



## The Case for Tourism Funding

A summary of the 2022 study titled “Competitive Analysis of Pennsylvania’s Tourism Budget”

by *Tourism Economics*

### TOURISM’S ECONOMIC IMPACT

#### 2019 Economic Impact of PA Visitors

Pennsylvania visitors generated the following direct and secondary economic impacts:



**\$46.0 billion**  
of traveler  
spending



**521,073 jobs**  
(6.6% of all  
jobs in PA)



**\$23.9 billion**  
of labor income



**\$4.8 billion**  
in state &  
local taxes

#### 2020 Pandemic Losses were significant

- Visitor spending fell by 37.2% in 2020
- Total employment declined by 20.9%
- Total fiscal impacts were reduced by \$2.4 billion

PA’s state and local governments would have to tax each PA household an extra \$950 per year to replace the taxes generated by travel & tourism.

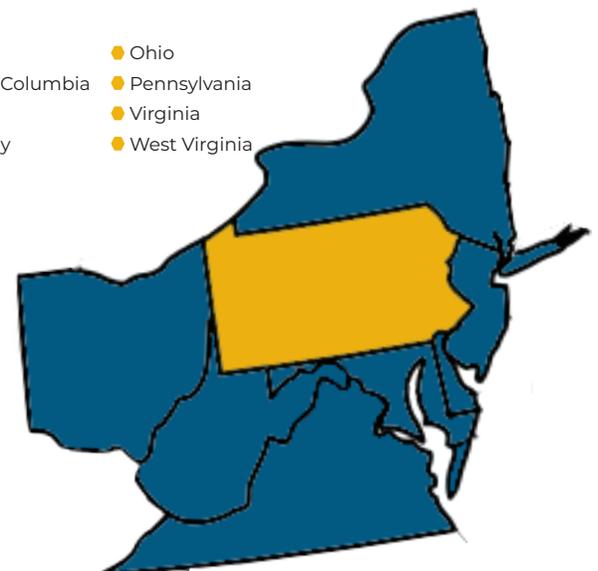
### PA TOURISM MARKET SHARE DECLINES

#### Comparing PA’s Tourism Economy to our Regional Competitors

- PA’s share of visitor spending declined 6.3% between 2010-2019 relative to competitive states
- PA’s share of direct employment remained relatively stagnant between 2010-2019

Pennsylvania has trailed our competitive states as well as the nation in terms of leisure & hospitality employment growth.

- Delaware
- District of Columbia
- Maryland
- New Jersey
- New York
- Ohio
- Pennsylvania
- Virginia
- West Virginia



# PA TOURISM PROMOTION BUDGET

**\$9.1 million**  
TOTAL 2021/22 BUDGET FOR PA TOURISM OFFICE

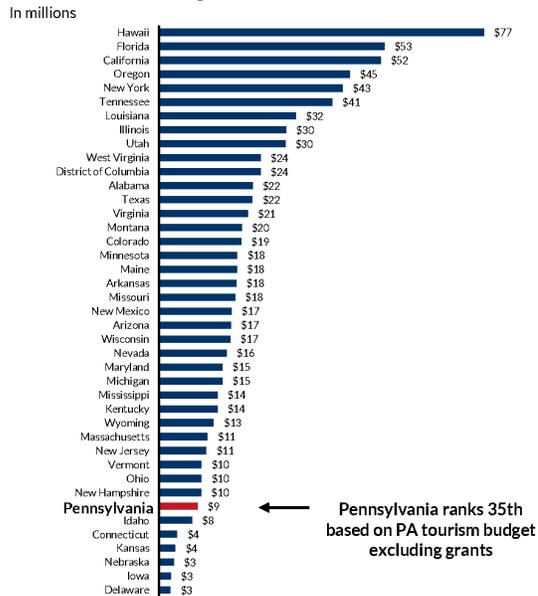
**\$4.1 million**  
Marketing to Attract Tourists budget line item

**\$5 million**  
Supported by Lodging Tax Revenue (Tourism Promotion Fund legislation)

Pennsylvania Tourism Office Budget in **2008/09** was **\$29.8 million.**

## COMPETITIVE ANALYSIS OF FUNDING

### State tourism budget, FY 2020-21



### PA's Tourism Budget Ranks Low

- Pennsylvania has one of the largest tourism economies in the United States based on jobs and earnings in the accommodation sector.
- Of our competitive states, only Delaware's tourism budget ranks lower than Pennsylvania

**10th**  
out of 51

BASED ON  
2019 LEISURE  
& HOSPITALITY  
JOBS

**9th**  
out of 51

BASED ON 2019  
EARNINGS IN  
ACCOMMODATION  
SECTOR

**35th**  
out of 41

BASED ON  
2020/21 STATE  
TOURISM  
BUDGET

Source: US Travel; Tourism Economics analysis of state budgets

### Historical losses for economic impacts & tax revenues

- Pennsylvania has spent \$152 million less on tourism promotion since 2015.

For each \$1 of PA tourism budget "savings," PA has lost \$4.48 in combined state and local tax revenue.

**\$9.7 billion** of lost  
visitor spending

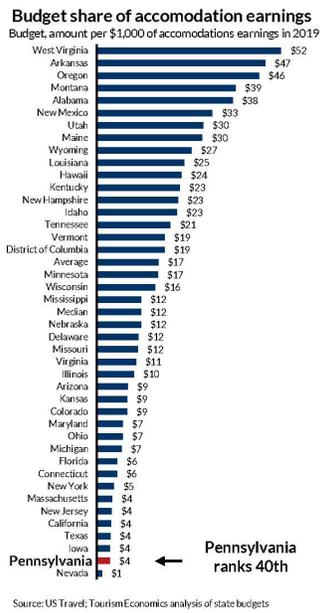
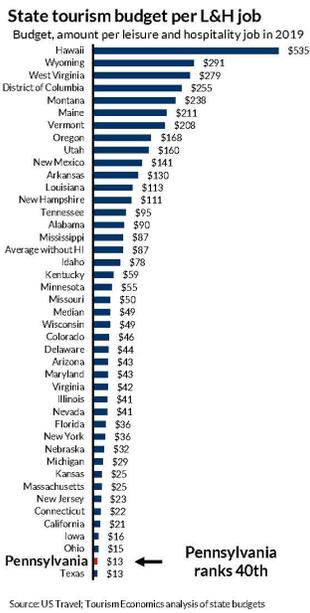
**11,300 lost**  
jobs per  
year

**2015-19**

PENNSYLVANIA  
TOURISM BUDGET  
SHORTFALLS  
LED TO  
LOSSES

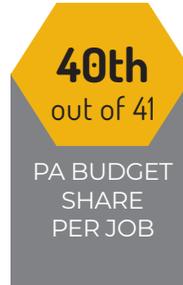
**\$679 million**  
in lost state  
& local taxes

**\$4.5 billion**  
of lost labor  
income



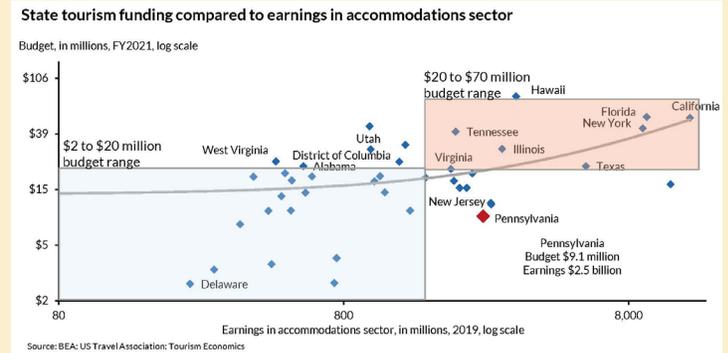
## PA's tourism budget ranks next to last in relation to industry size

- PA's tourism budget share is equivalent to \$13 per leisure & hospitality job—far below the national average of \$87.
- PA's tourism budget share is equivalent to \$4 per \$1,000 of earnings in the accommodation sector—well below the national average of \$17.

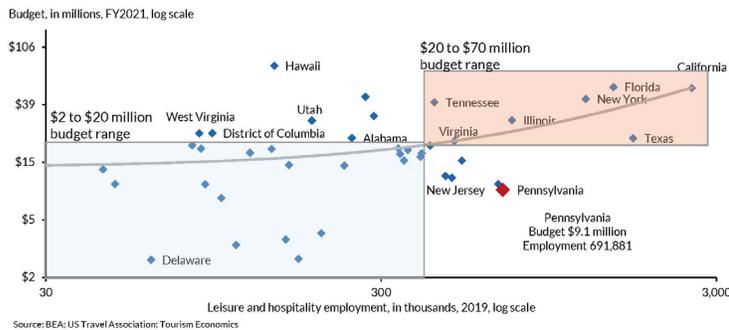


## PA funding does not match earnings size

- Earnings within the accommodation sector provide an effective sizing benchmark.
- While PA's tourism sector is larger than many states, its funding for state tourism marketing is lower in relation to its size.



### State tourism funding compared to leisure and hospitality employment



## PA funding does not match employment size

- States with large tourism sectors tend to have state tourism budgets in the \$20-70 million range
- Despite PA's large leisure & hospitality workforce, its tourism budget funding is low.

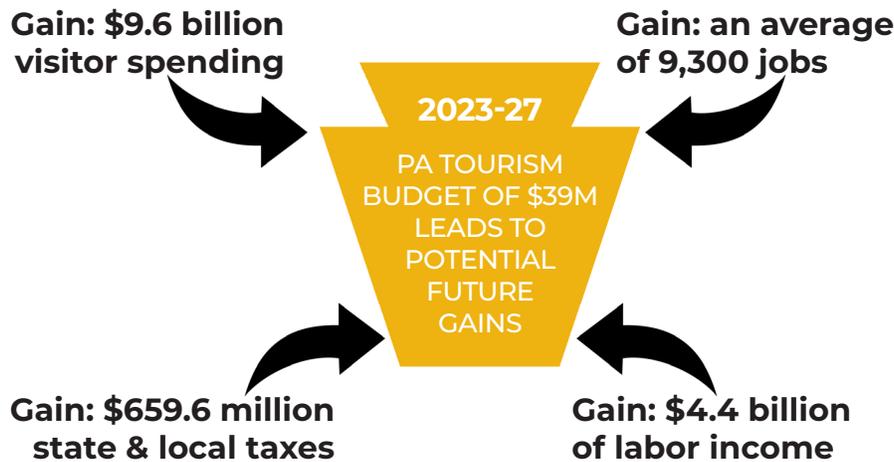
## \$39 million (excluding grants) would bring PA's budget more in line with the size of the tourism industry.

- At \$39 million of recommended annual funding, PA would rank 7th among 41.
- At this level, PA's tourism budget share would be equivalent to \$56 per job and rank 19th, slightly ahead of the median \$49.

**Recommended Optimal Tourism Funding for PA equals \$39.0 million (excluding grants).**

# POTENTIAL GAIN FROM BUDGET INCREASE

- As a result of boosting the tourism budget over a five-year future period (2023-27), Pennsylvania stands to gain and generate:



Every **\$1** invested in PA's tourism budget

=



Generates **\$4.47** of additional state & local taxes AND **\$65** of additional visitor spending.

## Tourism is an investment in Pennsylvania.

Questions about the study or about how you can support investing in Pennsylvania's tourism industry, please contact Zak Pyzik at [zpyzik@prla.org](mailto:zpyzik@prla.org).



Use the QR Code to download the complete **Competitive Analysis of Pennsylvania's Tourism Budget**.

*The Pennsylvania Restaurant & Lodging Association engaged Tourism Economics to conduct an independent analysis of the level of destination marketing needed to support Pennsylvania's future success as a visitor destination. This research represents an update of a previous study Tourism Economics conducted in 2015.*

### About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing its clients.