



**VISIT SAN ANTONIO
2019 STATE
LEGISLATIVE AGENDA
86TH TEXAS LEGISLATURE**

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Industry Background

San Antonio ranks as one of the most popular domestic travel destinations, welcoming an average of 34.4 million visitors to the region, 29.7 million visitors to Bexar County, and 18.2 million overnight visitors.

As a result, Hospitality and Tourism continues to remain one of the region's top industries, employing nearly one in every eight workers (approximately 130,796 individuals) in San Antonio. The industry size has quadrupled since 1990 and the overall economic impact has increased 50% since 2005, and is currently the third largest industry in the city.

This critical industry contributes \$195 million to the city in fees and taxes and a total of \$375 million to all local governments combined. Across the state, Hospitality and Tourism contributes nearly \$500 million every year to General Revenue Programs such as Public Education and Health and Human Services.

Additionally, the Bexar County Venue Tax provides \$125 million in San Antonio River Improvements, \$80 million to amateur sports facilities, \$100 million to Community Arenas and Grounds, \$110 million to Cultural Arts and the Tobin Center.

In the San Antonio, Hospitality and Tourism offsets the average citizen's property taxes by \$1,200 every year. According to a study by Dr. Ray Perryman, the "relative importance of tourism activity to the San Antonio area is about twice that of the state as a whole."

In FY 2018, Hotel Occupancy Tax will contribute \$10 million toward City of San Antonio Arts and Culture programs and \$10 million toward City of San Antonio Historic Preservation programs.

Legislative Priorities and Endorsements

As we enter what we anticipate to be a challenging legislative session, Visit San Antonio's State Legislative Agenda and advocacy priorities are:

- ◆ Restore full funding for state tourism promotion
- ◆ Maintain the school start date law
- ◆ Protect the integrity of Hotel Occupancy Tax and the legislative mandate to utilize those funds to drive and promote tourism and conventions, as well as Tourism Public Improvement District
- ◆ Support the continued viability of San Antonio to compete for major sports events and conventions

Visit San Antonio opposes any legislation that:

- ◆ Instills unfair taxes and unreasonable regulations on the San Antonio and Texas travel industry
- ◆ Does not reflect the welcoming and diverse nature of the City of San Antonio and the State of Texas
- ◆ Endangers the ability of San Antonio to attract major sporting events and conventions
- ◆ Damages the overall health of the state's economy by not adhering to the 4th Monday in August as the state-wide school start date.

Additionally, Visit San Antonio will continue to actively support its travel and tourism partners, including Texas Travel Industry Association (TTIA) and the Texas Hotel and Lodging Association (THLA), VIA Metropolitan Transit (VIA) and their legislative agendas that support the mission and vision of VSA. Specifically, Visit San Antonio supports:



- ◆ Protecting the Event Trust Funds and Major Events Trust Fund
- ◆ Comprehensive transportation infrastructure planning and travel-related programs
- ◆ Continued state investment in the Alamo
- ◆ Multi-modal transportation that benefits travelers and supports the travel industry

Funding for Texas Tourism

A key contributor to the economic power of the San Antonio and overall Texas travel industry is the tourism promotion program within the Governor's Division of Economic Development and Tourism. The program markets Texas as a domestic and international travel destination. Virtually every Texas community, including San Antonio, depends on the promotional efforts of the state's tourism program to generate out-of-state visitors, provide jobs, tax revenues and economic impact throughout the state.

As outlined by TTIA, independent research shows that for every \$1 spent on state tourism advertising, more than \$7.92 is returned in state tax revenues. This level of return will continue only if the state restores full funding of its tourism promotion program.

State tourism promotion is a self-funded program with a dedicated funding source. By statute, funding for the program comes from 1/12th of the state's six percent hotel occupancy tax. The remaining portions help fund all other state programs, such as public education, health and human services, etc.

In the 2016-2017 biennium, the Texas Tourism Office received funding of \$70,054,240 plus any unexpended funds (funds unused from the previous biennium that would be rolled over). The Texas Tourism Office funding for the 2018-2019 biennium was cut by \$35,983,460.00 million from the previous biennium, representing a 51.36% drop in funding. As a result, the budget utilized to promote Texas as a premiere destination is approximately the same as the State of Arkansas.

Visit San Antonio supports restoring full-funding for the Texas Tourism office within the Office of the Governor, Economic Development and Tourism Division.

Visit San Antonio will ensure its legislators understand and appreciate that full funding for tourism promotion represents a significant economic impact for our state and city, including jobs for our citizens and critical tax revenues that San Antonio cannot afford to do without.

School Start Date

State law provides for a uniform state-wide school start date of the fourth Monday in August as the day when public schools may begin their school-year instruction. Visit San Antonio will partner with various associations including TTIA, to preserve the current state-wide school start date law which yields significant economic benefits to the tourism industry, which in turn generates additional funding for local schools.

The current law, which took effect at the beginning of the 2007-2008 school year, restored approximately three weeks to the summer vacation period that had been lost when many schools were starting their school year earlier and earlier, some as early as the first week in August.



A 2017 study conducted by the Perryman Group found that moving the school start date forward would: have a state-wide economic impact of \$1B per week, state-wide job loss of 7,506, and an overall area economic impact (San Antonio-New Braunfels MSA) of \$44M per week. Additionally, Dr. Perryman concluded that *“the relative importance of tourism activity to the San Antonio area is about twice that of the state as a whole.”*

The summer travel period, specifically August, is high-season for family travel. Visit San Antonio strongly supports legislation that enables families to participate in critical relationship-building and bonding activities, such as vacations and travel. We will also pro-actively seek to ensure legislators understand the current law continues to generate millions of additional dollars in new tax revenues that is used to help fund public education and other state government services in Texas.

Hotel Occupancy Tax

Hotel Occupancy Tax legislation was originally enacted in 1959 by the State Legislature, and for the past 59 years has served as a major source of revenue for every level of government, including state, county and city without a cost to taxpayers. For example, State Hotel Occupancy Tax, which is current set at 6%, contributes nearly \$1 billion to the General Revenue Fund every biennium.

In addition to State Hotel Occupancy Tax, City and Counties may also impose a HOT at their discretion, and in accordance with the competitive rate their own individual political subdivisions will bear. For example, Bexar County has a 1.75% fee known as the Bexar County Venue Tax, and the City of San Antonio imposes a 9% Hotel Occupancy Tax.

For Fiscal Year 2018, the City of San Antonio Hotel Occupancy Tax will contribute an estimated \$10 million toward Arts and Culture programs and another \$10 million toward Historic Preservation programs for the City of San Antonio. The Bexar County Venue Tax has contributed \$125 million for San Antonio River Improvements, \$100 million for Community Arenas, \$80 million for amateur sports facilities and \$110 million toward cultural arts and the Tobin Center.

Under the current tax code, every event, program, or facility funded with hotel occupancy tax revenues must be likely to do two things: 1) directly promote tourism; and 2) directly promote the convention and hotel industry. It is important to note that Texas law also provides that the hotel occupancy tax may not be used for general revenue purposes or general governmental operations of a municipality. It also may not be used to pay for governmental expenses that are not directly related to increasing tourism and hotel and convention activity.

Visit San Antonio will work to ensure that Hotel Occupancy Tax remains a valid and viable source of revenue, economic development and job growth by, opposing efforts to divert HOT funds to any non-tourism related use; opposing any efforts to impose a fixed state-wide municipal and county HOT rate; supporting efforts to retain the current legislative integrity of the HOT; supporting the continued use of the Tourism Public Improvement District as a viable alternative to raise additional revenue dollars to promote the travel and tourism industry, and supporting efforts to ensure competitive fairness in the hospitality market through collection of State and Municipal Hotel Occupancy Tax from all lodging outlets and resources.

Regulatory Burden, Economic Competitiveness

Visit San Antonio will continue to oppose legislation and regulations that 1) risks the viability of San Antonio to attract business and compete for major sporting events and conventions that grow the local and state economy, 2) does not reflect the city and state's welcoming and diverse environment, 3) impose unfair or unreasonable regulations, taxes, or disruptive policies on the industry, 4) requires unnecessary or irrelevant disclosures that could potentially damage Visit San Antonio's ability to compete for a variety of events including, movies, television shows, major sporting events, etc.

Event Trust Fund Programs

Hosting events, such as the NCAA Final Four, that draw nationwide and worldwide attention, benefits San Antonio and the community as a whole. Business leaders who attend these events have the ability to view our city, and its many resources, as a potential site for their corporate relocation or expansion. Visitors to events are able to experience first-hand the warm, welcoming and diverse atmosphere that our citizens enjoy every day, making plans to return with friends and family as a future leisure destination. And residents enjoy the ancillary benefits including funding for such venues at the Tobin, AT&T Center, amateur sports facilities and an offset of property taxes through sales tax as a result of tourism spending.

Visit San Antonio continues to support legislation that fully preserves Event Trust Funds programs which serve as powerful economic incentives for our city and state to entice travel-related business. Further, Visit San Antonio supports efforts to include additional events for eligibility under these programs.

Travel and Tourism Programs

Visit San Antonio continues to support programs that enhance travel and tourism related programs, including sustainable funding for Texas Parks and Wildlife Department allowing these parks to be effectively managed, maintained and promoted, including efforts that allow travelers to continue enjoy Texas rivers and waterways.

Additionally, the Texas Historical Commission's Heritage Preservation and Heritage Travel programs are significant travel and economic development assets not only to San Antonio but also communities across the state. Visit San Antonio will continue to partner with TTIA to support THC's efforts to seek viable, alternative funding models, while working to support state funding that ensures the sustainability of their heritage preservation and heritage travel programs.

Further, Visit San Antonio will continue to partner with TTIA to support funding for Texas Commission on the Arts programs that provide important tourism and economic development assistance through its grants program that support art organizations, as well as its cultural districts designations which help develop cultural tourism assets throughout the state.

Transportation

The drive market is a key component of San Antonio leisure tourism, to this end, Visit San Antonio supports our partners and their efforts to enhance this critical method of travel. Specifically, Visit San Antonio supports efforts to better coordinate communication with state agencies to ensure major road closures do not occur during local festivals, traditionally heavy travel periods, major state and federal holidays, school holidays and during events that attract tourists and visitors.



Visit San Antonio continues to support TXDOT's Travel Information Division and their travel-related services and activities. These important efforts include: production and distribution of travel literature, including consumer fulfillment and management of leads generated by the tourism advertising efforts of the Governor's Economic Development and Tourism Division, operation of 12 Travel Information Centers, Drive Texas and Texas Highways Magazine.

Alamo

Visit San Antonio partners with the City of San Antonio, The State of Texas General Land Office and the private Alamo Endowment, and its Master Plan for the mission and its surrounding acres. Additionally, Visit San Antonio supports continued investment in the Alamo with local and private funding.

Partnerships

Due to the broad and diverse nature of conferences, meetings and leisure travel, Visit San Antonio continually seeks to establish partnerships with companies and organizations whose economic development goals align and support the travel and tourism industry. Including, but not limited to:

- ◆ Texas Travel Industry Association (TTIA)
- ◆ Texas Hotel and Lodging Association (THLA)
- ◆ San Antonio Hotel and Lodging Association (SAHLA)
- ◆ San Antonio Tourism Council (SATC)
- ◆ Texas Restaurant Association (TRA)
- ◆ San Antonio Restaurant Association (SARA)
- ◆ VIA Metropolitan Transit (VIA)