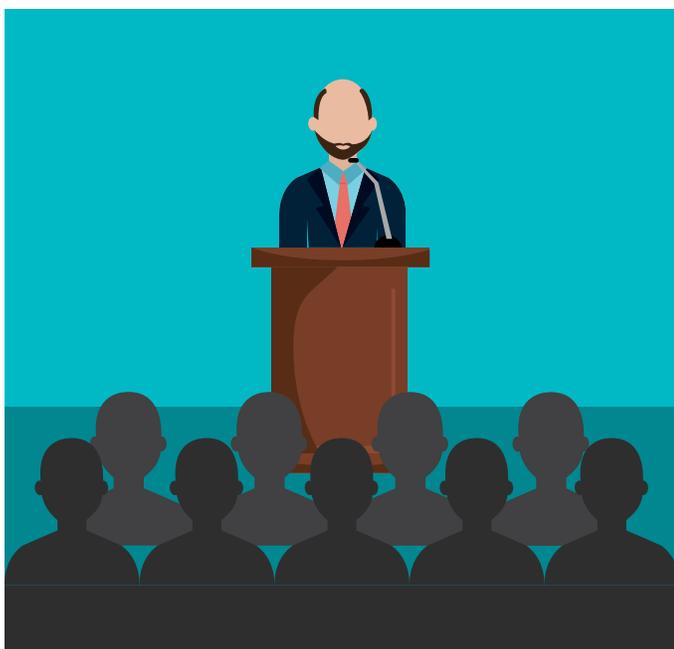




STATE OF THE STATE ADDRESSES: TOURISM DIALOGUE ANALYSIS



Over the past three months, governors across the country have taken to the podium to highlight their state's accomplishments and outline policy priorities as part of their 2018 State of the State Address. Starting with Governor Andrew Cuomo (D-NY) on January 3rd and ending with Governor Mark Dayton (D-MN) on March 14th, we analyzed all 46 speeches delivered this year and identified who is talking about tourism and other policy topics. (Note that no addresses were scheduled for MT, NV, TX, NC)

Tourism Discussion

Thirteen governors discussed tourism during their State of the State addresses, with several using the speech as an opportunity to tout the economic impact of tourism in

their states. Below is a synopsis of the tourism mentions from the thirteen governors.

ALASKA: Governor Bill Walker (I-AK) January 18, 2018

On the economy: *It is time we as Alaskans define our future rather than hope someone else defines it for us. We must have a thriving economy and education system that can support the types of jobs and investment needed to improve our quality of life, one that provides more opportunities for all Alaskans – today's generation and tomorrow's. Being such a majestic and resource-rich state, we have more options than most. We are welcoming a record-breaking number of tourists and our winter tourism continues to grow.*

On the Asia market: *Almost every time I visited the late Governor Wally Hickel's office, he would show me on his globe how Asia, with its close proximity to Alaska, is where our unlimited opportunities lie. How right he was. We are assembling a multi-industry trade mission to Asia this year to advance other opportunities with our largest trade partners. We are also working to begin direct flights from Asia to Alaska. This will help us attract more of the 100 million-plus Asian vacationers each year to further enhance our extraordinary tourism industry. Alaska is open for business, and we want the world to know it.*

COLORADO: Governor John Hickenlooper (D-CO) January 11, 2018

We have one of the best economies in the country, but some rural communities struggle. That's why we have invested significant resources and focused all cabinet agencies in an effort to fully realize the expansion of our economy across the entire state.

Last summer, Blueprint 2.0 announced their support for initiatives that local communities identified: from tourism promotion and outdoor recreation, to tiny homes and affordable housing. Our small towns represent a fraction of our total population, but they are a crucial piece of the fabric of our economy, and when small communities flourish, the whole state benefits. We have improved access to the outdoors, partnered with local government and communities to improve and ultimately complete and connect 16 priority trails across the state.

Outdoor recreation generates 313,000 jobs in our state and over \$34 billion in economic output, much of it in rural Colorado. It is also one of the top reasons businesses and talented workers choose to come here... we want everyone to experience the beauty of our entire state, and we also want to make sure all regions have access to these tourism dollars. We can't wave a magic wand to diversify the economy throughout the state, but if we work together, we can support growth in any community that wants it.

HAWAII: Governor David Ige (D-HI) January 22, 2018

Even though tourism is up and unemployment is low, many of our residents are living paycheck to paycheck, one health emergency or car repair away from a crisis. Some people may have two or three jobs to make ends meet. The challenge is not just creating jobs, it's about creating QUALITY jobs and the training to go with them. I understand the frustration. That's why I'm working to transform our economy to give residents a diversity of employment opportunities that pay higher wages and lead to a better quality of life... Imagine a future economy for Hawai'i that isn't reliant solely on tourism and the military.

MICHIGAN: Governor Rick Snyder (R-MI) January 23, 2018

To give you an idea in the terms of economic impact, the economic impact of the Michigan Wine and Hard Cider Industry is now \$5.4 billion annually; up from \$300 million in 2005. Think about that growth and very importantly as part of Agritourism, we had over 1.7 million visitors to our wineries in the last year, so get out there and check out those grapes. Tourism, transitioning right into that. We have been setting records over the last several years. It has been extremely exciting and we have events that are drawing national attention.

NEW JERSEY: Governor Chris Christie (R-NJ) January 9, 2018

On a new tourism district: As we entered office, casinos were closing, property tax rebates were piling up in the hundreds of millions, the streets were unsafe and the private sector was fleeing. Not only that, but as a result, property taxes were soaring for the citizens of Atlantic City. I turned to Jon Hanson, Chairman of the New Jersey Sports, Gaming and Entertainment Commission, to develop a blueprint for change. We created a tourism district, took over policing there, invested in national advertising and supported efforts by city government which were well-intentioned but failed. We needed to do more but were being stopped by politicians inside and outside of this chamber trying to score cheap political points by burying their heads in the sand.

On rebuilding: To rebuild our small business community, we developed a new program called Stronger NJ Business loans and grants. We distributed \$56 million in grants and \$86 million in zero-interest loans to more than 1,200 businesses. Through these programs we rebuilt our business community and Moody's has now concluded that five years later the business community is stronger and more resilient than it was pre-Sandy. That has helped us have our best tourism year ever with over \$44 billion in tourism spending.

NEW MEXICO: Governor Susana Martinez (R-NM) January 16, 2018

Number four - target other sectors of our economy, like our tourism industry, where we have a competitive advantage over other states. We've long been the most beautiful state in the country; our history, our culture, and the diversity of our landscapes and people are simply unmatched. But in New Mexico True, we now have the most successful state marketing brand in America. And communities across New Mexico are feeling the positive impact of record-shattering visitations five years in a row. So let's double down on what's working - and agree together to expand the reach of New Mexico True.

SOUTH CAROLINA: Governor Henry McMaster (R-SC) January 24, 2018

South Carolina's beaches, sea islands and marshes are the most beautiful in the nation, bringing 29 million people to South Carolina every year and supporting a \$20 billion tourism industry. From Little River and Myrtle Beach, to Georgetown and Charleston, to Hilton Head and Beaufort and Daufuskie Island, our economy and culture depend on a living, pristine coastline. Every municipality along our coast has voted to oppose drilling and seismic testing. They are right.

SOUTH DAKOTA: Governor Dennis Daugaard (R-SD) January 9, 2018

South Dakota also continues to be a destination for millions of visitors. Every year since 2011, Tourism has set new records for visitor volume and visitor spending. Since 2011, our visitor volume has grown from an estimated 12.5 million visitors to 13.9 million in 2016, with a corresponding increase of \$450 million in visitor spending.

TENNESSEE: Governor Bill Haslam (R-TN) January 29, 2018

I want to take this opportunity to thank our Cabinet for their outstanding work. They have taken a customer-focused approach to leading and serving. We put in place a performance management system, where leadership is held accountable for great service delivery. They have taken tourism to new levels, deployed troops all over the world, served our veterans honorably, protected us...and I could keep going all night.

VIRGINIA: Former Governor Terry McAuliffe (D-VA) January 10, 2018

Tourism revenues have grown by \$2.2 billion since we took office.

WEST VIRGINIA: Governor James "Jim" Justice (R-WV) January 10, 2018

The work that's going on in tourism and commerce is phenomenal. Phenomenal... Now, I've got to talk to you just a second about tourism and commerce. I put in the budget -- I put in my numbers, rather, a giant number for tourism. \$20 million. And you may think, well, can we not do something else with \$20 million, more than just put it into tourism? And I would say to you it's super penny-wise and pound-fool if you think that's the thing not to do.

The reason it's the thing not to do is just this. For every dollar that flows into tourism, it is unbelievable the multiplier effect that comes right back to us. We have got to market ourselves. At some point in time you've got to get tired of waking up and watching the TV, and watching the TV say "Come to New York" or "Come to Michigan." It's driving me crazy. Some way, somehow, we've got to let the world know just how good we really are. The world is awakening right now. There is real opportunity. Commerce needs money to be able to bring people to us. It's the way the game works. We can do it today. We have a tremendous Commerce Secretary. We have Chelsea Ruby, who is doing an unbelievable job in tourism. There is so many areas of diversification that our highways, and on and on, will bring us. We've got to get behind this with everything we have.

WISCONSIN: Governor Scott Walker (R-WI) January 24, 2018

Eight years ago, Governor Doyle had closed all eight of the visitor centers around the state. Today, we've seen a 35 percent increase in the economic impact of tourism. Our marketing focuses not on a slogan, but on the fun people have in Wisconsin. We partnered with local convention and visitor bureaus and chambers of commerce to open visitor centers all around the state. Check out TravelWisconsin.com for more details.

WYOMING: Governor Matt Mead February 12, 2018

Last year gave us a good glimpse of the benefits that can accrue from increased tourism and outdoor recreation. And we have an opportunity to do something very special this year, and that is to move forward the Wyoming Women's Antelope Hunt... I ask you to continue to look at lodging tax and tobacco tax. It is not easy to raise revenue as you did last session with fees. It was difficult several years ago to raise fuel tax. But with industry support I believe we can reduce our general fund dollars for tourism and provide more options in areas such as education.

Competing Issues

Destination organizations must compete with an array of industries and organizations for lawmakers' attention and ultimately for public dollars. A quick look at the last remarks from Wyoming Governor Matt Mead exemplifies this, as he notes, "I believe we can reduce our general fund dollars for tourism and provide more options in areas such as education."

Therefore, it is critical to not only know how governors are talking about our industry, but to also explore the other issues that are rising to their attention that we must compete with. Thankfully, our friends at Quorum Analytics have done just that. Their report, "2018 State of State Speeches: Policy Dialogue Analysis", examined the State of the State addresses on more than 50 different policy topics, from workforce development to infrastructure to cybersecurity. Here's what they found.

Education

Almost every governor spoke about education, with the lone exception being Democrat Dannel Malloy, governor of Connecticut. This isn't too surprising, as school funding continues to be state-oriented. In both 2014-15 and 2015-16, 45.8% of public school revenue came from state funds, closely followed by local receipts (45.1% then 45.3%).

Workforce Development

Thirty-seven governors spoke about workforce development, an area that destination organizations are increasingly playing a role in. As an example, Governor Phil Scott and Vermont Tourism Commissioner Wendy Knight recently announced a “Stay-to-Stay” initiative, which aims to convert tourists who already enjoy visiting Vermont into full-time residents. Vermont’s low unemployment rate and aging population point to a need for an influx of new residents. The reality is that talent attraction is an increasingly important component of economic development, and an area that destination organizations are well positioned to address.

Opioid Crisis

Thirty-three governors spoke about the opioid crisis during their remarks. About 2.4 million Americans have some kind of opioid-use disorder, according to the Centers for Disease Control and Prevention. Opioid addiction is so prevalent, it is having a profound effect on the U.S. economy. Nearly 1 million people were not working because of opioid addiction in 2015, and the loss of employees and their productivity costs the U.S. economy just under \$44 billion per year, according to a study by the American Action Forum.

Tax Cuts/Tax Reform

Thirty governors mentioned tax cuts or tax reform. The upside is that a recent study conducted by Oxford Economics entitled, “[Tax Policy and U.S. Hotel Industry Economic Impacts](#)” showed that the federal tax cuts implemented earlier this year would support \$57.4 billion of additional hotel guest spending in the U.S. The downside is that as legislators look to decrease taxes, they will increasingly look to other sources to fund public services, putting destination organization funding at risk.

Infrastructure

Twenty-six governors mentioned transportation infrastructure, including the heads of state in areas with the greatest tourism impact, including California, Florida, New York, Pennsylvania and Georgia. This is welcoming news, as the United States has neglected to adequately invest in its travel infrastructure, and as a result, the national transportation network is unable to cope with current, much less future, travel demand.

Ten governors also addressed Broadband Infrastructure, another area critical in ensuring the U.S. tourism product remains competitive.

To access the full Quorum report, visit <https://www.quorum.us/resources/state-of-state-governor-addresses-2018/251/>.