



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
STATE**

FISCAL YEAR

2014 - 2015

NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Education Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Adrian G. Crook. The background paper entitled "State Funded Tourism Marketing and Promotion Following a Disaster" was co-authored by Amy Denholtz and Matthew Diton.

Questions or comments may be directed to the OLS Education Section (609-847-3850) or the Legislative Budget and Finance Office (609-847-3105).

DEPARTMENT OF STATE

Budget Pages..... C-6; C-15; C-23; C-25; D-285 to D-342

Fiscal Summary (\$000)

	Expended FY 2013	Adjusted Appropriation FY 2014	Recommended FY 2015	Percent Change 2014-15
State Budgeted	\$1,174,378	\$1,252,629	\$1,260,781	.7%
Federal Funds	26,575	27,612	27,079	(1.9%)
<u>Other</u>	<u>17,404</u>	<u>15,524</u>	<u>16,464</u>	<u>6.1%</u>
Grand Total	\$1,218,357	\$1,295,765	\$1,304,324	.7%

Personnel Summary - Positions By Funding Source

	Actual FY 2013	Revised FY2014	Funded FY 2015	Percent Change 2014-15
State	233	239	244	2.1%
Federal	194	187	198	5.9%
Other	9	9	12	33.3%
<u>Colleges & Univ's.*</u>	<u>22,675</u>	<u>22,675</u>	<u>22,675</u>	—
Total Positions	23,111	23,110	23,129	.1%

FY 2013 (as of December) and revised FY 2014 (as of January) personnel data reflect actual payroll counts. FY 2015 data reflect the number of positions funded.

*Position data is displayed as "State-funded" positions for the three years and includes positions associated with University Hospital.

Note: In order to be consistent with the data as it is displayed in the Governor's budget, the funding data that are budgeted in the Department of State for Higher Education Services are included in the above tables. Other explanatory material is not included in this analysis but is contained in a separate analysis of "Higher Educational Services."

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

Highlights

- The Governor's FY 2015 Budget Recommendation for the Department of State, excluding Higher Educational Services, totals \$63.3 million, a decrease of \$27 million (30 percent) from the FY 2014 adjusted appropriation of \$90.3 million. The \$27 million decrease in funding for the department in FY 2015 is entirely attributable to two factors: (1) a FY 2014 supplemental appropriation of \$26 million in State Aid to the Division of Elections for costs associated with holding the New Jersey Special Election for United States Senate to fill the remainder of the term vacated with the passing of five-term Senator Frank Lautenberg; and (2) the elimination of \$1 million in Grants-In-Aid funding for the Newark Museum.
- **Division of State Library:** State Aid appropriations for the Division of State Library for Per Capita Library Aid and for the Library Network are maintained at FY 2014 levels of \$3.7 million and \$4.3 million, respectively. Per Capita Library Aid provides financial assistance to approximately 300 libraries with the intent of ensuring the libraries are funded at a level that enables them to meet certain minimum standards, including requirements regarding hours of operation, number of staff, and materials. Library Network aid promotes cooperation among the libraries in New Jersey and ensures the State's residents have full access to library materials and programs not currently available in their communities.
- **Museum Services:** The Newark Museum received a FY 2014 adjusted appropriation of \$1 million in Grants-In-Aid funding but is not recommended to receive similar funding in FY 2015. The FY 2014 funding was used to support the overall operating budget and was not earmarked for specific programs or services. The Newark Museum is eligible to compete for grant support through the State Council on the Arts, the New Jersey Historical Commission, and the Cultural Trust.
- Grants-In-Aid appropriations for support of the arts, allocated through the **State Council on the Arts**, and for the development of historical resources, allocated through the **New Jersey Historical Commission**, are maintained at the FY 2014 levels of \$16 million and \$2.7 million, respectively.
- **Office of the Secretary of State:** Grants-In-Aid funding for the Office of Programs (\$1.35 million), the Center for Hispanic Policy, Research and Development (\$1.18 million), and the Cultural Trust (\$500,000) are all maintained at their FY 2014 levels. In addition to the center, the Office of Programs includes the Governor's Office of Volunteerism, the New Jersey Commission on National and Community Service, the Office of Faith-Based Initiatives, the New Jersey Martin Luther King, Jr. Commemorative Commission, the New Jersey Commission on American Indian Affairs, and the Cultural Heritage Commission.
- **Business Action Center:** Direct State Services funding for the Office of Economic Growth (\$1.1 million), the New Jersey Motion Picture and Television Commission (\$450,000), and the Division of Travel and Tourism (\$9 million) are all maintained at their FY 2014 levels.

Highlights (Cont'd)

- **Election Management and Coordination:** The Governor's FY 2015 Budget Recommendation of \$7 million in State Aid for Extended Polling Place Hours represents a \$26 million (78.7 percent) decrease from the FY 2014 adjusted appropriation of \$33 million. This is reflective of a projected FY 2014 supplemental appropriation of \$26 million in State Aid to the Division of Elections for costs associated with holding the New Jersey Special Election for United States Senate to fill the remainder of the term vacated with the passing of five-term Senator Frank Lautenberg. The State held the Special Primary Election on August 13, 2013 and the Special General Election on October 16, 2013.
- **State Archives:** Direct State Services funding for the State Archives is maintained at the FY 2014 level of \$841,000.

Background Paper:

- State Funded Tourism Marketing and Promotion Following a Disaster.....p. 8

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2013	Adj. Approp. FY 2014	Recom. FY 2015	Percent Change	
				2013-15	2014-15
General Fund					
Direct State Services	\$28,253	\$28,328	\$28,328	0.3%	0.0%
Grants-In-Aid	1,131,120	1,183,296	1,217,448	7.6%	2.9%
State Aid	15,005	41,005	15,005	0.0%	(63.4%)
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$1,174,378	\$1,252,629	\$1,260,781	7.4%	0.7%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$1,174,378	\$1,252,629	\$1,260,781	7.4%	0.7%
Federal Funds	\$26,575	\$27,612	\$27,079	1.9%	(1.9%)
Other Funds	\$17,404	\$15,524	\$16,464	(5.4%)	6.1%
Grand Total	\$1,218,357	\$1,295,765	\$1,304,324	7.1%	0.7%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2013	Revised FY 2014	Funded FY 2015	Percent Change	
				2013-15	2014-15
State	233	239	244	4.7%	2.1%
Federal	194	187	198	2.1%	5.9%
All Other	9	9	12	33.3%	33.3%
Colleges and Universities*	22,675	22,675	22,675	0.0%	0.0%
Total Positions	23,111	23,110	23,129	0.1%	0.1%

FY 2013 (as of December) and revised FY 2014 (as of January) personnel data reflect actual payroll counts. FY 2015 data reflect the number of positions funded.

*Position data is displayed as "State-funded" positions for the three years and includes positions associated with University Hospital.

AFFIRMATIVE ACTION DATA

Total Minority Percent

Office of Secretary of State	27.8%	27.4%	26.9%	---	---
Office of Secretary of Higher Ed.	44.4%	40.0%	45.5%	---	---
Higher Ed. Student Assist. Auth.	31.1%	31.5%	28.2%	---	---

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2014</u>	<u>Recomm.</u> <u>FY 2015</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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CULTURAL AND INTELLECTUAL DEVELOPMENT SERVICES

MUSEUM SERVICES
GRANTS-IN-AID

Newark Museum	\$1,000	\$0	(\$1,000)	(100.0%)	D-338
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At the initiative of the Legislature, the Newark Museum received an FY 2014 adjusted appropriation of \$1 million in Grants-In-Aid funding. According to the Office of Management and Budget (OMB), this funding was used to support the overall operating budget of the Museum and was not earmarked for specific programs or services. According to OMB, the Newark Museum is well-positioned to compete for State grants, and has regularly applied for and received grant support through the New Jersey State Council on the Arts, the New Jersey Historical Commission, and the Cultural Trust and therefore does not require additional non-competitive State funding in FY 2015.

GENERAL GOVERNMENT SERVICES

ELECTION MANAGEMENT AND COORDINATION
STATE AID

Extended Polling	\$7,030				
Place Hours	(s) \$26,000	\$7,030	(\$26,000)	(78.7%)	D-341

In FY 2014, the Division of Elections is projected to receive a supplemental appropriation of \$26 million in State Aid for Extended Polling Place Hours, of which \$12.427 million has been approved. According to the division, the supplemental appropriation is dedicated for costs associated with holding the New Jersey Special Election for United States Senate to fill the remainder of the term vacated with the passing of five-term Senator Frank Lautenberg, who passed away in June 2013. The State held the Special Primary Election on August 13, 2013 and the Special General Election on October 16, 2013. The OLS notes that State aid reimbursed counties not just for extended polling place hours, as is the case for regularly scheduled primary and general elections, but for all costs of holding the two special elections.

BUSINESS ACTION CENTER
FEDERAL FUNDS

Business Action					
Center	\$300	\$0	(\$300)	(100.0%)	D-342

In FY 2013, the Business Action Center (BAC) received an appropriation of \$650,000 in federal funding for the State Trade and Export Promotion (STEP) Pilot Grant Program. The program,

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2014</u>	<u>Recomm.</u> <u>FY 2015</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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authorized by the Small Business Jobs Act of 2010, was a three-year pilot trade and export initiative to make matching funds available to states to assist eligible small businesses. The BAC submitted an application to the federal Small Business Administration requesting \$650,000 in FY 2013 for the STEP Program; however, the actual grant received was approximately \$203,000. Based on the amount of the FY 2013 grant, the BAC requested the reduced funding amount of \$300,000 in FY 2014, which it believed was sufficient for the FY 2014 funding cycle of the STEP Program. According to the Executive branch, despite STEP being a three-year pilot program, the federal government only funded the first two years of the program, and the United States Small Business Administration is awaiting word from the United States Congress as to whether STEP funding will be appropriated for a third year. The Executive branch has indicated that the BAC will submit an application to receive additional funding if federal, year-three funding becomes available.

Significant Language Changes

Support of the Arts

Revision

2014 Handbook: p. B-160
2015 Budget: p. D-338

Of the amount hereinabove appropriated for Cultural Projects, an amount not to exceed ~~\$75,000~~ \$100,000 may be used for administrative purposes, and an amount not to exceed ~~\$125,000~~ \$150,000 may be used for the assessment and oversight of cultural projects, including administrative costs attendant to this function, in compliance with all pertinent State and federal laws and regulations including the "Single Audit Act of 1984," Pub.L. 98-502 (31 U.S.C. s.7501 et seq.), subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2014 budget language provided that, of the amount appropriated for Cultural Projects, no more than \$75,000 could be used for administrative purposes, and no more than \$125,000 could be used for the assessment and oversight of cultural projects, including pertinent administrative costs. The New Jersey State Council on the Arts provides State and federal grants to art organizations and artists in New Jersey whose projects show professional merit and promise. The council's State grant funding comes from revenue generated by the hotel and motel occupancy fee established pursuant to P.L.2003, c.114 and is distributed as cultural project grants. The FY 2015 recommended language increases by \$25,000 the funding appropriated to the council for administrative purposes, and by \$25,000 the funding for the assessment and oversight of cultural projects. The recommended \$25,000 increases for both administrative purposes, and assessment and oversight mark the first time an increase to these categories has been proposed since this budget language first appeared in FY 2005.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

Background Paper: State Funded Tourism Marketing and Promotion Following a Disaster

Budget Pages.... D-341 to D-342

SUMMARY

After “Superstorm Sandy,” New Jersey joined the ranks of other coastal states looking to economically recover and boost tourism following the devastation. To aid in New Jersey’s recent relief efforts following the destruction caused by Superstorm Sandy, \$25 million was allocated for a tourism marketing campaign, subsequently named “Stronger than the Storm.” The purpose of the campaign was to revitalize New Jersey’s tourism industry, which is an important industry in the State that contributes nearly \$40 billion each year to the State’s economy.¹ While the tourism revenue stream is significant, the State is only required to appropriate a minimum of \$9 million annually for tourism marketing and promotion purposes, with funding from dedicated hotel tax revenues.

Post-disaster tourism marketing has become a consistent occurrence in recent years among affected states in the country. Tourism, which makes up a significant percentage of most coastal states’ economies, is one of the industries hit hardest following a disaster. Infrastructure is likely to be damaged, and potential tourists may become dissuaded from visiting due to the negative images disseminated through national media outlets. Tourism marketing and promotion campaigns are undertaken to rid the public of these negative images, and instead replace them with positive images that both illustrate the attractions to new visitors and remind returning visitors that no harm has come to the places they have grown to love.

Because the national media becomes image-heavy during disasters, state and local governments have devoted large sums of funding (from both public and private sources) to try and inundate potential visitors with different, more positive images than the ones they are likely to see on the nightly news and online. According to Oxford Economics’ *Potential Impact of the Gulf Oil Spill on Tourism, U.S. Travel Association 2010*, cited in the New Jersey’s Action Plan following Superstorm Sandy, ongoing misperceptions of the level of damage caused by disasters hurt tourism economies even after assets have been restored, with misperceptions enduring an average of 10 to 27 months. Initial research indicates that New Jersey’s tourism industry is recovering in the aftermath of Superstorm Sandy, and hotel tax revenues are anticipated to increase.

Annual Funding for Tourism in New Jersey

Generally, State funding for tourism marketing and promotion is derived from the State hotel and motel occupancy fee, also known as the “State occupancy fee,” enacted pursuant to P.L.2003, c.114 (N.J.S.A.54:32D-1 et al.). The “State occupancy fee” is imposed at all hotels and motels in the State. From August 1, 2003 to June 30, 2004, the law authorized a 7 percent tax on the rent charged to a transient guest for room occupancy, which was reduced to 5 percent on July 1, 2004 and thereafter. A lower State hotel and motel occupancy fee is

¹ “The Economic Impact of Tourism in New Jersey,” Calendar Year 2013 Report, <http://www.visitnj.org/sites/visitnj.org/files/2013-nj-economic-impact.pdf>

Background Paper: State Funded Tourism Marketing and Promotion Following a Disaster (Cont'd)

authorized in parts of the State where special local taxes or fees are imposed on transient hotel occupancies, namely in Atlantic City, Elizabeth, Jersey City, Newark, North Wildwood, Wildwood, and Wildwood Crest.

Under the law, a minimum amount of the revenue generated from the State occupancy fee is required to annually fund the New Jersey State Council on the Arts (“council”), the New Jersey Historical Commission (“commission”), the Division of Travel and Tourism (“division”) (previously known, and cited in the law, as the New Jersey Commerce and Economic Growth Commission), and the New Jersey Cultural Trust (“trust”), all of which are currently housed within the Department of State. For Fiscal Year (FY) 2014-2015, the division is budgeted under the Business Action Center, also in the Department of State.

Section 2 of P.L.2003, c.114 (N.J.S.A.54:32D-2) established a statutory allocation for monies collected by the State occupancy fee, whereby \$9 million is allocated for appropriation to the division for tourism advertising and promotion of the fees collected for occupancies during State FY 2004. Additionally, at least \$40 million or 40% of the fees collected for occupancies, beginning with FY 2005 and thereafter, are to be divided between the four arts and cultural entities for the same purposes, with 12.76% but not less than \$12,760,000 to the division.

Furthermore, subsections c. through e. of N.J.S.A.54:32D-2 establish a “poison pill” provision; namely, if the funding for the four entities and purposes, in the amounts enumerated for FY 2004, is not allocated in the annual appropriations act each year, then the hotel and motel occupancy fee can no longer be paid or collected. Specifically, the law provides that if the allocations “are not met on the effective date of an annual appropriations act for the State fiscal year, or if an amendment or supplement to an annual appropriations act for the State fiscal year should violate the provisions . . .” calling for the allocations, then the hotel and motel occupancy fee “. . . shall no longer be paid or collected.”

The following chart illustrates the statutory funding requirements pursuant to N.J.S.A.54:32D-2:

	FY 2004/Poison Pill	FY 2005 and thereafter
council (arts)	\$16,000,000	22.68%, but not less than \$22,680,000
commission (history)	\$2,700,000	3.84%, but not less than \$3,840,000
division (tourism)	\$9,000,000	12.76%, but not less than \$12,760,000
trust (culture)	\$500,000	0.72%, but not less than \$720,000

In all the budgets subsequent to the establishment of the hotel and motel occupancy fee, language is included that, pursuant to the provisions of P.L.2003, c.114, the amounts appropriated for the purpose of promoting cultural and tourism activities in this State “shall first be charged to revenues derived from the hotel and motel occupancy fee.”

Since its enactment on July 1, 2003, the hotel and motel occupancy fee has not always supported arts, historical, tourism, and cultural purposes at the amounts prescribed pursuant to law. From FY 2004, when the hotel and motel occupancy fee started funding these purposes, through FY 2006, the four entities were all funded at the minimum amount required under law, with FY 2005 and FY 2006 meeting the higher minimum appropriation requirements of

Background Paper: State Funded Tourism Marketing and Promotion Following a Disaster (Cont'd)

paragraph (2) of subsection a. of N.J.S.A.54:32D-2. In FY 2007 through FY 2010, funding for tourism was appropriated above the minimum amount required for FY 2004, but below the requirements of paragraph (2) of subsection a. of N.J.S.A.54:32D-2. More recently, the four entities have been funded at the FY 2004/poison pill amount in the last four State budgets (FY 2011 – FY 2014).

The following chart illustrates the amounts appropriated for tourism purposes in each fiscal year, compared to the total revenue from the State occupancy fee:

Division of Travel and Tourism Advertising and Promotion Appropriations & Total Annual Revenue Collected by the State Occupancy Fee

	Advertising & Promotion (thousands of dollars)	Total State Occupancy Fee Revenue
FY 2015	\$9,000 recommended	\$105 million anticipated
FY 2014	\$9,000	\$98 million anticipated
FY 2013	\$9,000	\$92.2 million
FY 2012	\$9,000	\$85.2 million
FY 2011	\$9,000	\$78.2 million
FY 2010	\$9,004	\$72.8 million
FY 2009	\$10,019	\$74.3 million
FY 2008	\$10,885	\$86.3 million
FY 2007	\$10,260 +	\$84.2 million
FY 2006	\$12,760 +	\$79 million
FY 2005	\$12,760 +	\$78 million
FY 2004	\$9,591 + *	\$80.1 million
FY 2003 (pre-hotel & motel occupancy fee)	\$6,450 +	N/A

+ "no less than" or "not less than"

*"for Advertising and Promotion and the Travel and Tourism Cooperative Marketing Program"

The tourism sector generated \$35.9 billion of State gross domestic product in 2013 (6.9% of the entire State economy), and the tourism industry is considered the fifth largest private-sector employer in New Jersey,² noteworthy despite the relatively low amount budgeted for tourism advertising, marketing, and promotion purposes. Superstorm Sandy presented a great challenge to the State's ability to maintain pre-storm tourism levels on the \$9 million advertising and promotion minimum appropriation. As such, New Jersey, like many other coastal states in recent years, needed to respond to the disaster with a plan to keep the State's tourism economy afloat, and sustain the revenue generated by and the jobs dependent on tourism. The subsequent information focuses on how tourism campaigns have been funded and supplemented by other states following a disaster.

² *Id.*

Background Paper: State Funded Tourism Marketing and Promotion Following a Disaster (Cont'd)

HURRICANE KATRINA

In 2005, Hurricane Katrina, a category 3 hurricane, swept through the Gulf Coast region, leaving behind a trail of devastation and wreckage in its path. According to a 2011 report from the National Weather Service's National Hurricane Center, Katrina resulted in over 1,200 fatalities and approximately \$108 billion in property damages. In response to the destruction, Congress passed the "Department of Defense Appropriation Act," Pub. L. 109-148, which provided \$11.5 billion in Community Development Block Grant (CDBG) disaster supplemental funding to the areas impacted by Katrina. Each state was required to submit a Disaster Action Plan to the United States Department of Housing and Urban Development (HUD) for approval of their funding plans.

Alabama

Exact figures for Alabama's post-Katrina tourism advertising campaigns are unavailable; however, news articles indicate Alabama received funding from the U.S. Department of Commerce toward its approximately \$400,000 "Alabama is Open" advertising campaign to attract visitors to its coastal areas, particularly Mobile, Alabama. The campaign was cooperatively coordinated by local and state tourism bureaus and targeted both in-state and out of state visitors. Additionally, Alabama benefited from a \$500,000 regional advertising campaign (organized by a group of Gulf Coast state tourism organizations) that highlighted the State's shores, golf courses, and upcoming cultural festivals.

Louisiana

Louisiana was one of the states hardest hit by the hurricane, with notable attention paid to New Orleans. To aid in its recovery efforts, the federal government initially allotted \$6.2 billion for the state. In September 2006, HUD approved a \$28.5 million allocation for Louisiana's Tourism Recovery Program. The Tourism Recovery Program was intended to provide marketing dollars for the State to try and revitalize its damaged tourism industry – an industry that made an approximately \$9.9 billion impact in the State in the pre-Katrina years. The program was partially administered by the Louisiana Recovery Authority, a state organization created via a gubernatorial executive order in 2005 to coordinate Louisiana's recovery efforts following the hurricane. Although the funds were distributed to 13 parishes severely impacted by Katrina, the overall program was state coordinated to ensure consumers were met with one voice.

The primary focus of the Tourism Recovery Program was Louisiana's "Come Fall in Love with Louisiana All over Again" advertising campaign. Pushed by the Lieutenant Governor, the \$7 million campaign was budgeted from the State's HUD funding and focused on "inviting visitors back to the state" by highlighting various celebrities who possessed a strong link to the state. The campaign attempted to connect visitors to the state's tourism offices, as opposed to private tourist destinations and offices. The entire campaign tried to combat the findings of a Louisiana Department of Culture, Recreation, and Tourism-sponsored study that found a significant percentage of potential visitors were less interested in visiting the State because they believed the attractions were either destroyed or unavailable. The campaign was

Background Paper: State Funded Tourism Marketing and Promotion Following a Disaster (Cont'd)

primarily targeted at regional markets, but was also moderately distributed via national media outlets.

These recovery efforts were all part of the State's overall recovery plan: Louisiana Rebirth: Restoring the Soul of America. Organized by the Lieutenant Governor and leaders from the private tourism industry, Louisiana Rebirth established a four part plan for rebuilding Louisiana. First among the four parts was rebuilding the State's tourism industry, which included a focus on promoting the industry to potential visitors. Louisiana's focus on quickly rebuilding its tourism industry highlights the importance of tourism to its economy.

Mississippi

Mississippi's post-Katrina tourism revival stemmed from both private and public sources. From the private sector, the Atlanta-based Southeast Tourism Society, a private firm, received \$500,000 from the U.S. Department of Commerce to establish a tourism campaign for the Gulf Coast Region. For Mississippi, the campaign, which included print, radio, and television advertisements, focused on the reopening of several important Mississippi tourist attracts, such as casinos in Biloxi and Gulfport and golf courses throughout the state.

Funding for advertising also came from local sources. The Harrison County Tourism Commission funded a \$277,000 advertising campaign to try and bring visitors back to Southern Mississippi. The campaign, which was developed by private firms, aired throughout regional markets such as Baton Rouge, Jackson, and Mobile.

State	Source	Funding Amount
Alabama	U.S. Department of Commerce	\$400,000
Louisiana	U.S. Department of Housing and Urban Development	\$28.5 million
Mississippi	county funds	\$277,000
Regional	U.S. Department of Commerce	\$500,000

DEEPWATER HORIZON OIL SPILL ("BP" OIL SPILL)

Following the explosion of the Deepwater Horizon oil rig in the spring of 2010, nearly 5 million barrels of oil flowed into the Gulf of Mexico. The destruction resulted in 11 fatalities and oiling reaching over 1,000 miles of Gulf Coastline; primarily reaching Alabama, Louisiana, Mississippi, and Florida shores. To aid in the recovery efforts, most of the affected states established advertising campaigns to inform tourists that their coastlines were back in operation, and ready to welcome visitors.

One of the chief differences between the Deepwater Horizon Oil Spill and the two hurricanes is that unlike the hurricanes, the oil spill was not a natural disaster. Although many private parties are being held responsible for their involvement in the disaster, a significant portion of the blame fell on British Petroleum (BP) – as evidenced by the resulting lawsuits which have cost BP billions of dollars. BP gave a significant amount of funds directly to the affected states, a large portion of which was utilized to fund the tourism advertising campaigns.

Background Paper: State Funded Tourism Marketing and Promotion Following a Disaster (Cont'd)

In 2010, Alabama, Florida, and Mississippi all benefited from a \$200,000 BP sponsored ad campaign, developed by Florida firm BPM, Inc., designed to promote tourism in the three states. In 2011, BP made a commitment of \$92 million over a three year period to help the Gulf Coast states promote the tourism that serves as an essential part of their economies. While each state received a percentage of the funds to distribute according to their own devices, BP also coordinated several region-wide campaigns, such as the "Best Place," "Great Vacation" and "Best Season" campaigns. BP committed to providing funding for tourism promotion, with \$25 million to Florida, and \$15 million each to Alabama, Louisiana, and Mississippi. According to its website, by the end of 2013 BP had provided more than \$178 million to promote tourism in the Gulf Coast.

Alabama

In Alabama, BP spent \$16 million over the course of two years to promote tourism along the state's coast line. The money was designated in 2011 and specifically dedicated for Baldwin and Mobile counties (two of Alabama's coastal counties), and grants were distributed by the Alabama Tourism Department with the assistance of the Alabama Coastal Development Commission, a State advisory agency. The bulk of the funding was for a \$3.5 million television campaign, while the rest went to concert series, concert promotions, zoo promotions, convention incentives, a U.S. Davis Cup (tennis) exhibition match, boxing matches, and deep sea fishing events.

Florida

In 2010, Florida received \$25 million from BP to promote its Gulf Shore tourism. Prior to allocating the funds, Governor Charlie Crist and Visit Florida, Florida's state tourism agency, created a marketing strategy. The State's first priority was to aid its devastated Panhandle region. One of the key features of Florida's campaign was a series of live videos and images of the State's beaches, to counteract the negative images being shown by the media. Additionally, unlike the other states, Florida's ad campaign was quite broad – seeking both national and international markets.

Louisiana

Hit particularly hard by the spill, Louisiana received several disbursements from BP. In an agreement between BP and the Louisiana Lieutenant Governor's office, the State received funding from BP to promote its tourism (\$60 million) and seafood (\$18 million) industries. While significant, the funding distribution was controversial since money was not directly deposited into the state treasury so that state agencies could handle its distribution (as was the case in BP's other donations); per the agreement, BP give the money directly to two nonprofit groups: the Community Foundation of Acadiana and the Louisiana Wildlife and Fisheries Foundation, raising concern in the legislature that the Governor was working with BP to circumvent the legislature's constitutional power of the purse. In spite of this, the agreement dictated that one of the nonprofits would distribute its share of the money across all of Louisiana's 64 parishes "to promote tourism under a plan developed by the lieutenant governor's office," while the other nonprofit would spend the money to benefit the state's

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Seafood Promotion and Marketing Board. The Community Foundation of Acadiana received \$5 million in quarterly installments over three years to distribute for tourism purposes.

According to news reports, the Convention and Visitors Bureau (CVB) of the City of New Orleans had already planned a \$3 million campaign to promote New Orleans during the summer of 2010 unrelated to the BP disaster, but shelved that campaign in favor of a response to the oil spill. The CVB developed, through its public relations firm, a \$5 million ad campaign to bring visitors back to the city. The campaign aired in many major national markets, and featured slogans such as "This isn't the first time New Orleans has survived the British."

Mississippi

Mississippi received \$16 million from BP to promote tourism to its shores. Under the direction of the Governor, the Mississippi Development Authority (MDA) launched a \$15 million advertising campaign in coordination with coastal counties. The campaign targeted both local and regional markets. Additionally, since 2011 private entities, such as the Peter Andersen Festival, Cruisin' the Coast, and the Ohr-O'Keefe Museum of Art, received \$5.2 million in individual grants from the BP grants to promote their events to tourists. The grants were awarded by the Gulf Coast Regional Tourism Partnership, a nonprofit corporation set up to allocate the BP's grant funding to Mississippi.

State	Source	Funding Amount
Alabama	BP	\$16 million
Florida	BP	\$25 million
Louisiana	BP	\$60 million
Louisiana	City of New Orleans CVB	\$5 million
Mississippi	BP	\$16 million
Regional	BP	\$200,000

SUPERSTORM SANDY

In 2012, Hurricane Sandy, a Category 2 hurricane off the Northeast United States shore, ravaged the Mid-Atlantic coast. The second costliest hurricane in United States history (trailing only Hurricane Katrina), Sandy is calculated to have caused over \$75 billion in damages. New Jersey and New York were both struck particularly hard by the storm, with both states experiencing severe flooding, building destruction, and power outages. To aid the relief efforts, the United States Congress passed the "Disaster Relief Appropriations Act," Pub.L. 113-2, which apportioned money to each of the states. Although the Disaster Relief Appropriations Act made no mention of tourism funding, it did appropriate \$3.85 billion for economic revitalization. States were allowed to use the funds for actions allowable under the "Federal Housing and Community Development Act of 1974," 42 U.S.C. §5301 et seq. Additionally, before each state or public entity could receive the funding, it was required to submit an action plan to the HUD for approval; both states complied and allocated a portion of the HUD money to tourism marketing campaigns.

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New Jersey

Of the \$1.829 billion New Jersey received in federal funds, Governor Chris Christie allocated \$25 million of the Community Development Block Grant – Disaster Relief funds towards a tourism marketing campaign to encourage people to visit the Jersey shore, officially launched as the “Stronger than the Storm” campaign on May 25, 2013. Similar to post-Katrina New Orleans, the “Stronger than the Storm” marketing campaign was started largely to combat the negative public perceptions of the post-Sandy Jersey Shore that had grown as a result of media coverage. The “Stronger than the Storm” campaign was designed by New Jersey-based private public relations firm MWW, one of four bidders to respond to the New Jersey Economic Development Authority’s Request for Quotation. In addition to New Jersey, and the New York and Philadelphia markets, the campaign sent television, radio, billboard, and social media advertisements to potential visitors along the Eastern Seaboard, from Washington D.C. to Boston and eastern Canada. According to MWW in its December 2013 “Recap Report,” 2013 hotel tax receipts for the four shore counties (Monmouth, Ocean, Atlantic, and Cape May) were down only 4% from 2012, which was the highest year for hotel tax receipts on record.³

New York

Two jurisdictions from New York filed Action Plans with HUD for relief funding: New York City and New York State. In April 2013, HUD approved New York State’s recovery action plan, which requested a total of \$1.71 billion for recovery activities. As part of the plan’s Economic Development program, New York State allocated an indeterminate amount of funds to develop marketing efforts to support its Coastal Fishing and Tourism Industries. While the exact amount spend on tourism marketing is undisclosed in the action plan, it will come out of the \$415 million allocated to the overall Economic Development program. Additionally, while it is not a marketing project intended to improve New York’s tourism industry, Governor Andrew Cuomo has announced that New York will spend \$140 million of the money it received in federal disaster aid to launch an advertising campaign intended to bring businesses into the State.

Several weeks later, on May 7, 2013, HUD approved New York City’s disaster recovery plan, which requested \$1.77 billion in aid. As part of the \$293 million allocated to assist economic revitalization programs, New York City’s Department of Small Business Services, in partnership with NYC & Company (the City’s official marketing, tourism, and partnership organization) developed an advertising campaign called “Support NYC Small Business” to “attract visitors back to the hardest-hit areas.” Unlike other marketing plans, New York City’s campaign appears to have been primarily focused on local residents, with ad spots appearing in New York newspapers and on New York radio stations.

³ MWW’s Recap Report, at <http://www.njeda.com/web/pdf/STTSReport.pdf>, cited the Department of the Treasury Division of Taxation statistics, at <http://www.state.nj.us/treasury/taxation/hotelcounty.shtml>

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State	Source	Funding Amount
New Jersey	U.S. Department of Housing and Urban Development	\$25 million
New York	U.S. Department of Housing and Urban Development	Indeterminate (portion of \$415 million)
New York City	U.S. Department of Housing and Urban Development	Indeterminate (portion of \$293 million)

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Individuals wishing information and committee schedules on the FY 2015 budget are encouraged to contact:

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