


Authorized Signature

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Direct Advertising Grants Program, Title 144, Series 1

Type of Rule: ☒ Legislative ☐ Interpretive ☐ Procedural

Agency: Division of Tourism

Address: 90 MacCorkle Avenue, SW
South Charleston, WV 25303

Phone Number: 304-558-2200 Email: Anna.M.Plantz@wv.gov

Fiscal Note Summary

Summarize in a clear and concise manner what impact this measure will have on costs and revenues of state government.

This amendment will clarify eligible expenditures, applicants and awards and will not create any changes to costs and revenues of state government.

Fiscal Note Detail

Show over-all effect in Item 1 and 2 and, in Item 3, give an explanation of Breakdown by fiscal year, including long-range effect.

FISCAL YEAR			
Effect of Proposal	Current Increase/Decrease (use "-")	Next Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
1. Estimated Total Cost	0.00	0.00	0.00
Personal Services	0.00	0.00	0.00
Current Expenses	0.00	0.00	0.00
Repairs & Alterations	0.00	0.00	0.00
Assets	0.00	0.00	0.00
Other	0.00	0.00	0.00
2. Estimated Total Revenues	0.00	0.00	0.00

Rule Title:

Direct Advertising Grants Program, Title 144, Series 1

Rule Title: _____

3. Explanation of above estimates (including long-range effect):

Please include any increase or decrease in fees in your estimated total revenues.

N/A

MEMORANDUM

Please identify any areas of vagueness, technical defects, reasons the proposed rule **would not** have a fiscal impact, and/or any special issues **not** captured elsewhere on this form.

This amendment clarifies eligible expenditures and applicant requirements for the program and does not have any fiscal impact.

Date: _____

7-30-15

Signature of Agency Head or Authorized Representative

Joshua H. Jager

Brief Summary of Proposed Rule Amendment:

Due to new legislation as well as decreases in available funding, eligible expenditures, eligible applicants, and number of awards have been modified in order ensure remaining funds provide the greatest potential return on investment. This amendment includes:

- The inclusion of additional eligible applicants in supporting new legislation approved in SB 273 (craft breweries, distilleries, mini-distilleries).
- A clarification that Convention and Visitors Bureaus confirm accreditation through the West Virginia Association of Convention and Visitors Bureaus.
- A provision to increase local market advertising including on a case by case basis.
- Clarification that applicants may receive one award per year and that all levels utilize established deadlines.

QUESTIONNAIRE

(Please include a copy of this form with each filing of your rule: Notice of Public Hearing or Comment Period; Proposed Rule, and if needed, Emergency and Modified Rule.)

DATE: July 30, 2015

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: (Agency Name, Address & Phone No.) West Virginia Division of Tourism
90 MacCorkle Avenue, SW
South Charleston, WV 25303

Phone: 304-558-2200

LEGISLATIVE RULE TITLE: Direct Advertising Grants Program

1. Authorizing statute(s) citation 5B-2-8 through 5B-2-12

2. a. Date filed in State Register with Notice of Hearing or Public Comment Period:
June 25, 2015

b. What other notice, including advertising, did you give of the hearing?
Public Comment Period was also noticed through industry-wide e-blast, and on the Division's
facebook and twitter pages, including a link to the proposed amendment.

c. Date of Public Hearing(s) *or* Public Comment Period ended:
July 27, 2015 at 2:00 p.m.

d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.

Attached x No comments received

- e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing: (be exact)

July 30, 2015

- f. **Name, title, address and phone/fax/e-mail numbers** of agency person(s) to receive all *written correspondence* regarding this rule: (Please type)

Anna Plantz, Director Cooperative Tourism

West Virginia Division of Tourism

90 MacCorkle Avenue, SW

South Charleston, WV 25303

Phone: 304-558-2200

Direct Line to Anna Plantz: 304-957-9325

Fax: 304-558-4893

E-mail: Anna.M.Plantz@wv.gov

- g. **IF DIFFERENT FROM ITEM 'f'**, please give **Name, title, address and phone number(s)** of agency person(s) who wrote and/or has responsibility for the contents of this rule: (Please type)

Same as above

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:

- a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

N/A

b. Date of hearing or comment period:

N/A

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?

N/A

d. Attach findings and determinations and reasons:

Attached N/A

PUBLIC COMMENT/RESPONSE, DIRECT ADVERTISING GRANTS PROGRAM TITLE 144, SERIES 1

COMMENT:

Received by email and letter – both attached

Email From: Jeanne Mozier
Sent: Sunday, July 19, 2015 2:24 PM
To: Plantz, Anna M
Subject: comment on Legislative Rules

July 19, 2015

This is a comment on The Legislative change proposed by the WV Tourism Commission. I was unable to find any address to which to mail this on the pdf indicated in the email from WV Tourism. These were the only indicators:

<http://apps.sos.wv.gov/adlaw/csr/rule.aspx?agency=Tourism>

<http://apps.sos.wv.gov/adlaw/csr/ruleview.aspx?document=9882>

and neither lead to an address. I am therefore mailing it to Anna Plantz at the Tourism office as indicated as well as to my Legislative representatives just to assure it does not go astray.

My comments are aimed solely at the following section of the legislative rule changes: Any applicant that is a Convention and Visitors Bureau must confirm that they are accredited by the West Virginia Association of Convention and Visitors Bureaus.

I have objected to this proposal on behalf of Travel Berkeley Springs directly to the Tourism Commission on more than one occasion. In spite of having the proposal repeatedly rejected by the Legislature, the Commission continues to put it forward. When I made my last appearance before the Tourism Commission to oppose the accreditation process, its most vocal champion on the Commission was forced to admit he had NOT read the document and had no notion of what was required for a CVB to be accredited.

Here are my specific objections.

- Several actions valued in the accreditation form appear to be blackmail:
 - the requirement for an unrefundable fee of \$300 to apply for accreditation;
 - the prohibition that any CVB cannot apply for MAPP grants UNLESS they are accredited. No other entity applying for these grants (private businesses, casinos, arts organizations) are required to be accredited. Why should the ONE organization that actually represents the entire industry in a specified location have this requirement?
 - required attendance at the Governor's Tourism Conference, CVB conference, etc.
- There is no indication that the review panel has any qualification for assessing the adequacy of a CVB's function other than holding appointed positions. The accreditation form seems designed to allow individuals with limited knowledge to simply check off a box (yes, they have a marketing plan; yes, they have an annual report) rather than actually evaluate the work being done.
- The questions and scoring of the application make it quite clear that bureaucratic process is equated with success. Travel Berkeley Springs does not follow several of the bureaucratic prescriptions and yet remains one of the state's most successful CVBs since its formation in 1989 mostly because staff and volunteers spend their time actually doing the work with visitors rather than attending meetings, developing reports etc.

Let me offer some examples:

- why would term limits on officers be rated highly?
- why is the existence of a visitors guide considered of great value in spite of the greater effectiveness of a content-rich website? TBS chose to develop a more cost-effective method of individual brochures that allow for easier updating. Our method of promoting the assets of our region would NOT be considered acceptable.
- why is there NO mention or value put on having a website, or any evaluation on use of social media even though these methods are the ones most used by visitors to get information?
- There is NO indication that accredited CVBs perform better or are "good stewards" of the tax funds allocated to them. In fact, at least twice, directors of accredited CVBs who also had received awards from state tourism were removed from office because of criminal financial misbehavior.

If there is true concern about the function level of a CVB, it would seem the local authorities and industry would be the ones to address it. In fact, that was done in Upshur County within the past two years where a CVB was sued by community members and restructured to better serve tourism.

Frankly, Travel Berkeley Springs' most recent experience with the MAPP program was so frustrating that we resolved participation was not worth our effort. Why?

First, it took the Tourism Commission nearly two decades to recognize the value of the Internet in marketing tourism and finally allow website development to qualify for MAPP funds. This blindness, and the continued reliance on very expensive print media is one big reason why the program is virtually bankrupt.

When web development was finally accorded entry to the program, there were absurd limitations placed on it. TBS spent ONE YEAR sending a MAPP application back and forth to receive \$7500!! for upgrading its very successful and longstanding website – one of the pioneers in West Virginia. And what were some of these limitations?

- No realtors allowed on the website in spite of the incredible benefit to the state of second home sales in tourism areas. TBS was required to eliminate more than a dozen of its dues-paying members because they were realtors.
- No social media allowed on the website. Of course, this has since changed and Tourism finally recognized the immense marketing benefit of Facebook and other methods. Once again, TBS was penalized for being an industry leader.
- No material aimed at or from the press is allowed on a website if it is to receive MAPP funds. That means a CVB cannot post great media coverage on its website so the public can read what the New York Times or BuzzFeed says. Press releases from the CVB are also not allowable.

In conclusion – PLEASE do not pass this proposed change to the Legislative rule governing the Tourism MAPP program.

Sincerely,

Jeanne Mozier
Vice President – Travel Berkeley Springs
Berkeley Springs, WV

**PUBLIC COMMENT/RESPONSE, DIRECT ADVERTISING GRANTS PROGRAM
TITLE 144, SERIES 1**

Travel Berkeley Springs, Inc.
304 Fairfax Street
Berkeley Springs, WV 25411
800-447-8797 / 304-258-9147

RECEIVED

JUL 27 2015

WV Division of Tourism
MAPProgram



July 19, 2015

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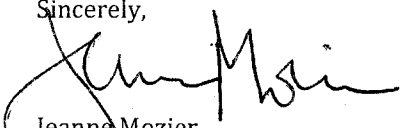
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In conclusion – PLEASE do not pass this proposed change to the Legislative rule governing the Tourism MAPP program.

Sincerely,



Jeanne Mozier
Vice President – Travel Berkeley Springs
Berkeley Springs, WV

RESPONSE:

Jeanne Mozier, Vice President
Travel Berkeley Springs, Inc.
304 Fairfax Street
Berkeley Springs, WV 25411

Dear Ms. Mozier

Thank you for taking the time to review and comment on the proposed amendments to Legislative Rule, Title 144, Series 1 for the Direct Advertising Grants Program (the "MAPP Program").

The West Virginia Division of Tourism is the state agency responsible for promulgating legislative rules on behalf of the West Virginia Tourism Commission. The Tourism Commission is an independent state body charged with promoting and improving the state's tourism industry. Your comments appear to disagree with the entire notion of requiring Convention and Visitors Bureaus in West Virginia to be accredited by an independent body prior to being eligible to receive grants from the MAPP Program, and not with the specific manner in which the Tourism Commission has decided to do so.

The Tourism Commission held two public meetings on May 13, 2015, and May 21, 2015 where members of the public offered comments to the proposed amendments to the MAPP Program. After this public debate occurred, the Tourism Commission voted to approve these proposed changes to the MAPP Program. The Division of Tourism does not have the authority to overrule a motion voted on and approved by the Tourism Commission. However, the Division will share these comments with the Tourism Commission and will file them with the West Virginia Secretary of State as part of the final rule.

Again, thank you for your participation in the rule-making process.

Sincerely,

Anna Plantz
Director, Cooperative Tourism
West Virginia Division of Tourism
90 MacCorkle Avenue, SW
South Charleston, West Virginia 25303

TITLE 144
LEGISLATIVE RULE
DIVISION OF TOURISM

SERIES 1
DIRECT ADVERTISING GRANTS PROGRAM

FILED

2015 JUL 30 P 1:41

OFFICE WEST VIRGINIA
SECRETARY OF STATE

§144-1-1. General.

1.1. Scope. -- This legislative rule governs the application and award criteria for disbursement of direct advertising grants for regional advertising from the "tourism promotion fund."

1.2. Authority. -- W. Va. Code §§5B-2-9 and 5B-2-12.

1.3. Filing Date. -- ~~May 3, 2010.~~

1.4. Effective Date. -- ~~May 7, 2010.~~

§144-1-2. Definitions.

2.1. "Applicant" means a for profit or non-profit entity or organization located within the state that promotes tourism within the state and is also a destination. The term "applicant" may not include vendors that would be supplying services paid for out of grant funds, schools or camps.

2.2. "Application" means a written request for tourism promotion funds pursuant to this rule containing all forms, information and attachments executed by the applicant and all partners, if applicable.

2.3. "Amenity" includes spa services, golf courses, full- service restaurants, skiing or snow activities, tennis, horseback riding, hiking trails, boating or fishing.

2.4. "Attraction" means an entity which is at least one of the following:

2.4.1. A cultural or historic site or event which includes, but is not limited to, fairs or festivals, heritage and historic sites and museums;

2.4.2. Entertainment establishments which include, but are not limited to, pari-mutuel gaming establishments, live performing art centers, sporting organizations or arenas, vineyards or wineries, craft breweries, distilleries, and mini-distilleries;

2.4.3. Scenic or natural areas such as show caves or caverns;

2.4.4. Theme or Amusement Parks;

2.4.5. Zoos, Aquariums or Wild Animal Parks;

2.4.6. Recreational Activities, including but not limited to whitewater rafting, skiing and snow activities, mountain biking, hunting and fishing.

2.5. "Code" means the Code of West Virginia.

2.6. "Commission" means the Tourism Commission created pursuant to §5B-2-8 of the Code.

2.7. "Destination" means one of the following:

2.7.1. A region or area located within the state containing three or more attractions;

2.7.2. An independent activity located within the state;

2.7.3. A cultural or historic site or event which includes, but is not limited to, fairs or festivals, heritage and historic sites and museums;

2.7.4. Entertainment establishments which include, but are not limited to, pari-mutuel gaming establishments, live performing art centers, sporting organizations or arenas, vineyards or wineries, craft breweries, distilleries, and mini-distilleries;

2.7.5. Scenic or natural sites such as show caves or caverns;

2.7.6. Theme or Amusement Parks; or

2.7.7. Zoos, Aquariums or Wild Animal Parks;

2.8. "Destination Camping" means a full-service camping facility that is located within the state whose recognized reputation for service and activities are the primary motivating factor for visitors to travel to the area where it is located. Destination Campgrounds must have cabin/lodge room facilities in addition to a minimum of 65 campsites, including RV sites with full hook-ups. Camp sites must be numbered and the destination must include water, shower house, restrooms and firewood. Visitor registration is required along with a campground host and night security. Destination Campgrounds must have an on-site restaurant or grocery/gift shop facilities and offer at least three recreational camping activities.

2.9. "Destination Inn or Bed and Breakfast" means a lodging facility located within the state whose recognized reputation for service and amenities are the primary motivating factor for visitors to travel to the area where it is located.

2.10. "Division" means the Division of Tourism created pursuant to §5B-2-8 of the code.

2.11. "Fulfillment" means printed materials used to respond to an inquiry requesting additional information generated by direct advertising or printed materials provided to the division, a state park, the national park service or other government agency for direct advertising.

2.12. "Grant Period" means the twelvemonth period running from the beginning project date through the ending project date and any extensions granted by the commission pursuant to subdivision 8.4.3. of this rule.

2.13. "Independent Activity" means an entity or organization which attracts a minimum of eighty-five percent (85%) of its visitors from outside the local market and is at least one of the following:

2.13.1. An entity or organization which provides recreational activities including, but not limited to, whitewater rafting, skiing and snow activities, mountain biking, hunting and fishing, bus tours, dinner cruises and sightseeing tours;

2.13.2. A Resort;

2.13.3. A Destination Inn or Bed and Breakfast;

2.13.4. An entity or organization offering vacation rentals;

2.13.5. Destination shopping; or

2.13.6. Destination Camping.

2.14. Internet Media means purchasing advertising on web sites other than that of the applicant organization. Internet media includes but is not limited to banner ads, leader boards, advertising in e-zines, e-newsletters and within internet broadcasting, where brand identification, as required by the Commission, is utilized. Internet Media does not include pay-per-click advertising or paid search advertising except as described in 6.9.21 of this rule.

2.15. "Local Market" means the geographic area within fifty (50) miles of a destination.

2.16. "Partner" means an entity or organization located within the state making a financial contribution toward the applicant's match requirement for an application for grant funds for a collaborative marketing program with a central advertising message directing tourists to a destination being represented by the applicant. The term "partner" may not include vendors that would be supplying services paid for out of grant funds.

2.17. "Recreational Camping Activities" includes hunting, fishing, boat rentals, boat launch ramp, swimming, horseback riding, ATV and/or hiking/biking trails, golf, miniature golf, and museums.

2.18. "Resort" means a full-service lodging facility that is frequented for relaxation or recreational purposes and offers at least two amenities.

2.19. "Return on Investment" means the measure of a project's ability to use grant funds to generate additional value, including, but not limited to additional bookings and reservations.

2.20. "Total project cost" means the total of all proposed eligible expenditures contained within an application.

2.21. "Vacation Rental" means a lodging facility including chalets, cabins or condominiums. The term "vacation rental" may not include hotels or motels.

§144-1-3. Applications.

3.1. An applicant shall apply for tourism promotion funds on forms supplied by the Commission or on exact computer duplicates.

3.2. The applicant shall include a complete advertising or marketing plan, in sufficient detail to permit evaluation against the required criteria. The application shall include a complete media plan with advertising costs as well as a complete description of the project. The information shall be broken out by individual publications with ad size, specific broadcast stations, specific internet media providers, billboard locations, printing costs, production expenses, web site development, design, and upgrades as established in 6.7. of these rules and any other applicable charges. The application shall also include description as to how the partner(s) benefit from participation in the advertising plan and how said partner(s) complement the central advertising message directing tourists to a destination. The applicant must sign the application.

3.3. The Commission may request such additional information as it determines necessary to evaluate any application, including, but not limited to, financial and budgetary information related to the application or to the applicant or to any partners to the application.

3.4. Failure to provide the required application information, or failure to provide such additional information as the Commission reasonably requests by a specific date, in order to evaluate any application, may at the Commission's option, disqualify the entire application.

3.5. The Commission reserves the right to reject any application on the basis of the amount of funding sought; to request that the applicant revise an application to a lower or higher level of funding; or to award more or less than the full amount requested in the application. In addition, if more than eighty-five percent of an applicant's funding is provided by a single partner, the application must be approved by a two-thirds majority of the Commission. The Commission also reserves the right to require brand identification on any advertising approved as part of the application and/or require that the applicant display appropriately the Division of Tourism's phone number and/or web address.

3.6. No application shall be considered by the Commission unless the total project cost is at least \$20,000.00 and the applicant's and partners' combined share of the project cost is at least \$10,000.00 as established in 7.1 of this rule, unless the application is filed under the small grants program established in §7.2 of this rule or under the fairs and festivals grants program established in §7.3 of this rule.

3.7. Projects that encompass an area in West Virginia and a contiguous area in another state may be considered by the Commission. The applicant must be a tourism destination in West Virginia, the total project cost must be at least \$20,000.00 and the applicant's and West Virginia partner's combined share of the project cost must be at least \$10,000 as established in 7.1 of this rule, unless the application is filed under the small grants program established in §7.2 of this rule or under the fairs and festivals grants program established in §7.3 of this rule, and the Commission may only match that portion of the project costs directly contributed by the West Virginia applicant and West Virginia partner(s), and only those costs that promote visitation to West Virginia. If a national company develops a campaign to promote West Virginia tourism, only the portion of the ads directly related to West Virginia tourism may be reimbursed from an approved grant.

3.8. The applicant and all partners shall disclose in the application the following. Failure to disclose this information shall result in the cancellation of any grant to the applicant organization previously approved by the Commission and the disqualification of the applicant and partner organizations and their representatives from future grant awards:

3.8.1. Any financial benefit that will be received, if the application is approved, by any entity in which the applicant or partner organizations, its representatives or its employees have an ownership interest;

3.8.2. Any other employees or representatives of the applicant or partner organizations with a vested interest that is not otherwise described as part of the project;

3.8.3. If the applicant and all of the partners are presently in compliance with all state, federal and local laws, including but not limited to, Hotel/Motel tax and payments to Workers' Compensation and Unemployment Compensation;

3.8.4. If the applicant or any partner is presently involved in a bankruptcy proceeding, and who within their respective organizations may be contacted for details of the bankruptcy proceeding. Involvement in bankruptcy proceedings is not automatic disqualification from the grants program, but the Commission reserves the right to request additional information regarding any bankruptcy proceedings to insure the state's money is being granted appropriately.

3.9. Activities that are a part of the grant project may not precede the grant's approval date by the Commission. The period of service for all submitted invoices shall fall within the grant period as approved by the Commission.

3.10. The Commission/Division reserves the right to determine the acceptability and value of all written, graphic and visual material as to its content and appropriateness for the general public and for the state's effort to promote tourism.

3.11. The Commission reserves the right to determine the acceptability of advertising to insure that it does not portray the State of West Virginia or foreseeably lead to the portrayal of the State of West Virginia in a derogatory or negative manner.

3.12. Any applicant that is a Convention and Visitors Bureau must confirm that they are accredited by the West Virginia Association of Convention and Visitors Bureaus.

§144-1-4. Application Review and Evaluation.

4.1. The Division shall review all applications for completeness and conformance to this rule. If an application is deemed to be incomplete or not in conformance with this rule, the Division may return the application to the applicant for additional information or otherwise contact the applicant and request the information required. The Commission reserves the right to deny or to defer consideration of any incomplete application or of any application that fails to conform to the appropriate rules and guidelines.

4.2. The Commission shall establish a subcommittee to evaluate and prioritize all applications that are complete and conform to guidelines. The subcommittee may include non-commission members, but the majority shall be Commission members. The chair of the subcommittee shall be a Commission member and shall report to the Commission the subcommittee's recommendations for each application considered.

4.3. With the exception of applications received under the small grants program established in §7.2 of this rule, or under the fairs and festivals grants program established in §7.3 of this rule, final approval of applications must be upon a vote of the Commission. Eligible and complete applications shall be evaluated and given priority by the subcommittee, using the following criteria:

4.3.1. The project demonstrates potential for a strong positive return on investment and is well researched.

4.3.2. The project promotes a viable tourism destination, attraction or festival.

4.3.3. The project is a part of the applicant's overall marketing plan.

4.3.4. The project includes repeat marketing efforts and the results from those efforts justify repeat funding. Applications for projects that include repeat marketing efforts shall contain information demonstrating that such repeat marketing efforts are in addition to regular ongoing advertising activities.

4.3.5. The geographic advertising markets appear reasonable and based upon research.

4.3.6. The project demonstrates how it will increase visitation, length of stay and/or tourism expenditures from outside a 50-mile radius, or in a major out of state market.

4.3.7. The project includes tracking and evaluation measures.

4.3.8. The project will have a significant impact on the area's overall tourism efforts.

4.3.9. The project involves partnerships that leverage additional public/private investment.

4.3.10. The project supports advertising activities that are over and above regular ongoing advertising activities.

4.4. Grants will be awarded on a competitive basis, in accordance with program priorities established by section 4.3 above. The Commission anticipates that the demands on the tourism promotion fund will soon exceed the available monies in that fund. In the event that the fund does not have sufficient monies to fund the grants seeking funding, the Commission will award grants based on how successfully the grants meet the evaluation criteria. The Commission reserves the right to award some grants and deny others, as well as the right to fund grants at a level less than the 50% match.

4.5. Unsuccessful applicants will be notified in writing within fifteen (15) days of the Commission's/Division's decision on the application.

4.5.1. Grant applicants failing to receive an award due to funding limitations may revise their grant according to recommendations of the Commission/Division, and resubmit their grant application along with a letter of request for reconsideration in accordance with established deadlines.

§144-1-5. Match Requirement.

5.1. Applicant and partners must be able to provide the total project cost. Reimbursement from the grant is based on paid invoices submitted properly and in a timely manner to the Division. The match is up to 50% of qualified invoices reflecting approved advertising costs.

5.2. Cost overruns above the award amount shall be borne by the applicant unless the Commission grants prior approval in writing.

5.3. There shall be no changes in the project after the grant is awarded unless prior written approval of the Commission is obtained by the applicant. Changes to the project may not materially change the project's objective or goal. The request for changes must be in compliance with 8.4 of this rule.

5.4. The match shall be a cash match. No in-kind services may be utilized for the match.

5.5. State funds from any source may not be used for the match.

§144-1-6. Eligible and ineligible expenditures of grant funds.

6.1. Grant funds may only be used to pay for eligible expenditures for direct advertising. Eligible expenses for direct advertising include, but are not limited to the following:

6.1.1. The costs of advertising on television, radio, or other telecommunications media, in newspapers, magazines or other print media, direct mail advertising, internet media, and outdoor advertising or any combination thereof;

6.1.2. The costs of purchasing and using mailing lists for direct mail promotions;

6.1.3. The costs for United States postage used for direct mail only. Reimbursement will be limited to the standard bulk mail rate;

6.1.4. The costs of printing travel related literature: Provided, That sixty percent (60%) of such literature is used as fulfillment for direct advertising within the approved application or approved request for modification of an approved application, and that all requests for printing are accompanied by three written bids, with written justification provided in the event that the lowest bid is not selected; or

6.1.5. Registration fees for consumer and trade shows: Provided, That the participation in such shows is for the purpose of attracting visitors to the state.

6.2. ~~Eighty percent (80%)~~ Seventy-five percent (75%) of a project's direct advertising must be directed toward areas outside of the local market or in major out-of-state markets, except for direct advertising for a fair or festival grant authorized by subsection 7.3 of this rule. The Commission reserves the right on a case by case basis to allow local market media in excess of 25% of a project's direct advertising that cost effectively reaches a well-researched target market.

6.3. Notwithstanding the provisions of subsection 6.2 of this rule, all direct advertising in the form of billboards must be directed toward areas outside of the local market or in major out-of-state markets, except billboards for a fair or festival grant authorized by subsection 7.3 of this rule.

6.4. All direct advertising in the form of billboards must have a creative concept or layout approved by the Division in order for any of its cost to be considered an eligible expenditure.

6.5. Any direct advertising related to real estate must be for vacation rentals only. No direct advertising for real estate sales or realty agencies are permitted within cooperative advertising, unless such ads are specifically and clearly delineated as vacation rentals only.

6.6. Direct advertising may be in the form of cooperative advertising which is advertising that represents a community, region, county, multi-county or statewide organization and may include tourism businesses or organizations that enhance the destination for which the grant is to cover. Cooperative advertising must be entirely directed toward areas outside the local market or in major out-of-state markets. All cooperative advertising must have a creative concept approved by the Division in order for any of its cost to be considered an eligible expenditure.

6.7. Eligible expenses may include production expenses for direct advertising in the media categories provided in this subsection. The total cost of such production expenses may not exceed fifteen (15%) of the total cost of the direct advertising and in no event may the total cost of such production expenses exceed \$10,000, for any one of the following media categories:

6.7.1. Printed material, including the printing of direct mail and travel related literature;

6.7.2. Print media;

6.7.3. Television and radio;

6.7.4. Internet media; and

6.7.5. Billboards.

6.8. Eligible expenses may include web site development, design, and upgrades to the applicant's web site. The total cost of such production expenses may not exceed \$22,500 per applicant, per year as defined by the Division. An itemized breakout of requested expenses must accompany the application or modification. Web site development, design and upgrades may not include any applicable ineligible expenditures as listed under the provisions of sections 6.5 and 6.9 of this rule.

6.9. Grant funds may not be used to pay for ineligible expenditures. Ineligible expenditures include, but are not limited to the following:

6.9.1. Regular and ordinary business costs of the applicant including, but not limited to, supplies, personnel, phone, normal postage, distribution and shipping expenses or travel costs;

6.9.2. Any costs associated with preparation of the direct advertising grant application;

6.9.3. Costs for the rental or purchase of real estate;

6.9.4. Construction costs;

6.9.5. Costs of political or lobbying activities of any kind;

6.9.6. Membership fees or dues to any organization, or solicitation of membership to any organization through advertising within a grant program authorized by this rule;

6.9.7. Costs associated with the start up of any business or publication even if the business or publication may be totally or partially devoted to the promotion of tourism in the state;

6.9.8. The cost of purchase of audio/visual equipment;

6.9.9. Costs of alcoholic beverages;

6.9.10. Costs for any expenditure not identified in the application, unless the Commission grants prior approval in writing;

6.9.11. Costs of any public relations or research expense;

6.9.12. Costs for key rings, bumper stickers, mugs or any other similar promotional item;

6.9.13. Event production expenses, including costs for audio equipment, awards, entertainment, portable restrooms, labor or refreshments;

6.9.14. Costs relating to fundraising activities;

6.9.15. Costs associated with retail advertising, except for destination shopping which is able to produce verification that said destination attracts a minimum of eighty-five (85%) of its visitors from outside the local market: Provided, That no retail advertising may include price point advertising;

6.9.16. Costs of Tourist Oriented Directional Signs (TODS) and logo signs for gas, food, lodging and camping;

6.9.17. Costs of sponsorships;

6.9.18. Costs of items for resale;

6.9.19. Costs for monthly or annual server/web host fees, web maintenance fees, and training;

6.9.20. Costs for domain name registration, internal email addresses; or

6.9.21. Costs associated with pay-per-click or paid search advertising, except for statewide tourism associations which represent entire segments of the tourism industry of the state, including, but

not limited to the WV Association of Convention and Visitors Bureaus, WV Ski Areas, WV Professional River Outfitters, Mountain State Association of B&B's, and only those associations as a whole.

§144-1-7. Grant Levels.

7.1. There is hereby established a large grants program to be administered by the Commission. Awards under this program shall be considered by the Commission and the total project cost will be at least \$20,000.00 and the applicant's and partner's combined share of the project cost is at least \$10,000.00. The applicant and partner(s) must provide a minimum of 50 percent of the total project cost. Total grants awarded under this program shall be used by the applicant solely for advertising purposes. Large grant awards shall require the approval of the Commission. Grants must be received by established deadlines.

7.2. There is hereby established a small grants program to be administered by the Division. Awards under this program shall not exceed \$7,500 per applicant and no applicant shall receive more than two one grants per fiscal year. The applicant and partner(s) must provide a minimum of 25 percent of the total project cost. Total grants awarded under this program ~~shall not exceed \$2,000,000~~ in any fiscal year and shall be used by the applicant solely for advertising purposes. Small grant awards shall require the approval of the director of the Division. Grants must be received by ~~the Division at least 45 days in advance of the beginning project date~~ established deadlines. No applicant who has received a grant larger than \$7,500 in any fiscal year may apply for a small grant under this section during the same fiscal year: ~~Provided, That a non-profit entity may apply for and receive small grants even if it has received large grants in the same fiscal year.~~

7.3. There is hereby established a Fairs and Festivals grants program to be administered by the Division. Awards under this program shall be limited to Fairs and Festivals, and grants shall not exceed \$5,000.00 per applicant ~~in any three month period, as defined by the Division~~ per year. The applicant must provide a minimum of 50 percent of the total project cost, but the requirements of § 5.5 of these rules shall not apply to the Fairs and Festivals grants program. Total grants awarded under this program ~~shall not exceed \$1,000,000 in any fiscal year and~~ shall be used by the applicant solely for advertising purposes. Fairs and Festivals grant awards shall require the approval of the Director of the Division. Grants must be received by ~~the Division at least 45 days in advance of the beginning project date~~ established deadlines.

§144-1-8. Audit & Compliance.

8.1. The state reserves the right to review/audit an applicant's and/or partner's records, including financial statements and supporting records, relating to the project. Records, including financial statements and supporting records, must be retained by the applicant and all partners for a minimum of three years after the close of the project.

8.2. Upon discovery of any violation of the terms of the agreement, these rules, or state or federal law by the applicant or by any partner to the grant application, the state may terminate any project agreement and/or reject any future applications from such applicant or any partner to the grant application.

8.3. Approved grant recipients shall provide to the Division final written evaluations, as determined by the Commission at the time of grant approval, of the advertising program supported by the grant.

8.4. If the grantee determines that program changes are necessary to improve the overall effectiveness of the project, the grantee may submit a letter of request for program changes to the Division. The letter of request shall clearly be identified as a "Grant Modification Request" and shall contain a description of the proposed changes, i.e. a narrative describing why the changes would improve

the overall effectiveness of the project; the original grant award number; and the date and amount of the original award. Modification requests shall be reviewed using, but not limited to the following criteria:

8.4.1. The Division shall consider no more than six letters of modification per grant.

8.4.2. Modification requests that involve the movement of media purchases may be granted at the discretion of the Division.

8.4.3. A modification request for an extension of the ending date of not greater than six months may be granted at the discretion of the Division, provided that said modification is submitted no later than thirty days prior to the ending project date.

8.4.4. Other modifications must be reviewed and approved by the Commission, or a designee of the Commission, with the exception of modification requests for increases in funding, which must be reviewed and approved by the Commission.

8.4.5. Modifications may be approved without the submission of a new project application but those requiring Commission approval must be submitted at least 30 days prior to the Commission meeting.

8.4.6. Increases in funding may not exceed the minimum match requirement for large grants (\$10,000), or the maximum allowable match in the small grants (\$2,500) or Fair and Festival grants (\$5,000).

8.4.7. No modifications shall be granted after the end of the grant period.

8.4.8. Modifications for grants applied for under 7.2 and 7.3 of this rule shall be reviewed and approved by the Division.

8.5. Grant awards must be closed out within 90 days of the end of the grant period.

§144-1-9. Project Agreement.

9.1. Simultaneously with award, the Division shall enter into an agreement with the applicant, which includes, but is not limited to the following:

9.1.1. A statement that the information provided within the grant is true and correct, and that the applicant has read and understands this rule;

9.1.2. The grant amount;

9.1.3. A promise by the applicant and partners that no in-kind services have been used to match any portion of the grant;

9.1.4. An irrevocable promise of the applicant and partners to pay the approved expenses within the grant, and subsequently request up to 50% reimbursement of those expenses;

9.1.5. A promise by the applicant not to assign or transfer any of the rights, duties or obligations of the applicant without the written consent of the Commission, or, in the case of grants awarded under 7.2 and 7.3 of this rule, the Division;

9.1.6. A promise by the applicant not to amend the grant without the written consent of the Commission/Division;

9.1.7. A statement that the project must be completed by the ending project date, unless a written request for an extension is submitted no later than 30 days prior to the ending project date;

9.1.8. A statement that the applicant and partners indemnify and hold harmless the State of West Virginia and the Tourism Commissioners for any liability arising from the agreement.

9.1.9. A sworn statement from an authorized representative that the applicant has filed all reports for state grants received as required under §12-4-14 of the West Virginia Code.

§144-1-10. Administration and Assistance by the Division of Tourism for the Tourism Promotion Fund.

10.1. The Division of Tourism shall utilize its staff to support the Cooperative Tourism Grant Program. The Division of Tourism shall report to the Commission regarding its staff, the advertising and promotion assistance rendered, and the management of the West Virginia welcome centers.



FILED

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OFFICE WEST VIRGINIA
SECRETARY OF STATE

MEMORANDUM

To: Judy Cooper, Secretary of State's Office
From: Anna Plantz, Division of Tourism
Subject: Direct Advertising Grants Program
Date: July 30, 2015

Please find attached, the agency approved proposed rule and appropriate paperwork for our Legislative Rule Amendment.

Should you need any additional information, please call 304-957-9325 (59325) or email Anna.M.Plantz@wv.gov.

Thank you for all your help,

Anna