

**Testimony Submitted by Kathryn Flacke Muncil  
New York State Hospitality & Tourism Association**

**At the Joint Legislative Budget Hearing on Economic Development**

**February 10, 2014**

I am Kathryn Flacke Muncil Vice Chairman of the Board of the New York State Hospitality & Tourism Association. I would like to start by thanking Chairman Farrell and Chairman DeFrancisco and members of the committee for the opportunity to comment on the 2014-2015 Executive State Budget Proposal as it relates to tourism.

As CEO of the Fort William Henry Corporation, we employ upwards of 400 people during the height of our busy season. The corporation manages 20 separate businesses which range from an independent resort hotel and conference center to a French & Indian War restored Fortress with coffee shops and restaurants in between. We have been in business since 1952 and are owned by over 200 stockholders having been formed by 5 families from Albany who continue to own the majority of the stock. I manage the Board of Directors for the corporation which consists of 13 members. I, with our other senior staff, stay very involved in our Community and in our industry, on a local, state and federal basis.

**BACKGROUND**

The New York State Hospitality & Tourism Association (NYSH&TA) is the oldest lodging Association in the country - founded in Saratoga Springs in 1887. We have nearly 1,300 member businesses and individuals in the lodging and attractions industry, and we currently represent 70% of the total lodging room inventory in the State.

The tourism industry in New York is an unparalleled industry that is a combination of creating and maintaining jobs, as well as providing the State with a return on its investment no other industry can offer. The tourism industry is a part of each region of the State, providing employment at all levels from management to entry level.

**TOURISM NEEDS INVESTMENT**

Given its proven 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. That is why, in his 2014-2015 Executive Budget Proposal, Governor Cuomo proposed maintaining the current funding levels for the Tourism Matching Grant Program as well as the I Love NY program. The Governor has funded the matching grant program at \$3.815M and the I Love NY program at \$2.5M. Additionally, for the second year in a row the Governor has appropriated \$5M for Market NY; these funds will be allocated for regional marketing and promotions. Likewise, the Governor sets aside \$1.1M for Taste NY. Lastly, the Governor's proposal includes \$150M in available dollars for the fourth

round of the Regional Economic Development Councils. Our association strongly supports the Councils and encourages more tourism-specific awards to be granted. **To that end, we request that the State's Tourism Funding mechanisms are preserved so that the industry, along with its State and local partners, continues to flourish.**

## **NEW YORK STATE AND THE TOURISM INDUSTRY – PARTNERS**

The industry has and continues to do its part in marketing and promotion. Through the Tourism Matching Grant program, which is an aid to locality legislative program that provides focused support that is matched locally (dollar for dollar by the industry), funding is used to market the regional tourism attractions in New York. This perfect example of a private/public partnership is the lifeline of our industry and it is critical that the program be funded and maintained as every dollar that the State makes available through this program will be matched by an industry participant to promote, market and provide jobs across New York. The numbers and success of the matching grant program statewide are amazing. In 2013, the tourism industry is projected to generate and has accounted for:

- \$7.7 billion in state and local taxes with direct spending expected to reach \$61.3 billion, an increase of 7 percent since 2012.
- New York's hotels will sell 43 million rooms with associated \$8.3 billion hotel room revenue.
- New York's hotel occupancy rate is 73.7% which is almost 10% higher than the national rate.

The benefits collected in the form of state and local taxes alone are worth the investment, especially considering the limited resources with which New York can invest. **Tourism is an investment that produces revenues and jobs.** The revenue Tourism produces trickles down to impact every citizen in the State. Therefore, a strong tourism brand along with critical marketing programs are vital to help restore and continue to create much needed jobs, while returning New York to its pre-eminent position as the number one destination in the United States.

Further, the “I Love NY” program itself provides statewide marketing strategies establishing partnerships and implementing programs to encourage visitation. The businesses that make up the tourism industry have survived through these tough economic times of limited commercial bookings and fewer vacations. Marketing is what will bring the visitors back and it is incumbent upon New York to ensure that the tourism industry is a powerful one in order to generate critical revenues. That is why we continue to raise awareness that neighboring states consistently out-invest us in tourism marketing dollars.

The industry has done its part to maximize the current funding level of the “I Love NY” Program and the summer campaign and advertising spots of the “I Love NY” brand were a success for the industry and must continue and expand in 2014. Most importantly, these two programs (I Love NY, Matching Grants) were an integral part in the tourism economy reaching a new high in 2012, with \$57.3 billion in traveler spending, equaling \$7.2 billion in State and local taxes

## **NY OPEN FOR BUSINESS**

As stated, the 2014-2015 Executive Budget Proposal calls for Round 4 of the Regional Economic Development Councils. NYSH&TA supports this initiative as it is critical that the tourism projects continue to be emphasized during this 4<sup>th</sup> round. The industry supports the 2014-2015 Executive Budget proposal that allocates \$150M in new economic development capital funding and \$70M in State tax credits that are available for the fourth round of Regional Economic Development Councils.

Further, in 2013, the State held the Adirondack Challenge and summits relating to Tourism, Beer & Wine, Parks & Trails. NYSH&TA supports the Governor's plan to hold round 2 of these summits as well as the Governor's Bass Master Challenge to be held on Owasco Lake in 2014. In 2013, Governor Cuomo suggested that the State, through various programs and allocations, invested over \$60M in tourism. Therefore, it is essential for the sustainability of this funding, which is a proven investment for the state, that both the industry and Legislature continue to participate and partner with the administration at these events and summits as they provide a chance to market and promote all New York attractions.

Lastly, in 2013, the Governor and the Legislature implemented workers compensation and insurance reforms. To that the end, NYSH&TA has and will continue to seek additional reforms on other laws/regulations that make it difficult for all businesses, especially small businesses, to operate in New York. Owners and operators of small businesses across New York seek relief from government mandates, duplications and administrative burdens that affect not only their bottom line but their ability to provide customer services at a high and consistent level. NYSH&TA is encouraged by the Governor and Legislature displaying a willingness to tackle further reforms, laws and regulations in the State. As the discussions on making New York more business friendly continue and the Governor creates a Joint Executive-Legislative Commission on Regulatory Reform this session, we hope to be an active participant in bringing our needs and suggestions to the attention of this much needed commission.

It is critical the Legislature continue to support the Administration's efforts to keep New York Open for Business.

## **TOURISM IS NEW YORK**

We are encouraged by the Governor's commitment to tourism by providing \$5M in funding for a new Market NY program and an additional \$1.1M for Taste NY, two proposals that encourage industry participation across the State. While we caution that the competitive nature of these new funding streams would put tourism interests across the State in competition with each other rather than as partners working together or in conjunction with the State as under the current matching grants program, we welcome the opportunity to work with the Administration and the Legislature on all critical funding streams and avenues for the tourism industry.

After all, it is marketing that will bring the visitors back and it is incumbent upon New York to ensure that the Tourism industry is a powerful one, as well as an industry and State that can compete with other states for the all important traveler. While the Tourism Matching Grant and I Love NY programs funded through the annual State Budget is and will always be much needed, we believe they are only part of the solution to continue to move forward and effectively market the attractions and destinations New York has to offer. That is why we are please to testify before you today, and offer the Association as a resource and partner in maximizing the industry's impact on the State's economy.

Thank You.