

**2012-2017 Michigan Tourism Strategic Plan  
Funding Committee Meeting  
Grand Hotel, July 1-2 2013**

**Agenda**

**Monday July 1**

Afternoon Arrive at your leisure, check in at/after 4pm

6:15pm Cocktail Reception, Pontiac Room & Side Porch

7:00pm Silver Service Dinner, Pontiac Room

**Tuesday July 2, 9:30am-3:30pm, Capitol Club**

1. Welcome – Sarah Nicholls, Jerry Toney and Steve Yencich
2. Introductions – All
3. Review of Plan Process, Update from other Implementation Committees and Review of Funding Goal/Objectives – Sarah Nicholls
4. Discussion/Identification of Metrics for the Funding Objectives – All
5. Consideration of Prioritization of Funding Objectives – All
6. Consideration of Formation of Funding Subcommittees – All
7. Review of Funding Suggested Strategies and Identification of Additional Strategies – All
  8. What do we need to do to continue to increase Pure Michigan funding?
  9. How can we raise the monies needed to support all other aspects of the MTSP?
10. Preliminary Identification of Research Needs – All
11. Next Steps and Next Meeting – Sarah Nicholls

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**Meeting Notes**

**In attendance (in person):** Jerome Toney (Co-Chair), Steve Yencich (Co-Chair), Mary Carroll, Linda Hoath, Susan Sherer, Sarah Nicholls.

**In attendance (on phone):** Kellie Dean, Mike O'Callaghan.

**Absent:** Rick Winn.

**Welcome** – Provided by Sarah Nicholls, Jerome Toney and Steve Yencich.

**Introductions** – Made by all.

**Review of Plan Process and Funding Goal/Objectives** – Provided by Sarah Nicholls. Committee comments/concerns re. each objective are described below.

- *Objective One: Increase funding for the Pure Michigan tourism campaign to \$50 million by 2017 and establish Michigan in the top five highest funded states for tourism marketing.* This objective pertains only to the monies allocated to TM for PM advertising. This funding amount equaled approximately \$25 million for 2011-12 and 2012-13, and has been increased to \$29 for 2013-14. In 2012, MI ranked 6<sup>th</sup> in terms of its state tourism budget; however, with the recent announcement of the increase of the NY budget to \$60 million, effective immediately, this ranking dropped to 7<sup>th</sup>. The desire to generate finer scale PM ROI data, e.g., by MEDC region or legislative district as well as by NAICS code, was discussed.
- *Objective Two: Identify sources of and raise sufficient funds to meet costs of other (non-promotion/ marketing) strategic plan initiatives.* This objective pertains to all the non-PM funding needs of all seven other MTSP committees. The group discussed the desire to find and focus on ideas that will (i) work and (ii) unite rather than divide the industry. E.g., the RFP related to research for the 2007-11 plan ultimately failed due to lack of funding. The identification of new and non-traditional funding sources will be critical. To convince these kinds of sources to participate we need to (i) identify those sources and (ii) educate them regarding the positive impacts (direct and indirect) of tourism so as to convince them to donate. The group agreed that the approach to this objective should be based on an entirely voluntary, grassroots campaign with no mandated new taxes. MLTA would oppose any new/additional bed tax. Key is identifying ways to inspire individuals, entities and associations to want to give, to voluntarily assess themselves. Discussion of a structure to handle these monies,

preliminary identification of sources, and the need to identify how much money is needed by each of the other MTSP group, is captured under 'Suggested Strategies,' below. There is also a need to determine a mechanism via which funds will be raised (who will make the ask and how?) as well as how funds raised will be distributed (these items were identified but not really discussed in much detail – Sarah suggests these be high priority items for the next meeting's agenda).

### **Identification of Metrics for the CCP Objectives –**

- *Objective One: Increase funding for the Pure Michigan tourism campaign to \$50 million by 2017 and establish Michigan in the top five highest funded states for tourism marketing.* The metrics are clear - \$50 million in PM funding by 2017 and a top five ranking. This would equate to an additional \$5 million per year between 2013 and 2017. \$50 million would place us in 4<sup>th</sup> place in 2012 and 5<sup>th</sup> place as of July 2013 (since NY announcement).
- *Objective Two: Identify sources of and raise sufficient funds to meet costs of other (non-promotion/ marketing) strategic plan initiatives.* The amount of money needing to be raised to achieve this objective is currently unknown. Establishing a preliminary estimate, if only for year one activities, is critical.

**Consideration of Prioritization of the Funding Objectives** – Group agreed that objective two is currently of higher priority than objective one, given the recent increase to the FY 2014 TM budget. However, this approach will need to be revisited on an annual basis so as to maintain positive momentum with respect to PM funding.

**Consideration of Formation of Funding Subcommittees** – Group agreed that formation of subcommittees is premature at this point. Will reconsider this option at a later date as/when appropriate.

**Review of CCP Suggested Strategies and Identification of Additional Strategies** – The group reviewed the entire set of strategies suggested during last summer's twelve stakeholder meetings and categorized them as to their feasibility and desirability as fundraising options:

*Feasible/desirable:* private and corporate donors (esp. MI-based); foundations (esp. MI-based); Chambers of Commerce; CVBs; industry associations; fundraising events; government grants (local, state, national, international); a PM credit card. Focus on voluntary assessments.

*Not feasible/desirable:* statewide bed tax; portion of state sales tax or auto registration fee; gas tax; utility tax; airport tax; recreational equipment tax; toll roads; border fees; PM slot machines; DNR Trust Fund; tax increment financing. Commitment to no new taxes or mandatory assessments.

Sarah provided a listing of other states' tourism funding mechanisms as of 2010 for the group to review. The lack of fee associated with use of the PM logo was discussed.

*Partners/Sources of Funding:* The group began identification of potential partners/sources of funds. These are all starting points rather than exhaustive lists. Sarah has taken the liberty of adding to the list and categorizing as follows:

- Primary: CVBs, Chambers of Commerce, sporting venues (spectator + participant), festivals + events, attractions, lodging providers (including camping, RVs and marinas), food and beverage providers, transportation, tourism associations such as MLTA and TICOM.
- Vendors/suppliers: architects, designers, construction, banking/finance, insurance, utilities, dry cleaners/laundry, linen supply, furniture, mattresses/bedding, food and beverage, kitchen equipment, HVAC, pest control, marketing, advertising, web design, media, waste management, uniforms.
- Secondary: retail, realtors, gas stations, convenience stores.
- TM: official advertising partners (mostly CVBs and associations), other partners/logo users (Coca Cola, Fremont, Hudsonville, etc.).
- Other associations: MI Grape and Wine Industry Council, MI Brewers Guild, MSAE, National/MI Federation of Independent Businesses, Small Business Association of MI.
- Foundations and corporate donors: Kellogg, Kresge, etc. There is a list of over 340 Michigan foundations and corporate giving programs at this site: [http://www.michiganfoundations.org/issifiles/members\\_online/members/member\\_list.asp?action=search&ok=N&pn=1&CID=2495&DID=6236&af=MI](http://www.michiganfoundations.org/issifiles/members_online/members/member_list.asp?action=search&ok=N&pn=1&CID=2495&DID=6236&af=MI).
- Monetization/leveraging of state assets: buildings, bridges, rights of way, vehicles, rest areas, etc.
- Residents: donation opportunities via text-to-give and crowdsourcing campaigns, utility bills, state tax returns, specialty plates. Susan suggested that we partner with the Detroit Lions to beta test a MI tourism text-to-give campaign.

*Funding Structure/Entity:* The group discussed the need for some kind of structure/entity to house funds raised. This may or may not be associated with MEDC/TM. Options identified: 501(c)(3), 501(c)(4), 501(c)(6), L3C:

- 501(c)(3) exemptions apply to corporations, and any community chest, fund, cooperating association or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes. Absolutely prohibited from supporting political candidates, subject to limits on lobbying. E.g., "Friends of ..." groups.
- 501(c)(4) refers to civic leagues and other corporations operated exclusively for the promotion of "social welfare," such as civics and civics issues, or local associations of employees with membership limited to a designated company or people in a particular municipality or neighborhood, and with net earnings devoted exclusively to charitable, educational, or recreational purposes. May inform the public on controversial subjects

and attempt to influence relevant legislation, may also participate in political campaigns and elections. E.g., Tourism Improving Michigan's Economy (TIME) Alliance.

- 501(c)(6) refers to non-profit business leagues, chambers of commerce, real estate boards and boards of trade. Can engage in lobbying. E.g., Ann Arbor SPARK.
- L3C = low-profit limited liability company. A for-profit, social enterprise venture that has a stated goal of performing a socially beneficial purpose, not maximizing income. A hybrid structure that combines the legal and tax flexibility of a traditional LLC, the social benefits of a nonprofit organization, and the branding and market positioning advantages of a social enterprise.
- Tax-Exempt Status for Your Organization: <http://www.irs.gov/pub/irs-pdf/p557.pdf>

Susan suggested that the group seeks advice from Deloitte about this issue.

*How Much Needs to be Raised?* The group agreed that before fundraising can commence, it needs to put an approximate \$ goal in place. Since obj. 2 refers to all other plan initiatives, this requires a preliminary estimate of funding needs from each of the other seven plan committees. Group proposed that the Funding committee seeks a written estimate of year one-two needs from each of the other committees, to include the activities and timeframe that these monies would cover and the expected outcomes of their expenditure. A deadline of September 30 was proposed. Prioritization within and between funding needs of seven committees remains to be discussed. The issue of decision making authority with respect to this issue was raised.

**Preliminary Identification of Research Needs** – Not really discussed, other than desire to generate finer scale ROI data. This is a question for TM rather than the MTSP RTA group.

**Next Meeting** – The group is happy to meet as often as once a month in the preliminary stages of fundraising. Next meeting proposed to take place once all other seven groups have met. [Note: CCP, PD, PMC and PPGS have all met; RTA is scheduled for July 29 and SE for Aug 13; RE is pending, late Aug or Sept. Next TC meeting is Sept 20.]

#### **Action Items and Their Status –**

- General
  - Suggestion that the MTSP form the basis of a session at next year's Mackinac Center for Public Policy conference.
  - Suggestion that we seek a committee member from the MI Council of Foundations (Jerry) and/or from Deloitte (Susan).
- Obj. 1 (Pure MI funding)
  - Sarah will check with Dave Morris re. finest possible spatial and sectoral resolution of ROI data. [Note: Dave retires at the end of August.]

- Obj. 2 (all other initiatives)
  - Sarah is in the process of compiling a list of MI associations. Suggest group members each then review list and prioritise for future action. Coordinate with CCP committee since they plan to go through a similar process.
  - Sarah will investigate the possibility of adding an option to donate to MI tourism on the state tax return.
  - Sarah will investigate the possibility of developing a MI tourism specialty plate.
  - Need to develop a template for the budget estimate that the group would like to seek from the other seven plan committees. Who will take the lead on this? Do we need a conference call to discuss (if we are to solicit proposals by Sept 30)?