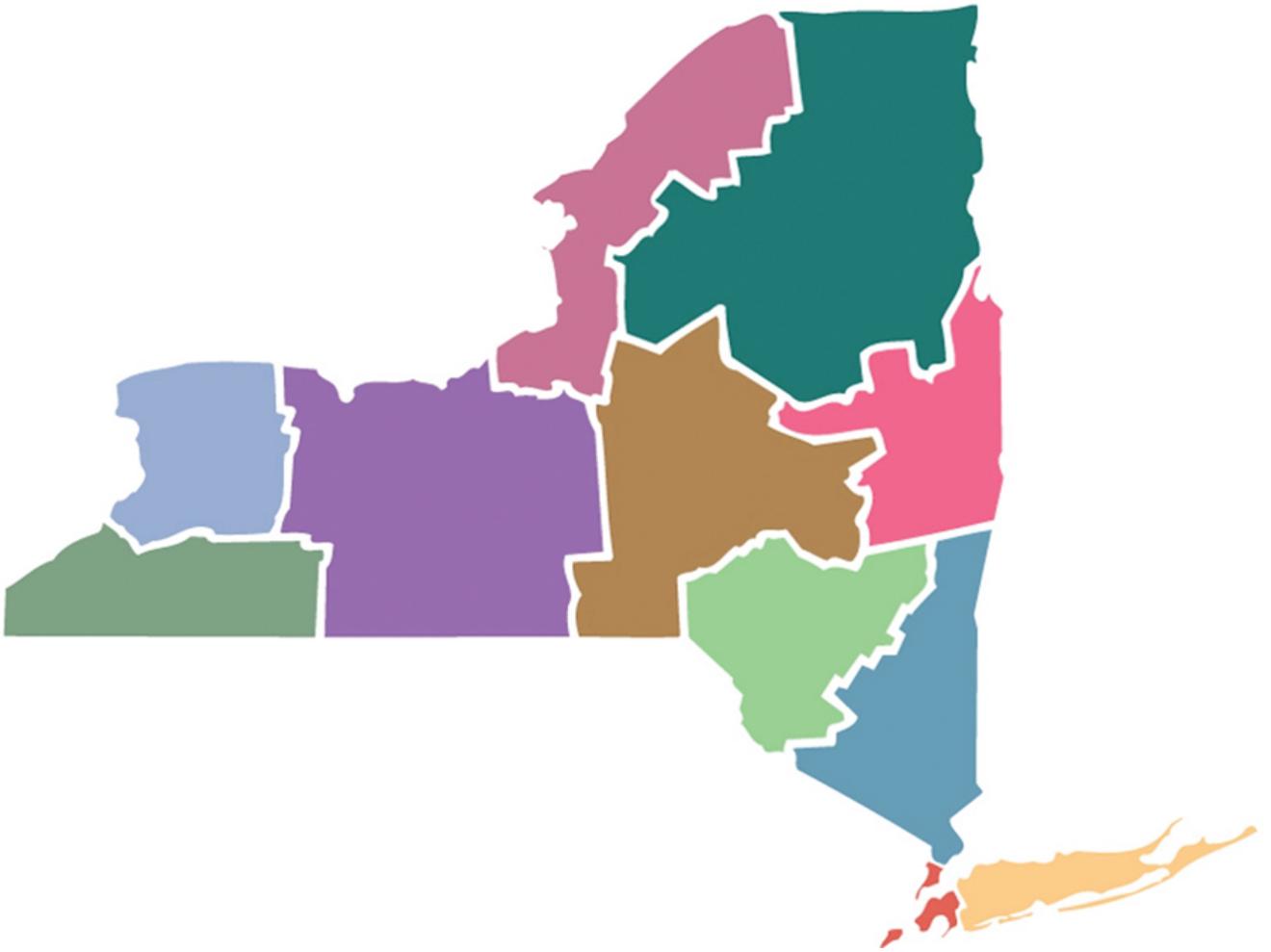


CONNECTING THE PIECES



Joint Report
on the
2005 Statewide Tourism Roundtables

Mary Lou Rath, Chairman

Senate Committee on Tourism, Recreation and Sports Development

Joseph Morelle, Chairman

Assembly Committee on Tourism, Arts and Sports Development



NEW YORK STATE LEGISLATURE

February 2006

Dear Friend of Tourism:

As a tourism professional or tourism supporter in New York State, you know what many do not: Tourism drives our State's economic engine. More than 141 million people visited our great state in 2004 and they spent in excess of \$39 billion dollars. These travelers generate billions of dollars in state and local sales and occupancy taxes, and support hundreds of thousands of travel- and tourism-related jobs.

You also know something else -- much more can be done to strengthen this economic impact and solidify New York as a global destination. There is neither a shortage of ideas nor creative capital. To begin implementing these fresh concepts, we must first know our starting position. At a most basic level, we must determine what has worked in the past, and identify new business models to more effectively promote New York.

As the Chairs of the Tourism Committees in the State Legislature, we wanted to listen to tourism professionals, and develop ideas to help move the industry forward. The following report is based on a series of eight roundtables held in New York State's tourism regions: Thousand Islands, Adirondack/Capital-Saratoga, Catskills/Hudson Valley, Greater Niagara/Chautauqua-Allegheny, Finger Lakes, New York City, Long Island, and Central-Leatherstocking.

The purpose of this report is to evaluate the current state of tourism marketing in New York and share the central issues and concerns that ran throughout the meetings. We also wanted to include the individual concerns that were specific to regions, so that you can learn the hurdles your colleagues face across the state. Our hope is that you will review the report and respond to us -- reinforcing what you see as the most critical needs to be addressed by the State Legislature.

We would like to thank Dan Murphy of the New York State Hospitality and Tourism Association for his help and dedication in making the arrangements for the roundtables. We would also like to thank you for your participation and interest, and look forward to working with you as we expand and enhance tourism in New York State.

Warmest personal regards,

MARY LOU RATH
Chair
Senate Committee on Tourism,
Recreation and Sports Development

JOSEPH D. MORELLE
Chair
Assembly Committee on Tourism,
Arts and Sports Development

DEFINING TOURISM

Before we begin to measure and understand the impact that the tourism industry has on New York State's economy we must first define its components. There are numerous definitions in use by varying stakeholders. Often the definitions are crafted to meet specific demands be they economic or policy. We have chosen to apply our own concept, which will serve to clarify how the Legislature is considering the industry.

The tourism industry is perhaps best defined by the visitor. That which attracts a person to a particular destination, and the services they employ in order to facilitate that visit, all are part of the equation. Generally, the tourism industry comprises hospitality establishments for lodging and dining, geographic spaces for recreation, and attractions of interest to travelers. Additionally, any service provided to the visiting public must be considered part of the industry.

This concept is simple yet encompasses a very broad spectrum. By agreeing that the visitor defines something as a tourist attraction by traveling to participate in a particular experience, we set very difficult standards for achieving accurate measurements. However, this expansive approach allows for adequate consideration of the breadth of the creativity that makes New York such a fertile destination.

THE IMPORTANCE OF TOURISM TO NEW YORK STATE

Money

The impact of tourism on the New York State economy cannot be over emphasized. According to D.K. Shifflet & Associates Ltd., a national leader in tourism market research, and the U.S. Department of Commerce, over 141 million people visited New York in 2004. They spent \$39.5 billion.

Those figures are tremendous. For some perspective consider that the population of New York is 19,227,088. Nearly eight times as many people that live in New York fit the industry definition of visitor. Consider further that the 2005-2006 New York State Budget was just over \$105 billion. Visitors spent in New York an amount exceeding 37% of the total New York State Budget.

Jobs

Tourism creates jobs and can support sustainable job growth. The New York State Department of Economic Development maintains that the tourism industry employs over 750,000 people. According to the New York State Department of Labor, lodging accommodations alone

employed a monthly average of 76,200 people. Employment for December 2005 for all leisure and hospitality positions exceeded 670,000. Prior to September 11th these numbers were about 6% higher. While some of those positions are supported not only by tourists but also local patrons, the conclusion that tourism is a major force for employment in the State is easily drawn.

WHAT IS I ♥ NY?

As the famous I ♥ NY slogan is referred to frequently throughout this report, it may be helpful, at the outset, to explain how it fits into New York State's tourism landscape.

The New York State Department of Economic Development (DED) and the Empire State Development Corporation (ESDC) are known collectively as Empire State Development (ESD). ESD's mission is to improve New York's competitive position and to create and retain quality jobs in a challenging and rapidly changing economy. Many divisions fall under ESD's umbrella, including Marketing, Advertising and Tourism.

The Marketing, Advertising and Tourism Division, in addition to constant analysis of market trends, is responsible for the following:

- Developing advertising campaigns and comprehensive marketing and tourism programs to encourage tourist activity, serve the business community, and attract new businesses to New York State.
- Coordinating a statewide centralized marketing program.
- Supervising advertising services on behalf of other State agencies.
- Coordinating the strategic marketing and advertising planning process with advertising agencies, consultants and Division staff.

The I ♥ NY brand, now in its 28th year, is utilized by the Marketing, Advertising and Tourism Division as part of an ongoing campaign to promote New York as a premiere vacation destination and a desirable business environment.

The Division develops and implements marketing strategies; coordinates domestic and international outreach; works with a variety of public and private sector marketing interests; and reviews the following tourism and economic development marketing and advertising programs:

- Regional Matching Funds, a local assistance program which is used by local and regional tourism entities for advertising, promotion and tourism marketing programs.
- Travel Promotion, to individuals and trade organizations.
- Trade Education, for hospitality personnel.
- Tourism Programs, Development and Promotion, promotes joint marketing ventures beneficial to tourism in Upstate New York and Long Island, develops and coordinates the sales and marketing efforts of the group travel market for North America.

The Tourism Marketing Program

New York State Economic Development Law (EDL) prescribes statutes related to tourism promotion. In order to understand the recommendations of tourism industry, and those that follow in this report, it is necessary to be familiar with those statutes.

Statutes

I. I ♥ NY – Tourism Marketing Program

Though known globally, the I ♥ NY brand is not mentioned in State statute. In fact, the Economic Development Law makes little mention of a statewide tourism marketing program. Subdivision 15 of section 100 of the EDL simply makes it the responsibility of the Department to contract for a State travel guide.

Discussion of a tourism marketing program is limited to the following:

“[It shall be the duty of the commissioner] to plan and conduct a program of information and publicity designed to attract tourists, visitors and other interested persons from outside the state to this state and also to encourage and coordinate the efforts of other public and private organizations or groups of citizens to publicize the facilities and attractions of the state for the same purposes;”
-sub. 16 of §100 of EDL

There are no guidelines of any sort promulgated in statute regarding the disposition of these responsibilities. Appropriations in the budget are made “for services and expenses of tourism marketing,” but are accompanied by no spending requirements.

II. Tourism Advisory Council

Article 5-B of the EDL establishes the Tourism Advisory Council. An eighteen-member board, the Council’s chief objective is as follows:

“The purposes of the council shall be to advise the commissioner [of Economic Development] concerning tourism and to serve as liaison between the state's tourism-related industries and the commissioner with respect to the design and implementation of the state's tourism policies and programs.” - *§171 of EDL*

They are required to meet at least four times a year, at the call of the commissioner or chairman of the council.

The Tourism Advisory Council has not met this statutory obligation over the past two years. Representatives from the Department have testified at annual Assembly Tourism Committee oversight hearing that the Council has not met because appointments are pending.

III. Local Tourism Promotion Matching Grants Program (LMGP)

Of particular interest during the roundtables was the Regional Matching Funds Program. Tourism Promotion Agencies (TPAs) may apply for these funds. “Tourist Promotion Agency” means any not-for-profit corporation, or other nonprofit organization, association or agency which shall be designated by resolution of the county legislature or other governing body of any county, or upon designation of the Mayor of the City of New York, as the agency authorized to make application and receive grants for the purposes of the Matching Funds Program.

Article 5-A of the EDL – the Tourism Promotion Act – recognizes and defines the objectives for TPAs. The statute sets guidelines for application, receipt and expenditure of grants received under the program. Most importantly, it prescribes the formula by which grants are awarded.

All grants must be matched. A TPA’s application must assure that the funds allocated to the program described in its application are both: (1) equal to or greater than \$8,000 for each county represented by such agency, and (2) equal to or less than 5% of the total matching funds appropriation for each county represented by such tourist promotion agency.

Provided that enough money is appropriated, the law requires that each TPA receive a minimum of \$20,000 for each county that it represents.

Also, the Commissioner may set aside up to 30% of the total LMGP appropriation to be paid as bonuses to TPAs incorporating a regional marketing approach. The individual bonuses cannot exceed twenty-percent of the amount actually budgeted by the TPA for the regional marketing efforts. The formula for distribution of the regional bonuses is set internally by the Department.

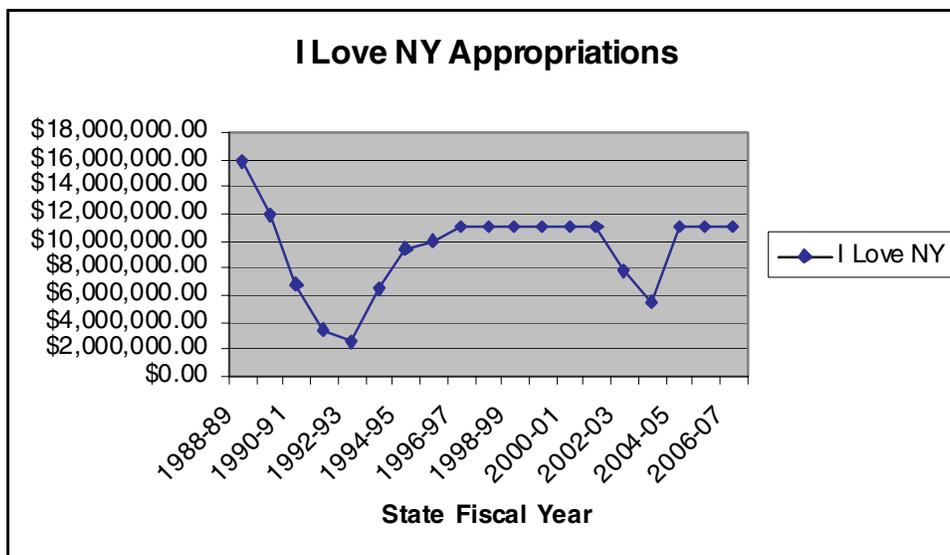
Article 5-A also requires that the Department maintain, and annually evaluate, a five-year Statewide Master Plan for Tourism. Additionally, an Inter-Agency Task Force is created and required to meet twice annually. The purpose of the Task Force is essentially to keep open lines of communication between the Commissioners of the Department of Economic Development, Department of Transportation, Office of Parks, Recreation and Historic Preservation, Department of Environmental Conservation, Department of Agriculture and Markets, Department of Health, and the New York State Council on the Arts.

Appropriations

I. I ♥ NY – Tourism Marketing Program

The appropriation for tourism marketing peaked in SFY 1988-89 at \$15,823,800. (That year’s total appropriation when including the LMGP at \$6,000,000 represents the largest appropriation in the history of the program at \$21,823,800.)

Since SFY 1996-97 the typical appropriation for I ♥ NY has been \$11,015,000 with two exceptions.



*SFY 2001-02 decrease was supplemented by an emergency \$40 million Tourism Recovery Fund due to September 11th.

**SFY 2004-05 was supplemented by a \$9 million appropriation from the Port Authority of NY/NJ to exclusively promote New York City

The last report issued by the Department of Economic Development detailing spending of the tourism marketing appropriation was provided for SFY 2002-03. Of the \$7.7 million made available:

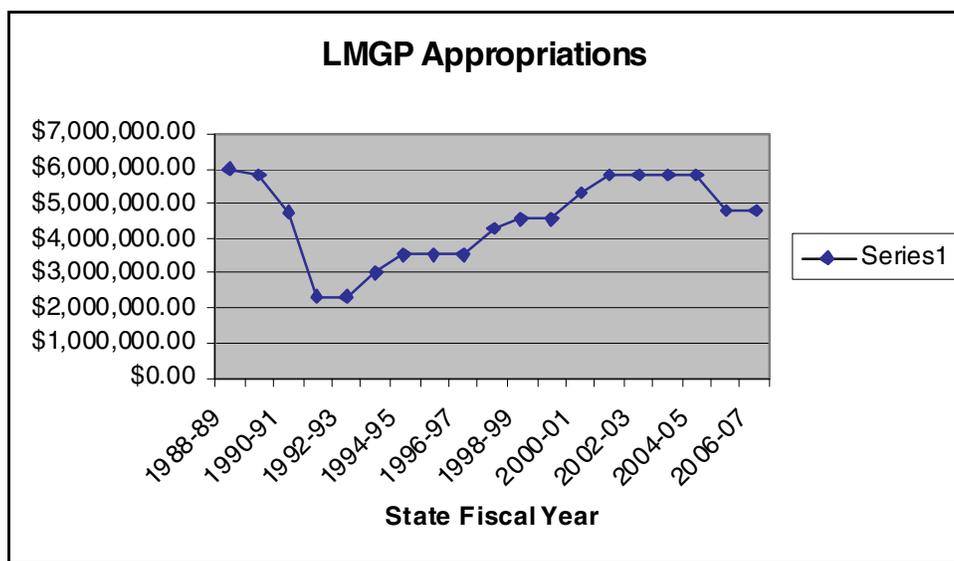
- \$2,450,000 was used for operations and included sponsorships of New York State events;
- \$3,430,000 was spent on promotions that ran chiefly within the borders of New York State, and;
- \$1,820,000 was spent on promotions that ran outside the borders of New York State.

Representatives of the Department noted that there is not enough money appropriated for international consumer marketing efforts.

II. Local Tourism Promotion Matching Grants Program (LMGP)

Appropriations for the LMGP have never exceeded \$6,000,000. The 2005-2006 Budget included \$4,777,000 for the Program. The grants to TPAs ranged from a low of \$58,548 to a high of \$552,214. The mean grant per county was about \$77,054. When matched, that amount equals \$154,108.

The appropriation for the LMGP has endured a similar history to that of the statewide marketing program.



It is unclear how many TPAs take advantage of the regional bonus provided in the statute. Up to \$1,433,100 was available for the regional incentive in SFY 2005-06.

The definition of “regional advertising program” in the EDL allows for as few as two counties to constitute a tourism region. While in some cases appropriate, the formula would allow for as many as 31 different regions.

NEW YORK’S COMPETITION

New York continues to lag behind other states in the nation with regard to spending on tourism promotion. Of appropriations made for tourism marketing in SFY 2005-06, New York ranked just 11th. Hawaii, in part due to its separation from the mainland United States, spent a high of \$69,000,000. States competing for the same domestic traveler that New York targets also outspent our appropriation.

Pennsylvania spent \$33,000,000 on tourism marketing, and the combined New England states spent \$32,600,000. Considering that last year’s appropriation for the I ♥ NY campaign was \$11,015,000, these states are nearly tripling our available funding. New York is centered between states that combine to outspend us by six times as much.

An additional \$4,777,000 also was appropriated for the Local Matching Grants Program (LMGP). Those dollars are used to leverage equal or greater amounts of private investment. But in SFY 2005-06 the mean grant to each Tourism Promotion Agency was about \$80,000. Even when doubled, those amounts can purchase little in the way of competitive advertising. The dilution of the LMGP renders the purchasing power of those dollars less effective.

New York also faces climactic challenges. States such as Florida, Nevada, California and Arizona enjoy landmark manmade and natural assets. Clearly, Disney World, Disney Land, Las Vegas and the Grand Canyon are not the only attractions in their respective states, just as New York City and Niagara Falls represent only the tip of New York's tourism iceberg, but those States enjoy yearlong seasonal weather. Many regions throughout our State north and west of New York City battle limited peak seasons and do not have the ability to be destinations during the winter months. So, while Niagara Falls and New York City enjoy worldwide recognition, the majority of our attractions and destinations are entirely reliant on promotion.

JOINT TOURISM ROUNDTABLES

This backdrop, and the prospect that New York is on the short end of the tourism equation, required a call to action. Both houses of the Legislature have called upon the Governor to include more funding for tourism promotion in his annual budget. Indeed, the respective tourism committees also have acted on legislation that would create a dedicated funding source for tourism. While we recognize that an increase in funding has been the rallying cry of the industry for several years, we also must consider the extreme fiscal restrictions that have affected the State over the last five years.

In an effort to find fresh, innovative, legislative solutions the Senate and Assembly Tourism Committees held eight joint tourism roundtables throughout the State. Invited to participate were tourism stakeholders in each of the regions. They included tourism promotion agencies, local attractions, chambers of commerce and other representatives. The dialogue was spirited and informative.

Although there are concerns specific to each region, several main themes emerged and were echoed consistently at all of the roundtables:

WHAT WE HEARD STATEWIDE

Timely and consistent access to the Marketing, Advertising and Tourism Division's plans and funds are critical

Tourism agencies need to have good data, know what funding to expect, and be aware of the Division's plans for promoting tourism -- this includes message, media sources and timing of advertising

Evaluating the I ♥ NY brand

The logo, one of the most identifiable in the world, was launched 28 years ago. How can the concept be renewed and invigorated? Is it still important?

Strengthening the I ♥ NY web site

Nearly half of the 65 million Americans who use the Internet to select a destination and book accommodations also search for local attractions and events. It is critical that the web site

provides this important information and that it serves as a user-friendly gateway to New York's tourism assets.

Revitalizing the Regional Matching Funds Program

This program, a key resource for the state's tourism practitioners, has also been in place for several years. Optimally, an updated business model, making the program more efficient and effective, could be developed.

Coordination of agencies at the state level

Marketing, Advertising and Tourism must coordinate efforts better with pertinent agencies (DEC, DOT, DMV, OPRHP) when areas of interest overlap.

The cost of doing business

Sales taxes, utility rates, occupancy taxes, and labor laws make cost of doing business in NY high and affect the ability to compete with other states and countries.

Tourism businesses not eligible for Empire Zone exemptions

An industry that brings so much value and revenue into the state is specifically exempted from receiving tax breaks.

Industry does not speak well with one voice

In lobbying efforts, the tourism industry is often fractious and does not approach the state with a unified message.

Information/Gateway centers need evaluation

Signage needs to be reviewed, revitalized, enhanced where necessary to educate, attract tourist traffic.

Bolstering tourism during shoulder seasons

Given the northeastern climate of the state, competing for tourists during lower-occupancy (May, June, September, October) "shoulder seasons" is difficult.

State's ability to attract corporate functions

Is the state tapping into this lucrative opportunity as effectively as possible?

Ability by state agencies to quickly generate tax information and interpretation

Industry needs to have hard data for planning and promotion purposes.

Demonstrating tourism's impact on the economy

Investment in tourism promotion yields very high rates of return. It is necessary to quantify this success so decision makers can be made aware of how their region is benefiting.

Identifying New York's strengths

Because New York has so many tourism and recreational opportunities, it is often difficult to raise the profile of activities such as fishing, skiing and water-oriented activities where the opportunities available in NY are among the best in the country.

Being "out-marketed" by other states

Nevada, Florida and other states have significant private-sector promotion investment. Can New York capitalize in a similar way?

Educating New Yorkers about New York

A desire for knowledge of history often drives travel decisions. Can more be done to educate students about New York's heritage, thereby generating family tourism interest?

UPSTATE VS. DOWNSTATE

Throughout the roundtables, an emphasis was placed on the need to make the two entities complementary to one another. The dynamics of each region present different challenges when trying to attract today's sophisticated traveler. Clearly, in addition to competing with other states and countries, Upstate New York is often competing with New York City, which globally tends to define the entire state. New York State's ability to attract tourism dollars can be enhanced by utilizing New York City, one of the world's major tourists attractions, as a "point-of-entry" for the rest of the state.

New York City, in addition to being eligible for state resources, has vested its tourism marketing in a nonprofit entity, NYC & Company, which is funded by member dues, over \$6 million in city funds and a share of hotel tax revenues.

REGION TO REGION

Following are snapshots of issues and ideas, beyond the main themes, specific to each region:

Thousand Islands -- Watertown, September 27

- ◆ Need to make sure the federal passport issue does not impede Canada/US tourism opportunities.
- ◆ The Thousand Islands "brand" has been successful, confirming that marketing a region as a whole is better than marketing individual counties.
- ◆ Canadian Tourism Commission utilizes "Product Clubs" concept -- themed tourism development (i.e. Paddling Ontario, Arts in the Wild) that may work for NY.

- ◆ More focus is needed on Bi-National Tourism, promoting NY and Canada together. Some exists now, but more can be done.
- ◆ Legislation, similar to a Michigan proposal, to start elementary and secondary schools on one uniform date after Labor Day could help alleviate end-of-summer staffing issues experienced now by many attractions.
- ◆ Measurements to quantify rural county tourism data are lacking.

Adirondack/Capital-Saratoga -- Saratoga Springs, October 6

- ◆ A discussion of boating-safety standards and their enforcement ensued as a result of the tour-boat tragedy on Lake George that claimed 20 lives.
- ◆ Significant battlefields, such as Saratoga, have not been funded/promoted effectively when compared to other states, such as Gettysburg in Pennsylvania.
- ◆ NY's overall historic destinations are not strongly linked and "Birthplace of the Nation" status is not emphasized enough.
- ◆ Other regions/cities should try to brand like Saratoga Springs does with its racing industry.
- ◆ Need to ensure that when the state purchases property or imposes regulations -- i.e., marinas, campgrounds -- tourism is not negatively affected.

Catskills/Hudson Valley -- New Paltz, October 7

- ◆ The cost of doing business in NY in relation to taxes and fees is a hindrance when attempting to attract corporate meetings -- in this case, Mohonk Mountain House as compared to a similar facility in the Poconos.
- ◆ Local bed taxes could possibly be earmarked for tourism promotion.
- ◆ Creating thematic identities beyond what individual counties offer -- NYC is a destination, Ulster County is not. Need to generate tourist interest.
- ◆ 2009 Quadracentennial will present themed opportunities that individual areas can build on.
- ◆ Focusing specific weeks or weekends on heritage or other themes (1/2 price entrance to venues) was recommended.

Greater Niagara/ Chautauqua-Allegheny -- Amherst, October 11

- ◆ Need to make sure the federal passport issue does not impede Canada/US tourism opportunities.
- ◆ Bringing more business professionals to New York for conventions will provide exposure to both local tourist activities and business opportunities (i.e., WNY Bioinformatics).
- ◆ Important to attract amateur sports events as there's been significant investment in venues -- this includes fishing events.
- ◆ Touch-screen kiosks to be implemented by Niagara Tourism and Convention Corporation may provide model for rest of the state to emulate.
- ◆ It is imperative that resources are available in order to compete with Pennsylvania's tourism marketing efforts.

Finger Lakes -- Geneva, October 12

- ◆ Need to ensure that development does not overwhelm availability to provide accessible campsites.
- ◆ Skiing has a \$1 billion impact on the state. New York has more skiers than any other state, yet the ski constituency feels that not enough state support is provided.
- ◆ Heritage areas are generally viewed as cultural enhancements. It is often difficult to find a theme intended to attract tourists.
- ◆ Marketing more to All Terrain Vehicle (ATV) enthusiasts could help shoulder seasons.
- ◆ Partnerships with industry -- specifically, in this case, the wine industry -- can produce dramatic results. With 31,000 acres of vineyards and 212 wineries, it is estimated that New York's wine and grape industry generates more than \$3 billion.

New York City -- Manhattan, November 15

- ◆ The importance of cross-marketing to overlapping interest areas (i.e., theater traveler, wine traveler, art traveler, history traveler, etc.).
- ◆ Department of Commerce grants to market internationally could ultimately be helpful.
- ◆ Encouraging business travelers to NYC to stay an extra day.

- ◆ Working with the federal government to identify the importance of the exchange rate and the issue of approved destination status.
- ◆ Many old hotels are being converted to condos--making it necessary to ensure that new hotel rooms are created so that supply and demand does not price travelers out of the market.

Long Island -- Melville, November 16

- ◆ Better cross promotion is necessary with New York City. Increased promotion could also help alleviate the lack of hotel space in the City.
- ◆ There needs to be a balance between tourism-related development on local streets and waterfronts with the concerns of local residents who worry about the impact on their neighborhoods.
- ◆ Commercial entities such as museums are charged power rates born from peak usage, not aggregate usage, and, as such, are charged higher rates.
- ◆ The erosion of the shoreline could eventually have a negative impact on tourism.
- ◆ Simplify the process for facilitating wine application compliance permits.
- ◆ Review of DOT signage policy.

Central-Leatherstocking -- Utica, December 8

- ◆ Not enough signs exist along the thruway and main arteries to indicate the many attractions which are located in the region.
- ◆ Thruway rest stops should do better marketing for local attractions.
- ◆ Re-establishing scenic railway service between Utica and Lake Placid could be beneficial.
- ◆ Snowmobiling opportunities along the canal need to be enhanced and expanded.
- ◆ TPA's need greater access to the I ♥ NY web site with regard to planning and content.

THE COMMON DENOMINATORS

After further analyzing the overarching themes and concerns of the individual regions, we have extracted five common denominators that link the primary issues. Each issue is attached to

questions that sometimes present difficult choices. The answers to those questions, however, can provide us with a roadmap directing us to a vibrant economic future supported by the tourism industry.

1. New York Invests Too Little in Tourism Marketing

The current appropriation for tourism marketing is too low. The funds available are not adequate to market the entire State, and Upstate, Western New York and Long Island have struggled as a result.

2. Insufficient Data is Prohibitive

The collection and distribution of data as it relates to spending on marketing, number of trips, and economic impact is insufficient. Tourism Promotion Agencies and Convention and Visitors Bureaus are limited by this problem with regard to forecasting and planning new promotional campaigns.

3. Visits to Upstate, Western New York and Long Island Lag Behind New York City

Hotel occupancy rates over the past eleven months in New York City versus Upstate New York are 83.2% versus 58.5% respectively (Long Island's is 68.3%). Additionally, the Federal Reserve Bank noted that with a few exceptions, tourism-related employment in Upstate New York is significantly below the national average.

4. The Tourism Marketing Program Must Be Revamped

Too little money is spent on marketing New York State outside of its own borders, and no money is spent marketing New York internationally. Additionally, the dilution of the Local Matching Grant Program appropriation limits the effectiveness of those dollars.

5. There Needs to be Better Cooperation Between New York State Agencies

Tourism assets in New York State must be identified and agreed upon. Those agencies which have jurisdiction over a particular asset, activity or destination should have direct input on marketing efforts.

ADDRESSING “WHAT WE HEARD”

When the roundtables began, the intent was to focus on topics other than State-level organizational and budgetary issues. However, as the tourism industry revolves around budgets and planning, it became clear that the relationship between State and regional tourism entities is critical in order to create a united front in promoting New York to potential tourists.

It is clear the industry would benefit from both receiving five-year projections by the Marketing, Advertising and Tourism Division and working together as a unified lobby. But is it also very clear that perhaps the biggest stumbling block to future success is the State Budget process. Contingent upon the Governor and both houses of the Legislature, the State Budget varies from year to year. The amount of money dedicated to tourism marketing is unknown until the State Budget has passed. Proposals to create a dedicated revenue source to help ensure a consistent

level of tourism promotion funding have existed in both houses for several years, but have failed to gain much support.

A new direction here could be trying to establish state law that mandates tourism funding which is not tied to the budget process. Another alternative is to move toward the California model. In 1995, through public referendum, the state created the California Travel & Tourism Commission. This nonprofit authority organizes all of the state's tourism businesses with over \$1 million in gross sales into something akin to a statewide, industry-specific Business Improvement District (BID). Like a BID, the Commission levies an annual assessment, passed on to visitors, to fund a marketing budget in excess of \$25 million. In 2004-05, this money was complemented by \$8 million in state funds, making the total funds available (\$33 million) to market California quite significant.

NYC & Company operates on the same concept as the California Travel & Tourism Commission, but its scope is not extended beyond New York City.

While the industry and the State of New York must move forward on improving the funding stream, progress can also be made on many other fronts. The tangible benefit of holding statewide roundtables was that the industry's issues were brought forward with a sense of immediacy that letters and phone conversations cannot convey. By hearing what is being said and what is important throughout the state, issues and concerns can be addressed by policy makers.

With this in mind, following is a "where-we-stand" synopsis of the main themes:

Timely and consistent access to the Marketing, Advertising and Tourism Division's plans and funds

To accomplish this now and for the future, it is necessary to separate tourism funding from the NYS Budget so that resources will be consistent on a year-to-year basis and long-term planning can be done.

Evaluating the I ♥ NY brand

The brand is still overwhelmingly popular and one of the most recognizable in the world. Its continued strategic use will benefit all of the state's tourism ventures. Some are concerned, however, that the brand has become only a way to sell New York to New Yorkers and is not effectively used in markets outside the state. Currently, Marketing, Advertising and Tourism as well as the NYS Association of Convention and Visitors Bureaus are working on studies to assess the impact of the brand and determine ways to make it stronger. It is also important that careful consideration be given prior to selling usage rights.

Strengthening the I ♥ NY web site

The industry has been heard loud and clear here. As of this writing, Marketing, Advertising and Tourism is working with its web site designer to redevelop the site to make it one of the premier sites of its kind. The new site will be launched after thorough evaluation is provided by consumer and industry focus groups.

The cost of doing business

Does it cost more to run a tourism-driven business in New York than it does in other states? Many think so, but data needs to be collected to make an official comparison. As a result of the roundtables, commitments have been made to initiate these types of studies.

Tourism businesses not eligible for Empire Zone exemptions

As the job-creation value of the tourism industry has not been defined in a way similar to, for example, the manufacturing industry, tourism businesses have not been afforded similar tax incentives. Although this could be a “hard sell” because legislative leaders would fear losing revenue, it can be addressed legislatively from different angles. A related bill already exists, A3433 (Morelle)/S3317 (Maltese), which creates the New York State Culture Zones Program.

Industry does not speak well with one voice

With centralized goals and the ability to convey the importance of investing in tourism, the industry can strengthen its influence at the state level. It is important that legislators are made aware of the impact of tourism in their regions.

Information/Gateway centers need evaluation

Coordination between state agencies can be increased here. Also, new kiosks soon to be installed in the Niagara Falls area could serve as a the prototype for a statewide network of high-tech information centers.

Bolstering tourism during shoulder seasons

Aggressive marketing can highlight the opportunities presented in New York during traditional low-traffic times. It is essential the activities offered are up to the standards of the prime seasons.

State’s ability to attract corporate functions

Having facilities that appeal to corporate meeting planners and offering activities the business traveler will enjoy are important. Marketing, Advertising and Tourism currently does solicit for this type of client. However, it has become increasingly difficult to compete with cities like Las Vegas and Orlando, which generally have easy parking access and mild weather.

Ability by state agencies to quickly generate and interpret tax information

Tourism Promotion Agencies and other organizations would benefit greatly from receiving tax revenue information from various state agencies. It is vital that this information be generated and interpreted quickly before it is outdated.

Demonstrating tourism’s impact on the economy

New York is the only state of the top-10 tourism economies that does not include a significant research division within its tourism development agency. Instead, it relies on contract vendors to conduct studies of tourist trends. Critics contend these outside vendors emphasize major metropolitan areas in their research, and overlook the potential in rural and Upstate regions. SUNY Potsdam recently created a first-of-its-kind tourism research center that has made positive strides in helping the North Country’s tourism industry. It could be a model for the development

of other regional research centers. Cornell's School of Hotel Administration (the oldest in the U.S.) has a research department that could potentially be helpful.

Identifying New York's strengths

Areas which do not have a cohesive "theme" approach can work to forge their own identities. This is about creating a perception -- i.e., the Batten Kill River is known throughout the world for being a Vermont entity, even though professionals say the New York portion of the river presents fly-fishing opportunities that are just as good. Similarly, few potential tourists may be aware that Montauk is one of the main deep-sea fishing towns on the entire East Coast.

Being "out-marketed" by other states

Private industry tourism stakeholders can work in coordination with state and local efforts, like Disney in Florida, to broaden the overall scope of New York State's marketing capabilities. Companies willing to do this -- many already do so on a local scale -- must be identified and partnerships must be formed.

Educating New Yorkers about New York

Short of mandating what is taught in school curriculums, which would require significant legislative and programmatic action, the industry can partner with schools by holding lectures, sponsoring field trips, etc., that help to generate student interest in local history. New York's Independence Trail, Heritage Trails and Erie Canal are examples of the vast, engrossing "living history" of the State.

NEXT STEPS

It is plain to see that there are several impediments prohibiting New York from reaching its potential. The tourism infrastructure is vast and nothing short of incredible. With some targeted investments, we can continue to enhance and cultivate the attractions that make New York a world-class destination.

There are some crucial steps that we must take, however, in order to profit both culturally and economically. These recommendations should not be considered an indictment of the existing programs, but rather a blueprint to enhance and re-energize the tourism industry.

1. Report on Economic Impact and Brand Analysis

Key to understanding the impact of tourism, and keeping the industry informed about its own programs and efforts is data. A first step towards this end is an independent analysis of the effectiveness of the I ♥ NY brand as it applies to the Upstate and Downstate regions of New York. It is imperative that the brand be as effective for both areas, in order to ensure that declining occupancy and employment rates rebound in Upstate.

The report should also formally define the economic impact of tourism. It must set the standard for future data collection, and be easily accessible to all stakeholders.

Finally, the Department of Economic Development must act as a clearinghouse for employment, occupancy and spending data. Much of that data is updated monthly. For example, employment figures are provided monthly by the Department of Labor at: <http://www.labor.state.ny.us/workforceindustrydata/apps.asp?reg=nys&app=emp>.

The Department must collect, update and maintain free access to the data. Doing so will ensure that policymakers and industry stakeholders will be able to steadily monitor and quickly react to changes.

2. Review of the Tourism Marketing Program

The tourism marketing program has little statutory direction. This lack of guidance can potentially result in utilizing the annual appropriation in a manner which is not most beneficial for tourism marketing. Indeed, there are no requirements regarding how that money is spent. Using the example of the Department's expenditures in SFY 2002-03, only 23% of available funds were spent marketing New York out-of-state.

By examining the program, we can ascertain whether or not legislation is necessary to set standards for marketing. The Department must be free to react to emerging trends; however, care should be taken to ensure that expenditures match the demands of the tourism market.

3. Review of the Local Tourism Promotion Matching Grants Program

The current statute provides for a fragmented approach to providing local tourism promotion grants. The total becomes diluted by the formula for granting, thus rendering the dollars less effective. Additionally, too few TPAs are taking advantage of the regional incentive program.

An examination of the statute should consider how better to apply a regional incentive, and maintain the integrity of the original appropriation.

4. Increase the Tourism Appropriation

New York State should not rank 11th in the nation for tourism marketing. It is imperative that the appropriation for both programs be increased so that we can compete not only within our region of the United States, but also nationally. We must, at a minimum, spend equal to what Pennsylvania and the combined New England states are spending.

Additionally, the current appropriations are preventing New York from marketing internationally. International travelers stay longer and spend an average of \$17,500 per trip. This incredible source of revenue cannot be overlooked.

5. Review the Existing Inter-Agency Task Force

Absent from membership on the current Inter-Agency Tourism Task Force are the Thruway Authority, Canal Corporation, combined Heritage Trails, Hudson River Park Trust, Olympic

Regional Development Authority and representatives of the Association of TPAs. The membership of this task force must be expanded, and its requirement to meet increased, in order to streamline marketing efforts and prevent duplication. Centralizing these entities will ensure collaboration where adequate. Certainly, awareness of events and attractions by all parties will allow New York to better tailor our marketing efforts to meet the demands of the traveling public.

CONCLUSION

The roundtables brought together more than a hundred tourism professionals from all across our great state. Each of you offered important information and your participation was greatly appreciated. Some of your concerns and frustrations with the tourism industry in New York are as different and diverse as the corners of the state you represent. But as you read, other problems are universal.

While New York is not reaching its full potential in attracting tourists and their dollars, our state's tourism industry is powerful. According to data collected in 2004 by the Travel Industry Association of America, New York ranks only behind California and Florida in total traveler spending. Much of New York's success in attracting visitors is due to the creative thinking and hard work of tourism practitioners "out in the trenches," many of whom we met during the roundtables.

Now, armed with the information and insight from these meetings, we all must work together to expand and enhance New York's number two industry.