



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
HARRISBURG, PA 17120

OFFICE OF SECRETARY

September 15, 2011

Representative Jerry A. Stern, Chairman
House Tourism & Recreational Development Committee
Room 315 Main Capitol Building
P.O. Box 202080
Harrisburg, PA 17120-2080

Dear Representative Stern:

I would like to thank you for offering officials from the Department of Community and Economic Development (DCED) the opportunity to provide testimony on the draft legislation creating an independent Pennsylvania Tourism Commission at the public hearing scheduled for September 21, 2011. As a general principle, Governor Corbett is cautious about the creation of any additional commissions funded by state taxpayer dollars than currently exist. Furthermore, the Administration does not feel this commission is needed and will be unable to provide testimony at the upcoming hearing.

DCED does have a number of specific concerns related to the proposal. Paramount among these is the proposed transfer of responsibility for the expenditure of state General Fund dollars to an essentially private entity with minimal state oversight. The proposed legislation would provide the Commission the authority to expend revenues from a newly created Tourist Promotion Trust Fund with essentially no limitation per Section 9(c)(1) of the legislation with the only requirement that the state Auditor General examine and audit the commission's books and records "from time to time." While the Secretaries of various state departments would serve as ex-officio members of the commission's governing board, they would be non-voting members and, as such, have no formal authority to approve the commission's annual budget or have authority in terms of the trust fund expenditures.

A related concern involves the transfer of responsibility for the grant program for regional marketing and tourism promotion agencies. This draft legislation would transfer all responsibility for this grant program from the Department of Community and Economic Development to the commission. The commission would have sole responsibility for reviewing and approving grant applications funded by taxpayer dollars with no formal state oversight. Since Section 7 of the proposed legislation would transfer all powers and duties of the Department of Community and Economic Development imposed under the Tourism Promotion Act to the commission, grant recipients would no longer be subject to the existing state auditing requirements of contracts issued by the department. The question arises would the commission be responsible to audit the grants issued by the commission.

A third concern involves the reliance of the commission on state General Fund dollars as the primary funding source. Albeit with certain exceptions (e.g., the Independent Regulatory Review Commission), many commissions and boards of state government are primarily funded by fees for goods and services provided, and/or from licenses and fines. The proposed Pennsylvania Tourism Commission would be primarily funded by state taxpayer dollars with few, if any dollars, provided by the travel and tourism industry that would be the primary beneficiary of the commission's efforts. This commission

seems to be focusing on quantity of dollars used instead of quality of outcomes. It is important to the taxpayers of this state that funds expended on tourism have outcomes that are tangible and any legislation affecting funding for tourism should be linked to metrics and results.

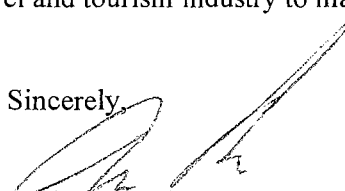
Another concern centers on the requirement of Section 8 of the proposal for all state departments, divisions, boards, commissions, and other state agencies to submit their plans, programs, and printed materials related to tourism to the commission for review prior to implementation. While the administration strongly supports interdepartmental cooperation and coordination, requiring state agencies to receive the commission's approval for their activities could be interpreted as an over-reaching delegation of these agencies' authority as state government entities.

At the current funding level for the state's tourism promotion efforts (\$4.0 million), it is unclear how much of the commission's funding would be available for tourism promotion – at least in the initial year(s) – since the commission would be responsible for leasing office space, purchasing and/or leasing computers and all other office supplies and equipment needed for its day-to-day operations, paying staff salaries and benefits, and other incidentals such as insurance and attorney, auditor, and other necessary professional services.

If a dedicated funding source can be identified that would not rely on state taxpayer General Fund dollars and that would provide a funding level for an effective statewide domestic and international tourism promotion program, the administration may be willing to consider the establishment of an independent commission for tourism promotion. Absent an independent funding source, the administration does not believe an independent commission for statewide tourism promotion is needed and could inflate the cost to market the Commonwealth to travelers.

Governor Corbett and his administration recognize the importance and substantial economic benefits to the Commonwealth in attracting tourists through an effective marketing and promotion program. We want to work with you, members of the House Tourism and Recreational Development Committee, and members of Pennsylvania's travel and tourism industry to market and promote the Commonwealth.

Sincerely,



Anthony Pugliese
Director
Office of Legislative Affairs

Cc: Rich Hudic, Executive Deputy Secretary
Rose Mape, Acting Deputy Secretary for Tourism & Film
Rob Fulton, Executive Director, PACVB