

Assembly Arts Committee Informational Hearing:

The Economic Power and Resilience of California's Tourism Industry

October 14, 2020 - 2:00-4:00pm

- Good afternoon, Chair and members.
- My name is Emellia Zamani and I am the Director of Government Affairs and Public Policy for the California Travel Association, the advocacy organization representing the travel and tourism industry in California.
- We work closely with, but are distinct from, Visit California.
- As Caroline mentioned, Visit California markets the state as a world-class destination. CalTravel engages with the legislature and administration to protect and ensure a thriving industry.
- Our members include destinations, lodging, attractions, airports, airlines, transportation companies, and small businesses across the state.

- As previously discussed, the leisure and hospitality industry in California has lost over 600,000 jobs since February, a drastic reduction from the 1.2 million jobs tourism provided Californians prior to COVID-19. Many of these jobs will not come back once the state of emergency is over.
- Visit California's revenue, which is funded by private businesses through a self-imposed assessment based on income, has been reduced by more than half.
- This is why CalTravel has been working with Senator McGuire and other tourism champions in the Senate and Assembly, including many members of this committee, to help prioritize a \$45 million allocation for Visit California's marketing efforts through either the budget or a stimulus package.
- This funding would augment Visit California's campaign letting travelers know that California destinations are prioritizing their health and safety and to promote best practices for responsible travel.

- Getting Californians traveling again will enable our small businesses to reopen, get workers back to their jobs, and ultimately help jump start a quick recovery of our economy.
- We know this approach works because we saw it in action after the September 11 attacks.
- Immediately after 9/11, Governor Gray Davis made a one-time allocation to Visit California that fueled a multi-tiered, in-state and drive market campaign designed to give Californians the confidence to rediscover our great state.
- The campaign was successful. In-state travel jumped 10% in 2001 to 2002, and tourism was one of the fastest industries to recover.
- If given an allocation today, it is anticipated that Visit California can generate \$10.3 billion in revenue to California businesses and \$865 million in additional state and local tax revenue.

- This one-time funding would be an impactful down payment to help California recover from the dire economic impacts of COVID-19.
- Every dollar spent by a traveler powers our local communities many times over.
- The taxes paid by hotel and vacation rental guests directly power local communities across California—46 cities rely on Transient Occupancy Tax revenue to cover at least 30% of their overall general fund expenditures.
- Aside from this critical funding, the Legislature can support our struggling industry in a few other ways.
- With the Federal government unable to come to a consensus on additional financial relief, we would like to see state-level support of businesses shouldering the costs of acquiring PPE and enhanced cleaning and sanitization protocol.
- Another place of support would be to offer a temporary tax credit to Californians to incentivize domestic business and leisure travel in-state, once counties have progressed further along the reopening roadmap.

- The tax credit would be worth 50% of qualified travel expenses for a limited time period.
- Qualified travel expenses would include any expense over \$50 incurred while traveling in California, away from home, with language to explicitly reference expenses related to meals, lodging, recreation, transportation, amusement or entertainment, business meetings or events, and fuel.
- Finally, we need the Legislature's help advocating for the safe reopening of business meetings.
- Speaking to what Assemblymember Chiu asked during Joe D'Alessandro's pre-emption, we have been working with the administration on standards, but need approval on guidance and a clear indication of when we can bring back this important segment of the travel industry in order to preserve business that takes years to secure, plan, and execute.
- As it is, we are losing business to other states who are hosting events without evidence of any COVID outbreaks. Indianapolis hosted 18 events in 40 days, with no exhibited increase in cases. One of these events hosted roughly

9,000 individuals. Indianapolis is gearing their marketing to capture business from other states like ours.

- Our business also need support as guidance changes. For example, Wisconsin moved back to 25% capacity for indoor gatherings, but the Governor set aside \$100 million for tourism, including venues and lodging.
- The legislature did a great job supporting workers rights this year, but if we can't prevent businesses from closing, there will be no jobs for workers to get back to.
- Anything the legislature can do to ease the costs of doing business and encourage Californians to travel again would go a long way toward repairing our devastated tourism economy.
- We look forward to continuing the work of reviving our industry with you and advancing our shared goal of jumpstarting our state's economic recovery in the wake of the coronavirus.
- Thank you.