

Summary of Updates to April 2019 Rules and Procedures

MCA 15-65-121 (2017)

(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

"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)

"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

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

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.

Marketing Segment

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

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

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. An update of the pie chart illustrating what percentage of your budget was used in each marketing segment.
4. 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, paid time off, 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 including gross wages for hours worked, paid time off, and employer state and federal taxes. State liability insurance for volunteers. Signage.
16. State sponsored VIC staff training. DMO approved customer service training.
17. Computers, software and audio-visual equipment required for implementation of a marketing method.
25. Membership for Destination International or similar destination marketing industry recognized programs.

7.5 ALLOWABLE ADMINISTRATIVE EXPENSES

3. Employer paid benefits including bonuses, health care, 401k, saving plans,
25. VIC seasonal enhancements/beautification such as planter boxes.

9. BIDDING AND REQUEST FOR PROPOSAL (RFP) PROCESSES

9.1 SMALL PURCHASES GOODS AND SERVICES \$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 cannot exceed \$5,000

9.2 LIMITED SOLICITATIONS Services \$5,001 - \$25,000 **Goods \$5,001 - \$50,000**

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

9.3 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.

9.4 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 fuel 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.
10. 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.
11. 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
- Media/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 in-state conventions and events only by CVBs with annual collections under \$500,000 and Regions with annual collections under \$1,000,000. Groups originating within the state of Montana must prove a majority of attendees travel from outside a 100-mile radius of the bidding city and the method must align with organization's marketing plan.

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 except as defined below. 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. Lodging facility use tax revenue can be used for subsidizing in-state conventions and events only by CVBs with annual collections under \$500,000 and Regions with annual collections under \$1,000,000. Groups originating within the state of Montana must prove a majority of attendees travel from outside a 100-mile radius of the bidding destination and the method must align with organization's marketing plan.