



House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

HOUSE DEMOCRATIC POLICY COMMITTEE HEARING

Topic: Tourism's Economic Impact

Tom Ridge Environmental Center – Erie, PA

August 14, 2018

AGENDA

3:00 p.m. Welcome and Opening Remarks

3:10 p.m. Kathy Dahlkemper
Erie County Executive

3:30 p.m. Panel One:

- Chris Temple
Director of Communications
VisitErie
- Dr. James Wertz
Associate Dean of College of Arts, Humanities, and Social Sciences
Edinboro University

4:00 p.m. Panel Two:

- Jonathan D'Silva
Attorney and Small Business Consultant
MMI Intellectual Property
- Sean Candela
Owner
Sara's Restaurant

4:30 p.m. Closing Remarks



Good afternoon Chairman Sturla and members of the House Democratic Policy Committee. My name is Christine Temple, Director of Communications for VisitErie. I am here this afternoon to read a statement from John Oliver, President and CEO of VisitErie. John is out of town attending a national tourism conference.

Good afternoon Chairman Sturla and members of the House Democratic Policy Committee. My name is John Oliver and I am President and CEO of VisitErie. I want to thank Representative Ryan Bizzarro for his efforts in bringing the Committee to Erie. I also want to thank you for the opportunity to provide the following testimony today regarding tourism, it's impact on Erie and what more the State can do to improve the tourism economy across the Commonwealth.

Erie's tourism has shown steady growth over the last 15 years and is recognized as a strong leg of our economy. Direct visitor spending has increased from \$454 million in 2002 to slightly more than a billion dollars in 2016. During the summer season, hospitality and leisure jobs have grown from 10,000 to 16,600. However, a more telling sign of tourism growth is that over 13,000 people are employed in January and February, typically seen as slower months. Lastly, Erie's tourism economy is responsible for \$400 million in wages annually.

The economic impact numbers I have just mentioned have been achieved with a decreasing or stagnant tourism promotion budget from the State. From a high of \$44 million under the Ridge administration to the current budget of slightly more than \$4 million. Pennsylvania has seen a loss in market share as the surrounding States continue to increase their tourism promotion budgets. For example Ohio has a \$10 million budget, Maryland is \$12 Million and New York has a staggering \$70 million dedicated to tourism marketing. Pennsylvania's tourism industry has attractions throughout all 67 counties. It is one of the most all-encompassing industries in the Commonwealth.

Increased spending on tourism is not an expense but rather, an investment. Study after study has proven that investing in tourism generates a significant return in jobs, profits and tax revenues. In addition to these tangible benefits, research has shown that tourism advertising creates a "halo effect". It improves the image of Pennsylvania as a place to live, work, play, start-up or relocate a business.

I want to ask you for your support of HB1511. This bill, which was unanimously voted out of committee, will force third party hotel reservation companies such as Travelocity or Expedia to pay taxes on the retail price of a reservation rather than the wholesale price. The Department of Revenue estimates that this will generate upwards of \$20 million in new tax revenue. Half of that will be dedicated to tourism promotion. We believe that this bill will be presented for a floor vote upon your return to Harrisburg in September.



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I also want to thank you for your support of HB1810 which is now before the Senate. This bill would force companies such as Airbnb, VRBO (Vacation Rentals by Owner) and similar companies to provide the Department of Revenue with a list of individuals who are using their homes and investment properties for short term rentals. This will give the State and the local County Finance offices the ability to confirm that these individuals are submitting all of the taxes they are obligated to; along with ensuring that they are complying with all state and local laws and codes.

Finally, during the next legislative session, I believe there will be a concentrated effort throughout the state by the tourism industry to lobby for a mandated post Labor Day school start. As the start of the school year continues to creep up earlier and earlier in August, there is a noticeable decline in visitation to Pennsylvania destinations. This decline has caused many amusement parks and other attractions to close the week before Labor Day; costing the State and the hospitality industry millions of dollars in lost revenue. Other States such as New York, Michigan, Virginia and Texas all have adopted a post Labor Day school start. Additionally, none of these states have noticed a decrease or negative impact with their students or their test scores.

On behalf of Erie County's tourism industry, thank you for taking the time from your districts to travel to our shores, and allowing us to discuss the vital role tourism plays in Erie's economy and the challenges and opportunities before us.

Tourism and Economic Impact – Edinboro University

Introduction

Thank you Representative Bizzarro for hosting today's policy hearing and thank you to the members of the House Democratic Policy Committee for making the long trip to Erie. I'll let each of you thank Representative Bizzarro for not scheduling this meeting in February.

As I considered the many ways to approach today's testimony, I thought about reiterating the value of the economic impact across Pennsylvania and, in particular, in northwest Pennsylvania where we have the benefit of holding some of the nicest waterfront across the Great Lakes as well as some of the best recreational spaces, both urban and rural. But you know what that economic impact is. It has been prepared and presented to you in various ways to reinforce the importance of Commonwealth investment in what Governor Wolf often calls "The Riviera" of Pennsylvania.

What I'd like to testify to today is the value of these amenities to the students at Edinboro University of Pennsylvania, many of whom come to northwest Pennsylvania from across the Commonwealth, or the far corners of nearby counties, or sometimes from the far corners of distant lands. In any case, they are visitors here and the opportunities they have to experience our waterfront, our mountains, and our communities make the time they spend with us feel a little more adventurous, a little less foreign, and hopefully – in the end – they come to think of northwest Pennsylvania as their new home.

Edinboro University was founded in 1857 as the Edinboro Academy, which was a private training school for Pennsylvania teachers. Four years later, the Edinboro Academy affiliated with the Commonwealth of Pennsylvania to become the second State Normal School in Pennsylvania, known as the Northwest State Normal School. Development of liberal arts outside of the

field of Education over the next century led to the establishment of the Edinboro State College in 1960. Twenty-three years later, Edinboro became a part of the Pennsylvania State System of Higher Education (PASSHE), upon its creation by the legislature in 1983.

Today, Edinboro University sits on 585 sprawling acres just 15 miles south of Lake Erie on what is arguably the most beautiful campus in the State System of Higher Education, and it has an additional 26-acre campus, The Porreco College, here in Erie. Edinboro University and the Porreco College offer more than 170 graduate and undergraduate, degree and certificate programs across four Schools and Colleges.

Edinboro University is extremely proud of its approximately 5,500 students, who come to northwest Pennsylvania from 32 Countries, 47 States, and 65 of Pennsylvania's 67 Counties.

Within 30 miles of our main campus, our students and their families – as well as faculty and staff – take part in a number of resources and activities that enrich their college experience and binds them to the Great Lakes region when they join our network of more than 65,000 Edinboro Alumni.

Many of our students are able to take part in regional activities by utilizing the Erie Metropolitan Transit Authorities Edinboro routes, which take students from our main campus to the shopping center located in Edinboro at Interstate-79, and to the Millcreek Mall, and our Porreco Campus. From the Millcreek Mall, in particular, students can access transfers to other regional points of interest.

In addition to regional transit, the Edinboro University Student Government Association and the Campus Outdoor Recreation Experience, also known as CORE, provide transportation for our students to make use of regional amenities.

Through CORE students routinely take part in kayaking and canoeing at Edinboro Lake, and snow tubing, cross country skiing, and downhill skiing at Mt. Pleasant Ski Resort in Edinboro. However, they also spend considerable time away from the Boro, Skydiving in Mercer, PA; Rock Climbing in McConnell's Mills State Park; Backpacking and camping in Allegheny National Forest as well as Mountain Biking at Jake's Rocks within Allegheny National Forest.

Edinboro's clubs and organizations play Paintball at Pentagon Paintball, visit Presque Isle State Park as part of their curriculum and extracurricular activities, and attend performances at the Erie Playhouse and concerts by the Erie Philharmonic at the Warner Theater in downtown Erie. In many cases, ticket vouchers are made available to our students by these organizations so that they can participate in cultural events at low or no cost.

Many of our students also find seasonal and non-seasonal employment at the restaurants, shops, and entertainment venues including Waldameer Park, UPMC Park, and Erie Insurance Arena. Many more participate in internships with the business offices and in-house marketing and communications departments.

If I had to offer one simple explanation to why these locations are so important to Edinboro University, it is because they are retention magnets, not just for Edinboro University, but for all of our regional institutions. Students choose a college because of the programs they offer and the potential for employment that exists upon graduation. But when a student chooses to leave a college or university prior to graduating it is most often because they miss home and they haven't found a way to connect to their new environment. Presque Isle, Edinboro Lake, Ski Resorts, Theaters, Concerts, and sports parks help to create the connection that makes Edinboro University home for a short period of time – and if we've played

our hand correctly, these amenities create the the connection that makes northwest Pennsylvania home for a lifetime.

Finally, I would be remiss if I concluded without telling you how Edinboro University students, faculty, and staff contribute to this economy as producers in addition to their role as consumers.

This year will mark the 25th Anniversary of the Edinboro Highland Games, one of the largest Scottish heritage festivals in the country that features the national Scottish dance competition, the national scottish fiddle and harp competitions, a bagpipe competition for individual pipers as well as pipe bands, and traditional heavy athletics like the caber toss and the stone throw. Each year thousands of visitors fill hundreds of hotel rooms from Meadville to Erie and attend the Highland Games in the hopes of connecting with their family's scottish clan and maybe even purchasing their first authentic scottish wool kilt, measured to size at the Edinboro, Pa Highland Games, but cut and sewn in Edinburgh, Scotland.

And just a few weeks after the Highland Games concludes the campus celebrates its more than 65,000 alumni, many of whom return to campus each year even decades after they've graduated. Edinboro alumni truly do bleed plaid and are some of the most committed contributors to the regional economy when they return each year. You will be hard pressed to find a hotel room, a bed and breakfast, or an Air BNB unless you make your arrangements a year in advance.

So as you consider the economic impact of tourism on the region, also consider the impact it has on our not-so-temporary residents, our students live here part-time but one day might call northwest Pennsylvania their home. Our regional assets play a major role in attracting and retaining students, and to stemming the brain drain we read so much about in Economic Development literature.

I'll leave you with one final anecdote: One homecoming a few years ago as I was walking the campus with student journalists, I met a group of retirees who called themselves the "Homecoming Crashers." They had no affiliation with the university, they had never been to northwest Pennsylvania before, and it was by the luck of the calendar that Edinboro's homecoming fell between homecoming at the University of Michigan and the University of Buffalo. They were on a nationwide tour of homecoming celebrations that they could drive to from week to week. During their visit to northwest Pennsylvania, they had been to the Erie Art Museum, Presque Isle, Sprague Farm and Brew Works, and the Pymatuning Spillway, among other locations. And on that Saturday in October, they crashed Edinboro's homecoming. Both Edinboro and the region had put on one heck of a display.

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