

Massachusetts Advisory Commission for Travel and Tourism Annual Report and Recommendations, 2020

To: Mr. Michael Hurley, Senate Clerk
Mr. Steven James, House Clerk

From: Martha J. Sheridan, Chair, Advisory Commission for Travel and Tourism

RE: 2020 Annual Report and Recommendations

Date: February 5, 2021

On behalf of the Advisory Commission on Travel and Tourism I respectfully submit this annual report and recommendations for the CY 2020. While the report is typically filed on or about November 1st, extenuating circumstances and a continually shifting environment due to the COVID-19 crisis have caused a delay in its delivery.

Summary of Commission Activities for 2020:

Per statute the Commission met four times in calendar year 2020. At each meeting we reviewed important industry data, heard from the Director of the MA Office of Travel and Tourism on the agency's programs and activities, and hosted guest speakers to brief us on industry specific initiatives. Below is a recap of each meeting.

March 10, 2020

- Presentation on MOTT Strategic Review Conducted by McKinsey (abbreviated version)
- Presentation by Massachusetts Agricultural Fairs Association (MAFA)

June 23, 2020

- Introduction of the new Discover New England Executive Director, Chris Jennings
- Brand USA Update
- Update on COVID-19 Efforts

November 5, 2020

- Update on the state of the tourism industry
- Update on the Commonwealth's tourism recovery initiatives
- Update on the Administration's economic recovery plan for Massachusetts
- My Local MA – Campaign overview, tips, and best practices
- Legislative Updates

December 17, 2020

Update on My Local MA Campaign

Presentation on World Cup Soccer 2026 Bid

Situation Analysis:

Early last year, Massachusetts had the unfortunate distinction of leading the nation in unemployment claims for multiple months in a row. The underlying reason for this in Boston and across the Commonwealth was the evisceration of one industry in particular – tourism and hospitality. Nearly 20% of the Commonwealth's workforce, some 800,000 MA citizens, are employed by this sector. As the industry began hemorrhaging revenue in the 2nd quarter of 2020, jobs disappeared at an astonishing rate.

For hospitality and tourism – the third largest industry sector in Massachusetts – COVID-19 continues to present an enormous threat. The Pioneer Institute projects that industry losses will approach \$16 billion. The American Hotel & Lodging Association (AHLA) reports that over 15,000 direct hotel jobs have been lost in MA, with another 22,000 ancillary jobs that depend on hotels also lost. Most dire of all, AHLA warns that over two-thirds of the Commonwealth's 900 hotel properties are at risk of closing. Hotel occupancy numbers illustrate that this forecast is not hyperbolic; while occupancy between April-September 2019 hovered around 89%, for the same period in 2020 the number was 12.8%.

And it's not just hotels that are suffering, the tentacles of the tourism sector go far and wide including restaurants, attractions, tour companies, arts and cultural venues, professional sports venues, casinos, caterers and the more. In fact, at the close of 2020, over 38% of restaurant workers that are unemployed or furloughed and have not been called back. And, most museums, cultural sites and arts venues had been closed.

While Massachusetts may be one of the most severely impacted states, destinations across the country and the world are all experiencing significant losses in jobs, tax revenue and visitor spending. When the vaccine is widely distributed, restrictions are slowly lifted, and consumers feel comfortable traveling again, it is imperative that communities across the Commonwealth are well-positioned to attract visitors back to our hotels, restaurants, retail outlets and attractions. The work of the Massachusetts Office of Travel and Tourism, and the Regional Tourism Councils will be crucial to the revitalization of the tourism sector, getting our citizens back to work and reigniting the generation of much-needed tax dollars for local and state coffers.

Throughout the crisis RTCs have partnered with MOTT on a variety of initiatives and programs and have served as a lifeline to the businesses in our respective communities, deploying situation-appropriate programs to help generate incremental revenue and keep Massachusetts top-of-mind with consumers to elicit future visitation when the time is right. But the fact remains that RTCs are suffering right now, with many operating on significantly reduced budgets which

has forced them to make staffing cuts and curtail activities. And, as 501c-6 entities we have just now become eligible for PPP loans afforded to many in the corporate sector months ago. Exacerbating an already difficult situation is that fact that private sector funding, a vital source of revenue for RTCs due to limited public funding, has virtually dried up.

It is crucially important that these organizations survive this crisis because tourism will be one of the most important drivers of economic recovery in large and small communities across the Commonwealth. It is also worth noting that the efforts of destination organizations go far beyond just filling hotel rooms, restaurants, and attractions. That is only a means to a greater end. In today's globalized, networked world, every community must compete with every other destination for its share of the world's visibility, attention and respect; tourists, consumers and available talent; businesses, capital and investments. Those communities who fail to compete will lose ground. They will be left behind in this recovery. In short, if Massachusetts is to return to its former position as one of the world's most robust economic centers, tourism must lead the way.

While the Commonwealth has deployed a \$774 million dollar recovery package, very little of those funds have gone directly to support tourism-related businesses or the RTCs. In fact, the Tourism Trust Fund has been level funded for nearly five years, even though costs associated with tourism promotion continue to rise. The recommendations presented below strive to remedy this situation and ensure that Massachusetts' tourism sector emerges stronger than ever and is well-positioned to lead the region's economic recovery.

Recommendations:

Since the recovery of the tourism sector is of paramount importance to the overall revival of the Massachusetts economy, the Commission respectfully submits the following recommendations for 2021.

1. The development and deployment of an additional economic recovery package that takes into consideration the nuances of the tourism sector including a higher cap on employee counts to apply for grant funds and direct stimulus funds for hotels, restaurants and tourism attractions.
2. In consultation with appropriate representatives from the tourism sector, the development of a comprehensive plan to lift restrictions on gathering limits within hotels and other meeting and event facilities.
3. A review of the Tourism Trust Fund appropriation to take into consideration the new infusion of revenue from the short-term rental tax with a goal of increasing the annual investment in tourism promotion for MOTT and the RTCs, factoring in annual increases for sustainable growth.

4. The development and deployment of a comprehensive tourism marketing plan by MOTT to allow the Commonwealth to compete for necessary tourism dollars as the nation begins to emerge from COVID travel restrictions.
5. Release of the full report developed by the Executive Office of Housing and Economic Development in conjunction with McKinsey on the strategic review of tourism promotion in the Commonwealth.
6. Dedicated financial support for the Commonwealth's visitor information centers which are currently operated and maintained by the RTCs with limited public funding.

The Advisory Commission on Travel and Tourism remains committed to working in conjunction with the Legislature and the Executive Office of Housing and Economic Development to lead the way in the recovery of the tourism sector. We thank you for your consideration of these recommendations and the Commission remains committed to working with you as we emerge from this challenging time.

Sincerely,



Martha Sheridan
Chair



Nancy Gardella
Vice Chair

CC: Secretary Michael Kennealy, Executive Office of Housing and Economic Development
Ms. Keiko Orall, Director, MA Office of Travel and Tourism