

CONCLUSION: Under the authority of MISS. CODE ANN. § 57-1-64 (1972), the Mississippi Development Authority (MDA) oversees deposits to and expenditures from the Tourism Advertising Fund. Additionally, MISS. CODE ANN. § 27-65-23 (b) (1972) requires a certain percentage of monthly restaurant and hotel sales tax collections be deposited into the fund. As required by state law, PEER conducted a review to detail how funds were spent and deposited in FY 2022.



BACKGROUND

Background

MISS. CODE ANN. § 27-65-75 (23) (b) (1972) requires the Joint Legislative PEER Committee to provide an annual report to the Legislature reviewing the Mississippi Development Authority (MDA) Tourism Advertising Fund established by MISS. CODE ANN. § 57-1-64 (1972).

MISS. CODE ANN. § 57-1-64 created a special fund in the State Treasury known as the MDA Tourism Advertising Fund (Tourism Advertising Fund).

MDA is authorized to sell advertising and other promotional information and enter into agreements with other tourism associations for the purpose of facilitating revenue to deposit into the Tourism Advertising Fund. Additionally, MISS. CODE ANN. § 27-65-75 (23) (a) requires a certain percentage of each month's sales tax collections from restaurants and hotels to be deposited into the Tourism Advertising Fund.

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KEY FINDINGS

- **As provided by MISS. CODE ANN. § 27-65-75 (23) (a), the Tourism Advertising Fund received approximately \$12.9 million in restaurant and hotel sales tax revenue in FY 2022.**
MISS. CODE ANN. § 27-65-75 (23) (a) mandates a 1% increase in the amount of sales tax collections deposited into the fund from FYs 2020 through 2022. Due to the annual percentage increase that took place in August 2021, FY 2022 deposits increased from \$7.3 million in FY 2021 to \$12.9 million in FY 2022 (a \$5.7 million increase).
- **In FY 2022, MDA expended approximately \$16 million from the Tourism Advertising Fund, primarily on advertisements promoting tourism in Mississippi.**
FY 2022 expenditures exceeded FY 2021 expenditures by \$13.5 million.
- **MDA establishes spending levels based on the revenue collected and deposited into the Tourism Advertising Fund in the previous quarter.**
Proceeding into FY 2023 and future fiscal years, MDA's goal is to operate the fund at a near net-zero balance. MDA staff anticipates spending an average of \$1 million to \$1.2 million monthly from the Tourism Advertising Fund beginning January 2023.



RECOMMENDATION

MDA should continue planning expenditures around activities that show effectiveness in both output (e.g., search engine hits or press coverage) as well as outcomes (e.g., increased tourism or increased restaurant and hotel sales tax revenue collections). MDA should create clearly defined goals for expenditures of the Tourism Advertising Fund and ensure all planned expenditures will further MDA's plan to meet the defined goals.