

THE CASE FOR TOURISM FUNDING

Executive Summary of the 2015 study "Competitive Analysis of Pennsylvania's Tourism Budget" by Tourism Economics, a leading provider of tourism economic analysis. This report was sponsored by a coalition of over 25 Pennsylvania tourism industry stakeholders, including major associations, businesses and destination marketing organizations.

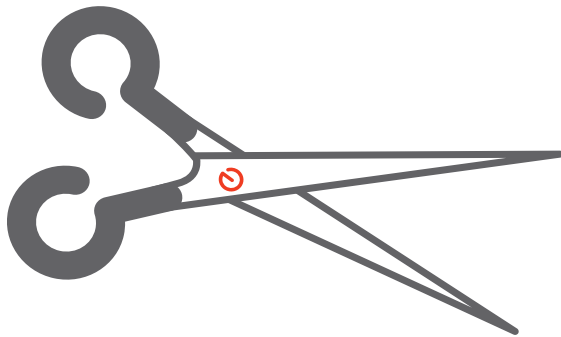
IN SIX YEARS, PENNSYLVANIA **LOST \$324 MILLION NET** IN STATE TAXES BY DEFUNDING TOURISM.

THE PROBLEM

In 2009, Pennsylvania spent \$30 million on tourism marketing. By 2015, that annual amount dropped below \$7.5 million of which only \$2 million is spent on a statewide level. This saved the Commonwealth \$22.5 million a year...**or did it?**

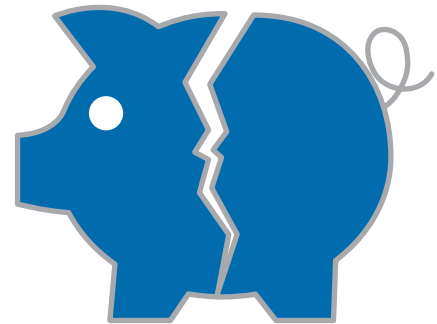
FOR EVERY \$1.00 CUT IN THE PENNSYLVANIA TOURISM BUDGET, PENNSYLVANIA LOST \$3.60 IN STATE TAXES. During this period, the state lost \$449 million in state taxes while saving only \$125 million—representing a net loss of \$324 million in taxes.

TOURISM BUDGET CUTS 2009-2014



\$125 MILLION
CUT

TOURISM NET REVENUE LOST 2009-2014



\$324 MILLION
LOST

THE SOLUTION

Tourists are a walking economic stimulus. By restoring Pennsylvania's tourism budget, the state will **GAIN AN ESTIMATED \$275 MILLION** in tax revenue over the next four years and recapture market share lost to competitor states.

TOURISM INVESTMENT YIELDS JOBS & TAX REVENUE.

TOURISM IS ONE OF THE LARGEST INDUSTRIES IN PENNSYLVANIA, GENERATING **\$39.2 BILLION** A YEAR IN VISITOR SPENDING.

RESULTING IN

479,000 leisure and hospitality sector jobs, providing family-sustaining employment

\$18.8 BILLION in labor income

\$4.1 BILLION in state and local taxes

Additional revenue in the general fund support priority programs.

Replacing these taxes would raise personal taxes by \$835 per household.

SINCE THE FY2010 TOURISM FUNDING CUTS, PENNSYLVANIA HAS **LOST \$7.7 BILLION** IN VISITOR SPENDING.

LOST

(2009-2014)



37.3 MILLION
Marketable Trip Visitors



\$7.7 BILLION
Visitor Spending

13,400
Jobs



\$3.2 BILLION
Wages



\$165 MILLION
Local Taxes



\$450 MILLION
State Taxes

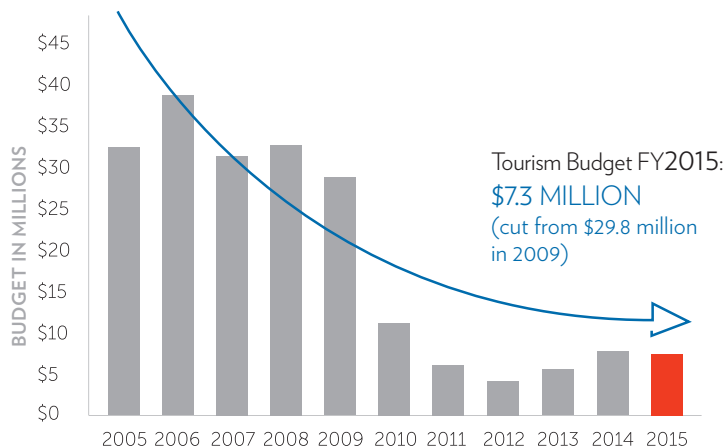
THESE NUMBERS ARE AN UNDERSTATEMENT.

The losses during this period were partly offset by the short-term infusion of hotel revenue generated by the Marcellus Shale industry. In addition, the analysis excluded the negative impact of lost business for convention, group and business, which directly benefit from tourism marketing.

PENNSYLVANIA IS OUTSPENT BY NEIGHBORING STATES.

PENNSYLVANIA IS NOW **LAST IN THE COUNTRY** FOR STATE TOURISM FUNDING RELATIVE TO INDUSTRY SIZE.

PA TOURISM BUDGET



PENNSYLVANIA IS OUTSPENT 5:1 BY NEW YORK, 3:1 BY VIRGINIA AND 2.5:1 BY WASHINGTON, DC.

Before the tourism budget cuts, Pennsylvania's funding was among the top-ten in the U.S., competitive with Florida and Michigan, and highest among regional competitors.

PENNSYLVANIA NOW RANKS 36TH FOR TOURISM FUNDING, THE THIRD-LOWEST OF THE NINE-STATE COMPETITIVE REGION AND LAST RELATIVE TO INDUSTRY SIZE.

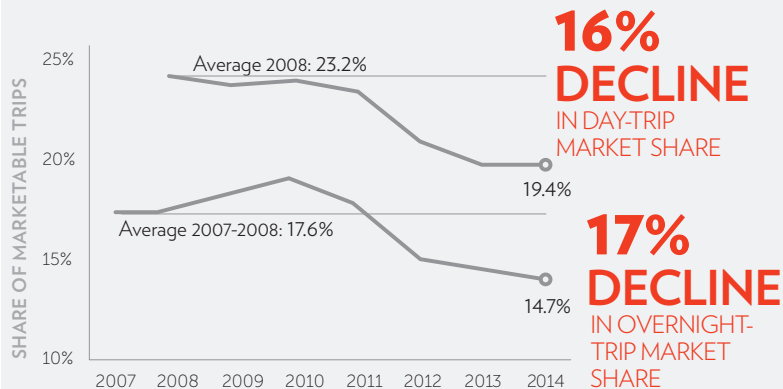
PENNSYLVANIA IS LOSING MARKET SHARE TO NEIGHBORING STATES.

NOW VISITORS ARE **GOING ELSEWHERE** IN THE NINE-STATE REGION.*

*Region of direct competitors: New York, New Jersey, Delaware, Maryland, Virginia, Ohio, West Virginia, District of Columbia and Pennsylvania

DOMESTIC

PA MARKET SHARE AMONG COMPETITIVE STATES



INTERNATIONAL

24% DECLINE in PA market share of overseas visitors to the U.S. (2009-2014)

\$340 MILLION LOST in overseas visitor spending

OVERSEAS VISITATION GROWTH

(2009-2014)



U.S. **+45%**



PA **+10%**

Not even $\frac{1}{4}$ the national growth rate

TOURISM IS AN ECONOMIC DRIVER.

RESTORING PENNSYLVANIA'S TOURISM BUDGET TO **\$35 MILLION** WOULD YIELD **\$275 MILLION NET** IN STATE TAXES OVER FOUR YEARS.

Tourists are a walking economic stimulus. As incomes rise, consumer spending on travel has grown at an even faster rate. Tourism and hospitality outperforms all other industry clusters on employment. Destination marketing is a proven catalyst for economic development.

Since tax revenue generated by tourism flows into the General Fund, increased tourism investment generates increased



TRANSPORTATION



EDUCATION



PUBLIC SAFETY

With this investment from 2017-2020: PA's tourism industry would become **COMPETITIVE** again, capturing an estimated **31.9 MILLION MORE MARKETABLE TRIPS** and generating:

\$6.7 BILLION in visitor spending

\$390 MILLION in state taxes

\$140 MILLION in local taxes

15,300 new jobs

\$2.8 BILLION in wages



EVERY **\$1**
INVESTED

=



\$3.43 IN TAX
REVENUE

**TOURISM IS NOT AN EXPENSE.
IT'S AN INVESTMENT IN PENNSYLVANIA.**