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HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

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Hotel Tax and Tourist Promotion
Agency Funding

* * * * *

House Tourism & Recreational Development Committee

Main Capitol Building
Room 418
Harrisburg, Pennsylvania

Thursday, November 15, 2007 - 9:00 a.m.

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BEFORE:

- Honorable Thomas Tangretti, Majority Chairman
- Honorable Ron Buxton
- Honorable Gary Haluska
- Honorable Nick Kotik
- Honorable Mark Longietti
- Honorable John Pallone
- Honorable Tony Payton, Jr.
- Honorable Chris Sainato
- Honorable Steve Samuelson
- Honorable Dante Santoni, Jr.
- Honorable Jerry Nailor, Minority Chairman
- Honorable Tom Creighton
- Honorable Brian Ellis
- Honorable Will Gabig
- Honorable Keith Gillespie
- Honorable Julie Harhart
- Honorable David Millard
- Honorable Dan Moul
- Honorable John Payne
- Honorable Mario Scavello
- Honorable Curtis Sonney
- Honorable Richard Stevenson

KEY REPORTERS 717-764-7801

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1 ALSO PRESENT:

2

Angela Stalnecker
Majority Executive Director

4

Michael Hillman
Majority Research Analyst

6

Sharon Snell
Majority Legislative Assistant

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Allen Taylor
Minority Executive Director

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Joann Drabenstadt
Minority Legislative Assistant

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1 CHAIRMAN TANGRETTI: Good morning,
2 everybody. We're going to call this hearing to
3 order. As you know, we've had an opportunity
4 to discuss a number of things dealing with
5 funding for tourism and related aspects of
6 tourism, tourism dollars and how they're spent
7 and distributed and used by those who get them,
8 especially as it relates to the hotel tax.

9 That was essentially the primary
10 motivation for this hearing, my motivation and
11 members of the committee, because there seems
12 to be a definite disconnect between the
13 Matching Fund Law that says the states are
14 supposed to match one for one which was passed
15 long before the hotel tax was passed.

16 DEPUTY SECRETARY ROWLEY: Two for
17 one.

18 CHAIRMAN TANGRETTI: Two for one.
19 Excuse me, Mickey. Obviously, that can't
20 happen because there's never enough money to do
21 that. So this is an inevitable discussion that
22 had to happen at some point, I think, and I'm
23 glad that we're going to initiate that now.

24 In addition to that, we've had some
25 discussions with the Department about the

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1 distribution of the funds, among the various
2 TPAs and changing of the guidelines, the
3 discussion about changing of the guidelines,
4 meetings that took place between the Department
5 and PA boards about how we need to do that, and
6 the fact that we're going to take an additional
7 amount of time, you all are going to take an
8 additional amount of time to try to work that
9 out. All of that I think is subject for
10 discussion today, or anything else, by the way,
11 that you all may have on your mind as it
12 relates to tourism, tourism dollars and
13 recreational use.

14 This is going to be very informal,
15 notwithstanding our stenographer being here.
16 It's going to be a very informal process, to
17 the extent we're going to hear testimony from
18 the people listed. We've asked them to keep it
19 very brief, relatively speaking. Then we're
20 going to open it up for questions, not only the
21 members and individual panel members, but also
22 anybody who has an interest in the -- who
23 aren't sitting at the table, so that they may
24 have an opportunity to ask a question or to
25 offer a comment.

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1 So with that, I'm going to ask my
2 fellow chairman and lame ducker, my good
3 friend, Jerry Nailor, Chairman Nailor to offer
4 a few comments.

5 REPRESENTATIVE NAILOR: Thank you,
6 Tom. Lame duck sounds good.

7 I'm impressed this morning because I
8 think we have a who's who here from the travel
9 tourism industry in Pennsylvania, in this
10 industry I think the best of them. The state
11 has to be aware of just how important you folks
12 are and what you do for us in Pennsylvania, and
13 we have to do from the state level what we can
14 to help you achieve success. When we do that,
15 we all achieve success statewide.

16 And I think a lot of exciting things
17 are happening. At the Governor's tourism
18 partnership meeting just the other day, things
19 are happening that didn't before with matching
20 grants. We're working together, government and
21 industry to come to a solution. Many
22 agreements have come to be already, the major
23 agreements. Hopefully, the compromises and
24 what is reached the next year or so will set a
25 foundation, a formula we can live by for years

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1 into the future. I'm so happy to see the
2 cooperation there and that we're moving in that
3 direction.

4 One of my major concerns over the
5 years -- And I've been on the Tourism Committee
6 since its inception. Since the room tax has
7 been enacted, initially for just certain
8 counties and then we gave the blanket approach
9 and included everyone, all over the state the
10 room taxes are being used for some great
11 purposes to promote tourism in their local
12 counties. Hopefully -- And I support the more
13 regional concept of using those funds.

14 There also are blatant abuses of
15 those taxes being used for things other than,
16 not even indirectly connected to the tourism
17 industry. And those are some of the issues
18 that I also would like to discuss today as we
19 go along.

20 I know some of you have busy
21 schedules, I'm not going to talk too long here
22 today. I want to thank all of you for being
23 here, because again, you represent the
24 industry. You're the power folks. You have to
25 let us know what we're doing right, what we're

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1 going wrong, and we'll try to go from there.

2 Thank you very much. Thank you, Tom.

3 CHAIRMAN TANGRETTI: Thank you,
4 Jerry. Just for the purposes of -- Even
5 though they have a name tag in front of them,
6 I'd appreciate if the members starting on my
7 far right would identify themselves and where
8 they're from.

9 REPRESENTATIVE MOUL: Good morning.
10 Representative Dan Moul from Adams and Franklin
11 countries.

12 REPRESENTATIVE BUXTON:
13 Representative Ron Buxton, Dauphin County.

14 REPRESENTATIVE ELLIS: Representative
15 Brian Ellis from Butler County.

16 REPRESENTATIVE PAYNE: Representative
17 John Payne, Dauphin County.

18 REPRESENTATIVE KOTIK: Nick Kotik,
19 Allegheny County.

20 REPRESENTATIVE SONNEY: Curt Sonney,
21 eastern Erie County.

22 REPRESENTATIVE SCAVELLO: Mario
23 Scavello, Monroe County.

24 REPRESENTATIVE HARHART: Julie
25 Harhart, Lehigh and Northampton County.

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1 REPRESENTATIVE MILLARD: David

2 Millard, Columbia County.

3 REPRESENTATIVE STEVENSON: Dick

4 Stevenson, Mercer and Butler counties.

5 REPRESENTATIVE GABIG: Will Gabig,

6 Cumberland County.

7 REPRESENTATIVE CREIGHTON: Tom

8 Creighton, Lancaster County.

9 REPRESENTATIVE SAINATO: Chris

10 Sainato, Lawrence and part of Beaver County.

11 REPRESENTATIVE LONGIETTI: Mark

12 Longietti from Mercer County.

13 CHAIRMAN TANGRETTI: Thank you very

14 much. I appreciate the members attendance

15 today. We have a nice turn out and I'm sure

16 we'll have a good discussion.

17 With that we start with Deputy

18 Secretary Mickey Rowley for DCED, Tourism.

19 Mickey, it's all yours.

20 DEPUTY SECRETARY ROWLEY: Thank you,

21 Mr. Chairman, and I'll be real brief for the

22 opening remarks and look forward to the

23 Q-and-A section.

24 CHAIRMAN TANGRETTI: I think what we

25 want to do is, let everybody speak first before

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1 we start any questions, if that's okay with the
2 members. Then we'll go to the Q and A after
3 that. Sorry, go ahead.

4 DEPUTY SECRETARY ROWLEY: Current
5 status of the Hotel Tax and Matching Funds
6 programs are both critical issues that impact
7 the marketing and promotion of Pennsylvania and
8 her destinations. I will not be submitting
9 extensive testimony, but rather will be
10 available to join this impressive panel of
11 tourism professionals to my right to answer any
12 questions the committee members may have.

13 Speaking about this panel as a quick
14 aside, allow me to introduce one professional
15 that we have arranged to come in today that we
16 flew up here from South Carolina to be
17 available to you on the committee. He does
18 have to leave early. He's got an 11 o'clock
19 flight, so to my immediate right is Professor
20 Rich Harrill from the University of South
21 Carolina, and particularly well known on the
22 national level for his research on various
23 tourism funding mechanisms across the country,
24 so he can give a good national perspective, so
25 take advantage of his time. We are paying him.

1 Earlier this year I appeared before
2 this committee to address issues surrounding
3 the various hotel tax bills and amendments that
4 are now, quote, in force. From the first hotel
5 tax bill in 1977 for Allegheny County,
6 additional legislation has expanded taxing
7 authority to additional counties or increase
8 the amount of tax rate. In 1999 and 2000,
9 final legislation allowed all counties the
10 ability to have a hotel tax. And at this
11 point, I think all but two, possibly three have
12 enacted a hotel tax, with Monroe and Carbon
13 recently enacting a hotel tax.

14 The current legislation is a
15 confusing terrain of terms and conditions that
16 may benefit from some revisions. I would urge
17 the committee to give consideration in cleaning
18 up the myriad hotel tax bills in the
19 Commonwealth.

20 In July of this year, the Tourism
21 Office issued guidelines for the Matching Funds
22 and Set-Aside programs, as well as the Regional
23 Marketing Initiative Grants. Based on feedback
24 from the tourism promotion agency community,
25 swift and a lot of feedback, the guidelines

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1 were suspended by Secretary Dennis Yablonsky of
2 DCED. Since that time, the Tourism Office has
3 been working very closely with the executive
4 committee of the Pennsylvania Association of
5 Convention and Visitor Bureaus to develop new
6 funding guidelines. And we believe that this
7 has been an incredibly value process.

8 But as a result of this review, DCED
9 has recommended for fiscal year '07-08, the
10 year we're in, the current, or '06-07 version
11 of the guidelines be utilized to award and
12 allocate Matching Fund grants. This position
13 was, indeed, supported by the Pennsylvania
14 Association of Convention and Visitor Bureaus.

15 Act 50, the Tourism Promotion Law,
16 which established the Matching Funds Program
17 was enacted in 1961. This was before any
18 county had a hotel tax and before there were
19 49 tourism promotion agencies around the
20 Commonwealth to share in this appropriation.

21 Since at least 1980, the
22 appropriation has not been able to fully match
23 eligible expenses. In 1982-83 the program on
24 that two-to-one match ratio matched about
25 74 percent of total eligible expenses across

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1 the Commonwealth. Last year that number was
2 24 percent. So the appropriation is only
3 matching what the law would suggest it should,
4 to the level of 24 percent.

5 We believe it's time to review and
6 amend this legislation so that this program can
7 best serve the needs of the tourism industry of
8 today and the 49 outstanding tourism sales
9 professionals, as well as our visiting public.
10 We look forward to working with the committee
11 and with the Governor's Tourism Partnership on
12 drafting new legislation.

13 And before I yield the floor or the
14 microphone, I'd like to acknowledge something
15 real quick for a moment. And that is, today we
16 are all in the midst of a giant. Certainly for
17 all of my 15 years in the Pennsylvania tourism
18 marketing and, in fact, for some years before
19 that, my time in Washington D.C., I have heard
20 of and been somewhat familiar with the work of
21 Bob Ugucconi at the Pocono Mountains, a giant.

22 Bob has put the Pocono Mountains on
23 the map as a premier tourism destination in
24 Pennsylvania and in the country. Bob has
25 dedicated over 40 years of his life promoting

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1 the Pocono Mountains, and much of what we are
2 discussing today, Matching Funds, the Tourism
3 Office budget, various funding mechanisms, Bob
4 Uguccioni probably had a hand in it over the
5 years.

6 Bob will be retiring in the coming
7 weeks. And on behalf of the Pennsylvania
8 Tourism Office, we salute your many years of
9 service to our industry, Bob. We are grateful
10 for your work and untiring dedication to the
11 industry and the Commonwealth.

12 You can probably wallpaper the walls
13 of your study at home with the many deserved
14 citations you will be receiving, but we hope
15 our citation here from the Pennsylvania Tourism
16 Office earns a special place on your wall, Bob,
17 because your work for the Commonwealth
18 certainly has earned a special place in the
19 annals of Pennsylvania history.

20 (Applause.)

21 CHAIRMAN TANGRETTI: Don't sit down
22 yet, Bob, because our good friend, Mario
23 Scavello, wants to also have the opportunity on
24 behalf of our committee.

25 MR. UGUCCIONI: I'm starting to feel

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1 very old this morning.

2 CHAIRMAN TANGRETTI: Mario.

3 MR. UGUCCIONI: Thank you.

4 REPRESENTATIVE SCAVELLO: I just want
5 to echo Mickey's words. You know, the Pocono
6 Mountains are one of the 10 best and top
7 destinations in the country. Am I correct,
8 Bob?

9 MR. UGUCCIONI: In the Trip Advisor.

10 REPRESENTATIVE SCAVELLO: In the Trip
11 Advisor, in the top 10, 40 years. We've got a
12 great product in the state. I have to tell
13 you, it's men like Bob Uguccione that's made
14 tourism our number 2 industry here in the
15 Commonwealth.

16 You know, we have the product, but we
17 need to be able to bring people to that
18 product. One thing that you have done, Bob,
19 you've done that, not just for us in Monroe
20 County, but for the Commonwealth of
21 Pennsylvania.

22 I passed out a bio to the members.
23 If you can pass some of them on down the other
24 side. I'm not going to read the bio, and
25 believe me, it's an abbreviated bio. There's

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1 much, much more that's not on there. He's
2 received almost every award you can think of
3 when it comes to the tourism industry. And
4 like Mickey said, he is a giant in the
5 industry. You will sorely be missed, my
6 friend, but don't retire too long. I know it's
7 for about six months.

8 I have a citation here from the
9 Commonwealth of Pennsylvania, and it's
10 sponsored by myself, Chairman Tangretti and
11 Chairman Nailor, and the legislators from
12 Monroe County. And it is my honor, Bob, to
13 present you with this citation.

14 MR. UGUCCIONI: Thank you very much.

15 (Applause).

16 REPRESENTATIVE SCAVELLO: I'll even
17 give you an envelope.

18 MR. UGUCCIONI: It is raining. Thank
19 you.

20 REPRESENTATIVE SCAVELLO: He just
21 received another one last night, by the way.
22 The Chamber honored him last night.

23 CHAIRMAN TANGRETTI: Oh, that's
24 terrific. Thank you, Bob. Representative
25 Nailor.

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1 REPRESENTATIVE NAILOR: I just got a
2 quick comment. Not only is Mario dedicated, I
3 almost ran over the guy this morning. He was
4 out in the middle of the street out here in the
5 rain trying to park Bob.

6 CHAIRMAN TANGRETTI: Thank you, Bob,
7 for accepting our invitation to be part of this
8 panel. Your years of wisdom and knowledge I
9 know will be important for this committee to
10 hear. So thank you very much, and
11 congratulations.

12 MR. UGUCCIONI: Thank you.

13 CHAIRMAN TANGRETTI: I failed to
14 introduce Richard Bonds, who's the Executive
15 Director of the Tourism Marketing Bureau for
16 the Department. Richard, do you have any
17 comments at this point?

18 MR. BONDS: I'm here to answer
19 questions and to facilitate stuff.

20 CHAIRMAN TANGRETTI: Thank you very
21 much. Again, as Mickey mentioned, they have
22 hired as a consultant to the Department Doctor
23 Rich Harrill who has seen fit to travel in this
24 horrible weather to be with us. He's the
25 Director of the Alfred P. Sloan Foundation

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1 Travel & Tourism Industry Center; Director,
2 International Tourism Research Institute,
3 University of South Carolina. So, Doctor
4 Harrill, without further ado if you would kindly
5 proceed. Thank you.

6 DOCTOR HARRILL: Good morning and
7 thank you. It's an honor to be here, to be
8 with you and talk about such serious issues
9 that affect the quality of life for us all.

10 It's not my first visit to
11 Pennsylvania. About 15 years ago I was living
12 in Akron, Ohio, and I took a beat-up
13 Thunderbird across the state into Pennsylvania,
14 driving across the state to, I've forgotten
15 where. It's not important anymore. But I was
16 able to see the state, the beautiful houses,
17 farms, communities, valleys. I came away from
18 that trip --

19 In those days I wasn't in a hurry, so
20 I was able to get out and talk to people. I
21 was very impressed about what I saw and the
22 hospitality of the people in your state. Those
23 memories of that trip have always stayed with
24 me, so it's good to be back.

25 Things are changing in terms of

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1 tourism. I don't have to tell anyone. That's
2 no news to anyone in the room. Globalization
3 is changing everything; is that, we're no
4 longer competing against our regional neighbors
5 for tourism dollars. Globalization has made it
6 to where we're competing against other
7 countries; other states in the United States
8 and other countries for tourism visitors.

9 That competition is squeezing every
10 bit of inefficiency and ineffectiveness out of
11 the tourism -- is wringing it slowly out of the
12 tourism system, and it's extremely competitive
13 out there for tourism dollars. And the people
14 that are capitalizing on this are moving toward
15 greater efficiency.

16 I've been asked to work with other
17 states. One of them is Rhode island, 48 miles
18 long, 37 miles wide, seven tourism regions. On
19 any given Sunday, advertising from each of
20 those seven tourism regions could be found in
21 seven different ads in the New York Times.
22 That's brand confusion. And what it led to was
23 an overall -- that people didn't have --
24 potential visitors not only had a neutral
25 image, but that many ads resulted in a negative

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1 tourism image for the state, which led to -- is
2 leading to decreasing tourism dollars for that
3 state.

4 I've been asked to talk about funding
5 models for states. What are the states doing
6 in terms of tourism funding? There's many
7 different ways under the sun that states fund
8 their tourism, but there's three major models
9 that I've come across; three models based on
10 equity, which is fairness; consensus and
11 accountability, which is a performance model.

12 CalTour, the State of California,
13 they're the equity model; fairness. Let's find
14 a way to fund tourism in the state which
15 emphasizes everyone contributing the same --
16 everyone feels like they are being treated
17 fairly in what they give to state marketing
18 efforts. This is a self-assessment. A hundred
19 fifty dollars per \$1 million in tax revenue is
20 what they ask of their tourism businesses.

21 If you don't want to disclose what
22 you make, and sometimes we don't want to tell
23 people how much we make, then they can pay a
24 maximum of a quarter of a million dollars
25 assessment if they don't want to disclose.

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1 This is the equity model, emphasizing fairness,
2 everybody pays the same thing.

3 The second model is built on
4 consensus. This is VisitFlorida, based on
5 partnership models. Businesses related to
6 tourism belong to VisitFlorida. In exchange
7 for their membership fees, partners receive
8 services from VisitFlorida. This VisitFlorida
9 model is intended to get everybody together;
10 let's all get together and put in some money to
11 fund tourism. It's not as compulsory as
12 California tourism. They have to match what
13 the state gives.

14 The state funds a designated share,
15 15.75 percent of the state's two-dollar-per-day
16 rental car surcharge. So the private sector is
17 matching what the state puts in. And everybody
18 gets together and puts in their bit to help the
19 state marketing and to help match those funds
20 that are coming. That's consensus.

21 The third one comes from Missouri.
22 This is a model that I like a lot because it's
23 a performance model. I like to get in front of
24 people and say, let me show you what tourism
25 can do. It's an accountability model, funding

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1 from visitors spending in tourism sectors such
2 as food, beverage, and lodging and
3 entertainment. Those sectors, those SIC codes
4 become the basis for the funding, based on the
5 conservative assumption that tax revenue
6 generated by tourism-related businesses will
7 grow at least three percent annually. That's
8 considered a normal growth rate.

9 Anything over that, they get to keep
10 a portion of it. So they're putting their
11 money where their mouth is, is that -- So the
12 Missouri model is based on performance and
13 accountability. If they do well, they do well
14 in terms of funding.

15 Let's get back to Rhode Island, and
16 I'll finish my testimony. Rhode Island
17 recognized that there was a problem. They
18 created a Rhode Island Tourism Development
19 Advisory Council. That council came to the
20 conclusion that systematic change, including
21 some marketing consolidation, was required to
22 better plan and execute an efficient and
23 productive strategic direction for Rhode Island
24 tourism. They looked at all of these models.
25 They liked Florida and they also liked the

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1 Missouri performance model.

2 They wanted to create a new system
3 stressing accountability, performance, new
4 funding sources and greater marketing
5 consolidation and coordination. By looking at
6 Florida and Missouri, they came up with a
7 consensus accountability hybrid model--You can
8 borrow from each if you would like--that would
9 generate an additional 11 million in funding
10 towards the marketing for the state.

11 It was unanimously adopted by the
12 committee, got stopped in politics and that
13 state's legislature. They're still losing
14 money, they're still losing visitors. They're
15 still open to the increasing global
16 competition, and nothing is going to change
17 soon.

18 My recommendation to you is for a
19 more efficient allocation of resources and
20 brand development, and any investment -- You
21 should seriously consider making -- Your
22 investments of your dollars should be made on a
23 regional level, and that you should fund
24 alliances among CVBs and DMOs under a common
25 brand so you don't end up with lots of

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1 different advertisements in any newspaper on
2 any given Sunday. Thank you.

3 CHAIRMAN TANGRETTI: Thank you very
4 much, Doctor Harrill. I'm going to resist the
5 temptation based on my own limitations on when
6 we're going to ask questions. And I know we're
7 under a time constraint with respect to your
8 travel arrangements, so hopefully, we'll have
9 some time at the end of the testimony. I'm
10 sure there's going to be some questions for
11 you.

12 I'd next like to introduce my
13 favorite TPA director, Annie Urban, from the
14 Laurel Highlands, who I've known for 150 years.

15 MS. URBAN: At least.

16 CHAIRMAN TANGRETTI: Annie, thank
17 you. You may proceed.

18 MS. URBAN: Thank you very much.
19 Good morning.

20 CHAIRMAN TANGRETTI: Before you
21 start, I did want to introduce some members who
22 did come in: Representative Pallone,
23 Representative Gillespie, Representative
24 Samuelson and Representative Santoni.

25 Okay, I'm sorry.

1 MS. URBAN: That's okay. Thanks for
2 that great introduction.

3 Good morning, Chairman Tangretti,
4 Chairman Nailor, and members of the committee.
5 I appreciate the opportunity to participate in
6 this hearing before the House Tourism and
7 Recreational Development Committee by offering
8 testimony on tourism funding in Pennsylvania.
9 I am Annie Urban, Executive Director of the
10 Laurel Highlands Visitors Bureau, an
11 organization that has been in existence since
12 1958. As you all know, I am extremely proud to
13 represent this beautiful region comprised of
14 Fayette, Somerset and Westmoreland counties.

15 Laurel Highlands Visitors Bureau has
16 been a recipient of matching funds every year
17 since the program began in the early 1960's.
18 This program has been instrumental in helping
19 our organization establish a strong private/
20 public partnership with the Commonwealth, the
21 counties that we represent, and our tourism
22 industry stakeholders.

23 For decades we have leveraged the
24 state dollars with investment from the counties
25 and our tourism-related businesses, and most

1 recently, with hotel tax dollars as well. In
2 our case, the tourism Matching Funds Program
3 has also provided an incentive to remain
4 structured as a multi-county organization
5 because of the higher dollar match given to
6 eligible regional organizations.

7 The program is a win-win for everyone
8 as the investment from the state is matched
9 locally, and positive results have been
10 produced. It's a critical element of our
11 budget and the budget of each tourism agency in
12 Pennsylvania. However, as with any program, it
13 is necessary to continually review procedures
14 and results. As the tourism industry and our
15 agencies have changed, grown and improved over
16 the last 40 years, the guidelines for this
17 program may also need to change, grow and
18 improve.

19 We need to look at this together so
20 the end result is positive for our tourism
21 industry as a whole. Do not look only at a
22 fair and equitable distribution of funds, but
23 also investigate ways to increase the dollars
24 in the program so we can remain competitive and
25 because it is an investment in one of the

1 largest industries in Pennsylvania.

2 Everyone is aware that the budgets of
3 our tourism promotion agencies have grown
4 significantly, particularly with the recent
5 implementation of hotel tax in most counties.
6 However, the hotel tax legislation itself
7 presented difficulties for many of our TPAs.
8 In our case, and other multi-county TPAs, the
9 biggest challenge was to stay together as a
10 regional organization.

11 In other situations, individual
12 counties broke away from a viable regional
13 agency because counties now had their own
14 funding source to establish a single-county
15 tourism bureau. In some cases, county
16 commissioners leveraged their power to
17 designate a new TPA by negotiating for specific
18 uses of the hotel tax.

19 In our particular case, after trying
20 unsuccessfully to negotiate similar agreements
21 with all three counties, we finally came to
22 terms with two separate agreements that
23 allocate a specific percentage of the funds
24 being dedicated to tourism grant programs, a
25 commissioners' tourism fund, and a heritage

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1 organization, as well as our own organization.
2 While we are generally pleased with the success
3 of the grant programs, a larger portion of the
4 funds has been designated to them than we
5 initially intended.

6 Our situation is further complicated
7 by one of our three counties that we represent
8 has refused to enact the hotel tax legislation,
9 and that results in a significant imbalance in
10 our funding.

11 But let's keep our eye on the ball.
12 The budget growth for our tourism marketing
13 efforts is good for Pennsylvania, and it's good
14 for our industry, and it has produced positive
15 results. We are experiencing an upswing in
16 visitation, visitors are spending more, and
17 more tax dollars are being generated for
18 Pennsylvania. Our destinations have expanded
19 providing a wide variety of attractions,
20 lodging and dining options, which creates more
21 jobs for the tourism industry. Tourism-related
22 educational programs have grown or been added
23 to the curriculum of our colleges and
24 universities, and that provides our industry
25 with an educated and trained workforce.

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1 We cannot view tourism marketing in a
2 vacuum or as something that is unique to
3 Pennsylvania. It is of critical importance to
4 remember that this is an extremely competitive
5 industry. Every day you are constantly exposed
6 to exciting messages of destinations around the
7 country and the world when you open your
8 newspapers, turn on the computer, listen to
9 your radio or turn on your television.

10 For tourism to remain a top industry
11 in our Commonwealth, our tourism promotion
12 agencies need to continue to have the ability
13 to reach out to new prospects and repeat
14 visitors, work in partnership with our
15 stakeholders, and develop cutting-edge
16 campaigns. Each one of our funding streams is
17 important. Thank you.

18 CHAIRMAN TANGRETTI: Thank you,
19 Annie, very much.

20 Next I'm going to ask Craig Davis,
21 Vice President of Sales and Marketing for
22 VisitPittsburgh to offer his comments. Craig.

23 MR. DAVIS: Thank you, Chairman
24 Tangretti and Chairman Nailor, as well as the
25 House Tourism and Recreational Development

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1 Committee. If you'll allow me some context,
2 VisitPittsburgh received during its high-water
3 mark a total of \$3.3 million combined in
4 Regional Marketing Initiative and TPA matching
5 grants.

6 Since then, with the introduction of
7 the Matching Funds Program, the Commonwealth's
8 overall investment in both funds has decreased
9 throughout the years, with a smaller amount
10 being distributed to an increased number of
11 tourist promotion agencies. In other words,
12 the overall pie has gotten smaller and has been
13 divided in many more pieces.

14 Speaking for Pittsburgh, our 2007
15 combined grants will total \$2.3 million, which
16 is a decrease of \$1 million, or 30 percent,
17 over our high-water year of 2000.

18 Specifically, the TPA matching grant has
19 decreased by \$142,000, or 12 percent, over the
20 same time period.

21 We consider these grants investments,
22 and are strongly in favor of Mickey Rowley's
23 recommendation recently to a local Pittsburgh
24 paper that a competitive model needs to be
25 instated that gives special consideration to

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1 those regions that provide the greatest return
2 on investment, similar, rather, to what Doctor
3 Harrill just said.

4 Research by Tripp Umbach shows that
5 in 2006, VisitPittsburgh generated over
6 \$1.25 billion in revenue through our direct
7 efforts, thereby, giving a return on investment
8 of \$545 for every dollar invested by the state.

9 Pittsburgh has a strong collaborative
10 marketing relationship with 11 surrounding
11 counties in southwestern Pennsylvania through
12 the marketing initiative called Pittsburgh and
13 its Countryside. It's important to note that
14 any investment with VisitPittsburgh by the
15 state in any form will also be a direct
16 investment in these additional 11 counties.

17 Thank you.

18 CHAIRMAN TANGRETTI: Thank you,
19 Craig, very much.

20 Doug Hill, Executive Director, County
21 Commissioners Association.

22 MR. HILL: Thank you, Mr. Chairman,
23 Chairman Nailor. It's great to be with you
24 today. We appreciate the opportunity to
25 present just a little bit different perspective

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1 on the issue, representing the counties that
2 levy the hotel tax locally. You have our
3 outline. I will go through that quickly, but
4 there are just a few points I want to
5 emphasize.

6 The history of the hotel tax is one,
7 as you heard, where we had Philadelphia and
8 Allegheny counties and then second-class A
9 counties, all of those funds were used
10 exclusively for promotion. But what evolved
11 from then was a relationship between the TPA
12 and the counties locally, where, one by one
13 counties were coming to the legislature for
14 special legislation to allow a local enactment.
15 And then the local enactment put in place
16 specific provisions that they had negotiated
17 locally on how the funds were to be spent; some
18 for promotions, some for specific projects
19 locally.

20 We at the time had a position that we
21 wanted the hotel tax extended to all the
22 counties. Another legacy of Bob Uguccioni was
23 that, he was one of our most local opponents at
24 the time, I think since has come around
25 significantly.

1 But, in any event, ultimately in 2000
2 we were approaching sine die. We had, I think
3 three more counties up with special
4 legislation, and ultimately, we sat down with
5 the industry and we all agreed that it was just
6 a matter of time until there was an incredibly
7 confusing array of special legislation by all
8 of the counties. Consequently, we negotiated
9 what became one element of Act 142, extending
10 the hotel tax to the rest of the counties.

11 Now, with the limited time we had
12 available then, we couldn't come up with a very
13 clear delineation of how the funding was to be
14 allocated and spent. So in its simplest terms,
15 the county leveled it, the TPA administered it,
16 and there really wasn't much more language than
17 that. We all set about putting in place some
18 guidelines and suggestions to our members on
19 how that might be done. The only thing that
20 was very clear was that it had to be spent for
21 tourism purposes.

22 I will be candid and admit we had a
23 number of counties that tried to stretch the
24 envelope and use money for things that, I can't
25 even call it tangential. It really had

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1 virtually no relationship.

2 One very good example is a county
3 that wanted to restore its courthouse. It's an
4 historic building in an historical district,
5 and that makes sense if you're talking about
6 the facade, but they also wanted to put in
7 computer wiring. No, that really wouldn't
8 qualify.

9 And as a result of some things like
10 that, we all got back together under the
11 leadership of this committee. We developed
12 what became Act 12 of 2005, which gave a more
13 clear delineation of how the funds are to be
14 spent.

15 The other thing we will do -- And I
16 know Mickey and I disagree a little bit on
17 this. While there are probably seven different
18 delineations within the county code right now
19 on authorizations for the hotel tax, it isn't
20 quite as confusing as it may seem, and
21 certainly isn't as confusing as some of the
22 other programs counties administer the way the
23 laws are arrayed.

24 But very specifically one thing that
25 we did in Act 12 was to make sure that same

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1 list of allowable purposes applied in every
2 county. The only other thing that we did was
3 to grandfather in the legacy counties, the ones
4 that had special arrangements with special
5 expenditure allowances, Dauphin County,
6 Lackawanna County, Adams County, a number of
7 others. But, by and large, we did get them
8 more or less in the same article of the county
9 code, Article 17, and we did get more or less
10 the same list of allowable uses.

11 The other thing we clarified, the
12 list of allowable uses has six different items
13 to it. Five of those are very specifically
14 promotion related. The one element that is a
15 little bit movable says it can be spent on
16 projects or programs that are directly and
17 substantially related to tourism within the
18 county, augment and do not unduly compete with
19 private sector tourism efforts, and improve and
20 expand the county as a destination market.

21 And so, that is a very limited window
22 that allows some expenditure on capital
23 projects. The notion being, you can promote
24 the county all you want, but if there is not a
25 quality destination when people get there, you

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1 lose word of mouth and you lose return visits.

2 And so, we thought it important to allow at

3 least some limited use.

4 Now, in practice we set up a dynamic

5 tension between the county and the TPA where

6 the county levies the tax, the TPA administers

7 the tax. Both sides essentially have to come

8 together. And while the law is not specific,

9 the way that's worked in practice is very much

10 the same as what was prior to Act 142, and that

11 is, sit down together, you agree on what you

12 want to do, and then the county enacts it and

13 the money goes over to the TPA.

14 There is still a certain level of

15 tension even once those agreements are in

16 place. We still do get disagreements from time

17 to time. A couple things that we have been

18 doing in cooperation with the industry in that

19 respect, first is education, and working with

20 our members to show them what the law says and

21 what the law intends. That's not just done in

22 a vacuum.

23 We have brought in the industry on

24 several occasions to do sessions at our

25 conferences. Four years ago we did one for our

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1 newly-elected commissioners specifically. This
2 year our newly-elected commissioners' workshop
3 starts this Saturday. While we don't have the
4 industry specifically, we do have an
5 industry-related session on promoting the arts
6 and how that works into the larger issue of
7 economic development and promoting the county
8 as a destination.

9 The other thing that we've done is a
10 good bit more proactive. Barry Wickes and I
11 have a very specific relationship, and when he
12 finds a county or hears from a county or TPA
13 that's experiencing a problem with his board of
14 commissioners, Barry calls me, we talk it over.
15 I call the county and I talk it over with them
16 on, here's the intent, here's what the law
17 says. That has, I think, helped resolve some
18 crises along the way.

19 In our outline I mentioned that there
20 are a handful of other issues that probably
21 should be before the committee at some point.
22 One is TPA certification. And again, in that
23 respect we will concede that a number of our
24 counties have been a little bit heavy-handed in
25 that respect either with their local TPA or

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1 with the regional TPA. Again, we've embarked
2 on some education there.

3 The other thing, though, is, I think
4 the sense you're getting from some of the
5 remarks is that the additional funding we've
6 been able to generate locally has been
7 significant under these taxes, and is both a
8 blessing and a curse. You have the additional
9 funding, but on the other hand, it makes it
10 much easier for a county to go it alone, to be
11 independent because now they have their own
12 resources and aren't relying as much on the
13 region, and that's something that our
14 association has a position.

15 We would like to encourage a better
16 regional approach. We know that works better
17 statewide. We know that works better from the
18 perspective of visitors outside the state who
19 don't really identify us as county by county,
20 but they do identify us as regions. We think
21 it would be a much more effective expenditure
22 of the funds to the extent we can keep the
23 counties together on a regional basis.

24 We also would like to see our
25 counties do more to tie in with the state

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1 branding. The ready, set, go, and whatever its
2 successors might be for many of the same
3 reasons, the consistency that out-of-state
4 visitors, and for that matter, in-state
5 visitors see I think would help us all.

6 The last issue that I want to mention
7 is the tourism matching grants. We concur, we
8 would like to see a much higher appropriation.
9 We would like to see that at least indexed so
10 it's going to increase from year to year, and
11 before it's indexed, get it back up to where we
12 think it should be now.

13 We understand that there is
14 significant issues with the allocation. Back
15 in the early days, and probably prior to Act
16 142 when we had a couple markets, particularly
17 Allegheny and Philadelphia, that had the
18 capacity to put the money in, they drew a large
19 portion of the grant. But once the rest of the
20 counties got the money, we qualified for the
21 grants and we diluted what they were able to
22 achieve. So, we recognize that.

23 We are looking forward to working
24 with the group that Mickey has put together to
25 try to deal with that allocation issue. I

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1 would be happy to answer your questions.

2 CHAIRMAN TANGRETTI: Thank you, Doug,
3 very much.

4 William Kohl, President, Harrisburg
5 Hotel Corporation.

6 MR. KOHL: Thank you, Chairman
7 Tangretti, Chairman Nailor, and members of the
8 committee. For those of you who don't know
9 Harrisburg Hotel Corporation, we have the
10 Hilton Harrisburg in downtown. We manage the
11 Hilton Garden Inn in Hershey, Preico (phonetic)
12 Restaurant at Third and Chestnut, and the
13 Central Pennsylvania College Conference Center
14 in Cumberland County.

15 I'm also representing Pennsylvania
16 Tourism and Lodging Association today as their
17 immediate past chairman. So I appreciate the
18 opportunity to speak with you.

19 I'd like to offer just some general
20 comments on room taxes from PTLA's perspective
21 and, perhaps, some recommendations going
22 forward. I think we're largely in agreement
23 with our friends at the County Commissioners
24 Association and Doug, I think, stole some of
25 our remarks because we're in agreement, but

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1 we'll reiterate them nonetheless.

2 From the industry's position, first
3 and foremost, we think that the room tax ought
4 to be competitive and not place the counties in
5 a situation where the tax is so high that it
6 discourages meetings and conventions from
7 coming to that destination. And, of course,
8 the famous case study for that was New York
9 City back in the '80's where their room taxes
10 were so high they lost millions and millions of
11 dollars of convention business. So, we would
12 like to make sure that we maintain those taxes
13 on a competitive basis.

14 We also agree that room tax revenue
15 must be spent on marketing projects and
16 activities that attract tourists or to fund
17 tourism facilities that are significantly used
18 by tourists. We would like the room tax
19 revenue to be distributed to the recognized
20 tourism promotion agency, and this has been the
21 primary premise that has guided the development
22 of the room tax legislation I believe.

23 The legislative intent of the current
24 enabling statutes which authorize the counties
25 to levy the room taxes does support the tourism

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1 industry's position and provides the framework
2 for discussion and agreement on the
3 administration and the distribution of taxes on
4 the local level.

5 Just a reminder, and I don't think
6 you need it, but the implementation of the room
7 taxes is a two-step process. It's the
8 enactment of the enabling statute that's done
9 by you, but then the drafting of a local
10 ordinance which is approved by the county
11 commissioners. As Doug mentioned, in some
12 instances there has been disagreement about the
13 interpretation and the legislative intent of
14 the room tax laws between the local industry
15 and the county commissioners.

16 As Doctor Harrill said, there's lots
17 of choices out there and there's lots of noise.
18 And local communities in general, in the
19 lodging establishments specifically, all have a
20 vested interest in making sure that our room
21 taxes are used to generate paid overnight
22 stays.

23 In our industry we have a lot of real
24 estate expense in our buildings, and the
25 financial success of the hotels, bed and

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1 breakfasts, inns, really all depend on
2 generating revenue from overnight guests. I
3 know as you walk through the Hilton in
4 Harrisburg and see all of our receptions and
5 banquets, there may be an understanding that we
6 do a lot of food and beverage revenue and
7 that's where we generate our profit, but it's
8 not.

9 Hotels generally generate about
10 75 cents of every dollar earned in revenue as a
11 contribution margin to the bottom line from
12 rooms. And food and beverage contribution
13 margin is only about 30 cents on the dollar.
14 So, for every dollar we take in for food and
15 beverage, only about 30 cents on the dollar
16 contributes to the bottom line. So we have a
17 vested interest in, as the old adage goes,
18 putting heads in the beds and getting people
19 into our hotel rooms.

20 Additionally, because of all the
21 fixed costs of real estate and staff, you know,
22 that contribution margin really helps offset
23 that for us.

24 Additionally, more than benefiting
25 the hotel itself, as you know from practice,

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1 visitors and conventioners spend a lot of
2 money in the community while they're in the
3 town for a meeting or a convention or a leisure
4 stay. That helps generate jobs in the
5 community and economic development.

6 I think Harrisburg is a very, very
7 bright top-of-mind example for you there. Our
8 Hilton was built in 1990, specifically to be
9 the centerpiece of revitalization of downtown
10 Harrisburg. If you've looked at what has
11 happened in Harrisburg over the last 16 or 17
12 years, and we certainly don't take the credit
13 for it because there's been so many partners
14 and risk-takers, but you can see the economic
15 engine that a hotel and convention center can
16 be and the importance of getting those visitors
17 to downtown who can then go out into the
18 community. So, those are some general
19 comments.

20 With respect to some recommendations
21 for the future, in several cases a portion of
22 room tax revenue throughout the Commonwealth is
23 dedicated to the payment of debt service on
24 facilities or road projects or some other
25 things, convention centers, museums, et cetera.

1 I think this situation raises an
2 important policy issue for us that's not
3 necessarily been addressed in the past, and
4 that is, when the debt service is retired on
5 those facilities, we would like to recommend
6 that the current and future legislation
7 stipulate that those funds that were used to
8 pay off the debt service should then be
9 redistributed to the recognized TPAs for
10 tourism promotion purposes. So, that would be
11 one of our recommendations.

12 Additionally, in the future, and I
13 think that's the purpose of this meeting today,
14 we'd like to recommend that room tax
15 legislation really focus on a regional or
16 statewide basis rather than on a single-county
17 or piecemeal approach. We would like to
18 recommend with that, though, that the first
19 step continue to be that the local tourism
20 promotion agencies and their lodging members
21 reach consensus and develop plans for the use
22 of the tax revenue, and then approach the
23 legislature to seek the tax-enabling authority.

24 And then lastly, just to reiterate
25 some of Doug's comments, the tourism industry

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1 and the county commissioners do need to have a
2 constant education process set up for our
3 respective members about room taxes. There's a
4 lot of turnover in our industry, in management,
5 and there's often turnover in the county
6 commissioners ranks through the election. So
7 education is a critical process for us because
8 of that constant turnover with the local
9 stakeholders, including TPA agency and staff as
10 well.

11 Several years ago the tourism
12 promotion industry and the Pennsylvania Tourism
13 Office developed minimum standards for tourist
14 promotion agencies. These standards require
15 that new TPA executive directors attend an
16 orientation in Harrisburg with representatives
17 from PACVB, PTLA and the Pennsylvania Tourism
18 Office. And we always review room taxes in
19 that orientation.

20 I think to our credit, to Doug's
21 credit, as problems over room taxes occur on
22 the local level, there has been direct
23 communication between the three statewide
24 associations, PACVB, PTLA and CCAP. The
25 tourism industry and its two statewide

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1 associations remain committed to the education
2 process and to the open communication with the
3 county commissioners on the state and local
4 levels. Thank you for your time today.

5 CHAIRMAN TANGRETTI: Thank you very
6 much. Jason, we're glad you're able to cross
7 the river.

8 MR. FINK: I'm actually glad to be
9 here as well. Trust me.

10 CHAIRMAN TANGRETTI: May I introduce
11 Jason Fink, Director of Lycoming County
12 Visitors Bureau and currently President of
13 PACVB.

14 MR. FINK: Thank you. First of all,
15 I want to just introduce myself for those of
16 you who don't know me. I'm the Executive
17 Director of the Lycoming County Visitors Bureau
18 and Executive Vice President of the
19 Williamsport/Lycoming Chamber of Commerce.
20 Our organization represents just under
21 1,000 businesses in Lycoming County. I'm also
22 here in my volunteer capacity as the President
23 of the Pennsylvania Association of Convention
24 and Visitors Bureaus.

25 Today with you I'd like to first

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1 focus my comments to you regarding the room
2 tax. My view will be macro from the
3 perspective that an overwhelming majority of
4 the counties in the Commonwealth have some form
5 of room tax that TPAs rely greatly upon to
6 market and promote assets in their communities.

7 The first areas of the state to
8 receive this type of funding were the
9 Pittsburgh and Philadelphia areas, with other
10 TPAs slowly beginning to receive their own form
11 of enabling legislation in early and mid-1990s.
12 Our county actually was part of a special piece
13 of legislation passed in 1999 that enabled us
14 to implement a two percent room tax. Shortly
15 thereafter, a comprehensive piece of
16 legislation was passed that allowed all
17 counties to enact up to three percent. We
18 actually now are in under that as well from the
19 personal side of it.

20 When this legislation was enacted,
21 most legislators did believe that the majority
22 of the funds were to be utilized by the local
23 TPA in marketing and promotion to bring
24 tourists to their given counties. And as
25 you've heard, this is the case in most

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1 circumstances, including Lycoming County.
2 However, there are those cases in regions of
3 the state that this is not. And I do want to
4 comment that Doug has been a good partner with
5 us in being able to work through some of those
6 issues.

7 There are other TPAs that receive
8 only a portion of those funds, however, that
9 are collected by the room tax in their given
10 county. Of those TPAs, many have little or no
11 voice in how those monies would be allocated.

12 It's unfortunate, though, in those
13 circumstances, many outside the organization
14 believe that those monies collected do go to
15 the TPA. That perception, though, is not the
16 reality. In some circumstances only 30 to
17 50 percent of the total monies collected are
18 given to that TPA for tourism marketing and
19 promotion. That makes it difficult because of
20 the fact that when they're out there doing
21 their work and people are saying why aren't you
22 doing more, they don't have those resources
23 that they think they have.

24 This leads to another misconception
25 that because of the room tax revenues

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1 collected, TPAs are properly funded and do not
2 need the same level of funding from the state
3 through the Matching Funds Program. And I can
4 tell you that is not the case. We realize that
5 there are many other organizations out there in
6 the state that rely upon funding to assist them
7 in achieving their efforts. However, tourism
8 is Pennsylvania's number 2 industry. Investing
9 in our industry does bring considerable revenue
10 to the state coffers.

11 While we produce for the state and
12 have proven our return on investment, funding
13 has either been flat, or, as in the past year,
14 cut. This is at a period where advertising
15 costs have continued coupled with the expanding
16 number of mediums that we have to advertise to
17 reach our targeted audience.

18 We need the support of the
19 legislature to work with us in being able to
20 see that the proper investment is brought back
21 to our industry. We do deliver as we -- We
22 will continue to deliver, as we have in the
23 past.

24 We are pleased that a partnership
25 with DCED has been established to review the

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1 current way the Matching Funds Program monies
2 have been dispersed. We look forward to
3 working with them, as with you, as their
4 legislative representatives are also at the
5 table to assist us with this effort. Thank
6 you, Al, and thank you, Angela, for working
7 with us.

8 Upon completion of this work, we do
9 look forward to coming back to you and sharing
10 these outcomes with you as well.

11 On behalf of our state association
12 and the Lycoming Visitors Bureau, I do want to
13 thank you for this time. Again, thank for
14 understanding about that accident.

15 CHAIRMAN TANGRETTI: Thank you,
16 Jason, very much.

17 Now we'll hear from the gentleman we
18 had introduced before, Bob Uguccioni, a TPA,
19 Executive Director, soon to be enjoying the
20 beach. Is there a beach in the Poconos?

21 MR. UGUCCIONI: Yeah. I hope the
22 expectation of my testimony is going to be met
23 here. First, I would like to thank the House
24 Tourism and Recreational Development Committee
25 for holding this public hearing. My name is

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1 Bob Uguccioni. I'm Executive Director of the
2 Pocono Mountains Visitors Bureau. We are the
3 official tourist promotion agency for the
4 four-county area of Carbon, Monroe, Pike and
5 Wayne.

6 We have been a regional tourist
7 promotion agency for 40 years. We represent a
8 part of Pennsylvania that is about the size of
9 the State of Delaware in land mass, 2400 square
10 miles. The Pocono Mountains have been a resort
11 area since the 1800's, and continues to be one
12 of the primary tourism destinations in America.

13 We appreciate the support of the
14 members of the House Tourism and Recreational
15 Development Committee for the funding levels
16 they have voted on, and also the initiatives
17 they have put forth in the past and are
18 presently engaged in. We know there are
19 questions going to be answered today or asked
20 today and we would be eager to participate in
21 that.

22 But, we have some specific
23 recommendations, and here's some we'd like to
24 make:

25 We recommend that the House Tourism

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1 and Recreational Development Committee endorse
2 an initiative by the Legislative Budget and
3 Finance Committee, which is a joint committee
4 of the Pennsylvania General Assembly, to update
5 a performance audit report that was done in
6 October of 2000. This was a very comprehensive
7 report regarding travel and tourism. And I
8 believe there's copies that you have. I really
9 highly recommend that.

10 We also recommend the committee
11 engage in an analysis of the existing tourism
12 impact research studies that have been
13 contracted by the Commonwealth in the past and
14 in recent years. These tourism impact studies
15 are not consistent, and the latest one was
16 rejected by the Commonwealth. A more accurate
17 accounting of the impact of tourism on
18 Pennsylvania must be undertaken. And we have
19 fine institutions in the Commonwealth that
20 could professionally conduct a comprehensive
21 tourism impact study for the state.

22 We have concerns also regarding the
23 philosophy that the state tourism funding
24 should be skewed towards giving a higher
25 percentage to areas that do well and that have

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1 achieved more tourism revenue. It is most
2 certainly understandable to try to reward good
3 practices and productive agencies and areas
4 that have shown a good return on state funding.
5 However, the Matching Funds Program from its
6 beginning in 1961 was designed to help all
7 tourism areas in Pennsylvania.

8 And finally, and somewhat
9 controversial, but we talk a lot in Harrisburg
10 about private sector. Many states such as
11 California, Florida, and Virginia have
12 developed private sector organizations to
13 promote their tourism products at the state
14 level. Alaska and Hawaii contract marketing
15 responsibilities to outside agencies, and there
16 are other states looking at this new way of
17 marketing their tourism products statewide.

18 The first private sector tourism
19 marketing organizations that these states have
20 set up have gone through some tough times.
21 However, they are now well established as some
22 of the top state marketing organizations.
23 California has just recently renewed an
24 appropriation to their private sector marketing
25 organization and we should look into this.

1 The prior chairman, Representative
2 Godshall, and myself and Al, I don't know if
3 you went along, but we went to Florida. We met
4 with the Florida USA people who are, indeed, a
5 private sector organization a couple years ago
6 to look at how they operated in Florida. It's
7 been very highly successful there.

8 That's the end of my testimony, Mr.
9 Chairman. But can I just tell a little story?

10 CHAIRMAN TANGRETTI: Sure.

11 MR. UGUCCIONI: I was really engaged
12 by the gentleman from South Carolina. Can I
13 tell you a little story about how we evolved as
14 a four-county area because it goes to this
15 question? Years ago the Poconos, there were
16 ads in the New York Daily News and it would
17 say, come to the eastern Poconos, come to the
18 western Poconos, come to the lake region of the
19 Poconos, and come to the central Poconos.

20 They all had little ads in the Daily
21 News, and they were all getting the same
22 inquiries, and they all ran little visitor
23 centers. The visitors centers had a map, like
24 Columbus's map that the world ended at their
25 area. And if you stopped at Blakeslee and you

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1 said I want to go Mt. Pocono, they didn't want
2 to tell you where it was. They wouldn't tell
3 you anything about that.

4 It was the business people in the
5 Pocono Mountains who decided this was crazy
6 because they were all paying dues to all these
7 organizations and they were all participating
8 in their brochures. That's where they formed
9 the Pocono Mountain Vacation Bureau. It was
10 because they felt the duplicate issue was such
11 that it was more worthwhile to be --

12 It wasn't easy. It was a large area,
13 but they gave up their regional -- their little
14 organizations and formed the bureau. So, it's
15 sort of deja vu to go back to that kind of
16 thinking yet statewide and throughout the
17 country. But that happened 50 years ago. So I
18 want to thank you very much for your --

19 CHAIRMAN TANGRETTI: Thank you, Bob.
20 Thanks for that information. We really
21 appreciate it. Thanks for the recommendations.

22 Q and A, again, it's going to be
23 informal and we're going to open it up to
24 everybody, between and among you all. I would
25 ask, however, questions to Doctor Harrill, if

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1 you have any for him, we start with him first
2 because he has a travel restriction. He has to
3 leave sometime soon.

4 But let me just, if I may, take the
5 Chairman's prerogative and ask the first
6 question. The three models that you talked
7 about and the hybrid that you said that was
8 stuck in Rhode Island legislation, which I find
9 very hard to believe, could you just describe
10 what you would recommend for Pennsylvania as
11 you have reviewed all of the various programs
12 and counties and various other aspects of what
13 we do here relevant to the way we raise and
14 spend tourism dollars?

15 DOCTOR HARRILL: I mean, you're given
16 what we're faced with now. We're in this
17 transition that this competition is becoming
18 intense. The individual models are important.
19 I have that there, and I'd be glad to come back
20 any time to help with ironing out mechanisms
21 and things like that.

22 But I think that there's two things
23 that you want to look at. You know, one is
24 figure out some way that there is this private
25 sector contribution ways and that they feel

0059

1 like they are being rewarded for that
2 contribution through increased visitation, and
3 that they are equal partners, some kind of
4 partnership element.

5 The second part of that, which I
6 really like is, what I like about the Missouri
7 model, and this is America as apple pie is, let
8 me demonstrate for you what I can do. If you
9 doubt that tourism has a significant economic,
10 let me show you. So I like that. California
11 definitely has that private sector element that
12 Florida has. I like the fact, let's form a
13 partnership, let's everybody put in and
14 contribute equally. Then let me show you what
15 I can do, if you let me.

16 CHAIRMAN TANGRETTI: Just to follow
17 up on that; if you do perform as you say you
18 are going to perform, is there some reward for
19 that in terms of additional funding; and
20 conversely, if I may, the reduction of funding
21 for those who don't perform?

22 DOCTOR HARRILL: There's pros and
23 cons to each of these models. There's pros and
24 cons to each of these. And all these evolved
25 out of separate -- You know, California felt

0060

1 one time, felt like they were going to lose all
2 of their funding. We better get together and
3 do something.

4 You know, all of these models have
5 something to offer, but -- I think in Missouri
6 they're pretty sure that there's a three
7 percent growth rate, and the reward is, if they
8 do offer that, they get to increase their own
9 budget through their own work. And, of course,
10 if you're depending on the sectors and there's
11 a downturn in any of those sectors, that might
12 affect how well those sectors perform and might
13 affect your budget. But so far they've had no
14 problems. They're not going to abandon that
15 model. There's been nothing happen so
16 catastrophic that they've lost money on that
17 model.

18 CHAIRMAN TANGRETTI: Members of the
19 committee, anybody else, questions?
20 Representative Millard.

21 REPRESENTATIVE MILLARD: A couple
22 questions here. Doctor Harrill, I took a note
23 of what you said concerning the models that
24 each one has pros and cons on it. And I'd just
25 like to get your opinion. Some areas of the

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1 state that have tourist agencies are very large
2 geographically and other areas are somewhat
3 condensed. Now, if we were to do a performance
4 evaluation as Bob recommended over here, what
5 approach would you recommend on such an
6 evaluation based on performance?

7 DOCTOR HARRILL: As far as trying to
8 compare apples and oranges?

9 REPRESENTATIVE MILLARD: Yes.

10 DOCTOR HARRILL: All of this is a
11 simple economic impact study for these areas.
12 You can show quantitatively that you can still
13 kind of weigh them in an economic impact model.
14 Have a very good estimation, not perfect
15 because none of these models are -- It's just a
16 model, it's not reality, but a comprehensive
17 economic impact study I suppose better than the
18 one that's been injected.

19 REPRESENTATIVE MILLARD: But I guess
20 what I was really trying to focus on, what are
21 the common denominators that really reveal the
22 details in that model?

23 DOCTOR HARRILL: Too many to name. I
24 would have to sit down and look at the
25 variables for those situations more carefully.

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1 I couldn't answer that at this table right now.

2 REPRESENTATIVE MILLARD: Okay, thank
3 you. Mr. Chairman, if I may, I have one more
4 question for Mr. Rowley and Mr. Bonds.

5 REPRESENTATIVE NAILOR: Okay. If we
6 could, are there any for Mr. Harrill? Any
7 other? I know your schedule is tight.

8 REPRESENTATIVE SCAVELLO: Just one
9 comment. Mr. Harrill, are you aware what
10 Maryland passed in their Senate about raising
11 their room tax from five to 10 percent?

12 DOCTOR HARRILL: No, I'm not aware.

13 REPRESENTATIVE NAILOR:
14 Representative Samuelson.

15 REPRESENTATIVE SAMUELSON: My
16 question, in your three models you talk about
17 the fairness model and then later on you talked
18 about the performance model. I guess my
19 concern here is that the state funding that's
20 being distributed comes from all Pennsylvania
21 taxpayers. We charge the same tax rate
22 statewide.

23 And other state programs we don't --
24 Many other state programs, like our
25 prescription program, we don't give seniors

0063

1 extra prescriptions in areas where utilization
2 is high, or we don't base tuition at Penn State
3 depending on what the performance of the
4 education is. So if the tax dollars are coming
5 in statewide from citizens paying the same tax
6 rate, why shouldn't we go towards a fairness
7 model that distributes the dollars equally and
8 not favor certain regions to try to build
9 future tourism; not --

10 DOCTOR HARRILL: Well, you know,
11 that's a good point. You can incorporate
12 elements out of all of these and people -- In
13 other states besides these three, people do it
14 every way under the sun. But you know, a lot
15 of people like the California model because,
16 out of one million you're going to pay this
17 much.

18 And if you're Disney, if you don't
19 want to talk about how much you make, you don't
20 have to if you pay a flat fee. So that's a
21 good point. It's a good comment. You could
22 borrow very easily from all three to come up
23 with something that is best for your citizens
24 and best for your tourism program.

25 I guess I just kind of favor the

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1 performance because, intuitively, you know, I'm
2 the kind of person, you know, you doubt me, let
3 me show you. But you make a very good point
4 that the equity model guarantees that everyone
5 is paying their fair share.

6 CHAIRMAN TANGRETTI: Representative
7 Longietti.

8 REPRESENTATIVE LONGIETTI: Thank you,
9 Mr. Chairman.

10 I'm just wondering if consideration
11 might be given, or you believe it should be
12 given to what maybe the mutual fund industry
13 would call emerging markets. In other words,
14 there are established markets that we know of
15 in the state, like Pittsburgh and Philadelphia
16 regions that have been promoting tourism for
17 some time; whereas, some of the smaller regions
18 haven't had that long-term experience, but they
19 could be considered the emerging markets, and
20 with an appropriate investment they could be
21 great performers, and whether that ought to be
22 considered.

23 DOCTOR HARRILL: I think that they
24 are great performers. I think that, gosh, I'm
25 the biggest advocate for local flavor and

0065

1 authenticity, but there has to be some way that
2 makes sense of when you make that investment
3 that you get a return on that investment at the
4 regional level. That's not going to replace
5 the local people with their local knowledge and
6 able to give great local tours like what I --
7 and the kind of flavor that I experienced when
8 I took that trip across the state. But the
9 investment needs to be made regionally to get
10 the best -- to help them the best.

11 REPRESENTATIVE LONGIETTI: Actually,
12 my question wasn't so much region versus county
13 or local, but in certain regions of the
14 Commonwealth, of our state, they haven't had as
15 much experience in promoting. And yet, if
16 perhaps, they're given the opportunity, they
17 could become a great performer.

18 But right now regions like Pittsburgh
19 and the Philadelphia region have had a longer
20 term experience, and so, naturally, they're
21 more mature and they're more productive. But,
22 perhaps, consideration ought to be given to
23 what I would call emerging markets of tourism
24 that are going to take some investment before
25 they can reach that maturity level and produce.

0066

1 DOCTOR HARRILL: I think that that
2 can be accomplished once this proposal which
3 is -- is in place, I think that that will
4 happen.

5 REPRESENTATIVE LONGIETTI: Thank you,
6 Mr. Chairman.

7 CHAIRMAN TANGRETTI: Just to follow
8 up, then are you suggesting that whatever model
9 that you're describing would take into account
10 those kinds of, in Mark's terminology,
11 emerging, there would be some sort of incentive
12 for them? But I see his point, and I think
13 it's a valid one. And, by the way, anybody
14 else on the panel want to jump in here, please
15 do, or anybody else for that matter.

16 It just seems that there are areas
17 that maybe need more help than others. It
18 seems to me -- We've had this conversation with
19 Mickey more times than I care to remember, but
20 it just seems to me that the magic of it, the
21 difficulty, the challenge is to be able to come
22 up with a funding formula that takes all of
23 that into account, assuming that you have a
24 finite source of dollars, which we do, how you
25 would structure that in such a way that you

0067

1 could take care of the concerns that Mark is
2 talking about, as well as giving enough money
3 to Pittsburgh and Philadelphia and Lancaster
4 and the Poconos and the like.

5 DOCTOR HARRILL: To some extent I
6 always feel like a rising tide lifts all boats.
7 We'll never get to answer that question if
8 visitor dollars keep going elsewhere. We'll
9 never even be able to find out what that
10 equation is or even address this if those
11 dollars go to competitors--No longer it's your
12 next-door neighbor. You're competing against
13 Missouri, you're competing against
14 Portugal--unless that is addressed first.

15 CHAIRMAN TANGRETTI: As long as the
16 weak dollar continues the way it is, we have
17 the help of the Bush Administration. I'm
18 sorry, guys. But nevertheless, I understand
19 your point and I suppose I accept what you're
20 saying. I guess the difficulty we have is
21 trying --

22 DOCTOR HARRILL: Well, you know,
23 you're talking about a balance. There's a lot
24 of hard-working people who are very passionate
25 about tourism and are going to help that

0068

1 process. I'm always available and always --
2 anyone who is helping themselves. I would love
3 to stay involved in your process and to assist
4 in any way I can.

5 CHAIRMAN TANGRETTI: I appreciate
6 that. Jason.

7 MR. FINK: Actually, this is -- Part
8 of our concern is, while looking at those sort
9 of emerging markets with the way Matching Funds
10 Program has been distributing funds over the
11 years, it appears to have not kept pace with
12 the growth of the tourism industry across the
13 state; not from the money side of it, but from
14 the formula side of it.

15 If you look back in the 1960's when
16 this program was first started, what was Penn
17 State at the time? It was very agricultural in
18 nature. You look at the Laurel Highlands, it
19 wasn't that well established at that time.

20 I look in my own backyard, Little
21 League World Series was nothing at that time.
22 You look at it today, you look at these areas
23 now, they've grown, but they've not been able
24 to have been promoted in the proper way because
25 the way that the formula had been, really

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1 hasn't kept pace with this.

2 Bob and I had talked about this also
3 from the perspective of, you look at some of
4 these events that take place that bring in
5 large numbers of people and also bring great
6 pride to our Commonwealth. They spill people
7 over into counties that aren't covered by that
8 TPA.

9 How do you recognize that TPA who is
10 responsible for promoting that but is
11 considered really a feeder event? Poconos has
12 a number of those events. They're all over the
13 state; whether it's a PGA golf tournament;
14 whether it's an auto-racing event; whether it
15 is a sporting event of any nature, or cultural
16 event.

17 CHAIRMAN TANGRETTI: But how do you
18 account for that?

19 MR. FINK: Well, that's actually
20 what -- I mean, those are the things that I
21 think we need to look into in some way to be
22 able to factor in. I think an economic impact
23 study of some nature, and we understand there
24 are issues right now, but to be able to go back
25 to Bob's comments, I think that is something

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1 that we need to be able to come up with; a way
2 to truly look at how those monies are impacting
3 those communities.

4 MR. UGUCCIONI: I think we have some
5 people here that were at the Pocono 500 or the
6 Pennsylvania 500 race. As an example,
7 Lackawanna, Luzerne County areas, Lehigh
8 Valley, all over the area they fill up for
9 those two races.

10 But I'd like to bring something to
11 the committee's attention about how this
12 Matching Fund Program evolved. I wasn't here
13 in 1961, but pretty close to it. When this
14 program first started--And this was developed
15 by the House of Representatives, incidentally.
16 It was the first Matching Fund Program in
17 America for tourism--it really was matching
18 private-sector money with state money. It
19 wasn't matching tax dollars with tax dollars.

20 The reason some areas evolved with
21 more money is because they had more facilities
22 and they had more opportunity to get the
23 private-sector money and co-op advertising, put
24 money into a pot. The whole concept of the
25 Matching Fund Program in those days was to get

0071

1 the business community to put money in so that
2 the state would match it and then they could
3 promote their area in a more efficient way.

4 Frankly, I think the whole way -- To
5 try to analyze tourism impact by not putting
6 into the equation the money spent by the
7 private sector in advertising and marketing,
8 and just evaluate the money spent by the state
9 and the TPAs is not correct.

10 I mean, here in my area our budget,
11 my organization is \$7 million. But if I put
12 into the pot all of the money from my hotels,
13 the resorts, the ski areas, the campgrounds,
14 the bed and breakfasts, it's \$50 million. How
15 do you evaluate, take the \$7 million we spend
16 and say --

17 You know where I'm going with this.
18 Maybe you can explain it better than me. How
19 do you say that's the return on investment from
20 the seven? What about the fifty that's being
21 spent by the private sector?

22 I don't know if anybody is here from
23 Dauphin County, but how does the TPA relate to
24 Hershey? I mean, Hershey spends 10 times --

25 MR. KOHL: Three and a half million.

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1 MR. UGUCCIONI: -- three and a half
2 million dollars in advertising. If you're
3 going to evaluate the money given to Dauphin
4 County from the TPA or from the state, how do
5 you not equate the Hershey portion of it,
6 because that's how they're going to analyze the
7 return on investment, right, by taxes, et
8 cetera?

9 CHAIRMAN TANGRETTI: Is there a way
10 of doing that, Mickey, Richard? How do we do
11 that? And should we? It makes sense.

12 MR. BONDS: It's very difficult to
13 determine what the marketing plans would be for
14 private businesses. I mean, there's -- And
15 how --

16 CHAIRMAN TANGRETTI: Is that
17 proprietary information?

18 MR. BONDS: Technically it is, you
19 know, depending on the companies. Some
20 companies are more forthright in how they
21 explain their advertising budgets. But, I've
22 never seen -- Most financial statements I've
23 seen don't detail how much money is spent and
24 in what markets you spend it in. So it would
25 be kind of -- In some cases what the --

1 What Hershey may be spending money on
2 isn't necessarily directly related to the kind
3 of impact that you may want for the rest of
4 Dauphin County, for instance. If they focus on
5 a particular event or a one-day event and
6 you're spending some money, that might be less
7 effective than overnight packages and things
8 like that that go into the hotel business.

9 We do have revenue, hotel revenue I
10 think is at least a pretty accurate gauge of,
11 you know, success in tourism and you can get
12 that on a county basis. And you can
13 probably -- Although it takes forever from the
14 Department of Revenue, you can probably get
15 other SIC codes that relate to tourism
16 businesses and get revenue streams that way to
17 have very specific numbers.

18 But in these models when we talk
19 about is there volume, there are issues on how
20 that is calculated. When we talk about
21 economic impact models, all of them rely -- At
22 some point or another they rely on visitor
23 volume. So if you're not comfortable with how
24 many visitors you have, that economic impact
25 number isn't going to be something that you can

0074

1 trust. So, it's not easy.

2 We have a couple of numbers that we
3 feel comfortable that we can utilize as one of
4 the matrix, hotel revenue, things like that.
5 We can get that easily from just reverse back
6 the hotel tax that's collected by the
7 individual counties to get, you know, solid
8 hotel numbers, hotel revenue numbers. So
9 that's one piece.

10 That might be a couple of other
11 pieces that we could look at. But, in terms of
12 other private companies, it's all over the lot
13 and how they're added --

14 CHAIRMAN TANGRETTI: It's not one
15 source of data or one -- You're shaking your
16 head, Annie, like there isn't.

17 MS. URBAN: No, there is not.

18 CHAIRMAN TANGRETTI: You've been
19 there and there isn't.

20 MS. URBAN: Yeah.

21 CHAIRMAN TANGRETTI: Okay.

22 MR. BONDS: And you have companies
23 like Marriott, that they advertise their
24 corporate brand which can be helpful to
25 individual Marriotts in Pennsylvania and not

0075

1 specific to the --

2 CHAIRMAN TANGRETTI: I have to take
3 that into account, right. Craig.

4 MR. DAVIS: Along these lines, you
5 have other counties that have sprung up with
6 TPAs with literally nothing to market. Because
7 they can, they have, they've created their own.
8 But you question as to whether they have any
9 product within their markets that would
10 actually be tourism worthy. And while they
11 have money coming from the state, money coming
12 from the hotel tax, they really have nothing to
13 market. And that's what we're trying to avoid
14 as well from the other side of the coin.

15 There has to be, in my opinion, a
16 middle ground here. There should be some
17 evaluation as to whether there's something in
18 the county that is actually tourism worthy and
19 state money worthy, and that's our whole point
20 as well.

21 CHAIRMAN TANGRETTI: Okay. Mr. Kohl.

22 MR. KOHL: Thank you, Mr. Chairman.
23 Just to expound upon what Richard said a little
24 bit, there's a lot of different components of
25 marketing that speak to generation of tourism

0076

1 business that's not just advertising.

2 In Dauphin County this summer we know
3 from our good friends at Hershey that they
4 spent three and a half million dollars on their
5 marketing campaign for the hundredth
6 anniversary of Hershey Park this summer. That
7 generated tremendous demand and record levels
8 of visitors for the summer, but it didn't do
9 much for us for meetings and conventions at
10 other times of the year.

11 So, though Hershey spends all that
12 money to attract the visitors to the park and
13 to the destination Hershey, they also partner
14 with the TPA in going to different trade shows
15 around the country to generate bus tour and
16 meeting and convention business. You don't see
17 that in their marketing dollars for the
18 1-800-HERSHEY campaign for the summer.

19 CHAIRMAN TANGRETTI: Representative
20 Payne.

21 REPRESENTATIVE PAYNE: As the Hershey
22 guy, actually, I found Bob's comments very
23 interesting because that's how I remember the
24 initiative was, private-sector money has some
25 money, we're going to match it with the state.

0077

1 Together we can promote the region. We've kind
2 of gone away from that and we only talk about
3 the local TPA and the state money and all the
4 other things and we forget the private sector.

5 I would hope that as we move forward
6 and we look at the legislation that, you know,
7 one of those little blocks that Doug mentioned
8 that are available for the county commissioners
9 to use to promote tourism in that area could be
10 if the private sector steps to the plate, i.e.,
11 Hershey with three and a half million bucks, we
12 may match that a little bit because that's good
13 for the region. While it was only good for the
14 summer, I think everybody would agree it was a
15 great summer.

16 In a time when other areas of our
17 country were struggling with tourism, were
18 struggling with high gas prices, we had record
19 attendance at Hershey. You couldn't get a room
20 anywhere in the area. Now, we'd like to
21 encourage Hershey to do that same kind of
22 promotion in January and February, and that
23 goes back to a statement I want to make, if I
24 can.

25 Many people today have concentrated

0078

1 and commented on the original intent of the
2 law, and I agree. We have to upgrade, we need
3 to look at the provisions of the law. We
4 actually need a committee, imagine that, that
5 ought to look at every act that we've ever
6 enacted. Because, when I first came here as a
7 freshman, they gave me my first bill, as I'm
8 sure maybe the Democrats do too, and said, this
9 bill was from 1927. You can't park horses on
10 the left side of the street. We're going to
11 remove that provision, you're finally going to
12 get a bill passed as a freshman. Yeah.

13 My point is, we've got legislation
14 and acts that nobody knows what they do from
15 back in the '20's and '30's and '40's. Are
16 they still pertinent? Are they doing what we
17 want them to do? We should, as we used to do
18 at the township, codify the ordinances, we
19 ought to be looking at what's really there.

20 I'm also concerned, though, and I
21 would be opposed to any change that would give
22 all the dollars to the TPA and bypass the
23 county commissioners or totally eliminate the
24 ability to use a portion of the funds for new
25 attractions. Putting heads in the beds only

0079

1 works if the tourists have a reason to visit
2 and stay in the area.

3 Few tourists I've ever talked to
4 travel to central Pennsylvania and to Hershey
5 to see the front of the Clarion or the Best
6 Western or the Days Inn. Let's be honest, they
7 came here for the attractions. No attractions,
8 I would suggest you'd have empty beds with no
9 heads.

10 There's an article here in the
11 Philadelphia paper, it says: Two years ago the
12 tourism group ditched its sleep-over marketing
13 campaign; you know, the one where the Governor
14 and everybody else wore their pajamas, in favor
15 of one that focused on the region's history,
16 culture and night life. The slogan, Philly's
17 More Fun When You Sleep Over, was shorten to
18 Philly's More Fun. Sleeping over is no longer
19 the hook. They, quote, the visitors, want to
20 know what they can do when they're awake.

21 So my point is, I think we constantly
22 have to have the ability to work with that
23 private sector. I don't mean we have to match
24 50/50, but if Hershey came to me and said we're
25 going to put up \$5 million, can we get

0080

1 something to go and advertise the area? Can we
2 build the Giant Center, which was a
3 92-million-dollar facility that we used
4 25 million of state money for. Arguably, the
5 Giant Center has created hundreds and hundreds
6 of jobs and millions of dollars in revenue for
7 hotels and restaurants and other facilities
8 because we now have a large facility to bring
9 events in.

10 So, I just want to make sure that as
11 we go forward we're very, very clear that the
12 reason people come to Pennsylvania is not to
13 see what the outside of the hotel looks like,
14 but to visit an attraction. Thank you.

15 CHAIRMAN TANGRETTI: Anybody from the
16 panel want to react to what John had to say?
17 Mickey.

18 DEPUTY SECRETARY ROWLEY: Not
19 necessarily what John said, but Representative
20 Longietti mentioned the emerging markets. I
21 just want to point out quickly, it's a smart
22 observation and we have another fund, regional
23 marketing initiatives program that we haven't
24 talked about today, but put a ton of money up
25 into what we can describe as an emerging

0081

1 market, and that's Pennsylvania Wilds. So
2 there's a bit of a model for that. And you're
3 absolutely right, whatever we do, we've got to
4 look at the emerging markets.

5 CHAIRMAN TANGRETTI: Richard.

6 MR. BONDS: I would add to that, our
7 own marketing that we do, marketing to attract
8 tourists, we spend 90 percent of our marketing
9 budget not on Philadelphia and Pittsburgh, we
10 don't market those areas. We market Dutch
11 Country roads, northeast mountains, the Pocono
12 Mountains and Pennsylvania Wilds and Great
13 Lakes and the Alleghenies. So we focus our
14 advertising that we produce on the rest of the
15 state.

16 Philadelphia and Pittsburgh do great
17 jobs marketing themselves and their regions, as
18 they should. So, we give them financial
19 support, but the advertising that we create for
20 the Commonwealth, over 90 percent of it focuses
21 on the other regions of the state, so that
22 helps too.

23 CHAIRMAN TANGRETTI: Doug.

24 MR. HILL: You asked for comments to
25 Representative Payne's remarks. I think that

0082

1 echoes some of the things that we were saying
2 in our testimony as well; that it really does
3 require a balanced approach, but it does also
4 require, as has been the case in Dauphin
5 County, very close negotiations between the
6 commissioners and the industry to make sure
7 that you're all working in the same direction.

8 The other thing, just on the last
9 comment on emerging markets, one of the things
10 that struck us too is the need for very close
11 cooperation with the state because you
12 mentioned Pennsylvania Wilds. None of those
13 counties realized they were an emerging market
14 until the Commonwealth identified it as having
15 that potential and then brought the counties in
16 together. A few of them needed a little more
17 convincing, some of the municipalities
18 particularly. But in any event, I think that's
19 a great success story on a cooperative basis.

20 CHAIRMAN TANGRETTI: Mark.

21 REPRESENTATIVE LONGIETTI: Thank you,
22 Mr. Chairman.

23 We talked a little bit about the
24 importance of regionalization this morning, and
25 regions don't know state boundaries. For

0083

1 example, where I live, my district is right on
2 the Ohio border. Youngstown, Ohio is my media
3 market.

4 And just as an example, we're blessed
5 with someone locally that now has stepped up to
6 the plate and invested over \$8 million in
7 upgrading a relatively small country club and
8 putting it together with two across the border,
9 the Youngstown/Warren area.

10 When I talked to them the other day,
11 he talked about -- He was very vague, but he
12 mentioned we have investors and we're going to
13 make this into a destination. My community now
14 is in the Youngstown/Warren metropolitan
15 statistical area, so we don't even have our own
16 MSA. We're part of the Ohio group.

17 I just wanted to throw that out there
18 and see if there's any thought. I know that's
19 a more difficult task, but if there's any
20 thought to trying to cooperate between states.

21 CHAIRMAN TANGRETTI: Is it
22 reciprocity? Is there something that we deal
23 with at any time?

24 DEPUTY SECRETARY ROWLEY: Our
25 regional marketing grant at one point was

0084

1 restricted to five counties or more, two of
2 which had to be in Pennsylvania. And it was
3 thinking the Ohio opportunities, thinking of
4 the Upper Delaware Valley, the counties north
5 of the Poconos, except for New Jersey and New
6 York. Then Philadelphia has some programs with
7 New Jersey, so we'd support that, absolutely.

8 CHAIRMAN TANGRETTI: Annie.

9 MS. URBAN: We actually received a
10 regional marketing initiative grant last year
11 for a two-state project. We have an attraction
12 in this Commonwealth that crosses the state
13 lines. It's the Great Allegheny Passage. And
14 it starts with the C&O Canal Towpath in
15 Washington, D.C. and goes to Cumberland. And
16 the Great Allegheny Passage actually comes from
17 Cumberland all the way to Pittsburgh.

18 So we actually were able to leverage
19 \$20,000 out of the State of Maryland to give us
20 to match the dollars that DCED gave us for that
21 RMI initiative. We ended up with about
22 170,000-dollar campaign to market the Great
23 Allegheny Passage.

24 MR. BONDS: We asked Annie to get
25 some work done in Maryland and we were happy

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1 what she did.

2 CHAIRMAN TANGRETTI: There's a
3 gentleman in the back. If you would identify
4 yourself, sir.

5 MR. FIORE: Thank you, Mr. Chairman.
6 My name is Tore Fiore. It really is Tore
7 Fiore. You cannot make a name like that up.

8 CHAIRMAN TANGRETTI: Would you spell
9 that for our stenographer?

10 MR. FIORE: That's T-O-R-E,
11 F-I-O-R-E. I'm the Executive Director of
12 Delaware County Brandywine Conference and
13 Visitors Bureau. And I just wanted to throw a
14 couple things in. Sir, when you mentioned
15 regionalism, it just brought up something that
16 I know with Mickey and with Richard that we've
17 worked on ourselves with Philadelphia and the
18 Countryside. But I want to back up a second.

19 Nevertheless, what I'd like to talk
20 about first, though, is, when you look at the
21 various promotion agencies, the various
22 convention and visitor bureaus, each 47 or
23 49 of them have their own specific different
24 mandate; where they're supposed to advertise,
25 whether it's locally, regionally or on a

0086

1 national level. And then you get into the
2 regional marketing or the regional marketing
3 initiatives.

4 I know with the fine folks here from
5 Chester County, we have the Brandywine Valley
6 Cooperative where we go after the motor coach
7 business. Then we have Philadelphia and the
8 Countryside that goes after the consumer
9 business, the consumer trade business. But we
10 have something else.

11 When you get into talking about the
12 multiple states, we have something called
13 Forever Independent, and it was a brand. It
14 was a common market that was created by
15 16 different organizations from the business
16 sector, the tourism/hospitality sector, and the
17 arts alliance and cultural sector. That took
18 in those 16 organizations in 13 counties in
19 three states, in south Jersey, Jersey, Delaware
20 and southeastern Pennsylvania.

21 So I think what's important to know
22 is that, yes, the state is very comfortable in
23 helping to fund projects like that. So what
24 we're really looking at are three basic levels
25 here; that each bureau has a mandate by their

0087

1 county council or commissioners or their board
2 of directors to promote their area in one
3 fashion.

4 Then you have the second tier, which
5 is to take those smaller regional marketing
6 initiatives, the two counties or the five
7 counties that make up Philadelphia and the
8 Countryside, and promote on that tier. So the
9 next tier I think we have to look at with the
10 help from the state is, taking it that step
11 further and making a larger regional initiative
12 to take in something like Forever Independent.

13 And if you have any interest in that,
14 just go to Forever Independent dot org and
15 you'll see what we're talking about. Thank you
16 very much.

17 CHAIRMAN TANGRETTI: Thank you very
18 much. Anybody want to react to that statement?

19 (No response.)

20 CHAIRMAN TANGRETTI: Mario, you had
21 some comments.

22 REPRESENTATIVE SCAVELLO: Thank you
23 Mr. Chairman. Just a couple of comments. I
24 want to thank you, Mickey, and thank the --
25 Dennis Yablonsky to reevaluate those funds

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1 because I think that would really hurt
2 especially Monroe and we've heard the Lancaster
3 area and others. So I really appreciate that.
4 Thank you.

5 Just a couple of comments. I don't
6 know if we can help each other out here. Maybe
7 we can help Annie out with the other county
8 commissioners if you could set up a meeting and
9 see if we can help her move that process a
10 along so that they can enact the room tax. It
11 doesn't affect the county. It only helps -- It
12 only will help the county.

13 MR. HILL: They do have a new
14 commissioner in Fayette County that may change
15 the complexion.

16 MS. URBAN: Yeah.

17 REPRESENTATIVE SCAVELLO: Very good.
18 Happy to hear that.

19 There was a comment made about should
20 we attract businesses -- business to a park?
21 It doesn't really put any movement of people
22 into the rooms, but eventually it might, you
23 know. It's an investment you make, and if you
24 bring the folks to Hershey, to the Hershey
25 Park, they might not initially use your rooms,

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1 but you know what, they might come back and
2 you're going to have that come-back business
3 down the road and say, you know what, this
4 would be a great place to come back and spend a
5 few days. So it's an investment in the future.
6 So I think when you make those type of
7 investments, they're good investments.

8 MR. KOHL: I don't know whether you
9 misunderstood or I misspoke. Hershey Park
10 generates a tremendous number of room nights
11 for us --

12 REPRESENTATIVE SCAVELLO: Okay.

13 MR. KOHL: -- visitors to the park.
14 It's a huge economic driver. And this year's
15 occupancies in Dauphin County were
16 unprecedented as a result of their investment.

17 REPRESENTATIVE SCAVELLO: I got the
18 impression from your comment that the
19 advertisements they spent didn't really help.

20 MR. KOHL: No. Record occupancies
21 and record rates in Dauphin County directly
22 attributed to that Hershey campaign. And I
23 would add that it spilled over into other
24 counties as well because the demand was just
25 unbelievable.

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1 My comment was intended to say that's
2 one component of the overall mix of business
3 that hotels need to be successful. In this
4 time of year going into March or April,
5 businesses in Hershey, businesses in Dauphin
6 County, Cumberland County, Lancaster County
7 need to rely on other sources of revenue in the
8 hotel rather than the leisure business that's
9 coming to the park because the park is closed.
10 So we need to look at individual business
11 travel, conventions, state associations.

12 My point was, Hershey partners very
13 well with Dauphin County and with us and all
14 the other private businesses to go to trade
15 shows and to market the destination for
16 meetings and conventions at the time of year
17 when we don't have the economic driver that is
18 the park.

19 REPRESENTATIVE SCAVELLO: Thank you
20 very much.

21 CHAIRMAN TANGRETTI: Chairman Nailor
22 has to leave for a speaking engagement. He
23 wants to make a comment before he does.

24 REPRESENTATIVE NAILOR: Thank you,
25 Chairman Tangretti. Three points. First,

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1 Jason, you're doing something right because I
2 know the Mechanicsburg Museum Association has a
3 bus that's sold out and my wife is on it.
4 Saturday they're going to Williamsport.

5 MR. FINK: We love to see that.

6 REPRESENTATIVE NAILOR: So the museum
7 association has heard from you.

8 John Payne, I think Representative
9 Payne has made some very good comments about
10 the funding and our working partnership and
11 that should have been made. I certainly
12 appreciate him making those.

13 But one issue I mentioned early on
14 that does concern me, and we have testimony up
15 here from previous Chairman Godshall on some of
16 the areas where we're talking about roads being
17 built, prisons being built, courthouses going
18 in, and it's been publicly talked about or
19 written about in the newspapers. That really
20 offends our tourism industry, as well as the
21 intent of the initial and expanded legislation.

22 Doug, you have a very difficult job
23 and I know that. We've worked well together I
24 think over the years and agree on most of the
25 issues. We refined this a couple years ago and

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1 pulled in the parameters of what we can do with
2 the money coming from the hotel tax.

3 I don't know if we have to go any
4 further or not or what we can do to assist you.
5 I know there are some people that are
6 spending--just like a windfall--money they
7 didn't have before and maybe they're new
8 commissioners. They weren't there before when
9 they had to take it out of the general fund to
10 promote travel and tourism in their counties.
11 I do think it's an area, and I hear that from
12 the tourism industry, that we have to consider
13 again at some point if we don't somehow work
14 together.

15 I know you have your hands full,
16 you're dealing with an awful lot of different
17 people from different geographies around this
18 state with different priorities. If we can do
19 something to help you out, I want you to know
20 that we're there if that means putting pressure
21 in certain areas.

22 Because, if you're getting a million
23 dollars, nine hundred to a million-dollar
24 windfall from a two percent tax on room tax and
25 your matching share is 25,000, they don't care

0093

1 if they lose the 25,000. There's no way you
2 can penalize them. This is a windfall and
3 we're going to build our new prison or put our
4 new road in because we have no penalties in
5 place. They can pretty much ignore us and do
6 what they want. That's wrong and it wasn't the
7 intent of the original legislation.

8 We're here, and I'm sure Tom is as
9 well, we're here to work with you. If we can
10 help you resolve some of these problems without
11 legislation, that would be marvelous if we can
12 help with some pressure where it needs to be
13 pushed. But the intent was for tourism, travel
14 and marketing promotion, and we really want to
15 insist that that's where the money be spent.

16 So thank you all very much for your
17 testimony. I appreciate it today.

18 MS. URBAN: Thank you, Representative
19 Nailor.

20 CHAIRMAN TANGRETTI: Thank you,
21 Jerry. Do well at your speaking engagement.

22 I'm curious. Along those lines, can
23 anybody speak specifically to the most
24 egregious, outrageous example of hotel tax
25 money being not spent for the appropriate

0094

1 limitations in the act? (No response.) We
2 don't have any examples? We don't have to
3 change it?

4 From the back, identify yourself,
5 please.

6 MS. SEITZ: Hi, I'm Crystal Seitz.
7 I'm from the Greater Reading Convention
8 Visitors Bureau. I don't know that it's being
9 spent uniquely from some others, but I do know
10 that the way our hotel tax is distributed --
11 And I had to shake my head when we're looking
12 at the hotel tax revenue to determine part of
13 the criteria on how we look at supporting
14 matching funds.

15 I have a very unique hotel tax. It
16 only spreads 15 miles outside of our city; does
17 not spread to the edges of our county. I
18 receive 20 percent of what is collected. The
19 other 80 percent goes to pay off the bond for
20 our convention center.

21 Our convention center, in most cases,
22 only delivers -- in some cases delivers
23 overnight guests, but the majority are guests
24 that come in for a hockey game or a basketball
25 game or an indoor football game or concert. So

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1 it's a little unique. My hope is to spread it
2 to the edge of the county, first of all,
3 because we have Cabela's which is sitting right
4 there. It's the largest sprawl in the state.
5 We're not receiving any hotel revenue from the
6 hotels that are surrounding.

7 CHAIRMAN TANGRETTI: You're not
8 arguing the fact that the expenditure for the
9 convention center debt service is illegal -- Or
10 not illegal.

11 MS. SEITZ: It's not.

12 CHAIRMAN TANGRETTI: But you're
13 questioning the contract, the agreement that
14 you have with the commissioners?

15 MS. SEITZ: Correct. There's one
16 other thing --

17 CHAIRMAN TANGRETTI: Go ahead.

18 MS. SEITZ: -- I'd just like to
19 mention. I know we talked about regionalism,
20 and I think regionalism is important. I think
21 if you think about Rhode Island and Missouri,
22 as Doctor Harrill has suggested, there's not
23 really one thing that comes to mind to me that
24 I would consider visiting there because I don't
25 know much about it.

1 However, if I look at regionalism in
2 our state, I think it's helped to support
3 Pennsylvania. We are one of the top five,
4 states that are visited throughout this
5 country. I think it's a big risk to say we go
6 totally regionalized and we do not support our
7 local TPAs because we are in those top five
8 because each of us have many things that are
9 similar, but many things that are unique as
10 well. We need to be able to rope those
11 uniqueness.

12 We are, I would say, an up-and-coming
13 destination in greater Reading. We are
14 revitalizing our city. We're working very hard
15 to do that. The Governor has acknowledged
16 that. And I think it's important that we
17 continue to see our funds delivered and even
18 increased as I would say for everybody here.

19 The other point -- I'm sorry, I'm a
20 little nervous.

21 CHAIRMAN TANGRETTI: No, go ahead.
22 You're doing fine.

23 MS. SEITZ: The other part I'd like
24 to make is, that tourism is our product. It
25 does not involve anybody else. You can't

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1 manufacture it in China or Japan. You can't
2 send it to Mexico. You need to invest in it
3 here, because if you do not invest it in
4 here--for many of these counties it is our
5 second or first largest industry--you're going
6 to see a lot of job loss. You're going to see
7 businesses leaving and going somewhere else
8 because we know that tourism is a driver. It
9 is an opportunity for us to bring business in
10 from other states, and might I add, to generate
11 additional sales tax revenue for our state.

12 CHAIRMAN TANGRETTI: Very well said.
13 Thank you.

14 (Applause.)

15 CHAIRMAN TANGRETTI: Another young
16 lady over here. Would you stand and identify
17 yourself?

18 MS. SMITH: Hi, I'm Mary Smith,
19 Executive Director of the Hershey Harrisburg
20 Regional Visitors Bureau --

21 CHAIRMAN TANGRETTI: Would you spell
22 your last name, please?

23 THE COURT REPORTER: It's Smith.

24 CHAIRMAN TANGRETTI: Oh, Smith. I
25 didn't hear.

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1 MS. SMITH: -- representing Dauphin
2 and Perry County. And I want to tread lightly
3 here because we do have a unique situation with
4 our hotel tax dollars. I don't want to lead
5 anyone to believe that the portion that's going
6 to Hershey is a bad cause.

7 But, just to give you the dollar
8 amounts, currently room tax dollars that are
9 brought into our region is about three million.
10 We, the bureau, see \$325,000 of that. So,
11 there is a House bill that is on its way to,
12 hopefully, be approved that will change that
13 and we could get a significant increase in our
14 room tax dollars.

15 But, it's just an example of how
16 other hands have gotten into that room tax and
17 we, as Hershey Harrisburg, you would think we
18 would have the dollars in our bureau and that
19 we would have a seven- or a nine-million-dollar
20 budget, and we don't. We have a 1.2-million-
21 dollar budget to market and promote Hershey.

22 From the standpoint with it -- When
23 you look at the state funding, it's a hard call
24 for the state as well because, here we are
25 ranked number 5 in the state below Pittsburgh,

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1 Philly, Valley Forge and Lancaster, then
2 there's us. The amount of funding that we
3 receive from the state, we're much further down
4 on the totem pole.

5 CHAIRMAN TANGRETTI: I hate to
6 interrupt. How does that jive with the fact
7 that Hershey spent \$3 million for its own
8 promotion and the opportunities that that then
9 has generated with respect to tourism dollars?

10 MS. SMITH: But I think the point
11 that Bill was making, Hershey does partner with
12 us. They work very well with us as far as
13 doing cooperative advertising.

14 CHAIRMAN TANGRETTI: But in terms of
15 dollars from the state -- I guess this is where
16 I'm having a hard time understanding. In terms
17 of dollars that you are attempting to increase
18 from the state, that three million is not
19 accounted for.

20 MS. SMITH: Exactly.

21 CHAIRMAN TANGRETTI: Okay. So, how
22 as policymakers, how do we address that? I'm
23 not asking you to answer, this is a rhetorical
24 question. We have to figure out how to address
25 that. I believe, but I think that's a valid

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1 point, the thought, how do we make that
2 connection so that --

3 MS. SMITH: I think if I was
4 understanding the guidelines that they're
5 looking at, one of the formulas, the three
6 million would be taken into account for TPAs,
7 what's collected by the region, Mickey, Richard
8 is that correct? Not what's collected by the
9 TPA?

10 DEPUTY SECRETARY ROWLEY: You're
11 right, in measuring the economics of the
12 region, we're counting hotel revenue; not hotel
13 revenue that goes to the TPA.

14 MR. SMITH: Because that formula
15 would significantly help us.

16 DEPUTY SECRETARY ROWLEY: Yeah. I
17 think --

18 CHAIRMAN TANGRETTI: You're -- I'm
19 sorry, go ahead.

20 DEPUTY SECRETARY ROWLEY: We had a
21 committee working on revised formulas, and one
22 of the ways of looking at the economy in each
23 region was hotel revenue; not hotel revenue
24 dedicated to tourism marketing. But your
25 observation is, how do we account for the three

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1 million being spent in marketing at Hershey
2 investment or some of the larger resorts in the
3 Poconos.

4 You know, I do know Disney doesn't
5 belong to VisitFlorida USA. You know, there's
6 a problem there. Sea World is a big member of
7 it. For some reason, Disney isn't. So I'm
8 grappling with that, I can't imagine what the
9 answer is to that. Not a lot for a private --

10 CHAIRMAN TANGRETTI: I didn't want to
11 cut you off. I didn't know whether you were
12 finished or not.

13 MS. SMITH: Yes. I'm finished.

14 CHAIRMAN TANGRETTI: I just wanted to
15 ask that question. And I apologize.

16 (Gesture from Mr. Fiore).

17 CHAIRMAN TANGRETTI: I remember Tore
18 Fiore --

19 MR. FIORE: I'd like to make --

20 CHAIRMAN TANGRETTI: Doug was first.
21 I'm sorry, go ahead.

22 MR. HILL: Just in brief response to
23 the prior two sets of remarks. Both Dauphin
24 County and Berks County are special legislation
25 counties, so it's not -- Their particular and

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1 peculiar allocations are not done under the
2 general guise of Act 142 or Act 12. But
3 rather, both of them preceded adoption of
4 those. And, in fact, it's very specific
5 language in the county code on the geographic
6 area in Berks County and the fact of using
7 money for the convention center. So, it is a
8 little bit of a different example from the ones
9 that are sometimes complained of.

10 CHAIRMAN TANGRETTI: Okay.

11 MR. FIORE: What I wanted to do, I
12 gather that every one of the bureaus and every
13 one of the counties, when that tax dollar is
14 collected, it goes into the county coffers or
15 the commissioners' county coffers and it's in a
16 separate fund; not in the general fund. Then
17 the money gets disseminated to the bureau on a
18 monthly basis, like (inaudible word), or
19 whatever the case may be.

20 So the real question becomes, how do
21 you actually know how much money is being
22 collected first? Number 2, how you can go
23 about utilizing those dollars? So, is the
24 answer really very simple that maybe the
25 bureaus themselves should be collecting that

0103

1 two percent hotel tax? I'm not saying it's
2 right or wrong. I don't know the answer to
3 that.

4 MS. URBAN: It's illegal.

5 CHAIRMAN TANGRETTI: I'm shaking my
6 head only because I know the political
7 consequences of that.

8 MR. FIORE: Exactly correct. But the
9 real question becomes, number 1, how do you
10 know how much money is there? You go to Smith
11 Travel Research and I look at the money that
12 we've collected, and yeah, it's kind of close,
13 but not close enough to suit me. But you --

14 CHAIRMAN TANGRETTI: I thought that
15 was -- I'm sorry, not to interrupt again, but I
16 thought that was a number that's easily
17 defined.

18 MR. FIORE: Well, it would be, sir,
19 easily defined if -- We have 31 establishments
20 that two percent hotel occupancy tax is
21 collected from. Only 13 of those 31 actually
22 subscribe to this Smith Travel Research Survey.
23 It's not mandatory for them to do that. You
24 can kind of get a good number, but not a great
25 number.

1 My whole point very simply being is
2 that, we're never going to be able to utilize
3 the three million if we can't control -- or her
4 three million if we can't control the three
5 million or at least know what is exactly in the
6 coffers and what we have available to spend.

7 CHAIRMAN TANGRETTI: Jason.

8 MR. FINK: That is actually public
9 information. All those records are collected
10 by the treasurer's office. I can speak for
11 Lycoming County's perspective. We actually get
12 a report on a monthly basis with our check,
13 actually each property that has remitted their
14 room tax based off of what they've reported,
15 and then actually our treasurer's office has
16 done audits on properties who have significant
17 gaps.

18 We've actually on one circumstance
19 had a property that we had to go and have some
20 legal action because they had been collecting
21 and not remitting.

22 So, from that aspect of it, I mean,
23 that's the way it is supposed to work. If it's
24 not, then you do have an issue at your local
25 county. But there is actually a process,

0105

1 though, that is in place for you to address
2 that.

3 CHAIRMAN TANGRETTI: Thank you,
4 Jason, very much. David.

5 REPRESENTATIVE MILLARD: Just one
6 last question here for Mr. Rowley and Mr.
7 Bonds. With those new emerging or expanding
8 markets, which is good news in the tourism
9 industry, so that they stay within their
10 mission of tourism and promoting tourism, what
11 dollars -- How do we derive dollars for them to
12 expand brick and mortar?

13 DEPUTY SECRETARY ROWLEY: Brick and
14 mortar? RCAP. It's a huge percent. I don't
15 know what the percent is, but I would guess
16 more than 50 percent of RCAP funding has gone
17 to tourism-related projects. And then, of
18 course, the tourism industry's fund, which the
19 Governor lost a couple years ago, three years
20 ago, has pushed out some, what was that final
21 number?

22 MR. BONDS: Nine million.

23 DEPUTY SECRETARY ROWLEY: I was going
24 to say 11 million, but significant funding for
25 bricks and mortar and other kind of projects.

0106

1 REPRESENTATIVE MILLARD: Okay. And
2 then the final part of this question is, what
3 criteria would be necessary to be utilized to
4 gauge the success of their expansion making a
5 request for such funds? We talked about
6 different formulas here. What would be given
7 weight?

8 DEPUTY SECRETARY ROWLEY: It's a good
9 question because usually we'll get jobs,
10 production in the factories, support from the
11 state, and facets like that. We've never
12 gotten great at that for the tourism industry's
13 fund. What is the overall economic impact?

14 Tourism products like convention
15 centers never make money and don't employ a
16 whole lot of people, but we all know
17 intuitively they produce a lot of room nights,
18 a lot of restaurant activity, so they have an
19 economic impact. Some of these projects, a
20 little bit more complicated, no easy answer.

21 REPRESENTATIVE MILLARD: Thank you.
22 Thank you, Mr. Chairman.

23 CHAIRMAN TANGRETTI: Thank you.
24 Steve.

25 REPRESENTATIVE SAMUELSON: First, I'd

0107

1 like to commend all of you for the work you do.
2 You got a commendation from my dentist. He
3 told me that he was giving me a checkup and
4 that he did a checkup on the Pennsylvania
5 tourism industry. He's traveled all over the
6 county. This year, this September he took a
7 vacation in Pennsylvania and he drove, he
8 stopped in Williamsport, he went to the
9 northwest, he went to Pittsburgh, stopped in
10 Laurel Highlands. He said it was one of the
11 best vacations he's taken in his lifetime and
12 he recommends it highly to anyone, to go on a
13 grand tour of Pennsylvania.

14 Now, my question is for all of you,
15 several of you talked about these negotiations
16 that are going on with the Department and the
17 executive committee, and the guidelines that
18 were announced in July are not happening right
19 now. The 2006-2007 guidelines are continuing
20 for one year.

21 DEPUTY SECRETARY ROWLEY: Correct.

22 REPRESENTATIVE SAMUELSON: How are
23 the negotiations going? Are you finding some
24 common ground? Are you going to come to a
25 resolution by next July when the next state

0108

1 budget's in place?

2 DEPUTY SECRETARY ROWLEY: Let me
3 address that because, first of all, extremely
4 well. I think there's no disagreement on the
5 principles that we would like these guidelines
6 to serve. And I think we actually came up with
7 some guidelines that we were ready to
8 implement. Our legal office looked at it and
9 that was through consensus. That was through
10 the board of directors of PACVB. So, all is
11 well, kumbayah, the whole bit, until we showed
12 that to the DCED legal office and they really
13 asked us to hold off.

14 They felt we were stretching the law
15 a little bit by getting too imaginative, and
16 they believe if there's going to be change to
17 the level that we had talked about with the
18 revised guidelines ideas, then it needs to be a
19 statutory change. They feel pretty strongly
20 about that. Quite frankly, they feel looking
21 back over the past 20 years that maybe we've
22 been overly creative in guidelines,
23 promulgation over the past 20 years.

24 So they want to be on that committee
25 as the law is written today. They want to be

0109

1 on the committee to see how it's changed to
2 make sure it's legal.

3 REPRESENTATIVE SAMUELSON: I open
4 that question to any of the others.

5 MR. FINK: I can speak from the other
6 side of it that we were pleased with the fact
7 that DCED, all the way up to the Secretary, had
8 listened to us from the perspective of -- And I
9 do want to say thank you to all of you because
10 I think you all had a hand in being able to
11 help us have a voice there at the table to be
12 able to say, we need to have a timeout
13 basically and look at these guidelines as they
14 were proposed. So we had a moratorium on those
15 guidelines. It did give us an opportunity to
16 sit down with the Administration and look at
17 this.

18 We were actually hoping to be able to
19 go through a betting process and it got stopped
20 right there at the legal review. There is now
21 this committee in place and we are looking
22 forward to re-establishing that process of
23 looking at these guidelines.

24 CHAIRMAN TANGRETTI: Could you share
25 with us just the basic principles of what

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1 you're thinking about with respect to the
2 guidelines? Anybody.

3 MR. FINK: We were looking at being
4 able to have -- Room tax was one of the things
5 that we did talk about as being able to have a
6 solid bench mark to be able to see what was
7 collected. It is not the perfect. I mean,
8 being able to find a perfect solution, as
9 you've heard today, it's very difficult. We
10 thought --

11 MS. URBAN: As measurement.

12 MR. FINK: As measurements, because
13 it's one of the things that we had hoped,
14 actually, that we would be able to look at the
15 economic impact statistics. We thought that
16 that was a good way to be able to look at it
17 because of the fact that it pulled in some
18 other factors that we all believe -- For
19 example, day trips, camping, some of the things
20 that aren't measured through a room tax that
21 you can't get a hold of. But there are no
22 solid -- There's no solid figures.

23 The most solid figure that we can
24 look at is that room tax that's collected.
25 However, we also acknowledge that there are

0111

1 those circumstances. There's counties that
2 don't have it. There are counties that have
3 special legislation that gives them the ability
4 to only collect in a certain radius. There are
5 those campgrounds; there are those vacation
6 rentals that aren't part of this process.

7 So, we're looking at that, but we
8 also are struggling at the fact that that can't
9 be the only factor on that. We're looking at
10 regional participation by the TPA because we've
11 all acknowledged how important it is from the
12 regional aspect of being able to do tourism
13 marketing; to be able to see how much
14 involvement that that TPA has.

15 If they are a regional visitors
16 bureau is something that we were looking at as
17 well to be able to say, if they're a regional
18 visitors bureau, then there should be some
19 consideration given to that because, the fact
20 of the matter is, the guidelines all along
21 looked at that. We do believe that that is
22 important.

23 We've seen what has happened from the
24 downside of it when a TPA has seen one of their
25 partners leave. We've seen the detrimental

0112

1 side of that as well. So, those were some of
2 the things that we were looking at. I don't
3 have -- There was one other factor I believe
4 that we were looking into, and I cannot recall
5 off the top of my head what that was.

6 DEPUTY SECRETARY ROWLEY:

7 Accountability? And this actually came from
8 you, Mr. Chairman. When we talked about this
9 regional thing, Pittsburgh and Allegheny County
10 and Philadelphia County are regional, and you
11 said who's tracking whether they're advertising
12 for the large region? And it struck us --

13 CHAIRMAN TANGRETTI: Did I say that?

14 DEPUTY SECRETARY ROWLEY: Yeah,
15 pretty much just that way. Maybe a little bit
16 more. So accountability, so that our central
17 office has some ability to look at whether or
18 not these regional entities are doing what it
19 is they're getting favorable treatment in terms
20 of matching funds to do.

21 MR. FINK: If you don't mind me
22 adding one thing, there's been some other
23 things that have been thrown out here today;
24 that now that we're reevaluating and we have a
25 little bit longer to look at this, we need to

0113

1 pull in what we've learned today and some of
2 the things that have been thrown out today
3 because we do have that time.

4 I do believe, though, because we've
5 sort of been, I think all acknowledging that we
6 have to have something in place in time for
7 next year, for that time frame.

8 CHAIRMAN TANGRETTI: But if Mickey
9 and Richard are talking about their legal
10 department saying, if we're going to do these
11 things we need to enhance the statutory
12 requirements, we're going to need -- In order
13 to have that in place so that's effective the
14 beginning of the fiscal year, we're going to
15 need to move quickly with respect to some piece
16 of legislation recommended and agreed to, and
17 take into account those things we've heard
18 today, not the least of which is that bond
19 payment issue.

20 Bob, was that you that raised that
21 issue? Somebody raised the issue.

22 MS. URBAN: That's hotel tax.

23 CHAIRMAN TANGRETTI: That's a
24 separate issue. But whatever we're going to
25 do, we need to be able to have a quick

0114

1 agreement on a language so that we can get it
2 introduced and start moving it.

3 DEPUTY SECRETARY ROWLEY: Excellent.
4 The Governor's partnership meeting on Tuesday--
5 Angela was there--we appointed a committee,
6 which you're a member, but Angela is going to
7 be a member, Kathy Quesquell (phonetic), and
8 others. Each of these three TPA members of the
9 partnership and a couple others will be at
10 that. We're ready to meet and give you
11 something in draft.

12 CHAIRMAN TANGRETTI: Okay. But
13 getting back to the hotel tax, generally
14 speaking, it seems to me -- I'll just throw
15 this out. I mean, it seems to me we ought to
16 be looking at that in some fashion.

17 There was no response when I asked
18 the question if there was any outrageous
19 examples of how the tax was being abused by the
20 commissioners. I thought it was amazingly
21 interesting in view of what I've heard by way
22 of anecdote over the months that I've been
23 chair of the committee. So, I'm assuming that
24 based on that limited response, zero response,
25 that that is not a problem.

0115

1 MS. URBAN: Can I respond to that?

2 CHAIRMAN TANGRETTI: Okay. Anne.

3 MS. URBAN: I just want to add to
4 that, I think there are uses of the tax out
5 there in several counties where, just as Mary
6 described, the TPA --

7 CHAIRMAN TANGRETTI: Is that Mary
8 Smith?

9 MS. URBAN: Mary Smith, S-M-I-T-H.
10 -- where there was a perception in Harrisburg
11 that a lot of the -- that all the TPAs were
12 getting a hundred percent of the hotel tax. In
13 many cases we're not getting a hundred percent.
14 We can't say that the money is being misused
15 because it is being used for maybe tourism
16 purposes, but it's not being used by the TPA
17 for promotional purposes.

18 So, I guess that's what I would say
19 to that, is that, there are many cases where
20 it's not being -- It's not illegal use or it's
21 not being misused by the counties, but a
22 hundred percent of the funding is not going to
23 the TPA for that county.

24 CHAIRMAN TANGRETTI: Mr. Kohl.

25 MR. KOHL: Mr. Chairman, I'm sorry

0116

1 that Representative Payne left because I'd like
2 to have him here. Dauphin County is one of the
3 most egregious examples of how the tax is not
4 being used -- the room tax is not being used
5 for promotion purposes. The initial tax that
6 was enacted, out of a hundred percent of the
7 tax had 70 percent of it earmarked to go to
8 servicing bonds on the Giant Center.

9 In my testimony I said one of our
10 recommendations would be to have the local TPAs
11 negotiate with the commissioners for the use of
12 room tax funds to build infrastructure. I
13 think we would all admit that the Giant Center
14 is a tremendous economic driver for Dauphin
15 County.

16 But, 70 percent of that initial tax
17 goes to service the bonds on the Giant Center.
18 Then 20 percent of that tax goes to the City of
19 Harrisburg to their general fund, leaving only
20 10 percent of that tax --

21 CHAIRMAN TANGRETTI: So there is an
22 example now.

23 MS. URBAN: There's an example.

24 CHAIRMAN TANGRETTI: You're telling
25 me that 20 percent is not being used according

0117

1 to one of these seven guidelines under the law?

2 MS. SMITH: Harrisburg persuaded them
3 that they use their percent for tourism
4 related --

5 MR. HILL: Yeah, this was special
6 legislation that was -- In Dauphin County when
7 that tax was enacted, it's one of the special
8 legislation pieces, of which Doug was speaking.

9 CHAIRMAN TANGRETTI: I thought I
10 found something.

11 MR. KOHL: The other 20 percent that
12 goes to the city eventually gets used by the
13 mayor for tourism purposes of some --

14 CHAIRMAN TANGRETTI: Understood.

15 MR. KOHL: And then ten percent is
16 left for the bureau to promote. If you had an
17 example similar to that elsewhere, where the
18 money was going to service bonds on something
19 that was not as much of an economic driver as
20 the Giant Center is, leaves very little money
21 to promote that infrastructure that's been
22 built. And that's --

23 CHAIRMAN TANGRETTI: Curiosity sake,
24 what's the length of that bond?

25 MR. KOHL: It's 20, 25 years I think.

0118

1 MS. URBAN: And I think what happened
2 was, when the last bit of enabling legislation
3 was passed, because there were so many
4 different pieces of legislation out there, that
5 some county commissioners looked at cases like
6 that and said, well, we can keep -- you know,
7 can't we keep 20 percent for our city or our
8 general fund and things like that? Because
9 there were all these different pieces of
10 legislation out there that didn't necessarily
11 pertain to them, it made it difficult in some
12 cases.

13 MR. KOHL: Just to speak further
14 about Dauphin County. The initial tax was
15 enabled up to three percent. I think it was
16 enacted at two percent. It was then raised to
17 three percent. A portion of that increase was
18 then used to service bonds on Route 39
19 improvements, so highway improvements for that.
20 I think that's a seven- or eight-year --

21 CHAIRMAN TANGRETTI: Before you say
22 anything, Bob, a question. I'm just curious.
23 Anybody feel that we need to take a look at the
24 entire act, including the special
25 considerations that have been generated over

0119

1 the years and try to come up with--And maybe
2 it's not possible--some sort of overall piece
3 of legislation that addresses and unifies the
4 entire process throughout the Commonwealth, as
5 opposed to having this patchwork quilt?

6 MR. UGUCCIONI: I think what you said
7 about some of the basic problems -- And this
8 isn't across the board. But when you put the
9 dynamic that Doug talked about between the TPA
10 and the county commissioners as to how the
11 money is to be spent, it does get into the
12 point that county commissioners say, either you
13 do it our way or we form another TPA. We break
14 off from the --

15 And my point is that they have the
16 right to do that. They are the highest elected
17 officials in the Commonwealth. But one of the
18 suggestions -- or in the counties.

19 One of the suggestions that I tried
20 to make was, how does the private sector feel
21 about this? How does the private sector feel
22 about the money being utilized in this fashion?
23 If the private sector is in favor that they're
24 collecting the room tax of the Giant Center, of
25 the bond issue, or a convention center, or

0120

1 whatever, that's a very telling thing

2 because --

3 CHAIRMAN TANGRETTI: And you're
4 right. Speaking as an elected official, if
5 you're putting a vote up to create a tax, then
6 you ought to have some say so on how that's
7 spent. In fact, Mickey and I had this
8 conversation not too long ago. I don't think
9 there ought to be a limit on it. I don't think
10 it ought to be capped. I think county
11 commissioners should have the ability to raise
12 whatever they want. They wouldn't be stupid
13 enough to raise it to the point where they're
14 not competitive, I don't believe, or they
15 wouldn't last.

16 That gets to my last point, and that
17 is, if the voters do not like the fact that
18 they took 75 percent of the money and put it
19 into the Giant Center, then they have the
20 option every four years of dealing with that
21 issue at the ballot box.

22 It's very difficult -- And I did come
23 from county government at a certain level. It
24 just becomes very difficult for county
25 commissioners to put a tax vote up and then

0121

1 say, but you can't decide how it's going to be
2 spent. That's not going to happen. That's
3 what I was talking about earlier. The
4 gentleman mentioned that maybe we ought to
5 somehow give the money directly to the TPA. I
6 think that's a terrific idea, but it's not
7 going to happen.

8 MALE VOICE AT TABLE: It's not going
9 to happen.

10 CHAIRMAN TANGRETTI: So let's just
11 move on forward and figure out how we deal with
12 these negotiations in a better way among your
13 county commissioners. That's my personal
14 opinion. Maybe I'm wrong about that, but my
15 38 years in public service tells me I'm not.

16 MR. UGUCCIONI: For the most part,
17 the county commissioners, as all elected
18 officials, are looking out for the betterment
19 of their area, there's no question about that.
20 I think where the issue arises is how you
21 perceive the room tax being used, what
22 priorities there are.

23 That's why I think whether it's a
24 survey of private sector facilities who aren't
25 going to be collecting the tax on their

0122

1 customers, or whatever about possible uses, it
2 just seems that input is valuable. Because,
3 many times, you know, we make these things look
4 so bizarre, but the people who are collecting
5 the tax in the area, they want that to happen
6 that way.

7 CHAIRMAN TANGRETTI: I just asked
8 Angela, there's no public hearing requirement
9 with respect to the use of the money, correct?

10 MS. STALNECKER: No.

11 CHAIRMAN TANGRETTI: Wouldn't that be
12 something that we ought to think about?

13 MR. UGUCCIONI: It's not a
14 requirement, but we make -- We did it in our
15 area, a public hearing.

16 MR. HILL: It's adopted by ordinance
17 so that's not in a public meeting.

18 CHAIRMAN TANGRETTI: No, no, I
19 understand that. But I'm saying, once the
20 ordinance is adopted and the tax is
21 implemented, is there a public hearing on how
22 the money is to be used?

23 MR. HILL: Normally it's not
24 adopted --

25 CHAIRMAN TANGRETTI: Until you

0123

1 decide --

2 MR. HILL: -- an agreement between
3 the two.

4 CHAIRMAN TANGRETTI: Well, let me
5 just rephrase it. Would there be an interest,
6 Doug --

7 MR. HILL: I don't think we'd have a
8 problem with that.

9 CHAIRMAN TANGRETTI: -- of having
10 some sort of public input at some level, even
11 for those that already exist, as to how the
12 money is being spent?

13 MR. HILL: In a generalized way.
14 Because it's done as an ordinance, the Sunshine
15 Law requires us to allow public comment before
16 we take an action. I know that's not the same
17 as a public hearing. But additionally, because
18 it's an ordinance, it is out on the table for a
19 longer time than, for example, a resolution.

20 CHAIRMAN TANGRETTI: Yeah,
21 understood. Mickey.

22 DEPUTY SECRETARY ROWLEY: I just
23 caution you, tourism investments occur outside
24 of wherever you are. I do advertising outside
25 of Pennsylvanian so Pennsylvanians don't see

1 it. If you have a public comment section, I
2 think most of the money would wind up down at
3 the local park supporting new backdrops and
4 stuff, because the people in the county don't
5 see tourism work. They feel it. They don't
6 always know they're feeling it, but they see
7 it.

8 MR. FINK: One of the things that's
9 almost a nice thing about the room tax viewed
10 by a lot of people is the fact that it's not
11 paid by somebody in the county. There is the
12 understanding that it is not a hotel tax. It's
13 a room tax, it's a user tax. So if it's
14 somebody who is from outside of the area, well,
15 you know, we could divert those funds to help
16 out the park or the playground.

17 Back to your original question about
18 the specific examples, I personally can't speak
19 to it. I'm fortunate from the perspective of
20 my county elected officials. Those who have
21 those issues are reluctant because there is
22 that -- always that little thing hanging out
23 there, that threat of decertification, how much
24 do I voice. This is where Doug and I may not
25 agree on this issue at least, is that, the TPA

0125

1 is not an equal in this as to how those monies
2 are to be used.

3 Now, how much of an involvement did
4 the TPA have in even Dauphin County on how the
5 funds were dispersed? I think the TPA was
6 probably told how the funds were dispersed.
7 And usually that's what happens within the
8 counties is, you either support us and you'll
9 accept what we give you, or, you know, we'll do
10 without. I think that's a difficult thing
11 there because, I'd rather have at least a
12 little bit of the money from the TPA room
13 tax -- or from the room tax to help my TPA
14 instead of seeing nothing implemented
15 whatsoever.

16 CHAIRMAN TANGRETTI: Mary, are you
17 going to comment directly on that issue,
18 because I have a question?

19 MS. SMITH: Yes.

20 CHAIRMAN TANGRETTI: Go ahead.

21 MS. SMITH: Just on the positive
22 side, you had mentioned about, were we
23 involved. The first go-around, I don't know
24 that the bureau was involved. I can tell you
25 there's a House bill on the floor, Mr.

0126

1 Chairman, as you know, that will increase our
2 room tax dollars another two percent. The
3 bureau is slated to receive almost 70 percent
4 of that. So we were very active and very
5 involved in the discussions of how that would
6 happen. That to us was --

7 CHAIRMAN TANGRETTI: But that was
8 unique to your county?

9 MS. SMITH: Right.

10 CHAIRMAN TANGRETTI: Okay. So what
11 you're describing is something that is a
12 concern among, I would assume, some TPAs.
13 Without judging county commissioners across the
14 board, I assume there are some boards of county
15 commissioners who do operate in that fashion.
16 You're shaking --

17 MR. FINK: And this is where we've
18 worked with Doug. I can speak to secondhand
19 information. I have a colleague who is in a
20 neighboring county of mine where Doug has
21 actually been able to help us out in being able
22 to properly educate the county commissioners.
23 They wanted to bring on somebody within the
24 planning department and use tourism funds to be
25 able to pay for that planner that they were

0127

1 going to -- the position they were going do
2 create. Part of that person's time was going
3 to be able to help with developing tourism and
4 infrastructure.

5 That's not really the intent of this
6 legislation. I will say, Doug did help us out
7 in being able to correct that. There is that
8 understanding that -- or that conception, well,
9 if I can --

10 CHAIRMAN TANGRETTI: Do you have a
11 suggestion on how that can be improved? Doug.

12 MR. HILL: One thing that we talked
13 about --

14 CHAIRMAN TANGRETTI: Assuming you
15 agree it needs to be improved.

16 MR. HILL: But in a different
17 perspective. Something we have talked about
18 behind the scenes that goes back a couple
19 years, and we haven't talked about it recently,
20 is taking a look at the whole structure of how
21 TPAs are created, what their responsibilities
22 are; how counties and municipalities enter into
23 and exit from TPAs and certification, and all
24 the rest.

25 One of the things that we had

0128

1 included as a part of that discussion is that,
2 it wasn't just to be a whim or a random or a
3 simple vote, but rather, there had to be some
4 justification given. It wasn't meeting DCED
5 criteria, some specific issues.

6 CHAIRMAN TANGRETTI: Where's that
7 now? Is that just a discussion point?

8 MR. HILL: It was something that we
9 had discussed a couple years ago. There have
10 been a lot of other issues on the table.

11 CHAIRMAN TANGRETTI: Maybe that's
12 something --

13 DEPUTY SECRETARY ROWLEY: It was a
14 piece of legislation as I recall.

15 CHAIRMAN TANGRETTI: What was it,
16 Doug? Do you recall?

17 MR. HILL: I don't remember if it was
18 introduced or not.

19 DEPUTY SECRETARY ROWLEY: I don't
20 know if that was introduced.

21 CHAIRMAN TANGRETTI: Am I right,
22 Allen? Did you draft it?

23 MR. TAYLOR: Yeah, I drafted that.
24 It was part of the discussion when we were
25 talking about clarifying room tax spending. I

0129

1 think there was an agreement that we weren't
2 going to do that at that time. We were just
3 going to do the spending -- (voice trails off).

4 CHAIRMAN TANGRETTI: Well --

5 MR. TAYLOR: It would be in my files
6 if we can find it.

7 CHAIRMAN TANGRETTI: Do we have a
8 consensus that that's something we ought to
9 move toward?

10 MR. FINK: I think that would be good
11 to look at that again.

12 MS. URBAN: Yeah, because we get
13 newly-elected officials all the time. But, you
14 know, there's still that -- Even though the
15 room tax has been passed in most of the
16 counties, there's still that issue with, you
17 know, negotiating if the new commissioners want
18 to come in and change something.

19 CHAIRMAN TANGRETTI: Right.

20 MS. KELLY: I'm Nina Kelly from
21 Chester County.

22 CHAIRMAN TANGRETTI: Is that with E-Y
23 or just Y?

24 MS. KELLY: Just Y. I agree with
25 Mickey on what he said about opening it up into

0130

1 public hearings if we're going to analyze this
2 issue of what happens with the monies and all.

3 But one of the important stakeholders
4 I would think would be the hotel communities.
5 The reason is, they take a lot of ownership of
6 that money since that's where the tax is
7 collected. They feel a lot of ownership.

8 We've said the phrase heads and beds
9 a lot today, and that's what they really want
10 to see the monies used for. Certainly that
11 can't be the only thing, and there's got to be
12 a comprehensive plan to attract visitors here.
13 And they don't only come, as Mr. Payne had
14 said, for a Hilton or a Sheraton. However,
15 when they stay there, that's where the money is
16 collected, and I think they have a pretty
17 accurate voice on what might happened with
18 that.

19 CHAIRMAN TANGRETTI: Thank you, Ms.
20 Kelly. Steve.

21 REPRESENTATIVE SAMUELSON: Quick
22 question. The 49 TPAs, does every county fall
23 within one of those 49 areas?

24 DEPUTY SECRETARY ROWLEY: Yes.
25 There's no piece of real estate in Pennsylvania

0131

1 that isn't marketed by a TPA.

2 CHAIRMAN TANGRETTI: Danny.

3 REPRESENTATIVE MOUL: I feel like I'm
4 at home. I should use call-ahead seating.

5 I'm going to go into some murky
6 waters here and it's off the trail of what
7 we've been -- what I've been listening to all
8 morning. But since we have TPA people here, it
9 doesn't necessarily go to county commissioners,
10 but there's been a bill out there for quite
11 some time by Godshall that would affect tourism
12 in Pennsylvania greatly, which would be to
13 start schools after Labor Day.

14 I was wondering if any of the TPAs,
15 or since Mickey is here, if some of the
16 advertising money might be used to educate the
17 public in general as to how important it is to
18 the tourism community to start schools after
19 Labor Day?

20 DEPUTY SECRETARY ROWLEY: I can tell
21 you I wouldn't be interested in spending our
22 advertising money on an advocacy campaign. I
23 am getting tons of letters. Apparently, the
24 school board association has hopped on this. I
25 got more letters about that than the Matching

0132

1 Fund guidelines as you mentioned, opposed to
2 the decision.

3 CHAIRMAN TANGRETTI: Danny, I don't
4 know that anybody has the ability to use the
5 money legally for that. Is that -- Am I
6 accurate?

7 MR. FINK: You're right. And I think
8 we would probably be questioned if we were
9 using those funds. However, from the
10 perspective of being able from a visitor's
11 bureau to pool our membership to do a special
12 campaign, if the private sector chose to do
13 that as an offshoot of us, we would definitely
14 support that.

15 CHAIRMAN TANGRETTI: Just so you --
16 And, Dan, we haven't had this conversation I
17 don't think recently. The legislation has not
18 moved in and of itself, but we do have the
19 opportunity to do some things with respect to
20 amendments, or add an amendment. We're looking
21 for the appropriate vehicle for that to happen
22 in conjunction with Chairman Godshall since
23 it's his bill. I'm hopeful before we leave
24 here for the Christmas break, we will have an
25 opportunity to vote on that as an amendment to

0133

1 the bill.

2 REPRESENTATIVE MOUL: Thank you.

3 CHAIRMAN TANGRETTI: Okay. Anything
4 else for the good of the cause?

5 MR. TAYLOR: Mr. Chairman --

6 CHAIRMAN TANGRETTI: Yes, Al.

7 MR. TAYLOR: As a staff member I
8 rarely speak here, I almost never do.

9 I just want to say, Mr. Uguccione, I
10 moved over to the committee in 2001. You were
11 the first TPA director to contact me my first
12 year, my first week. You were on the cell
13 phone and I said, who is this guy calling me?
14 I don't know this guy. I was taking notes and
15 I couldn't spell your name. Six and a half
16 years later I still can't spell your name.
17 Thank you for everything.

18 CHAIRMAN TANGRETTI: Don't feel bad,
19 I can't spell Smith. Thank you all very much.
20 It's very, very, informative. We look forward
21 to working with all of you as we go forward. I
22 appreciate all the information we have. It was
23 I think a terrific hearing. Thank you.

24 (At or about 11:30 a.m., the hearing
25 concluded.)

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C E R T I F I C A T E

I, Karen J. Meister, Reporter, Notary Public, duly commissioned and qualified in and for the County of York, Commonwealth of Pennsylvania, hereby certify that the foregoing is a true and accurate transcript of my stenotype notes taken by me and subsequently reduced to computer printout under my supervision, and that this copy is a correct record of the same.

This certification does not apply to any reproduction of the same by any means unless under my direct control and/or supervision.

Dated this 27th day of November, 2007.

Karen J. Meister - Reporter
Notary Public
My commission expires 10/19/10