



**TOURISM
FEDERATION OF
WISCONSIN**

"Wisconsin Tourism's Legislative Voice"

A light green silhouette of the state of Wisconsin is centered on the page, serving as a background for the main text.

AT THE CROSSROADS OF OPPORTUNITY

**CREATING HOME-GROWN JOBS THAT
WON'T FLEE TO MEXICO OR CHINA**

AN ECONOMIC OPPORTUNITY IN A TROUBLED WISCONSIN ECONOMY

Wisconsin's economy, like other states throughout the country, is suffering through the worst recession in more than five decades. Protecting, maintaining and creating jobs is the top priority for policy makers in both parties, and government has stepped up its effort to use multi-million dollar tax breaks, grants, regulatory concessions and other development tools to grow the Wisconsin economy. At the same time, policy makers apparently have overlooked a major opportunity to create thousands of new jobs that don't require any tax breaks or special treatment. It requires only a true partnership that takes full advantage of Wisconsin's natural beauty, four-season outdoor opportunities, world-class meeting and convention sites and a myriad of sports, entertainment and gastronomical options. As Wisconsin is learning the hard way from other states, the hospitality, tourism and recreation industry is a jobs engine for economic growth. This position paper outlines the value of this industry and the economic and jobs benefit that it can bring to Wisconsin's troubled economy.

ANALYSIS

A review of state government's partnership with and approach to supporting Wisconsin's tourism, hospitality and recreation industry shows a dysfunctional effort that is akin to the state shooting itself in the foot. By limiting and restricting the way and manner in which Wisconsin promotes the state, it has hurt growth opportunities and stifled economic development opportunities. While Wisconsin has reduced its tourism funding efforts and other states have dramatically outspent the Badger state, our economy has not reaped the benefits that a robust and growing tourism industry can and does yield. Indeed, in the face of difficult economic times with less discretionary income and increased joblessness, the value and appeal of a trip to Wisconsin has increased significantly, but our current policy calls for using a whisper rather than a bull horn to tout the advantages that we offer to visitors near and far.



WISCONSIN LOSING GROUND TO OTHER STATES

For example, Michigan last year doubled its tourism promotion to \$30 million and spent more than one-third of it alone on a very successful summer advertising campaign. According to an outside analysis, the Michigan effort generated more than \$250 million in new economic activity and returned more than \$17.5 million in state taxes alone. The analysis further showed that the Michigan effort yielded a \$2.23 return for every dollar invested. More significant, a breakdown of the numbers into a more detailed analysis showed a regional return of \$5.34 for every one dollar invested, a significant boost to our neighbor's economy.

Michigan is not alone in making Wisconsin look bad when it comes to investing in tourism. Illinois, our neighbor to the south, spent more than \$48 million in 2008. Colorado, which once invested a paltry \$8 million in tourism promotion, launched a blockbuster effort and invested more than \$23 million in 2008. Even Ohio, which has struggled with a depressed

economy, boosted its tourism promotion spending nearly 20 percent in the last two years. Other states like Texas, North Carolina and Kentucky make major efforts to reap the economic development and jobs benefits from tourism. Pennsylvania, for example, invested \$28 million in fiscal year 2007-2008, and while they might have the Liberty Bell and Penn's Landing, Wisconsin offers God's Country and so much more. New Jersey, which also has been struggling with the depressed economy, has been analyzing possible opportunities and recognizes that "an aggressive, sustainable and coordinated" effort can be a true economic development tool. Some in New Jersey are seeing the wisdom of states like Colorado, Texas and Florida, which generate billions of tax dollars and create thousands of jobs in the tourism, hospitality and recreation industry. Tourism officials in New Jersey seem to get it:

“Neighboring states are investing in tourism to a far greater degree than New Jersey for a simple reason: they get results.”
New Jersey Travel and Tourism Industry Paper, April 20, 2010

TOURISM IS AN ECONOMIC ENGINE

The fact is, Wisconsin is losing this battle, and the state needs to take a new direction so that it can maximize the opportunities available. Wisconsin is shortchanging itself by taking a back seat to these other states, and while we spend tens of millions of dollars on other economic development tools, a small investment in Wisconsin can fuel significant economic opportunity. The doubters will claim “where’s the value,” and it’s plain as day in all four corners of the state:

- Spending by tourists taking advantage of what Wisconsin offers totals more than \$12 billion annually
- Taxes generated by tourism, convention and hospitality spending in Wisconsin is in excess of \$2 billion annually



- Employment opportunities number in the tens of thousands, and none of these jobs can be exported to Mexico, China or anywhere else.

{ A business can move factory production to another state, but you can't move the Mighty Mississippi or Lake Michigan. }

We've got both of them and a lot more right here in the Badger state. Conservatively, Wisconsin offers a great deal:

- Four-season outdoor opportunities that range from hunting, fishing, skiing, hiking and the pure enjoyment of our thousands of lakes, rivers and incredible fall foliage along the countryside,
- World-class golf courses, restaurants and architectural jewels,
- Exciting entertainment venues, amateur and professional sporting events, historic places, world-renowned museums and shopping galore,
- Meeting facilities that are along beautiful lakes, hidden in the North Woods or in the heart of the various urban areas spread throughout the state,
- Incredible natural beauty, the borders of two Great Lakes and what some believe is the most important river in America, the Mississippi River,
- Regional sports tournaments, triathlons, biking competitions, and a cross country skiing contest that attracts competitors from throughout the world, the Birkebeiner.



**POINTING THE COMPASS IN THE RIGHT DIRECTION
POLICY ALTERNATIVES TO SEIZE THE OPPORTUNITY**

Our competitors in Minnesota, Michigan, Ohio and throughout the nation probably hope that we continue to keep a lid over the thousands of bright lights that shine clearly throughout the state's tourism, hospitality and recreation industry. The bottom line is that Wisconsin has what is needed to sell the state, but we are lacking the commitment and true partnership to get the job done. Indeed, these are

tough economic times, but rather than simply throw millions of dollars at quick fixes, tax breaks and grants to prevent jobs from fleeing our borders, it is time for policy makers to invest in our state. Wisconsin needs to increase its promotional efforts so that our citizens reap the economic and job benefits that we are letting slip by the wayside. With this backdrop, Wisconsin now has a major opportunity to move forward and create new jobs, expand economic activity and generate new tax dollars that can help fill the \$2.8 billion budget gap our state faces.

RECOMMENDED NEXT STEPS FOR WISCONSIN

Toward that goal, policy makers who will come into office early next year to tackle the challenges our state faces should adopt the following recommendations as they set a course for Wisconsin:

1. The next Governor needs to put a premium on growing Wisconsin's tourism industry by becoming a partner who is actively engaged, not someone who sits on the sidelines,
2. The 2011-2012 state budget should establish a bipartisan goal to set tourism promotion funding at \$15 million annually,
3. Policy makers in the Legislative and Executive branches of government should develop and adopt changes that strengthen the statutory definition of how room taxes can be spent,
4. The next Governor should establish an inter-departmental task force that includes not only the Department of Tourism, but also the Department of Natural Resources, the



Department of Commerce, the Department of Administration and other state agencies to develop policies that support existing businesses that want to grow their current recreational, hospitality and tourism businesses within our state's borders.

This four-point plan, combined with private-sector investments from the industry and a true commitment from state government, can create a partnership that will go a long way toward reversing the downward course we are on and moving this vital, multi-billion dollar industry into high gear as the economic engine that it can be.

**- CONCLUSION -
MAKING A COMMITMENT TO THE FUTURE OF
WISCONSIN TOURISM**

Wisconsin is at a difficult crossroads – while the state must make some incredibly hard decisions, it also stands on the cusp of reaping the rewards of a very small but targeted investment. In the short run, these policy initiatives can boost local economies in all parts of the state, generate new state tax revenues and create new jobs. By investing in Wisconsin and believing in our people and



what we offer to those who might consider visiting our state, we can reap significant benefits that will improve our quality of life by helping generate new and much needed economic activity.

This crossroads is clearly marked – we either move forward and take advantage of what we have in front of us, or we take the wrong turn, continue to move backward and fail to seize



this important opportunity. The Tourism Federation of Wisconsin and the tens of thousands of employees who make up our state's unofficial welcoming committee stand ready to be partners with state government in this effort. Our members will invest millions of dollars in the next several years in their businesses to make them better

and even more attractive. We ask for state government to stand by our side and become true partners in this effort for the betterment of the entire state.

The Tourism Federation of Wisconsin serves as the Wisconsin tourism industry's unified voice in government relations, cooperatively seeking to improve Wisconsin's \$12 billion tourism industry through supportive legislation and policies. Learn more at www.witourismfederation.org.