



**Pennsylvania Association of Travel and Tourism Presentation to the Senate Community,
Economic and Recreational Development Committee**

Tuesday – November 19th, 2013

Good morning Chairwomen Ward, Chairman Fontana and members of the Senate Community, Economic and Recreational Development Committee.

The Pennsylvania Association of Travel and Tourism (PATT) is the statewide, nonprofit, bipartisan association representing the travel and tourism industry throughout Pennsylvania. Our mission is to unify and lead Pennsylvania's travel and tourism industry, presenting one voice on public policy issues.

PATT strongly supports what you have heard so far today, about the establishment of the Pennsylvania Tourism Partnership. The new Pennsylvania Tourism Partnership (PTP), is intended to strengthen and augment the state's tourism marketing efforts by engaging the public and private sectors

Rep. Stern's legislation (HB 1215) to create a tourism commission is an alternative approach to achieving similar outcomes – more involvement from the private sector in tourism, long range strategic planning and consistency in marketing and branding. Both Chairman Stern and the Industry want the same thing ---a stronger voice from the industry in a strategic plan for tourism. We are just going about it a little differently, by inviting the private sector to have skin in the game not only from a strategic planning perspective, but financially as well.

We feel that our plan offers an even stronger role for the private sector and from our viewpoint; the greater the role the private sector can play in shaping its own destiny, the better. We are already tapping into the private sector and have the tourism industry at the table with us, collaborating on ways to more effectively promote tourism without relying on the state's general fund.

Stronger collaboration between state government and the tourism industry will better position the Commonwealth to capitalize on increased economic opportunities relating to tourism in Pennsylvania. This translates into more revenue and jobs, which are good for everyone.

I will stop at this point for any questions related to the Partnership and have some further comments on other Tourism related issues as part of our next discussion.

Thank you for your time and I would be happy to address any questions.

Part 2

Other Travel and Tourism Related Issues:

The Travel and Tourism Industry has the following impacts in Pennsylvania:

Economic Benefits: When people travel they spend money. This spending directly translates into sales for Pennsylvania businesses, jobs for Pennsylvania residents and much needed tax revenue.

Jobs: One of the key economic benefits provided by the travel and tourism industry is the industry's ability to create jobs – especially during periods when most other sectors of the economy are struggling. The underlying reason for the industry's strength is that even in difficult economic times, people still want to and do travel.

A Key Export Industry: The \$3.9 billion spent by travelers from international markets makes travel and tourism the state’s fifth leading export industry.

Opportunity: With our strong base of tourism assets and strategic location, Pennsylvania is well positioned to capitalize on the projected growth in international travel as well as from the expected growth in domestic travel.

Travel and Tourism also impacts the economy:

Through Direct Impact: these are dollars that are spent directly within the tourism sector, such as admission to an amusement park, museum or another attraction.

Through Indirect Impact: dollars spent by the sector with other businesses to carry out critical operations, such as cleaning companies, bedding companies and other ancillary businesses that service our industry.

Through Induced Impact: these are dollars spent by employees of the tourism sector within the local economy.

Our Key Legislative Priorities?

- 1. Establishment of a Public Private Pennsylvania Tourism Partnership.**
- 2. Sustainable Tourism Funding for Pennsylvania’s statewide efforts.**

It has been discussed today about seed money to get the Partnership off the ground but the long term goal is to find a source of “Sustainable” Funding for Tourism in Pennsylvania long term. PATT is working with a statewide taskforce made up of the industry and our stakeholders to determine and recommend what the best possible source of that funding could be? We expect to have a recommended solution early next year.

We have been looking at many different scenarios to fund Travel and Tourism in Pennsylvania at a sustainable level. There are several bills that are currently before the legislature:

- H B 1216 – Tourism Tax Credit
- HB 1635 – Uses 1% of the state’s 6% hotel tax revenues to fund tourism, museums and the arts.

3. Local and State Room Tax Concerns

In 2012 the actual total room tax revenues at the county level were **\$148,843,155**. The estimated room tax that was available for the 49 Designated Tourism Promotion Agencies was **\$67,402,858 about 47%** of the total collected. As you can see not all those room tax dollars go back to the designated TPA. There are more and more instances of those dollars being earmarked and used for non-travel and tourism purposes. With very little tourism funding available at the state level, local room tax is the only resource available to market and promote the counties and Regions in Pennsylvania.

There are currently 14 hotel tax laws/statutes in Pennsylvania. The variations and differences amongst these laws create confusion and inconsistency throughout Pennsylvania.

- While we have little ability to impact what laws are currently in place, we are concerned as I am sure this committee is about the continued efforts from across the state to make changes to these various hotel tax laws and the lack of a coordinated effort.
- We have established a statewide taskforce with the Pennsylvania Restaurant and Lodging Association to work collectively to develop a coordinated, statewide policy on Hotel Tax initiatives moving forward.

The taskforce is addressing the following recommendations:

1. Looking at the option of raising the 3% local room tax for the counties within Act 142 (45 Counties), as well as the counties outlined in HB 1486 (Rep. Miller).
2. We would like to address our concerns with enforcement and collection of the Room Tax at the local and county level.
3. We would like to create stronger definitions that could be added to the law in regards to what the appropriate uses are for the Room Tax.
4. Create a more comprehensive/protective process at the county level around potential un-designation of a TPA, or the establishment of more than one designated tourism promotion, tourism development or travel destination development entity.
5. Consider expanding Room Tax definitions to include any facilities that take a fee for an overnight stay.
6. Future Room Tax Statutes should not be intended to fund “brick and mortar” or other non-tourism related projects or initiatives.

As we work together on these solutions in the future, room tax legislation should be addressed by the General Assembly on a regional or statewide basis rather than a single county or piece-meal approach.

4. Post Labor Day School Start

PATT supports Representative Godshall’s legislation (HB 75). The legislation would restore the traditional school starting day without affecting the 180-day education requirement and while still providing options for an earlier opening when circumstances require it.

This initiative does not affect the current education requirement for students. The education of Pennsylvania children is still paramount and will not be compromised by this issue.

When school opens is also important to businesses that depend upon student workers during the summer, as well as to the students who depend upon that summer job income to earn college money.

5. Online Travel Company (OTC) Issues

Representative Day has introduced several bills that would close a hotel tax loop hole. HB 871 – HB 875 are currently in the House Tourism Committee.

PATT supports the closing of this loophole. Currently, the Commonwealth and local Counties are losing money because online travel companies are remitting taxes on a lesser amount than the actual cost at which they sell a hotel room. It puts in-state hotels that collect and remit the tax properly at a competitive disadvantage.

I highlighted some of our key priorities but there are certainly many other pressing issues, transportation, workforce development, business taxes that all impact our members and stakeholders.

Thank you for taking the time to join us today and to listen to our thoughts on these very important issues. I hope you will leave here today with the confidence that our industry is ready to rise to the challenge of working in a more collaborative way and working with this committee to set some specific time lines and objectives to create a healthy and vibrant travel and tourism industry.

Thank you again for your time and I would be happy to answer any questions.