

Exhibit No. 16Date 4-2-11Bill No. HB 316

Dear Montana Senate Members,

I am writing today to urge you to vote "NO" on HB 316.

Reasons to Oppose HB 316:

- Passing this bill will have a negative impact on the General Fund. For example, diverting 10% of the lodging tax away from tourism promotion HB 316 is ignoring research by the Dept. of Commerce which illustrates that for every \$1 spent on tourism promotion \$ 4.53 is returned to the state in tax revenue.
- HB 316 will cut into the original 4% lodging tax intended for tourism promotion and as a result over 50% of the 7% lodging tax collected by the industry will go to the State General Fund.
- At the JOBS Legislative Listening Session on January 8th private sector lodging owners testified that the best formula for helping the Tourism Industry was for lawmakers to stay true to the original intent of the "Bed Tax Law" that was enacted in 1987 and to not divert funds. HB 316 is a "jobs reduction bill for Montana's tourism industry."
- Since 2004 average media costs to promote Montana tourism efforts have increased over 35% with some markets costing even more. One specific example is that television advertising in Seattle-Tacoma has increased 42.3% since just 2007. This is much higher than the cost of US inflation. In addition, HB 316 fails to recognize the following:
 - o Industry forecasts show online advertising spending (currently almost 50% of MT Office of Tourism media buy) will increase by 56% from 2010 to 2014 across all categories.
 - o Additionally existing "traditional" media will need to be augmented by new and emerging media, such as mobile and social media.
 - o In 2004, Montana's tourism budget was 38% lower than the national average.

Thank you for your consideration of this request that you vote "NO" on HB 316.

Kevin & Nancy Johnson

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