

January 27, 2022

The Honorable Nancy Skinner
Chair, Senate Budget
1021 O Street, Room 8630
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Assembly Budget
1021 O Street, Room 8230
Sacramento, CA 95814

The Honorable Jim Nielsen
Vice Chair, Senate Budget
1021 O Street, Room 7110
Sacramento, CA 95814

The Honorable Vince Fong
Vice Chair, Assembly Budget
1021 O Street, Room 4630
Sacramento, CA 95814

Re: BUDGET PROPOSAL - TOURISM MARKETING SUPPORT

Dear Budget Legislative Leaders:

The California Travel Association and other organizations listed below SUPPORT Governor Newsom's budget proposal to allocate additional funds to Visit California for tourism marketing promotion. We are glad that the Governor has proposed to invest this \$45 million to extend media campaigns to continue attracting visitors to California as this sector of the economy continues to have an uneven recovery. As you know, the pandemic has had an outsized effect on travel and tourism. More than half of California's hospitality industry workers lost their jobs and the state lost \$78.8 billion in visitor spending in 2020 — a 54.5% decline.

Prior to the coronavirus, California's travel industry was one of the largest economic drivers for the state. In 2019, more than 1.2 million California workers earned their livelihoods in hospitality. Visitors spent \$145 billion annually at California businesses, generating \$12.3 billion in state and local tax revenues. (Source: Dean Runyan Associates) International travelers spent \$28.1 billion in California, making travel the state's largest export. 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 in March 2020 immediately and dramatically reduced Visit California's revenue.

The \$95 million allocated for tourism marketing in the 2021-22 state budget allowed California's share of the domestic travel market to begin its recovery and rebuild our advantage over our closest rival, Florida. Despite this critical investment from the Governor and Legislature, California's market share remains below 2019 levels and continues to be a concern as we are seeing tourism investments made in other states. For example, New York's Governor Kathy Hochul committed \$450 million in state funds, including \$50 million for tourism marketing, to help the tourism industry and its workforce recover.

The pandemic's unpredictable path has contributed to an uneven recovery of California's tourism economy, with urban centers in particular lagging due to continued challenges with international and business travel. This lopsided recovery continues to impact Visit California's industry-funded revenue, affecting their ability to continue effectively marketing the state in a crowded media market.

For these reasons we support the budget proposal regarding tourism marketing promotion to help bridge the gap in Visit California's marketing budget attributed to tourism's uneven economic recovery. Please reach out to Emellia Zamani at ezamani@caltravel.org if you have any questions.

Best,

California Travel Association