TOURISM: NEW YORK’S ECONOMY

Tourism is the heart of the Economy

TOURISM INDUSTRY COALITION

I LOVE NY MATCHING GRANT COMBINED

<table>
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<th>YEAR</th>
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We request that the State’s Tourism Matching Grant Program be increased to at least the level of 2007-2008!

$5 million for the 2016-2017 I LOVE NY Matching Grant Program

Museum Education Act

The Museum Education Act (Senate Bill 5001A (Little), Assembly Bill 8199A (Titone), launches a major partnership between eligible museums, historical societies, zoos, botanical gardens and aquariums and local and regional schools, bringing the resources and expertise of the New York museum community fully in line with statewide efforts to improve student performance and access to knowledge. A Board of Regents Legislative Priority for 2016, the MEA would provide access for up to $525 million annually in grant funding to conduct curriculum-based educational programs for students and teachers in grades pre-kindergarten through twelve and adults enrolled in continuing education programs. The grants would be competitive in nature and could be used for the production of curricula, acquisition of specialized educational or interpretive skills, the acquisition of specialized educational technology, the preparation of specialized educational exhibition or public programming, the development and delivery of continuing education programs, the transportation of students to a museum, historical society, zoo, botanical garden or aquarium, and other programs that support the development and delivery of curriculum-based programs in museums and other eligible institutions with collections.

Mandated Helmet Use

The impact of winter tourism is sometimes overlooked. Winter is viewed by some as a time to head south or to hunker down in front of a fire. But to skiers and riders, winter is a time to enjoy the 52 ski areas, most of any state in the nation, in New York State. NYS is 4th in the nation in skier visits with over 4,000,000 visits per season. The economic impact during the four months of winter to upstate NY is over $1 billion. Mandated helmet use has been a legislative issue for years. Well intentioned, mandatory, helmet bills with major negative operational implications are regularly introduced. Most of these bills require the operator to enforce helmet use but include no provision, funding or understanding as to how this can be effectively accomplished.

Modify Lien Law for Campground Owners

Support bills (A07768A and S01684-B) which would modify the lien law to incorporate and give guidance to campground owners when the customer of the campground is in arrears of camp fees and leaves their RV behind (abandonment) the unit due to financial reasons. Enabling the campground owner to re-claim the campsite and remove the guest’s property from the campsite.

I ♥ NY and Matching Grant Appropriation History

March 1, 2016

TOURISM ACTION DAY

TIC MEMBERS

Albany County CVB
Michelle Vennard

Campground Owners of NY
Donald Bennett, Jr.

Canal NY
Rick Rivers

Dutchess County Tourism
Mary Kay Vrba

Finger Lakes Tourist Alliance
Cynthia Kimble

Finger Lakes Regional Tourism Council
Nicole Mahoney

Hotel Association of New York City
Joseph Spinnato, Esq., CAE

Ithaca/Tompkins County CVB
Sarah Hoza

Long Island CVB & Sports Commission
Kirsten Jarnagin

MANY: The Museum Association of NY
Devin Lander

New York State Tourism Industry Association
Jill Delaney

NYC & Company
Fred Dixon

NYS Destination Marketing Organizations
David Holder

NYS Hospitality & Tourism Association
Jan Marie Chesterton

NYS Restaurant Association
Melissa Franchot

Oneida County Tourism
Kelly Blazosky

Otsego County Tourism
Deborah J. Taylor

Saratoga Convention and Tourism Bureau
Todd Garofano

Ski Areas of New York, Inc.
Scott Brandi

Sullivan County Visitors Association, Inc.
Robert Byron-Lockwood

Visit Syracuse
David Holder

The Business Council of New York State, Inc.
Johnny Evers

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Hospitality & Tourism Issues

$5 Million For Matching Grants Program

Governor Cuomo continues to take a keen interest in travel and tourism and has provided additional funding through the Regional Economic Development Councils, increasing and adding funding to statewide tourism programs. This is encouraging since little attention had been provided to this economic giant in the past few years. Approximately $14 million was awarded to tourism related projects in the last round. A tourism task force was developed to help guide these decisions. The ACCVB was fortunate to receive a grant ($125,000) to support upcoming collegiate sports business through 2017. Since all grants are reimbursable, the ACCVB would like to recommend the development of a revolving loan fund that would encourage smaller organizations with important programs to apply for CREDC grants. There is precedent within other REDCs.

The New York State Film Tax Credit Program

Currently, the Film Tax Credit Program unfairly handicaps the legal hospitality industry. Film and TV Productions with budgets over $500,000 are discouraged from working in the Hudson Valley and some counties within the Catskill Region due to added Union costs relating to travel, lodging and per diems. These additional costs add at least 10 percent to existing film production budgets. As a result, productions rarely leave the film zone perimeter around New York City.

This issue was addressed in 2015 when New York State presented an additional 10 percent credit on qualified labor expenses for film and TV production north and west of Albany. (See full list of counties below.) In order to compete fairly for millions of dollars in film production revenue, the Hudson Valley Film Commission urges Empire State Development to consider additional incentives of 5% to 10% for the following counties: Dutchess, Orange, Ulster, Columbia which are part of the MCTD.

The Catskill Film Commission seeks the immediate inclusion of Greene County and Sullivan County to the already existing list of upstate counties to receive an additional 10% tax credit on qualified labor expenses. Greene and Sullivan Counties are not a part of the Metropolitan Commuter Transportation District.

Below is the current list of included upstate counties:

* For the period 2015-2019, productions with budgets over $500,000 can receive an additional 10 percent credit on qualified labor expenses incurred in the following counties: Albany, Allegany, Broome, Cattaraugus, Cayuga, Chautauqua, Cheyenne, Chenango, Clinton, Cortland, Delaware, Erie, Essex, Franklin, Fulton, Genesee, Hamilton, Herkimer, Jefferson, Lewis, Livingston, Madison, Monroe, Montgomery, Niagara, Oneida, Onondaga, Orleans, Oswego, Otsego, Schenectady, Schoharie, Schuyler, Seneca, St. Lawrence, Steuben, Tioga, Tompkins, Wayne, Wyoming, or Yates.

The Governor has called for an unprecedented $50M be spent on tourism promotion in the coming year. Additionally, the 2016-2017 Executive Budget, appropriates the following direct spending for tourism:

<table>
<thead>
<tr>
<th>Tourism Matching Grants</th>
<th>$3.815M</th>
<th>($500K less from Enacted Budget Last Year)</th>
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</thead>
<tbody>
<tr>
<td>I Love NY: $2.5M</td>
<td></td>
<td></td>
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<tr>
<td>Market NY: $5M</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taste NY: $1.1M</td>
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<tr>
<td>Welcome Centers: $196K</td>
<td>Each</td>
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These funding mechanisms from the Governor and Legislature are critical, so the industry is asking for $5 million for the Matching Grants Program, a level not seen since 2007-2008 (see chart in this booklet).

Minimum Wage

The most significant new business cost would result from the Executive Budget proposal to increase the minimum wage. The change would result in a $15 per hour by December 31, 2018 in New York City and by July 1, 2021 in the rest of the state. This may be well-intentioned legislation, but it will have a significant adverse impact on employers and jobs. When fully implemented, a $15 minimum wage would impose $15.7 billion in increased payroll costs on private sector employers, a cost increase that would be impossible to offset through tax credits, tax cuts or other reforms. This proposal will hit employers hard. $15 per hour would result in a $14,000 per year increase in labor costs for a full time position, counting direct payroll costs and related increases in federal social security and Medicare taxes, and increased workers’ compensation costs.

Transportation Issues

A group of local leaders, including Assembly members, have been meeting for the past 16 months to explore the opportunity to create a more comprehensive transportation program that will affect the taxi services in Capital District region. This issue is scheduled to begin to take shape in 2016 providing a simplified set of standards that will positively impact the immediate Capital Region. Further, it is anticipated that ride sharing (Uber, Lyft, etc.) will be debated and hopefully passed in the NYS Legislature in 2016 so that these services can be provided in upstate New York.

Illegal Hotel Legislation – Leveling the Playing Field

The short-term online rental market in which individuals rent out rooms, apartments, or entire homes to overnight guests poses a threat to consumers, neighborhoods, and businesses. In response to the growing trend of companies, like Airbnb, promoting illegal owner-occupied hotels within the state, the state’s lodging industry is looking to provide a statutory solution in New York to limit and potentially prohibit their impact on the legal hospitality industry.

NYSHATA suggests reasonable changes or modifications should be made to existing laws or implemented independently, because travelers and communities deserve the proper safeguards that protect them from the potential dangers and risks posed by the short-term online industry. NYSHATA continues to work with the government to develop legislation that would combat these unregulated short-term rentals within New York by requiring compliance with state and local hotel laws.

NYC: Illegal Hotels

The Hotel Association of New York City (“HANYC”) worked with the City Administration to secure passage of the State Law (Chapter 225 of 2010) and the subsequent New York City Law (Local Law 45 of 2012), that gave the City the ability to enforce the illegal conversion of a residential unit for transient purposes or use. There have been several recent actions with regard to these issues.

In response to the advocacy of HANYC and its partners, in November 2015, Mayor Bill de Blasio announced that the City would be spending an additional $10 million over the next three years to combat the spread of illegal hotels. The money is being dedicated to the Mayor’s Office of Special Enforcement (“OSE”) for the hiring of new staff, compiling state-of-the-art data to find illegal operators, and creating a public awareness campaign to inform people of their rights under the hotel occupancy law. This increase was on top of the doubling of OSE’s budget to $2.8 million as of July 1, 2015.

In June 2015, the City Council introduced two bills to demand greater accountability of those who engage in the advancement of illegal hotels. Int. 823, by Council Member Ydanis Rodriguez (D-Manhattan), would require transparency in the enforcement of illegal conversions of dwelling units by mandating that the NYC Department of Buildings submit a report to the City Council regarding illegal conversions. The report would include items such as the number of complaints, inspections and violations issued. Int. 826, by Council Member Helen Rosenthal (D-Manhattan) would increase fines for the illegal conversions of dwelling units. This bill would make the act of conversion an “immediate hazardous violation” punishable by a fine of no less than $100,000 and no more than $500,000 and $2,000 per day the violation is not corrected. On October 30, 2015, HANYC testified at a hearing of the Council’s Housing Committee in support of these bills.

Hotel Occupancy Tax

It is imperative that the Legislature both county and state work together to assure the continued reauthorization of the 6% Albany County hotel occupancy tax for before its expiration at the end of 2016. These funds are used for marketing and research, debt service on the Times Union Center and for the planning and operations of the new Albany Capital Center. Any time gap in this funding would be detrimental to all facilities. The NYS Association of Counties is asking that counties be allowed to renew their existing local sales tax rates without state legislative approval and extend this to other home rule (such as hotel occupancy tax) revenue options.