



Bridging Business & Community

Re: The Groton Business Association hereby respectfully submits this testimony regarding HB 6824: AN ACT CONCERNING THE STATE BUDGET.

Gentlemen,

It is our understanding that over the next two fiscal years, the Governor proposes to reduce the budget to promote tourism from its current \$15 million level to \$10 million. If enacted, this proposal will eliminate all three regional tourism districts, in particular the Eastern Regional Tourism District, which materially impacts our region.

The Importance of Tourism to Our Economy

One mission of the Groton Business Association (GBA) is to enrich the overall economic vitality of Groton in ways that are *sustainable*. Groton, in concert with our immediate neighbors of New London and Stonington, is particularly blessed with beautiful shorelines, numerous historical sites, and Connecticut's most popular tourist attractions.

At a statewide level, in 2014, the CT Tourism Advisory Council reported that \$11.5 billion in Connecticut economic revenue was derived from travel and tourism activities. Tourism also returned over \$1.5 billion in tax revenue to the state, and 6.5% of total state jobs are tourism based.

Locally, in response to recent physical plant and employment downsizing by Pfizer, Inc. and past reductions of our navy base, Groton has had to examine its other inherent assets for ways to fill the economic void caused by these reapportionments. Our most recent strategy is to revive the State of Connecticut's Maritime Park project, thereby transforming the Thames River and historical sites on both shorelines into a major tourist destination newly defined as the Thames River Heritage Park. The addition of the new Coast Guard museum lends credence that this strategy has significant regional economic potential.

The GBA has a deep level of concern that the state tourism budget cuts could extinguish this potentially huge economic engine while it's in its embryonic state. Our area has the potential of an *economic renaissance* with the ability to attract real estate investors and savvy tourism businesspeople to the area and foster a virtuous growth spiral, but with these cuts, we fear this potential will not be realized.

Promoting Tourism is an Investment and Not a Cost

The state budget to promote tourism is not an *expense* but an *investment* – an investment with both an immediate same-year return along with residual future years' sustained revenue engendered by tourists revisiting the area. Our local tourism and hospitality industry is a major driver of economic activity. For example, in 2014 we had 126,593 visitors to the USS Nautilus and roughly 730,000 visitors to The Mystic Aquarium. Old Mystic Village receives approximately 650,000 and the Mystic Seaport has about 270,000 visitors annually.

Tourists to Groton spend on average \$558 per trip. They enjoy coming to the area and, when polled, 86% expressed a high likelihood to return, thus placing an unmeasured residual on the investment in tourism promotion. Approximately 56% of out-of-state visitors stay overnight thus helping to fill Groton's 1,200 hotel rooms and returning tax revenues to the state.

About 17% of our tourists will frequent any number of our fine dining establishments and 28% will shop in our stores. All of this generates additional sales tax revenue for the state.

Promoting Tourism has a High ROI

A recent U.S. Travel Association study estimated tourism's impact on Connecticut at \$9.3 billion in economic activity and \$1.4 billion in tax revenue.

The proposed \$5 million cut in promoting tourism, represents less than half of one percent of the current tax revenue generated by tourism. With this reduction, should travel to Connecticut drop off by as little as 1% to competing destinations, it would be cash flow negative in the tax coffers. Conversely, with an improving economy and improved consumer confidence, maintaining or increasing the state tourism promotion budget could make more tax revenues available to help close the deficit.

Promoting Tourism is a *Regional* Effort

The challenge to any one entity such as a mid-sized hotel, restaurant, retailer, or entertainment venue is to promote themselves individually to any of the large metropolitan areas where our visitors originate. It's simply not in their budget and beyond their resources. That is why we need a large entity, conversant in all our tourist assets to drive this effort, specifically, larger entities such as the Tourism Districts.

Groton and its surrounding neighbors need to keep the Eastern Regional Tourism District intact and viable. We need an area guide such as the "Mystic County Visitors Guide" to continue production and distribution to 150,000 strategic locations throughout our region educating travelers as to additional sites to visit and thus promote "stickiness" in keeping their tourist dollars here rather than moving on.

We also need to cater to the travel writers from Boston, New York, Philadelphia and other metropolitan areas that are adept at romanticizing our region and thus bring in more travelers. This takes time and resources to feed them the raw material for their copy. Again, it cannot be achieved by any one entity but by the collective efforts put forth by the Eastern Regional Tourism District.

Should the state tourism promotion budget cuts go through as proposed, it will result, at minimum, in the following:

- Closure of the Eastern Regional Tourism District office on July 1st at the very beginning of our tourist season.
- No more distribution of our region's tourist guide.
- No more responses to outside inquiries.
- No more social media promoting our area.
- No more representation at regional trade shows.
- No more interfacing with travel writers.

The movement of tourists will divert to other destinations in the country that continue to promote themselves. This will have a devastating impact on our local economy and result in a loss of tax revenues and local jobs.

A Call to Action

The Groton Business Association believes in balanced budgets. We have to balance our own and all of our members are business owners who balance their budgets or face extinction. Hard choices have to be made to balance state budgets. We are merely advocating that a powerful economic engine that actually *adds money* to the state budget should not be cut.

Sincerely,



Susan R. Bailey
Co-Chair



Al Valente
Co-Chair