



October 22, 2018

TO: Baltimore City Council
FROM: Al Hutchinson, President and CEO, Visit Baltimore
RE: **COUNCIL BILL 18-0293** - Baltimore Tourism Improvement District – Establishment
POSITION: **SUPPORT**

Honorable Council President Young, Chairwoman Middleton and members of the Baltimore City Council:

Visit Baltimore fully supports and respectfully requests your favorable vote on CB 18-0293 which provides for the establishment of a Baltimore Tourism Improvement District (BTID).

TIDs in General: An evolution of a special benefits district, the **Tourism Improvement District (TID)** model is one whereby a destination's hotel community elects to assess themselves, passing that assessment onto their visitors; the local jurisdiction collects those assessment dollars alongside the traditional occupancy tax; and, the local destination marketing organization deploys those funds for the specific benefit of the assessed businesses. There are currently 170 TIDs in operation across 14 states, districts generating dedicated funding for tourism promotion as well as driving incremental returns in hotel occupancy, visitation and economic activity. TIDs are an increasingly popular funding model as they do not require any additional general fund dollars from local jurisdictions, nor, levy an additional tax on local residents.

Why Now in Baltimore: Funding for Baltimore convention sales and tourism promotion is allocated to Visit Baltimore through state legislation in the form of a percentage share (40%) of occupancy tax collection. Unfortunately:

- We have long worked with far fewer destination promotion and convention sales dollars than many of our competitors, including D.C., Nashville and Philadelphia, and that resource gap is only getting larger;
- Market research tells us we are challenged by a lack of awareness and negative perception issues, both of which could be addressed through increased marketing; and,
- Baltimore's hotel inventory has increased dramatically (+38% between 2007 and 2017) with more developments on the horizon as well as positive momentum towards a Baltimore Convention Center renovation and expansion – new product that is exciting BUT places an increasing sense of urgency on the need for additional resources to drive incremental demand.

In recognition of these challenges, Visit Baltimore and the City's hotel community have identified a Baltimore TID as one of our strongest and only options to generate those supplemental and protected funds needed to move the visitation needle in a competitive/expensive market.

Our coalition has been meeting regularly on this topic for the past year and a half. First, to secure enabling legislation through the State of Maryland. More recently, to craft the District's assessment policies and governance model. Visit Baltimore has solicited this industry input through a **17-member Hotel Task Force** representing a variety of hotel locations, sizes and brands as well as through several

dozens of small-group 'cluster' and one-on-one meetings with non-Task Force representatives and the Maryland Hotel & Lodging Association. In total, and of the estimated 75 hotels currently in operation in Baltimore City, we have had positive conversations and regular dialogue with *at least* 45 properties representing roughly 76% of all room inventory. This has included input from our smallest 'hotels' (e.g. the traditional B&B community currently remitting hotel taxes) to our largest properties, as well as with downtown and outlying partners.

Council Bill 18-0293 reflects the consensus of these conversations. It defines the District's boundaries as the boundaries of Baltimore City (*an industry-driven acknowledgement that just as all will benefit, all should participate*); identifies Visit Baltimore as the District's Association; sets out the industry's formal fiduciary oversight through a diverse District Management Committee of assessed business representatives; permits the hotel community to pass the assessment onto their customers (*our visitors*) in a standard way; outlines the City's role in terms of assessment collection, maintenance of baseline funding for the Association, and oversight by the Board of Estimates; and, sets out the industry petition, renewal and dissolution process. The district will not be formed until the petition process as outlined in the ordinance is successfully completed.

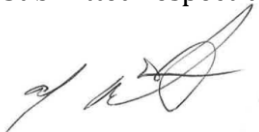
Proposed TID Spend and Impact: Our coalition's overarching goal is to drive visitation and hotel occupancy – in turn, benefiting the assessed businesses, the entire tourism community and in turn the City through increased economic activity. To ensure success, we have already been meeting as a coalition to craft a Service Plan outlining the proposed assessment rate, eligible TID spending in general and specific investment opportunities for FY2020 (the first anticipated year of BTID operation). Those include marketing and sales programs our destination/hotel industry so desperately need but have never been able to afford, such as:

- The creation and rollout of a **national marketing campaign** to convey the allure and diversity of Baltimore, complete with an integrated media plan to place that campaign on TV, in major/national magazines, online, on the radio and on billboards, inclusive of a comprehensive channel strategy targeting African American, Hispanic and LGBTQ audiences;
- A **financial incentive program** targeting aspirational convention business as well as leisure and sporting events, including those in the diversity marketplace; and,
- **Sales efforts** driving in-bound meetings to Baltimore in the near-term as well as targeting high-impact, niche markets such as International FIT & Group Tour.

While the majority (~85%) of TID funds would be deployed against these visitation-driving programs, our coalition recognizes the need to invest in enhanced research to measure ROI as well as in the visitor experience. These budget items will be outlined in District Financial Plans approved on an annual basis; however, CB 18-0293 does solidify the City's **1.5% collection fee**. We would note that this fee is meant to cover any costs associated with collection and disbursement; and, is higher than peer averages at 1%.

In closing, we urge you to support CB 18-0293 to allow Visit Baltimore and our hotel partners to help ourselves and in turn the City. Thank you for your support of Baltimore's meetings and tourism industry.

Submitted respectfully,



Al Hutchinson
President & CEO