



## Pennsylvania Association of Convention and Visitors Bureaus

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### **PENNSYLVANIA ASSOCIATION OF CONVENTION & VISITORS BUREAUS LEGISLATIVE ISSUES**

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THE PENNSYLVANIA ASSOCIATION OF CONVENTION & VISITORS BUREAUS, FOUNDED IN 1972, IS THE STATEWIDE ASSOCIATION REPRESENTING THE OFFICIAL COUNTY-DESIGNATED TOURIST PROMOTION AGENICES (TPA) WITHIN PENNSYLVANIA. THEY QUALIFY FOR STATE MATCHING FUNDS PARTICIPATION UNDER THE TOURISM PROMOTION LAW OF 1961. THERE ARE CURRENTLY 45 TPAs RECOGNIZED BY DCED THAT REPRESENT ALL 67 COUNTIES IN THE COMMONWEALTH OF PENNSYLVANIA. ALL PARTICIPATE IN THE TOURISM PROMOTION AGENCY MATCHING FUND PROGRAM AND REQUEST YOUR LEGISLATIVE SUPPORT.

#### **FUNDING FOR TOURISM PROMOTION IN STATE BUDGET**

The Pennsylvania Association of Convention & Visitors Bureaus supports increased funding for tourism marketing in the State General Fund Budget for FY 2004-2005: a \$4 million increase in the appropriation for the TPA Matching Grant Program and a \$2 million increase in the appropriation in the Regional Marketing Initiative Program.

#### Current Legislation:

Representative Robert Godshall has drafted amendments that will provide a \$4 million increase in the appropriation for the TPA Matching Grant Program and a \$2 million increase in the appropriation in the Regional Marketing Initiative Program. The amendments will be offered when the House of Representatives considers the State General Fund Budget for FY 2004-2005.

#### Summary:

In these times of economic change and challenge, it is important that we invest in tourism marketing. We must keep Pennsylvania's tourism industry strong while we work to improve our economy and bring new industries to our state. We compete everyday with surrounding states for the traveling public's dollars. An increase in funds can help us market more effectively, bringing more visitors to Pennsylvania, resulting in more jobs and a stronger economy.

Pennsylvania needs to stay competitive. Additional tourism funds will be used to bolster promotional efforts and expand the State's visibility in critical markets. With more states pursuing our visitors and more promotional dollars being spent by other destinations, it has never been more important for Pennsylvania to protect its market share.

#### **HOTEL ROOM TAXES**

The Pennsylvania Association of Convention & Visitors Bureaus supports legislation that would ensure that room tax revenue is used for tourism purposes only.

Current Legislation:

On March 15, 2004, the PA House of Representatives amended and approved House Bill 168. The bill was referred to the Senate Community & Economic Development Committee.

Summary:

House Bill 168 was introduced in response to issues that have occurred regarding the implementation of room taxes throughout the state. The bill is intended to validate the legislative intent of current room tax statutes and addresses the misuse of room tax dollars by clarifying the purposes by which room tax revenues must be spent.

### **PA CORPORATION TAX ON MOTORCOACH COMPANIES**

The Pennsylvania Association of Convention & Visitors Bureaus is concerned about Pennsylvania's effort to charge out-of-state motorcoach operators for uncollected taxes on their sales of charter and tour trips made into the State.

Current Legislation:

None. However, the House Tourism & Recreational Development Committee held a public hearing on the tax on January 13, 2004. Tourism industry representatives participated in the hearing. They explained the industry's concerns about the tax and the economic importance of the motorcoach business to the State, local communities and individual tourism businesses.

Summary:

Pennsylvania, which has had the corporate or franchise tax on the books for years, began a new program to step-up collection of corporate taxes from out-of-state motorcoach companies and make the taxes retroactive for 10 years.

Several out-of-state motorcoach companies that have heavily marketed Pennsylvania as a tour destination have complained about the State's handling of this tax issue and have indicated that they will no longer market the state to their customers. This action could cost the state millions of dollars in tourist traffic and revenue. The state must determine what is more beneficial: the tax revenue generated by the tax, or the amount of dollars to its economy from bus tour business to the Commonwealth.

### **CAPITAL STOCK AND FRANCHISE TAX LEVIED ON TRADE SHOW EXHIBITORS**

The Pennsylvania Association of Convention & Visitors Bureaus is concerned about Pennsylvania's imposition of the PA Corporation Net Income and Capital Stock & Franchise Tax on trade show exhibitors.

Current Legislation:

None.

Summary:

The tax is being levied on companies doing business in Pennsylvania as exhibitors at certain trade shows in the Commonwealth. Exhibitors complain the tax is unfair and a nuisance, requiring the hiring of tax attorneys to complete what they see as complicated and costly filings. Revenue from the tax is minuscule, and the tourism industry is concerned the tax will become counter-productive as more trade shows and exhibitors choose to do business in states they believe to be more business-friendly. That situation will result

in fewer trade shows and millions of dollars of lost revenue to Pennsylvania and local communities, largely in the form of trade show producer, exhibitor and attendee expenditures for hotels, restaurants, entertainment and retail purchases. Another concern is that this tax is levied on transactions between buyers and suppliers when neither of the parties' businesses is domiciled in Pennsylvania. The meeting in the Commonwealth may have been only one small part of the process that led to a sale.

For further information, please contact Janet Stone, Executive Director, PA Association of Convention & Visitors Bureaus at 717-232-8880 Ext. 110 or [jstone@patourism.org](mailto:jstone@patourism.org).