



October 19, 2018

**TO:** Baltimore City Council  
**FROM:** Al Hutchinson, President and CEO, Visit Baltimore  
**RE:** **COUNCIL RESOLUTION 18-0104R-** Informational Hearing, Subsidies to Baltimore City's Hospitality and Tourism Industry

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

As stated in Resolution 18-0104R, Visit Baltimore appreciates the Council's recognition that "tourism and hospitality are vital contributors to the Baltimore City economy." As the City's destination marketing organization, Visit Baltimore's job is to drive this economic and quality of life engine through destination promotion and sales efforts that inspire and influence the decisions of individual travelers as well as meetings and convention groups.

Our FY2018 numbers demonstrate how we are fulfilling that core mission: our sales team booked 373 unique pieces of business, driving much needed traffic to our Convention Center and hospitality partners; our services team, together with those hospitality partners, welcomed more than 397,000 attendees from business that convened in Baltimore, including events such as the NAACP; and, our marketing and PR teams' collective efforts helped raise Baltimore's profile as 'The Coolest City on the East Coast' as well as attract 26.2 million domestic visitors. According to third party research, we know that those visitors left a quantifiable mark on Baltimore – spending \$5.7 billion in direct sales, in turn, generating \$717 million in local City and State taxes as well as saving each Baltimore area household \$685 in personal income tax contributions<sup>1</sup>. This activity supported 85,678 jobs, including more than 10,200+ directly held jobs in the lodging sector. We also know that overnight visitors staying in our hotels contribute most of this impact – 70% to be exact.

Visit Baltimore's operations depend on those high-impact, overnight visitors thanks to our baseline funding, realized through a 40% allocation of all hotel occupancy taxes collected in the City annually. As such, we appreciate the City's investment in our industry through development subsidies such as that provided to the Marriott Waterfront – a valuable partner.

That said, Visit Baltimore has not traditionally been engaged in the early planning or financing deals of hotel projects – often learning of new product far along in the development pipeline. We would encourage the City and partner agencies to engage our organization earlier in the process, as ultimately, those hotels all look to Visit Baltimore to drive the demand and in turn revenues from the leisure, group and convention markets. By being profitable, hotels can hire and retain more workers. That is important because just as tourism jobs comprise roughly 6% of Baltimore's total private employment, tourism jobs are also unique and needed for our community: most employees earn middle-class wages or higher; and, tourism jobs provide a viable path of upward mobility. According to the Bureau of Labor Statistics and

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<sup>1</sup> Tourism Economics, Economic Impact of Tourism in Baltimore, CY2017

Oxford Economics, Americans whose first job was in the travel industry obtained an average career salary of \$81,900, higher than those who began working in most other industries.

And just as it is important for the City to invest in new tourism developments such as hotels, it is also important that the City invest in the destination promotion and sales needed to influence demand and drive enough traffic to sustain that product. For example and discounting any growth in alternative lodging options such as those offered in the Short-Term Rental community, we have had a roughly 38.1% increase in hotel supply in the ten-year period spanning 2007-2017<sup>2</sup>; however, our total available exhibition and meeting space at the Baltimore Convention Center has remained flat, and, our destination has suffered from negative perception issues. As such, many of our hotel partners are struggling.

For these reasons, Visit Baltimore together with our hotel community are looking to change the course of our destination from being historically and increasingly under-capitalized by forming a Tourism Improvement District that will generate supplemental and protected funds to attract more overnight visitation. **Just as we believe it is important to have holistic conversations such as those related to Council Bill 18-0104R, we believe it is important for the City to support those projects such as the Tourism Improvement District and a renovation/expansion of the Baltimore Convention Center to be able to ensure our existing hotel partners – and all of those in the pipeline – are positioned for success and in turn may position their employees for similar success.**

Visit Baltimore appreciates the opportunity to respond to Council Bill 18-0104R and encourages continued and more inclusive dialogue among all stakeholder groups – the City, agencies and private sector partners - around subsidies and investments in the City's hospitality and tourism industry.

Submitted respectfully,



Al Hutchinson  
President & CEO

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<sup>2</sup> Smith Travel Research