

1 COMMONWEALTH OF PENNSYLVANIA

2 SENATE COMMITTEE ON COMMUNITY, ECONOMIC
& RECREATIONAL DEVELOPMENT

3 HOUSE TOURISM & RECREATIONAL DEVELOPMENT COMMITTEE

4 In re: Joint hearing on Economic impact of PA Tourism

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Harrisburg, Pennsylvania

9 Wednesday
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9:00 a.m.

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12 REP. DAVID S. HICKERNELL, CO-CHAIRMAN

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INDEXPAGE

1		
2		
3		
4		
5		
6	John Longstreet, President & CEO, Pennsylvania Restaurant and Lodging Association	4
7		
8	Aran Ryan, Director of Lodging Analytics, Tourism Economics	6
9		
10	Matthew Price, Chairman, Pennsylvania Association Of Travel and Tourism	12
11		
12	Carrie Lepore, Deputy Secretary for Marketing Tourism and Film, Department of Community, Economic and Recreational Development	17, 33
13		
14	Jane Sheffield, President, Heritage PA & Executive Director, Allegheny Ridge Corporation	59
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1 SENATOR WARD: It's 9 o'clock. My colleague is
2 saying let's go, let's go, let's go. We're going to make a
3 good attempt to stay on schedule.

4 Well, good morning. It's nice to see you all
5 here. This is a very important hearing because we believe
6 here that tourism is a very important part of our economy and
7 a very important sector of what gives us jobs and taxes. I
8 would hope that through this hearing we get some great
9 information and we try to find a way where we can better fund
10 the marketing aspect of tourism so that we can show everybody
11 in the United States how wonderful it is in Pennsylvania and
12 everything that we have to offer.

13 Representative.

14 REPRESENTATIVE HICKERNELL: Thank you, Senator.

15 Good morning, everyone. It's a pleasure to be
16 here, and as the Senator said, we look forward to your
17 testimony this morning, and I'm not going to delay listening
18 to the experts this morning. So, we look forward to it.
19 Thank you.

20 SENATOR WARD: All right. Okay, so we're just
21 going to get started. What do we have here first? Economic
22 Impact of Pennsylvania Tourism. Everybody is here in place.
23 Look at this, you're all ready to go.

24 MR. LONGSTREET: Want us to start?

25 SENATOR WARD: Stay on schedule. Yeah, go ahead.

1 MR. LONGSTREET: Chairwoman Ward, Chairman
2 Hickernell, Members of the committees, thank you for taking
3 the time to convene this hearing to discuss the very important
4 subject today of tourism, marketing, and the necessary funding
5 within our great Commonwealth. I'm John Longstreet, President
6 and CEO of the Pennsylvania Restaurant and Lodging
7 Association, whose members include some 7,500 restaurants and
8 hotels across the State. Our association prides itself on
9 representing all 21,000 restaurants and 1,400 hotels in the
10 Commonwealth, along with their over one-half million
11 employees.

12 The beauty of the subject we're here to address
13 today is that we're not asking for money, we're offering a
14 solution that will improve the General Fund, and, this is the
15 important part, perhaps for the first time, we'll be actually
16 introducing evidence to prove that the plan will work.

17 At its peak, the Commonwealth was investing some
18 \$40 million per year to bring visitors and their money to the
19 State. Last year the State spent about \$2 million on tourism
20 marketing, of which only \$10,000 went to advertising. This
21 investment placed Pennsylvania 50th out of 50 States, behind
22 Mississippi and behind Iowa. Even more disconcerting is that
23 over the last six years of reduced tourism funding, we've lost
24 \$324 million net in State taxes after the investment would
25 have been made.

1 In a moment, I'll introduce Aran Ryan of Tourism
2 Economics, who will provide more details about the
3 ramifications of the defunding, and more importantly, the
4 opportunities for reinvesting in tourism. Each year since
5 tourism has been defunded, legislation has been introduced to
6 reverse this trend and begin to refund the important line item
7 State tourism marketing. It's understandable that with the
8 budget challenges, none of that legislation made it through
9 the legislative process because there was no proof, as there
10 is today, that it would actually make money for the State.

11 Consequently, the PLRA, along with the
12 Pennsylvania Association of Travel and Tourism, and over 25
13 other tourism partners, in an effort to be proactive,
14 commissioned a comprehensive study last fall to accurately
15 measure the impact the defunding of tourism had on State taxes
16 and to determine the potential revenue that the State would
17 see by making an appropriate investment in tourism marketing.
18 We received proposals from four firms and chose the
19 highly-regarded firm of Tourism Economics, in partnership with
20 Longwoods International. In our opinion, this collaboration
21 of these two highly regarded firms made possible research,
22 data collection, and analysis which led to the findings that
23 we'll present to you today.

24 As I mentioned earlier, here with us today is Aran
25 Ryan with Tourism Economics. Aran will now review the

1 highlights of the study, and we'll be prepared to answer any
2 questions you may have when he concludes and after he we hear
3 from the other panelists. Thank you.

4 MR. RYAN: Thank you, John.

5 Good morning. As John referenced, I'm going to go
6 through highlights pulled from the full report. I certainly
7 welcome questions on the topics as we go, or at the end.

8 I'm going to approach it in four parts. So, the
9 first is beginning with trends in Pennsylvania's market share
10 and Pennsylvania's budget for destination promotion or tourism
11 promotion. I'll use those terms interchangeably. Second,
12 we'll look at it from a competitive perspective. So, how does
13 Pennsylvania stack up relative to other States and relative to
14 competitive States, in particular? Next, we'll look at our
15 recommendation on Pennsylvania tourism promotion funding. And
16 lastly, we'll discuss the results of our scenario analysis
17 showing both the losses that are behind us, as well as the
18 potential gains that are ahead of us if funding is restored.

19 So Starting with some of those market share
20 trends, this is Pennsylvania's market share of national
21 leisure trips, and it's just looking at marketable trips. So,
22 leisure trips, and then excluding folks that are visiting
23 friends and family, for example. So, we can see that over
24 this period, Pennsylvania has lost market share relative to
25 the nation, declining both in terms of overnight trips and day

1 trips. This data is from Longwoods International, which does
2 comprehensive national surveys of the destinations that
3 travelers are traveling to, so, it's a really spot-on measure
4 of that aspect of travel that is most impacted by marketing.
5 It excludes other parts of travel that we think would also be
6 impacted by increased promotion funding.

7 We looked at this also relative to competitive
8 States. So, looking at the eight States proximate to
9 Pennsylvania, how has Pennsylvania's market share measured up
10 relative to those States? And we see that even though
11 Pennsylvania's tourism industry continues to grow, it's not
12 growing as fast as it is in competitive States. It has really
13 been a pretty marked decline over this period, a 16.9-percent
14 decline in that market share of overnight marketable leisure
15 trips during this period.

16 In addition to that data on travelers, we can look
17 at hotel room demand and hotel room revenue. So, even though,
18 as I said, tourism has been growing faster than other parts of
19 Pennsylvania's economy, it hasn't been growing as quickly as
20 it could have been, and hasn't been generating as many jobs as
21 it could have been, and these hotel metrics point to that same
22 loss of national market share.

23 We also looked at trends in Pennsylvania's tourism
24 budget. So, historically, the Commonwealth has a long history
25 of providing dedicated funds to support and promote tourism.

1 We put this in constant dollars to look at it on a common
2 footing, adjusting for inflation over this period, and we can
3 see that as recently as fiscal year 2007-2008, Pennsylvania
4 had a tourism budget of \$36 million. And so this is the
5 bucket that includes tourism marketing, maintaining the PA.com
6 website, and personnel and admin. It also includes matching
7 funds and direct grants such as for organizations designated
8 by counties as official tourism promotion agencies, as well as
9 other regional organizations. So since that point where we
10 had \$36 million of funding, it's been cut by 80 percent. So
11 from \$36 million to \$7 million. And so over this period,
12 we've seen that 16.9-percent decline in overnight marketable
13 trips. I should note that of the \$7.3 million, only \$2
14 million is available for statewide marketing. So the rest is
15 earmarked for grants that are valuable, but they go to the
16 local areas and aren't marketing the State overall, so, it's
17 very clearly a situation where Pennsylvania was in the game
18 actively marketing, and then quickly shifted to the quiet
19 sidelines.

20 We looked at Pennsylvania also relative to
21 competitive States, and here the picture is also very clear.
22 In 2009, so the gray bars, Pennsylvania was spending 27
23 percent of the total of the nine-State region in terms of
24 tourism budgets at 18 percent of the overnight marketable
25 trips and 23 percent of the marketable day trips. We fast

1 forward to 2014 and we see that budget decline following the 6
2 percent of this regional share, and we also see the decline in
3 overnight trips and day trips. So, it's very much a situation
4 where marketing can help keep a State competitive, and when
5 that marketing is absent, the State has less influence and
6 attracts fewer visitors.

7 So where does Pennsylvania stand relative to
8 national comparisons? How much does each State spend? So,
9 Pennsylvania ranks, in terms of its absolute budget, ranks
10 36th relative to these other States. Then if we take out the
11 earmarks and we look at just the \$2 million that's available
12 for statewide marketing, Pennsylvania is 45th. So,
13 essentially last among the States that--or almost last--among
14 the States for which data is available in the State. When we
15 look at the amount that's available for actual marketing in a
16 traditional sense of advertising, where Pennsylvania spent
17 only \$10,000, it's the absolute bottom of that list of States
18 with available data.

19 We recognize that Pennsylvania is a large State,
20 and, indeed, in terms of the number of hospitality and leisure
21 jobs in the State, it's sixth in the nation. So, if we adjust
22 for the size of the State tourism sector, the comparison
23 becomes even more stark. So, per hospitality and leisure job,
24 Pennsylvania is spending \$11 on State tourism marketing, and
25 that compares to an average of \$79. So on that measure,

1 adjusted for the number of jobs in the State, it's at the very
2 bottom of the list. We also looked at spending relative to
3 \$1,000 of earnings, or essentially wages and salaries in the
4 accommodation sector of each State. And again, Pennsylvania
5 at \$9 is far below the average of \$20.

6 So, taking those various comparisons, the trends
7 in the market share, the competitive positioning relative to
8 other States, and these national comparisons, we looked at
9 what we would recommend as the level of annual funding for
10 destination promotion in Pennsylvania, and we would recommend
11 a return to \$35 million annually. So, sort of guiding off the
12 column all the way to the right, this is essentially 90
13 percent of various national benchmarks. So, the amount per
14 leisure and hospitality job, the amount per earnings in the
15 accommodations sector, and the amount per 100 marketable
16 trips. So a very reasonable level relative to those types of
17 metrics. We think this \$35 million would be consistent with
18 comparable States. We think it would yield a return for the
19 State. We think it would be supportable by the visitor
20 volumes, and we think it would be adequate to support growth
21 of Pennsylvania as a destination.

22 So, where would this put us relative to States
23 nationally? This would boost Pennsylvania to the rank of 7th
24 place, that's assuming all other States stood still, and as I
25 referenced, if we're 6th in terms of leisure and hospitality

1 jobs, and we're 9th in terms of accommodations wages, this is
2 a very reasonable place to be. And we're not just
3 recommending this level to be competitive, we're recommending
4 it because we think it has real return and real ROI for the
5 Commonwealth.

6 So, if you think about the past, we estimate that
7 cutting the tourism promotion budget over the last six years
8 has caused Pennsylvania to lose that market share we saw at
9 the beginning, and that's been a loss of 37.3 million
10 marketable trip visitors, it's a loss of \$7.7 billion of
11 visitor spending, \$3.2 billion of labor income, and almost
12 \$450 million of State taxes, saving only \$125 million of its
13 tourism budget. So John referenced earlier that the net
14 difference there is that \$324 million that we lost \$450
15 million of State taxes, but we saved \$125 million on the
16 tourism budget. So, it's been a net loss for the State.

17 But really, that lost opportunity is behind us.
18 So what's more important is what's possible going forward, so
19 that's the second column here. So we estimate that by
20 restoring funding, Pennsylvania could gain, over the next 4
21 years, \$6.7 billion in visitors' spending, an average of more
22 than 15,000 jobs, \$2.8 billion of labor income, and \$390
23 million of State tax revenue. So for each dollar allocated to
24 the Pennsylvania tourism budget, the State would earn \$3.43 in
25 State tax revenue. So it's very much a net positive to the

1 State. So overall, it's a compelling opportunity both based
2 on historical trends and what we think the State could yield
3 in the future.

4 MR. LONGSTREET: Chairman Ward, would you like to
5 entertain questions on the data first before we introduce Matt
6 Price, or do you want us to continue?

7 SENATOR WARD: No, I think we'll do this whole
8 group and then ask questions.

9 MR. LONGSTREET: Okay, very good. Thank you.

10 MR. PRICE: Good morning, Chairman Ward, Chairman
11 Hickernell, and Members of the committee. Thank you for
12 convening this hearing today and for inviting me to testify.
13 I'm Matt Price. I'm the Executive Director of the Huntingdon
14 County Visitors Bureau, and I'm the Chairman of the Board of
15 Directors of the Pennsylvania Association of Travel and
16 Tourism. PATT's mission is to unify and lead Pennsylvania's
17 travel and tourism industry presenting one voice on public
18 policy while serving the needs of its diverse investors. On
19 behalf of the nearly half-million Pennsylvanians whose jobs
20 rely on visitor spending, we're here before you this morning
21 to demonstrate the need for the Commonwealth to invest in
22 marketing to attract tourism.

23 For the Commonwealth of Pennsylvania, this is an
24 investment, an investment which you can expect the direct
25 return in State government tax revenue; \$2.79 for every dollar

1 spent over the next four years. In other words, every time
2 the State spends a dollar to attract a visitor to
3 Pennsylvania, that visitor, by spending money on
4 transportation, lodging, shopping, entertainment, and dining,
5 paying State sales and use taxes on those purchases, and
6 supporting the businesses and employees who also pay State
7 taxes, the State gets that original dollar back and another
8 \$1.79 to spend on education, social services, transportation,
9 and other programs that are so vital to citizens of this
10 Commonwealth.

11 Over the past eight years, I have sat in the
12 gallery during hearings of both of the committees convening
13 today, and I've seen my colleagues, Secretaries, Deputy
14 Secretaries, delivering testimony stressing the investment
15 value in tourism marketing. I've also consistently heard from
16 the distinguished Members of this committee two questions.
17 Those questions are: What is the ideal amount the
18 Commonwealth should be spending on marketing to attract
19 tourism, and what would you do with the money? You just heard
20 from Aran Ryan the answer to the first question - \$35 million
21 is that ideal amount that the Commonwealth should be spending
22 on marketing to attract tourism that would maximize the return
23 on that investment. The second question will be answered
24 momentarily by Deputy Secretary Lepore as to how the money
25 would be spent.

1 Last week Pennsylvania launched a new brand. The
2 brand is a result of a public/private collaboration that has
3 spanned the administration of three governors. This brand is
4 backed by volumes of primary and secondary research, years of
5 work by representatives from the tourism industry and
6 government, and most importantly, it is consumer tested with
7 overwhelmingly positive results. With the new brand, the
8 Pennsylvania Tourism Partnership also completed a
9 comprehensive marketing plan both to launch the brand and to
10 begin to reestablish Pennsylvania among the top five most
11 visited States in the country.

12 I was recently asked a question by a Member of
13 this committee: Why haven't I been hearing about this need to
14 fund tourism from my constituents and my local destination
15 marketing organization? After some thought, I answered by
16 saying that up until this moment, I, as DMO director, really
17 haven't trusted that a plan was in place to spend that money
18 effectively. Through the work of the Pennsylvania Tourism
19 Partnership and the brand and marketing plan that they have
20 established with DCED Secretary's co-chair, I now have the
21 faith to call my colleagues across the Commonwealth and my
22 members in Huntingdon County to action. So I assure you, you
23 will hear from us.

24 Thank you again for allowing me to testify today.
25 It is now my pleasure to introduce Carrie Fisher Lepore,

1 Deputy Secretary of Marketing, Tourism and Film for the
2 Department of Community and Economic Development, and the
3 public sector co-chair of the Pennsylvania Tourism
4 Partnership.

5 SENATOR WARD: Would it be okay if we just took a
6 break right here to see if there were any questions?

7 MR. PRICE: Sure.

8 SENATOR WARD: Representative Hickernell, do you
9 have any questions?

10 REPRESENTATIVE HICKERNELL: I do not, but others
11 may.

12 SENATOR WARD: Does anyone here have questions?
13 You do, Senator Teplitz?

14 SENATOR TEPLITZ: Thank you.

15 On the data, does the data on the investment and
16 on the benefits of that investment distinguish between
17 out-of-State travelers and in-State travelers? And does it
18 matter? Because certainly, you know, there are benefits, I
19 would think, of having people from central Pennsylvania who
20 want to travel to southeastern Pennsylvania for different
21 tourism reasons, and vice versa, just as much as folks from
22 out-of-State, and I wasn't sure if the data distinguished
23 between that or not.

24 MR. RYAN: No, it's a good question. The data is
25 not set up in a way to draw some of those distinctions. I

1 think that we're looking at the net impact of spending in
2 Pennsylvania, whether it's retaining a trip from somebody
3 within Pennsylvania who would have gone outside the State or
4 attracting somebody from outside of the State. So, it's that
5 overall net impact.

6 SENATOR TEPLITZ: And just one follow-up. Does
7 either the data or your broader experience indicate where the
8 investment would be better placed? Whether it would be better
9 placed trying to get folks from out of State into Pennsylvania
10 or folks in Pennsylvania who are already familiar with
11 Pennsylvania to move around and spend money in different
12 regions?

13 MR. RYAN: Yeah, I would sense that getting that
14 incremental visitor, the dollars that are spent getting them
15 from outside the State is probably very well spent. I think
16 that once the materials are in place, right, there's a pretty
17 effective yield on using them in the various ways you can. So
18 I think that in-State also retaining those visitors is also an
19 effective yield.

20 SENATOR TEPLITZ: Thank you.

21 DEPUTY SECRETARY LEPORE: Senator Teplitz, if I
22 can just follow up on that. I can tell you, according to our
23 data, 42 percent of all travelers are actual Pennsylvanians.

24 SENATOR TEPLITZ: Okay, thank you.

25 Thank you, Madam Chairman.

1 REPRESENTATIVE HICKERNELL: Representative Rader.

2 REPRESENTATIVE RADER: Is the private sector
3 picking up any of the marketing dollars that aren't being
4 spent by the State? And if they are, how effective is their
5 marketing?

6 MR. RYAN: We didn't measure that piece
7 separately. Perhaps there are others who can talk about the
8 current efforts that are in place.

9 REPRESENTATIVE RADER: Does anyone know if there
10 is an increase in the private sector market?

11 MR. LONGSTREET: I think the question was how much
12 private sector money is being invested in tourism marketing.
13 I'm not so sure there is data on that, as Aran has mentioned,
14 but there's definitely investment, because there's private
15 sector partners that are invested in the destination marketing
16 organizations at the county level that only provides really
17 countywide and regional marketing not outside of the State.
18 And there are certainly some of the bigger players in the
19 State are advertising beyond the State of Pennsylvania, so.

20 REPRESENTATIVE RADER: Yeah. I see it in my area
21 and I'm wondering if it's -- is it effective? There's nobody
22 actually looking at that kind of data?

23 MR. LONGSTREET: I think it's effective, but when
24 you're going up against, for example, neighboring New York,
25 that I think their new budget is \$60 million, what we're

1 hearing, particularly from the people in the northern part of
2 the State that are bordering it, they're losing business to
3 New York. So they can't compete with those kind of budgets in
4 the private sector, even the big businesses we have in
5 Pennsylvania.

6 REPRESENTATIVE RADER: Thank you.

7 REPRESENTATIVE HICKERNELL: Representative Moul.

8 REPRESENTATIVE MOUL: Thank you, Mr. Chairman.

9 Thank you guys for your testimony. I just have a
10 quick question, something that just didn't make sense to me.
11 Even though we had \$2 million available for tourism marketing,
12 which I agree is a pittance, we only spent \$10,000. Why?

13 MR. RYAN: Yeah. So I think some of this is the
14 terminology and how it's being recorded. The \$10,000 is if
15 you're doing an actual, say, an advertising campaign versus
16 maintaining a website, versus maintaining a visitor guide, and
17 some of that infrastructure of continuing to facilitate
18 visitors coming to the State, which Pennsylvania is using that
19 statewide money for, it just hasn't been historically doing
20 that, that statewide advertising.

21 MS. LEPORE: Yeah. Just to reiterate what he
22 said, that \$10,000 represents money spent through an
23 advertising buy. So the buy costs \$10,000, and unfortunately,
24 the Commonwealth, the Tourism Office has not had enough money
25 to have a strong, robust advertising campaign, but we are very

1 proud, and my testimony will highlight the good work that
2 we've been doing for earned media, social media, our travel
3 guide, and our website.

4 REPRESENTATIVE MOUL: That's the \$10,000?

5 DEPUTY SECRETARY LEPORE: The \$10,000, I believe,
6 that was previous years, but I believe that went towards
7 advertising supplement in USA Today.

8 REPRESENTATIVE MOUL: We sent out one
9 advertisement in one magazine that cost us \$10,000, and the
10 other \$1.9 million, I think I missed another 9 in there
11 somewhere, was spent on a website?

12 MS. LEPORE: No, it was actually spent on our
13 operating costs. That represents the entire tourism budget.
14 So that is everything from staplers and parking and computers,
15 salaries, benefits--

16 REPRESENTATIVE MOUL: Administration?

17 DEPUTY SECRETARY LEPORE: Administration,
18 operating costs--

19 REPRESENTATIVE MOUL: Let's just say it straight
20 out -- we spent \$2 million to have people in the office to
21 spend \$10,000?

22 DEPUTY SECRETARY LEPORE: No, sir. We spent \$2
23 million to support a pretty -- doing the best we could, and
24 again, my testimony will highlight a lot of the
25 accomplishments.

1 REPRESENTATIVE MOUL: I'm anxious to hear it.

2 DEPUTY SECRETARY LEPORE. Absolutely. I'm excited
3 to share it with you. It's visits to our website, it's
4 getting 2 to 3 million people to visitPA.com, which data shows
5 is where people are going to get information for travel. It's
6 also for a very aggressive media relations campaign. We also
7 maintain and operate, I believe it's half a dozen different
8 social media channels, which, again, is how people are really
9 making travel decisions right now. So it's everything from
10 our operating costs to also trying to maintain as best a
11 presence as we can.

12 REPRESENTATIVE MOUL: How many people are employed
13 within that particular group that works on this?

14 DEPUTY SECRETARY LEPORE: Absolutely. So the data
15 that was presented today and was studied was prior to -- it
16 was actually not including last year. Last year was my first
17 year. So, my staff, we have 1, 2, 3, 4, 5, 6 people in the
18 Tourism Office, including myself.

19 REPRESENTATIVE MOUL: So, to run your office and
20 to buy those staplers, what did that cost us?

21 DEPUTY SECRETARY LEPORE: I don't have that
22 breakdown in front of me, but it is something that I'd love to
23 follow up with you.

24 REPRESENTATIVE MOUL: Thank you.

25 DEPUTY SECRETARY LEPORE: Thank you.

1 REPRESENTATIVE MOUL: Thank you, Mr. Chairman.

2 REPRESENTATIVE HICKERNELL: Representative Parker.

3 REPRESENTATIVE PARKER: Thank you, Mr. Chairman.

4 Okay, based on the testimony, if we invested \$35
5 million a year through 2020, we're going to get \$391 million,
6 roughly. So if we put in \$35 million in this coming budget,
7 roughly \$90 million we can expect in revenue, and how much of
8 that revenue would be instantaneous, like a sales tax or a
9 room tax, so we could say, if it's \$35 million, it would be
10 awash in the budget, so we wouldn't even need to look at it,
11 it would balance, if you will.

12 MR. LONGSTREET: Yeah, so we did look at it over
13 time going forward, and we assumed that if the funding was
14 restored in 2017, we did it on a calendar year basis, we
15 looked at the State tax benefit in that year being \$42
16 million, and then it ramps up, so it gets to \$130 million by
17 2020, and so the cumulative is the \$390 million.

18 REPRESENTATIVE PARKER: Right. So, \$40 million
19 the first year, and do you know the percentages of what comes
20 from sales and room versus income from the businesses?

21 MR. LONGSTREET: It's in the -- I think you have
22 the full studies -- on page 50. I would look at the table on
23 49 and then 50.

24 REPRESENTATIVE PARKER: Okay. Thank you.

25 REPRESENTATIVE HICKERNELL: Just a follow-up to

1 Representative Parker, probably best for Mr. Ryan, curious if,
2 and your study is very convincing, I'm not questioning the
3 data, but just curious if you've done studies in other States
4 that maybe have seen declines over the years that have then
5 invested dollars as recommended by your group. You know, what
6 have the actual results been, if there's any examples like
7 that?

8 MR. RYAN: Yeah, so we did actually include a
9 section on case studies in that full report, and some of the
10 ones that are included are looking at Colorado, where they cut
11 funding to zero in the '90s and immediately saw a 30-percent
12 decline in their inbound travel. And San Diego is another
13 recent example where they have a tourism improvement district
14 in the city, and for a period funding was tied up and so they
15 saw a decline in visitors when they weren't actively marketing
16 in the market. I think Michigan is another example that comes
17 out as a State that has ramped up its spending and backing
18 that Pure Michigan campaign that I think many of us are
19 familiar with has had positive impacts in that State.

20 SENATOR WARD: I have a question about the
21 earmarks that you mentioned. What are they? Can you name a
22 couple of the big ones? Like what kind of earmarks are we
23 talking about?

24 MR. RYAN: I think there's a matching grant
25 program that is giving funds to local CVBs and sort of tourism

1 marketing groups.

2 DEPUTY SECRETARY LEPORE: No, I don't believe that
3 is the case. I believe that they're legislative earmarks.

4 SENATOR WARD: Great. I'd like to see a list of
5 those, if you have them. But I have another question. Do any
6 other States have what we have in the hotel tax where the
7 local counties keep the money, and how do you work together
8 with that, and do they have that or are we the only one?

9 MR. LONGSTREET: Well, having done similar things
10 to this and other States, I can say that it's not uncommon to
11 have a local tax as a municipal tax, a county tax, and then a
12 State tax. And as a rule, the local or county taxes are used
13 just for localized marketing, county marketing, regional
14 marketing. Maybe the best examples in this State are the
15 northwest, where they do a really nice job with using the
16 county taxes to market the Great Lakes region, and maybe the
17 Pocono Mountains the same thing. But there's a difference
18 between the local marketing and the statewide marketing.
19 Statewide marketing largely goes outside the State to try to
20 bring travelers in, and county marketing largely and regional
21 marketing largely attracts people from within the State.
22 Perhaps in the case of the Great Lakes region, they attract
23 some people from Ohio and New York as well, and maybe in the
24 Poconos.

25 Then the second thing on the State tax, maybe the

1 most successful models that I've been able to work with, they
2 ultimately took a percentage of the State hotel tax that's
3 collected. For example, if you took 1 cent out of the 6 cents
4 of the State hotel tax that's being collected in Pennsylvania
5 and dedicated that to tourism, which there's some logic behind
6 that, because it helps to regenerate the fund, that happens to
7 represent about \$35 million. So that would be -- that's a
8 common mechanism, and then that way it doesn't get caught up
9 in the budget demands each year and you keep regenerating that
10 fund and increasing the General Fund by dedicating that
11 funding source there.

12 So, those are the probably the two comments I
13 would make on that. To distinguish the difference between
14 regional and local marketing and statewide marketing, and then
15 secondly looking at how the source can be tied back to where
16 the revenue is being generated in the first place.

17 MR. PRICE: If I may, as the executive director of
18 a county tourism promotion agency, I kind of see it -- I use
19 this analogy a lot. We are, as the county TPAs, we are kind
20 of the infantry, so we have marching orders, and there's only
21 so much range that an infantry unit can cover. We need the
22 artillery of our regional marketing programs and we need the
23 Air Force of our State marketing program to help get us to
24 those destinations, because it's a long march from Huntingdon
25 County to Michigan. But, if we've got that air support, we

1 can get there.

2 SENATOR WARD: And I appreciate that, but so the
3 counties would like to see more State funding coming into the
4 counties.

5 MR. PRICE: Um-hum.

6 SENATOR WARD: They have the hotel tax. I mean,
7 they have money in their own counties.

8 MR. PRICE: No.

9 SENATOR WARD: So do you work together? Do we
10 work with the counties to market this, everything together?

11 MR. PRICE: We do work together, and actually,
12 that's not what we're asking for. We're not asking for the
13 grant programs. We're asking for money for the State Tourism
14 Office to do its job, to promote the State as a whole.

15 SENATOR WARD: All right. Thank you.

16 Are there any other questions before we move on?

17 REPRESENTATIVE HICKERNELL: Representative
18 Millard.

19 REPRESENTATIVE MILLARD: Thank you, Madam Chair,
20 Mr. Chair.

21 This question may be a little bit premature,
22 because I'm really interested in the Heritage sector of this,
23 but with regards to the county funding, in Columbia County,
24 we've done some great things with that funding to where we
25 allow the local people, and, I think this is one of the

1 benefits of it, to allow your local TPA entities to take the
2 chances locally to promote perhaps a new venture, and we've
3 done that in Columbia County to where we've had some really
4 great successes and some returns. And, of course, you know,
5 we've had some things that kind of tanked a little bit on us,
6 but, listen, if you don't try new and innovative and creative
7 ideas, you'll never know the return. But I think that what
8 you're saying here today, the vibes that I'm getting from you,
9 is that statewide there's always a benefit in promoting
10 tourism in Pennsylvania into any one of our areas.

11 And quite frankly, I think that with regard to the
12 Heritage aspect of it, that we are such a diverse State, that
13 there are so many attributes to highlight in this
14 Commonwealth, that should make it somewhat easy in what you're
15 trying to promote. You know, my goodness, who hasn't heard of
16 the great things in Gettysburg or the wonderful things over in
17 the Poconos, the southeast, the southwest? And I can tell you
18 that having been on this committee for a number of years, that
19 I am a return visitor, an in-State return visitor to a lot of
20 the areas that I've visited once and it whet my appetite to
21 see more. And I think that that's the very thing that your
22 office would be charged with trying to promote out of State,
23 to have interstate, to have individuals come in and spend
24 their dollars here.

25 So, I understand your plight. I do want to

1 compliment you on the struggles that you've had with the lack
2 of funding, and hopefully, there's a partnership to be had.

3 Thank you, Madam Chair, Mr. Chair.

4 SENATOR WARD: Senator Farnese. I'm sorry, I
5 didn't see you come in.

6 SENATOR FARNESE: Thank you very much.

7 Just a couple of comments, and I think I'm sort of
8 following up on the point there, especially from in my area of
9 the State. You know, we see advertisements 12 months a year
10 hitting from Ocean City, Maryland, to New York City to
11 anywhere else, and I think doing the kind of job that you're
12 doing right now I think is phenomenal in what you have, and
13 clearly with the limited amount of resources.

14 DEPUTY SECRETARY LEPORE: Thank you.

15 SENATOR FARNESE: And there's no question that
16 increasing the funding is something that we need to really
17 look at because other States in other areas are targeting our
18 people. I mean, I said this a couple weeks ago at the
19 Appropriations hearings, we'll go back to my district and
20 within a couple weeks we'll begin seeing the advertisements
21 for, you know, Ocean City, Maryland, or come here or come
22 there, and we're competing, we're competing for those dollars
23 and we're competing for those tourism dollars. So, clearly
24 what you have been able to do is commendable.

25 DEPUTY SECRETARY LEPORE: Thank you.

1 SENATOR FARNESE: And I thank you for all the hard
2 work that you and your office have done. You know, where do
3 we see an opportunity to sort of grow that, those dollars?
4 You know, how do we -- how would you propose that we can
5 increase our funding for tourism? What are some of your ideas
6 to do that? Clearly, you have articulated many different ways
7 that we can do that, but in terms of your experience, what do
8 you think we could -- how could we really focus our strategy?

9 DEPUTY SECRETARY LEPORE: Absolutely. Thank you
10 very much for that question. I'm not prepared today to
11 present any type of finalized plans of how we're going to go
12 about doing this. I think today we're really appreciative of
13 the opportunity to make the case of why we need to do this.
14 As I go through my remarks in a moment, I'm very excited, and
15 we met with Chairman Hickernell a few weeks ago, most of us at
16 this table, and the way I described it is, we're in a race
17 right now and we have crossed so many different hurdles, we
18 can see the finish line, and figuring out this dedicated
19 sustainable funding is the last hurdle that we have to cross
20 before we get to that finish line. I think with the new brand
21 and with this economic impact study, we're making our case.
22 We have everything in line. We have the air in our sails
23 right now and we have great momentum, but I do think that we
24 need to come together as an industry very much as we have to
25 create this new brand to figure out what that long-term

1 dedicated funding structure is.

2 At this point, I'm not convinced it's a line item
3 in the budget to create--and I hope that there's a line item
4 in our budget this year, don't get me wrong--but in order to
5 protect the industry moving forward, to protect us from the
6 ups and downs of the economy, of the budget process, of
7 everything, that we need to come up with some sort of funding
8 solution that does not necessarily include a line item, and
9 that includes investment from the private sector, from the
10 public sector. We need to figure out what that exactly is.
11 But again, I feel like the next six months to a year, we all
12 at this table and in this room are going to be hyper-focused
13 on figuring out what that is.

14 SENATOR FARNESE: Well, you certainly have our
15 support in Philadelphia, and the administration both at the
16 local level and city council are certainly behind your
17 efforts, and anything we can possibly do, because I think you
18 certainly, at least in my opinion, you have definitely made
19 the case--

20 DEPUTY SECRETARY LEPORE: Thank you.

21 SENATOR FARNESE: --that it is critically
22 important for us to be competitive, especially when you look
23 at what other States around us are doing. They are taking it
24 very, very seriously. So the approach that you are coming to
25 this issue with I think is not only prudent but strategically

1 sound, and I think we need to start thinking like that. So, I
2 commend you and I look forward to some of your ideas moving
3 forward.

4 DEPUTY SECRETARY LEPORE: Thank you.

5 REPRESENTATIVE HICKERNELL: I saw two more House
6 Members that had questions. Representative Schreiber and
7 Representative Boback.

8 REPRESENTATIVE SCHREIBER: Thank you, Mr. Chairman
9 and Madam Chair.

10 Just a quick question maybe to drive home and help
11 reinforce the case to be made for sustainable statewide
12 funding. Right now we have 67 counties; obviously, 67
13 different pots of tourism money, and in some cases, I would
14 imagine, they might be competing against themselves or each
15 other, whereas we're not necessarily looking regionally
16 entirely. Has any assessment been done to demonstrate how
17 much of the county tourism dollars are dedicated to bid fees
18 and things of that nature that a county CVB might be going
19 after a sporting event and have to put down some of that bid
20 fee? I know that's a significant pot of some of the local
21 dollars versus, say, the State then taking a more
22 comprehensive look marketing the State or region.

23 DEPUTY SECRETARY LEPORE: I don't have that
24 information right now, but it's something that I would welcome
25 to follow up.

1 REPRESENTATIVE SCHREIBER: Okay.

2 Thank you, Mr. Chairman.

3 REPRESENTATIVE BOBACK: Thank you, Mr. Chairman.

4 Looking at your facts and figures mathematically
5 to me does not make sense, because somehow with this low
6 investment that we're making into tourism, we're still the
7 second largest industry in the State, and that to me speaks
8 volumes. Volumes. So you're doing something right. And all
9 I can say is just imagine if we invest more what we will
10 glean. So that's a personal comment, and I am a cheerleader
11 for tourism because you bring big bucks to this Commonwealth.

12 I have a question regarding casinos. Now, do you
13 feel that looking at the numbers with the casinos coming to
14 Pennsylvania, how has that impacted tourism? In a positive
15 sense, but do you have any numbers, any figures?

16 MR. RYAN: I don't have numbers or figures, but,
17 yeah, that is an occurrence in a similar timeframe that that
18 was helping grow the industry in the State and that without
19 that we probably would be looking at even more severe
20 declines.

21 REPRESENTATIVE BOBACK: Especially with other
22 States now jumping on the casino bandwagon. Lastly, what is
23 with the phenomenon called Pittsburgh? You can't pick up a
24 tourism magazine without seeing Pittsburgh. Now, 20 years
25 ago, I don't feel it was that way, and I think the university

1 has a lot to do with it, but can we just put that in a capsule
2 and spread it throughout the State? Because, wow, what an
3 attraction Pittsburgh has become. Any comment on that?

4 MR. PRICE: I would say that both Pittsburgh and
5 Philadelphia have been recognized nationally and
6 internationally for their marketing efforts on a local level.
7 My colleagues in both cities are doing fantastic jobs
8 marketing their cities, and in turn drawing people to the
9 State as a whole.

10 REPRESENTATIVE BOBACK: Anybody else?

11 MR. LONGSTREET: I might add on behalf of our
12 industry is that food tourism is a huge buzzword now, and it
13 really works, and both Pittsburgh and Philadelphia have become
14 great food cities. There's no question that restaurants help
15 to attract not only businesses to areas but also tourists.

16 REPRESENTATIVE BOBACK: Thank you. Thank you very
17 much.

18 Thank you, Madam Chair.

19 SENATOR WARD: One more thing before we move on,
20 because I'm going to do my best to stay on schedule, so, I'm
21 going to knock us off schedule. Thirty-five million dollars,
22 the number you came up with, how did you do that and why did
23 you pick that number?

24 MR. RYAN: I think there's multiple pieces that
25 we're looking at. A couple of the most prominent ones were

1 where does that put you competitively relative to competitive
2 States and nationally in proportion to the State's tourism
3 industry as well as where was it historically in Pennsylvania.

4 SENATOR WARD: Okay. Thank you.

5 Okay, Carrie Lepore, after that great introduction
6 here, it's now your opportunity.

7 DEPUTY SECRETARY LEPORE: Good morning, Chairwoman
8 Ward, Chairman Farnese, and Chairman Hickernell, and Members
9 of both committees. I'm Carrie Fisher Lepore, Deputy
10 Secretary for Marketing, Tourism and Film for the Pennsylvania
11 Department of Community and Economic Development. I truly
12 value the opportunity to update you on the incredible success
13 the Pennsylvania Tourism Office and its partners have achieved
14 since I spoke to you last year, especially around developing a
15 strong brand for Pennsylvania and reinvigorating the
16 Governor's Tourism Partnership.

17 I'm very proud of how we position and promote the
18 State with aggressive media relations, social media, marquee
19 event promotion, and an innovative online and publication
20 strategy to attract travelers. I'd like to take just a few
21 moments to walk you through a multifaceted approach to
22 marketing Pennsylvania. Pennsylvania has an incredible travel
23 story to share with the regional, national, and international
24 media. In 2015 alone, our team interacted with 250
25 journalists to obtain more than 250 travel placements,

1 reaching over 1.4 billion readers. Media events in Washington
2 D.C., New York City, and other major media marketplaces helped
3 keep Pennsylvania on the front page. The Tourism Office is in
4 the process of redesigning VisitPA.com to ensure it serves as
5 a dynamic reflection of our 11 tourism regions that inspires 2
6 to 3 million visitors to the website each year. VisitPA.com
7 content is also shared with nearly 200,000 people who receive
8 our monthly e-newsletter, which includes editorial suggestions
9 from our partners across the State.

10 The Tourism Office continues to view social media
11 as an extremely cost-effective method to promote the
12 Pennsylvania brand, as well as specific destinations, events,
13 and attractions throughout the Commonwealth. Each day we
14 reach more than 300,000 travelers across Twitter, Facebook,
15 Instagram, Pinterest, and YouTube. We have grown our
16 community by 15 to 20 percent in the past year, and increased
17 engagement by more than 20 percent. We also take a strategic
18 approach to leveraging international events to shine a
19 spotlight on Pennsylvania.

20 We created various visuals and hashtags to lead
21 the virtual cheer for Red Land and their thrilling run in the
22 Little League World Series in August. We were heavily
23 involved in promoting Pope Francis's September visit to
24 Philadelphia. To extend the story from a statewide
25 perspective and inspire travel year-round, we created new

1 roadtrips on Pennsylvania's unique religious history as home
2 to more first churches than any other State in the country.
3 Examples include the oldest German Reform church in America,
4 the First Church of the Brethren, the oldest Mennonite church,
5 and the first Methodist church.

6 In February, we celebrated the 130th anniversary
7 of Groundhog Day with incredible buzz as Punxsutawney Phil
8 predicted an early spring. New to this year's celebration we
9 used Periscope to livestream the event, worked with Snapchat,
10 and shared pictures on Instagram. Our Facebook meme reached
11 more than 1 million people organically, and a single tweet was
12 retweeted more than 2,500 times.

13 We worked hard to reestablish relationships and
14 prioritize collaboration with other State agencies like the
15 Department of Conservation and Natural Resources, PennDOT, the
16 Fish and Boat Commission, the Game Commission, the Department
17 of Agriculture, which was especially important this year
18 around the 100th anniversary of the Farm Show. In fact, we
19 recently partnered with the Pennsylvania Bed and Breakfast
20 Association to create a cabin fever promotion and Facebook
21 contest that led to more than 1,400 entries. This is just one
22 example of a partnership where everyone benefits to generate
23 heads in beds.

24 All of these key strategies have helped us create
25 a solid foundation for our new branding efforts. As many of

1 you know, the Tourism Office has been working closely with the
2 Pennsylvania Tourism Partnership to create a dynamic and
3 inspirational brand campaign that captures the strength of
4 Pennsylvania's tourism product, our brand essence, that will
5 motivate travel consumers, energize statewide stakeholders,
6 and support and grow the industry at every level. This brand
7 was the result of a collaborative process that included an
8 unprecedented amount of industry input, consumer research, and
9 market testing. This partnership represented a new approach,
10 because for the first time it facilitated collaboration
11 between a broad range of private sector tourism leaders and
12 the government agencies that help support and advance the
13 State's tourism product. As a result, we had a wealth of
14 important perspectives and valuable resources at the table and
15 lots of big ideas that were focused on developing a consistent
16 effective branding and marketing platform on behalf of the
17 Pennsylvania tourism industry.

18 We had people who have spent their careers in
19 destination and tourism marketing and business leaders who
20 have achieved great success creating exciting destinations and
21 travel experiences, as well as those who do the important work
22 of keeping our State Parks, historic landmarks, and other
23 prize tourism assets the best in the nation. It was a
24 tremendous team effort unified by our commitment to grounding
25 our work in thoughtful, thorough research to insure that we

1 would create a brand and marketing platform that will produce
2 results. We all believe that branding has never been more
3 important for Pennsylvania. A strong brand campaign will
4 allow us to better compete in a global industry that is more
5 competitive than ever, where promotion is increasingly
6 critical to driving visitation and staying top of mind.

7 So, on behalf of the Pennsylvania Tourism Office
8 and the Pennsylvania Tourism Partnership, I'm proud to share
9 with you Pennsylvania's new logo and tagline. Our new brand
10 and tagline is a bold declaration to travelers, "Pursue Your
11 Happiness in Pennsylvania." This captures the spirit of
12 Pennsylvania, referencing the famous call to "Life, Liberty
13 and the Pursuit of Happiness" that began with the Declaration
14 of Independence in Philadelphia in 1776. This language is in
15 the fabric of our founding, and a brand position we feel we
16 can authentically own. It reflects what we have always been,
17 who we are, and who we will be for years to come.

18 Our new brand also says that in Pennsylvania a
19 vacation or a getaway is an active, self-styled adventure -- a
20 pursuit. Happiness is our keystone, and Pennsylvania travel
21 is an opportunity to pursue whatever it is that makes you
22 happy and feel free and fulfilled. This brand umbrella also
23 allows us to better tout our strengths. Pennsylvania offers
24 the nation's best collection of the outdoor, city, and
25 historical destinations today's travelers seek. No other

1 State can rival the Pennsylvania travel product across these
2 three combined asset categories.

3 To help reveal the new brand and tagline, we
4 prepared a video that highlights our approach to communicating
5 Pennsylvania's core promise to prospective visitors that they
6 can build their own personal adventure from every corner of
7 our beautiful State, and I'd love to show a video, if you
8 wouldn't mind.

9 (Whereupon, "Pennsylvania: Pursue Your Happiness"
10 video was shown.)

11 (Applause.)

12 SENATOR WARD: That's great. Very good.

13 DEPUTY SECRETARY LEPORE: Thank you, and thank you
14 so much to everyone sitting in here right now. So many people
15 sitting behind me provided footage from their specific
16 destinations to make that video, so thank you.

17 Pennsylvania's new logo and tagline are just the
18 beginning with a brand new declaration that captures the
19 essence of the happy traveler available at
20 VisitPA.com/Happiness. We're asking followers to share photos
21 of what makes them happy about travel in PA using the hashtag
22 [#PAtravelhappy](https://www.instagram.com/explore/tags/patravelhappy/) on social media. The Tourism Office will roll
23 out more marketing initiatives in 2016, like a Happy Traveler
24 Guide, featuring each of Pennsylvania's unique tourism
25 regions, and modest advertising efforts are planned through

1 2017.

2 I cannot thank the Pennsylvania Tourism
3 Partnership enough for their efforts as we evolve their brand
4 work under the umbrella of the new Governor's Tourism
5 Partnership. I believe the Governor's Tourism Partnership is
6 the natural evolution of the PTP as they have the same
7 objectives and, hopefully, many of the same members. Both
8 represent a public/private partnership and ensure the private
9 sector has a voice in shaping the future marketing promotion
10 of the Commonwealth.

11 As you may know, Act 189 of 2012 created the
12 Pennsylvania Travel and Tourism Partnership and established
13 the composition and governance of the body. In 2008, Act 50
14 changed the name to the Governor's Tourism Partnership, but
15 the composition and governance remain the same. The GTP is
16 comprised of 35 diverse members, with a majority of the
17 members from the private sector and industry association
18 organizations. The Secretary of the Department of Community
19 and Economic Development serves as the chair of the
20 organization and plans to appoint a private sector vice-chair.
21 We're working closely with the PTP steering committee to
22 identify existing members who are interested in being
23 appointed to the Governor's Tourism Partnership to continue
24 their work to advance the incredible brand work the PCP has
25 started.

1 All of us here today agree that this is a
2 watershed moment for the tourism industry. Inaction is not an
3 option. The industry is at a critical moment where plans must
4 be made and implemented, even as budgets are tighter. The new
5 iteration of the GTP will insure the industry makes the right
6 investments to keep Pennsylvania top of mind for travelers.
7 As you heard, the results of the Pennsylvania Restaurant and
8 Lodging Association's study quantified for the first time what
9 we've always known: Tourism is an investment that will pay
10 significant dividends for Pennsylvania when funded
11 appropriately and consistently. I used the word "investment"
12 purposely because I believe it is time for us to reinvestment
13 in this vital industry. As was just shared, every dollar
14 invested in tourism promotion would yield \$3.43 in tax
15 revenues for the Commonwealth.

16 I passionately support tourism promotion and agree
17 we need a robust budget to compete in a global tourist
18 economy. I agree we need to help promote and tell the story
19 of Pennsylvania, and that requires a consistent investment of
20 marketing dollars. The Tourism Office believes these
21 marketing dollars are best used promoting and strengthening
22 the State brand, something we have successfully continued to
23 do regardless of funding levels. We're ready to take this
24 plan and the Pennsylvania brand to the next level.

25 As I hope you can tell, I'm excited about the

1 potential of tourism in Pennsylvania for 2016 and many years
2 to come. Today, I represent the passion and hard work of so
3 many partners across the State. Our partners continually ask
4 me for three things: A voice in Harrisburg, dedicated tourism
5 funding, and consistency in branding efforts. I look forward
6 to the continued collaboration, partnership, and investment
7 with my colleagues at this table, and with each of you, to
8 follow through on these aspirations and help rebuild
9 Pennsylvania's reputation as an unrivaled destination.

10 I'd be happy to answer any questions. Thank you.

11 SENATOR WARD: Okay, we'll do questions.

12 Senator Farnese.

13 SENATOR FARNESE: Just real quick, Secretary, I
14 think some of the things that are highlighted in your
15 testimony, the use of social media, I think that that cannot
16 be emphasized enough. I mean, I see it all the time, and you
17 talk about the millennials and the way that they communicate,
18 you know, just in my own district, it is critically important
19 to be able to -- it's not just a message but it's how that
20 message is delivered. And I think you're hitting on something
21 that may have been overlooked up until now.

22 I think getting that out there, you know, people
23 talk about California where you can go to the beach and ski
24 within a couple of hours. Well, we have the same ability here
25 in Pennsylvania as well too, and you know, you see that

1 through the social media, you see that with the way our
2 millennials communicate with each other, plans for the
3 weekend, who's going to the beach, who's going to go to the
4 mountains, and so I think that your messaging and the way you
5 message, I think, is critically important in the way that we
6 get on board with that, because the competition has figured
7 that out.

8 And I am really happy to see in your remarks, you
9 know, the Periscope, and I saw that with the Pope. You know,
10 people were able to communicate during a very difficult time
11 in Philadelphia, getting around what was not easy, but people
12 knew exactly where everybody was going to be. They were able
13 to meet up with their friends who were coming in from the
14 suburbs, who were coming in from all parts of the State, and
15 it was through that social media connection.

16 So, your message is right on point, but your
17 delivery and the way that you're doing it, I think, is
18 critically important. So, I really commend you to see the
19 bigger picture there, because that's how folks are
20 communicating today, and I think it's so important that we
21 recognize that and you recognize that. So, I really am happy
22 to see your remarks that you're putting the time and effort
23 into that.

24 DEPUTY SECRETARY LEPORE: Great. Thank you.

25 REPRESENTATIVE HICKERNELL: Representative

1 Longietti.

2 REPRESENTATIVE LONGIETTI: Thank you.

3 Thank you all for your testimony and your
4 presentation. Mr. Longstreet might be best able to answer
5 this question because he's had a long history in the
6 hospitality industry, but just curious to know, in the private
7 sector, if you own a significant hospitality asset, whether
8 that's restaurant, hotel, resort, what have you, is there a
9 general rule of thumb on what percentage of your revenues you
10 should reinvestment in marketing?

11 MR. LONGSTREET: I think there is a general rule
12 of thumb. In the restaurant business, and you know I've been
13 in both the restaurant business and the hotel business, I
14 think our marketing budgets represent anywhere from 5 to 10
15 percent of the revenue, maybe a little bit less than that,
16 depending on what we're trying to advertise. It's probably
17 similar in hotels, although I've been out of hotels a little
18 bit longer. So, there is a -- great companies like McDonald's
19 know that every year that you become more successful, you
20 invest more in marketing, not less in marketing. And one of
21 the things you see in Pennsylvania is when we stopped
22 marketing, there was a little bit of a lag before we lost --
23 we started to lose market share, because there is a residual
24 effect of marketing, but it doesn't last long.

25 REPRESENTATIVE LONGIETTI: Thank you for that. I

1 just think that's important to keep in mind that often in this
2 building we hear the folks say we ought to look at what the
3 private sector does, and there's certainly something to be
4 learned from that. They recognize that you have to dedicate a
5 portion of your revenues to marketing if you're going to
6 survive and grow, and I think in Pennsylvania we need to
7 recognize that too. Unfortunately, we're not doing that right
8 now. Our revenue dedication for marketing is very, very thin,
9 and it shows as a result of that. And so I think I appreciate
10 the study that was done and the information that was shared.

11 SENATOR WARD: Senator Wiley.

12 SENATOR WILEY: Thank you, Madam Chairman.

13 Good afternoon -- good morning. Good afternoon?
14 Morning? All my days are running into each other by now.
15 First of all, it was great to see a lot of northwest
16 Pennsylvania in the video. John Oliver looks like he shared
17 our entire photo album with you guys.

18 I want to touch base on something Senator Farnese
19 had mentioned, and I think it's very appropriate, is that the
20 message is in place. I think it is very evident that the
21 message is there. It's a matter of how we deliver that. And
22 I think that delivery is a direct reflection of the
23 investments that we're making in tourism in the State. I
24 mean, my part of this great State is the beneficiary of
25 significant impact that the tourism industry has, economic

1 impact that that means to my region. And so I see directly
2 the impact that the tourism industry has on my region, but
3 also in the Commonwealth.

4 One point that I'd like to just get some feedback
5 on, Madam Secretary, is the sports commission component of
6 tourism. I think that there's a significant opportunity to
7 highlight the sports component into tourism. Could you expand
8 on that for me, briefly?

9 DEPUTY SECRETARY LEPORE: I think sports tourism
10 is a huge market. I know previously the Tourism Office has
11 had more of a role in bringing people together from across the
12 State to go after, again, this very important market, this
13 niche market. It is something that I know we have not done in
14 the most recent years, but definitely something that's on our
15 agenda for the upcoming year to work with a lot of our
16 partners in this room who are already doing great work and to
17 try to expand it and expand the region bringing more partners
18 in.

19 SENATOR WILEY: Excellent. Yeah, I think that
20 that is another -- could be a really unique tool in the
21 toolbox is to really focus on how the impact of sports across
22 the State, we're known for that across this nation, and I
23 think that that would be kind of a unique opportunity for us.
24 So, thank you for your testimony. Thank you for your hard
25 work, and I look forward to working very well together in the

1 future.

2 Thank you, Madam Chairman.

3 REPRESENTATIVE HICKERNELL: Representative Helm,
4 and then Representative Fee.

5 REPRESENTATIVE HELM: Thank you, Mr. Chairman.

6 In your testimony, you mentioned the papal visit,
7 and I know this coming summer we're going to have the
8 Democratic National Convention, and a few years back we had
9 the Republican National Convention. The State does put a lot
10 of money out for these activities. It's an honor to have them
11 here, but I just wondered, how do we fare? Do we make more
12 money than we put out, or what statistics do we have on that?

13 DEPUTY SECRETARY LEPORE: I don't have the
14 economic impact numbers with me right now of the papal visit
15 from this past year. I can speak from the effort that we put
16 into it at the Tourism Office. We had a lot of great success.
17 We received tremendous support in the media for the papal
18 visit, both supporting our partners in Philadelphia and also
19 the efforts that we had coming direct from the Pennsylvania
20 Tourism Office. So I think it's a really unique, wonderful,
21 wonderful opportunity when all eyes of the world, literally,
22 are looking directly at Pennsylvania.

23 REPRESENTATIVE HELM: I totally agree on that
24 because I think -- I was at the Republican National Convention
25 and I know how security was handled there, it was wonderful,

1 and I wasn't there last September but I watched it on TV and I
2 saw it, because I was always curious, because I see in the
3 budget we have a lot of money budgeted for the Democratic
4 convention than we did for the Republican, but I would be
5 interested to know, you know, just statistic wise how we think
6 we make out.

7 DEPUTY SECRETARY LEPORE: I'll definitely share,
8 follow up with you.

9 REPRESENTATIVE FEE: Okay. Thank you.

10 I want to thank everybody for their testimony.
11 Madam Secretary, my question is basically to you. First of
12 all, I was sitting in my office when the video first came out
13 and I watched it and I related to it immediately. I think
14 it's wonderful. But, I guess, as we see Michigan and New
15 York's videos out there, with budget constraints we're under,
16 what happens with the video now? I mean, how do we use it?

17 DEPUTY SECRETARY LEPORE: That's a great question,
18 yes. So I welcome everyone in here to share it with friends,
19 family, neighbors, constituents, of course. But in addition
20 to that, we do plan on using it via social media and we're
21 also hoping to use it in some rich media buys planned for this
22 summer. Unfortunately, we don't have the budget to make any
23 type of impact through television, but I think we have some
24 great partners in our media buying agency and they're going to
25 make some smart and strategic recommendations on how to push

1 that video out in a manner that we can afford.

2 REPRESENTATIVE HICKERNELL: Representative
3 Kavulich.

4 REPRESENTATIVE KAVULICH: Thank you very much, Mr.
5 Chairman.

6 The events such as the Pope's visit and the
7 conventions are terrific for the Commonwealth, but how much
8 effort is then placed in promoting ancillary events and other
9 tourism -- other events that are attractive to the tourist
10 surrounding those big events? Is there attention placed on
11 those as well?

12 DEPUTY SECRETARY LEPORE: Yeah, absolutely. We do
13 try to take a holistic approach to all of our events. In
14 Pennsylvania, we're so lucky to have so many iconic events,
15 not just the big one-and-dones that are coming in that of
16 course have ripple effects for many, many years to come. Like
17 I mentioned, we have the 100th anniversary of the Farm Show.
18 This year we celebrated the 130th anniversary of Groundhog
19 Day. We have the Little League World Series. So we have
20 tremendous success and get great results in promoting and
21 creating mini-campaigns to support all of these iconic events.
22 And, of course, working with our partners, we always feature
23 events on social media, in our e-newsletter, we're always
24 sending e-mails out to our partners to give us their big
25 events and we try to promote them and support them as best we

1 can.

2 REPRESENTATIVE KAVULICH: And how do you do that?
3 I mean, for example, take the Nascar races at Pocono Raceway.
4 Do you send a team in to work with the administration at the
5 raceway? How do you do you that?

6 DEPUTY SECRETARY LEPORE: Yes, so we really work
7 -- at Pocono Raceway we have a very good friend in Brandon
8 Agnoski. He was actually a member of the Pennsylvania Tourism
9 Partnership. I've had the pleasure to spend some time with
10 him and support him and talk to him about what they have going
11 on out there. However, we do work very closely with the
12 Pocono Mountains Vacation Bureau, Carl Wilgus and his team, to
13 make sure that we can provide some support, and also just to
14 keep up to speed on what they're doing--no pun intended, just
15 worked out that way, the speed and the raceway--so we work
16 with them very closely to see how we can support them.

17 REPRESENTATIVE KAVULICH: Finally, are you always
18 on the lookout for events?

19 DEPUTY SECRETARY LEPORE: Always.

20 REPRESENTATIVE KAVULICH: And do you rely on
21 people to come to you, or are you doing research?

22 DEPUTY SECRETARY LEPORE: It's definitely a team
23 approach with both the public and private sector. We do have
24 a team that's always out there trying to keep on top of
25 different trends and also what's going on throughout the

1 Commonwealth. But again, we do send out monthly e-mails to
2 our partners asking for them to send us what's new. We also
3 have a group that I believe gets together quarterly, normally
4 by phone, but during some of our annual conferences, we do
5 meet as a group to talk about everything that's new, both
6 basically the communications team of the different vacation
7 bureaus, to find out what's new, what are the big events, any
8 new properties opening, any anniversaries coming up, things
9 like that. So we do try to plan in advance and work very
10 closely with our team.

11 And it's also not just limited to the private
12 industry, we reestablished, when I came in, we meet with our
13 sister agencies monthly as well. So it's including the
14 Pennsylvania Historical and Museum Commission, PennDOT, as
15 they oversee our almost Welcome Centers, DCNR, Department of
16 Agriculture, the Pennsylvania Council on the Arts, and, again,
17 we get together as a group with the Pennsylvania Tourism
18 Office, we get together as a group monthly to talk about
19 things that are going on within our respective agencies as
20 well and how we can partner and support each other.

21 REPRESENTATIVE KAVULICH: Thank you. We have so
22 many great things in the State--

23 DEPUTY SECRETARY LEPORE: So many, yeah.

24 REPRESENTATIVE KAVULICH: --even for our people
25 within the State.

1 DEPUTY SECRETARY LEPORE: Absolutely.

2 REPRESENTATIVE KAVULICH: We don't even have to
3 leave to see so many great things. We could also keep our own
4 tourism dollars here as well. But thank you very much.

5 SENATOR FARNESE: Madam Chairman, I just want to
6 follow up on a couple of the points. The visit of the Pope
7 and the Republican convention years and years ago, those are
8 not just one-time events.

9 DEPUTY SECRETARY LEPORE: Yes.

10 SENATOR FARNESE: And I think people need to
11 understand that. In fact, we just recently auctioned off the
12 Popemobile at this year's auto show. People came from all
13 over the country just to get an opportunity to be able to bid
14 on that. So, you know, not only did we have the auto show in
15 Philadelphia, but we got, you know, probably tens of thousands
16 of folks that just came specifically because they wanted to be
17 able to see the Popemobile and be able to auction it off.

18 And on the Republican convention, you know, when
19 they were here years and years ago, the security measures that
20 were in place there with the bikes, that was something that
21 had never been used before, and as a result of that, we were
22 able to, you know, increase our lot of bicycle police. And so
23 when you look at events like that, they're not just one and
24 done. Not only do they put the actual event on the map, but
25 they put Pennsylvania, because of the different things that

1 they're doing and the innovative ways that they're finding
2 ways to protect people. We still are still seeing the effects
3 of the Pope's visit in Philadelphia, in Pennsylvania, and I
4 can tell you that when the DNC comes here to Philadelphia in
5 July, they will be talking about some of the processes and the
6 security measures that were implemented years ago that are now
7 staples, not only in Philadelphia but in other parts of the
8 country. So I think it's, you know, these events continue to
9 give back.

10 DEPUTY SECRETARY LEPORE: Yes.

11 SENATOR FARNESE: Not just when the event ends,
12 and I see it literally every single day in my district, and I
13 think that's important.

14 DEPUTY SECRETARY LEPORE: Absolutely. And if I
15 said one and done, I didn't mean it, because the benefits --
16 we will be seeing benefits from the Pope visit, from the DNC
17 this summer. I was actually in Philadelphia working in
18 Philadelphia when the RNC was there. We are still seeing
19 benefits from all of these things years upon years upon years
20 later. And the story isn't just about the actual event
21 itself. I mean, when people are there, there's also all of
22 these stories leading up to it about how Philadelphia, the
23 arts scene and what people are actually doing when they're
24 there, and the food, and the culture, and just everything. I
25 mean, the story is so much bigger than just the specific

1 event.

2 REPRESENTATIVE KAVULICH: That's what I was
3 getting at. Are these other things involved in being
4 promoted?

5 DEPUTY SECRETARY LEPORE: Yes.

6 REPRESENTATIVE KAVULICH: And are people getting
7 out to see these other things?

8 DEPUTY SECRETARY LEPORE: Yes. Absolutely.

9 REPRESENTATIVE KAVULICH: That's what I was hoping
10 for.

11 DEPUTY SECRETARY LEPORE: I get a weekly e-mail
12 from the very good folks at Visit Philadelphia, and it
13 includes a round-up of all of the different articles that
14 they've had that past week, and it's amazing how many months
15 ago these preview stories have started about the DNC.

16 REPRESENTATIVE HICKERNELL: Carrie, I agree, the
17 slogan is great. I think an obvious question is, how much did
18 it cost to develop the slogan, and what was the source of
19 those funds?

20 DEPUTY SECRETARY LEPORE: Yes. So the research
21 and development of the logo cost \$500,000. That was a
22 \$250,000 investment from the Commonwealth, \$250,000 investment
23 from the private sector. The \$250,000 from the public sector
24 was awarded, I believe, in '14 through a Developed in
25 PA/Discovered in PA grant, for a total of \$750,000. So we now

1 have \$500,000 left in that grant to actually start
2 implementing the brand.

3 SENATOR WARD: Well, I love the video.

4 DEPUTY SECRETARY LEPORE: Thank you.

5 SENATOR WARD: You all did a great job with that.
6 But I'm going to kind of backtrack a little bit and follow up
7 on a question I had the last round. If you don't have \$35
8 million, if we're unable to produce that, which is likely,
9 what is the amount that you need to be effective? What is the
10 minimal amount you would need to be effective?

11 DEPUTY SECRETARY LEPORE: Thank you.

12 MR. PRICE: Well, I think as has been
13 demonstrated, the fixed costs of the Tourism Office are about
14 \$2 million, or roughly close to that. So, obviously, we need
15 more than that to be able to advertise. So, I don't have an
16 exact figure, but we are certainly looking for an increase
17 with the idea of over a few years we want to get to that \$35
18 million level.

19 MR. LONGSTREET: I think it's just like when you
20 talk about marketing, Representative Longietti talked about
21 marketing and companies, the return is going to be directly
22 proportional to how much you invest in marketing, in this
23 case. So if you want to be able to bring in \$390 million in
24 State taxes, you've got to invest the money. And I think the
25 direct proportion is there. When you look at what our

1 competitive States are doing, virtually all of them are
2 increasing their budgets, and they're increasing them
3 significantly. And it's just like in business, if you don't
4 market against your competitors, they're going to win. And we
5 all know, if we didn't have so much to offer here, it would be
6 another story, but we have so much to offer. We now have a
7 good story, but as we pointed out, if we just share the video
8 with our friends and via social media, social media is strong,
9 as the Chairman points out, but it's not the only solution to
10 reach all of the people we need to reach for this.

11 SENATOR WARD: Okay, thank you. So that brings me
12 to, you're talking about social media. What exactly is the
13 redesign of VisitPA? Are you in the midst of that?

14 DEPUTY SECRETARY LEPORE: Yes.

15 SENATOR WARD: And what are you looking to change
16 and make better to get more people on the site?

17 DEPUTY SECRETARY LEPORE: Thank you for that
18 question. The new website will definitely go live July 1.
19 We're hoping to maybe push live a little before then, but most
20 definitely July 1. So, on July 1 when you log on to
21 VisitPA.com, you'll see a completely refreshed, new look and
22 feel to the home page. We're going to be featuring a lot more
23 original photography, vibrant and bright photography. There's
24 going to be a new tone to the copy. We're hoping to refresh a
25 lot of the articles. I think we currently have about 200

1 articles on there, but we're looking to update and refresh.
2 We're going to have more of a social media presence on the
3 home page, we're going to have a section that's going to be,
4 for example, Instagram photos that we'll be pulling in real
5 time that's going from our Instagram feed that, of course, we
6 will approve to make sure that nothing is inappropriate, but
7 that will be populating the home page in real time.

8 We're also hoping to add a bit of a more blog feel
9 within the website as well.

10 SENATOR WARD: Okay, thank you.

11 If there are no other -- oh, there is a question.
12 Senator.

13 SENATOR MCGARRIGLE: Thank you, Madam Chairwoman.
14 Word of advice, when the Chairwoman said how much
15 do you need to make this happen, you should have said \$40
16 million.

17 (Laughter.)

18 First of all, good morning, everybody, and thank
19 you for the great presentation. I agree with you and commend
20 you on the great job you've done with the limited funds that
21 we give you. As a businessman, I agree with you 100 percent:
22 If you don't invest in your own business, and which our
23 business here is the Commonwealth of Pennsylvania, we will not
24 see the return. My only concern is if you do increase it to
25 \$35 million, which, I believe, when you look at the other

1 States, we're not going overboard, we're being very
2 competitive in where we land in the amount of money we invest
3 in tourism. Do you have a plan to handle -- I mean, you're
4 taking a budget of \$7 million to \$35 million; the last thing
5 we want you to do is buy more staplers and things like that.
6 We want the dollars driven to bring tourism into Pennsylvania.
7 So have you thought of, I guess, a strategic plan on how you
8 would use the increased funds to drive tourism to
9 Pennsylvania? People, you know, heads in beds, or whatever
10 the motto you use.

11 DEPUTY SECRETARY LEPORE: Yes. Absolutely. Thank
12 you so much for that question, because we sure do have a plan.
13 It's something that we would love further input from the
14 industry to make sure it's something that everybody is
15 comfortable with and supports, and through the Governor's
16 Tourism Partnership, we're going to create that infrastructure
17 for that constant dialogue back and forth with private
18 industry. I think through the branding process, we realized
19 how important a collaborative approach is. But we would, of
20 course, love to see some sort of cooperative advertising
21 program where the State could help make investments in
22 different advertising, in different markets to bring down the
23 price to let some of our partners buy into that as well.
24 Someone may not be able to afford to buy a flat-out television
25 spot on national TV or cable or something like that, but if

1 it's a cooperative program where the State can help buy down
2 the cost of that and then have them come in at different
3 levels to be a part of that, that's definitely something we
4 would want to do.

5 But again, we have a plan in place, we have
6 thoughts and ideas to create a sports commission, to bring
7 group tours, international -- we haven't even talked about
8 international. The State really has zero international
9 outreach right now. Back in the day, we had representation I
10 think in five or six different countries, so this is a huge
11 market, this is a huge opportunity that we're missing out on.
12 We would love to bring back our international program,
13 cultural and heritage tourism, a heavier focus on outdoor
14 tourism. But, again, really working with our industry
15 partners to make sure that everybody's comfortable with how
16 that large investment would be spent.

17 SENATOR MCGARRIGLE: So, what I'm hearing is that
18 you plan on expanding your private/public partnerships around
19 the Commonwealth to work together to expand, to I guess grow
20 the dollars with--

21 DEPUTY SECRETARY LEPORE: To maximize every
22 dollar.

23 SENATOR MCGARRIGLE: Okay, very good. Thank you.

24 DEPUTY SECRETARY LEPORE: You're welcome.

25 SENATOR MCGARRIGLE: Good luck to you.

1 DEPUTY SECRETARY LEPORE: Thank you.

2 SENATOR WARD: All right then, we will move on to
3 our Heritage Areas presentation.

4 MS. SHEFFIELD: Good morning, and thank you very
5 much for including Heritage Areas in this hearing. We really
6 do appreciate it. My name is Jane Sheffield. I'm the current
7 President of Heritage PA. Heritage PA is our statewide
8 nonprofit association comprised of 12 State designated
9 Heritage Areas, 5 of which also hold a national designation.
10 These areas were selected because of their significant
11 cultural, historic, natural and recreational assets were
12 developed through a strategic planning process grounded in
13 public participation.

14 Pennsylvania's Heritage Areas program, a national
15 model, has been in place for over two decades, and during that
16 time has developed tremendous tourism products and enriched
17 community livability across the Commonwealth. All 12 Heritage
18 Areas share fundamental philosophies and goals, including to
19 strategically plan for and invest in Pennsylvania's tourism
20 industry, to conserve historic and cultural resources, to
21 conserve and enhance the development of natural and
22 recreational resources, to develop educational and
23 interpretive resources, to help stimulate Heritage tourism and
24 economic development, and to establish partnerships that help
25 steward the advancement of Pennsylvania's communities.

1 Through Heritage PA, Heritage Areas will continue
2 to advance their work, partnering with elected officials,
3 State agencies, tourism professionals, and grassroots
4 organizations in order to protect and enhance what makes
5 Pennsylvania unique: Natural beauty, the history and heritage
6 that created this nation, a culture rich with amazing artistry
7 and ethnic traditions, and a plethora of recreational
8 experiences, all of which provide residents and visitors with
9 authentic experiences and a rich quality of life.

10 Conserving and preserving an area's Heritage
11 resources that reflect the distinctiveness of the people and
12 events that led to its beginning gives communities their
13 identity. Those resources and their stories produce tourism
14 products that are both authentic and connect visitors to the
15 community's lives. To lose the cultural, historic, and
16 natural resources that set Pennsylvania apart from other
17 States would be devastating to not only its tourism product,
18 but its residents as well. These resources must be conserved
19 and managed.

20 In 2014-2015, the Center for Rural PA undertook an
21 economic impact study of five Pennsylvania Heritage Areas.
22 The research involved a survey of Heritage Area visitors,
23 interviews with stakeholders in the 5 study Heritage Areas,
24 and an estimation of the economic impact of the
25 Heritage-related visitation to all 12 Heritage Areas

1 statewide. Overall, the research found that tourists spent an
2 estimated 7.5 million days/nights in Pennsylvania's 12
3 Heritage Areas in 2014, purchasing \$2 billion worth of goods
4 and services. The total contribution of Heritage visitor
5 spending--both direct, indirect, and induced effects--to the
6 State's economy, was almost 26,000 jobs and \$800 million in
7 labor income.

8 The research also indicated that Heritage Areas
9 contribute positive economic benefits to their local
10 geographic regions in two ways. First, Heritage Area
11 organizational expenditures and the work of Heritage Area
12 staff facilitate economic development projects in the regions.
13 This involvement increases the economic impact within each
14 local region. This also enhances the economic value of
15 Heritage Areas as they may use technical expertise to promote
16 economic development with partners. Secondly, Heritage Areas
17 documented specific examples of economic development success,
18 including more than 151 new tourism-related businesses in the
19 past 5 to 10 years. These businesses provide evidence that
20 the Heritage Areas play a key role in the areas that yield
21 beneficial economic and social returns.

22 Pennsylvania is a leading State in this country's
23 Heritage development movement. In fact, Maryland and Utah
24 have modeled their own programs after Pennsylvania Heritage
25 Areas program. In 2000, delegates from Utah's Governor's

1 office visited Pennsylvania to learn more about the Heritage
2 park system. "Utah is just beginning to realize the potential
3 of heritage tourism and the opportunities it can provide for
4 the rural areas of our state," said Wes Curtis, Director of
5 the Governor's Rural Partnership for the State of Utah.

6 "Rather than develop this potential from scratch, we decided
7 to look at the state that seems to be doing these things
8 better than anyone else -- Pennsylvania. Through our
9 investigations and research on who's doing what and how it's
10 being done, we have concluded that the Pennsylvania approach
11 seems to make the most sense."

12 Heritage Areas are the organizations that develop,
13 build, revitalize, and restore Pennsylvania's Heritage tourism
14 infrastructure. It is that work which helps small business
15 survive and thrive. It is that work which gives the DCED's
16 Tourism Office and the TPA/CVB/DMO community a visitor-ready
17 product to market. That marketing drives new money to
18 Pennsylvania. Visitors do not see and are not interested in
19 political boundaries. They come here to learn about history
20 and heritage, to enjoy Pennsylvania's wealth of cultural
21 venues, to immerse themselves in our rich, natural, and
22 recreational resources. Even if the venue is in the next
23 community or county, the impact is felt regionally.

24 Heritage Areas are economic generators. They are
25 also image makers. Both contribute to the health of the

1 Commonwealth and benefit your constituents. Heritage PA and
2 its individual areas see themselves and their work as an
3 integral part of Pennsylvania's tourism product and its
4 importance to the Commonwealth's economy. The relationship
5 between Heritage Areas and the marketing side of the industry,
6 in my opinion, can best be explained by relating it to the
7 real estate industry. Heritage Areas are the developers. We
8 build the visitor-ready infrastructure and partnership with
9 communities, organizations, and destinations in creating
10 authentic and immersive experiences. The State, along with
11 the CVB/TPA/DMO partners, are the real estate agents selling
12 the product, putting heads in beds, and delivering new money
13 to Pennsylvania. Together, we're all sustaining and growing
14 this vital piece of our economy which provides family-
15 sustaining jobs and introduces visitors to a great place to
16 live, work, play, and prosper.

17 We applaud the work of your committees and PATT in
18 working toward the advancement of a strategic plan strongly
19 utilizing partnerships with the private sector to market and
20 promote Pennsylvania as a must-see destination. Heritage PA
21 has a representative on PATT's board and has been very engaged
22 in the effort. I speak for all of my colleagues when I say
23 that we look forward to working with you and other members of
24 the tourism industry to finalize and pass legislation that
25 will sustain and strengthen the economic impact of tourism on

1 communities throughout the Commonwealth.

2 Thanks for your time.

3 REPRESENTATIVE HICKERNELL: Jane, thank you for
4 your testimony. I have firsthand experience. I have a
5 Heritage Area in my area, the Susquehanna Gateway Heritage
6 Area, which covers Lancaster and York Counties. You didn't
7 mention in your testimony, I'm sure you're being nice, but as
8 most of us know, the Governor chose to blue-line the entire
9 funding for Heritage Areas when he line-item vetoed parts of
10 the budget back in December. A recent article in the
11 Lancaster paper, where Mark Platts, who is the Executive
12 Director of the Susquehanna Gateway Heritage Area, was quoted
13 as saying how devastating that potentially can be to his
14 Heritage Area, and I'm wondering if that's a feeling you share
15 as well, and what would happen if that funding is not restored
16 let's say in the next 30 to 60 days?

17 MS. SHEFFIELD: Thank you for that question. It
18 clearly will have a devastating impact on a program that has
19 been working, as I said, for over two decades with
20 communities, with constituents, to develop projects that they
21 prioritize, and they take a long time to develop. Ironically,
22 in my Heritage Area, this year we're managing construction
23 projects based upon amassing sizeable amounts of funds to
24 build community assets. Without the Heritage Area there to
25 manage the construction process and/or the design process

1 leading to construction, a project that we've been working on
2 for well over a decade will not occur. Because our
3 communities -- we have a lot of capable partners that we work
4 with, but often there just is not the capacity in these
5 communities to manage projects and/or to recognize and gather
6 together diverse sources of funding.

7 So I can only speak for our Heritage Area in that
8 a lot of this work will not take place. Many of the Heritage
9 Areas will cease to operate. Other areas will close
10 significant programs. This could be a devastating year for a
11 program that is seen nationally as a model for the way to do
12 business in Pennsylvania.

13 REPRESENTATIVE HICKERNELL: Thank you very much.
14 I appreciate your observation. Very similar to what I've
15 heard from the executive director in my area. Obviously, just
16 an observation, I'm not going to put anybody on the spot here
17 this morning, but it's very important if we have a tourism
18 program that's working in Pennsylvania, that we continue to
19 fund those existing programs as we look to, you know, create
20 new opportunities. So I would hope that if there's an
21 opportunity to move legislation that would restore this \$2.25
22 million in the next day or weeks, that not only the
23 legislature takes advantage of that, but the Governor does as
24 well. Thank you.

25 SENATOR WARD: As a follow-up, does the

1 Pennsylvania Tourism Coalition's Pennsylvania Tourism Impact
2 Study take into account what the Heritage Areas bring to our
3 Commonwealth?

4 MR. RYAN: It's not separately analyzed, but I
5 think the ability to tell the story and market the story
6 that's related to these Heritage assets is an important part
7 of this type of promotion.

8 SENATOR WARD: Okay, so they didn't take into
9 account their own study?

10 MR. RYAN: No.

11 SENATOR WARD: Okay. Thank you.

12 REPRESENTATIVE HICKERNELL: Representative
13 Heffley.

14 REPRESENTATIVE HEFFLEY: Thank you, Madam Chair
15 and Mr. Chair.

16 Along the same lines, Delaware-Lehigh National
17 Corridor operates in Carbon County. We have a project there,
18 a connector bridge for the Rails to Trails project, which has
19 been a huge economic boost to the tourism in Carbon County.
20 Tourism is our number one industry. We have three ski
21 resorts, the Rails to Trails project, we have the beautiful
22 downtown Jim Thorpe, and everything else that goes along with
23 it, white water rafting, one of the most rafted rivers in the
24 world, and the National Heritage Corridor has been managing
25 this.

1 Now, I listened to, you know, everybody if we had
2 more money to promote Pennsylvania, but I'm also a believer
3 that if you build it, they will come. I love that movie. And
4 I've seen it firsthand. The amount of out-of-State or
5 out-of-the-area vehicles that come into Carbon County on the
6 weekend with bike racks on them, people unloading those bikes,
7 riding the trails, sometimes making it a two-day trip, staying
8 at bed and breakfasts, or the resorts in the area. We now
9 have one of the ski areas that's doing a downhill race for
10 bicyclists, we have Spartan races, and a lot of that coming
11 off of these national Heritage projects. And I'm very
12 concerned, in talking to a lot of folks, that my understanding
13 is they could very likely cease to exist because they draw
14 down a lot of Federal dollars for their operating, and if the
15 State doesn't appropriate that money, is it true that they
16 won't be able to secure those Federal dollars as well?

17 MS. SHEFFIELD: In many cases, yes. It's hard to
18 -- there are 12 different Heritage Areas, different
19 organizations, everybody is sort of in a different situation.
20 However, with the loss of State funding, a lot of leverage
21 dollars will cease to exist, at least for the year that the
22 match is not provided. And I know in the case of D-L, I mean,
23 there are a lot of interesting and challenging connections to
24 make to complete that trail, and they have stated very clearly
25 that DCNR support is needed to do that. It's one thing to get

1 the money for the bricks and mortar, but there is a management
2 aspect of these projects, and that's a very important thing
3 that Heritage Areas provide. I'm not saying that all the
4 Heritage Areas will close, but enough will be either almost
5 closed or out of operation to totally change the program
6 statewide.

7 REPRESENTATIVE HEFFLEY: I want to commend
8 Delaware-Lehigh National Corridor for the work that they do,
9 and they have trail watchers and volunteers, so they really
10 stretch the dollars that they get as far as they can. And
11 they work hand-in-hand with the tourism promotion throughout
12 our region. This goes into Luzerne County, Carbon County, and
13 down into Northampton County as well as this whole trail is
14 connected. There's a project that has been in the works, like
15 you had mentioned, for years now, it's a connector bridge.
16 Everything finally got through the permitting process, all the
17 NPDS studies and all the other things that hamper these kind
18 of developments, and it would be tragic if this \$2.5 million
19 isn't released and this project is put on hold or lost. I
20 mean, this is going to be millions of dollars brought into our
21 community with this connector bridge. I just would really
22 urge my colleagues, I mean, it's time to get this funding out
23 and move these projects forward, and I would hope that we can
24 get that done shortly.

25 MS. SHEFFIELD: Well, thank you for saying that,

1 because I think one point that's also quite important is that
2 Heritage Areas are an efficient use of our dollars. We are
3 not very expensive. We very economically and efficiently
4 provide outreach for DCNR and other departments and make
5 projects happen. We take that \$2.5 million, I'd like to say,
6 and we turn it into many more dollars in investment. And we
7 also do it with the guidance of communities in which we serve.
8 We don't pick projects, they pick projects, and they work with
9 us to development. So it's very, very bottom up in terms of
10 its implementation, and it's very efficient in terms of its
11 execution.

12 SENATOR WARD: Senator Stefano.

13 SENATOR STEFANO: Thank you, Madam Chairman, Mr.
14 Chairman.

15 Well, my question elaborates on your last
16 statement. In the southwest, I have the National Road
17 Heritage Center in my district, and their portion of the \$2.5
18 million, whatever that number is, is leveraged, as you said,
19 for economic impacts across that entire region. Do you have
20 that number, the number you influence, the results of your
21 investment for the economic impact of that region?

22 MS. SHEFFIELD: Well, for many years we were
23 talking about \$5 for every dollar invested. I think that the
24 economic impact study that is on the Center for Rural PA's
25 website probably could help give what their estimation is of

1 the return on investment. But as far as the National Road's
2 concern, if you look at a Heritage Area that gave money back
3 to the Commonwealth, you know, Ohio's had over a \$4 million
4 gap in their visitor's center. Nobody knew where to go for
5 the money, and the Heritage Area manager, because of their
6 designation as a scenic byway and an American road, not only
7 knew where to find the money, but how to write the application
8 to bring the money to Pennsylvania, and \$4.2 million later, we
9 have a beautiful visitor's center there because of the
10 national road.

11 SENATOR STEFANO. Thank you for that
12 illustration. And as a result too, that helps the 1.4 million
13 visitors that come to that small rural borough in the center
14 of my district. So, thank you for all your help.

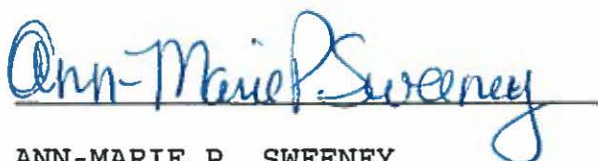
15 SENATOR WARD: And I just want to say thank you
16 and point out my friend, Donald Ordorff, who works all the
17 time with Heritage.

18 Okay, thank you all. I think this was a great
19 hearing. Everybody, please go back and copy the link and get
20 the link and put it out on your Facebook, your Twitter, and
21 your Instagram, and tell all your friends to share it. That's
22 a great idea. I'm going to do it this afternoon. So thank
23 you.

24 REPRESENTATIVE HICKERNELL: Thank you very much.

25 (The proceedings were concluded at 10:43 a.m.)

1 I hereby certify that the proceedings and evidence are
2 contained fully and accurately in the notes taken by me during
3 the hearing of the within cause, and that this is a true and
4 correct transcript of same.

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10 ANN-MARIE P. SWEENEY
11 Chief Official Reporter
12 Senate of Pennsylvania
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