

FY2016 TOURISM DEVELOPMENT ANNUAL REPORT

PUBLISHED BY
THE MARYLAND TOURISM
DEVELOPMENT BOARD
AND THE DEPARTMENT
OF COMMERCE



DEAR TOURISM INDUSTRY PARTNERS:

Pursuant to Section 5 of Chapter 471 Acts of 1997 (HB 685), I am pleased to present the Fiscal Year 2016 Maryland Tourism Development – Fund Annual Report (Annual Report).

Each year, the Maryland Tourism Development Board (Board) and the Department of Commerce (Department) report on the contributions the travel and tourism industry make to Maryland's economy. As someone who has been involved in the tourism industry and has worked for a major attraction throughout my career, I know firsthand the economic impact visitors have on my bottom line and the resulting benefits it has to the community at large through wages, tax savings and employment.

This year's annual report highlights the economic impact of Maryland's tourism industry from the recently released Economic Impact of Tourism in Maryland – Calendar Year 2015 Tourism Satellite Account report from Tourism Economics, a leading tourism industry research firm. The Tourism Satellite Account reported more than \$16.8 billion in visitor spending and close to \$2.3 billion in State and local taxes.

Economic Impact and visitation are generally reported by calendar year; all other metrics in the Annual Report are Fiscal Year 2016 (July 2015-June 2016).

Another measurement highlighted in the Annual Report is the direct result of the passage of the Tourism Promotion Act of 2008 and its performance-based formula. Eight key tourism tax codes

are tracked, reported and considered in calculating future tourism budgets. The FY 2016 Direct Tourism Taxes are also included in this report. The Board is also now mandated to submit a report, in cooperation with the Maryland Association of Destination Marketing Organizations (MDMO), on the effectiveness of mandatory funding and the passage of the Tourism Promotion Act in increasing visitor attendance and visitor spending in Maryland. We've included the content of that report in this Annual Report, and will continue to do so in the future.

While the results of a Tourism Satellite Account are only available on a delayed annual basis, many performance metrics—including the tourism tax codes, are available on a more frequent basis. Recognizing the importance of more timely information, the Office of Tourism Development (OTD) distributes an electronic *Tourism Monitor*, which reports tourism trends and key performance metrics on a monthly basis.

I am proud of the work of the Board and the OTD, and the positive impact that the tourism industry has on our State and its citizens.

Sincerely,

RICK HOWARTH CHAIR > *Maryland Tourism Development Board*
PRESIDENT > *Six Flags America*

VISITATION TO MARYLAND CONTINUES TO GROW

MARYLAND VISITORS STATISTICS

Maryland welcomed 40.47 million domestic travelers in 2015, an increase of 5.9 percent according to a national survey of U.S. travelers conducted by D.K. Shifflet and Associates, a leading tourism industry research firm. Eighty-one percent, or nearly 33 million, were leisure travelers, and the remaining 19 percent, or more than 7 million, were business travelers.

TRENDS AND COMPARISONS

National domestic travel volume increased in 2015, with total domestic U.S. visitor volume, as measured in person-trips, growing 4.9 percent. Leisure travel represented nearly 80 percent of all person trips, with day trips representing 53 percent and overnight 47 percent of visitor volume.

Maryland's 5.9 percent increase year over year was also approximately a full percentage point higher than the United States' year over year increase of 4.9 percent.

MARYLAND HAS OUTPACED THE GROWTH OF THE NATION AND THE REGION IN OVERALL GROWTH OF VISITORS BOTH IN THE LEISURE AND BUSINESS TRAVEL SEGMENTS.

MARYLAND VISITOR VOLUME (PERSON-TRIPS IN MILLIONS)

	2012	2013	2014	2015
TOTAL	35.37	36.14	38.23	40.47
BUSINESS	6.73	7.20	7.15	7.56
LEISURE	28.64	28.94	31.09	32.92
OVERNIGHT	17.83	18.36	19.38	19.49
DAY	17.54	17.78	18.85	20.98

U.S. VISITOR VOLUME (PERSON-TRIPS IN MILLIONS)

	2012	2013	2014	2015
TOTAL	2,182.95	2,344.05	2,512.78	2,637.08
BUSINESS	447.70	468.84	517.99	537.26
LEISURE	1,735.26	1,875.21	1,994.79	2,099.82
OVERNIGHT	1,084.61	1,181.95	1,340.63	1,228.36
DAY	1,098.34	1,162.10	1,172.15	1,408.73

2015 VISITOR VOLUME (% CHANGE FROM 2014)

TRAVEL SEGMENT	U.S.	MD	D.C.	PA	VA	WV
TOTAL	4.9	5.9	3.5	3.1	4.2	3.7
BUSINESS	3.7	5.7	1.3	5.4	4.6	-0.7
LEISURE	5.3	5.9	4.9	2.6	4.0	4.8
DAY	5.1	8.3	0.5	4.8	4.2	7.2
OVERNIGHT	4.8	3.4	5.2	0.7	4.1	-1.4



TOURISM: A REVENUE GENERATOR

THE TRAVEL AND TOURISM ECONOMY AND ITS IMPACT IN MARYLAND

This year's Annual Report reflects the data collected by a Tourism Satellite Account (TSA) – the industry standard now being used by other competitive states, as well as the U.S. Travel Association. **+** A TSA provides measurements of tourism that are designed to be consistent with the System of National Accounts, which facilitates inter-industry comparisons. It also includes a wider view of tourism demand, such as second home activity, capital investment, and as the tourism economy. The TSA reported that Maryland's total tourism economy generated close to \$18.2 billion in 2015. **+** While this broader definition is important to track from a comparability standpoint, the key industry statistics will focus on visitor spending – the spending in Maryland by visitors on travel purchases, and will not include capital investment or government spending.

\$16.8 BILLION IN VISITOR SPENDING IN 2015

Maryland tourists and travelers spent \$16.8 billion on travel expenses in 2015, based on the latest TSA conducted by Tourism Economics, an Oxford Economics company. Tourism industry sales increased \$575 million in 2015, led by a \$211 million increase in food & beverage sales. The lodging industry also performed well with revenue growth of \$123 million, an increase of 4 percent. More than 60 percent of visitor spending takes place in three industries – transportation, food & beverages and lodging. Total spending increased 3.5 percent over 2014.

MORE THAN 140,625 DIRECT TOURISM JOBS GENERATE A PAYROLL OF \$5.4 BILLION

According to Tourism Economics, tourism is the 10th largest private sector employer in the State, supporting 140,625 direct full-time equivalency jobs in 2015 in leisure and hospitality, retail, transportation, and other sectors affected by visitor spending. For these employees, their wages and salaries increased 6 percent to \$5.7 billion.

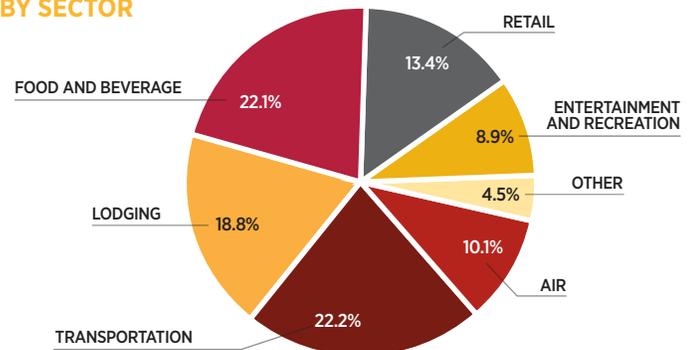
VISITOR SPENDING IS AN IMPORTANT REVENUE GENERATOR FOR STATE AND LOCAL GOVERNMENTS

In 2015, visitor spending generated close to \$2.3 billion in State and local taxes, including income taxes from the wages of industry employees, sales taxes for tourism goods and services, hotel occupancy taxes, property taxes, and other corporate taxes.

VISITOR SPENDING (IN BILLIONS)



TOURISM INDUSTRY BY SECTOR



Economic Impact Study:
Tourism Economics

VISITOR SPENDING (IN MILLIONS)

	2013	2014	2015	% CHANGE 2014-15
TRANSPORTATION*	\$3,436.4	\$3,645.6	\$3,720.2	2.0%
LODGING	\$2,864.2	\$3,039.4	\$3,162.2	4.0%
FOOD & BEVERAGE	\$3,234.7	\$3,493.1	\$3,704.1	6.0%
RETAIL	\$2,222.1	\$2,223.6	\$2,247.8	1.1%
ENTERTAINMENT & RECREATION	\$1,345.4	\$1,458.9	\$1,498.3	2.7%
OTHER	\$669.4	\$709.3	\$775.6	6.5%
AIR	\$1,585.4	\$1,636.1	\$1,691.8	3.4%
TOTAL	\$15,357.6	\$16,206.0	16,779.9	3.5%
PERCENT CHANGE	2.7%	5.5%	3.5%	

*Note: Transportation costs were affected by the 30 percent drop in fuel costs.

EACH HOUSEHOLD IN MARYLAND WOULD NEED TO BE TAXED AN ADDITIONAL \$1,040 TO REPLACE THE TOURISM TAX REVENUE RECEIVED BY STATE AND LOCAL GOVERNMENTS.



OFFICE OF TOURISM DEVELOPMENT CONSUMER INTERACTIONS

One of OTD's key goals is to inspire prospective visitors in specific markets to plan a trip to Maryland. Marketing activities are then developed with the objective of increasing web visits and quality leads from potential visitors. Four performance metrics are tracked against this objective of increasing consumer interactions via advertising, web activities, public relations and face-to-face customer interactions at Welcome Centers.

ADVERTISING-GENERATED INQUIRIES

OTD receives requests for travel kits in response to print, radio, outdoor, online and TV advertising. OTD's budget for traditional media (print, radio, outdoor and TV) was 12 percent higher in FY2016 versus FY2015; however, its on-line ad budget was 24 percent higher than the previous year.

REQUEST TYPE	FY 2016	FY 2015	CHANGE
PRINT ADVERTISING REQUESTS	32,334	36,481	-11.4%
PRINT AD BUDGET	145,436	264,636	-45%
BROADCAST LEADS	2,626	4,877	-46%
BROADCAST AD BUDGET	\$1,327,340	\$1,138,823	+16.6%

NUMBER OF UNIQUE WEB VISITORS

This year's web site visitation through Fiscal Year 2016 decreased 16 percent compared to Fiscal Year 2015, primarily from organic search. More than 1,051,800 visits to VisitMaryland.org can be attributed to OTD's internet advertising – an increase of 20 percent despite an 18 percent decrease in on-line advertising.

REQUEST TYPE	FY 2016	FY 2015	CHANGE
WEBSITE UNIQUE VISITORS*	2,212,985	2,622,498	-15.6%
WEB ADVERTISING CLICKS	1,323,245	1,051,810	+25.8%
WEB TRAVEL KIT REQUESTS	12,033	21,670	-44.5%
ONLINE ADVERTISING BUDGET	\$571,104	\$461,151	+23.8%

* Google Analytics data

PUBLIC RELATIONS EFFORTS

Public relations activities – press outreach, familiarization tours, and visiting journalists – generated \$12.1 million in advertising value for Maryland tourism products and services.

	FY 2016	FY 2015	CHANGE
TRAVEL MEDIA EXPOSURE	\$12,100,000	\$9,518,650	+27.1%

WELCOME CENTERS

During Fiscal Year 2016, Maryland welcome centers have received 340,070 visitors, an increase of 6.2 percent from Fiscal Year 2015.

	FY 2016	FY 2015	CHANGE
WELCOME CENTER VISITATION	340,070	320,267	6.2%

TOURISM SALES TAX REVENUES OUTPERFORM OVERALL RETAIL SALES TAX COLLECTIONS

The passage of the Tourism Promotion Act of 2008 enacted the potential for enhanced funding appropriations based on the tourism sector's growth year over year. This funding formula provides a quantitative, policy-backed way to report the impact that visitor spending has on sales tax revenue in Maryland. Eight sales tax codes are tracked and multiplied by a tourism factor – the amount deemed attributable to visitor spending – by the Comptroller. The Board qualifies for additional funding if this tourism tax increment exceeds three percent of the tourism tax revenues from the previous year. ➤ The Bureau of Revenue Estimates reported adjusted tourism expenditures of \$450.6 million for FY 2016, an increase of 5.8 percent from FY2015, outperforming the growth of overall sales tax categories by 3 percent. The total revenues for all categories amounted to more than \$1.1 billion, of which more than \$450 million is directly attributed to tourism.

TOURISM SALES TAX REVENUES

Sales and use tax figures for the complete 2016 Fiscal Year are now available. Tourism-related tax codes increased 8.7 percent while overall sales tax collections over the same time period grew 2.8 percent. Adjusted tourism tax codes – the amount deemed attributable to tourism by the Comptroller – increased 6.1 percent outperforming overall sales tax collections.

SALES TAX CATEGORY TOURISM SALES TAX REVENUES (\$)

TOURISM TAX REVENUES (\$)

		FY 2015	FY 2016	%CHANGE	FACTOR	FY 2015	FY 2016	%CHANGE
108	RESTAURANTS, LUNCHROOMS, DELIS <i>wo/BWL</i>	\$360,202,612	\$388,518,457	7.9%	33%	\$120,067,537	\$129,506,152	7.9%
111	HOTELS, MOTELS SELLING FOOD <i>w/BWL</i>	\$42,189,903	\$40,015,318	-5.2%	100%	\$42,189,903	\$40,015,318	-5.2%
112	RESTAURANTS AND NIGHTCLUBS <i>w/BWL</i>	\$261,540,255	\$265,536,190	1.5%	33%	\$87,180,085	\$88,512,063	1.5%
306	GENERAL MERCHANDISE	\$221,347,376	\$268,734,816	21.4%	5%	\$11,067,369	\$13,436,741	21.4%
407	AUTOMOBILE, BUS AND TRUCK RENTALS	\$67,171,249	\$70,843,970	5.5%	90%	\$60,454,124	\$63,759,573	5.5%
706	AIRLINES — COMMERCIAL	\$478,441	\$616,251	28.8%	50%	\$239,221	\$308,126	28.8%
901	HOTELS, MOTELS, APARTMENTS, COTTAGES	\$100,431,618	\$110,380,878	9.9%	100%	\$100,431,618	\$110,380,878	9.9%
925	RECREATION AND AMUSEMENT PLACES	\$8,605,180	\$9,275,532	7.8%	50%	\$4,302,590	\$4,637,766	7.8%
TOURISM TAX CATEGORIES SUBTOTAL		\$1,061,966,635	\$1,153,921,412	8.7%		\$425,932,447	\$450,556,617	5.8%
ALL SALES TAX CATEGORIES SUBTOTAL		\$4,414,484,394	\$4,536,834,478	2.8%				



Across the State, county to county, no matter the region, visitor spending makes a significant impact. The following chart details how tourism supported the tax base in Maryland's 23 counties and Baltimore City, broken out by geographic region.

FY 2016 DIRECT TOURISM CONSUMPTION TAXES

COUNTIES	ADMISSION & AMUSEMENT TAXES	ROOM TAXES	TOURISM PROMOTION ACT SALES TAXES*	TOTAL DIRECT CONSUMER TAX IMPACT	MARYLAND TOURISM DEVELOPMENT BOARD GRANT AWARDED
ALLEGANY	\$181,130	\$1,126,074	\$4,401,964	\$5,709,168	\$62,090
GARRETT	\$819,688	\$2,404,619	\$3,495,180	\$6,719,487	\$82,390
WASHINGTON	\$644,941	\$2,050,800.16	\$7,625,821	\$10,321,562	\$69,026
WESTERN REGION	\$1,645,759	\$5,581,493	\$15,522,965	\$22,750,217	\$213,506
FREDERICK	\$511,217	\$1,407,856	\$13,007,177	\$14,926,250	\$72,935
MONTGOMERY	\$5,800,198	\$19,686,059	\$75,688,434	\$101,174,691	\$143,338
PRINCE GEORGE'S	\$16,694,102	\$28,323,086	\$59,356,712	\$104,373,900	\$171,990
CAPITAL REGION	\$23,005,517	\$49,417,001	\$148,052,323	\$220,474,841	\$388,262
ANNE ARUNDEL	\$9,986,934	\$17,602,840	\$67,242,870	\$94,832,644	\$271,923
BALTIMORE CITY	\$8,071,892	\$34,147,258	\$52,255,987	\$94,475,137	\$251,325
BALTIMORE COUNTY	\$6,025,000	\$9,614,321	\$48,336,648	\$63,975,969	\$85,046
CARROLL	\$679,849	\$299,410	\$6,159,557	\$7,138,816	\$35,057
HARFORD	\$736,483	\$2,405,255	\$11,283,806	\$14,425,544	\$41,547
HOWARD	\$2,838,667	\$5,255,684	\$18,598,605	\$26,692,956	\$106,364
CENTRAL REGION	\$28,338,825	\$69,324,768	\$203,877,473	\$301,541,066	\$791,262
CALVERT	\$917,244	\$719,467	\$3,714,291	\$5,351,002	\$31,081
CHARLES	\$715,012	\$1,197,269	\$7,817,426	\$9,729,707	\$72,744
ST. MARY'S	\$136,077	\$958,382	\$4,974,817	\$6,069,276	\$44,907
SOUTHERN REGION	\$1,768,333	\$2,875,118	\$16,506,534	\$21,149,985	\$148,733
CAROLINE	\$6,030		\$618,330	\$670,823	\$22,284
CECIL	\$176,381	\$46,463	\$4,515,229	\$4,691,610	\$36,022
DORCHESTER	\$82,650	\$1,142,614	\$2,973,495	\$4,198,759	\$45,404
KENT	\$58,067	\$300,708	\$1,083,878	\$1,442,653	\$44,357
QUEEN ANNE'S	\$183,436	\$515,535	\$2,903,272	\$3,602,243	\$29,539
SOMERSET	\$18,588	\$67,950	\$428,133	\$514,671	\$26,203
TALBOT	\$117,572	\$1,302,486	\$4,109,680	\$5,529,738	\$87,541
WICOMICO	\$592,577	\$1,513,305	\$6,194,734	\$8,300,616	\$47,751
WORCESTER	\$2,059,297	\$15,564,715	\$27,293,841	\$44,917,853	\$140,127
OCEAN CITY					\$479,008
EASTERN SHORE	\$3,294,598	\$20,453,776	\$50,120,592	\$73,868,966	\$958,237
STADIUM AUTHORITY	\$9,452,037			\$9,452,037	
TOTAL DIRECT CONSUMER TAXES	\$67,505,069	\$147,652,157	\$434,079,887	\$649,237,113	

* Comptroller designated tourism taxes

DEPARTMENT OF COMMERCE

LARRY HOGAN, *Governor*
BOYD RUTHERFORD, *Lt. Governor*

MIKE GILL, Secretary, Department of Commerce
LIZ FITZSIMMONS, Executive Director, Office of Tourism



The FY2016 Tourism Development Annual Report, published by the Maryland Department of Commerce's Office of Tourism, is available free upon request, as well as online in the Maryland Office of Tourism section of visitmaryland.org