

Comments submitted by Jan Marie Chesterton, President,
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**Public hearing on the administration of Tourism, Arts, and Office of Parks,
Recreation, and Historic Preservation programs**

conducted by the Assembly Committees on Tourism, Parks, Arts, and Sports
Development and Oversight, Analysis, and Investigation on December 13, 2010

**December 13, 2010
11:00 am**

Good morning everyone. I am Jan Marie Chesterton, President of the New York State Hospitality & Tourism Association and the administrator of the Tourism Industry Coalition of New York State. **Thank you** for the opportunity to comment on the administration of the Tourism Division and its programs, **specifically the I♥NY Tourism Marketing Fund and the Tourism Matching Funds Programs.**

Before I begin, I would first like to thank Assemblyman Steve Englebright, a longtime industry friend and supporter, and Assemblywoman Michele Titus for hosting this meeting on this important topic. We look forward to working closely with both of you in the coming months.

By way of 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 1,300 member businesses and individuals in the lodging and attractions industry, and we currently represent **70%** of the total lodging room inventory in the state.

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The Tourism Industry Coalition (TIC) represents 21 private-sector industry organizations with tourism as its core product. Some of its members include:

- **Albany County CVB**
- 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
 - New York Power Authority
 - **NYC & Company**
 - **NYS Association of CVBs**
 - New York Power Authority
- New York State Hospitality & Tourism Association
 - New York State Restaurant Association
- New York State Tourism Promotion Agencies Council
 - New York State Travel & Vacation Association
 - New York Wine & Grape Foundation
 - Oneida County Tourism
 - Saratoga County Chamber
 - **Ski Areas of New York**
- Sullivan County Visitors Association, Inc.

As you know, the tourism industry has a significant, positive economic impact on the entire State that few industries can offer. With additional, dedicated investment, the tourism industry will continue to be the industry that sustains numerous communities across the State. If not for tourists coming to the Empire State and spending money, the average household in the State would have to pay an extra \$778 to cover the loss in state and local tax revenue.

The businesses that comprise the tourism industry understand the tough choices these hard economic times require. The tourism industry also knows that **smart monetary investments** are one way to turn around a struggling economy. The tourism programs you oversee, such as the I Love NY program and the Tourism Matching Grant program, are important pieces of the state's investment puzzle that continually yield positive returns to the state's lagging economy.

The continued appropriation reductions to the state's tourism programs reduces the impact that we can have on the State, an impact that is good for the state's tax coffers and job creation . The lack of reliable disbursement of the funds you appropriate, makes it difficult to successfully operate and provide great returns on our seasonal, fast-paced, 24/7 business . In a down economy, in which people are spending their traveling dollars closer to home, we can ill-afford any budgetary cuts that will slow down this economic generator, which returns **\$7 to New York State for every \$1 spent in marketing and promotion.**

New York, one of the most popular states to visit in the United States, is in direct competition for the leisure traveler with states like California and Florida, and in the Northeast with states like Pennsylvania. Tourism investment data shows that New York is not allocating the necessary funds to **remain competitive** when compared to other like-minded states. In fact, last year: Pennsylvania spent \$20 million on statewide tourism marketing, California spent \$67 million and Florida spent \$48 million. In comparison, last year New York spent \$5.465. That figure demonstrates that New York's tourism industry can compete, but more support

from the State can make a huge, positive impact in the areas the state most needs it: tax revenue and jobs.

In August 2010, a study on New York State tourism conducted by Tourism Economics, an Oxford Economic company, confirmed what the industry has known all along; tourism brings in significant dollars, drives economic activity and creates jobs.

The results of the study showed that in 2009:

- Visitors spent **\$45.8 billion** in towns and cities all over the State, a number that has fallen each of the last three years – just as the appropriations have dropped for tourism programs.
- Tourism in New York State generated **\$6.2 billion** in state and local taxes.
- **660,915 jobs** were sustained by visitors to New York State with total associated **income of \$25.5 billion.**
- 7.8% (1 in 13) of all private sector jobs in New York State are sustained by tourism.
- And as indicated above, in the absence of tourism activity, the average household in New York State would pay **an extra \$778 in taxes** to make up the gap in state and local taxes.

In 2009, the Leisure Travel Advertising Information Conversion Study was conducted for the New York State Tourism Promotion Agencies Council by the Technical Assistance Center/SUNY Plattsburgh. It measured the **effectiveness of Matching Funds advertising** and its influence on attracting travelers to New York State. The study, conducted in survey form, showed that:

- 80% of respondents stated the travel information they received helped influence their decision to travel to New York State.

- 75% of those who had never visited New York State said they were planning a future trip.

The findings show that **investing in Tourism leads to an immediate increase in economic activity in all regions of the state.** These numbers prove that marketing the State effectively helps deliver visitors who spend money and drive economic growth. There is no argument against investing in this industry, one that has shown a connection between investment and results – tax revenue and jobs – that improve the State’s economy.

Few industries provide economic benefits faster from consumer marketing than tourism; **create more jobs per million dollars** of economic activity than tourism; or produce **tax revenue** at a higher rate. Investments made in tourism marketing in the spring will bring revenues in the summer, at a rate of 7 to 1. It is clear that tourism marketing is a truly great revenue generator for our state.

The benefits of tourism impact the entire state; many regions of lower population rely on this industry as their main source of revenue. Even a small piece, of what is a large amount of spending statewide on tourism, can provide significant life to a local economy that relies on its tourism. Small towns, as well as urban centers, all over the State rely on tourism; it truly affects the entire state.

So, how do we accomplish our goal of increasing tax revenue and create jobs? Well, the Tourism Matching Grant program is one partnership that not only complements and leverages

the I♥NY program, but **increases visitors to the entire state** thus generating new tax dollars. Each county and region draws different visitors from different regions of the US because of the great diversity of attractions our State can offer. The Matching Grant program increases the opportunity to reach those visitor segments. This program does not rely solely on State money, but has the matching support of Tourism Promotion Agencies to **double the funding** provided and multiply the effect it has on potential visitors.

This program has lacked reliability over the last few years, having lost the 2009-2010 appropriation and suffered a delayed disbursement of the 2010-2011 appropriation. Months behind schedule, the industry had to write a letter to implore the Economic Development Corporation to begin the application process for the 2010-2011 appropriation, which is only recently under way.

In closing, the Tourism Industry Coalition of New York State, the New York State Hospitality & Tourism Association and the entire hospitality and tourism industry call on these committees to **fully support** maintaining and/or increasing funding for tourism, and allowing the industry to grow in its return on investment of 7 to 1. More investment would allow the tourism industry to better compete in the Northeast for the all important leisure traveler and restore New York to its pre-eminent position as the #1 destination in the United States. With the State's investment, the tourism industry can provide more than the over \$6 billion it provided to New York's tax coffers.

Thank You.