



TO: Members of the House Tourism and Recreational Development Committee

FROM: Melissa Gates, Government Relations Associate

DATE: March 15, 2021

RE: CCAP Comments on Impacts of COVID-19 on Tourism and Lodging in Pennsylvania

On behalf of the County Commissioners Association of Pennsylvania, representing all 67 counties in the commonwealth, thank you for this opportunity to submit our comments on COVID-19 impacts on tourism, lodging and attractions in Pennsylvania.

Counties recognize the important role tourism plays in county economies across the commonwealth, comprising of a large sector of jobs and fueling small business operations. For counties like Lawrence, tourism is their second largest industry. According to VisitErie, the Erie County designated Tourism Promotion Agency, tourism represents 10% of the economy in Erie and 11% of its employment, with direct visitor spending topping \$1 billion in 2019. While only showing a small snapshot of the commonwealth, these two counties are excellent examples of the impact of tourism on local economies, including traditional notions of tourism, lodging, restaurants, small businesses and attractions.

Act 142 of 2000 authorized all counties to levy a hotel tax. Hotel tax revenues are used by counties, in coordination with their local Tourism Promotion Agencies, to attract and promote travel and tourism. Today, most counties in Pennsylvania levy a tax on all room rentals in a hotel, including third-party sites like AirBnb, for tourism promotion efforts. Counties consistently saw a massive decrease in hotel tax revenues, further impacting funding to tourism agencies. In high tourism counties like Erie, hotel occupancy declined nearly 35%. In Centre County, revenues were significantly down and even hit a period where hotel tax receipts hit an all-time decline of 91%. Smaller counties like Lawrence and Mifflin saw significant decreases in hotel tax revenues for 2020 as well, looking at 31% and 43% decreases respectively from 2019. These substantial declines in revenue are likely to present challenges to tourism promotion in the wake of COVID-19, an industry that will need to be rebuilt and refocused to bolster local economies.

Recognizing the importance of tourism and lodging on the economic vitality of communities, many counties invested funding into various tourism and small business support efforts. In Lawrence County, funding was dedicated to highlight a safe outdoor adventure campaign, showcasing the open-air, socially distanced visitor experience the county offers, with hopes of expanded travel for 2021. Relatedly, counties also noted the increased need of the restaurant sector due to a decrease in tourism, since a large extent of customers are travelers and visitors.

The decline in tourism leads to financial hardship for smaller mom-and-pop restaurants. A majority of counties granted federal CARES Act stimulus funding to the tourism and lodging sector. For Mifflin County, 8% of their total CARES Act Small Business Grants were directed to lodging and 37% were directed to non-franchise restaurant establishments. Erie County invested over \$13 million in emergency funding using county general fund dollars and CARES Act funding for small businesses, hotel and lodging, restaurants and the tourism industry combined.

It is important to highlight the work of counties in keeping communities safe during the pandemic while redirecting efforts to keep businesses afloat. Tourism offices pulled advertising to match mitigation efforts, worked with local restaurants to follow guidelines, develop carry-out and delivery plans and even aided in efforts to advertise local shops and restaurants throughout local communities. As counties look to the future of advertising tourism in their local communities, they are faced with the lasting impacts of 2020, which have yet to be realized across the state. Counties believe it will take several years before they will reach 2019 numbers again as the economy recovers in the wake of COVID-19.

Again, thank you for this opportunity to offer comment and ensure the county voice is heard on this issue.