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NEW COALITION SUPPORTS BUDGET INCREASE FOR MATCHING GRANTS FOR LOCAL TOURISM

Tourism is the best investment for Pennsylvania economy

HARRISBURG (Jan. XX) – Calling investment in travel and tourism “the fastest way to create jobs and grow the Pennsylvania economy,” advocates of the state’s hospitality industry met in Harrisburg today to appeal to the Governor and the General Assembly to bring the state’s matching grants for marketing local tourism in line with the rate of expenditures established in the 1980s and early 1990s. The group, Fair Funding For Local Tourism (F3LT), includes Pennsylvanians involved in the diverse businesses that support local tourism.

“For every dollar the state invests in local tourism marketing, the communities put up two, three or more local dollars. Those dollars, in turn, generate hundreds of dollars in new consumer spending,” said F3LT spokesman _____. “If you consider that the state is able to collect a 6 percent sales tax on many of those dollars, the investment ends up costing the Commonwealth little, if anything, in terms of real costs. When you consider personal income tax and business taxes, the Commonwealth actually comes out ahead.”

The problem, he noted, is that the Commonwealth hasn’t increased its funding for the local matching grant program for three years. “If the Commonwealth had been able to keep pace with the investment increases it was making in the 1980s and 1990s, we wouldn’t be here today – we’d be too busy handling the crush of tourists back home.”

He said “catch up funding” increasing the state’s investment in the local tourism marketing program from \$11 million to \$15 million help restore parity and compensate local convention and visitors bureaus and tourism promotion agencies for the increased third party costs including print, broadcast and outdoor advertising that have occurred over the past three years.

Because the state’s travel and hospitality industry has under-utilized capacity at the moment, investing in tourism marketing would be the fastest and most economical way to boost the economy in the short term, he said. “The existing infrastructure could absorb a

20 to 30 percent increase in traffic without additional capital investment,” he suggested. “The only real cost would be for additional hiring – which would be good for the economy and the state’s tax collections.” In fact, he said, tourism market represents the fastest way for the Commonwealth to get a return on its investment – virtually within the same year of the expenditure. Capital investments require years, if not decades, to amortize and fully develop a benefit to a community.

“F3LT membership is open to anyone who wants tourism to continue to grow and contribute to the state’s economy,” noted _____, chairman of the new group. “We welcome members from chambers of commerce to conservation groups, from museum curators to mall operators, from hotel owners to Harley owners.”

In fact, more than _____ Pennsylvanians work in some facet of the tourism industry, from cab drivers to wine makers and stadium mascots to PennDOT road crews.

“Pennsylvania is offers a bounty of natural beauty and historical treasures. Unfortunately, the hospitality industry has been hampered by the state’s failing support for the marketing programs that successfully introduced the rest of the world to the thrill of skiing in the Poconos or _____,” _____ added.

Pennsylvania’s Matching Funds Program is the oldest in the nation and was established in 1961 as an economic development tool to stimulate tourism. The program allows the Commonwealth to provide part of the funds necessary for designated Tourism Promotion Agencies (TPAs) to conduct comprehensive travel and tourism destination marketing. This includes research, advertising, public relations and other promotional programs designed to stimulate travel and tourism to a particular locale.

In the Act’s Declaration of Policy, writers noted “that the health, safety, morals and general welfare of the people of the Commonwealth are directly dependent upon the continual encouragement, develop, growth and expansion of business, industry and commerce within the Commonwealth.”

Proponents agreed “that unemployment, the spread of indigency, the heavy burden of public assistance and unemployment compensation can best be avoided by the promotion, attraction, stimulation, development and expansion of all business, industry and commerce in the Commonwealth” – including tourism.

“Those legislators clearly understood the direct link between the tourism industry and the overall health of Pennsylvania’s economy,” noted Joe McGrath, president and CEO of the Greater Pittsburgh Convention and Visitors Bureau.

Under the terms of Act 50 and subsequent amendments, each county-level tourism promotion agency (TPA) may be eligible for up to \$2 in state marketing grants for each \$1.00 of local funding. The state share may not exceed \$2.25 for each \$1.00 in multi-county, regional tourism expenses.

For example, the Greater Pittsburgh Convention and Visitors Bureau (GPCVB), which generates \$_____ from a combination of county grants, room tax and membership dues, is theoretically eligible for matching grants totaling \$_____ from the Commonwealth. However, actual allocations ran from \$_____ to \$_____ during 2004.

“That means that the Greater Pittsburgh CVB raised \$175 for each dollar we received from DCED. That’s not what I would call an equitable partnership,” noted Joe McGrath, president and CEO of the Greater Pittsburgh Convention and Visitors Bureau. “While we’re grateful to our local members, it’s a tough economy for the hospitality industry, and it’s time for the Commonwealth to do its share.”

In the meanwhile, costs for advertising, printing, postage, travel and other promotion tools have risen _____% during the past five years, while the state’s grant budget declined _____% in actual buying power during the same period.

“Even flat funding is fading funding for us,” _____ concluded.

F3LT members plan a variety of grassroots activities in the weeks and months to come. To learn more about the coalition, and to become a member, visit the web site at www.F3LT.org.

“In the past we’ve done letter-writing campaigns from representatives of various Convention and Visitors Bureaus,” explained Janet Stone, executive director of the Pennsylvania Association of Convention and Visitors Bureaus. “We’re excited that F3LT really promises to broaden the understanding of local tourism as an economic driver. Hundreds of thousands of Pennsylvanians depend on travel and tourism for their livelihoods and their family income.”

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