

2015 **Legislative**
Roundtable Breakfast
ROCHESTER

Friday, February 6, 2015
8:30 - 10:00 a.m.

Hyatt Regency
125 East Main Street, Rochester, NY 14604

Room: Regency Ballroom

co-sponsored by:



VISIT
ROCHESTER
L I M I T L E S S

Rochester Legislative Roundtable Breakfast

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Program

8:30 a.m.

Registration & Breakfast Buffet

9:15 - 10:00 a.m.

Welcome:

Introduction of State & Local Leaders

Presentation of State Issues

Jan Marie Chesterton, *President, NYS Hospitality & Tourism Association*

Presentation of Local Issues

Don Jeffries, *President & CEO, Visit Rochester*

Michael Marsch, *President, Rochester Hotel Association*

Roundtable Discussion with State and Local Elected Officials

Sponsors



New York State Hospitality & Tourism Association

The New York State Hospitality & Tourism Association (NYSH&TA) is a not-for-profit trade organization representing nearly 1,000 lodging properties, totaling over 122,000 guest rooms, or 70% of total guest room inventory in the state. NYSH&TA's membership is also comprised of approximately 50 parks and attractions, over 100 industry suppliers, and more than 100 cooperating organizations, tourism educators, students and individuals combined. Founded in Saratoga Springs in 1887, NYSH&TA's mission is to lead and protect the New York State hospitality and tourism industry by providing advocacy, education, and resources. The Association provides benefits in three major categories: **representation and advocacy** on behalf of the industry before state lawmakers and regulatory agencies; **resources** in the form of money-saving programs, networking opportunities and marketing exposure via the website; **educational offerings** that help members best serve their customers.



Minimum Wage

The minimum wage in New York is currently \$8.75 per hour, and the federal minimum wage is currently \$7.25 per hour.

- In 2013, Governor Cuomo signed legislation increasing the State's minimum wage from \$7.25 to \$9.00 by 2015 to better align with the cost of living.
- This year, the Governor has proposed raising the statewide minimum wage again, to \$10.50 by the end of 2016. Additionally, because New York City has one of the highest costs of living in the world, the Governor proposed raising the City's minimum wage to \$11.50.

While as an industry, we support a fair minimum wage, it is important to note that such increases negatively impact job creation and expansion of business across the state. Therefore, NYSH&TA will work with the NYS Business Council and other industries to voice concerns that the Governor's proposal is too steep an increase, in too short a period, that will negatively impact job creation and the state's economy.

Direct feedback from NYSHTA business members include:

- *"This proposed increase in the minimum wage will negatively impact tourism as well as most small businesses."*
- *"Over a four-year period a proposed 41% increase in wages is not in proportion to increased revenues and other expenses."*
- *"We can't possibly absorb the increase without passing on the costs to our guests."*
- *"Prices will increase and jobs will be lost.... we would first look to increase prices, then reduce operation, cut hours, and positions."*

Illegal Hotels – Leveling the Playing Field

In response to the growing trend of companies, like Airbnb, promoting illegal owner-occupied hotels within the state, NYSH&TA is looking to provide a statutory solution in New York to limit and potentially prohibit their impact on the legal hospitality industry. As we are aware, the owner-occupied hotel listings are often for

short-term rentals, similar to the duration one would typically book a hotel room. Because the owner-occupier may list their own private dwelling on the site, these illegal hotels often escape registration, licensing, health, safety, tax, and insurance laws, and come under no regulation or supervision. Currently, there is a lack of basic oversight for the short-term online rental market, which poses to the state, residents, and tourists.

Currently, sensible regulations and processes exist for the hotel and lodging industry that do not always apply to short-term online rentals, including:

- A variety of safety design and security features and procedures.
 - ◆ Fire and sprinkler systems, smoke detectors, and accessible fire extinguishers.
 - ◆ Security systems, electric locks with deadbolts, and night latches.
 - ◆ Closed-circuit television and secured access control as well as the availability of safe deposit boxes.
- Knowledgeable response capabilities of a hotel team, including medical, fire, and security response, evacuation assistance, and in many cases a direct link to local emergency services.
- Regular health and safety inspections by local, municipal, or state departments and agencies.
- Compliance with Americans with Disabilities Act design requirements as well as other safeguards like providing such added security as swimming pools with anti-entrapment features and exceeding balcony railing standards.
- The added security of knowing that hotels are covered under liability insurance.

For the safety and well-being of residents, tourists, and the state, there is a need for legislation to combat illegal hotels within New York by requiring compliance with state and local hotel laws.

Additionally, travelers and communities deserve the proper safeguards that protect them from the potential dangers and risks posed by the short-term online industry.

All short-term rental providers shall be subject to all of the same registration, requirements, regulations and restrictions to which owners and operators of bed & breakfasts, inns, hotels and motels are subject, including:

- Occupancy & Sales Taxes; proper state and federal income tax collections, or
- Building & Health (sanitary) Codes (including subject to Agency inspections); and
- Homeowner Insurance certification

Additionally, short-term rentals and illegal hotels pay no taxes on their transactions, depriving the state of tens of millions in much needed revenues.

For example:*

- **Ithaca-Elmira Region = \$850,000** potential loss in County and Occupancy taxes in 2014 - Steuben/Thompkins/Chemung counties
- **Albany/Schenectady Region = \$1.2 million** potential loss in County and Occupancy taxes in 2014- Albany/Schenectady/Saratoga/Rensselaer counties
- **Long Island = \$1.5 million** potential loss in County and Occupancy taxes in 2014 - Nassau/Suffolk counties
- **Upstate Region = \$600,000** potential loss in County and Occupancy taxes in 2014 - Essex/Warren/Jefferson/Lewis counties

*not including state sales tax (based on lodging industry data for regional annual average occupancy and average daily rates)

As *legal hotels* continue to expand throughout the State, they don't just add beds for tourists, they add good paying jobs for New Yorkers.

The legislation would be applicable to all municipalities, except New York City. In 2010, the State Legislature enacted stricter fire safety standards for Class B or transient use dwellings for hotels in New York City only. NYSH&TA continues to support not only the New York City hotels, but the City of New York and its efforts to eliminate illegal hotels while doing so practically, allowing well-established legal hotels to convert their certificates of occupancy and remain in compliance.

Tourism Funding

As part of the 2015-2016 Executive Budget proposal, the tourism industry was encouraged to hear Governor Cuomo announce the State's economic development agencies will implement a \$45 million tourism campaign in 2015-16, to attract visitors from around the world. This is clearly a sign the administration continues to value the tourism industry's contributions to the state's overall economic well-being.

It is essential for the sustainability of these investments, which are a proven investment for the state, that both the industry and Legislature continue to participate and partner with the administration to market and promote all of New York's destinations, attractions and events.

As an industry we support increasing the current funding levels for the Tourism Matching Grant Program as well as the I Love NY program in the 2015-2016 State Budget. Given the Matching Grant Program's track record as a revenue source for State and local governments, as well as a job generator, tourism is not only a wise investment, but a critical one that yields unmatched and well sustained returns for New York's economy. Accordingly, we will continue to support funding for programs such as Market NY and Taste NY that allocated funds for regional marketing and promotions across the State, which have proven to be huge successes and opportunities to show both domestically and internationally all that New York has to offer.

Some tourism funding specifics in the 2015-2016 Budget include:

- Budget calls for a 5th Round of Regional Economic Development Councils
- \$2.5 Million for I Love NY Program
- \$1.1 Million Taste NY
- \$3.815 Million for Matching Grants
- \$5 Million for Market NY

Regional Economic Development Councils

NYSH&TA remains an ardent supporter of the REDCs as they have been a proven funding source for tourism promotion and marketing across all of the State. In 2014, the State awarded nearly \$12M in tourism-related projects through Round 4 of the Regional Economic Development Council (REDC) process. As we move forward and begin discussions on the 2015-2016 State Budget we strongly support a 5th round of funding for the Regional Economic Development Council process as the Councils have delivered real results.

- **Nearly 150** tourism projects have been funded thru the first 4 rounds of REDC process
- **Roughly \$75 Million** has been allocated for tourism projects thru the first 4 rounds of REDC process

Tourism Summits

NYSH&TA was an active participant and supporter of all the Tourism Summits and will continue to partner with the State to promote and grow the tourism industry in New York. Participation at these events and summits, provide a chance for continued partnerships to be developed which ultimately enhance the marketing and promotion of all New York.

- In 2015-2016 the Governor is calling for a 3rd Round of Summits/Events Across NY (\$25 Million in I Love NY & Advertising)

Scaffold Law

The Scaffold Law, which dates back to the 1885, holds contractors and property owners fully liable in lawsuits for gravity-related construction injuries, regardless of partial contributing fault by a worker. According to an independent study in 2012, Scaffold Law lawsuits represented half of the top settlements in New York and are responsible for escalating insurance and building costs across the state. These costs threaten the viability of many small businesses and impose millions of dollars in costs on taxpayers. New York is the only state in the nation where such a law is still on the books. Legislation to reform the Scaffold Law currently enjoys bipartisan support in both houses of the legislature, and NYSH&TA joins with many others in the business community supporting its passage this legislative session.

Improvements for Small Business

In Governor Cuomo's "2015 Opportunity Agenda" – a four percent tax reduction for small businesses and a set of new resources for small business owners looking to start or grow their businesses, was outlined. Cuomo has announced the creation of NY Business Express, a one-stop shop to help small businesses get started and grow. The Governor's proposed tax cut would put small business tax rates at their lowest rate ever. Overall, NYSH&TA supports the Governor in his efforts to streamline the regulatory process to do business in New York.

Visit Rochester

Visit Rochester is a marketing and sales organization with initiatives to attract conventions, meetings, and leisure tourists; and to support economic development. Visit Rochester's role is that of a leader working with stakeholders to promote the Greater Rochester area improving the economic well-being and quality of life.



Recognizing Successes of 2014

Visit Rochester would like to acknowledge some of the successes our industry has had—much with assistance from New York State, the County of Monroe, and the City of Rochester.

I LOVE NY was a major sponsor of the Rochester Lilac Festival and partnered with organizers and Rochester residents to break the world record for the largest human flower. Publicity was world-wide.

Visit Rochester partnered with I Love NY in highlighting local, regional and state produce, wines, and brews during the Xerox Rochester International Jazz Festival.

One of our biggest economic development challenges—Main St.—is turning around:

- Kudos to Winn Development for their vision and progress with the Sibley building.
- The new transit center has taken the busses off Main St. and provided a warm and comfortable environment for riders.
- The Hilton Garden Inn on Main St. is expected to open this spring.
- According to the Rochester Downtown Development Corporation, for the first time in 10 years, more people have moved into the city than have moved out.

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New York State Economic Development CFA grants were awarded to Visit Rochester member organizations like Geva Theatre Center, The Strong, George Eastman House, Rochester Museum & Science Center, Friends of the GardenAerial, and the First Niagara Rochester Fringe Festival. Many other CFA grants were awarded to organizations and businesses that enhance the quality of life for the community.

Meeting business continues to be strong.

Bed tax generation looks good through the first three-quarters of 2014 (that includes beating the numbers for the 2013 PGA).

The Rochester Ambassador program is off to a great start. Conceived to engage community leaders with inviting meetings and conventions to meet in Rochester, one convention is already booked, and leads have gone out to others.

The Rochester/Finger Lakes Film Commission has experienced an increase in inquiries from film producers due to the new language in the Film Production Incentive Program. The program now offers an additional 10% tax incentive for qualified costs to films that choose certain Upstate NY regions for their productions.

Rochester Hotel Association

The Rochester Hotel Association is a not-for-profit trade organization representing member businesses and individuals in the lodging and hospitality industries in the Rochester and Monroe County areas.



Issues

- Over supply of hotels
- Lack of growth in development both downtown and countywide
- Safety/cleanliness of the downtown environment
- Increase in minimum wage
- 10-hour rule
- Workers compensation costs

A special thank you to the
Hyatt Regency
for hosting the continental breakfast!