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

**Joint Legislative Budget Hearing: Economic Development**

**February 9, 2015**

My name is Jan Marie Chesterton, President of the New York State Hospitality & Tourism Association, and also the Administrator of the Tourism Industry Coalition of New York State. I'd like to thank the Chairmen Farrell and DeFrancisco and all the members of the Legislature here today for allowing me to testify today, specifically as it relates to the review of the tourism programs within the 2015-2016 Executive Budget Proposal.

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 in the lodging and attractions industry, and we currently represent 70% of the total lodging room inventory in the State.

The tourism industry in New York State is unparalleled; it's a combination of creating and maintaining jobs, as well as providing the State with a return on its investment, like no other industry can offer. Tourism is a part of each region of the State, providing employment at all levels, from management to entry level.

#### **NY OPEN FOR BUSINESS**

In December, the State awarded nearly \$12M in tourism related projects through Round 4 of the Regional Economic Development Council (REDC) process. NYSH&TA remains an ardent supporter of the REDCs as they have been a proven funding source for tourism promotion and marketing across all of the State. As we move forward, we strongly support a 5th round of Funding for Regional Economic Development Councils as part of the 2015-2016 State Budget.

Additionally, in 2014, the State held the second round of the Adirondack Challenge and Summits relating to Tourism, Beer & Wine, Parks & Trails, in addition to the first Governor's Bass Master Challenge on Owasko Lake. NYSH&TA was an active participant and supporter of all these events and will continue to partner with the State in 2015 to promote and grow the tourism industry in New York.

In 2014, Governor Cuomo suggested that the State, through various programs and allocations, invested over \$45M in tourism. Therefore, it is essential for the sustainability of this funding, which is a proven investment for the state, that both the industry and Legislature continue to participate and partner with the administration at these events and summits as they provide a chance to market and promote all New York attractions.

#### **TOURISM NEEDS INVESTMENT**

Given its proven track record as a revenue source, for State and local governments, as well as a job generator, Tourism is not only a wise investment, but a critical one, that yields unmatched and well sustained returns, for New York's economy. That is why, we as an industry support at

least maintaining, if not increasing, the current funding levels, for the Tourism Matching Grant Program, as well as the I Love NY program.

Additionally, in 2014 funding for programs such as Market NY and Taste NY were allocated for regional marketing and promotions across the State, and were huge successes with opportunities to show both domestically and internationally all that New York has to offer. **To that end, we request that the State's Tourism Funding mechanisms are increased, or at least preserved as proposed in the Governor's Budget, so that the industry, along with its State and local partners, continues to flourish.**

## **NEW YORK STATE AND THE TOURISM INDUSTRY – PARTNERS**

The industry has and continues to do its part in marketing and promotion. Through the Tourism Matching Grant program, which is an aid to locality legislative program that provides focused support that is matched locally (dollar for dollar by the industry), funding is used to market the regional tourism attractions in New York. This perfect example of a private/public partnership is the lifeline of our industry and it is critical that the program be funded and maintained as every dollar that the State makes available through this program will be matched by an industry participant to promote, market and provide jobs across New York. The numbers and success of the matching grant program statewide are amazing. In 2013, the tourism industry is projected to generate and has accounted for:

- Direct tourism employment grew 1.9% to reach a new high in 2013 while associated personal income expanded 3.2%. On both of these measures, tourism outpaced the general economy.
- Spending increased the most in the lodging sector as both room demand and rates rose.
- Growth was also strong in the restaurant sector as both overnight and day visitor demand increased. This spending generated \$95.4 billion in total business sales including indirect and induced impacts.
- 726,731 jobs were sustained by tourism activity last year with total income of \$30 billion.
- 8.2% (1 in 12) of all New York state employment is sustained by tourism, either directly or indirectly.

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 and jobs.** The revenue Tourism produces trickles down to impact every citizen in the State. Therefore, a strong tourism brand along with critical marketing programs are vital to help restore and continue to create much needed jobs, while returning New York to its pre-eminent position as the number one destination in the United States.

- Tourism is now the 4<sup>th</sup> largest employer in New York State on the basis of direct tourism employment. Tourism leapfrogged Finance and insurance in 2013.

Further, the "I Love NY" program itself provides statewide marketing strategies establishing partnerships and implementing programs to encourage visitation. The businesses that make up the tourism industry have survived 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 order to generate critical revenues. That is why we continue to raise awareness that neighboring states consistently out-invest us in tourism marketing dollars.

- The industry has done its part to maximize the current funding level of the “I Love NY” Program and the summer campaign and advertising spots of the “I Love NY” brand were a success for the industry and must continue and expand in 2015. Most importantly, these two programs (I Love NY, Matching Grants) were an integral part in the tourism economy reaching a new high in 2013, New York State tourism generated \$7.5 billion in state and local taxes in 2013, saving each NYS household an average of \$920 in taxes.
- Direct tourism employment grew 1.9% to reach a new high in 2013 while associated personal income expanded 3.2%. On both of these measures, tourism outpaced the general economy. (This rate is 12% above the state’s pre-recession peak set in 2008)

## **MINIMUM WAGE**

In 2013, Governor Cuomo signed legislation increasing the State’s minimum wage from \$7.25 to \$9.00 by 2015, to better align with the cost of living. This year, the Governor has proposed raising the statewide minimum wage again, to \$10.50 by the end of 2016. Additionally, because New York City has one of the highest costs of living in the world, the Governor proposed raising the City’s minimum wage to \$11.50.

As an industry, we support a fair minimum wage, but our members know that these types of increases, negatively impact job creation and business growth across the state. Therefore, NYSH&TA remains concerned that the Governor’s proposal is too steep an increase, in too short a period, and that the end result will be fewer jobs created, and potential job losses, that will adversely impact both small businesses, and entry level workers.

## **TOURISM IS NEW YORK**

We continue to be encouraged by the Governor’s commitment to tourism, after all, it is marketing and promotion that will bring the visitors back and it is incumbent upon New York to ensure that the Tourism industry is a powerful one, as well as an industry and State that can compete with other states for the all important traveler.

While the Tourism Matching Grant and I Love NY programs are funded through the annual State Budget and will always be much needed, we believe they are only part of the solution to continue to move forward and effectively market the attractions and destinations New York has to offer. That is why we are please to testify before you today, and offer the Association as a resource and partner in maximizing the industry’s impact on the State’s economy.

Thank You.