League of California Cities Webinar

Feb. 3, 2021
Caroline Beteta

President & CEO

Visit California
• Officially formed in 1996
• Nonprofit 501(c)6
• 19,000+ assessed businesses
• Mission: Create desire for the California experience
• 37-member board of directors
Economic development ecosystem

Governor Gavin Newsom

Lt. Governor’s Interagency Committee on International Affairs & Trade

Assembly Committee on Arts, Entertainment, Sports, Tourism and Internet Media

CDFA | CAL TRANS | Go-BIZ | NATURAL RESOURCES
California is No. 1 Travel Economy in U.S.

Visitor Spending By State, 2019

($ Billion)

Source: U.S. Travel Association
Statewide updates
California Tourism’s Record Growth Ends

Source: Dean Runyan Associates, Tourism Economics

- **$144.9B** TRAVELER SPEND 2019
- **$66.1B** PROJECTED TRAVELER SPEND 2020
- **$12.2B** Tax Revenue
- **1.2M** Tourism Jobs

Source: Dean Runyan Associates, Tourism Economics
Travel Spending Forecast

Source: Tourism Economics, Jan. 29 Forecast
Regional Occupancy

December 2020

Source: STR Inc.
California Future Room Bookings

Source: Visit California Research, Travelclick, Forwardkeys; Nov. 21, 2020
States and Cities Have Become More Reliant on Travel-Generated Tax Revenue

Source: U.S. Travel Association
TOT Collections Plummet

Source: Four-star Los Angeles County hotel
California Local Tax Loss

<table>
<thead>
<tr>
<th>Month</th>
<th>Tax Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar.</td>
<td>-$121</td>
</tr>
<tr>
<td>Apr.</td>
<td>-$196</td>
</tr>
<tr>
<td>May</td>
<td>-$218</td>
</tr>
<tr>
<td>June</td>
<td>-$140</td>
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<tr>
<td>July</td>
<td>-$120</td>
</tr>
<tr>
<td>Aug.</td>
<td>-$132</td>
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<tr>
<td>Sept.</td>
<td>-$82</td>
</tr>
<tr>
<td>Oct.</td>
<td>-$114</td>
</tr>
<tr>
<td>Nov.</td>
<td>-$91</td>
</tr>
<tr>
<td>Dec.</td>
<td>-$98</td>
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Source: Visit California Research/Tourism Economics
The impact of tourism

State level: California
• From 2012-2019, TOT collections in California cities increased 28%

Local level: Anaheim
• FY18/19, Anaheim collected $163 million in hotel tax – 40% of its General Fund Revenue
• FY20/21, Anaheim Projects that hotel tax will drop to $83.7 million
• Disneyland’s closure alone could cost the region $5 billion this year

Main Street: Visitor spend
• More than one-third of all travel spending is spent at restaurants and retail in your communities
U.S. Meetings Size Limitations

Oct. 2020

*State capacity limits for meetings range from 25% to 66%
Travel Matters
## Local Impacts

<table>
<thead>
<tr>
<th>City</th>
<th>Impact Description</th>
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<tbody>
<tr>
<td>San Francisco</td>
<td>Hotel tax revenue down <strong>60%</strong></td>
</tr>
<tr>
<td>Bakersfield</td>
<td><strong>17%</strong> drop in TOT</td>
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<tr>
<td>Santa Monica</td>
<td>Anticipates a <strong>54%</strong> drop in hotel tax revenue</td>
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<td>Long Beach</td>
<td>Projects a <strong>43%</strong> loss in hotel tax forcing millions of cuts</td>
</tr>
<tr>
<td>Palm Springs</td>
<td>Estimates nearly <strong>60%</strong> drop in hotel tax revenue</td>
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</tbody>
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When Tourism Marketing Goes Away

**San Diego** - 2013
- Eliminated a $30 Million marketing budget
- Estimated loss of $17 Million in TOT collections over two years

**Colorado** - 1993
- Eliminated a $12 Million marketing budget
- Saw $2.4 Billion economic loss annually
Looking Ahead

• Vaccine is rolling out
• Pent-Up Demand
• 70% of Californians have taken an action towards planning travel
• Consumers’ expectations for their spending in 2021 is highest in four years
TravelMatters.CA.com
Less Travel Spending ➔
Fewer Local Services