CONNECTICUT TOURISM AND ROLE OF LODGING

ROLE OF LODGING:
- The Tourism Fund, which allocates funds to statewide marketing as well as various tourism, arts, and cultural line items, is solely funded by occupancy tax revenue from the lodging industry.
- The lodging industry is the current and long term, private partner for tourism funding.
- The state levies a 15% occupancy tax on hotel stays up to 30 days in length.
- 10% of the room occupancy tax revenue is transferred to the Tourism Fund.
- Connecticut's occupancy tax is the highest statewide hotel tax in the nation.
- In fiscal year 2018, the occupancy tax generated over $130 million for the state's coffers.

ISSUES WITHIN CONNECTICUT TOURISM: INCONSISTENT AND UNSTABLE FUNDING
- Tourism Marketing budget has been highly variable, declining 73% since 2012.
- In 2018 statewide marketing was appropriated at $4.1 million.

<table>
<thead>
<tr>
<th>Current Allocation of Funds</th>
<th>2012: $15.0M, New Branding Year</th>
<th>2013: $9.6M, -36%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014: $12.0M, +25%</td>
<td>2015: $9.5M, -21%</td>
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<td>2016: $6.5M, -32%</td>
<td>2017: $6.4M, -2%</td>
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<td>2018: $4.1M, -36%</td>
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</tbody>
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- COT, Tourism Marketing Fact Sheet

CURRENT ALLOCATION OF FUNDS: Only 32% of current Tourism Fund goes to Statewide Marketing. Distribution of the tourism fund, effective July 2018:
- Total Revenues Deposited = $12,644,688
- Statewide Tourism Marketing = $ 4,130,912
- All other “line items” combined = $ 8,514,076
ROLE OF LODGING = CONNECTICUT'S PRIVATE PARTNER

- The lodging industry promotes tourism everyday through consumer outreach, sales, private marketing funds, and online travel agents.
- Sales and marketing by individual properties and the national and regional brands, support all tourism related businesses and organizations.
- Lodging promotes local attractions, restaurants, and events through concierge services.

LODGING DEMAND 2018 - 8,756,069 rooms were sold in 2018.

ROOMS SOLD, TOP 5 COUNTIES:
- Hartford = 2,627,262
- Fairfield = 2,055,469
- New London = 2,001,315 (includes casinos)
- New Haven = 1,522,391
- Middlesex = 247,539

- Source: STR, Smith Travel Report

TOURISM SOURCES: WHO VISITS CT?
- Total Occupancy = 62.2%
- Group Occupancy = 14.2%
- Transient Occupancy = 45.5%
- Contract Occupancy = 2.4%

- Source: STR, Smith Travel Report

LODGING INVESTMENTS IN CONNECTICUT:

Hotels owners make significant on-going capital investments in building and maintaining of lodging industry across the state.

- CLA estimates over 40 new hotels are now proposed, or in Connecticut's pipeline build.
- "The year 2020 looks to be a big one for U.S. hotel openings, according to pipeline data from STR, which shows 34% of rooms in planning, final planning or construction are projected to come online that year." - Source: STR, hotelnewsnow.com

AHLA - TOTAL HOTEL INDUSTRY IMPACT IN CONNECTICUT:

<table>
<thead>
<tr>
<th>BUSINESS SALES IN CT (OUTPUT)</th>
<th>$11 billion</th>
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</thead>
<tbody>
<tr>
<td>WAGES AND SALARIES IN CT</td>
<td>$3 billion</td>
</tr>
<tr>
<td>EMPLOYMENT IN CT (NUMBER OF JOBS)</td>
<td>55,688</td>
</tr>
<tr>
<td>GROSS DOMESTIC PRODUCT IN CT</td>
<td>$5 billion</td>
</tr>
<tr>
<td>TOTAL TAXES IN CT</td>
<td>$2 billion</td>
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<tr>
<td>CT STATE AND LOCAL TAXES</td>
<td>$982 million</td>
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<tr>
<td>TAXES ON LODGING IN CT</td>
<td>$142 million</td>
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<tr>
<td>FEDERAL TAXES IN CT</td>
<td>$810 million</td>
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2019 GOALS FOR TOURISM FUNDING ARE:

- Increase statewide marketing funding.
- Supply a steady, predictable amount of funding.
- Update language: Statewide Marketing Fund to Statewide Tourism Marketing Fund.