

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA
TOURISM AND RECREATIONAL DEVELOPMENT COMMITTEE

RAMADA INN AND CONFERENCE CENTER
STATE COLLEGE, PENNSYLVANIA
WEDNESDAY, SEPTEMBER 21, 2011,
9:30 A.M.

BEFORE :

HONORABLE JERRY A. STERN, MAJORITY CHAIRMAN
HONORABLE THADDEUS KIRKLAND, MINORITY CHAIRMAN
HONORABLE DAN MOUL
HONORABLE JOHN PAYNE
HONORABLE MIKE FLECK
HONORABLE GORDON DENLINGER
HONORABLE GARY HALUSKA

ALSO PRESENT:

ALLEN R. TAYLOR, EXECUTIVE DIRECTOR
TOURISM AND RECREATIONAL DEVELOPMENT COMMITTEE

ERIC BAYNE, EXECUTIVE DIRECTOR

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CHAIRMAN STERN: Good morning, everyone. I'd like to welcome everyone this morning to public hearing for the House Tourism and Recreational Development Committee.

We decided to visit State College because you were having your conference here and we thought, What a better way to get a good crowd this morning, and our hopes came through here this morning with all of you in attendance. But it's a pleasure to be here in State College joining you today.

And at this time, I would ask our Executive Director, Al Taylor, to take a roll call of the members present.

MR. TAYLOR: Stern.

CHAIRMAN STERN: Present.

MR. TAYLOR: Heffley.

(NO RESPONSE.)

MR. TAYLOR: Brown.

(NO RESPONSE.)

MR. TAYLOR: Gillespie.

(NO RESPONSE.)

MR. TAYLOR: Scavello.

(NO RESPONSE.)

MR. TAYLOR: Boback.

(NO RESPONSE.)

MR. TAYLOR: Boyd.

(NO RESPONSE.)

MR. TAYLOR: Denlinger.

REPRESENTATIVE DENLINGER: Present.

MR. TAYLOR: Fleck.

REPRESENTATIVE FLECK: Here.

MR. TAYLOR: Gingrich.

(NO RESPONSE.)

MR. TAYLOR: Helm.

(NO RESPONSE.)

MR. TAYLOR: Metzgar.

(NO RESPONSE.)

MR. TAYLOR: Millard.

(NO RESPONSE.)

MR. TAYLOR: Moul.

REPRESENTATIVE MOUL: Here.

MR. TAYLOR: Payne.

REPRESENTATIVE PAYNE: Here.

MR. TAYLOR: Chairman Kirkland.

CHAIRMAN KIRKLAND: Present.

MR. TAYLOR: Ravenstahl.

(NO RESPONSE.)

MR. TAYLOR: Costa.

(NO RESPONSE.)

MR. TAYLOR: Longietti.

(NO RESPONSE.)

MR. TAYLOR: Matzie.

(NO RESPONSE.)

MR. TAYLOR: Brown.

(NO RESPONSE.)

MR. TAYLOR: Burns.

(NO RESPONSE.)

MR. TAYLOR: Cruz.

(NO RESPONSE.)

MR. TAYLOR: Deasy.

(NO RESPONSE.)

MR. TAYLOR: Haluska.

REPRESENTATIVE HALUSKA: Here.

CHAIRMAN STERN: And as I said, I'd like to welcome all of you who are present this morning. I'd like to turn it over to my colleague, Chairman on the Democratic side, Thaddeus Kirkland, from Delaware County, and ask him to offer a few remarks here this morning, opening up this morning.

CHAIRMAN KIRKLAND: Thank you, Mr. Chairman. I just want to say good morning to all of you. And it's a pleasure to be here in State College. Beautiful trip down. Beautiful hills on the way yesterday. Little cloudy today, a little overcast. That's the weather report for the day.

But we're excited about being here and looking at this legislation -- proposed legislation, and hopefully convincing others to make this a reality. We're here working on your behalf, working with you; and along with the Chairman and the rest of his Committee, we're committed to helping the industry grow and go where it needs to be.

So with that, I just wanted to thank you for your hospitality; and we look forward to what you have to say and your testimony.

Thank you, Mr. Chairman.

CHAIRMAN STERN: Thank you, Mr. Chairman. The topic of today's public hearing is legislation that I'm sponsoring that would create an independent Pennsylvania Tourism Commission.

Copies of the legislation and a summary are available on the table. The legislation is still in draft form, I want to remind everyone, so it doesn't have a bill number yet; and we're still circulating for cosponsors.

As with any piece of legislation that we introduce, this is just a preliminary introduction of a bill; and the bill will definitely change before its final version. The secret, of course, all of us know is getting 102 House members, getting 26 senators and

getting the governor to sign any proposal that we put forth.

So what this legislation creates is a Pennsylvania Tourism Commission as an independent agency that would be the state's official tourism, promotion, and marketing agency. The Commission is overseen by an 11-member board made up of industry stakeholders. Among the Commission's powers would be market and promote the state to leisure and business travelers, compile statistics, publish tourism materials, and make any tourism grants as available, offering them out to the groups, basically, do all the duties currently that are being performed right now by DCED.

The legislation does not contain any dedicated funding sources and absent input from the Administration for today's hearing at this time, we're not focused as much on the funding sources as we are creating the independent commission. We believe those things can be worked out in due time.

Historically, money has been provided to DCED, as many of you are aware; and we've had funding available to the tune, I recall back during one previous administration, \$44 million coming into tourism, tourism grants and promotions. That number has been scaled back. The line item in tourism this year in the budget

is \$4 million. It was 3.2 in the Governor's original proposal, and the General Assembly restored \$800,000 during budget negotiations; so that was inserted. So there's a \$4 million line item. No grants are available. But that's where we are today, sitting here as we address this legislation, just to make all of you aware.

So we know it's tough economic times, and we're trying to be creative. We're trying to be thinking outside the box, but we're trying to do so in a way that is best for tourism in Pennsylvania, because of the vibrant industry that we have, because of the input that you put back to the Commonwealth as far as tax resources, job creation, and everything else that you market and that you bring into the Commonwealth.

So we're looking at working with you, the Committee and myself, as Chairman, and Chairman Kirkland, to try to make this a win-win for the Commonwealth and all of you. We do have the legislative battles to overcome, but we're looking at each and every one of you in your region to communicate with your legislators, with your reps and your senators; and encourage them to adopt and be thinking along the lines all of you have been talking about recently.

So it's been a pleasure to work, you know,

with your representatives; but I know John Oliver has been very instrumental in working on this legislation himself and helping us, you know, with the language, trying to make this as friendly as possible to tourism.

So as we begin this morning, our first testifier will be John Oliver from the Erie County Convention and Visitors Bureau; and we'd like to welcome you this morning, John, and look forward to your testimony this morning.

MR. OLIVER: Thank you.

CHAIRMAN STERN: And if you want to also tell the Committee members who's sitting with you this morning. I'll allow you to introduce your guests on both sides of you this morning.

MR. OLIVER: Great. Thank you. Again, good morning, Chairman Stern, Chairman Kirkland, and members of the House Tourism Committee.

I would like to thank you for the opportunity to testify today about the creation of the Pennsylvania Tourism Commission.

As you mentioned, I am John Oliver. I'm President and CEO of Visit Erie. I'm also the Immediate Past Chair of the Board of the Pennsylvania Association of Convention and Visitors Bureau and its current Chair of its Government Affairs Committee.

Joining me at the table is Rob Fulton who is President and CEO of PACVB and Craig Davis on my left, the Vice President of Sales and Marketing for Visit Pittsburgh. Craig also chaired our task force on the development of a public-private tourism partnership.

PACVB represents the 50 different destination marketing agencies in the Commonwealth. These organizations are the lead tourism promotion and marketing agency for every county and region in the Commonwealth.

Our organization understands and appreciates the tough challenges that you face today trying to balance a state budget in the face of declining revenues and increasing program needs, while working to create new jobs and retain existing jobs.

It's our feeling that these challenges now provide an opportunity to make a transformational change in how our Commonwealth promotes and supports tourism. Tourism is an industry that has been called the second largest in Pennsylvania. It's an industry that provides in excess of \$3 billion in taxes to the state and supports over 400,000 jobs which are found in every county in the Commonwealth.

The proposed legislation to create a Pennsylvania Tourism Commission can be that

transformational change. This legislation would reduce the size of government and create a more efficient public-private tourism partnership by transferring or moving the state tourism office outside the Department of Community and Economic Development as it currently exists.

The formation of this public-private partnership places a large responsibility on the industry to support its efforts in partnership with state government, a charge that I believe will be overwhelmingly accepted by all aspects of the hospitality industry.

This Commission would be recognized as the state's official tourism marketing agency with responsibility to promote the entire tourism experience in Pennsylvania to potential visitors.

The Commission would ensure a greater alignment across the tourism industry to capitalize on increased economic opportunities relating to tourism in Pennsylvania. The creation of a very representative board to set policy and direction for the organization will allow the Commission to be able to react to market conditions more expeditiously than currently exists.

Having all of the internationally recognized segments of visitor spending represented on the board

will also allow our industry to accurately direct and maximize the advertising and promotional efforts undertaken by the Commission.

At the same time, having representatives from the public sector of government such as this Committee, the Senate Tourism Committee, DCED, providing advice and counsel will solidify this as a true public-private endeavor.

We recognize that the issue of funding this Commission in the long-term will need to be addressed. PACVB for the past 18 months has had a task force involved in addressing this issue. This task force, along with participation -- which included participation with several industry associations and staff from this Committee, the Senate Tourism Committee, and DCED, has conducted research on how statewide tourism promotion has been conducted and funded across the United States. The most successful programs have all included a combination of dedicated funding, a general fund appropriation, and contributions from the private sector.

It is our recommendation that the newly formed tourism commission be tasked with using the research already done to develop a long-term funding plan. In the short-term, we would request that at a

minimum, the current level of funding for tourism marketing being received by DCED be appropriated to the Tourism Commission.

We do feel that the state needs to make a significant investment in tourism promotion. Pennsylvania has fallen from a top 5 position in state tourism promotion to 44th.

It's our belief that with the various sectors of the private industry at the table, additional co-op marketing dollars will be raised to complement the general appropriation from the state.

PACVB would like to recognize the leadership of Chairman Stern who has not only asked the tourism industry how he and this committee can assist our industry, but has listened and is acting. We would also like to thank Al Taylor for his invaluable institutional knowledge, advice, and ability to take the ideas of the tourism industry and put them into the legislation that would form this commission.

Over 50 years ago, the General Assembly and the governor crafted legislation that placed Pennsylvania as one of the leading states in tourism promotion. We feel that this transformational legislation today will allow Pennsylvania to again become one of the leaders in statewide tourism

promotion.

Thank you. And I, Rob, or Craig would welcome any questions you might have for us.

CHAIRMAN STERN: Thank you, John, for your testimony and also, Craig, for you and Rob being here this morning to answer any questions.

I would like to open it up at this time to Committee members, if anyone would have any questions of the testifiers.

Representative Denlinger from Lancaster.

REPRESENTATIVE DENLINGER: Thank you, Mr. Chairman, and good morning. Thank you for your testimony. We appreciate it.

MR. OLIVER: You're welcome.

REPRESENTATIVE DENLINGER: I'm wondering if you could give us some perspective on, I guess, the regional marketing of Pennsylvania's tourism industry. And obviously you're connected with the Erie area and tourism there. I hail from Lancaster, a huge tourist destination as well.

Is there enough benefit, in your estimation, to a more unified Pennsylvania-wide approach on this, or is it really -- should we keep driving at the regional emphasis just because of the different markets that you're reaching into?

For us in Lancaster, New York City, Philadelphia, these are, you know, areas that are targeted. For Erie, maybe that's a different zone. What's your thought on a more centralized approach?

MR. OLIVER: In my opinion, I think that you need to have an overarching statewide promotional effort promoting the entire Commonwealth as a visitor destination. I think the regional efforts that are -- have been undertaken and probably will continue to be undertaken in some way, shape, or form just is able to be more specific and again narrow down the interest of visitors.

And then when you get to the individual counties and DMO's and TPA's efforts, it allows you then to be even more finite in how you promote it. But to attract general interest by a visitor to make a choice to come somewhere in Pennsylvania, I believe, is the responsibility and it needed to be done on a larger scale, promoting all of what we have; because visitors will visit more than one region and definitely visit more than one county when they come in here, but we do need to attract them.

Internationally, which is also very important when we look at that market, again, I think that the interest is getting and branding the name

Pennsylvania as the first start to attracting that visitor's interest to come here.

REPRESENTATIVE DENLINGER: Then for the benefit of the Committee, could you just share with us what your, I guess, record has been over the last, say, three or four years? Obviously, we're going through a real valley here economically, and I'm wondering how Erie has faired in the tourism industry as far as numbers of visits or however you care to quantify that.

MR. OLIVER: Erie has actually faired fairly well. We did see a drop in business back when we had -- the recession was going, the economic downturn. In our case, it probably was not as deep as a lot of other areas. Our primary market has always been a very close 2-hour drive. I mean, we have some major metropolitan areas that are very close to us.

And actually the strengthening of the Canadian dollar has tremendously increased Canadian visitation. So while we have seen somewhat of a downturn this particular past summer, we began to see us moving forward again in our efforts.

REPRESENTATIVE DENLINGER: Thank you. Thank you, Mr. Chairman.

CHAIRMAN STERN: Representative Moul.

REPRESENTATIVE MOUL: Good morning, and

thank you for your testimony. I like to be one of these representatives that say, I know that the statistics stand behind me if we do this as opposed to, I think this will happen if we do something. And I don't know who else has been paying attention, but I certainly do when I flip through the channels. The State of Michigan has put an all-out push on doing something, and I see all these heads are nodding.

Has anybody followed up with before and now during this push and how that's, you know -- what the outcome for Michigan has been? Is Sharon here? I don't want to put you on the spot, but I think that you --

MS. ROSSI: I can speak --

CHAIRMAN STERN: Could you come up and speak into the microphone, please? Thank you. Identify yourself as well.

MS. ROSSI: Good morning. My name is Sharon Rossi. I'm Vice President of Advertising for Greater Philadelphia Tourism Marketing Corporation. I work very closely with Meryl Levitz at GPTMC and Jack Ferguson at PACVB.

This is anecdotal. George Zimmerman, who is the Senior Vice President of Marketing for Michigan is a good friend of mine. I worked very closely with him when we were both chairing the national councils at US

Travel Association. I watched what happened. We also have, and I do believe that I handed it, but I don't -- Representative Stern, I think you should have a copy of a report that GPTMC had just put out to US Travel working with US Travel, and I'd be happy to get everybody else a copy of that; and it speaks to the success of marketing for the Philadelphia through the With Love campaign. And, in fact, it speaks to the success of 15 years of money put into marketing by GPTMC to the leisure market.

And there is also very good information from what George has been able to do with Pure Michigan through the last 8 years. Funding has been up and down. Now, there is a governor there that has committed another \$25 million to keep Pure Michigan going.

I don't know the numbers, but I can give you a piece of paper that will tell you the numbers. Both of our marketing efforts were analyzed by Longwoods International, and Longwoods has been doing this kind of research for years. So I'll get the numbers to you, but they absolutely have been successful in moving the needle.

Not only have they been successful for getting tourists to come, but they've also been successful in changing the attitude throughout Michigan

about the way people feel about that state. It's obvious what their challenges have been over the years.

I will tell you a story, and I'll be quick. There was a radio announcer, and George told this story in Washington a couple of months ago. There was a radio announcer who recently passed away, and people were talking about him, and somebody referred to him as he was Pure Michigan.

So not only does marketing, public relations, promotion, change the face of what is happening with tourism, it also changes the face of the way the residents and business people and attracting new business to our areas feel about our area.

So I feel badly because I wish I could -- if somebody had asked me, I wish I could have come prepared to give you the facts and figures; but I'll get them to you this afternoon.

REPRESENTATIVE MOUL: Sure. And those 102 votes that Chairman Stern was talking about, that's the type of information that will get those 102 votes and the 26 in the Senate, when we can say, Look what they did; they pumped this money in. This is what they got back. Hell, they almost have me wanting to go to Michigan.

MS. ROSSI: Well, exactly; and Meryl will be

thrilled to get you that information.

REPRESENTATIVE MOUL: That would be wonderful. Thank you.

CHAIRMAN STERN: Dan, you have to remember, though, that the best part of Michigan's under water.

Representative Gary Haluska.

REPRESENTATIVE HALUSKA: Thank you, Jerry.

What I see, creating this venue probably would help for the long-run. I've been on this Committee 17 years. I've seen a number of chairmen. I know when Chairman Lucyk was here, he was always frustrated because we always keep changing the slogans. We're the Keystone State. We got reduced to a website address in one administration; then we're Pennsylvania -- or America Starts Here; then You've Got a Friend in Pennsylvania, which was EJ Lucyk's favorite. He thinks that we should go back to that, that that was the best.

But I think, you know, wrestling it away from the Administration and putting somebody in charge of it, you could be on point and not change this slogan every couple years. People are confused. Virginia's for lovers; it's probably never going to change. It's for lovers. You know, New York's New York, and everything else.

But Pennsylvania, it seems like, through

every administration, we decide that we need a new keynote name, you know, either America Starts Here or You've Got a Friend in Pennsylvania or We're the Keystone State; so I think we've really got to get on target if we're going to do this and we're going to go out and try to market Pennsylvania to the rest of the United States and the world, you know, we've got to stay on point, you know, what are we?

You know, we have a very diversified state, I understand that; but I think Representative Lucyk was right; You've Got a Friend in Pennsylvania was always a great slogan, and it was a catchy slogan and people retained it. So maybe if this comes to fruition -- or comes and we have this new form of managing tourism in Pennsylvania, that that's something that would probably very much help would be to have a message and stay on point and, you know, use our marketing dollars wisely.

CHAIRMAN STERN: Representative Fleck from Huntingdon.

REPRESENTATIVE FLECK: Two quick questions: One, Pennsylvania's fallen from a top 5 position to Number 44; that's disgusting. Has it been a long, drawn-out process? Is it something new because of economic factors? Have other states just got on the ball and put more money in and we've remained stagnant

and then cut, or what's behind -- or is it all of the above?

MR. OLIVER: The simplest answer might be, yes.

REPRESENTATIVE FLECK: Okay.

MR. OLIVER: I think it's been a combination of all; although, we have seen our funding cut probably more dramatically than others. We've seen the State of Connecticut, which was zero, is now \$15 billion; so, you know, we believe that the industry has shown that state that cutting tourism is not the way to go. But it has been a combination of everything, although more dramatically over the last couple of years has been Pennsylvania's decline.

REPRESENTATIVE FLECK: Okay. And how much money do you need to get back to where -- I mean, not pie in the sky, but where do we need to be to get back in the top five? What are the top five states doing now based on what we would have to spend in our marketing regions?

MR. OLIVER: I think you're probably looking at somewhere in the neighborhood of 27 to \$30 million would put us back in the top five. I know you have -- Hawaii and California are in there, along with Florida, but we would need somewhere -- Illinois, by the way, \$54

million is what they're spending on tourism promotion. But to be in the top five, it would be somewhere in the neighborhood of 27 to 30 million.

REPRESENTATIVE FLECK: Okay. Thank you.

CHAIRMAN STERN: Thank you. Sharon, I see you have your Blackberry out there. Do you have an answer for us?

MS. ROSSI: A colleague just handed this to me. Took it out of the document that I will make sure that I provide to all of you. For every dollar of state funds used to market Michigan as a travel destination, the Pure Michigan campaign generates an estimated 2.94 in new state taxes for new tourists visiting the state, recent studies show. So it's that type of information: 2.94 new state taxes.

REPRESENTATIVE MOUL: Thank you. Appreciate that.

CHAIRMAN STERN: Thank you. One of the things that I noticed, this morning I had seen a commercial on TV this morning advertising, I think, Biloxi, the Mississippi Coast, and it was paid for by BP. So when you're thinking about private-public partnerships, I want you to keep in mind all the different groups out there that have an interest in Pennsylvania's economy, including the recent things that

are happening in the northern tier of Pennsylvania with Marcellus Gas.

There's opportunities in Pennsylvania to promote our state in such a way as never before. That's why it's important to have a public and private sector combined and not necessarily continue to think about the state dollars, although a state's commitment to something is an investment; and we'll see what other states are doing.

There's no state out there that's not investing in tourism. That's one of the bottom -- there's two I think maybe not, right, if I remember? And so, you know, we're looking and we'll get to those matters later. But rather than thinking and concentrating on the funding issues right now, I believe we need to take steps in getting the Commission and this independent board created first, and then we work from there and go from there. So it's a process.

Today is the beginning -- start of that process, and it's working in conjunction with all of you to make a product that's good for the Commonwealth of Pennsylvania. That's the whole purpose of trying to craft this legislation, to make it good from Erie, Philadelphia to Potter County and every place in every corner of this Commonwealth.

So I'd like to thank the testifiers. We need to get moving on with other testifiers this morning, and we'd like to thank you for testifying.

Our next testifier is Jane Sheffield, who's the President of HeritagePA. And we'd like to welcome Jane this morning. And as you offer your testimony, good morning, Jane; and feel free to proceed whenever you're ready.

MS. SHEFFIELD: Good morning. Thank you. As Representative Stern said, my name is Jane Sheffield. I work for the Allegheny Ridge Corporation based in Altoona, Pennsylvania, but I'm representing HeritagePA.

I'm here on behalf of HeritagePA to express support for a proposed independent Pennsylvania Tourism Commission. We support legislation that strengthens Pennsylvania's tourism industry and best promotes our state's key assets, especially our heritage in outdoor recreation opportunities.

The proposed Pennsylvania Tourism Commission holds great promise for accomplishing that goal. The Pennsylvania Travel and Tourism Partnership had the opportunity to hear about similar efforts across the nation and reached consensus for the need for our Commonwealth to act regarding the future of its tourism industry in which HeritagePA is an active partner.

HeritagePA is a statewide nonprofit association of Pennsylvania's 12 state and nationally designated heritage areas and corridors. These areas are the result of strategic planning grounded in public participation, and have developed tremendous tourism product for over two decades.

All 12 Pennsylvania Heritage areas share fundamental philosophies and goals, including the following: to strategically plan for and invest in the Commonwealth's tourism industry, to conserve historic and cultural resources, to conserve and enhance the development of natural and recreational resources, to develop educational and interpreted resources, to help stimulate Heritage tourism and economic development and to establish partnerships to help steward the advancement of Pennsylvania communities.

Through HeritagePA, we continue to advance our work and partnership with our elected officials, state agencies, tourism professionals, and grass roots organizations to protect and enhance our unique product, the natural beauty and cultural identity that increasingly draw visitors and investment and frame our daily experience.

Heritage is a fast-growing and hugely important segment of the tourism industry. A 2002 study

showed that nearly 93 million Americans included at least one cultural arts, heritage, or historic activity or event while traveling. An area's heritage resources reflect the distinctiveness of the people and events important to the lifestyle and history of a community.

Heritage resources help keep tourism development authentic and connect visitors to the life of a community. Because of this, it is important to protect and manage these resources.

Pennsylvania is the leading state in this country's heritage development movement. In fact, Maryland and Utah have modeled their own programs after the PA Heritage Areas Program.

In 2000, delegates from Utah's Governor's Office visited Pennsylvania to learn more about the heritage park system. "Utah is just beginning to realize the potential of heritage tourism and the opportunities it can provide for the rural areas of our state," said Wes Curtis, Director of the Governor's Rural Partnership, State of Utah. "Rather than develop this potential from scratch, we decided to look to the state that seems to be doing these things better than anyone else, Pennsylvania. Through our investigations and research on who's doing what and how it's being done, we have concluded that the Pennsylvania approach

seems to make the most sense."

HeritagePA acknowledges the good work of its friends and partners in the CVB/TPA/DMO community. They have done, and continue to do, an excellent job promoting and marketing Pennsylvania. We also applaud the work and vision of this Committee and PACVB with moving that effort forward with a strategic plan that has strong roots in private sector partnerships.

Pennsylvania's heritage areas were built on that premise. I'm here today on behalf of my colleagues pledging that HeritagePA stands ready to support the work ahead, finalization and passage of legislation that will sustain and strengthen the economic impact of tourism on communities throughout the Commonwealth as well as heritage areas, continued efforts to conserve and improve the strong cultural, historic, and recreational assets that make Pennsylvania a "must see" destination.

Thank you.

CHAIRMAN STERN: Thank you, Jane, for your testimony and especially thank you for your support for this legislation.

Do we have any questions from members?
Representative Haluska.

REPRESENTATIVE HALUSKA: Hi, Jane.

Basically in the last couple of budget cycles, HeritagePA, basically, and heritage parts of the budget have been wiped out; am I correct?

MS. SHEFFIELD: In the current fiscal year -- or the last fiscal year, we were zeroed out. Although the secretary did put in a line item, the governor's office zeroed it out.

In the previous year, we received \$350,000 in our line item, thanks to the efforts of House Speaker McCall, who has since retired. And it's a very -- it's a challenge to restore that line item, largely because of the -- I think the legislature sees it as Heritage and other parts -- and other parts perceived it as a place to put, you know, the block of money or legislative efforts.

And over the years, the line item's been relatively high, with the majority of the funds going to those projects. So we're seeking to eliminate the other parts as part of that line item and look at the rather modest line item through DCNR. But at the same time, we are committed to make sure that heritage tourism gets the attention that it needs in this and future budgets because of its impact on Pennsylvania's economy.

REPRESENTATIVE HALUSKA: And there are -- refresh my memory, how many heritage units that we have

across the state.

MS. SHEFFIELD: We have about 12.

REPRESENTATIVE HALUSKA: Twelve. Twelve heritage units. And that 300 and some thousand dollars in last year's budget was split between the 12?

MS. SHEFFIELD: Yes.

REPRESENTATIVE HALUSKA: Okay.

MS. SHEFFIELD: Now, we always have the opportunity certainly -- I mean, we pursue funding from many different agencies, depending on what kind of project. As a matter of fact, we've been very good at leveraging money through interagency cooperation as well as the federal government and certainly the private sector.

I think that's really what we do best. But as far as the direct support from DCNR, we are now thrown into a partnership fund that has certainly a lot of different things in terms of -- and everything from community parks to, you know, watershed groups, to sort of the different -- it's not directly related to the heritage tourism.

So that sort of weakens what we're able to fund as we move forward, and I think it hurts the state of Pennsylvania.

REPRESENTATIVE HALUSKA: Okay. Thank you.

CHAIRMAN STERN: Thank you. Thank you, Jane. Chairman, do you have anything?

CHAIRMAN KIRKLAND: No.

CHAIRMAN STERN: Thank you, Jane, for your testimony.

MS. SHEFFIELD: Thank you very much.

CHAIRMAN STERN: We'd like to, at this time, call Jim Purdum, Chairman of the Pennsylvania Tourism and Lodging Association. Jim, whenever you're ready, please begin your testimony. Welcome.

MR. PURDUM: Good morning. Thank you. Chairman Stern, thank you. Good morning, and thanks for your support of this legislation and for asking our opinion about it. But I'd like to also recognize the members of the Committee that are here this morning to listen to testimony and pursue this legislation.

I do appreciate the opportunity to testify today about the creation of the Pennsylvania Tourism Commission.

Again, as Chairman Stern mentioned, I'm Jim Purdum, Chairman of the Pennsylvania Tourism and Lodging Association. PTLA represents lodging and tourism interests throughout the Commonwealth, with more than 600 members.

Our membership represents a cross section of

tourism interests and includes all forms of lodging properties, lodging management companies, a wide variety of attractions, tourist promotion agencies, vendors to our industry, and hospitality schools.

Our association also recognizes the challenge of balancing a state budget with so many competing interests in a very challenging economy.

With that said, Pennsylvania's extraordinary hospitality and tourism assets are well positioned to be part of the solution to these challenges, and creating the proposed Pennsylvania Tourism Commission is an important step in generating jobs and growth for Pennsylvania's second largest industry.

PTLA supports the creation of the Pennsylvania Tourism Commission as an agency that has the potential to foster innovation, creativity, and accountability in a more long-term, stable, and strategic environment.

This proposed public-private partnership would provide an excellent framework to market and promote the Commonwealth as the top tier tourism destination it is and would appear to be a very sound investment in the future of Pennsylvania's economic vitality.

With that said, our membership would

encourage a very thoughtful approach to funding such a commission. The proposal currently leaves some elements of funding open to future exploration. The lodging industry, in addition to generating \$150 million a year via the 6 percent statewide occupancy tax also provides another \$120 million in room tax revenue in direct support of local and regional tourism.

These funds have been extremely beneficial to regional tourism marketing efforts, despite the concern that some of those revenues have been and continue to be diverted to uses that may not conform to the intent of the enabling legislation.

To that end, we would ask that the lodging industry not be targeted as the sole source of funding for this or other tourism marketing initiatives that benefit the broader travel and tourism industry within the Commonwealth.

We would also ask that a thoughtful review of existing revenue streams are included in this process to verify that all of our tourism investments are doing what they were intended to do and are being managed by the appropriate tourism promotion agencies to grow tourism in their respective local and regional markets.

When tourism works, and it does, we all benefit. The Pennsylvania Tourism Commission is a great

place to start with all its stakeholders contributing to the growth of the tourism industry and the jobs it can and will create when all who benefit are vested in its future.

Thank you again. I'd be happy to take any questions.

CHAIRMAN STERN: Thank you, Jim, for your testimony. Your testimony, I wanted to just ask you about one of the statements you made as far as asking that the lodging industry not be targeted as a sole source for other items for this or other tourism marketing initiatives that benefit the broader travel and tourism industry within the Commonwealth.

But some of the funds you say that have been generated continue to be diverted to uses that may not conform to the intent of the enabling legislation. You're referring to what county commissioners can do with --

MR. PURDUM: Yes, that's correct.

CHAIRMAN STERN: -- certain room taxes, and how they can divert those funds?

MR. PURDUM: That's correct.

CHAIRMAN STERN: I just wanted to clarify that and make sure that's what --

MR. PURDUM: Yes. Sorry I wasn't clear.

That was my intent.

CHAIRMAN STERN: Okay. That's what I thought.

Any questions from the Committee members?
Representative Haluska.

REPRESENTATIVE HALUSKA: Thank you for your testimony, Jim.

MR. PURDUM: You're welcome.

REPRESENTATIVE HALUSKA: One question I have on the funding, and this may spill over into the open discussion part of it, has there been any talk of, you know, matching what the state dollars put in with the private sector money when, you know, we look at how we're going to fund this sort of program since it's going to be an independent agency, basically, that the state would somehow commit to matching dollar for dollar that's raised in the private sector to run this organization?

Maybe that's, you know, similar with what we can go as far as what the results if the private sector steps up, you know, and the state steps up in a partnership, you know, to match that, maybe that's one of the approaches that we can take. And you know how sensitive everybody is about the room tax, and that is such a mess across this state; and I guess it's not

getting any better because last session we just did a couple more of those little mind benders that we sent out of the House and, you know, it deferred different things to different places; but, yeah, it's almost as bad as the fire insurance issue. It's something I think would take a career to tackle.

But, you know, that being said, I don't think the room tax, you know, can figure into this because it's already pretty much spoken for county by county by county. But if there were some way for the private sector to get money into this newly formed venture and then the state step up and match dollar for dollar, that might be a way to go about it.

MR. PURDUM: Certainly a suggestion worth pursuing.

CHAIRMAN STERN: Representative Moul.

REPRESENTATIVE MOUL: Do you have any ideas -- you know, we talked about in the private sector, but where would this dedicated funding source actually more specifically derive from?

MR. PURDUM: There's -- in earlier testimony, John Oliver mentioned the various segments of the hospitality industry and tourism and travel industry in Pennsylvania, and I think all of us would be willing participants in a program that we saw as effective in

growing tourism across Pennsylvania.

Having marketing experts and having industry input in how those dollars and resources are spent will also second the earlier comments about every administration has a different twist and a different approach and a different focus on tourism. Doing something that we could see as an industry as sustainable over a longer period of time, more strategic in nature, I think would invite additional support and representation across the private sector.

REPRESENTATIVE MOUL: Yeah. I'm going to throw something out here that -- and I just like to play devil's advocate a little bit. Where I'm from, --

CHAIRMAN STERN: Be careful, Representative Moul, we may send you to Michigan.

REPRESENTATIVE MOUL: I've been there, and I'm glad to be back.

CHAIRMAN STERN: Okay.

REPRESENTATIVE MOUL: Where I'm from, we have a fruit belt. Apples are a big industry. And we have, if you will, for lack of a better term, a fear of tax that the -- some of the growers have put on themselves in order to promote the apple industry in Pennsylvania.

And what this has created, we have very

small private orchards and we also have some extremely large ones; so they had to put a threshold and said, if you produce X number of dollars, then you're in with us and you're just part of this co-op, so to speak.

And this has created some problems in itself. I mean, I don't think I need to elaborate much to tell you as to the problems that have arisen; and I see something almost parallel when we're talking about this private funding, you might have some that are going to say, well, we don't generate enough money so we're out; but we're going to let you promote for us anyway and you're going to have that infighting, you know. Have you thought about that?

MR. PURDUM: Absolutely. It's something we face all the time. I don't have an answer to that dilemma. I think whether you're talking across-the-board fees or taxes, there has to be some element of pay for performance into the equation. I'm not sure what that answer is, but I clearly understand the dilemma you're describing, and it currently exists in Pennsylvania with the distribution of assets and resources, modification from term to term, administration to administration, and how those dollars are spent; and it's been very difficult to get all of the stakeholders supportive of what's happening in

Pennsylvania.

I think that could change, and the change I think is represented very well in a different structure and a commission that has different representation within the industry. Long-term funding is an open-ended question; hence, the reason for my testimony this morning.

REPRESENTATIVE MOUL: Boy, I've got so many different thoughts coming across, I'm trying to figure out a way to put this properly.

With the Governor's platform, that's not going to create any taxes, not going to raise any taxes, that shuts that avenue down pretty much. I mean, it's -- so we're looking at a volunteer source almost solely, with the exception of what Representative Haluska said, maybe we could do something that would be matching rather than just sucked out of the budget, and I don't need to tell anyone in here what our budget woes are. But this is something I'd very much like to see be done, but you'd have to create a statewide network as far as a membership is concerned, an organization that would create a pay-in membership?

MR. PURDUM: I appreciate that; I really do. And I would just -- Pennsylvania Tourism and Lodging Association was established so many years ago as the

Pennsylvania Travel Council, and the objective was initially to pool all of Pennsylvania's tourism interests together into one association to be able to support initiatives like this.

We have morphed into more of a lodging oriented organization and are working very closely with PACVB, the Pennsylvania Restaurant Association and other tourism interests across the Commonwealth to pool our colleagues together in support of such fundamental changes that we've talked about this morning. I just -- I do not have the answers to your questions. I wish I did.

MR. FULTON: Representative Moul, with respect to your question --

CHAIRMAN STERN: Hold on one second, Craig. Rob Fulton coming forward here to -- before we go on and put all the onus of questions back on him, he's one segment of the industry. Okay? And we have about 15 different groups out there that represent a coalition of groups that Jim is part of, so we don't want to put the onus back on him to answer all the questions this morning.

We will be having future hearings in Harrisburg, bringing the other industry partners together and that's part of the beginning process; but

rather than concentrating on where you're going with this right now, you're getting ahead of the -- you're putting the cart before the horse here this morning. That's an expression that we use in Blair County, and I think Gordon uses it in Lancaster County as well.

We need to focus on what we're about here this morning and that's this commission. The funding sources and where we go from there will be decided by industry folks and the legislature and any enabling legislation that the governor would end up supporting overall.

So those are things to be discussed at a later time. We, first of all, need to get the industry on their feet so that they can market Pennsylvania and then that's what the public-private partnership comes together. We have to be a partnership at the state level, but let's not focus on just looking at money as the sole source of what we're trying to do here today.

When we're looking at funding, we could be looking at various sources, and I'm just thinking of all the different restaurants and convenience stores and everybody else that benefits from tourism in Pennsylvania. We have a whole source of availability of willing partners that want to work with our tourism groups to further tourism in Pennsylvania to help it

grow.

Rob Fulton, what -- you wanted to comment about that.

MR. FULTON: Thank you, Chairman. No, I think you said what I was going to say. I just -- the Chairman and I have had a long conversation about this. The funding's extremely important. I think we have a process that we're going to go through. And I just wanted to say that all of those options are being looked at and what Gary said and what you said, Dan. We've looked at all those and just to support, Jim; we're supportive of being a collective effort in the industry.

And that, to us, is the busiest model, is that the industry probably for one of the first times, we've come together to make those decisions not rely on one particular segment.

REPRESENTATIVE MOUL: And thank you. And I think where I was going is, are we all in? Are all the players in? Has anybody approached the rest of the players in this game? Are they in?

REPRESENTATIVE STERN: We're going to get to that point next, Representative Moul. We have a letter from the administration we're going to talk about in our next segment. So we can continue that part of the discussion as we discuss the letter that we've received

from DCED.

REPRESENTATIVE MOUL: Thank you.

CHAIRMAN STERN: Just so everyone is aware -- Jim, thank you for your testimony. We appreciate that.

MR. PURDUM: Thank you.

CHAIRMAN STERN: We appreciate the testimony. We also have invited all the coalitions and various groups to testify. Anyone could have offered testimony here today. The information that was shared this morning, we ended up with the reports already have gone out to the administration. We've sent it, Secretary Walker in a previous letter, the Michigan study, the Philadelphia study. Those have gone out to the members of the Committee as well. And to the Committee members' defense, we get, you know, inundated with so many reports and e-mails and everything else, you know, these reports are kind of lengthy and I did go and read both reports. But I'm the Chairman; I'm supposed to do that, you know.

But the members may have not had an opportunity to read those reports yet. We will make sure that the members do, and I will follow it up with e-mails to our membership, to the House members who serve on this Committee, that they can look at both of

those reports. And we have worked with the administration and we're reaching out to the administration trying to work with them as well.

We understand the realities of the political process in Harrisburg. Many of us have been there. The chairman and I, we came in the same year. We understand the political realities across the aisle with administration changes, and one of the reasons why this legislation has been introduced solely is to benefit the tourism industry. That's the bottom line.

And I had a class last week in Hollidaysburg where we had a Constitution program. Sometimes we need to remind -- all of us, we need to be reminded of how bills become law. But it's the legislature that writes the legislation. It's not the administration that writes the laws. And often we think, you know, the governor, the president, somebody's offering these bills; that's wrong. If you read your Constitution, it begins in the General Assembly; the people write -- go to their members; the members suggest what becomes law. We vote on legislation.

The president and governor both have to sign the bills. So it begins in the legislative side, so let's not lose sight of that and where we are in the process. And sometimes we just need to be reminded of

that, that it's not the president that writes bills that passes legislation. They have to sign it. But it's the General Assembly's duty and responsibility to draw up the laws. That's why we have three branches of government, and each branch has a responsibility.

When they start overlapping at each other's responsibility, that's when things get all messed up and we need to get things back to where they -- I'm just trying simplify things here for folks here this morning. When I tell the high school kids, This is the way it is, this is the way it is. And I don't mean to share all that, but I think sometimes we just need to step back and look at what the whole process is.

So as we move forward, this is the beginning; this is the first step today: open hearing, getting testimony, hearing from the industry folks, and getting good comments, pro and con. We want to hear it all. Because we want to make sure that the legislation is a good bill and good legislation as we move forward.

We want to make it work for Pennsylvania so that we can continue to be a leader in tourism in this nation. That's the whole purpose of today's hearing. That's why we're here meeting with all of you today, because you're the experts in your area in making things happen.

You know, I liken it to what you do, inviting people and attracting them to a mall. You bring them into the mall and then you just let them go to the various stores, wherever they want to go. And that's what we need to do as legislators. We need to market Pennsylvania as the big mall. And where they go and what stores they shop at, is a combination of your groups and combination of the 50 TPA's and also all the other groups that you partner with, all the associations out there, and that sums it up; and you have tremendous support and sway in this Commonwealth.

So I just am looking forward to working with you. But we want to get into right now -- some of the concerns have been with the letter that we received from DCED. And we invited them to testify this morning and offer comments; and we have met, just so you know, we have met, Rob and I and Al Taylor and -- who else?

MR. TAYLOR: Chris Barrett.

CHAIRMAN STERN: Chris Barrett from Lancaster County. We met with the governor's policy people, because we wanted them to be with us whatever we do. We haven't heard anything back from them; and so as we move forward, we're doing our job; we're creating legislation. We're not waiting for someone, and we're moving forward with your help.

So I appreciate all of your assistance, your help today as we move forward. But we want to work with the governor; we want to work with the administration; we need their support. And we're not trying to be mavericks. We just want to come up with a good bill that everyone can live with within the parameters of the environment in Pennsylvania, our economic conditions and everything else.

But we need to just take it, you know, step by step. And when we build something, we're building something good. We need to lay a good foundation first. And when we build the good foundation, we can build the rest of it on top of that. So that's where -- we're trying to build a foundation today. That's why this is beginning legislation. And we appreciate the testifiers that have already come out in support, and we're looking for more support; and we think that we'll have that from what we hear. And we know the administration is supporting the concept of private-public partnerships, so that seems to be, you know, the role that we're moving toward in this administration; and we support -- we'll support the governor in his efforts, and we hope they will be supportive as well of the tourism industry.

So we're going to open it up at this point. All of you have in your packet a letter that we

received. They're on the back table here in case you want to get a packet. But we're going to go over the letter that DCED wrote back in regard to this legislation, some of the concerns that they have, and we're going to go through paragraph by paragraph and address their concerns.

So if you don't have copies of the letter from DCED, please go back and take a look so you have a copy.

MR. TAYLOR: I think some of them are in the packets and I think there's a stack there, too, or --

CHAIRMAN STERN: I'm going to have Al Taylor, at this time, begin with the letter. And beginning with the first paragraph, we're just going to go down through the letter. And then I will open it up for anyone that wants to comment at that time and we can have a public discussion on the letter or any aspect of today's hearing, if someone else would like to testify as we close today's hearing.

But let's start with the first paragraph, Al, and go on with the DCED letter.

MR. TAYLOR: Okay. I saw a yawn out there, so I'll try to go quickly.

I'll just summarize each paragraph in one line and then I'll just give you some of my remarks.

I'm the policy wonk from the legislative side. I'm not the expert from the tourism promotion side, even though I've picked off a lot of that stuff. But you guys can call me out later if I got it wrong, but here are my initial responses:

In the first paragraph, basically the Administration is cautious, quote, about creating a new commission funded by tax dollars and doesn't feel like it's needed.

Just to remind you, that the state is already spending those tax -- paying tax dollars to market and promote tourism, which just transfers responsibility out of DCED to an independent commission. It's a step forward in quality of the state's brand and tourism message.

The second paragraph, the concern was the transfer of state dollars deprive the industry of minimal state oversight. Number one, is not minimal state oversight. Obviously, the governor appoints the Commission members. It's going to be audited by the Auditor General. If they want to have it audited every year, we can put that language in that more state oversight is needed, that can be addressed.

And giving a private entity, so, quote, private entity, control over tax dollars for tourism and

marketing is done right now. That's what the counties do with the health tax revenue. They turn it over to a local nonprofit, tourism industry created agency, a commission that's certified and recognized that is created that the law -- with the tax created by statute. There is statute and there may be tax ordinances or regulations that govern this organization. Same with what we're doing here at the state level.

Carl. Carl Wilgus.

MR. WILGUS: Currently, I know of at least three states where that currently is in existence today. Florida, California, and Oregon currently have their private-public sector commissions where the public funds are given over to organizations.

MR. TAYLOR: Right. And then this -- and ours wouldn't even be necessarily a private organization.

MR. WILGUS: Right.

MR. TAYLOR: It's an independent state agency, not a 501(c)(3).

MR. WILGUS: So I think there's some precedent and some history, and I'd be happy to get some information to you on that.

MR. TAYLOR: Right.

CHAIRMAN STERN: Since today's hearing's

being recorded, the court reporter's having difficulty hearing some of the comments that are made. I would ask anyone that wants to make a comment, identify themselves, where you're from, who you're with; but please speak into a microphone so that we -- and then Rob will be -- he'll be the person coming around being Vanna White.

MR. TAYLOR: We don't have any Boy Scouts around today? Thank you, Carl. That's a good point.

The third paragraph, the concern was that the tourism grants, which are not being awarded this time in this budget, the Commission -- if they were started up again, the Commission would be responsible for making those grants, and they have a question whether the recipient's subject to the existing state auditing requirements.

That's something we can address through an amendment. DCED can set a deadline if they want, so I don't see that particularly as a problem.

The fourth paragraph gets to kind of the meat of the letter, that the express concern with the Commission's reliance on general fund dollars and then also the idea of linking funding to metrics and results.

Rule No. 1, funding tourism and marketing tax dollars right now. And as we looked at it in most other states, state government is involved in revenue or

tax revenue in some general fund budget anyway. And you have to look at this Commission. It's not like this Commission is creating widgets. I mean, this Commission, correct me if I'm wrong, is buying advertising. Okay? And that leads to revenue in two general ways: increased visitor spending for tourism businesses and subsequently increased tax revenue for government through that spending.

Tourism, right now, provides 3.4 billion in tax revenue in state and local government. That's the revenue the Commission would generate. It's not like other independent commissions such as -- it's not a professional licensing board. We have, I think, over two dozen of those. They license occupations and they receive fees from licensees. They receive fees from the fines, and that's how they get their revenues for their board.

We also -- it's not going to sell consumer goods, like the LCB can take money to fund its board through that; and it doesn't oversee a specific highly regulated industry like the Gaming Control Board, which can get money. And if you look at the DCED's 2009 survey, almost every state requires at some point state government revenue, either from the general fund or from a specific dedicated tax.

And as for the issue of metrics and outcomes, I think that question needs to be clarified a little more. Do they mean cutting funds if visitor numbers are down? Would that be a good idea? Would it mean giving more money to the Commission when visitors are up? I think that's a question that DCED should fill us out a little more.

Section 8 -- excuse me -- 5th paragraph talks about Section 8 of the legislation. Section 8 of the legislation just requires all state agencies that are producing tourism, new materials, programs, pamphlets, maps, that sort of thing, give copies of those to the Tourism Commission so the Commission can review them to see that there's consistent message using the state logo, whatever, there's no opportunities being missed for promotion, that sort of thing.

The letter kind of gave the impression that that would be a burden. I don't see that as a burden, especially if you get the state involved in the beginning phases; the graphic artist lays out a map; and you send a copy over to the Commission; the Commission says, Looks good tourism-wise to us. I don't see that as a problem.

In the 6th paragraph, they talk about how some of the \$4 million that we're getting for tourism

now, which we set up in the Commission, we're going to have to spend some of that money to pay to get a new office, to get furniture. Well, it's just like setting up any other board; there's nothing unusual about that. After the initial expenses, then money can be used for tourism marketing and promotion. And ultimately you're creating a board that has long-term dividends, so I just don't see that as an argument. And currently DCED, some of that \$4 million is used for administration anyway, so I don't see that as an argument.

And finally, in the 7th paragraph, if a dedicated funding source that doesn't use, quote, state taxpayer general fund dollars can be found, the Administration, quote, may be willing to consider the Commission. Well, at this point, the Commission doesn't want to use general fund revenue, and Governor Corbett has his famous no tax pledge, where does that leave this amazing source of revenue?

And the idea if the industry has to provide this all on their own, why get the state involved in the first place? Why not set up a 501(c)(3)? I mean, that would be a private partnership. I mean, you're talking about a public-private partnership. The public portion that state government has to have some, quote, skin in the game.

So those are some of my views and comments on that. And if you guys want to talk about that, and if the members want to talk about that --

CHAIRMAN STERN: And now I would like to open it up to the members for any comments or thoughts they may have on that portion of it.

Representative Haluska.

REPRESENTATIVE HALUSKA: Thank you, Chairman.

Basically, I think and I would imagine the members of the Committee that, you know, it's part of the government of Pennsylvania's responsibility to market Pennsylvania. I mean, you know, if there are citizens that are out there working in these jobs creating these taxes, they come to Harrisburg and some of that tax money should be spent, you know, to market Pennsylvania. I think you have a really good chance to, you know, nail that down.

I don't see how any administration can look at the tourism and travel industry and the lodging industry and say, We're not going to give you any of our tax money. All that money you collect for us, we're going to keep it and spend it somewhere else. Well, that's kind of irrational, and I think that you can, you know, really fight that back.

And I think, you know, it is the money that was created by the jobs that you produce and the industry that you run; so I think, you know, Pennsylvania should be obligated to spend a portion of that. You know, \$30 million a year to market Pennsylvania is not a whole lot when you look at the concept of what we spend in Pennsylvania on a lot of things that probably don't generate nearly the revenue that the tourism industry and the lodging industry markets.

I mean, you know, I don't want to pick on any particular area; but there's a lot of them out there. So I would be a wholehearted advocate, you know, to push the Administration as the times get a little bit better to, you know, ramp up the marketing and look at this private-public partnership; and I think it has a lot of potential, and I think it's the right way to go.

(APPLAUSE.)

REPRESENTATIVE MOUL: I can't top that.

CHAIRMAN STERN: Representative Moul, are you sure you want to pass the next question?

REPRESENTATIVE MOUL: That's a tough act to follow right there. Thank you for the opportunity. And I just want to ditto everything Gary said. This is something that's important to Pennsylvania, and I argue,

number one, number two industry in Pennsylvania. I certainly do believe, also, that some of those tax dollars should be used just for this. They keep cutting that funding.

Hopefully we'll see Mr. Corbett agrees with that philosophy, you know. I know he walked into quite a mess, so to speak. You know, we don't need to tell anybody what happened to the budget; but I don't think you want to cut your breadwinner off, which tourism is definitely one of the breadwinners in Pennsylvania. That's the message we've got to send through to his Administration.

I know I didn't top you, Gary.

(APPLAUSE.)

CHAIRMAN STERN: You have a good crowd here, Representative Moul.

Representative Denlinger.

REPRESENTATIVE DENLINGER: Thank you, Mr. Chairman. And I appreciated your comments at the beginning. We do recognize that, you know, the Assembly has its essential role in the process and, you know, the fact that the Governor has stated some concerns means we need to address those concerns, as a committee and as a broader community; so we will take that under advisement, but continue the process, continue moving

forward, because it's just so essential to our economic recovery that we get these things put back in place and I think a real -- the exciting part of this proposal is the fresh approach. It's really, I think, our opportunity to get things back on the rails, so to speak.

So I join my two colleagues here in expressing support for the general idea and hopefully we'll address the concerns of the Governor and get him on board.

CHAIRMAN STERN: Okay, crowd.

(APPLAUSE.)

CHAIRMAN STERN: Thank you. We'll get this right till the end of the hearing. You're doing very well at this point, so -- Chairman.

CHAIRMAN KIRKLAND: Thank you, Mr. Chairman. I have to get my applause in. I just want to follow up on one of the comments that the Chairman said. He said that this legislation benefits the tourism industry. And I want to take it a little step further, because not only does it benefit the tourism industry and what you do when that happens, it benefits Pennsylvania. We've always talked about and recognized as being the second leading industry in and throughout our Commonwealth and we have to do something. This is a bold new approach, a

fresh new approach and I think it's something that the Governor and the legislators and the Senate have to kind of agree.

There are some things of some concern, and I think we will address those. I was just looking at the letter coming back from the government and I looked at the -- what was in quotes from time to time. I guess that's the auditing process. And in this era of transparency, it is very important that we kind of get that straight and have an auditing process in place that is time-sensitive and definite.

So I think as the Chairman said that we work through and we work out as we go through the process; but it is a step in the right direction. And we as legislators are working on this with your help because with your direction and we're very confident and hopeful that we can move in a direction that puts Pennsylvania not only number two in this industry but push it toward the number one industry.

The other thing -- and hopefully through the organization, as we said earlier, one of your colleagues keep changing, we keep evolving, keep changing. We can come with a constant theme. I like that Virginia is for lovers. We have to come up with a constant theme for Pennsylvania so that folks know that Pennsylvania gets

it right and gets it right consistently.

And so this is -- I think as the Chairman said, we're headed in the right direction. We just have to keep the ship moving.

(APPLAUSE.)

CHAIRMAN STERN: I can't tell you what a fun Committee this is. You know, you work with your colleagues and in today's spirit, you know, it seems like in politics with all the negativity going back and forth, Chairman Kirkland and I, you know, we have one thing in common and that is our love for the Commonwealth of Pennsylvania, promoting the Commonwealth, and also for tourism; and it's just a nice fit. We work very well together.

I'd like to applaud Chairman Kirkland for the work that he did whenever he was majority chairman on this committee and how he moved Pennsylvania forward when he was the chairman.

And I'm so fortunate to have him as my colleague on the other side, because we just work hand-in-hand with one another, and that's the way to get things done in Harrisburg. That's the way to get things accomplished.

And so I'm not going to close it up yet. I know Representative Fleck, he's waiting for his applause

yet, too. So I'd like to turn it over to Representative Fleck. I will open it up to anyone here that may have a question or a thought before I offer the final comments. Okay?

CHAIRMAN KIRKLAND: Applause.

(APPLAUSE.)

CHAIRMAN STERN: Thank you, Chairman.
Representative Fleck.

REPRESENTATIVE FLECK: Thank you. I did enjoy the second paragraph, second line: Paramount among these is the proposed transfer of responsibility for the expenditure of state General Fund dollars to an essentially private entity with minimal state oversight. Am I allowed to plagiarize that line in the voucher debate this fall?

CHAIRMAN KIRKLAND: Sure.

REPRESENTATIVE FLECK: I agree wholeheartedly with what's been said, and obviously with the tourism industry being our second largest industry, we don't need to look that far to find good models of things to do.

Agriculture being our largest industry, if we look at the Got Milk campaign or the Got Beef campaign and look at some of the creative ways that that was done, not that we want to introduce more user fees

but, you know, for every dairy cow that was sold at market, they had to pay a dollar. I know our hotel tax is pretty well committed, but maybe there is some sort of entertainment tax that -- entertainment fee -- I don't want to use tax in this administration, but -- that we could look at and maybe do away with some of these other taxes if the money's going to come back as we know that it will. I do think that is thinking outside the box. And if we're going to survive, we definitely need to do that.

So thank you for coming today.

(APPLAUSE)

CHAIRMAN STERN: Well, thank you. This hearing was supposed to end at 10:45. It's now 10:47. We kept things right on time. And at this point, if anyone here -- does anyone here have any questions or any comments? Okay. We have a couple individuals -- three individuals. Go ahead and sit down and introduce yourself and --

MR. STERSHIC: My name's Mike Stershic. I'm President of Discover Lehigh Valley. I'm also Vice Chairman of PACVB. And I wanted to express our support for this legislation -- or reiterate our support for this legislation.

And unlike last night when I was left in the

outfield by my colleagues to shag balls by myself, I think we have a hundred percent of them behind us today in supporting this legislation. I think there's a big difference between catching flies in the outfield and supporting this legislation.

CHAIRMAN STERN: They were behind you last evening, too. They were watching you.

MR. STERSHIC: Yeah. There was a lot of laughter there, too, I think, that generated that. But I think one of the things that is extremely important is the strength of our hospitality industry can't be diminished in any way, and that's really what we're talking about here.

And as I've said before to you, to the Committee, when we were in Harrisburg last year, and it bears repeating that a strong hospitality industry is also supporting a strong economic development industry as well. If we are bringing people in from outside the area and trying to attract them to the state, if they don't have a great experience in the restaurants that we're wining and dining them in and they're not having a good experience in hotels or they don't see a great quality of life that our museums and cultural organizations represent, they're not going to relocate to Pennsylvania. And I think that's something that is

extremely important to recognize here.

Another thing I want to point out, and it's something that hasn't been mentioned and has sort of been lost in the process over the cuts over the years, is that we've lost the presence internationally. You know, we as a local organization, can't afford to promote overseas, and that was something the Commonwealth did on our behalf and it's something that has totally been lost in this process.

So thank you for doing this, and I know we're going to be working with you to get your colleagues to help sponsor this legislation as well.

CHAIRMAN STERN: Thank you, Michael. The other Michael --

MR. PRICE: Matt.

CHAIRMAN STERN: Or Matt. I'm sorry, Matt.

MR. PRICE: Thank you for coming. I'm Matt Price. I'm the Executive Director of the Huntingdon County Visitors Bureau, and I'm also a member of the task force that worked with Representative Stern and Al Taylor to write this bill.

I wanted to specifically talk about the third paragraph in DCED's letter that talks about the transfer of responsibilities for the grant program. This is something that we discussed quite a bit in the

task force when determining the makeup of the board. We wanted to make sure that the TPAs that would be potential beneficiaries of this, would never have a majority of a quorum on the board. So if it's an 11-member board, there's no more than 3 TPA members.

So I wanted to put that out there and also to let you know that we probably -- you know, I'm speaking out of turn here from the task force. We haven't had this discussion yet. But we have the 8 ex officio members. I think we'd be willing to concede giving them voting authority on the grant-related issues so that the state government would have a vote on the disbursement of those funds.

MR. TAYLOR: Just on the disbursement of grants?

MR. PRICE: Personally, again, I'm speaking out of turn from the task force; but personally I would say, yeah.

MR. TAYLOR: Otherwise, it would be ex officio on voting matters except for the grants?

MR. PRICE: Right. Except for disbursement of grants, yes.

MR. TAYLOR: And you also suggested that changed the name of executive director to -- chief staffer of the Commission would be executive director

now. Are you suggesting to change it to CEO? Did someone on the task force --

CHAIRMAN STERN: I believe that was suggested by the Pennsylvania Restaurant Association.

MR. TAYLOR: Oh, okay. All right.

MR. PRICE: Thank you.

CHAIRMAN STERN: Carl.

MR. WILGUS: Carl Wilgus, President and CEO of the Pocono Mountain Visitors Bureau. I did want to tell you, Mr. Chairman, that last week during our executive committee, we received the unanimous vote from the Pocono Mountains, our association, in support of this proposal and this new change in process.

I also wanted to add a little bit to what Mike Stershic said. Underlying all of this is, you're talking about a jobs creation bill. It doesn't matter whether you're in Harrisburg or Washington, DC. The words that we hear today are jobs, jobs, jobs.

No industry has created more jobs since the recovery than the hospitality industry. Department of Labor reports that 1 in 8 jobs that have been created since the recovery have come in the hospitality industry. Don't let yourself be fooled. This is a job creation bill. The more that we can do to produce visitation to the Commonwealth, the more we do to create

jobs.

In 2009, the state generated more than 12,000 -- or excuse me, 12 million overnight stays. It directly employs 238,000 people. Both Longwoods International and Oxford Economics have done some work for us, because we are making an application for some local share moneys, but we can tell you that today for every 169 overnight stays we generate above our current numbers, one job is created in the Commonwealth. And I think that's a story that needs to be told.

Tourism is an industry that happens in every one of our counties in every one of our communities. So these aren't jobs that are just going to Philadelphia or Pittsburgh or Lancaster or the Pocono Mountains. These are ubiquitous jobs that will transcend themselves and deliver throughout the entire state. So let people understand that we are talking about job creation, not just expenditure of state revenues.

Thank you.

CHAIRMAN STERN: Thank you, Carl.

MR. DECKER: Hi. I'm Paul Decker, President of the Valley Forge Convention and Visitors Bureau. Thank you for your support today. Thank you for the opportunity to speak to you.

For decades we've heard from the

legislature; we've heard from various administrations that we're not the hot button. The hospitality and tourism industry isn't the hot button that the legislature needs to go to to fulfill the needs of the Commonwealth in many, many different areas.

And I think possibly our own industry has not argued strongly enough beyond the economic development argument, and that is that many of the social and educational needs of the Commonwealth, the real honest-to-goodness needs, not so much entitlements, are funded by the money we bring in; and that's a point I think we all need to make more strongly.

Thank you.

CHAIRMAN STERN: Thank you, Paul.

One point I wanted to make as well, in Pennsylvania tax revenue, \$3 billion is generated through the tourism industry back to the Commonwealth. 400 million is generated back to the local communities, back to the local tax sources, the cities and the boroughs and the local areas.

So when you're thinking about the tax revenues already generated by the hospitality industry, by tourism in Pennsylvania, you're looking at \$3.4 billion in tax revenues.

So I want to make sure that that's on the

record this morning as well when we look at investment in Pennsylvania and when you're already returning to the state treasury.

As we wrap up today's meeting, is there anyone else here this morning that would like to share their thoughts this morning before we close today's hearing?

REPRESENTATIVE FLECK: I certainly agree with the gentleman from Valley Forge about your comments and not that you need to get aggressive in Harrisburg, but it is a dog-eat-dog world; and I think a lot of times the tourism industry, and there's a lot of other dogs in the race out there from library funding, you're seen as too warm and fuzzy when it comes to fighting for what you want, at least in my opinion; and maybe if you put the tough numbers out there and show that it is a job creations bill and really change the conversation from what's perceived as we just need more money to make more money, but this money's coming back to the state.

So that's my little tidbit there. Thank you.

CHAIRMAN STERN: Thank you.

We'd like to thank -- the Committee would like to thank each and every one of you for being here this morning. Thank you for coming to the conference.

And thank for providing testimony, your input, your thoughts.

As we move forward -- as I said, this is the beginning in Pennsylvania of something new and I'm excited about moving forward. I think it's a great concept. I enjoy working with the industry folks, because you're the ones making it happen.

And I've been in Harrisburg long enough to know that sometimes we just need to put it out to the people that are in the trenches and let them do what works best for you, instead of us trying to manage things in towers in Harrisburg.

And that's why we're doing this approach and why we're reaching down to the grassroots level to contact each and every one of you for your input as we move forward. It's the beginning of the process. We have a lot of work to do. We'll have more input. But I'm encouraged by what I've heard here this morning. I'm encouraged by the members of this Committee that have shared their thoughts here with you this morning, and I believe when you go back home and you encourage your fellow Representatives in your areas as well as your state Senators to support this type of legislation, I think it will go a long way in sending a message depending on how many cosponsors we have on this

legislation, this bill.

But it sends a strong message to Senate leaders, House leaders, and the Administration as to where the industry is. And you have the ability to do that by going back and sharing this legislation as we refine it to make it work for everyone.

So I'd like to thank you for your attendance this morning. I'd like to thank the members for coming out today and hearing testimony and appreciate all of your involvement.

So with that, that officially ends today's hearing; and this meeting is now concluded.

Thank you.

(APPLAUSE.)

CERTIFICATE

I hereby certify that the proceedings and evidence are contained fully and accurately in the notes taken by me on the within proceedings and that this is a correct transcript of the same.

Tracy L. Markle,
Court Reporter/Notary