

**Testimony submitted by Daniel C. Murphy, President,
New York State Hospitality & Tourism Association**

**At a Public Hearing on the Executive Budget
In regard to Economic Development**

December 18, 2007

I am Dan Murphy, President of the New York State Hospitality & Tourism Association. Thank you for the opportunity to comment on Economic Development Budget Items for the upcoming 2008-2009 Executive Budget proposal, specifically the I♥NY Tourism Marketing Fund and the Tourism Matching Funds Programs.

BACKGROUND

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 1,400 member businesses and individuals in the lodging and attractions industry, and we currently represent 70% of the total lodging room inventory in the state.

The Association's membership consists of hotels, motels, resorts, conference centers, country inns, bed and breakfasts, reservation service organizations, amusement parks, attractions, museums, ski areas, parks, recreational facilities, historical sites, convention and visitors bureaus, chambers of commerce, colleges and universities, hospitality students and suppliers to the tourism industry.

I would first like to thank Governor Spitzer and the Empire State Development Team, led by downstate chair Patrick Foye and upstate chair Dan Gunderson, for allocating an

additional \$5 million for the "I ♥ NY" Tourism Marketing Fund and \$500,000 in Matching Funds in the current 2007-2008 State Budget.

Throughout 2007, Governor Spitzer and his Economic Development team have made announcements and initiated marketing efforts promoting tourism in New York State. These announcements and promotions have ranged in focus from upstate initiatives to downstate proposals and have been designed to pump up state efforts in attracting tourists to visit all regions of New York.

In May, the Governor announced the appointment of Thomas Ranese as the Senior Vice President of Marketing for I Love NY. A professional marketing chief with extensive experience in the private sector, Ranese has quickly earned the whole hearted support of our diverse tourism industry by including them in development of marketing plans as he visited every region of our great state.

In July, a marketing effort targeting Toronto and the New York City metro markets was launched to bring visitors to upstate New York's many attractive summer venues. Our increased visitor numbers this past summer reflect, in part, the success of that effort.

In September, Governor Spitzer announced that "I ♥ NY" had partnered with JetBlue Airways and Zipcar to encourage travelers to discover New York State this fall. The partnership between the State and these organizations served as the centerpiece of

promoting upstate this past fall. Once again, lodging and other related tourism businesses shared increases over last year.

Further, in October, New York City announced a new slogan and ad campaign to attract travelers to the City. The campaign, entitled "This is New York City," will air ads and billboards in England, Ireland, France, Spain, Brazil, Portugal and Italy. It will also have advertisements on display in other states such as Pennsylvania and Florida.

This winter a focused marketing campaign "Cozy Winter Weekend Getaways" will also target New York City Metro and Toronto markets. It will feature our great ski venues and over 150 small inns and lodges across upstate New York. We are confident that these campaigns will attract many additional travelers to our beautiful winter destinations.

All of these initiatives will help New York compete with neighboring states that have been outperforming us when it comes to attracting the all important leisure traveler. For example, Pennsylvania is spending more than \$40 million on tourism promotion.

Governor Spitzer recently announced the results of a new study on tourism done by the Philadelphia-based research firm, Tourism Economics. This study has confirmed what the industry has known all along and could not have been said better than by the Governor who stated:

“This study shows just how significant tourism is to bringing dollars, economic activity and jobs into the state’s economy.”

The tourism industry, through the efforts of this administration in cooperation with the Legislature, has gotten the ball rolling once again on “pumping up” tourism in our great state and restoring the heart in I Love NY.

Therefore, as a representative in the tourism industry, I am here today to request that a total of **\$32.5M for tourism marketing and promotion be included in the Governor’s 2008-2009 Executive Budget Proposal. This represents an increase of \$9M for “I Love NY”, and an increase of \$2M for the matching grants program from the enacted 2007-2008 State Budget.**

Most importantly this request comes with a return on investment for the State that no other industry can offer. The following will briefly summarize what increased tourism funding means for the economic well being for all New Yorkers.

RETURN ON INVESTMENT

In 2005, leading State travel and tourism entities commissioned an in-depth study to provide insight and recommendations on how to build upon the original success of the I Love NY campaign, administered by the New York State Empire State Development Corporation (ESDC), and other travel promotion organization’s marketing programs.

According to the research study, 63 million visitors to New York State in 2005 spent an estimated \$43.4 billion. The study also showed that tourism:

- Created 707,266 jobs with a payroll exceeding \$24 billion
- Generated \$2.47 billion in local taxes
- Generated \$2.23 billion in state taxes

For every \$1 spent promoting travel to New York State, \$7 is returned to the state in the form of local and state taxes. In 2005, The I Love NY budget of \$15-plus million, including matching funds, generated \$1.6 billion in incremental spending (which, in turn, generated \$107 million in state and local taxes). A significant R O I .

These numbers are very much in line when you look at the numbers and results of the 2006 Tourism Economics Study released earlier this month.

From the result of the Spitzer administration's study, tourism :

- was a \$46.6 billion industry (7.2% increase over 2005) showing such strong economic growth for the third straight year;
- accounted for 740,000 direct and indirect jobs; and
- contributed \$2.7 billion in taxes at both the state and local level

CONCLUSION

The studies have shown, few industries benefit faster from consumer marketing than tourism; create more jobs per million dollars of economic activity than tourism; produce tax revenue at a higher rate. Therefore, tourism marketing is truly a revenue generator for our great state.

Tourism is ultimately a consumer product. Increased awareness of our rich and varied destinations, will entice people to come here. Advertising and marketing however are the critical means to create the awareness and demand for our destinations.

Therefore, NYSH&TA and the entire hospitality and tourism industry is calling on the Executive and Legislature to fully support this increased funding request, and allow the industry to grow and to better compete in the Northeast for the all important leisure traveler and restore New York to its pre-eminent position as the # 1 destination in the United States.

Thank You.