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Tourism's United Voice





May 13, 2020

The Honorable Gavin Newsom
Governor, State of California
State Capitol
Sacramento, CA 95814

Re: Visit California Funding Request

Dear Governor Newsom:

Thank you for your bold leadership in the face of COVID-19 and ensuring that California is prepared to meet the complex and ever-evolving challenges presented by this pandemic, including convening a taskforce to discuss solutions for business and job recovery.

Unfortunately, as you know, the coronavirus has had an especially devastating impact on California's travel and tourism industry. This is why a broad coalition of advocates—ranging from tourism, hospitality, labor, and local chambers—respectfully request a one-time, emergency allocation of \$45 million in this year's budget for Visit California. This funding will enable them to execute a marketing campaign that will jump start quick recovery of this key segment of our economy once it is safe to travel.

It is anticipated that 613,000 tourism jobs will disappear by the end of May. Not only that, for every tourism job lost, a ripple effect occurs in the ecosystem that supports the travel industry. Every three travel industry jobs support another two California jobs.

Prior to COVID-19, California's travel industry consistently returned remarkable results for the state's economy, driven by the leadership and innovative marketing programs of Visit California. In 2019, more than 1.2 million California workers earned their livelihoods at travel businesses, and visitor spending injected \$145 billion directly into the state, generating \$12.3 billion in state and local tax revenues.

Independent research firm Oxford Economics estimates California will lose \$72.8 billion in visitor spending this year alone, drying up one of the state's most vital tax sources. Every dollar spent by a traveler powers our state's local communities many times over. State and local governments will lose \$6.1 billion in tax revenues that fund vital local services like police, fire and public health and safety. The taxes paid by hotel and vacation rental guests directly power local communities across California—46 cities rely on Transient Occupancy Tax (TOT) revenue to cover at least 30% of their overall general fund expenditures.

California's success as a world class tourism attraction is due in large part to Visit California—their programs delivered \$14.8 billion of revenue to the state's economy in 2019. However, they are funded by private businesses through a self-imposed assessment, which means the closure of the state's tourism industry has effectively reduced Visit California's revenue to zero. This has forced the organization to cancel all existing marketing programs and dramatically reduce staff. A decade of progress is being erased—without help, California's tourism economy will return to 2009 levels of tax revenue and jobs. This lost decade ensures the economic fallout from the coronavirus pandemic is already at least nine times worse than the 9/11 attacks.

A \$45 million, one-time emergency stimulus to enhance funding for Visit California will fund marketing programs to drive visitor spending and get California back to work quickly once the stay-at-home order is lifted. Tourism has proven itself to be one of the fastest industries to recover in the aftermath of a crisis. This was the case post-9/11, when Governor Gray Davis made a one-time allocation to Visit California that fueled a multi-tiered, in-state/drive market campaign designed to get Californians to rediscover our great state. The campaign was successful, and in-state travel jumped 10% in 2001-2002.

With this allocation, Visit California can generate tourism revenues and the associated state and local tax revenues after the expiration of the State of Emergency. This plan is in partnership with and supported by a broad coalition of leaders across travel, tourism, hospitality, labor, public safety, and media. This level of campaign, paired with compelling creative, would deliver \$10.3 billion in revenue to California businesses and \$865 million in additional state and local tax revenue.

While this innovative plan requires some investment, it is much less than the \$836 million a month it will cost for unemployment benefits for displaced workers. It is critically important that we equip Visit California so they can accelerate California's economic recovery. This strategy will provide a ripple effect that moves beyond the travel and tourism sector to infuse money back into our communities.

We believe this allocation will be an impactful down payment to help California recover from the dire economic impact of COVID-19 once it is safe to travel again. Thank you again for the consideration of this request.

We look forward to working with you in the weeks to come.

Warmest Regards,

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Luxurist Travel
Madame Tussauds Hollywood
Madden Media
Mammoth Lakes Tourism
Mammoth Lakes Trails & Public Access Foundation
Maritime Museum of San Diego
Mbuy
Mering
Miles Partnership

Monterey Bay Aquarium
Monterey County Convention & Visitors Bureau
National Parks Trips
North Lake Tahoe - Chamber | CVB | Resort Association
Pacific Park on the Santa Monica Pier
Palm Springs Aerial Tramway
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San Francisco Travel Association
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Sensorio Paso Robles
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