

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

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

**February 14, 2011
11 a.m.**

I am Jan Marie Chesterton, President of the New York State Hospitality & Tourism Association and Administrator of the Tourism Industry Coalition of New York State. I would like to start by thanking Senator DeFrancisco and Assemblyman Farrell for the opportunity to comment on the Economic Development Budget items included in the 2011-2012 Executive Budget proposal, specifically, the Tourism marketing commonly known as the I Love NY program and the Tourism Matching Grant program.

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.

The Tourism Industry Coalition represents 20 private-sector industry organizations with Tourism as its core product. Its members include:

- Albany County Convention & Visitors Bureau
 - Campground Owners of NY
- Canal New York Marketing & Business Alliance
 - 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
- New York State Hospitality & Tourism Association
 - New York State Restaurant Association
- New York State Travel & Vacation Association
 - New York Wine & Grape Foundation
 - NYC & Company
 - NYS Association of CVBs
 - NYS Tourism Promotion Agencies Council
 - Oneida County Tourism
 - Ski Areas of New York
- Sullivan County Visitors Association, Inc.

NYSH&TA understands the precarious financial situation that the State is in and we look forward to working with the Legislature and the Governor to return New York State back to prominence.

The Tourism industry is an unparalleled industry that is a combination of creating and maintaining jobs, as well as providing the State with a return on its investment in Tourism marketing. In New York State, **One out of every 13 jobs** in private employment is a Tourism job. The Tourism industry is a part of each region of the State, providing employment to all levels from management to minimum wage. An entrepreneurial industry, Tourism is not only made up of corporations, but **small business owners** with long standing roots in their communities. Further, return on investment in the Tourism

industry is unparalleled in any other sector of the economy. New York and its residents reap the benefits of the revenue Tourism provides and this happens only months after the State invests in Tourism. For these reasons, it is imperative that the Legislature and the Governor recognize that Tourism is an industry that is an investment multiplier producing revenue for the State at a rate of seven to one. Consequently, Tourism should be a top priority and a key piece of any economic strategy that **produces revenue**, not consumes it.

On behalf of the Tourism industry, I am here to urge the Legislature, to at least maintain the current funding level - \$7.4 million - for State Tourism marketing. 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 New York's economy. Any further reduction to the Tourism marketing budget would place us at a further competitive disadvantage as we vie with neighboring states for the travelers' top-of-mind awareness.

TOURISM CREATES JOBS

According to independent studies, Tourism jobs have increased by more than 22% over the last 20 years, compared to an increase of less than 6% for the rest of private sector employment. In 2009, over 660,000 jobs were directly sustained by visitors to New York. Tourism is the 7th largest private sector employer of the State based on direct Tourism employment. Whether it is restaurants or retail stores, hotels or amusement parks, Tourism sustains employment at every level; from entry to executive positions.

This effect is prevalent in all regions of New York. Tourism employs between 6% and 17% of the people in each region of the State, demonstrating its integral place in the economies throughout the State. Tourism sustains people's livelihood in each region and in some communities it is the sole industry. Investing in Tourism **provides jobs** whereas other industries are laying off workers, putting a strain on families, and increasing dependence on public assistance. The State has many programs that are aimed at creating jobs. Tourism does just that.

TOURISM NEEDS INVESTMENT

Tourism marketing largely relies on State investment. The Tourism Matching Grant program is a local program which provides focused support that is matched locally and used to market more specific attractions New York has to offer. The **I Love NY** program provides statewide marketing strategies establishing partnerships and implementing programs to encourage visitation. The **I Love NY** logo is in itself a resource for the State since it generates revenue from licensing to commercial entities. It is our position that the revenues generated from the licensing of the **I Love NY** logo should be dedicated to tourism as part of a cohesive tourism marketing strategy in these difficult economic times.

The businesses that make up the Tourism industry have lived through these tough economic times of limited commercial bookings and fewer vacations. Marketing is what

will bring the visitors back and it is incumbent upon New York to ensure that the Tourism industry is a powerful one.

In 2009, New York State spent **\$5.465 million** on Tourism marketing. Unfortunately, competition for tourist dollars is intense, as New York is consistently outspent by aggressive, well-funded marketing campaigns all seeking to attract visitors. In fact, in 2009:

- ◆ **Pennsylvania spent \$20 million** on statewide Tourism marketing
- ◆ **California spent \$67 million**
- ◆ **Florida spent \$48 million**

The economic downturn has transformed vacations into “stay-cations” in which travelers decide to travel much shorter distances than they have before. It takes advertising and marketing investment to ensure that people are aware of the many and varied destinations that are a short drive away, right here in New York.

The millions of leisure travelers in the Northeast have the choice of many states, and we must ensure that the leisure traveler is aware of the skiing available in the winter and the camping, lakes, and beaches available in the summer. The almost infinite number of travel destinations, from wineries to amusement parks, historic sites to sports arenas, are all within a few hours drive for millions of people. To have a neighboring state out-invest us

is disconcerting at best. Investing in Tourism marketing programs results in visitor spending, which, in turn, results in tax revenues.

TOURISM CREATES RETURNS

The benefits collected in the form of state and local taxes alone are worth the investment, especially considering the limited resources with which New York can invest. Tourism is an investment that produces revenues. Last year, Tourism to the State generated **\$6.2 billion for state and local government coffers** from visitor spending over \$45 billion. Few other lines in the budget can assert that fact. The revenue Tourism produces trickles down to impact every citizen in the State. In the absence of Tourism activity, the average New York household would pay an **extra \$778 per year** to cover the gap in state and local taxes.

The Tourism industry is full of businesses that must operate with a balanced budget who understand that spending must be limited. But spending on Tourism is an investment that will return revenues, and will return revenues fast. An investment in Tourism today brings revenues into state and local coffers this summer. The **short turn around** of an investment in Tourism makes it a safe, positive investment with a tangible benefit.

As an example, the tourism marketing programs assist hotels in packaging overnight stays with local destinations this summer. As a result, travelers will stay overnight in the community. The travelers will eat in restaurants, spend in shops, and visit destinations,

maybe taking in more sites than originally planned. The State and local tax revenues generated by these travelers provide the State a significant return on marketing investment. This example is repeated across New York and the benefits multiply as businesses open or expand to support the sustained visitation and hire additional employees to serve the travelers.

In conclusion, NYSH&TA and the entire hospitality and Tourism industry is calling upon the Governor and Legislature to fully support at least 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.