

**Testimony Submitted by Jan Marie Chesterton, Vice President,
New York State Hospitality & Tourism Association**

**At the Joint Legislative Budget Hearing
Regarding Economic Development**

**February 1, 2010
9:30 am**

I am Jan Marie Chesterton, Vice President of the New York State Hospitality & Tourism Association and a representative of the Tourism Industry Coalition of New York State. I would like to start by thanking Senator Kruger and Assemblyman Farrell for the opportunity to comment on the Economic Development Budget items included in the 2010-2011 Executive Budget proposal, specifically tourism marketing, commonly known as the I♥NY and Tourism Matching Grant programs.

BACKGROUND

The New York State Hospitality & Tourism Association (NYSH&TA) is the oldest lodging Association in the country—founded in Saratoga Springs in 1887. We have nearly 1,400 member businesses and individuals in the lodging and attractions industry, and we currently represent 70% of the total lodging room inventory in the State.

The Tourism Industry Coalition represents 18 private-sector industry organizations with tourism as its core product. Its members include:

- Bus Association of NYS
- Campground Owners of NY
- Cooperstown/Otsego County Tourism
 - Dutchess County Tourism
 - Finger Lakes Tourism Alliance
- Hotel Association of New York City
- Long Island CVB & Sports Commission

- Museum Association of New York
 - NYC & Company
 - NYS Association of CVBs
- NYS Tourism Promotion Agencies Council
 - New York Power Authority
- New York State Hospitality & Tourism Association
 - New York State Restaurant Association
- New York State Travel & Vacation Association
 - New York Wine & Grape Foundation
 - Oneida County CVB
 - Ski Areas of New York

NYSH&TA commends the Governor for his proposal of a budget that limits spending and addresses the deficit facing our State.

The tourism industry is nearly unparalleled in its ability to turn investment into revenue. The immediate impact of investment in the tourism industry is something few other industries can offer. Studies have shown that investment in tourism marketing has a return rate of seven to one. Simply put, **the State receives \$7 for every \$1 it spends on tourism marketing.**

The businesses that make up the tourism industry understand what it takes to balance a budget. The tourism industry has also been affected by the downturn in the economy and owners and operators have had to make tough decisions that could make or break their businesses. It is these decisions that will decide if a business makes it through these times, or closes their doors. While a reduction in overall state spending is imperative, it is also necessary to make investments that will return revenue. The tourism industry is that investment.

I am here, on behalf of the industry, to urge the Legislature, to maintain the current funding level - \$14.2 million - for State tourism marketing rather than accept the Governor's allocation of \$10.6 million for the I♥NY program and the Tourism Matching Grant program, combined. Given its proven track record as a revenue source for State and local coffers, tourism is not only a wise investment, but a critical one that yields unmatched and well sustained returns for the State's economy.

RETURN ON INVESTMENT

The tourism industry keeps metrics of its performance each year, and these statistics prove the industry's benefit to the State and its localities.

According to recent statistics from Tourism Economics - an Oxford Economic Company - tourism is a vital component of the New York State economy.

- In 2008, visitors spent \$53 billion into the local economy, a spending increase of 4% since 2007
- 684,000 jobs were sustained by visitors to New York State last year with a total associated income of \$27 billion
- 6.2% of all jobs in the State are sustained by tourism
- **Tourism in New York State generated \$7 billion in State and local taxes**

Tourism exists in each corner of the State and benefits these localities in the form of sales taxes, hotel occupancy taxes, and spending in local economies. Industry studies find that **investing in tourism leads to an immediate increase in economic activity in all regions of the state.**

TOURISM CREATES JOBS

Tourism not only provides billions of dollars in tax revenue, but it also creates jobs at a significant rate. Studies have shown that, in the last 20 years, tourism jobs have increased by over 22%, compared to an increase of less than 6% for the rest of private sector employment. Investing in tourism provides jobs in communities all over the State where other industries are laying off workers, straining families, and leaning on public assistance. The State has many programs that are aimed at creating jobs. Tourism does just that.

Regions around the State rely on the employment tourism provides. Tourism is an employer of between 6% and 17% of the people in each region of the State, demonstrating its integral place in the economy of each region of the State.

MARKETING TOURISM IS A GOOD INVESTMENT

The State of New York has a lot to offer the leisure traveler, however, it is up to us to ensure that the leisure traveler is made aware of this. **Packaging information, advertising and promoting transportation, accommodations, entertainment, shopping, natural scenery, and special events is critical to creating awareness and demand for our destinations.** Tourism marketing programs in particular are the investment that results in visitor spending, which, in turn, results in tax revenues.

Tourism is ultimately a consumer product and people need information about the vast array of travel options available in New York State, especially in this economic downturn. People are still traveling; they are just traveling shorter distances. The millions of people in the Northeast should know of the skiing provided in the winter and the camping and lakes available in the

summer. The almost infinite number of travel destinations, from wineries to amusement parks, are all within a few hours drive from millions of people. It takes advertising and marketing investment to ensure that people know of the many and varied destinations right here in New York.

Any reduction to the state’s tourism marketing budget this year would place us at a competitive disadvantage as we compete with neighboring states for the travelers’ top-of-mind awareness. Pennsylvania has out-spent and out-performed our tourism funding for years and any further cut would handicap our tourism marketing to a point where the level of success we’ve enjoyed previously might be lost.

Funding tourism should not be viewed as an expense, but as an investment. The investment provided to a tourism marketing program may, for example, assist a hotel in its marketing efforts. Any benefit provided to a hotel would be felt by the entire community as patrons eat in restaurants, spend in shops, and visit destinations. In each of these instances, the state and local taxes are providing return on that investment. Tourism contributes to every sector of the economy in each region of the State. The chart provided in our written testimony demonstrates the global impact tourism has on the economies of every part of the State.

Tourism Economic Impact	Direct Sales, '000s	Labor Income, '000s	Employment, Persons	Local Taxes, '000s	State Taxes, '000s
1. Chautauqua-Allegheny	\$ 510,676	\$ 238,137	11,100	\$ 32,654	\$ 31,806
2. Greater Niagara	\$ 2,118,638	\$ 1,081,253	45,275	\$ 135,266	\$ 131,953
3. Finger Lakes	\$ 2,671,391	\$ 1,359,905	57,083	\$ 180,187	\$ 166,380
4. Thousand Islands	\$ 433,056	\$ 190,892	8,280	\$ 27,579	\$ 26,972
5. Adirondacks	\$ 1,194,114	\$ 563,091	20,015	\$ 77,509	\$ 74,372
6. Central Leatherstocking	\$ 1,760,230	\$ 877,054	31,983	\$ 108,979	\$ 109,631
7. Capital-Saratoga	\$ 1,679,103	\$ 863,060	32,842	\$ 107,974	\$ 104,578
8. Catskills	\$ 1,027,978	\$ 470,558	17,411	\$ 63,533	\$ 64,025
9. Hudson Valley	\$ 3,089,709	\$ 1,592,902	49,760	\$ 193,228	\$ 192,434
10. Long Island	\$ 5,136,334	\$ 2,622,943	71,327	\$ 312,476	\$ 319,902
11. New York City	\$ 33,485,671	\$ 17,405,000	335,392	\$ 2,442,195	\$ 2,085,560
TOTAL	\$ 53,106,900	\$ 27,264,795	680,466	\$ 3,681,581	\$ 3,307,612

BUILDING UPON THE TOURISM INDUSTRY

With a budget deficit reaching \$9 billion, the State is in need of revenue generators. Investment in tourism marketing not only complements and leverages the professional marketers in the I♥NY program, but provides jobs and economic benefits to businesses and municipalities that can help the State close its deficit. With a deficit of the magnitude currently facing the State, and an industry that can be relied upon to produce revenue, additional funding to tourism can be the cornerstone of a revenue increasing budget. As indicated earlier, in 2008, tourism provided **\$7 billion in tax revenue** through State and local taxes.

While a request to keep tourism funding at the same level—\$14.2 million—may be questionable at best, it comes as a request for investment with an accurate and proven track record of return on that investment. The tourism industry will continue to work hand in hand with the Governor and the Legislature to strengthen the economy of our great State.

In conclusion, NYSH&TA and the entire hospitality and tourism industry is calling upon the Governor and Legislature to fully support maintaining funding for tourism marketing, thus allowing the industry to return the State's investment seven times over and help restore New York to its pre-eminent position as the number one destination in the United States.

Thank You.