





February 19, 2021

The Honorable Richard D. Roth
 Chair, Senate Business, Professions and Economic Development
 State Capitol, Room 2053
 Sacramento, CA 95814

Re: Senate Bill 285 (McGuire): California Tourism Recovery Act. - Support

Dear Senator Roth:

We are a broad coalition of advocates—ranging from tourism, hospitality, labor, and local chambers—writing in support of SB 285 (McGuire): California Tourism Recovery Act which would transfer \$45 million to Visit California for implementing their “Calling All Californians” campaign to jumpstart travel when it is safe to do so.

COVID-19 has impacted travel and hospitality more than any other industry, confirmed by the report of the Governor’s Task Force on Business and Jobs Recovery. More than half of California’s 1.2 million travel and hospitality industry workers lost their jobs because of the pandemic. Lower-wage workers have disproportionately borne the impact of job losses and the January Budget proposal suggests that these jobs may never return. Not only that, but for every tourism job lost, a ripple effect occurs in the ecosystem that supports the travel industry. Every three travel industry jobs support another two California jobs.

Prior to the coronavirus, California’s travel industry was one of the largest economic drivers for the state. In 2019, more than 1.2 million California workers earned their livelihoods in hospitality. Visitors spent \$145 billion annually at California businesses, generating \$12.3 billion

in state and local tax revenues. (*Source: Dean Runyan Associates*) International travelers spent \$28.1 billion in California, making travel the state's largest export.

California lost \$78.8 billion in visitor spending in 2020 — a 54.5% decline. Local governments lost \$6.6 billion in tax revenues that fund vital local services like police, fire and public health and safety. (*Source: Tourism Economics*) The transient occupancy tax (TOT) paid by hotel and vacation rental guests directly powers communities across California — 46 cities rely on TOT revenue to cover at least 30% of their overall general fund expenditures (*Source: California State Controller*). Cities anticipate an immediate impact to their core revenue sources due to COVID-19, with an 89% decline in TOT in 2020 (*Source: League of California Cities*). The federal stimulus enacted in early January fails to provide additional funding to local governments, further jeopardizing the critical services they provide our communities.

California's success as a world class tourism attraction is due in large part to Visit California—their programs delivered \$14.8 billion of revenue to the state's economy in 2019. However, they are funded by private businesses through a self-imposed assessment, which means the closure of the state's tourism industry immediately and dramatically reduced Visit California's revenue. This has forced the organization to cancel all existing marketing programs and dramatically reduce staff.

Without help, California's travel and hospitality industry will not recover until 2024. (*Source: Tourism Economics*) Local governments that rely on TOT will have significant budget gaps for years. A \$45 million, one-time appropriation to fund an in-state and western drive market campaign would deliver \$10.3 billion in revenue to California businesses and \$865 million in additional state and local tax revenue. (*Source: SMARI Marketing Insights*). This campaign, launched when the California Department of Public Health declares it is appropriate to resume travel, would emphasize that it is safe to travel and how to travel safely. For every \$1 invested in Visit California, state and local governments will reap \$19 in additional tax revenue.

Tourism has proven itself to be one of the fastest industries to recover in the aftermath of a crisis. This was the case post-9/11, when Governor Gray Davis made a one-time allocation of \$8.3 million to Visit California that fueled a multi-tiered, in-state/drive market campaign designed to get Californians to rediscover our great state. The campaign was successful, and drove an incremental \$3.2 billion of visitor spending and generated \$10.6 million in direct state tax revenue that more than repaid the state's one-time investment

Domestic leisure travel offers the best immediate opportunity for recovering California's economy from the pandemic. However, as COVID-19 begins to be controlled, it will be an extremely crowded marketplace. California needs to actively market itself to prevent decay in awareness, preference, and travel intent. California is already behind as other states allocate funds to their tourism sectors in anticipation of marketing to visitors once the pandemic is under control. For example, New Mexico, with a travel economy 20 times smaller than California's, is earmarking \$25 million for tourism marketing as part of its COVID-19 recovery plan.

It is critically important that we equip Visit California so they can accelerate California's economic recovery. This strategy will provide a ripple effect that moves beyond the travel and tourism sector to infuse money back into our communities. We believe this allocation will be an impactful down payment to help California recover from the dire economic impact of the coronavirus once it is safe to travel again. For these reasons, we respectfully urge your support of SB 285.

Please reach out to Emellia Zamani at ezamani@caltravel.org if you have any questions.

Best,

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APS Travel Inc.
aRes Travel - Advanced Reservation Systems
Avenue of the Arts Costa Mesa - Tribute Portfolio
Basecamp Hospitality
Beverly Hills Convention & Visitors Bureau
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California Attractions & Parks Association
California Broadcasters Association
California Chamber of Commerce
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Fisherman's Wharf Community Benefit District
Go City - California, San Diego, San Francisco & Los Angeles
Grapeline Wine Tours
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Greater Palm Springs Convention & Visitors Bureau
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Hospitality Foundation
Hospitality Santa Barbara
Hotel Association of Los Angeles
Hotel Council of San Francisco
Incredible Adventures
Khanna Enterprises
Knott's Berry Farm
Lake County Tourism Improvement District
Long Beach Hospitality Alliance
Los Angeles Tourism & Convention Board
Love Catalina - Catalina Island Tourism Authority
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Mammoth Lakes Tourism
Mammoth Lakes Trails & Public Access Foundation
Maritime Museum of San Diego
Mering
Miles Partnership
Monterey Bay Aquarium
Monterey County Convention & Visitors Bureau
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Pacific Grove Chamber of Commerce & Tourist Centers
Pacific Park on the Santa Monica Pier
Palace San Francisco, A Luxury Hotel
Paso Robles Chamber of Commerce & Visitor Center
PIER 39
Pure Luxury Transportation
Salinas Valley Chamber of Commerce
San Diego Event Coalition
San Diego Regional Chamber of Commerce
San Diego Tourism Authority
San Diego Zoo & San Diego Zoo Safari Park
San Francisco Travel Association
San Mateo County / Silicon Valley Convention &
Visitors Bureau
Santa Monica Travel & Tourism
SeaWorld San Diego
Six Flags Magic Mountain
Sonesta Irvine
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Sonoma Valley Visitors Bureau
South Coast Plaza
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Tandem

The Anaheim Hotel
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Travel Costa Mesa
U.S. Cultural & Heritage Marketing Council
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