

Pennsylvania Convention and Visitors Bureau

Testimony for the House Tourism and Recreational Development Committee

By David Brooks, Executive Director, Potter County Visitors Assn.

and President, PA Route 6 Alliance

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 a Pennsylvania Tourism Commission. I am David Brooks, the Executive Director of the Potter County Visitors Association, the official tourist promotion agency of the Potter County, Pennsylvania. I am also the President of the Pennsylvania Route 6 Alliance – a regional organization responsible for developing tourism assets and promotions across the northern tier of the Commonwealth, covering 400 miles from the Poconos to Erie.

Today, I am here to provide a rural perspective on the proposed legislation and how I believe this would transform tourism marketing in the Commonwealth for the better. In order to provide that perspective, I would like to briefly review how tourism promotion is currently being conducted in the Commonwealth.

The first Tourism Promotion Law was enacted in 1961. This legislation created the officially recognized tourism promotion agencies, or "TPAs", that represent the 67 counties. Along with this act, the Tourism Matching Fund Program was also established, whereby the TPAs would leverage locally generated dollars to receive a state grant award. In 1977, the first enabling legislation to collect hotel room tax was established. By 1997, 7 counties, made up of first, second and some third class counties, had the ability to levy the hotel tax. For those twenty years, those 7 counties had the distinct advantage of using their hotel tax to leverage millions of dollars in the Matching Fund Program, while the rest of the Commonwealth had to rely on contributions from County Government and support from local business. During that time, rural counties such as Potter County did what they could to compete. But Potter County, for instance, where the Commonwealth owns nearly fifty percent of the land, did not have the local tax generation and subsequent number of businesses to contribute to the local TPA for Matching Fund dollars.

In 2000, Act 142 enabled the remaining counties of the third through eighth classes to levy a local hotel tax, but by then the Matching Fund Program was already being overmatched and grant awards were prorated based on the state allocation.

In 2008, when the Tourism Promotion Act was passed by the General Assembly, it restructured the way the grant programs were administered and defined the state's tourism regions. Along with the new law, the Department of Community and Economic Development established new grant guidelines including a formula-based method to award grants. The formula was based on 3 factors: including hotel tax revenue collected in the previous year, an applicant's prior year's promotional spending, and the score on the applicant's marketing plan for the coming year. The new law and guidelines were touted as being a competitive award process, which would reward smart planning and increase the effectiveness of the state's tourist promotion agencies.

That year, the Potter County marketing plan scored 15<sup>th</sup> in the state out of 48 other applications. As it turned out, the marketing plan score really did not matter because of the weight given to the other two factors in the formula. Potter County does not receive millions of dollars in hotel tax and, therefore, did not have millions of dollars to conduct promotional spending, as some of the larger destinations did. The result was a grant award that was 52% less than the year before, which forced my agency to lay off the only other employee we had at the time. It did not even cover the cost of printing our annual visitors guide. Other rural tourist promotion agencies experienced similar setbacks.

Despite pleas to DCED by both our legislators and businesses, urging them to modify the formula to a more equitable distribution, the formula was never changed and it is still in effect today.

It is my sincere belief that the creation of the Pennsylvania Tourism Commission would prevent that situation from recurring. Rural communities, by definition, are different than the more populated areas, but that fact alone should not preclude the rural areas from a fair opportunity to seek a worthwhile grant. How are we expected to increase our visitation, in order to justify the building of additional lodging, if we are penalized year after year for not having the lodging in the first place?

The new Commission would provide rural areas of the Commonwealth a seat at the decision making table and an opportunity to guide the efforts in a collaborative manner with the larger destinations. Only then, will we truly represent the interests of the entire Commonwealth.

A true transformation of this process would also allow for long-term marketing strategies and commitments that would save money over time, and our activities would not be held hostage by year to year state budget negotiations and/or unexpected cuts.

With more broad based representation, there would be greater alignment across the state's tourism industry, which would open new doors to leverage private funding sources.

This would be an extremely notable reversal in the current marketing approach, where DCED sets its goals and objectives and dictates that the entire state follow suit, if they wish to receive state funding

With the new Commission, a bottom-up system would be created and overall state goals and objectives would naturally and purposely reflect the past, present and future efforts of all of the TPAs, the true experts in destination marketing.

Thank you. I would be happy to answer any questions that you may have.

