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Good morning Chairman Yudichak, Chairwoman Cappelletti and members of the Community, Economic and Recreational Development Committee. My name is John Oliver, and I am the President/CEO for VisitErie, the destination marketing organization for Erie county. Tourism is a revenue generator for Pennsylvania. Thank you for the opportunity to address and explore new and unique forms of tourism funding, specifically, enabling counties to have the ability to form Tourism Improvement Districts should they so desire.

Traditionally, funding to promote our regional destinations and support marketing to attract visitors has come from a hotel occupancy tax, or more commonly referred to as a "Bed Tax" paid by visitors staying in our hotels and motels. This tax is generally capped at five percent, except for a few home rule counties that have established higher rates. Like many other industries, competition is always brewing. With increased competition from destinations in surrounding states, it's been tougher and tougher for Pennsylvania destinations to remain competitive in the tourism market. Ultimately, the tourism industry has had to explore alternative ways to increase funds in order to maximize travel and tourism visitation to our many noteworthy destinations.

Tourism Improvement Districts, also known as TIDs, were first implemented in California in 1989. Today, there are approximately 500 TIDs in the United States, and they continue to be a creative and effective way to secure additional regional tourism promotion dollars. Other states, like Maryland, have authorized the ability to form TIDs, and New York is in the process of allowing the formation of TIDs as well.

We've started having initial conversations about enabling legislation that would create a streamlined process for TIDs in Pennsylvania, and the model we've explored at PRLA would be modeled after the existing Neighborhood Improvement District legislation. A TID would be composed of accommodations of more than 11 rooms who would self-assess themselves by implementing a percentage increase on their room rate or a flat fee per room per night. This fee would be used to expand the marketing of the destination to visitors. The fee could also be used to develop or expand tourism demand generators, in other words, attractions. A written plan would outline the boundaries of the proposed TID, a list of all benefited businesses to be assessed, the method for determining the assessment fee, and a list of proposed tourism initiatives in the TID with estimated costs. This ordinance would require the County to continue baseline services after district formation, such as hotel tax destination marketing funding. Ultimately, this structure would establish and secure completely new and self-assessed revenue to be used for regional tourism promotion, something many in this General Assembly have told us ought to be a top priority.

Providing there is not written opposition by more than 40% of the total room inventory in the proposed district, the County would be solicited to pass an ordinance allowing a TID to be formed. The collected funds would be managed by a selected non-profit entity chosen by a TID Board of Directors. This Board would be representatives of the impacted accommodations along with an ex-officio county representative. An annual audit of the collected funds would be submitted to the County. The ordinance would establish a sunset provision of no less than 5 years with the ability to renew.

This proposed enabling legislation would have no direct fiscal impact to the State. Furthermore, the economic impact can only be positive, as this will establish new and currently non-existent revenue. It would positively impact the State by generating more revenue from an increase of visitors throughout the Commonwealth.

We've had many conversations about this subject with some on this committee and others in the General Assembly. We truly appreciate the legislature's willingness to explore this topic. Thank you again for allowing me the opportunity to discuss this important tourism initiative with you. I am happy to help answer any questions or address any concerns.

John Oliver
President & CEO
VisitErie