

CONNECTICUT MARITIME COMMISSION

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Testimony

On

H.B. 6317 – An Act Appropriating Funds for the Connecticut Cruise Ship Task Force.

Commerce Committee

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Pursuant to public law, the Connecticut Maritime Commission was established to advise the Governor and the Legislature on issues important to the maritime industry. To that end, the Commission developed and forwarded to the Governor and the Legislature a Maritime Policy. The Maritime Policy focuses on two areas: dredging and economic development. The Maritime Policy addresses the importance of dredging to maintain channels and harbors that are vital to the State's and the regions that extend beyond Connecticut borders economic stability. The second area of focus of the Maritime Policy concerns economic development itself. It addresses the importance of stimulating various maritime capital projects to promote the maritime community so it can flourish and maintain a strong economic base for the State.

A potential significant economic driver from the maritime industry in Connecticut is the cruise ship industry. The fledgling cruise ship industry had a spotty start in 2002 with a single cruise ship visit carrying 490 passengers. In 2007 there were seven cruise ship visits including four calls made by the m/s Explorer of the Seas which in of itself carried in excess of 3,000 passengers each visit. In 2008, Connecticut hosted more ship visits (08) but realized fewer total passengers due to the smaller size of the cruise ships that called on New London compared to 2007. The Cruise Ship Industry has indicated that on average a passenger spends approximately \$54.00 per port visit at shops and restaurants. Holland America Line estimates the expenditures to be \$150.00 per passenger in each port its ships visit. Thus, based on the number of cruise ship passengers that visited New London it is estimated that \$1.1 to \$3.1 million were spent in southeast Connecticut in 2007 and another \$1 to \$2.5 million were spent in 2008 during the single day ship visits to New London.

Unfortunately, no cruise ships called on New London in 2009. Though none were expected in 2010, two visits were realized through coordination by the Connecticut Cruise Ship Task Force, one in September and one in October. The decrease and at times absence of cruise ships calling on New London can be traced to one or more factors. A change to the Jones Act being considered by Congress would have required a 48 hour stay in a foreign port between visits to U.S. ports. If passed, the amendment would have made visits to New London next to impossible. Fortunately, the amendment was not adopted. However, the threat of the amendment caused a negative ripple in the two year planning cycle of cruise ship bookings. Another factor was the spike in fuel prices in 2008. The spike caused the cruise ship industry to reduce the number of port visits along a given path to conserve fuel. Another factor, the only one within the control of the state, was the reduction if not elimination of state financial support given to the Connecticut Cruise Ship Task Force (CSTF).

The CSTF had previously received financial support from the State and the City of New London to defray the cost of a minimally sized staff as well as, and perhaps more importantly, to market the Port of New London. Until recently, New London provided a \$15,000.00 annual grant to assist the CSTF meet its operating expenses. In 2007, CSTF received a \$15,000.00 matching grant from the now defunct Mystic Coast & Country. The match enabled the CSTF to obtain the first half of a grant of \$15,000.00 from the State's Commission of Culture and Tourism (CCCT). The second half of the CCCT grant was released only after Logistec USA, Inc. provided a donation of approximately \$17,000.00 to the CSTF. In 2008, a \$75,000 grant was provided to the CSTF by the Office of Policy and Management to assist with general operating costs. The same year, the Connecticut Department of Economic and Community Development (DECD) provided the CSTF a \$52,000 grant to be used only for the rental of motor coaches to shuttle ferry passengers from the State Pier to a visitor's center established at Union Station in downtown New London. The grant also helped pay direct costs such as the rental costs of Union Station during the various port calls. However, most recently the CSTF was advised by New London and various state officials that future funding should not be expected due to present "economic conditions". The uncertainty of supporting funds creates havoc in the Port of New London marketing process.

As Chairman, I have been authorized by the Connecticut Maritime Commission to express support for continued State funding for the Cruise Ship Task Force and in particular Raised Bill No. 6317. A consistent stream of funding support needs to be provided through a state agency such as DECD or its successor to allow the CSTF to better market New London Connecticut as a cruise ship port of call. CSTF funding should be a budget line item within an appropriate state agency's annual budget. Consideration should be given to make the CSTF a funded quasi state entity under the umbrella of the DECD or its successor agency. Attendance at cruise ship conferences throughout the year is a must as is advertising in various trade publications. In addition to attending cruise ship conferences, booth space and marketing materials need to be made available to attract attention. Tourism has proved its worth in southeast Connecticut through many venues. The cost benefit ratio between the dollars provided to the CSTF and the dollars realized from the ship visits to southeast Connecticut is proof that further State support is warranted, even in a down economy. Sometimes you have to spend money to make money. The question that needs to be considered is whether or not Connecticut can afford to see the cruise ship initiative sail away.