

Senate Committee on Community Economic and Recreational Development

Pocono Mountains Visitors Bureau Testimony

NOVEMBER 19, 2013

Thank you Chairman Ward I appreciate the opportunity to present before this committee today. I am Carl Wilgus President/CEO of the Pocono Mountains Visitors Bureau a position I have held for nearly 6 years. I also spent 20 years prior to that as the state tourism director for the state of Idaho, and so I feel as if I have a unique perspective both from within the Commonwealth and from outside it.

For the purpose of today's presentation I would like to focus my remarks on one primary issue; state funding for tourism promotion.

Let me begin by making the declaration that "advertising works". One needs not look any farther than the establishment of the Pocono Mountains as a "honeymoon destination" as verification of that statement. That was accomplished first through the innovation and investment that lead to the development of heart shaped tubs and champagne fluted Jacuzzis. Then it was the consistent and persistent advertising of millions of dollars over a four decade period that delivered the message of "the Poconos" as a honeymoon destination. But I'm not here to talk about the Pocono Mountains, rather I'm here to share with you my perspective of where the Commonwealth is and where we are headed with Pennsylvania's second largest industry TOURISM.

Ladies and gentleman, we do what we do not because we like to see pretty pictures of where we live on television in the newspapers and magazines, but because it is economic development. Because of the jobs that are created and taxes revenue that is generated both of which serve to improve the quality of life for all Pennsylvanians. The Center for Workforce Information and Analysis part of the Pennsylvania Department of Labor and Industry recently completed work on the development of a "Hospitality, Leisure and Entertainment" Cluster for the Commonwealth. Their numbers indicate that in 2011 there were 36,391 employer units and 559,483 jobs (10.11% of total jobs) in this Cluster. Most of these 36,000 businesses are small businesses that relied on visit traffic for their livelihood but have precious few resources to invest in drawing visitors to their doorstep. And that is the role that State Tourism Offices and Destination Marketing Organization have traditionally fulfilled.

As a result of fewer dollars being available to market Pennsylvania over the past few years we are already seeing our popularity beginning to erode as reflected by the loss of market share going from the 4th most visited state in the nation to the 7th most visited. Members of this Committee that is thousands of jobs not created and millions and millions of tax dollars not collected.

The reason for this demise is simply the gutting of Pennsylvania's tourism marketing and sales efforts over the past 5 years has put us into this death spiral. At the same time our competition is stepping up their game and taking advantage of the opportunity. I have with me a zip drive that contains television advertisements for the states of Utah, Michigan, New Jersey and New York which have been bombarding our airways with millions of dollars of messages the past year. I can play for you later, if you like. I would have the Pennsylvania advertisements as well...but unfortunately there are no Pennsylvania advertisements.

While I do appreciate what all you legislatures have done to rein in the state budget, and as a tax payer the last thing I want to do is pay more taxes. But, I'm also convinced that in the effort to balance budget that you have thrown the baby out with the bathwater. It is a well know and established business fact that in bad times you don't cut back your sales and marketing efforts but that is exactly what has happened over the past five years especially with regard to the DCED line item for "marketing to attract visitors". It is not too late for us to reverse this most unfortunate trend, but it does call for bold decisive action to affect a meaningful sustainable result for Pennsylvania's economy.

Currently the Commonwealth collects nearly \$200 million annually in 6% sales tax on lodging. I've suggested taking 1% about \$33.3 million and establishing a 50/50 promotional account challenging the private sector and tourism marketing organizations to match it dollar for dollar. With this one swift action the state will have gone from the 47th worst funding state tourism program to the 3rd best. If the private sector and/or tourism promotion organizations don't match the states money by the end of the year then whatever is left over is returned to the state's general fund and the clock is reset for the next fiscal year.

Representative Jerry Sterns HB-1635 contains some of these same elements and definitely is an improvement on what we currently have in place, but in my estimation does not go far enough to generate the kinds of revenue that are needed. If you combined HB-1635 with Representative Sterns proposed \$15 million tourism tax credit contained in HB-1216 then the two bills in combination gets us closer to where we need to be but still not quite there.

There is a well established prescient for this model both the state of Florida and BrandUSA our country's national tourism promotion program operate under a very similar model. In the case

of Florida the legislature appropriate general fund revenue for FY 2014 that is \$75 million and in the case of BrandUSA \$100 million annual is received from Visa renewal fees each year.

Frankly folks we are at a tipping point in our industry where we need to face some very harsh realities. Does Pennsylvania return to its rightful position as a top five tourism destination or do we allow the continued erosion of our industry to the detriment of the Commonwealth's economy.

I ran across a quote not long ago that serves as an inspiration to me at times like this: "How to bring into being a world that is not only sustainable, functional and equitable but also deeply desirable is question of leadership, and ethics, and vision and courage. Properties not of computer models but of the human heart and soul." I guess I look to you members of the Pennsylvania Legislature and implore you to demonstrate that leadership, ethics, vision, and courage to restore this most important program.