

## TOURISM ADVISORY COUNCIL CONFERENCE CALL MEETING MINUTES

APRIL 3, 2019

HELENA, MT

### COUNCIL MEMBERS PRESENT

Glenniss Indreland, Chair—Big Sky  
Katie Grice, Vice Chair—Big Sky  
Tami Burke—Glasgow  
Jeff Ewelt—Billings

Rhonda Fitzgerald—Whitefish  
Bill McGladdery—Butte  
Dr. Kenneth Ryan—Wolf Point

Brian Sprenger—Bozeman  
Alger Swingley—Great Falls  
Steve Wahrlich—Billings

### COUNCIL MEMBERS NOT PRESENT

Lindzy Brunson—Kalispell  
Rachel Gregg—Missoula  
Sandi Luckey—Helena

Patricia McGlynn—Kalispell  
Sandra Thares—Great Falls  
Joe Willauer—Twin Bridges

### DEPT. OF COMMERCE (DOC) and MT OFFICE OF TOURISM & BUSINESS DEVELOPMENT (MOTBD) STAFF

Jan Stoddard—Bureau Chief, ISO Bureau  
Carmen Levick—Tourism Outreach Coordinator  
Barb Sanem—Compliance Specialist

## WEDNESDAY, APRIL 3, 2019

### CALL TO ORDER, INTRODUCTIONS

Council Chair, Glenniss Indreland called the meeting of the Tourism Advisory Council (TAC) to order at 3:02 p.m. Introductions of Council members, Montana Office of Tourism & Business Development (MOTBD) staff and other attendees followed.

### CHANGES TO THE AGENDA

No changes to the agenda were requested.

### CONSENT AGENDA

- Approval of February 4, 2019 TAC Meeting Minutes

**Bill McGladdery moved to adopt the consent agenda. Brian Sprenger seconded. With no request to remove an item from the consent agenda, the consent agenda was adopted.**

### PUBLIC COMMENT

National Travel & Tourism Week—Candace Strauss, Visit Big Sky

Candace said that the U.S. Travel Association will celebrate National Travel & Tourism Week from May 5-11. She encouraged tourism partners to participate to help raise awareness of the economic impact that tourism brings to communities and the state. There are multiple ways to participate including social media and public rallies and meetings. She stated that she would like to see at least one event happen in each of Montana's seven tourism regions during that week. She will be reaching out to partners to coordinate.

Legislative Update—Steve Wahrlich and Brian Sprenger, Jeff Ewelt, TAC Members; Candace Strauss, Big Sky CVB  
Updates were given on legislative bills that could impact the tourism industry in Montana.

- LC980—Interim study of lodging facility use tax.
- HB411—Revise laws related to Aquatic Invasive Species (AIS) expenditures and funding. This bill would reduce the amount of bed tax that MOTBD receives by 4.4%.
- HB661—Revise aviation fuel taxation. This bill could significantly impact air service across Montana.

- SB338—Provide for construction of the Montana Heritage Center and create museum grants. This bill proposes to increase the bed tax by 1% and use those funds for this purpose.
- SB241—Allow increased resort tax for infrastructure.

## **COMMITTEE REPORTS BY RESPECTIVE CHAIRS**

### **Executive Committee**—Glenniss Indreland, Chair

Glenniss gave a recap of the TAC Executive Committee conference call which was held on Wednesday, April 3. Items of discussion included:

- Review of the recommended changes and updates to the Rules & Regulations for Regions and CVBs
- Review changes to the TAC Operating Policy. Glenniss said that one thing the revised document will aspire to do is combine the three separate documents (TAC Operating Policy, TAC Job Descriptions and TAC Committee Definitions and Responsibilities) into one cohesive document to be the TAC Operating Policy. Glenniss reviewed the proposed changes to the TAC Operating Policy. (Note: *See Attachment A to read full document with proposed changes to the TAC Operating Policy*) Discussion followed.
  - Section 4—Election of Officers: Rhonda Fitzgerald noted that she would discourage a limit of terms for officers as there have been circumstances in the past that made it necessary for one or both officers to continue for another term or two.
  - Section 4—Election of Officers: Glenniss Indreland and Rhonda Fitzgerald also noted that language regarding a nominating committee needs to be added to this section.
  - Section 6—Job Description: Rhonda Fitzgerald suggested that the section on line “f” reads “*Gets to know other Council members and builds a collegial working relationship*” deleting the portion that says, “*that contributes to consensus*”. Tami Burke echoed what Rhonda said to just put a period after the word relationship.
  - Section 7—Committees: Rhonda Fitzgerald stated that under line “a” for Executive Committee, there needs to be some wordsmithing as it states that the committee shall be composed of a minimum of four members but names the current Chair, Vice Chair, two most recent past Chairs and two members currently serving on the Council which totals a minimum of six people. She also commented that there aren’t always two recent Chairs serving on the Council.
  - Section 7—Committees: Glenniss Indreland stated that the Rules & Regulations will now be a separate committee from the Marketing Committee.
  - Section 13—Travel Reimbursement: Glenniss Indreland reminded the Council that when traveling, they will only be reimbursed for the state per diem lodging rate. If they choose to book lodging outside the arranged room block that is above the negotiated rate, they will be responsible for the difference. If they are traveling for a meeting and require additional lodging due to distance or other circumstances, they need to request the state government rate. MOTBD staff stated that they are happy to negotiate the rate in advance if needed. Rhonda Fitzgerald asked how to correctly submit expenses for car rentals and fuel as there is a group from her area that normally car pools for the TAC meetings. MOTBD staff said that they will check with the Department of Commerce accounting staff and report back at the June meeting.

Glenniss asked for any other feedback regarding the TAC Operating Policy to be directed to her. A finalized draft copy will be sent to the Department legal counsel for review. Once approved, it will be sent to the Council and moved forward to be adopted at a future meeting.

## **Marketing Committee Updates**—Katie Grice, Chair

### **Rules & Regulations Changes and Updates**

Katie reviewed the proposed changes for the Rules & Regulations for the Regions and CVBs. Once approved, it will go through a public comment period and legal review before being sent through the official process for changes. (Note: See *Attachment B to read summary of proposed changes to the Rules and Regulations for the Regions and CVBs*) Discussion followed.

- **Section 7.3—Eligible Marketing Expenditures**: Discussion asked for clarification of Sub Section 8: “Publicity and marketing personnel costs can include gross wages for hours worked and employer state and federal taxes.” Questions raised asked if employer paid benefits including paid time off would be included under this item or if it would come out of administrative costs. Agreement was made that the wording would be changed to include it under marketing expenditures for marketing personnel only. Other staff would still be taken out of the administrative budget. Katie Grice will confirm with MOTBD staff to make sure that it is correct.
- **Section 7.3—Eligible Marketing Expenditures**: Discussion of Sub Section 17: “Computer and audio-visual equipment for implementation of a marketing method.” MOTBD staff clarified that if there is a purchase of equipment or software under marketing expenses, the organization will need to prove that it is specifically for marketing purposes. Example given was that if the organization purchased the latest version of QuickBooks, that would need to be an administrative expense but if they are purchasing software or a device to help track a marketing method that could be done under marketing expenditures. Agreement was that this item would be scenario based and could be difficult to define.
- **Section 15.2.21—Convention Promotion and/or Events Recruitment**: This section includes language that would allow organizations to use lodging facility use tax revenues for the recruitment of conventions and events including those originating within the State of Montana.

### **June 10-11, 2019 Region and CVB Marketing Plan Presentations**

Katie reviewed the format for the Region/CVB marketing plan presentations at the June 10-11, 2019 TAC meeting. The main change is that the organizations will not be required to bring their entire trade show booth. There will be space available around the perimeter of the meeting room for them to showcase their creative materials, but presentations will all be done at the front of the room. Instructions and guidelines will be sent to the Regions and CVBs, so they know what the expectations are.

### **Change in Eligibility for the Sidney CVB**

Glenniss Indreland announced that due to decreased bed tax collections, the Sidney CVB no longer meets the requirements to qualify to receive bed tax funding as a CVB. Jan Stoddard clarified that the Sidney CVB will have the opportunity to revise their existing budget and marketing plan which will need to be reviewed and approved by the TAC. Once approved, their contract will be amended to allow them to use the funds that they have already collected by June 30, 2020.

**Rhonda Fitzgerald moved to approve the change in status for the Sidney CVB with an amended contract and marketing plan to be completed by June 30, 2020. Glenniss Indreland seconded.** Discussion followed.

Bill McGladdery commented that in a situation a few years ago when the Havre CVB lost their funding, the money was reverted to the Central Montana Tourism Region. He asked why this funding was not being reverted to the Missouri River Country Tourism Region. Jan Stoddard stated that in discussions with the Department of Commerce legal staff, it was determined that although the Sidney CVB will stop receiving funding on July 1, 2019, they are still eligible to spend the funding collected through June 30, 2019 through an amended contract. **With no further discussion, motion passed.**

**MONTANA HERITAGE COMMISSION REPORT**—Jeff Ewelt, TAC Member

Jeff gave an overview of the Montana Heritage Commission which manages the historic sites of Virginia City, Nevada City and Reeder's Alley in Helena. He announced that they will be doing a ribbon cutting on June 7, 2019 at noon for the new Village Pump Gas Station & Visitor Center in Virginia City. While the gas pumps are vintage, they will accept credit cards and will be accessible 24 hours per day.

**STATE PARKS SCORP MEETING REPORT**—Joe Willauer, TAC Member

Joe was unable to attend the conference call, so no report was given.

**EASTERN MONTANA INITIATIVE**—Jan Stoddard, Industry Services & Outreach Bureau Chief, MOTBD

Jan gave an update on the Eastern Montana Initiative which is a program designed to develop sustainable, long-term solutions to declining bed tax dollar collections in designated areas. Bill McGladdery commented that since MOTBD is putting money behind this project and asked if communities such as Miles City, Sidney, other CVBs or Regions would be given direction in how to utilize expenditures for their marketing plan for next year. Pros and cons of radio and newspaper advertising in rural areas were discussed. Emphasis was placed on utilizing data and numerical measurements for method evaluations and accountability in demonstrating bed tax dollars are being spent responsibly. While details of State joint ventures may not be known at the time marketing plans are due, numerous organizations budget for that method in advance. Jan clarified that there have been five zones defined for the project and that team of staff and partners for the Eastern Montana Initiative will not have the ability to dictate how the organizations spend their marketing dollars. She said oversight of the Region/CVB marketing plans and budgets falls under the purview of the TAC.

In the first round of meetings with the five zones, the short-term goal is to utilize existing product and assets to encourage visitors to stop and explore as they are passing through these areas. The second phase of the project will entail collaborative destination development projects and working with communities that are ready to expand, manage and maintain their tourism product moving forward. Comment was made that the TAC should let those communities know that there is an expectation for them to joint venture and work with MOTBD when possible so there is consistency in the messaging.

**ADJOURNMENT**

**Steve Wahrlich moved to adjourn the meeting. Tami Burke seconded. Motion passed. The meeting was adjourned at 5:21 p.m.**

**UPCOMING TAC MEETINGS**

- June 10-11, 2019—Helena (Helena Regional Airport)
- October 7-8, 2019—Helena (Location TBD)

## Attachment A

Red highlights = from past

Yellow highlights = suggested updates for discussion

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### MONTANA TOURISM ADVISORY COUNCIL OPERATING POLICY

1. **NAME:** TOURISM ADVISORY COUNCIL: (TAC or the Council) is part of the executive branch of Montana state government through the Montana Department of Commerce, Helena, Montana. The Governor is the Chief Executive Officer of the executive branch of state government and is charged with formulating and administering the policies of the branch, including budget policies and priorities. The Governor has the power to resolve any policy conflicts within the executive branch pursuant to Section 2-15-103, MCA.

The Council members are appointed by the Governor pursuant to Section 2-15-1816, MCA. The Department of Commerce provides staff for the Council, through Montana Office of Tourism and Business Development, (MOTBD) Industry and Outreach Services Bureau, (ISO) and is authorized to adopt such rules as may be necessary to implement and administer Section 2-15-1816, MCA. **The main point of contact for the Council is ISO Bureau Chief, but should a Council member wish to communicate directly with other Bureaus, Division Administrator, or Director of Commerce, the Council Chair shall be included in correspondence.**

All communication from the Council to the Governor's Office shall be made through the Director of the Department of Commerce. The communication can be made informally (e.g., ISO staff can convey request by telephone or e-mail to the Director, who in turn will communicate with the Governor's Office) and should explain the substance of the communication and how it relates to the Council's subject area.

2. **PURPOSE:** Pursuant to Section 2-15-1816, MCA, the purpose of the Council is to:
  - a. oversee distribution of funds to regional nonprofit tourism corporations for tourism promotion and to nonprofit convention and visitors bureaus in accordance with **Title 15, chapter 65, part 1.**  
*This task is accomplished by reviewing and approving marketing plans and marketing method evaluation reports in accordance with the Rules and Regulations established by the Council and reviewed bi-annually.*
  - b. advise the department of commerce relative to tourism promotion;
  - c. advise the governor on significant matters relative to Montana's travel industry;
  - d. prescribe allowable administrative expenses for which accommodation tax proceeds may be used by regional nonprofit tourism corporations and nonprofit convention and visitors bureaus;
  - e. direct the university system regarding Montana travel research;  
*This task is accomplished by soliciting, evaluating and approving research projects*

to be executed within the budget established by MCA 15-65-121 item 2-b for the Institute for Tourism and Recreation Research (ITRR).

- f. approve all travel research programs prior to their being undertaken;
- g. encourage regional nonprofit tourism corporations to promote tourist activities on Indian reservations in their regions.
- h. The Council may modify the tourism regions established by executive order of the Governor.

3. ~~Chair Order of current responsibility~~

**4.3 COMPOSITION:** Pursuant to Section 2-15-1816, MCA, the Council consists of not less than twelve (12) members appointed by the Governor from Montana's private sector travel industry and includes at least one member from Indian tribal governments and representation from each tourism region. Any vacancy on the commission shall be filled in the same manner as the original appointment. Members of the Council shall serve staggered 3-year terms, until resignation or replacement at the discretion of the Governor. Members may re-apply at the end of each term for an unlimited number of terms.

**5.4 ELECTION OF OFFICERS:** At the first meeting of the fiscal year (fall meeting), a Chair and Vice Chair shall be elected by the Council from its current members and take office. The Chair shall preside at all Council meetings and hearings, call special meetings, and perform the duties normally conferred by parliamentary usage on such presiding officer and other such duties as may be properly prescribed. In the absence of the Chair, the Vice Chair shall perform the duties of the presiding officer. Should the Chair position become vacant for any reason, the Vice Chair will complete the remainder of the Chair's term. Should the Vice Chair position become vacant for any reason, such office shall be elected at the next regularly scheduled meeting of the Council. At the last meeting of the fiscal year, if the current Chair's Council term is expiring, he/she shall either serve until replaced or resign and be replaced by the Vice Chair until election. Limit number of terms?

**6.5 MEETINGS:** A meeting of the Council or any of its committees occurs whenever a quorum of the constituent membership of the Council, whether corporal or by means of electronic equipment, gathers to hear, discuss, or act upon a matter over which the Council has supervision, control, jurisdiction, or advisory power. (Section 2-3-202, MCA.)

- a. **FREQUENCY:** The Council will convene a minimum of three times annually. Additional Council meetings, including a meeting at the Governor's Conference on Tourism & Recreation, may be held at the discretion of the Council in coordination with ISO. Meeting dates shall be determined one year in advance.
- b. **LOCATION:** The Council shall recommend the location of the meetings and the Executive Committee will make final selection subject to budget and staffing provided by ISO. Special meetings may be called by the Chair and shall be called upon the written request of three members of the Council.
- c. **NOTIFICATION AND PUBLIC PARTICIPATION:** Council staff shall send, at least 72 hours in advance, written notice with the proposed agenda of any special meeting to all members. All meetings of the Council and its committees shall comply with Montana law as it applies to open public meetings and notice requirements.

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Commented [MOU]: Suggested list is in order of current responsibilities and duties

- d. QUORUM AND PROCEDURE: A quorum of the Council shall consist of a majority of the members. The affirmative **vote of a majority of the members** present is sufficient for any action taken by the Council. The rules contained in the most current edition of Robert's Rules of Order shall generally guide the conduct of all meetings. All meetings shall be open to the public and located in a place accessible to the public, except when a discussion of the Council relates to a matter of individual privacy or litigation in which the Council is or may be a named party. (Section 2-3-203, MCA.) Staff to the Council shall take minutes of each Council meeting and make such minutes available for public inspection. (Section 2-3-212, MCA.)
- e. ORDER OF BUSINESS: The order of business at regular Council meetings shall generally follow the agenda, which is sent out 72 hours in advance, but may be modified by a majority vote of the members present. Only those items included on the agenda and that are part of the materials distributed to the Council members prior to the meeting may be acted upon at that particular meeting. New business may be introduced without prior notice only for the purpose either of Council action at a future meeting or referral to a committee or Council staff for study or consideration.
- f. PUBLIC COMMENT: Members of the public may address the Council on any matter listed on the agenda. Matters not listed on the agenda may be addressed during the period scheduled for public comment on non-agenda items.
- g. VOTING: All members who do not declare a conflict of interest shall vote; votes may be registered as aye (or yes), nay (or no), or pass (or abstain). After an initial count of votes, the Chair may provide members wishing to change their votes the opportunity to do so. In the event of a tie vote, the item shall not pass.

Commented [MOU2]: Suggested change April 2018 meeting

**7.6. JOB DESCRIPTION:** Responsibilities of a Council member

- a. Regularly attends Council meetings and important related meetings. The Council meets a minimum of 3 times a year and typically holds an annual retreat.
- b. Makes serious commitment to participate actively in Council work.
- c. Has a clear understanding of the Rules & Regulations for use of the Montana Lodging Use Tax Revenue.
- d. Volunteers for and willingly accepts assignments and completes them thoroughly and on time.
- e. Stays informed about Council matters, prepares themselves well for meetings, and reviews and comments on minutes and reports.
- f. Gets to know other Council members and builds a collegial working relationship that contributes to **consensus**.
- g. Is an active participant in the Council's annual retreat and planning efforts.
- h. Annually attend at least 1 meeting of the Region which you represent, 2 CVB meetings, and the Governor's Conference on Tourism.

Commented [MOU3]: Katie/Tami questioned.

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**8.7. COMMITTEES:** Such committees, standing or special, shall be appointed by the Chair annually or as the Council deems necessary to carry on the work of the Council. The Committees shall have the authority to present recommendations on action items to the Council, or, when authorized by the Council, take specific action on behalf of the Council. Committees shall engage staff and organizations for input on topics, but only committee members vote on recommendations to be brought before the full council.

In no event may the Council delegate its statutory duties, rights, or obligations to a committee. Committees may act on behalf of the full Council with a vote of approval as an agenda action item. Committee assignments shall be reviewed annually by the Chair after the first meeting of the fiscal year.

Standing Committees include Executive, Marketing, and Research. Should the need for an Ad Hoc Committee be determined by any Council member, it shall be vetted by the Executive Committee and brought before the full council at a regularly scheduled meeting for a vote.

- a. EXECUTIVE COMMITTEE shall exist to provide direction, as requested, to the ISO Bureau Chief of the Department of Commerce between Council meetings. Other Executive Committee duties include reviewing agenda items and industry topics in advance of meetings, evaluating meeting locations, identifying members for leadership roles, and nominating officers. This committee shall be appointed by the Chair and shall be composed of a minimum of four Council members to include the current Chair, the Vice Chair, **two most recent past Chairs** and two members currently serving on the Council. The Chair shall serve as an ex-officio member on all committees.

Commented [MOU4]: Not from most recent document

b. **MARKETING COMMITTEE DUTIES & PROCESS**

- i. **Marketing Plans:** While all TAC members are to read and comment on Marketing Plans, the Marketing Committee must be intimately familiar with the plans, provide preliminary feedback, verify changes are made, and provide recommendations to the full Council. Marketing plans are submitted electronically (fundingmt.gov) in early May, reviewed within two weeks to offer feedback, then a Marketing Committee conference call is held to vote\* on recommendations 2 weeks prior to the June TAC meeting where a vote is brought to full Council based on the recommendations. Coordinate with MOTBD on marketing plan presentation format at June meeting. The committee shall also review past Marketing Method Evaluation Reports.
- ii. **Audits:** Marketing Committee also does preliminary screening of audits (financial review of marketing expenditures) to bring recommendations for approval to the full Council. This occurs throughout the calendar year as Compliance Officer completes them. All audits must be completed by organizations by January 31. The committee can review in batches as available, but should have recommendation ready 2 weeks in advance of next TAC meeting. (MOTBD contact: ISO Compliance Officer)
- iii. **Time Commitment:** in addition to scheduled full TAC meetings  
Annual marketing plan review: up to 30 hours spread out over several weeks in May. Allow one-half to one hour per plan to review, plus one 2-hour conference call to establish committee recommendations.  
Annual audit reviews: approx. 3 hours (by phone) in 1 hour increments
- iv. A staff member from MOTBD coordinates setting up meetings. Minutes are not currently kept of committee meetings. (MOTBD contacts: ISO Bureau Chief and Compliance Officer)
- v. The Marketing Committee Chair shall report on activity and present action items at regularly scheduled Council meetings.



*\*Votes require a motion, a second, option for discussion, call the question -- for recommendations as well as full Council. A majority of committee is needed on calls to establish a quorum, and votes pass with simple majority of attendees. Marketing Committee Chair leads the calls and the marketing section of the full Council meeting. Votes are recorded by MOTBD staff.*

c. RESEARCH COMMITTEE DUTIES & PROCESS:

- i. The Research Committee works with the Institute of Tourism & Recreation Research (ITRR) in reviewing possible tourism-related research projects and brings recommendations to the full Council. See annual committee list for at-large organization representatives, MOTBD, and ITRR participants. The Research Committee chair works very closely with ITRR.
- ii. Annual Research Projects Requests: Approximately 15 hrs. reading and prioritizing the annual list of requests, each September prior to the Fall TAC meeting. 3-hour in-person meeting at Fall TAC to review and narrow down project list. This process involves all committee members.
- iii. January Conference Call: ITRR provides budget for prioritized projects. Preparation requires about 1 hour of advance reading of the proposals plus +/- 2 hours on phone call to finalize Committee's project recommendations. The TAC members on the Research Committee will vote\* on recommended projects to bring to the full TAC at the First Quarter meeting for final approval by vote of full council.
- iv. Ongoing year-round: review of draft project reports prior to publication: approximately 1-2 hours per report with about 4-8 reports each year that require review.
- v. Every 4-5 years: Full day Research Retreat, either prior to scheduled TAC meeting or at U. of M. in Missoula, or other site as decided by ITRR and the Research Chair.
- vi. ITRR coordinates setting up meetings, as directed by Research Committee Chair. Minutes are not currently kept of committee meetings.
- vii. The Research Committee Chair shall report on activity and present action items at regularly scheduled Council meetings.

*\*Votes require a motion, a second, option for discussion, call the question. A majority of committee is needed on calls to establish a quorum, and votes pass with simple majority of attendees. Committee Chair leads the calls and the research section of the full Council meeting. Votes are recorded by Research Committee Chair and by ITRR.*

- d. **Rules & Regulations:** Every two years, the Marketing Committee is responsible for reviewing the Rules & Regulations for Regions and CVB's with input from representatives from the Reg/CVB organizations, staff and legal counsel to bring to the full Council for approval. A typical review may begin in January, a draft presented at First Quarter TAC meeting with final approval at Fall TAC meeting. This is subject to lengthy legal review before officially implemented. MOTBD staff must record changes on master document during discussions. (MOTBD contacts: ISO Bureau Chief, Compliance Officer, Legal Council)
- i. Biannual rules/regs review: up to 40 hours spread out over several months.

- e. **AT-LARGE COMMITTEE MEMBERS:** organization representatives, MOTBD staff, and ITRR participants are welcome to participate and offer recommendations. (see annual committee list)
- f. **INDIAN COUNTRY TOURISM:** Meetings and activities TBD by Indian Country/State Tribal Economic Development. One Council member shall be appointed from Tribal Government.
- g. **MONTANA HERITAGE COMMISSION:** By code, one Council member shall apply to be appointed to the Montana Heritage Commission. Quarterly meetings determined by MHC. That TAC member shall provide reports at regularly scheduled meetings.
- h. **TOURISM GRANT REVIEW:** The Council shall have the option of participating in the selection process of Tourism Grants. Grant application cycle and review parameters determined by ISO.

**9.8. EXECUTION OF DOCUMENTS:** When legal documents are executed, the document shall be signed by the Chair, or in his or her absence, the Vice Chair, on behalf of the Council. Any and all other documents executed on behalf of the Council may be signed by Council staff or another member of the Council with the prior consent of the Council.

**10.9. MAINTENANCE OF RECORDS:** Council staff shall be responsible for the maintenance of any and all records of the Council. Records shall be kept at the Montana Office of Tourism and Business Development of the Montana Department of Commerce at 301 South Park Avenue, Helena, Montana, and shall be available for inspection during normal business hours.

**11.10. AMENDMENT OF OPERATING POLICY:** Amendments to this policy may be initiated by any member of the Council. Proposed amendments must be considered at a regular meeting and approved by a majority of the members present. All members of the Council shall be informed of any proposed amendments in writing at least seven (7) days prior to a vote being taken.

**12.11. CONFLICT OF INTEREST:** No member of the Council shall participate in any decision relating to contracts that affect his/her personal interests or the interests of any corporation, partnership, or association in which he/she is, directly or indirectly interested, or has any personal or pecuniary interest, direct or indirect, in the contract or the proceeds thereof. Enrolled membership in a tribe does not, in and of itself, constitute an interest in a contract or the proceeds thereof. As applied here, the term "participate" prohibits making motions, seconding motions, and voting.

**13.12. TESTIFYING AS A COUNCIL MEMBER:** The Council is not charged with advocating for or against legislation, a Council member desiring to advocate for or against legislation generally must do so as a private citizen on the member's own time on his or her own behalf. When advocating (testifying or lobbying) as a private citizen, the Council member is not entitled to compensation or travel reimbursement from the state.

- a. On occasion, with approval of the Governor's Office, Council members may be authorized to testify for or against legislation that is within the Council's subject area. A request to the Governor's Office for approval of a Council member to testify in support of or against legislation on behalf of the Council requires a motion

passed by the Council. Once approved by the Council, the request to the Governor's Office must be made through the ISO Bureau Chief who will channel up to the Director of the Department of Commerce. The request for approval to testify can be made informally (e.g., staff can convey request by telephone or e-mail to the Director, who in turn will communicate with the Governor's Office) and should explain why the legislation is important to the Council, the substance of the testimony, and how it impacts the Council's subject area.

- b. When authorized by the Governor's Office to testify on behalf of the Council, the member is acting in the performance of Council duties and is entitled to compensation and reimbursement for travel. Please refer any questions in this area to the Director of the Department of Commerce or the Department's legal counsel.
- c. Always remember that when a Council member testifies before a legislative committee, the member should expressly state whether he or she is appearing as a private citizen or on behalf of the Council.

**44.13. TRAVEL REIMBURSEMENT:** Council members serve without pay, however traveling for authorized purposes will be reimbursed accordingly.

- a. request State rates for LODGING or use the pre-arranged accommodations provided by staff. Individual will be reimbursed at actual cost, including taxes, up to State rate unless pre-approved by the process provided by ISO staff. If not pre-approved, the Individual will be responsible for the overage between State rate and actual room rate. A receipt indicating paid in full is required from the lodging establishment.
- b. TRANSPORTATION by automobile is reimbursed at the established State mileage rate. Transit expenses require receipts.
- c. MEALS are reimbursed at a set per diem for morning, midday, and evening meals based on the length of time required for travel. See Travel Expense Form provided by staff for details and current State per diem rates. Travel advances are not permitted.
- d. OTHER EXPENSES without receipts are reimbursed up to the allowable amount determined by the State (see Rules and Regulations).

**45.14. PREVAILING LAW:** In the event of a conflict between any of the provisions or terms of these procedures and the provisions or terms of state law, statute, or administrative rules, the provisions or terms of state law, statute, or administrative rules prevail.

## Attachment B

### Summary of Draft Updates to April 2016 Rules and Regulations

#### **MCA 15-65-121 (2017)**

*Updated distribution percentage*

(2)(d) 64.4% to be used directly by the department of commerce;

(2)(f) 0.5% to the state special revenue account provided for in 90-1-135 for use by the state-tribal economic development commission established in 90-1-131 for activities in the Indian tourism region

#### **2. DEFINITIONS/TERMS**

*Added*

**"Convention and Visitors Bureau" (CVB)** refers to a nonprofit corporation organized under Montana law and recognized by a majority of the governing body in the city, consolidated city-county, resort area, or resort area district in which the bureau is located.

**"DMO"** refers to Destination Marketing Organization.

**"Indian Country Region"** refers to the tourism areas recognized as being historically associated with the seven federally recognized reservations in Montana and the Little Shell Chippewa tribe.

**"MCA"** – Montana Code Annotated (Legislative rules adopted into State Code)

**"Region"** refers to nonprofit tourism corporation or region organized under Montana law and recognized by the council as the entity for promoting tourism within one of several regions established by executive order of the governor.

**"Tourism Advisory Council"** as defined in MCA 2-15-1816 (Page 4)

*Updated*

**"Lodging Facility"** refers to a building containing individual sleeping rooms or suites, providing overnight lodging facilities for periods of less than 30 days to the general public for compensation. The term includes a facility represented to the public as a hotel, motel, campground, resort, dormitory, condominium inn, dude ranch, guest ranch, hostel, public lodging house, or bed and breakfast facility.

All lodging facilities are required to get a lodging facility use tax identification number.

See Administrative Rule 42.14.302 for Who Must Pay the Tax  
<https://www.mtrules.org/gateway/ruleno.asp?RN=42%2E14%2E302>

#### **3.2 CHANGE IN ELIGIBILITY BASED ON COLLECTIONS**

Based on a quarterly review of lodging tax collections, recognized organizations that are at risk of dropping below the minimum collections required to receive funds will be notified by the TAC chair that they may become ineligible.

The recognized organization may continue to execute their approved marketing plan and budget through the end of the fiscal year following the year in which they were eligible. This requires an amended contract with MOTBD and a vote of approval by the full TAC.

After one calendar year of failing to meet the minimum required collections, an organization will no longer receive funding. Notification of ineligibility will be provided by the TAC chair and MOTBD. Statute specifies that those funds must be allocated to the regional nonprofit tourism corporation in the region in which the city, consolidated city-county, resort area, or resort area district is located.

After meeting the minimum annual threshold of collections for one calendar year hence, the organization may re-apply for eligibility. Funds may not be disbursed until that entity has submitted an annual marketing plan to the council and that plan has been approved by the council.

## **5.1 MARKETING PLAN DEVELOPMENT**

The annual marketing plan and budget shall arrive at the Department at least four weeks prior to the scheduled June Council meeting using the forms provided by the State.

## **5.2 KEY DATES**

The annual marketing plan and budget shall arrive at the Department at least four weeks prior to the scheduled June Council meeting using the forms provided by the State.

Organizations shall submit a quarterly report on forms provided to organizations during the months of July, October, January, and April. Reports shall be submitted within 20 calendar days.

All method evaluation information for the corresponding fiscal year should be reported for each marketing segment and method no later than January 1 of the next fiscal year unless the organization requests an extension in writing from the Department.

## **5.3 MARKETING PLAN REQUIRED DOCUMENTS**

These documents must be signed by the authorized representatives and submitted with the annual marketing plan.

1. Applicant's Certificate of Compliance
2. Application for Lodging Tax Revenue
3. Pledge of Understanding and Compliance & Signature to Submit

Additions or changes to marketing segments and methods may be submitted under the signature of the executive director of a regional tourism or CVB organization if authorized annually to do so in writing by the president. This authorization is to be submitted with the annual marketing plan.

## **5.5 BUDGET OVERVIEW**

*Updated required information*

1. Using the online application, provide a budget overview which includes the amount for each marketing segment and respective marketing method. (see Section 7.3 – Eligible Marketing Expenditures) Include administration in total budget. (see Section 7.5 – Allowable Administrative Expenses)
2. For the online application and marketing plan presentation in June, create one pie chart illustrating what percentage of your budget is being used in each marketing segment.
3. Increases in the overall budget and additional marketing methods must be approved by the TAC Marketing Committee on behalf of the full council prior to any expenditure. Approved budget increases by the Marketing Committee will be reported to the full Council at the next scheduled meeting.
4. Moving approved budget amounts between line items is allowed.
5. See Section 10 - Fund Management & Fiscal Responsibilities for more detail and quarterly financial reporting requirements.

## **6. MARKETING SEGMENTS, STRATEGY, METHODS, BUDGETS, AND EVALUATION**

*Moved from Section 8 and added evaluation information*

All Marketing Methods Used Shall:

- Use the applicable online marketing plan tool.
- At a minimum, adhere to the requirements found in Appendix C. If it is an entirely new method, the council may set requirements.
- Support the marketing plan. Approval may be denied by the Council if it is not perceived to do so.
- Be approved by the Council prior to the expenditure of lodging tax funds.

*Added 'Meetings & Conventions'*

### **Marketing Segment**

- Consumer Leisure
- Publicity
- Groups/Meetings & Conventions
- Events
- Film
- Marketing Support

*Added 'and marketing'*

### **Strategy and marketing methods**

**See Appendix C for examples and requirements**

- Narrative describing your strategy.

- Describe supporting research/statistics to the extent it's available.
- How do you plan to measure success? (Include baseline information if applicable.)
- Methods used to implement strategy.
- Provide a brief rationale and estimated budget for each method used.

### **Marketing Method Evaluation**

*Updated required pie chart*

An updated budget comparing budget amounts versus actual expenditures for each marketing segment and method.

### **6.3 BUDGET**

For each marketing method used provide the amount budgeted using bed tax funds and amount budgeted using non-bed tax funds. Including the amount of non-bed tax budgeted funding is optional.

### **6.4 MARKETING METHOD EVALUATION**

1. Did you meet your objective - was your strategy successful? Yes/No Explain (Refer to Appendix B).
2. An updated budget comparing estimated budget amounts versus actual expenditures for each marketing segment and method.
3. Any additional requirements requested by the Council or Department in writing shall be met by the organization.

### **7.3 ELIGIBLE MARKETING EXPENDITURES**

1. Webpage/website development including hosting fees.
2. Domestic and international advertising campaigns including but not limited to print, digital, broadcast, out-of-home and social media.
3. Marketing plan development including strategic planning and brand development. Strategic planning is a systematic process of envisioning a desired future and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them.
4. Market research, which may include conversion studies and focus groups; industry experts; outreach and educational entities such as Voices of Montana Tourism.
5. Content Development including and not limited to Film/video written and digital content and related promotion.
6. Direct mail and digital promotion campaigns including development and distribution costs.
7. Public Relations and earned media.
8. Publicity and marketing personnel costs can include gross wages for hours

worked and employer state and federal taxes.

9. Familiarization Tours - commonly known as FAM Trips - are trips organized by travel providers (can be a Tour Operator, an Airline, a Hotel Chain, a Tourism Board or other DMOs representing a Destination, etc.) with the purpose of educating about their products & services and promoting them.
10. Consumer travel or travel trade shows including promotional items.
11. Marketing display.
12. Solicitation to businesses or groups for conventions, events and meetings in Montana.
13. Convention and/or event subsidies.
14. Special events promotion.
15. Visitor information center (VIC) staffing, State liability insurance for volunteers and signage.
16. State sponsored VIC staff training. DMO approved customer service training.
17. Computer and audio-visual equipment for implementation of a marketing method.
25. Membership for Destination International or similar destination marketing industry recognized programs.

## **7.5 ALLOWABLE ADMINISTRATIVE EXPENSES**

25. VIC seasonal enhancements/beautification such as planter boxes.

## **9. BIDDING AND REQUEST FOR PROPOSAL (RFP) PROCESSES**

*Changed Bidding and RFP requirements to match State requirement*

### **1. Small Purchases \$0 - \$5,000**

No competitive selection required and sole source without justification is appropriate, although a program may want to try and get some quotes in order to get the best price and product The Total Contract value can not exceed \$5,000

<b>2. <u>Limited Solicitations</u></b>	<b>Services</b>	<b><u>\$5,001 - \$25,000</u></b>
	<b>Goods</b>	<b><u>\$5,001 - \$50,000</u></b>

Limited solicitation required – minimum of 3 written bids or responses. See Region/CVB Resource Page for example

### **3. Formal Competition (RFP) Services over \$25,000**

Organizations, which annually pay costs for individual services of more than \$25,000, are required to select an agency or individual by a request for proposal (RFP) or bid process.

### **4. Goods purchased over \$50,000**



Goods purchased over \$50,000 must follow the bidding process and receive full TAC approval prior to expending any funds.

## **10. FUND MANAGEMENT & FISCAL RESPONSIBILITES**

### **10.1 DISBURSEMENT OF FUNDS**

Funds are released only for the total amount of Council-approved marketing segments and methods. All available funds not committed to approved marketing segments or methods are held at the Department for the organization until the funds are allocated to marketing segments or methods.

Funds are disbursed quarterly to all eligible organizations who have a Council approved annual marketing plan and budget. and are based upon approved budget and available new revenue collected.

### **10.2 BUDGET/FINANCIAL REGULATIONS**

#### **10.2.1 GENERAL**

Organizations shall retain at the organization office all original receipts and invoices related to approved marketing segments and methods (as required in the annual contract). Expenditures, which cannot be substantiated by receipts, with the exception of per diem, are subject to repayment by the organization.

#### **10.2.4 BUDGET INCREASES**

Upon notification of increased revenue, organizations may increase the current approved budget not to exceed the allowable percentages outlined in the allowable Administrative, Opportunity and Cooperative Marketing methods. A review and a recommended action will be given by the Marketing Committee on behalf of the Council. Approved budget increases by the Marketing Committee will be reported to the full Council at the next scheduled meeting.

## **11.7 AUDIT**

5. Review of supporting information for Limited Solicitation for Bids and RFPs to verify adherence to Regulations.

## **12. BOOKKEEPING REGULATIONS**

6. Provide itemized receipts for expenses. In rare cases such as baggage fees and fuels charges, the itemized charge on the credit card statement is considered a sufficient invoice for reimbursement. It shall list the company name, amount, and the services provided. Original hotel receipts are required. Up to the state allowable of \$24.99 in un-receipted expenses is allowable per day -- for example cab/taxi fare, set up assistance costs, tipping for food and beverage, housekeeping, baggage handling and guides -- if it's under the state allowable in un-receipted expenses a receipt is not needed; over the state allowable in un-receipted expenses requires a receipt. Every un-receipted expense shall be itemized with the amount. Maximum daily amount is subject to change. Please contact Montana Office of Tourism and Business Development for current

allowance.

8. International travel - meals and lodging are reimbursed at full rate with reimbursement in US dollars. Itemized receipts for international travel are required.
1. Invoices need to separate out all costs associated with the marketing method including production, placement, shipping costs as examples. For example - you get a request for photos and use Fed Ex to send out. Your Fed Ex expense is not allowable within the approved marketing method because shipping and postage were not requested, however the charges are eligible under administration or postage.
2. Ad agency services – provide detail of services provided. If agency is paid hourly provide detail of service provided for work period. If paid by retainer provide list of services provided during the billing period. (this information is also required as part of the evaluation process).

### **13. APPENDIX A – VISITOR INFORMATION CENTERS**

Our purpose is to create a valuable and positive experience for the visitor.

Duties considered part of travel counselor manager/staffing funded with bed tax dollars may include but are not limited to:

1. Responding to tourism inquiries in an appropriate manner.
2. Compiling, inputting and disseminating data where appropriate regarding information on visitors, calendar of events, local hotels & other tourism businesses.
3. Making lists of businesses to contact about tourism concerns.
4. Researching information for guests.
5. Ordering / storing / stocking brochures and maps from attractions/hotels, etc.
6. Maintaining the VIC area.
7. Conceiving / developing area wide tours and support materials for same.
8. VIC scheduling / payroll.
9. Participation in organization-approved hospitality and tourism customer service training and familiarization activities.

VIC staff should be knowledgeable of resources available for sharing and distribution of information relating to travel conditions and activities within their area and the state of Montana.

## **APPENDIX B**

### **MARKETING SEGMENT EXAMPLES**

#### **14.1 Marketing Segment: Consumer**

#### Examples

- Print, digital and multi-media marketing

### **14.2 Marketing Segment: Earned Media & Publicity**

#### Examples:

- PR/Communications Personnel
- Reactive Media
- Proactive Media/FAM Trips

### **14.3 Marketing Segment: Group Marketing**

#### Group Tours & Meetings and Conventions

#### Group Tours & Meetings and Conventions

#### Examples:

- Web site development/Updates
- Trade Shows
- FAM Trips
- Print, digital and multi-media marketing
- Social media
- Sponsorship

### **14.4 Marketing Segment: Events**

#### Examples

- Broadcast media
- Print, digital and multi-media marketing
- Social media
- Sponsorship

## **15. APPENDIX C - MARKETING METHOD AND EVALUATION REQUIREMENTS**

*Collaborative Marketing Methods have been moved to the beginning of this section*

- *Opportunity Marketing,*
- *Cooperative Marketing*
- *Joint Ventures*

*All Marketing Methods have the updated evaluation requirement language inserted*

#### Evaluation Requirements

1. Assess the results of this method and explain whether you will or will not continue using this marketing method and why.

### **15.2.1 Digital Development (online, website, mobile)**

#### **Method Requirements**

1. A minimum of three bids or an agency of record previously selected by the RFP process need to be obtained for digital projects that are over \$25,000 prior to awarding a project to a vendor. In addition to the price quotations, the vendor will be required to provide the Web addresses for at least two other completed projects (this will allow an evaluation of the quality of work to be performed).
2. Digital projects that are specific to categories such as film and conventions can list only businesses that service those categories. If a lodging facility fits within these categories and is not listed, the organization shall have documentation that the facility chose not to be listed.
3. Since the law states that revenue shall be used for “tourism promotions and promotion of the state as a location for the production of motion pictures and television commercials,” Digital projects shall only include activities and services that are beneficial to tourism promotion and film production/promotion as determined by the Marketing Committee. However, membership listings are allowable.

### **15.2.2 Digital Content Marketing Electronic/Digital Material (Digital Newsletters/Online Advertising)**

Examples include:

- Display Advertising – visual ads that appear on third party websites
- Social Media Advertising – paid and organic
- Search Engine Marketing and Optimization (SEM/SEO) –paid/organic keywords
- Native Advertising – sponsored content
- Remarketing/Retargeting
- Video Advertising
- Email Marketing

#### **Database Development and Management**

### **15.2.3 Social Media**

#### **Method Requirements**

Social media campaigns must include measurable means to evaluate, including goals based on metrics such as number of followers in audience, engagement (likes, shares, mentions views), impressions, subscribers, readership and unique views.

Examples include:

- Social networking (Facebook, LinkedIn, Google+).
- Microblogging (Twitter, Tumblr).

- Blogging (Organization branded and maintained blog).
- Photo sharing (Instagram, Snapchat, Pinterest).
- Video sharing (YouTube, Facebook Live, Vimeo).

Evaluation Requirements:

1. All social media shall be evaluated by the means outlined in the marketing plan.
2. How does using the social media channel/site extend your marketing reach?
3. Assess the results of this method and explain whether you will or will not continue using this marketing method and why.

#### **15.2.4 Film and Television Production and Promotion**

Examples include:

1. Film location and production
2. Trade shows
3. Film and television project development and promotion
4. In-film inclusion sponsorship/subsidy

Method Requirements:

1. Montana, spelled out in its entirety, shall appear at first glance on all visual media and shall be stated on the sound track.
2. Distribution plan shall be included in method.

Evaluation Requirements:

1. One copy on file at organization office.
2. Film location project description, production company, impact to local community, if known.
3. Number of attendees at trade show/film promotion event.
4. Qualification of contacts by level of interest in Montana, your region or community. Was this a joint venture with Montana Film Office? If so, give a brief summary.
5. Viewership and distribution of film project – direct and indirect including earned ad value, if know.
6. Assess the results of this method and explain whether you will or will not continue using this marketing method and why.

#### **15.2.14 Portable Media**

Method Requirements:

1. Portable Media duplication costs of less than \$5,000 are exempt from bidding requirements.

2. Montana, spelled out in its entirety, must appear in the file name of the media device or introductory file of portable media content.
3. Any portable media which contains paid advertising must maintain a ratio of at least 50% or more editorial versus 50% or less advertising. Any revenue earned from ad sales on a lodging use tax funded project must first be applied towards the lodging use tax cost of that project.

Evaluation Requirements:

1. One final product of the portable media shall be retained on file at the organization.
2. All portable media shall be evaluated by the means outlined in the marketing plan.
3. Assess the results of this method and explain whether you will or will not continue using this marketing method and why.

### **15.2.16 Publicity**

Evaluation Requirements

1. List of press releases, pitch sheets and/or samples.
2. List of earned media received.
3. One final product to be kept on file at the Organization. When possible, include links to online stories, articles and social media posts.
4. For reactive press trips provide list of media including the name of media and/or digital influencer, Include the assignment if available.
5. Assess the results of this method and explain whether you will or will not continue using this marketing method and why.

### **15.2.17 Publicity/Marketing Personnel**

Method Requirements:

1. Up to date Job Description.
2. If an individual is compensated with lodging facility use tax funding for an administrative position and the publicity/marketing personnel position concurrently:
  1. Compensation must be made on an hourly basis for administrative duties and publicity/marketing duties.
  2. At the end of each pay period, to the payroll invoice, each organization is required to:
    - Attach a payroll summary showing the breakout of hours worked on administrative tasks versus publicity/marketing tasks during the pay period.
    - Attach a publicity/marketing report which includes the days or

date ranges and number of hours worked and duties performed during the pay period.

### **15.2.19 Visitor Information Centers (VIC)**

#### **Method Requirements**

4. The VIC will be responsible for an evaluation at the end of the staffing period if they wish to apply for funding in the future. Funding may be reduced or denied the following year based upon program evaluation with a full summary detailing the circumstances around the decision.

### **15.2.20 Customer Service Training**

#### **Method Requirements:**

Must be State sponsored VIC staff training or DMO approved customer service training.

### **15.2.21 Convention Promotion and/or Events Recruitment**

#### **Method Requirements:**

Lodging facility use tax revenue can be used for the recruitment of conventions and events including those originating within the State of Montana.

### **15.2.22 Convention and/or Event Subsidies**

#### **Method Requirements:**

1. Funds may be allocated if the RFP for the convention or event states a subsidy is a requirement for hosting the convention/event. If a subsidy is not a requirement for an RFP funds may only be used to subsidize groups originating out-of-state. Funds may not be allocated if a subsidy is not a requirement for an in-state RFP. Specifications shall be identified in the organization's RFP or stated on their letterhead.
2. Direct cash subsidy to an organization and/or purchasing of alcohol is not allowable.
3. Funds may only be used to support convention and/or events which have been provided an inclusive listing of those properties within the identified geographic collection area.
4. Funds are available to support Montana conventions and/or events for attendees outside a 100-mile radius of the bidding city. (Examples include MT school sports tournaments and state organization conferences.)

#### **Method Requirements:**

5. Funds may be allocated if the RFP for the convention or event states a subsidy is a requirement for hosting the convention/event. If a subsidy is not a requirement for an RFP funds may only be used to subsidize groups originating out-of-state. Funds may not be allocated if a subsidy is not a requirement for an

in-state RFP. Specifications shall be identified in the organization's RFP or stated on their letterhead.

6. Direct cash subsidy to an organization and/or purchasing of alcohol is not allowable.
7. Funds may only be used to support convention and/or events which have been provided an inclusive listing of those properties within the identified geographic collection area.
8. Funds are available to support Montana conventions and/or events for attendees outside a 100-mile radius of the bidding city. (Examples include MT school sports tournaments and state organization conferences.)