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

**Joint Legislative Budget Hearing: Economic Development**

**February 2, 2016**

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 Chairs Farrell and Young and all the members of the Legislature here for allowing me to testify today, specifically as it relates to the review of the tourism programs within the 2016-2017 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.

#### **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. We have seen significant accomplishments from the I Love NY and Matching Grants programs. Additionally, in 2015 funding for programs such as Market NY and Taste NY were allocated for regional marketing and promotions across the State, and continue to be huge successes with opportunities to show both domestically and internationally all that New York has to offer. To that end, we request that funding mechanisms for the I Love NY, Market NY, and Taste NY programs are at least maintained as provided for in the Governor's 2016-2017 Executive Budget Proposal. **We will also request at least a \$5M be allocated to the Matching Grants Program in the upcoming fiscal year.**

We would like to thank the Legislature for providing an additional \$500,000 to the Matching Grants Program in last year's enacted budget. The increased allocation to a total of \$4.3 million played a critical role at the local level for tourism related projects. Providing \$5M (a \$1.2M increase above the Governor's Executive Budget Proposal) in the 2016-2017 State Budget builds on the past successes and puts the program on par with other related programs such as Market NY, which is a program the industry does not match dollar for dollar.

These funding mechanisms from the Governor and Legislature are critical, 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 done 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 increased 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 2014, the tourism industry generated and accounted for:

- Spending increased the most in the lodging sector as both room demand and rates rose by 4.3%
- Growth was also strong in the restaurant sector as both overnight and day visitor demand increased. **This spending generated \$100.1 billion in total business sales including indirect and induced impacts.**
- 867,000 jobs were sustained by tourism activity last year with total income of \$31.6 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. Quite simply, the more the state can invest in tourism, the more revenue and economic incentives the industry can produce for the state. That is why we will be requesting the additional \$1.2 million for the Matching Grant program.

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

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 survived through the tough economic times of limited commercial bookings and fewer vacations. Marketing is what brought 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 future revenues. Competition from other states who market in New York remain a concern, and New York must continue to market and maintain all the resources and destinations we have to offer.

- 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 2016. Most importantly, these two programs (I Love NY, Matching Grants) were an integral part in the tourism economy reaching a new high in 2014, New York State tourism generated \$7.8 billion in state and local taxes in 2014, saving each NYS household an average of \$962 in taxes.

## **NY OPEN FOR BUSINESS**

In December, the State awarded \$17.6 million in tourism related projects through Round 5 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 6<sup>th</sup> Round of funding for Regional Economic Development Councils as part of the 2016-2017 State Budget.

Additionally, in 2015, the State held a third round of the Adirondack Challenge and Summits relating to Tourism, Beer & Wine. NYSH&TA was an active participant and supporter of all these events and will continue to partner with the State in 2016 to promote and grow the tourism industry in New York.

Over the past three years, Governor Cuomo has declared that the State, through various programs and allocations, has invested over \$100M in tourism, and has proposed an additional investment of \$50 million on tourism initiatives in his Executive Budget Proposal. 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.

## **MINIMUM WAGE**

In his 2016-2017 Executive Budget proposal, Governor Cuomo has proposed a statewide minimum wage increase of \$15 per hour by 2018 in NYC and by 2021 for the rest of the state. In New York State, if the minimum wage is raised, the law requires that a wage board be called regarding the minimum wage of food service workers. Therefore, if an increase in the statewide minimum wage happens this year, something our Association opposes, a wage board will subsequently be called for food service workers.

To that end, NYSH&TA supports the New York State Restaurant Association’s (NYSRA) efforts to obtain a “5-year freeze” on any new wage board being called if the statewide minimum wage is raised. While as an industry we support a fair minimum wage, it is important to note that such increases negatively impact job creation and expansion of business across the state.

## **TOURISM IS NEW YORK**

We continue to be encouraged by the Governor’s commitment to tourism, after all, it is marketing and promotion that has brought 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 pleased 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.