



The Case for Tourism Funding

A summary of the 2022 study titled “Competitive Analysis of Pennsylvania’s Tourism Budget”

by *Tourism Economics*

TOURISM’S ECONOMIC IMPACT

2019 Economic Impact of PA Visitors

Pennsylvania visitors generated the following direct and secondary economic impacts:



\$46.0 billion
of traveler
spending



521,073 jobs
(6.6% of all
jobs in PA)



\$23.9 billion
of labor income



\$4.8 billion
in state &
local taxes

2020 Pandemic Losses were significant

- Visitor spending fell by 37.2% in 2020
- Total employment declined by 20.9%
- Total fiscal impacts were reduced by \$2.4 billion

PA’s state and local governments would have to tax each PA household an extra \$950 per year to replace the taxes generated by travel & tourism.

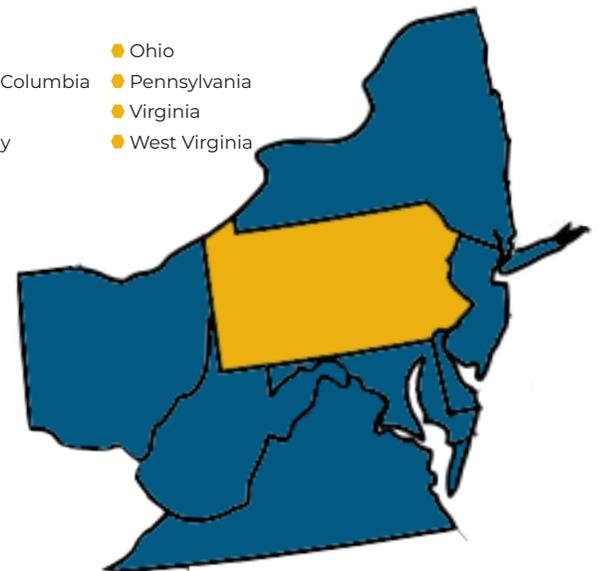
PA TOURISM MARKET SHARE DECLINES

Comparing PA’s Tourism Economy to our Regional Competitors

- PA’s share of visitor spending declined 6.3% between 2010-2019 relative to competitive states
- PA’s share of direct employment remained relatively stagnant between 2010-2019

Pennsylvania has trailed our competitive states as well as the nation in terms of leisure & hospitality employment growth.

- Delaware
- District of Columbia
- Maryland
- New Jersey
- New York
- Ohio
- Pennsylvania
- Virginia
- West Virginia



PA TOURISM PROMOTION BUDGET

\$9.1 million
TOTAL 2021/22 BUDGET FOR PA TOURISM OFFICE

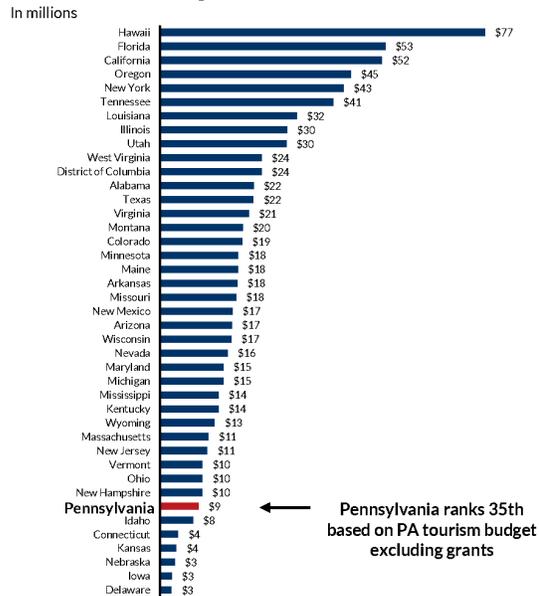
\$4.1 million
Marketing to Attract Tourists budget line item

\$5 million
Supported by Lodging Tax Revenue (Tourism Promotion Fund legislation)

Pennsylvania Tourism Office Budget in **2008/09** was **\$29.8 million.**

COMPETITIVE ANALYSIS OF FUNDING

State tourism budget, FY 2020-21



PA's Tourism Budget Ranks Low

- Pennsylvania has one of the largest tourism economies in the United States based on jobs and earnings in the accommodation sector.
- Of our competitive states, only Delaware's tourism budget ranks lower than Pennsylvania

10th
out of 51

BASED ON
2019 LEISURE
& HOSPITALITY
JOBS

9th
out of 51

BASED ON 2019
EARNINGS IN
ACCOMMODATION
SECTOR

35th
out of 41

BASED ON
2020/21 STATE
TOURISM
BUDGET

Source: US Travel; Tourism Economics analysis of state budgets

Historical losses for economic impacts & tax revenues

- Pennsylvania has spent \$152 million less on tourism promotion since 2015.

For each \$1 of PA tourism budget "savings," PA has lost \$4.48 in combined state and local tax revenue.

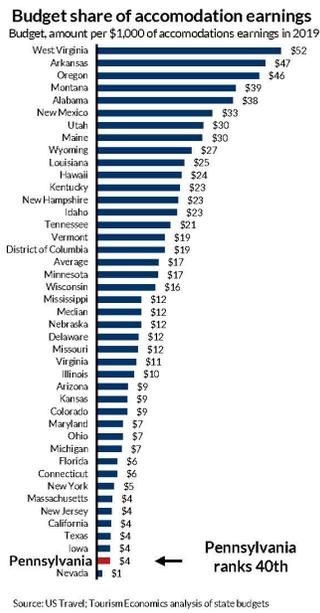
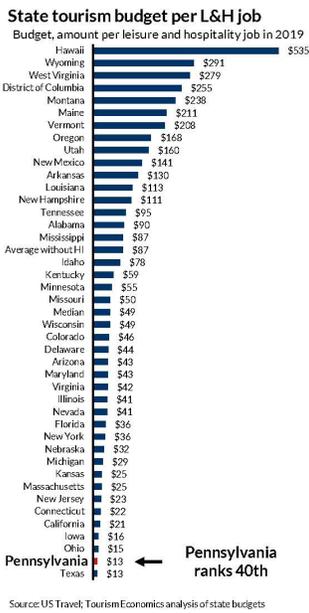
\$9.7 billion of lost visitor spending

11,300 lost jobs per year

2015-19
PENNSYLVANIA
TOURISM BUDGET
SHORTFALLS
LED TO
LOSSES

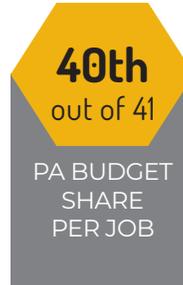
\$679 million in lost state & local taxes

\$4.5 billion of lost labor income



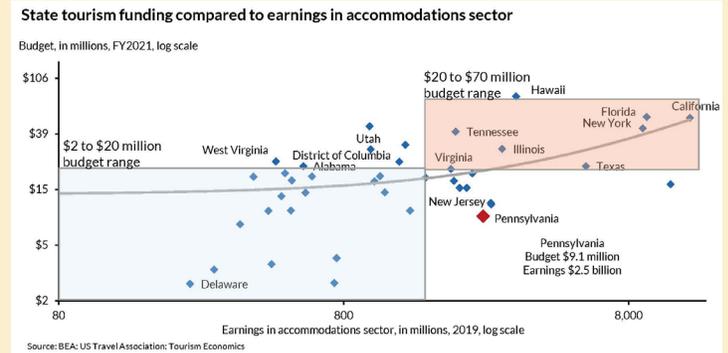
PA's tourism budget ranks next to last in relation to industry size

- PA's tourism budget share is equivalent to \$13 per leisure & hospitality job—far below the national average of \$87.
- PA's tourism budget share is equivalent to \$4 per \$1,000 of earnings in the accommodation sector—well below the national average of \$17.

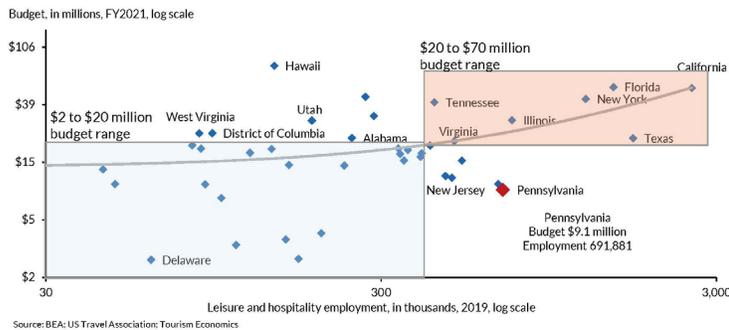


PA funding does not match earnings size

- Earnings within the accommodation sector provide an effective sizing benchmark.
- While PA's tourism sector is larger than many states, its funding for state tourism marketing is lower in relation to its size.



State tourism funding compared to leisure and hospitality employment



PA funding does not match employment size

- States with large tourism sectors tend to have state tourism budgets in the \$20-70 million range
- Despite PA's large leisure & hospitality workforce, its tourism budget funding is low.

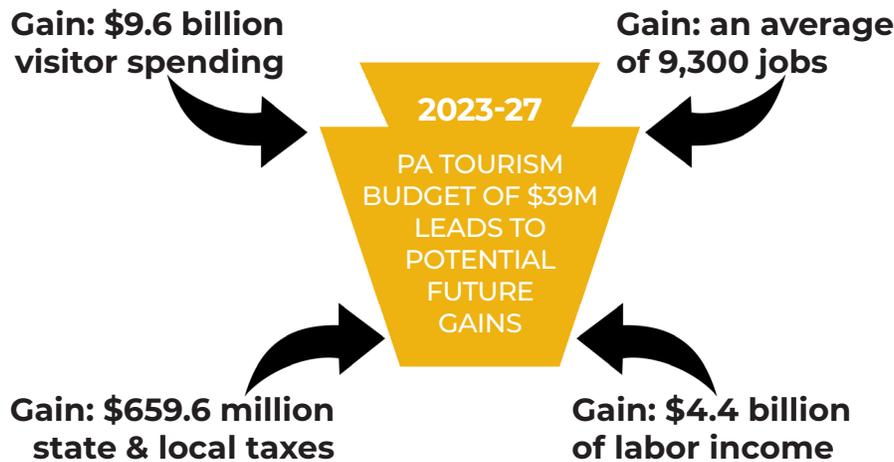
\$39 million (excluding grants) would bring PA's budget more in line with the size of the tourism industry.

- At \$39 million of recommended annual funding, PA would rank 7th among 41.
- At this level, PA's tourism budget share would be equivalent to \$56 per job and rank 19th, slightly ahead of the median \$49.

Recommended Optimal Tourism Funding for PA equals \$39.0 million (excluding grants).

POTENTIAL GAIN FROM BUDGET INCREASE

- As a result of boosting the tourism budget over a five-year future period (2023-27), Pennsylvania stands to gain and generate:



Every **\$1** invested in PA's tourism budget

=



Generates **\$4.47** of additional state & local taxes AND **\$65** of additional visitor spending.

Tourism is an investment in Pennsylvania.

Questions about the study or about how you can support investing in Pennsylvania's tourism industry, please contact Zak Pyzik at zpyzik@prla.org.



Use the QR Code to download the complete **Competitive Analysis of Pennsylvania's Tourism Budget**.

The Pennsylvania Restaurant & Lodging Association engaged Tourism Economics to conduct an independent analysis of the level of destination marketing needed to support Pennsylvania's future success as a visitor destination. This research represents an update of a previous study Tourism Economics conducted in 2015.

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing its clients.