry policies.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Approved By JLCB**

- 3) Spring Advertising Campaign - \$600,000 - provides funding for advertising in existing and new markets with additional print and digital ad buys as well as cable. In the current budget, \$2.3 M is budgeted for the Spring Advertising Campaign. This will increase the budget to \$2.9 M. In FY 17 and FY 18 \$1.75 M was expended annually.
- 4) Clicktivated - \$90,000 - provides funding for a customized on-demand interactive video like a chef preparing a meal on LouisianaTravel.com that could provide the recipe or the restaurant. In FY 18, the agency tested this new technology at a cost of \$60,000 to evaluate its worth.
- 5) Pop-Up Kiosks - \$150,000 - provides for three (3) branded Louisiana pop-tents that will have digital assets to allow visitors to sign-up for the Louisiana Bayou Krewe program and LouisianaTravel.com newsletters. In FY 17 funding was provided for one Kiosk. The additional Kiosks will expand the agency's reach and brand awareness at promotional events.

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have a negligible impact on future fiscal years that is primarily associated with the updates at the three (3) Welcome Centers for ongoing maintenance fees as a result of the technology updates. It is estimated to cost not more than \$15,000 to cover equipment failures, software updates, and other operational elements. While the agency plans a spring campaign each year, these requested funds are for designated one time expenditures.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.

**LEGISLATIVE FISCAL OFFICE
ANALYSIS OF BA-7 REQUEST
Approved By JLCB**

DEPARTMENT: Natural Resources

AGENDA NO.: 16

AGENCY: Office of Secretary

ANALYST: Willis Brewer

<u>Means of Financing</u>		<u>Expenditures by Program</u>		<u>T. O.</u>
State General Fund:	\$0	Executive	\$3,000,000	0
Interagency Transfers:	\$0	Management & Finance	\$0	0
Self-Generated Revenue:	\$0	Technology Assessment	\$0	0
Statutory Dedications:	\$3,000,000	Atchafalaya Basin	\$0	0
Federal Funds:	\$0	Auxiliary Account	\$0	0
Total	<u>\$3,000,000</u>	Total	<u>\$3,000,000</u>	<u>0</u>

I. SUMMARY/COMMENTS

The purpose of this BA7 request is to provide \$3 M Statutory Dedications out of the Oilfield Site Restoration Fund to plug and abandon six (6) high priority wells and a potential four (4) emergency wells in FY 19. Department of Natural Resources (DNR) is currently budgeted to restore 178 orphaned well sites during FY 19 and 40 of these are identified as urgent and high priority.

Contracts include the following:

Poole Field (\$150,000) to plug one high priority well in Bossier Parish; Breton Sound (\$350,000) to plug one high priority well in Plaquemines Parish; Valentine Field (\$250,000) to plug one high priority well in Lafourche Parish; and South Timbalier Block 8 (\$1,250,000) to plug three high priority wells in Terrebonne Parish, remove the associated facilities, and restore the site. The final \$1 M in budget authority is for financial security and emergency funding for projects that may arise due to unforeseen events during the fiscal year that would require immediate attention. Based on an average cost to plug a well (\$250,000), these funds would be able to plug four high priority wells.

II. IMPACT ON FUTURE FISCAL YEARS

Approval of this BA-7 request will have no impact on future fiscal years.

III. LEGISLATIVE FISCAL OFFICE RECOMMENDATION

The Legislative Fiscal Office recommends approval of this BA-7 request.