

MINUTES

HOUSE AND SENATE INTERIM COMMITTEES ON JUDICIARY HOUSE PARKS AND TOURISM SUBCOMMITTEE MEETING JOINTLY

September 5, 2014

The House and Senate Interim Committees on Judiciary and the House Parks and Tourism Subcommittee met jointly at 9:00 a.m., September 5, 2014, at the Best Western Inn of the Ozarks, 207 W. Van Buren, Eureka Springs, Arkansas.

Committee members present: Senator Bryan King, Eddie Joe Williams, and Jon Woods; Representatives Kelley Linck, Chair, House Parks and Tourism Subcommittee; Bob Ballinger, Charlene Fite, David Hillman, Debra Hobbs, Stephen Meeks, Micah Neal, and Mary Lou Slinkard.

Other members in attendance: Representatives Nate Bell and Debra Hobbs.

Representative Ballinger called the meeting to order.

Report on the Size, Scale and Impact of Tourism for Northwest Arkansas (Handout 1)

Robert J. Harrington, PhD, MBA, CEC, Editor-In-Chief, Journal of Culinary Science & Technology, Professor and 21st Century Endowed Chair in Hospitality, University of Arkansas, presented a report titled the *Impact of Tourism and Hospitality on Arkansas* and provided the following information:

The Tourism Industry by the Numbers (2013)

	US	Arkansas	Northwest Arkansas
Traveler revenues (direct)	\$900.1 Billion	\$6 Billion	\$783 Million (13.1%)
Traveler revenues (indirect)	\$614.7 Billion	\$2.42 Billion	\$316.3 Million
Total Economic Impact	\$1.51 trillion	\$8.42 Billion	\$1.1 Billion

State Tourism Tax revenues for the first half of 2014

- 2% State tourism tax is assessed to lodging, camping, attractions entry, and some marine rentals
- 92-93% is from lodging tax and is a good indicator of visitor patterns and growth from outside the region or state

Statewide \$6.8 Million change: (6.71%)

- NWA \$1.41 Million (1.76%)
- Benton \$756,256 (8.33%)
- Carroll \$274,764 (4.44%)
- Madison \$2,255 (93.89%)
- Washington \$375,735 (11.02%)

NWA Hospitality Tax Revenue for the first half of 2014

- Up 7% compared to the same time period in 2013
- Combines local city taxes on hotels, meeting space and prepared foods
- Bentonville = up 9.28% to \$505,905
- Fayetteville = up 5.15% to \$710,905
- Springdale = up 7.98% to \$96,794
- Rogers = up 8% to \$210,410
- STR report shows hotel occupancy rates in the region are increasing
- June 2014 = 72.1% vs. 67% in June 2013
- First half of 2014 = 56.3% vs. 53.5% during the same period in 2013
- Expectations are for a strong remainder of 2014 with seasonal events and attractions in the region

A Concept for Legislative Recommendations to Re-stimulate Investment in Seasoned Tourism Based Communities (Handout 2)

Mike Bishop, President of the Greater Eureka Springs Chamber of Commerce and Jack Moyer, Vice President and General Manager 1886 Crescent Hotel & Spa, presented a report on investment in tourism based communities. Mr. Moyer submitted a proposal that included recommendations to the committee to enhance and promote tourism. Excerpts from the report are below:

Seasoned Arkansas tourism-based communities such as Eureka Springs, while working to re-invent themselves and remain relevant in an ever competitive tourism market, often fall behind competitors, partially due to the availability of crucial funding to aid in economic development and infrastructure support leaning more towards new build than reinvestment. This gap leaves established communities shrinking and "new pursuits" appearing more attractive.

A proposal for evaluation is for AEDC to restart components of the ACE program and have the state reallocate resources to provide organization support for locally based Community Development Corporations (CDC) especially for communities not ideal for superfund projects or that currently do not qualify for Community Development Block Grant (CDBG) funding due to census wealth or limited size (under 50,000). This re-evaluation, opportunity development and implementation strategy may find a path to stimulus and re-development of those who have made Arkansas a premier destination.

Eureka Springs/Carroll County is a seasoned community which is maintaining tax collections but is shrinking in visitation, losing 122,967 travelers since 2006:

- 5th largest county for travel generated state tax \$11,178,411 year
- 24th largest county in population with 745,077 additional visitors
- Collecting 4.2% of collected travel generated revenue 2% tax
- 2013 collections \$12,882,140
- 2012 collections \$12,470,609

Restart a program that had great success and empower it with organizational funding held accountable by AEDC and controlled/re-authorized through measurement of implementation steps. The goal for communities that do not qualify for CDBG funding, is to repurpose existing sites while improving/updating existing infrastructure. We recommend restarting the ACE program and/or partnering to expand Breakthrough Solutions. The report also included:

Organizational Support

As discussed, the solutions to economic opportunity are local. With that said, most small towns, even those with good plans and implementation strategies, still struggle to maintain qualified staff to lead their community-based organizations (CBOs). Subsequently, the most common outcome is that these organizations shut down after a initial period of great work and when grant money stops.

Recommendation: From the state's economic development fund, provide matching grant money for administration of CDCs (not to exceed 50% of one's director salary) and a grant pool for economic incentives for communities who do not qualify for CDBG. Funds would be only be distributed to programs that have been certified by AEDC. All organizations would require completion of a bi-annual recertification that would include but not be limited to an updated asset evaluation and opportunity analysis.

CONCLUSION: Should such a re-invent/re-develop strategy take hold, seasoned communities and specifically seasoned tourism communities would have a path to re-positioning and development, infrastructure support, an organizational mechanism to support programs, shared expense and grant making by the state and a support team who provide technical assistance but also accountability.

With no further business, the meeting adjourned at 10:30 a.m.