

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. As required by state law, PEER conducted a review to detail how funds were spent and deposited in FY 2024. In FY 2024, the Tourism Advertising Fund received approximately \$14.7 million in revenues and MDA expended approximately \$14.25 million from the fund.



BACKGROUND

Background

MISS CODE ANN. § 27-65-75 (24) (b) (1972) requires the Joint Legislative PEER Committee to provide an annual report to the Legislature reviewing the MDA Tourism Advertising Fund established by MISS CODE ANN. § 57-1-64 (1972) to include the amount of funds and a detail record of how the funds are spent.

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 promotion 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 (24) (a) requires a certain percentage of each month's sales tax collections from restaurants and hotels to be deposited into the Tourism Advertising Fund.

MISS. CODE ANN. § 27-65-75 (24) (a) requires a 3% of each month's sales tax collections from restaurants and hotels to be deposited into the Tourism Advertising Fund.



KEY FINDINGS

- **As provided by MISS. CODE ANN. § 27-65-75 (24) (a) the Tourism Advertising Fund received approximately \$14.7 million in restaurant and hotel sales tax revenue.**

MISS. CODE ANN. § 27-65-75 (24) (a) mandates a 1% increase in the amount of sales tax collections deposited into the fund from FYs 2020 through 2022. In its second year of full funding (i.e., 3%), the Tourism Advertising Fund saw similar levels of funding as FY 2023 with a difference of approximately \$518,000.

- **In FY 2024, MDA expended approximately \$14.25 million from the Tourism Advertising Fund, primarily on advertisements promoting tourism in Mississippi.**

FY 2024 expenditures decreased by \$4.9 million from FY 2023 expenditures. MDA worked with three companies to place advertisements in FY 2023. Local destination marketing organizations utilized MDA's cooperative advertisement program to place advertisements during FY 2024, sharing the cost burden of placing advertisements.

- **MDA establishes spending levels based on the revenue collected and deposited into the Tourism Advertising Fund in the previous quarter.**

Proceeding into FY 2025 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 \$1.3 million monthly from the Tourism Advertising Fund.

RECOMMENDATION

The Mississippi Development Authority should ensure that it is planning expenditures around marketing activities that show increased tourism as well as increased restaurant and hotel sales tax revenue collection.