

STATEMENT OF EMERGENCY
300 KAR 1:010E

This emergency administrative regulation amends the requirements for the Kentucky Tourism Marketing Incentive Program. The Tourism Marketing Incentive Program distributes the "1%" hotel tax to County Visitor Bureaus (CVB). The emergency administrative regulation corrects a formula error which if not corrected will adversely impact those counties which generate the hotel tax and have budgeted for this year's distribution. This emergency administrative regulation will be replaced by an ordinary administrative regulation. The ordinary administrative regulation is identical to this emergency administrative regulation.

MATTHEW G. BEVIN, Governor
DON PARKINSON, Secretary

TOURISM, ARTS AND HERITAGE CABINET
Department of Travel Development
(Emergency Amendment)

300 KAR 1:010E. Procedure for Tourism[Regional] Marketing Incentive[and Matching Funds] Program.

RELATES TO: KRS 91A.350,142.406, 148.522, 148.525, 273.161-273.405

STATUTORY AUTHORITY: KRS 148.525(2), (3)

EFFECTIVE: August 23, 2019

RELATES TO: KRS 91A.350,142.406, 148.522, 148.525, 273.161-273.405

STATUTORY AUTHORITY: KRS 148.525(2), (3)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 148.525(2) provides that the Division of Tourism Services shall be responsible for the Tourism Marketing Incentive[~~state matching fund tourism advertising~~] Program. KRS 148.525(3) authorizes the Commissioner of the Department of Tourism to promulgate administrative regulations to promote, develop, and support the tourism industry in Kentucky. This administrative regulation establishes uniform and consistent administration of the application, participation, and reimbursement requirements of the Tourism[Regional] Marketing Incentive[and Matching Funds] Program.

Section 1. Subject to the availability of[Definitions. (1) "~~Familiarization trip~~" means a trip or tour given by a tourism professional to visit a site or location to inform a person about attractions, amenities, entertainment, natural areas, or other tourist destinations in an effort to educate the person who may then market the site or location through the person's own venues.

(2) "~~Local promotional project~~" means a promotional project that:

(a) ~~Is not affiliated with a:~~

1. ~~State agency;~~

2. ~~Federal agency;~~

3. ~~Nonprofit organization that receives] funds,[from] the Tourism Marketing Incentive Program shall provide financial and marketing assistance for projects which are in direct support of the promotion and marketing efforts of a tourism[Department of Tourism or the Office of the Sports Authority for the purpose of sponsorship or advertising; or~~

4. ~~Statewide project;~~

(b) ~~Promotes to markets outside of the local area:~~

1. ~~A specific local tourism event;~~

~~2. An] attraction, event, or[; or~~

~~3. A] geographic area.~~

Section 2. Definitions. (1) "County Assessment" means an assessment fee each county is assessed and is paid to the region in order to participate in the regional marketing efforts.

(a) County assessments are~~(2) Funding shall be distributed]~~ based on an average percentage derived from county population and tourism expenditures or factors determined by Regional Committee.

(b) Regional committees are required to match a percentage of funding through the program, and assessments are used for the match.

(c) A county's funding remains in the Tourism, Meeting and Convention Marketing Fund account when the county pays the assessment and does not request funding through the program.

(2) "Designated Marketing Organization" means the organization designated by a county's fiscal court such as Chamber of Commerce or Fiscal Court to receive Tourism Marketing Incentive funds when no Convention & Visitors Bureau or Tourism Commission exists in the county.

(3) "Number of rooms" means total number of rooms within a county or city that transient room tax is collected from an overnight stay at the property.

(4) "Program Year" means the Tourism Marketing Incentive[;

~~(c) Shall be completed and documented in a matching funds program cycle; and~~

~~(d) Meets the eligibility requirements in this administrative regulation.~~

~~(3) "Matching funds program cycle" means the Regional Markets and Matching Funds] Program Year[eyele] that:~~

~~(a) Runs for a fiscal[alendar] year; and~~

~~(b) Has one (1) application deadline of June[May] 1; and~~

~~(c) Has two (2) final reimbursement deadlines:~~

~~1. February 1 for projects completed July through December; and~~

~~2. August 1 for projects completed January through June.~~

~~(5)[(4)] "Regional promotional project"['] means a project that: (a) Promotes tourism opportunities throughout one (1) of the nine (9) tourism regions designated by the Department of Tourism as a tourism region.[Section 2. Regional Marketing and Matching Funds Program Reimbursement Distribution. (1) The regional Marketing and Matching Funds Program shall provide financial and marketing assistance to promotional projects completed by tourism regions and local nonprofit organizations.]~~

Section 3. Tourism Region Committees. (1) To qualify for Tourism Marketing Incentive funds, a tourism region shall establish a tourism region committee.

(a) Each tourist and convention commission established pursuant to KRS 91A.350 in a tourism region shall appoint a person to serve on the tourism region committee.

(b) If a tourism and convention commission has not been established pursuant to KRS 91A.350 by the local governing bodies of a county, or cities within a county, in a tourism region, the county judge executive of each county shall appoint a person to serve on the tourism region committee.

(c) Counties with multiple tourism commissions are able to have a representative from each tourism commission on the committee.

(2) A member of the tourism region committee:

(a) Shall serve a two (2) year term; and

(b) May be reappointed for successive two (2) year terms.

(3) A tourism region committee shall be incorporated as a nonprofit, nonstock corporation, pursuant to KRS 273.161 through 273.405.

(4) A tourism region committee shall:

(a) Elect a chairperson, vice chairperson, secretary, and treasurer; and

(b) Establish bylaws that shall include:

1. Purpose, mission, and limitations of committee;

2. Composition and duties of the board of directors and officers;

3. Procedures for election, removal of directors and officers, and filling of vacancies;

4. When meetings shall be held;

5. Quorum and voting requirements;

6. Financial and contractual procedures;

7. Preparation of annual budget and financial report; and

8. Procedure for amendment of bylaws.[to calculate county allotments.

~~(3) Convention and visitors' bureaus, tourism commissions, and designated marketing organizations shall be eligible to receive up to seventy (70) percent of a county allotment.~~

~~(4) Applicants other than convention and visitor bureaus, tourism commissions, and designated marketing organizations shall be eligible to receive up to thirty (30) percent of a county allotment.~~

~~(5) Percentage of eligible costs reimbursement.~~

~~(a) 100 percent of the costs of an eligible promotional project shall be available to a tourism region;~~

~~(b) Eighty (80) percent of the costs of an eligible promotional project shall be available to a convention and visitors' bureau, a tourism commission, or a designated marketing organization; and~~

~~(c) Fifty (50) percent of the costs of an eligible promotional project shall be available to eligible applicants not specified in paragraph (a) and (b) of this subsection.]~~

Section ~~4.[3.]~~ Tourism Regions. Nine (9) tourism regions, as specified on the Tourism Regions Map, are established, as follows:

(1) Tourism Region 1, Western Lakes and Rivers, shall consist of the following counties:

(a) Ballard;

(b) Caldwell;

(c) Calloway;

(d) Carlisle;

(e) Christian;

(f) Crittenden;

(g) Fulton;

(h) Graves;

(i) Hickman;

(j) Livingston;

(k) Lyon;

(l) Marshall;

(m) McCracken;

(n) Todd; and

(o) Trigg.

(2) Tourism Region 2, Green River, shall consist of the following counties:

(a) Daviess;

(b) Hancock;

(c) Henderson;

- (d) Hopkins;
- (e) McLean;
- (f) Muhlenberg;
- (g) Ohio;
- (h) Union; and
- (i) Webster.

(3) Tourism Region 3, Cave, shall consist of the following counties:

- (a) Allen;
- (b) Barren;
- (c) Butler;
- (d) Edmonson;
- (e) Hart;
- (f) Logan;
- (g) Metcalfe;
- (h) Monroe;
- (i) Simpson; and
- (j) Warren.

(4) Tourism Region 4, Louisville-Lincoln, shall consist of the following counties:

- (a) Breckinridge;
- (b) Bullitt;
- (c) Grayson;
- (d) Hardin;
- (e) Henry;
- (f) Jefferson;
- (g) Larue;
- (h) Marion;
- (i) Meade;
- (j) Nelson;
- (k) Oldham;
- (l) Shelby;
- (m) Spencer;
- (n) Trimble; and
- (o) Washington.

(5) Tourism Region 5, Southern Kentucky Lakes and Rivers, shall consist of the following counties:

- (a) Adair;
- (b) Casey;
- (c) Clinton;
- (d) Cumberland;
- (e) Green;
- (f) McCreary;
- (g) Pulaski;
- (h) Russell;
- (i) Taylor; and
- (j) Wayne.

(6) Tourism Region 6, Northern Kentucky, shall consist of the following counties:

- (a) Boone;
- (b) Bracken;
- (c) Campbell;

- (d) Carroll;
- (e) Fleming;
- (f) Gallatin;
- (g) Grant;
- (h) Kenton;
- (i) Lewis;
- (j) Mason;
- (k) Owen;
- (l) Pendleton; and
- (m) Robertson.

(7) Tourism Region 7, Bluegrass, shall consist of the following counties:

- (a) Anderson;
- (b) Bourbon;
- (c) Boyle;
- (d) Clark;
- (e) Fayette;
- (f) Franklin;
- (g) Garrard;
- (h) Harrison;
- (i) Jessamine;
- (j) Lincoln;
- (k) Madison;
- (l) Mercer;
- (m) Nicholas;
- (n) Scott; and
- (o) Woodford.

(8) Tourism Region 8, Eastern Highlands-North, shall consist of the following counties:

- (a) Bath;
- (b) Boyd;
- (c) Carter;
- (d) Elliott;
- (e) Floyd;
- (f) Greenup;
- (g) Johnson;
- (h) Lawrence;
- (i) Magoffin;
- (j) Martin;
- (k) Menifee;
- (l) Montgomery;
- (m) Morgan;
- (n) Pike; and
- (o) Rowan.

(9) Tourism Region 9, Eastern Highlands-South, shall consist of the following counties:

- (a) Bell;
- (b) Breathitt;
- (c) Clay;
- (d) Estill;
- (e) Harlan;
- (f) Jackson;

- (g) Knott;
- (h) Knox;
- (i) Laurel;
- (j) Lee;
- (k) Leslie;
- (l) Letcher;
- (m) Owsley;
- (n) Perry;
- (o) Powell;
- (p) Rockcastle;
- (q) Whitley; and
- (r) Wolfe.

Section 5.[4.] Tourism Marketing Incentive Program Application and Applicants.

(1) An application may be submitted by an organization that is a tourism region, a convention and visitors' bureau, a tourism commission, or a designated marketing organization that is a nonprofit 501C(3) or 501C(6) tourism entity prior to June 1 for eligible:

- (a) Projects that are listed and will be completed during the program year;
- (b) Expenses totaling at least \$1,000 for a project, or several projects;
- (c) Promotion projects in markets outside local area;
- (d) Meet the eligibility requirements of this administrative regulation; and
- (e) Complete and submit the Affidavit for Bidders, Offerors and Contractors.

(2) An applicant shall submit proof of nonprofit status with the application.

~~(3) A local tourism commission[Region Committees. (1) To qualify for state tourism matching funds, a tourism region shall establish a tourism region committee.~~

~~(2)(a) Each tourist and convention commission established pursuant to KRS 91A.350 in a tourism region] shall submit a copy of the ordinance establishing the commission; and one (1) of the following:~~

- (a) Federal or State determination of tax exempt status; or
- (b) A copy of the organization's W9; or
- (c) A letter from fiscal court stating applying organization is part of city or county government and fiscal courts Federal ID number.

(3) New Tourist Commission established:

- (a) Will not be eligible for funding for two (2) years;
- (b) Must have at least a part time paid director;
- (c) Must have a source of funding; and
- (d) Must have established budget and marketing plan.

(4) Applicant shall not be affiliated with:

- (a) A state agency;
- (b) A state agency nonprofit affiliates;
- (c) A federal agency;
- (d) An organization that receives funds from other state agencies for the purpose of sponsorship or advertising;

(e) An organization that receives line item funding through the Executive Budget;

(f) A statewide organization; or

(g) An organization that receives state or federal grants in order to match the Tourism Marketing Incentives funds.

(5) Applicant must be a Kentucky based organization.

Section 6. Approval of Applications. (1) The state program manager shall review each application and determine the applicant's eligibility for reimbursement in accordance with applicable Kentucky Revised Statutes and this administrative regulation;

(2) The state program manager or assistant program manager shall hold allocation meetings in each of the nine (9) tourism regions with the tourism region committee for the region to:

(a) Discuss the tourism marketing incentive program;

(b) Review and establish priorities for the region;

(c) Vote and approve the distribution of funds to organizations within the region; and

(d) Review and discuss the tourism region application if submitted.

(e) The state program manager shall base the allocation determination on:

1. A formula derived from county economic impact figures and number of rooms within the county; and

2. The availability of funds.

(f) The state program manager shall mail each applicant:

1. "Project Agreement" form stating the amount of the state funds allocation for the program year; or

2. Letter stating why an applicant's projects have been denied funding; and

3. Copy of the application submitted by each applicant, indicating approved and disapproved projects; and

(g) An applicant shall sign and return the Project Agreement form to the state program manager by the dates mandated in Section 1 of this regulation.

Section 7. Reimbursement Percentages and Requirements. (1) Convention and visitor bureaus, tourism commissions, and designated marketing organizations shall be eligible to receive funding.

(2) Multiple tourism commissions within a county and distribution of funds:

(a) After the county allocation has been determined, a formula calculating the number of rooms located within their city will be used to determine individual tourist commission funding.

(b) If there is less than twenty-five (25) percent of rooms within a city the tourism commission will automatically be eligible for twenty-five (25) percent of the allotment.

(3) Reimbursement Percentage of eligible cost for Kentucky Department of Tourism cooperative opportunities:

(a) Up to ninety (90) percent of the costs of an eligible co-op project may be available;

(b) Up to seventy-five (75) percent of the cost with participation with selected vendor outside of co-ops.

(4) Reimbursement percentage of eligible cost for promotional projects other than cooperative opportunities:

(a) Up to eighty (80) percent costs for promotional projects may be available to a tourism region;

(b) Up to fifty (50) percent of the costs of an eligible promotional project may be available to all applicants not specified in paragraph (a) of this subsection.

(5) Convention sponsorship/bid fee that guarantees room nights within the state may be reimbursed up to eighty (80) percent of the cost.

(6) New event that has been brought to the state through a sponsorship/bid fee may be reimbursed up to seventy (70) percent of the cost. Reoccurring events may be reimbursed up to fifty (50) percent of the cost.

(7) Applicants shall be eligible for reimbursement for expenditures that do not exceed the amount allocated by the tourism marketing incentive program.

(8) Requests for reimbursement shall not be made until:

- (a) At least \$1,000 has been expended; or
 - 1. Applicants original estimated expenses fall under the \$1,000 within a program year can be submitted to utilize an applicant's allotment; or
 - 2. Applicant has submitted reimbursements through program year and remaining amount available was under \$1,000.
- (b) Projects were included on the application or amendments had prior approval from program manager;
- (c) Projects were compliant with the eligibility and reimbursement requirements; and
- (d) Projects have been completed.
- (9) A request for reimbursement shall be made on the Reimbursement Request form which shall:
 - (a) Be submitted to the state program manager by February 1 or August 1;

Applicants are able to submit multiple reimbursement requests for completed projects but must submit by the final reimbursement deadlines of February 1 or August 1;

 - (b) Be signed; and
 - (c) State the federal identification number of the organization.
- (10) Checks submitted as documentation shall be issued by the organization that applied for tourism marketing incentive funds.
 - (11) The following information shall be attached to the Reimbursement Request form:
 - (a) A copy of each vendor's invoice;
 - (b) A copy of the front and back of each canceled check;
 - (c) Proof of payment of all expenditures;
 - (d) For tourism region projects:
 - 1. Proof of payment of twenty (20) percent of expenditure;
 - 2. Proof of payment of the remaining eighty (80) percent of expenditures shall be submitted after receipt of tourism marketing incentives funds; and
 - 3. Completion of Regional Ad Sale form, if ads were sold in the region visitor's guide.
 - (e) Four (4) completed brochures;
 - (f) Four publications or videos, a copy of invoices, with a breakdown of layout and design costs, the number of copies printed, and other related expenses;
 - (g) If printing costs exceed \$1,000, a copy of three (3) written bids;
 - (h) One (1) duplicate of a completed video, CD, or DVD;
 - (i) One (1) original tear sheet of advertisements as they appeared in the print media including date of issue;
 - (j) One (1) typed transcript or a tape of a radio, television, or videotape, CD, or DVD travelogue advertisement;
 - (k) A copy of a press kit;
 - (l) Documentation of the distance of media from the event, attraction, or area promoted;
 - (m) One (1) photograph of a completed billboard and signage rentals;
 - (n) Documentation of the location and dates of service for billboard and signage rentals;
 - (o) Documentation of location, distribution routes, and dates for distribution services;
 - (p) Documentation of postage expenses, including postage invoices or paid receipts, list of names, addresses, and material mailed (for regional committees only);
 - (q) Verification of attendance at consumer travel shows or group tour marketplaces, including signed agreements or contracts; and
 - (r) Verification of regional travel show or group tour marketplace per diem, including a completed and signed Tourism Region Per Diem reimbursement form. ~~appoint a person to serve on the tourism region committee.~~
 - (b) If a tourism and convention commission has not been established pursuant to KRS

~~91A.350 by the local governing bodies of a county, or cities within a county, in a tourism region, the county judge executive of each county shall appoint a person to serve on the tourism region committee. (3) A member of the tourism region committee:~~

~~(a) Shall serve a two (2) year term; and~~

~~(b) May be reappointed for successive two (2) year terms.~~

~~(4) A tourism region committee shall be incorporated as a nonprofit, nonstock corporation, pursuant to KRS 273.161 through 273.405.~~

~~(5) A tourism region committee shall:~~

~~(a) Elect a chairperson, vice chairperson, secretary, and treasurer; and~~

~~(b) Establish bylaws that shall include:~~

~~1. Purpose, mission, and limitations of committee;~~

~~2. Composition and duties of the board of directors and officers;~~

~~3. Procedures for election, removal of directors and officers, and filling of vacancies;~~

~~4. When meetings shall be held;~~

~~5. Quorum and voting requirements;~~

~~6. Financial and contractual procedures;~~

~~7. Preparation of annual budget and financial report; and~~

~~8. Procedure for amendment of bylaws.]~~

Section ~~8.[5-]~~ Types of Promotional Projects. (1) The types of ~~[local or tourism region]~~ promotional projects eligible for funding shall be:

(a) Tourism publications, CDs, DVDs, and videos;

(b) Media advertisements and press kits;

(c) Billboards and signage;

(d) Brochure distribution services;

(e) Postage and freight expenses[;] (only available to regional committee);

(f) Meeting and convention advertising[(f) Consumer travel show] expenses;

(g) Group tour marketplace, meeting and conventions, and consumer travel show expenses;

(h) Sponsorship/Bid fee of tourism trade shows, conventions, sporting events and other events;

(i) Web site design; and

(j) Research studies and analysis.

(2) Other projects not listed above may be considered on a case by case basis if they are consistent with the purpose of the Tourism Marketing Incentive Program.[expenses;

~~(h) Meeting, convention, and sports marketing trade show and exposition expenses;~~

~~(i) Familiarize trips and site visits;~~

~~(j) Sponsorship of tourism trade show and events;~~

~~(k) Bid fees to assist in bringing events to Kentucky; and~~

~~(l) Internet hosting, design, and maintenance expenses.~~

~~(2)(a) Promotional projects shall meet the requirements established in specified by Section 6 of this administrative regulation.~~

~~(b) Brochures, videos, CDs, DVDs, tourism region media, advertisements and press kits shall not be eligible for reimbursement unless they have been reviewed and approved by the state matching funds program manager prior to submission of a Reimbursement Request form for expenditures relating to these items.]~~

Section ~~9.[6-]~~ Requirements for Tourism Publications, CD's, DVD's, Video~~[and Types of Promotional]~~ Projects,[and] Allowable Costs and Bid Requirements. (1)~~[Tourism publications, videos, CDs, and DVDs and meeting, convention, and sports marketing tools.~~

(a) Types of travel related brochures, CDs, DVDs, and videos that highlight the attractions, facilities, meeting and convention, sports-marketing capabilities,~~[sporting venues,]~~ and special events~~[of the tourism region or local area and]~~ that encourage travelers to stop and visit, shall be eligible for reimbursement and include:

~~(a)[1. Tourism region and local area]~~ Visitor's guides;

~~(b)[2.]~~ General festival brochures;

~~(c)[3.]~~ Group tour publications;

~~(d)~~ Sports Publications;

~~(e)~~ Meeting/Convention publications; and

~~(f)[4.]~~ Brochures, videos, CDs, and DVDs promoting tourist attractions open to the public for regular hours.

~~(2)[(b)]~~ Costs that exceed the advertising revenue shall be eligible for reimbursement if the expenditures were for brochures or other publications.~~[(c) A brochure that lists another state's attraction, business, or facilities shall be eligible for forty (40) percent or twenty five (25) percent depending on reimbursement of costs depending on the applicant's eligibility for a fifty (50) or eighty (80) percent reimbursement of costs as established in Section 2(5) of this administrative regulation.]~~

~~(3)[(d)]~~ Brochures, other publications, and videos shall include: ~~[the following information, as applicable:]~~

~~(a) Four (4) color cover; if applicable, and a distribution plan is required to receive reimbursement for print items. See Section 7 for distribution sources.[1. A description of points of interest, recreational opportunities, and listing of services, including food, lodging, and camping facilities;~~

~~2. Landmarks that relate to the history or tradition of the area, or of architectural interest, such as buildings listed on the state or national register;~~

~~3. Attractions open to the public, such as theaters and museums, including the:~~

~~a. Date and time that they are open to the public;~~

~~b. Admission fee, if applicable;~~

~~c. Attraction location;~~

~~d. Mailing address;~~

~~e. Telephone number; and~~

~~f. Web site address, if applicable;~~

~~4. Information relating to recreational activities and attractions, such as fishing, water sports, and hiking, and required fees;~~

~~5. A list of tourism region or tourism-related local area events;~~

~~6. The telephone number and Web site address of the state travel information office; and~~

~~7. Current maps of the tourism region, with major highways and access routes into the area clearly marked, and a chart listing mileage from major cities outside the immediate local area or tourism region.~~

~~(e) If possible, the title of a brochure shall be placed at the top of the publication for placement in a brochure rack.~~

~~(f) A brochure shall be professionally typeset.~~

~~(g) If feasible, to save costs, brochures shall:~~

~~1. Consist of the lightest possible paper weight and cover stock, and the least number of pages possible;~~

~~2. Be manufactured from recycled paper; and~~

~~3. Be designed as self-mailers.]~~

~~(b)[(h)]~~ The front or back cover of a brochure shall include the Kentucky state official tourism brand, according to the Graphics Standards, which shall be obtained from the Kentucky De-

partment of Tourism. ~~[advertising theme, which shall be obtained from the state matching funds program manager.~~

~~(c)(i)~~ A tag line stating: "Paid in Part by ~~[Printed in cooperation with]~~ the Kentucky Department of Tourism" shall be included in a brochure. ~~[(j) A tourism region brochure shall:~~

- ~~1. Include a four (4) color brochure cover;~~
- ~~2. The telephone number and or Web site address of the state tourism information office;~~
- ~~3. Include a map of the tourism region that shall be:~~
 - ~~a. Prominently placed in the brochure;~~
 - ~~b. Of at least eight (8) point font size, in order to be of sufficient size to be easily read;~~
 - ~~c. Of sufficient detail to show major traffic arteries, primary cities and towns, lakes and other natural attractions, and shall be and keyed to the major attractions addressed in the brochure;~~

~~and~~
~~4. Emphasize the tourism region as a whole and shall not favor a particular area of the region.]~~

~~(d)(k)~~ An advertisement may be sold to a business and included in a tourism region brochure to supplement the cost of a tourism region brochure if the[:

- ~~1.] ratio of advertising to editorial space does not exceed 2:3;~~

~~(e) Printing or publications requires:[2. Advertiser provides a tourism-oriented service directly to travelers; or~~

- ~~3. Theme and content of advertisements promote tourism in the region.~~

~~(l) Distribution plan and services. A distribution plan for the distribution of brochures to potential tourists shall be developed with the following distribution sources:~~

- ~~1. Tourist commissions;~~
- ~~2. State and local welcome centers;~~
- ~~3. State Tourism Department;~~
- ~~4. Consumer travel shows; and~~
- ~~5. similar distribution sources.~~

~~(m) A distribution plan shall include a method for responding to inquiries resulting from state, tourism region and local area tourism advertising campaigns.~~

~~(n)~~1. If the total printing cost of a publication, excluding layout and design expenses, exceeds \$1,000, three (3) written bids shall be obtained.

2. Bids shall not be required for reprints made with only minor changes.

~~3.[(o)]~~ A publication, video, CD, or DVD shall be submitted to ~~[the state matching funds]~~program manager for review and approval, prior to completion.

~~(f)[(p)]~~ The Department of Tourism reserves the right to deny reimbursement for any brochure submitted that does not follow guidelines or questions regarding layout, design, or necessity will be reviewed by the Department of Tourism for final approval or denial.

(g) Only one (1) visitors guide per county is eligible unless there are multiple convention and visitors bureau offices within the county. If so, one (1) guide per office is eligible. If more than one (1) attraction/festival brochure is requested for reimbursement applicant shall give an explanation as to why individual brochures are needed.

Section 10. Distribution Plan and Services. (1) Funds available for brochure distribution expenses. A distribution plan shall be developed for the distribution of brochures to potential tourists with the following distribution sources:

- (a) Tourist Commissions;
- (b) State and local welcome centers;
- (c) State Travel Department;
- (d) Consumer travel shows;

- (e) Meeting planning expos;
- (f) Marketplaces; and
- (g) Brochure distribution rack services.

~~Section 11. [state matching funds program manager shall review submissions within five (5) business days after receipt.~~

~~(2) Media] Advertisements and [tourism region] Press Kits.~~

~~(1) A[(a) A media] tourism advertisement may be placed:~~

~~(a)[1.] In a newspaper, magazine, or other periodical;~~

~~(b)[2.] On the radio or television;~~

~~(c)[3.] On video tape, CD, or DVD travelogue;~~

~~(d)[or~~

~~4.] On electronic media such as the Internet;~~

~~(e) Sports media; or~~

~~(f) Meeting/convention media outlets.~~

~~(2) Tourism advertisement shall include the official state advertising brand according to the Graphic Standards, unless the advertisement is in conjunction with a Department of Tourism co-op. [(b) A media tourism advertisement shall include:~~

~~1. An address, telephone number, or Web site address to be contacted for more information;~~

~~2. The official state advertising theme; and~~

~~3. General information about the tourism region in addition to specific information relating to an event, attraction, or geographic area promoted in the advertisement.~~

~~(c) Media costs.]~~

~~(3)[1.] Costs for tourism [media]advertisements, including media time, production costs, and [media]placement, shall be eligible for reimbursement.~~

~~(4) Major media markets and reimbursement percentages:~~

~~(a) Advertisement costs will qualify if they are[2. Except as provided by this subsection, advertising placed with media located within a fifty (50) mile radius shall not be eligible for reimbursement.~~

~~3. All media advertisement costs placed in a tourist-oriented publication shall be eligible for reimbursement.~~

~~4. Percentage of reimbursement for media costs shall be:~~

~~a. Forty (40) percent of media costs for advertising placed with media] located within a fifty (50) mile radius of a major major media market. The[shall be eligible for] reimbursement may be up to twenty-five (25) percent of media costs.~~

~~(b) Except as provided by this subsection, [to convention and visitors' bureaus, tourism commissions, or designated marketing organizations; and~~

~~b. Twenty-five (25) percent of media costs for] advertising costs[placed] with media located within a fifty (50) mile radius shall not be eligible for reimbursement.~~

~~(c)[to organizations if the:~~

~~(i) Organization is located within a fifty (50) mile radius of a major media market listed in paragraph (d) of this subsection; and~~

~~(ii) Media cost is not a type listed as excluded in paragraph (e) of this subsection.~~

~~(d)] Major media markets shall be:~~

~~1. Cincinnati, Ohio;~~

~~2. Evansville, Indiana;~~

~~3. Huntington, West Virginia;~~

~~4. Louisville, Kentucky;~~

5. Lexington, Kentucky;
6. Paducah, Kentucky; and
7. Bowling Green, Kentucky.

~~(d)~~~~(e)~~ ~~Media~~ Advertisement costs shall not be eligible for reimbursement if they are incurred for advertisements that are:

~~1.~~ ~~Sponsored~~ sponsored or advertised by tourism organizations in tourism region brochures that have been allocated state Tourism Marketing Incentive Program~~matching~~ funds~~;~~ or ~~2.~~ funded through other cooperative advertising programs of the Kentucky Department of Tourism.

~~(e)~~~~(f)~~ Costs associated with media press kits and media relations programs shall be reimbursable.

Section 12. Billboards and Signage. (1)~~(3)~~ ~~Brochure distribution services. Rental of rack space for the distribution of eligible promotional materials shall be eligible for reimbursement.~~

~~(4)~~ ~~Postage and freight costs for bulk mail, United Parcel Service, mailing firm, and actual postage costs excluding stamps and postage meters shall be eligible for reimbursement if they are incurred in:~~

~~(a)~~ ~~Response to general tourist requests or media or group tour operator inquiries;~~

~~(b)~~ ~~Shipping tourism promotional literature and displays for use at consumer travel shows and group tour marketplaces; or~~

~~(c)~~ ~~Conventions, meetings, or sports marketing expenses.~~

~~(5)~~ Rental of a billboard, tourist-oriented directional signage (TODS), fifth legends or attraction logos, including related artwork, design, and production costs shall be eligible for reimbursement if it:

(a) Promotes specific attractions, events, availability of food, lodging, camping or other services;

(b) Is placed on interstates or other major access highways outside a twenty (20) mile radius; ~~or~~and

(c) Does not consist solely of language welcoming a visitor to a community or region.

(2) A photo of the billboard must be submitted with reimbursement request.

(3) The Department of Tourism brand must be included on billboards.

(4) Cost associated with construction of any permanent signage structure is not reimbursable.

(5) Only new signs shall be eligible for reimbursement; previously signs existing or maintenance of signs are not reimbursed.

Section 13. Postage and Freight. (1) Only region committees can be reimbursed for postage, freight, and mailing firm fees incurred in:

(a) Response to tourist requests, media or group tour operator inquiries; and

(b) Shipping tourism literature and displays for use at~~(6)~~~~(a)~~ consumer travel shows,~~show;~~ group tour marketplaces, or sports-marketing expenses.

Section 14. (1) Consumer travel show; group tour marketplaces, meeting/convention trade show, sports marketing, or exposition expenses shall qualify that:

~~(a)~~~~;~~ ~~meeting, convention, or sports-marketing trade show or exposition. costs.:~~

~~1.~~ Promote an attraction, event, or geographic area;

~~(b)~~~~2.~~ Are not a county fair or festival;

~~(c)~~~~3.~~ Are not expended for booth space costs at industrial solicitation events;

~~(d)~~~~4.~~ Are not registration expenses to attend a conference or meeting.

~~(e) expended for consumer travel shows and group tour marketplaces located more than forty (40) miles from the event, attraction, or geographical area promoted;~~

~~5.] Are expended for the purchase and maintenance of exhibits such as display assembly, artwork, transparencies, photographs, brochure racks, consumer travel show, or group tour marketplace booth space, or furniture rental; and~~

~~(f)[6.] Are [registration fees to interview prospective tour operators;~~

~~7. Are for shipping costs of displays and promotional material; or~~

~~8. Are] rental fees for [audiovisual] equipment and material.~~

~~(2)[(b)] A tourism region [group] shall be eligible for reimbursement of membership dues for major tourism associations, if membership is required to participate in advertising or promotional ventures.~~

~~(3)[(c)1.] A tourism region [group] shall be eligible for a seventy (70) dollar per diem, for a maximum of two (2) persons who serve as staff for tourism region travel booths at a consumer travel show or group tour marketplace if:~~

~~(a)[a.] Booths are staffed continuously during event hours; and~~

~~(b)[b.] The header, transparencies, photos, and regional [region] or local tourism brochures are representative of the tourism region or local areas within the tourism region. [2. The per diem shall be paid to the tourism region committee.]~~

~~(c)[(c)] Transportation costs related to a tourism region's attendance at a consumer travel show or group tour marketplace shall not be eligible for reimbursement.~~

Section 15. Web site. (1) Region committees are eligible to claim design, hosting, and maintenance of a regional tourism website.

(2) Applicants are eligible to claim design of tourism related websites for reimbursement.

(3) Current state tourism branding with a link to the Department of Tourism Web site and regional website are required on applicants home page.

(4) A Web site that contains paid advertisements shall not~~[(7) Familiarize trips and site visits.~~

~~(a) Familiarization visits for planners and media staff shall be eligible for tourism matching funds if the efforts are based on future business to Kentucky.~~

~~(b) Event planners include the following:~~

~~1. Meeting planners;~~

~~2. Group travel planners;~~

~~3. Reunion planners;~~

~~4. Sports planners or rights holders; and~~

~~5. Media staff.~~

~~(c) Reimbursement shall be based on cash expenditures and not in-kind amenities.~~

~~(d) Airline fees and mileage costs up to \$300, based on the state's current vehicle mileage rate per person (excluding any additional guests), shall] be eligible for reimbursement with the exception of regional committees.~~

Section 16. Sponsorship/Bid Fees~~[(8) Sponsorship] of Tourism Trade Shows, Conventions, and Other [and] Events. (1)[(a)] Sponsorship of tourism trade shows, conferences, and events are eligible for reimbursement if:~~

(a) The sponsorship opportunity may create an economic impact for the state; [-]

(b) The sponsorship is for overall convention~~[opportunities include the following:~~

~~1. Meal functions;~~

~~2. Tangibles such as name badges, lanyards, and registration bags;~~

~~3. Education sessions and materials; and~~

~~4. Overall conference] partner or [sponsor of] a total event sponsor;~~
~~(c) The event is brought to the county/state by way of sponsorship/bid fee; or~~
~~(d) If the sponsorship is for a meal function or educational sessions at a trade show or convention.~~

~~(2)[(c) Reimbursement shall be for cash] Expenditures [and]not covered include:~~

~~(a) In-kind[In-kind] amenities;~~

~~(b)[(d)1.] Expenses for hospitality events that include alcohol;~~

~~(c)[or a sponsorship package shall not be eligible for reimbursement.~~

~~2.] Gratuities, service charges, and tips;~~

~~(d) Tourism industry events such as:~~

~~1. Kentucky Tourism Council; and~~

~~2. Kentucky Association of Convention & Visitor Bureaus;~~

~~(e) In-state or local events and conferences;~~

~~(f) Kentucky Association meetings and conferences.~~

~~(3) Convention sponsorship/bid fee reimbursement percentages:~~

~~(a) A sponsorship/bid fee that guarantees room nights within[shall not be eligible for reimbursements.~~

~~(9) Bid fees to assist in bringing events to Kentucky.~~

~~(a) Fees involved in securing and attracting events in an effort to attract sports events or conventions and meetings to] the state may be reimbursed up to eighty (80) percent of costs.~~

~~(4) Event sponsorship/bid fee reimbursement percentages:~~

~~(a) New event or sporting event that is brought to the state through a sponsorship or bid fee may be reimbursed up to seventy (70) percent of the cost; and~~

~~(b) Reoccurring events brought to the state through a sponsorship or bid fee may be reimbursed up to fifty (50) percent of the cost.~~

Section 17. Research. (1) Tourism Marketing Incentive funds may be used for research and analysis. Any such use of funds for these purposes must have a clear relationship to planning and executing tourism marketing and promotion. Economic impact research and research related to future capital projects are not allowable. Research funded under the provision must be approved in advance and outside firms, organizations or individuals to be engaged in such activities must meet the following minimum criteria:

(a) In operation at least two (2) years, if a firm or organization; if an individual, at least five (5) years of relevant experience;

(b) At least three (3) references; and

(c) Demonstrate expertise in the type of services to be rendered.

Section 18. Ineligible Project and Expenses.[shall be eligible for reimbursement.

~~(b) To be eligible for reimbursement, the event shall have at least a five (5) year history in other locations. Events previously held in Kentucky are eligible if proof is provided that the event has been or will be secured through a competitive bid process.~~

~~(c) An applicant shall include a letter of award of event if submitting a Reimbursement Request when submitting reimbursement.~~

~~(10) Internet and Web site.~~

~~(a) Costs associated with the design, hosting, and maintenance of tourism related Web sites shall be are eligible for reimbursement if the current state tourism brand and logo with a link to the Department of Tourism's Web site and regional Web site are on the applicant's home page.~~

~~(b) A Web site that contains paid advertisements shall not be eligible for reimbursement.~~

(c) If applicable, a Web site shall include the following information:

1. A description of points of interest, recreational opportunities, and services, including:
 - a. Food;
 - b. Lodging; and
 - c. Camping facilities;
2. Landmark features related to the area's history or tradition or landmark features that are of architectural interest;
3. Attractions open to the public such as theaters and museums, including the:
 - a. Time and date the attraction is open to the public;
 - b. Admission fee;
 - c. Attraction's address, telephone number, and Web site address;
4. Recreational activities and applicable license information for attractions such as:
 - a. Fishing;
 - b. Water Sports;
 - c. Hiking; and
 - d. Golfing;
5. A Listing of area or regional tourism-related events; and
6. Current area maps with major highways and access routes into the area clearly marked as well as mileage from other cities.

~~(11)~~(1) The following items shall not be eligible for reimbursement:

- (a) Industrial incentive brochures;
- (b) General community relocation and development brochures;
- (c) City/county~~[City or county, or city-county]~~ maps or directories that list businesses and services;
- (d)~~[Items related to theatrical productions, such as]~~Programs;
- (e)~~[;]~~ Playbills;
- (f)~~[, or]~~ Posters;
- (g)~~[e)]~~ Table tents;
- (h)~~[(f) Material related to]~~ Membership and subscription solicitation;
- (i)~~[(g)]~~ Registration and entry forms;
- (j)~~[(h)]~~ Event and contest category or regulation material;
- (k) Quick print materials such as flyers, handbills, and circulars;
- (l) Entertainment expenses;
- (m)~~[(i) Entertainment expenses;~~
- (j) ~~Excluding group tour marketplaces, registration expenses for conferences and meetings;~~
- (k) ~~Research projects such as marketing or feasibility studies;~~
- (4) Unless requested in advance by a tourism region, expenses for~~[,]~~ bumper stickers,~~[posters,]~~ banners, flags, postcards, lapel pins, or bags;~~[, or other types of specialty advertising;]~~
- (n)~~[(m)]~~ Prizes, trophies, plaques, decorations, paint supplies, and poster board;
- (o)~~[(n)]~~ Items for resale;
- (p)~~[(o)]~~ Amounts paid for Kentucky sales tax;
- (q)~~[(p)]~~ Except for tourism region organizations, stationery, letterhead, envelopes, general office supplies and material;
- (r)~~[(q)]~~ Salaries or other compensation for the staff or personnel of a tourism region committee;
- (s)~~[(r)]~~ General operating and administrative costs;
- (t)~~[(s)]~~ Finance charges or late payment fees;~~[(t) Quick print material such as flyers, handbills, or circulars; and~~

~~(u) Expenditures in violation of law.~~

~~Section 7. Matching Funds Application. (1) A Matching Funds Application may be submitted by a local organization that is not a convention and visitors' bureau, tourism commission, or designated marketing organization but is a nonprofit entity prior to May 1 for eligible:~~

~~(a) Projects that have been or will be completed during the matching funds program cycle; and~~

~~(b) Expenses totaling at least \$1,000 for a project, or several projects.~~

~~(2) A Matching Funds Application shall include a detailed list of eligible tourism projects that will be completed during the current program cycle, and the following information for each project:~~

~~(a) Its direct relation to the promotion of tourism;~~

~~(b) Its ability to attract visitors from outside the immediate area;~~

~~(c) Its potential to enhance local, tourism region, or state economies; (d) The cost estimates; and~~

~~(e) The completion date.~~

~~(3) An applicant shall submit proof of the applicant's nonprofit status with the Matching Funds Application as follows:~~

~~(a) A tourism region committee shall submit a copy of the committee's:~~

~~1. Articles of incorporation as a nonprofit, nonstock corporation pursuant to KRS 273.161 through 273.405; and~~

~~2. Bylaws.~~

~~(b) A local tourism commission shall submit a copy of the ordinance establishing the commission.~~

~~(c) Other local organizations shall submit a copy of the:~~

~~1. Federal or state determination of tax exempt status; or~~

~~2. Articles of incorporation as a nonprofit, nonstock corporation pursuant to KRS 273.161 through 273.405.~~

~~(4) Guidance regarding the application process is established in the Samples of Completed Forms.~~

~~Section 8. Approval of Matching Applications. (1) The state matching funds program manager shall:~~

~~(a) Review each Matching Funds Application and determine the applicant's eligibility for reimbursement in accordance with Sections 2, 5, 6, 7, and 9 of this administrative regulation; and~~

~~(b) Transmit copies of eligible Matching Funds Applications to the members of appropriate tourism region committees.~~

~~(2) The state matching funds program manager or assistant state matching funds program manager shall hold allocation meetings in each of the nine (9) tourism regions with the tourism region committee for the region to:~~

~~(a) Discuss the regional marketing and matching funds program;~~

~~(b) Review and establish priorities for local organization Matching Funds Applications;~~

~~(c) Screen local Matching Funds Applications for eligibility;~~

~~(d) Discuss each project's:~~

~~1. Direct relationship to tourism promotion;~~

~~2. Ability to attract visitors into the tourism region;~~

~~3. Impact on local, tourism region, and state economies; and~~

~~4. Compatibility with the marketing goals of the tourism region;~~

~~(e) Recommend the distribution of local funds; and~~

- ~~(f) Review and discuss the tourism region Matching Funds Application.~~
- ~~(c) A tourism region committee shall submit a recommendation for each applicant within the tourism region to the state matching funds program manager.~~
- ~~(d) The state matching funds program manager shall base the allocation determination on:~~
 - ~~(a) The items specified in subsection (2) of this section;~~
 - ~~(b) If applicable, an applicant's successful completion of similar projects; and~~
 - ~~(c) The availability of funds.~~
- ~~(5) The state matching funds program manager shall mail to each applicant a:~~
 - ~~(a) "Project Agreement" form to each approved applicant stating the amount of the state matching funds allocation for the matching funds program cycle; or~~
 - ~~(b) Letter stating why an applicant's projects have been denied funding; and~~
 - ~~(c) Copy of the Matching Funds Application submitted by each applicant, indicating approved and disapproved projects.~~
- ~~(6) An applicant shall sign and return the Project Agreement form to the state matching funds program manager.~~

~~Section 9. Reimbursement. (1)(a) A local project shall be eligible for reimbursement for eighty (80) or fifty (50) percent of its total expenditures that do not exceed the amount allocated by the state matching funds program.~~

~~(b) A tourism region project shall be eligible for reimbursement for 100 percent of the project's total expenditures that do not exceed the amount allocated by the state matching funds program.~~

~~(2) Requests for reimbursement shall not be made until at least \$1,000 has been expended.~~

~~(3) Reimbursement shall be limited to projects that:~~

- ~~(a) Were included on a Matching Funds Application;~~
- ~~(b) Were compliant with the eligibility and reimbursement requirements established in Sections 2, 5, 6, 7, and 9 of this administrative regulation; and~~
- ~~(c) Have been completed.~~

~~(4)~~

~~(u) In-kind contributions shall not be reimbursed, and shall not be included as part of an applicant's match; and[.]~~

~~(v) Expenditures in violation of law.[(5) A request for reimbursement shall be made on the Reimbursement Request form which shall:~~

~~(a) Be submitted to the state matching funds program manager on or before February 1 or August 1;~~

~~(b) Be signed; and~~

~~(c) State the federal identification number of the organization.~~

~~(6) Checks submitted as documentation shall be issued by the organization that applied for matching funds.~~

~~(7) The following information shall be attached to the Reimbursement Request form:~~

- ~~(a) A copy of each vendor's invoice;~~
- ~~(b) A copy of the front and back of each canceled check;~~
- ~~(c) For local projects, proof of payment of all expenditures;~~
- ~~(d) For tourism region projects, proof of payment of twenty (20) percent of expenditures;~~
- ~~(e) Four (4) completed brochures;~~
- ~~(f) For publications or videos, a copy of invoices, with a breakdown of layout and design costs, the number of copies printed, and other related expenses;~~
- ~~(g) If printing costs exceed \$1,000, a copy of three (3) written bids;~~
- ~~(h) One (1) duplicate of a completed video, CD, or DVD;~~

- ~~(i) One (1) original tear sheet of advertisements as they appeared in the print media including date of issue and, for regional projects, a cover of the publication;~~
- ~~(j) One (1) typed transcript or a tape of a radio; television; or videotape, CD, or DVD travelogue advertisement;~~
- ~~(k) A copy of a press kit;~~
- ~~(l) Documentation of the distance of media from the event, attraction, or area promoted;~~
- ~~(m) One (1) photograph of a completed billboard and signage advertisement;~~
- ~~(n) Documentation of the location and dates of service for billboard and signage rentals;~~
- ~~(o) Documentation of the location, distribution routes, and dates for distribution services;~~
- ~~(p) Documentation of postage expenses, including postage invoices or paid receipts, list of names, addresses, and material mailed;~~
- ~~(q) Verification of attendance at consumer travel shows or group tour marketplaces, including signed agreements or contracts;~~
- ~~(r) Verification of regional travel show or group tour marketplace per diem, including a completed and signed Tourism Region Per Diem Reimbursement Form; and~~
- ~~(8) For tourism region projects, proof of payment of the remaining eighty (80) percent of expenditures shall be submitted after receipt of state matching funds; and~~
- ~~(9) Guidance regarding the reimbursement process is established in the:~~
 - ~~(a) List of Documentation and Requirements for Reimbursement Per Project; and~~
 - ~~(b) Samples of Completed Forms.]~~

Section 19[40.] Forfeited and Unused Funds. (1) Funds allocated to an approved project shall be forfeited if:

- ~~(a) Documentation required by the provisions of this administrative regulation is not submitted timely;[before February 1 and August 1;]~~
- ~~(b) An approved project does not materialize; or~~
- ~~(c) A completed project did not remain in compliance with program requirement[s];~~
- ~~(2) At the end of a Tourism Marketing Incentive[(d) Funding is denied because the expenses of an approved project are improperly documented;~~
- ~~(e) Funds were spent on the project.~~
- ~~(2) At the end of a Regional and Matching Funds] Program year[cycle], forfeited and unused funds shall remain in the Tourism, Meeting, and Convention Fund, to be used[~~be utilized~~] by the Department of Tourism for advertising and marketing promotions.~~

Section 20[44]. Audits. (1) The department may request the State Auditor to audit a tourism project governed by this administrative regulation.

Section 21[42]. Incorporation by Reference. (1) The following material is incorporated by reference:

- (a) "Tourism Marketing Incentive Program Application", August 2019;
- (b) "Application Project Description Form", August 2019;
- (c) "Tourism Marketing Incentive Program Reimbursement Request", August 2019;
- (d) ["Matching Funds Application", September 2007;
- (b) "Reimbursement Request", September 2007;
- (c) "Project Agreement", September 2007;
- (d) "List of Documentation & Requirements for]Reimbursement [Per]Project Description Form", August 2019;
- (e) "Regional Ad Sale Form", one (1) page, August 2019;
- (f) ["", September 2007;

- (e)] "Tourism Region Per Diem Reimbursement Form", August 2019; and
- (g)] ~~1996~~;
- (f)-] "Tourism Regions Map", 1996; and
- (h)] ~~1996~~;
- (g) "Samples of Completed Forms", September 2007; and
- (h)] "Designated Marketing Organization", August 2019.~~[2007;]~~

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, from the Department of Tourism, Division of Tourism Services~~[Marketing and Advertising, Capital Plaza Tower]~~, 500 Mero Street, 5th Floor~~[Room 2200]~~, Frankfort Kentucky 40601, phone (502) 564-4930, fax (502) 564-5695, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available at the Department of Tourism's Web site at www.kytourism.com/industry/mfunds.

JAY HALL, Commissioner
DON PARKINSON, Secretary

APPROVED BY AGENCY: August 23, 2019

FILED WITH LRC: August 23, 2019 at 3 p.m.

CONTACT PERSON: Becky Cottongim, Executive Staff Advisor, Tourism, Arts, and Heritage Cabinet, 100 Airport Road, 2nd floor, Frankfort, Kentucky 40601, phone (502) 564-4270, fax (502) 564-1079, email becky.cottongim@ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Becky Cottongim

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedures for uniform and consistent administration of the application, participation, and reimbursement requirements of the Tourism Marketing Incentive Program.

(b) The necessity of this administrative regulation: This regulation is necessary so that those promotional projects within the tourism regional and local nonprofit organizations will be aware of the process for participation in the program.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 148.525(3) authorizes the department to promulgate administrative regulations to implement or carry out the purposes of KRS Chapter 148.525(2).

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist in the effective administration of the statute by establishing a process to implement the marketing incentives.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment updates the administrative regulation and provides procedures for the programs seeking reimbursement for new projects to include costs associated to include conventions, meetings or sports marketing expenses; sponsorship of tourism trade shows and events; bid fees associated with bringing events to Kentucky; and Internet and website costs.

(b) The necessity of the amendment to this administrative regulation: This amendment is necessary to update the reimbursements that are tourism marketing related.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 148.525 (2) and (3) states that the Division of Advertising Services shall be responsible for the program and the Commissioner is authorized to promulgate administration regulations to carry out the

process of this provision. This administrative regulation establishes the procedures, requirements and components within the marketing incentive program for the Department of Tourism.

(d) How the amendment will assist in the effective administration of the statutes: See above response.

(3) List the type and number of individuals, businesses, organizations or state and local governments affected by this administrative regulation: The Department of Travel anticipates ninety (90) applicants to participate in this program.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendments. The department does not anticipate any impact as this amendment simplifies the process of applying and seeking reimbursement.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There will be no cost to the entities to apply for the incentive program.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The benefit that will accrue will be that tourism regions and nonprofits can participate in more marketing events. There will be more opportunity for participation in the marketing efforts where reimbursement can be made.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: No expenses or an unknown amount will be incurred.

(b) On a continuing basis: No expenses or an unknown amount will be incurred.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: 1% transient tax funds.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: This amendment does not establish or create a fee or increase funding.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: This amendment does not establish any fees directly or indirectly.

(9) TIERING: Is tiering applied? No. All applicants who apply for incentives are treated the same.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

(1) What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Kentucky Department of Tourism and the Regional Marketing and Matching Funds Program will be impacted by this administrative regulation.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 148.525 authorizes the Commissioner of the Department of Tourism to promulgate administrative regulations to carry out the provisions of KRS 148.522. KRS 148.522 includes the authority and responsibility for the promotion, development and support services for the tourism industry in Kentucky. The Regional Marketing and Matching Funds Program is organized within the Marketing and Advertising Division established in KRS 148.522.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect. Expenditures and rev-

venues for the Kentucky Department of Tourism will not change. The current budget of the Department of Tourism funds the administrative costs of the Regional Marketing Funds Program. Two staff persons within the Department of Tourism administer the program. The monies that the Regional Marketing and Matching Funds Program distributes within the tourism regions from the 1% transient room tax (KRS 142.400) are for tourism projects and are not used to administer the program.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? The administration of this regulation generates no revenue. The Regional Marketing Funds Program is funded via the transient room tax (KRS 142.400). For fiscal year '19 – '20 the program has \$2.5 million dollars annually to distribute to applicants. This amount has remained the same for several years.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? This administrative regulation will not generate money for state or local government with its application; there is no fee for applicants. However, the program does generate money (see KRS 142.400, 142.402, 142.404 and 142.406) through transient room tax.

(c) How much will it cost to administer this program for the first year? The program originated over twenty (20) years ago. The Department of Tourism staff has continuously administered the program since its inception. Salaries have fluctuated since the first year of the program. Two members of the department staff have administered the program for several years. There is no need for additional staff or administrative expenditures.

(d) How much will it cost to administer this program for subsequent years? There are no additional costs incurred in subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): \$0 change

Expenditures (+/-): \$0 change

Other Explanation: N/A