

A photograph of the stern of a white boat on a body of water. Two Maryland state flags are flying from a pole. The top flag is partially obscured by a red and white striped flag. The bottom flag is the full Maryland state flag, featuring a yellow and black checkered canton and a red field with a white cross. In the foreground, two silver boat horns are visible. The background shows a calm body of water and a distant shoreline under a clear sky. A large red decorative graphic is on the right side of the image.

FY2015 TOURISM DEVELOPMENT ANNUAL REPORT

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

DEAR TOURISM INDUSTRY PARTNERS:

As outlined in the Economic Development Article § 4-216(d) of the Annotated Code of Maryland, I am pleased to present the Fiscal Year 2015 Maryland Tourism Development Board 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 Maryland tourism industry for more than 20 years, I know first hand the economic impact visitors have on my bottom line.

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 2014 Tourism Satellite Account report from Tourism Economics, a leading tourism industry research firm. The Tourism Satellite Account reported more than **\$16.4 billion** in visitor spending and close to **\$2.2 billion** in State and local taxes.

Economic Impact is generally reported by **calendar** year; all other metrics in the Annual Report are Fiscal Year 2015 (July 2014-June 2015).

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. Comparisons, by county, of Fiscal Year 2014 and Fiscal Year 2015 tourism tax code revenues are included in this report. The Board is also 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.

The Maryland Tourism Development Board is keenly aware that the competition for the consumer's discretionary dollar is fierce. There are many other items consumers can choose to purchase besides travel, and other marketers are outspending Maryland. In the race for consumers' travel dollars, it is estimated that states invested more than \$836 million in travel marketing offices in FY 2014.

For FY 2014, the U.S. Travel Association reported that Maryland's tourism budget was \$12.1 million - \$11.02 million in general funds and \$1.1 million in special and reimbursable funds. Maryland dedicated \$3.2 million to domestic advertising and promotion and legislatively directed \$2.5 million to the state's 23 counties plus Ocean City and Baltimore for their advertising efforts. The state's that compete most heavily with Maryland have historically had larger tourism budgets and have targeted the same prospective visitors. In comparison, Virginia and North Carolina each allocated more than \$5.6 million in domestic advertising and sales promotion as compared to Maryland's \$3.1 million to reach a similar target audience.

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

Sincerely,



GREG SHOCKLEY CHAIR > *Maryland Tourism Development Board*
OWNER > *Shenanigan's Irish Pub, Ocean City*

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 progressive and 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 government spending -- not just visitor spending. This broader measurement is referred to as the tourism economy. The TSA reported that Maryland's total tourism economy generated close to \$16.7 billion in 2014.

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.

\$16.4 BILLION IN VISITOR SPENDING IN 2013

Maryland tourists and travelers spent \$16.4 billion on travel expenses in 2014, based on the latest TSA conducted by Tourism Economics, an Oxford Economics company. Tourism industry sales increased \$942 million in 2014. Growth in recreational purchases was strongest among the key tourism industries, growing 8.4 percent. The lodging industry also performed well with revenue growth of 7.6 percent. More than 60 percent of visitor spending takes place in three industries -- transportation, food & beverages and lodging. Total spending increased 6.1 percent over 2013.

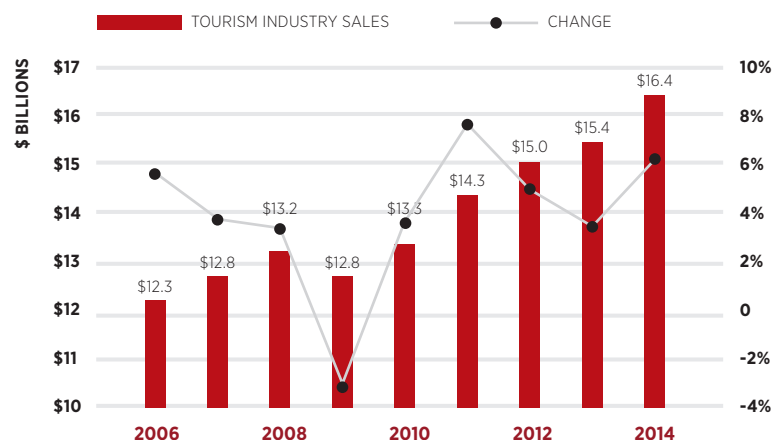
MORE THAN 140,288 DIRECT TOURISM JOBS WITH A PAYROLL OF \$5.4 BILLION

According to Tourism Economics, tourism is the 10th largest private sector employer in the State, supporting 140,288 direct full-time equivalency jobs in 2014 in leisure and hospitality, retail, transportation, and other sectors impacted by visitor spending. For these employees, their wages and salaries increased 6 percent to \$5.4 billion.

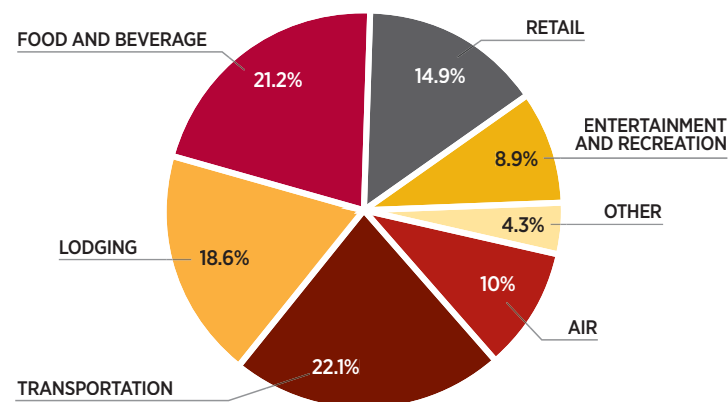
IN 2014, VISITOR SPENDING GENERATED CLOSE TO \$2.2 BILLION IN STATE AND LOCAL TAXES, INCLUDING INCOME TAXES FROM THE WAGES OF INDUSTRY EMPLOYEES, SALES TAXES FOR TOURISM GOODS AND SERVICES, HOTEL OCCUPANCY TAXES, PROPERTY TAXES, AND OTHER CORPORATE TAXES.

VISITOR SPENDING
INCREASED 6.1% --
THE FIFTH STRAIGHT YEAR
OF GROWTH.

VISITOR SPENDING (IN BILLIONS)



TOURISM INDUSTRY BY SECTOR



Economic Impact Study: Tourism Economics

VISITOR SPENDING (IN MILLIONS)

	2012	2013	2014	% CHANGE 2013-14
TRANSPORTATION	\$3,342.7	\$3,435.9	\$3,624.4	5.5%
FOOD & BEVERAGE	\$3,078.4	\$3,233.8	\$3,479.3	6.1%
LODGING	\$2,888.6	\$2,864.2	\$3,039.4	7.6%
RETAIL	\$2,204.3	\$2,303.5	\$2,436.9	5.8%
AIR	\$1,536.3	\$1,585.4	\$1,636.1	3.2%
ENTERTAINMENT & RECREATION	\$1,277.1	\$1,344.9	\$1,458.4	8.4%
OTHER	\$630.0	\$669.4	\$704.5	5.3%
TOTAL	\$14,957.5	\$15,437.1	\$16,379.0	6.1%
PERCENT CHANGE	4.8%	3.2%	6.1%	

Economic Impact Study: Tourism Economics

OFFICE OF TOURISM DEVELOPMENT PERFORMANCE MEASUREMENTS

The performance of the OTD is tracked against a variety of different measures, through the Department of Budget & Management's Managing for Results (MFR). ➤ One of OTD's key goals is to influence prospective visitors in targeted 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.

THREE PERFORMANCE METRICS ARE TRACKED AGAINST THE OBJECTIVE OF INFLUENCING POTENTIAL VISITORS TO PLAN A TRIP TO MARYLAND:

ONLINE INTERACTIONS AND BUDGET

This year's web site visitation through June increased 30 percent compared to last year, according to Google Analytics. More than 1,051,800 visits to VisitMaryland.org can be attributed to OTD's internet advertising and more than 20,000 requests for travel kits have been received via the web site. The year's online advertising budget is 11.5 percent less than last year's.

REQUEST TYPE	FY 2015	FY 2014	CHANGE
WEBSITE UNIQUE VISITORS	2,622,498	1,841,817	29.8%
WEB ADVERTISING CLICKS	1,051,810	790,252	24.9%
WEB TRAVEL REQUESTS	21,670	22,242	(2.6%)
ONLINE BUDGET	\$699,070	\$779,785	(11.5%)

| Google Analytics data

ADVERTISING-GENERATED LEADS

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 7.2 percent lower in FY 2015 versus FY 2014, and its overall advertising budget was down 8.5 percent from the prior year.

REQUEST TYPE	FY 2015	FY 2014	CHANGE
PRINT ADVERTISING LEADS	36,481	38,793	(6.3%)
PRINT AD BUDGET	\$290,907	\$409,478	(40.8%)
BROADCAST LEADS	4,877	4,839	0.8%
BROADCAST BUDGET	\$1,299,127	\$1,294,940	0.3%
TOTAL	\$1,590,034	\$1,704,418	(7.2%)

PUBLIC RELATIONS EFFORTS

Public relations activities – press outreach, familiarization tours, and visiting journalists – generated \$11.2 million in advertising value for Maryland tourism products and services. Much of the increase can be associated with the coverage of the Star-Spangled Spectacular in September 2014.

	FY 2015	FY 2014	CHANGE
PUBLIC RELATIONS	\$11,235,631	\$9,600,000	14.6%

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 \$425.9 million for FY 2015, an increase of 6.1 percent from FY 2014. The total revenues for all categories amounted to more than \$1 billion, of which \$426 million is directly attributed to tourism.

TOURISM SALES TAX REVENUES

Tourism-related tax codes increased 10.7 percent while overall sales tax collections over the same time period grew 4.9 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 YTD	FY 2014 YTD	%CHANGE	FACTOR	FY 2015 YTD	FY 2014 YTD	%CHANGE	
108	RESTAURANTS, LUNCHROOMS, DELIS <i>wo/BWL</i>	\$360,202,612	\$337,203,331	6.8%	33%	\$120,067,537	\$112,401,110	6.8%	
111	HOTELS, MOTELS SELLING FOOD <i>w/BWL</i>	\$42,189,903	\$41,484,586	1.7%	100%	\$42,189,903	\$41,484,586	1.7%	
112	RESTAURANTS AND NIGHTCLUBS <i>w/BWL</i>	\$261,540,255	\$249,811,837	4.7%	33%	\$87,180,085	\$83,270,612	4.7%	
306	GENERAL MERCHANDISE	\$221,347,376	\$165,179,844	34.0%	5%	\$11,067,369	\$8,258,992	34.0%	
407	AUTOMOBILE, BUS AND TRUCK RENTALS	\$67,171,249	\$64,601,874	4.0%	90%	\$60,454,124	\$58,141,687	4.0%	
706	AIRLINES – COMMERCIAL	\$478,441	\$366,942	30.4%	50%	\$239,221	\$183,471	30.4%	
901	HOTELS, MOTELS, APARTMENTS, COTTAGES	\$100,431,618	\$94,373,554	6.4%	100%	\$100,431,618	\$94,373,554	6.4%	
925	RECREATION AND AMUSEMENT PLACES	\$8,605,180	\$6,439,195	33.6%	50%	\$4,302,590	\$3,219,598	33.6%	
TOURISM TAX CATEGORIES SUBTOTAL		\$1,061,966,635	\$959,461,162	10.7%		\$425,932,447	\$401,333,609	6.1%	
ALL SALES TAX CATEGORIES SUBTOTAL		\$4,414,484,394	\$4,206,621,352	4.9%					

SINCE FY2007, SALES TAX REVENUES ATTRIBUTABLE TO TOURISM HAVE GROWN 46.7 PERCENT, FAR OUTPERFORMING THE 28 PERCENT GROWTH OF OVERALL SALES TAX COLLECTIONS THESE TOURISM REVENUES NOW ACCOUNT FOR MORE THAN 9 PERCENT OF ALL SALES TAX COLLECTIONS.

MARYLAND SALES
TAX COLLECTIONS
AND ADJUSTED
TOURISM SALES
TAX COLLECTIONS
FISCAL YEARS 2007-2015

	OVERALL SALES TAX COLLECTIONS	SALES TAX COLLECTIONS ATTRIBUTABLE TO VISITOR SPENDING	% OF TOTAL
FY 2007	\$3,447.9 BILLION	\$290.3 MILLION	8.4%
FY 2008	\$3,748.9 BILLION	\$298.2 MILLION*	7.9%
FY 2009	\$3,851.8 BILLION	\$346.3 MILLION	9.0%
FY 2010	\$3,761.9 BILLION	\$342.0 MILLION	9.1%
FY 2011	\$3,898.0 BILLION	\$359.5 MILLION	9.2%
FY 2012	\$4,095.7 BILLION	\$377.5 MILLION**	9.2%
FY 2013	\$4,119.1 BILLION	\$392.0 MILLION	9.5%
FY 2014	\$4,206.6 BILLION	\$401.3 MILLION	9.5%
FY 2015	\$4,414.4 BILLION	\$425.9 MILLION	9.6%
% GROWTH FY 07-FY 15	28.0%	46.7%	14.2%

| * Adjusted for increase in sales tax ** Adjusted for increase in alcohol tax

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 2015 DIRECT TOURISM CONSUMPTION TAXES

COUNTIES	ADMISSION & AMUSEMENT TAXES	ROOM TAXES	TOURISM PROMOTION ACT SALES TAXES*	TOTAL DIRECT CONSUMER TAX IMPACT
ALLEGANY	\$340,790	\$1,000,048	\$4,308,759	\$5,649,597
GARRETT	\$816,385	\$2,369,239	\$3,344,152	\$6,529,776
WASHINGTON	\$535,191	\$2,047,200	\$7,351,182	\$9,933,574
WESTERN REGION	\$1,692,366	\$5,416,487	\$15,004,093	\$22,112,946
FREDERICK	\$521,420	\$1,333,667	\$12,382,189	\$14,237,276
MONTGOMERY	\$5,246,713	\$19,217,198	\$71,708,328	\$96,172,239
PRINCE GEORGE'S	\$15,775,351	\$21,572,143	\$56,806,705	\$94,154,199
CAPITAL REGION	\$21,543,484	\$42,123,008	\$140,897,222	\$204,563,714
ANNE ARUNDEL	\$9,734,097	\$18,999,105	\$63,319,484	\$92,052,686
BALTIMORE CITY	\$8,503,450	\$31,712,000	\$51,602,328	\$91,817,778
BALTIMORE COUNTY	\$5,671,417	\$9,652,515	\$45,676,215	\$61,000,148
CARROLL	\$693,687	\$284,101	\$5,827,066	\$6,804,854
HARFORD	\$744,722	\$0	\$10,733,575	\$11,478,297
HOWARD	\$3,082,997	\$4,953,775	\$17,898,195	\$25,934,967
CENTRAL REGION	\$28,430,370	\$65,601,496	\$195,056,864	\$289,088,729
CALVERT	\$791,233	\$696,959	\$3,436,745	\$4,924,937
CHARLES	\$787,793	\$1,062,722	\$7,228,896	\$9,079,411
ST. MARY'S	\$86,066	\$751,616	\$4,689,104	\$5,526,786
SOUTHERN REGION	\$1,665,092	\$2,511,297	\$15,354,744	\$19,531,134
CAROLINE	\$5,305	\$46,343	\$613,934	\$665,582
CECIL	\$162,338	\$436,630	\$4,222,061	\$4,821,029
DORCHESTER	\$78,880	\$1,039,638	\$2,871,911	\$3,990,429
KENT	\$49,367	\$283,226	\$916,485	\$1,249,078
QUEEN ANNE'S	\$170,535	\$472,629	\$2,827,644	\$3,470,808
SOMERSET	\$17,498	\$60,635	\$404,282	\$482,415
TALBOT	\$110,724	\$1,206,766	\$3,869,177	\$5,186,668
WICOMICO	\$603,602	\$1,359,824	\$5,800,407	\$7,763,834
WORCESTER	\$1,927,924	\$14,669,020	\$26,118,747	\$42,715,691
EASTERN SHORE	\$3,126,173	\$19,574,712	\$47,644,650	\$70,345,535
STADIUM AUTHORITY	\$14,396,853			\$14,396,853
TOTAL DIRECT CONSUMER TAXES	\$70,854,338	\$135,227,000	\$413,957,573	\$620,038,911

| * Comptroller designated tourism taxes ** Harford County does not have a room tax

DEPARTMENT OF COMMERCE

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

MIKE GILL, Secretary, Department of Commerce
 BILL PENCEK, Acting Managing Director, Division of Tourism, Film and the Arts
 LIZ FITZSIMMONS, Executive Director, Office of Tourism



The FY2015 Tourism Development Fund Annual Report,
 published by the Maryland Department of Commerce,
 is available free upon request, as well as online in the Maryland
 Office of Tourism section of industry/visitmaryland.org