



House Government Accountability and Oversight Committee - March 20, 2018
Proponent Testimony for H.B. 531
Joe Savarise, Executive Director, Ohio Hotel & Lodging Association

Chairman Blessing, Vice-Chair Reineke, Ranking Member Clyde and members of the House Government Accountability and Oversight Committee, thank you for the opportunity to add my voice in favor of efforts to support Ohio's communities, employers, and our travel economy, through the establishment of the Sports Event Grant Fund that will be used to make grants under Ohio's Major Sporting Event Grant Program.

I'm Joe Savarise, Executive Director for the Ohio Hotel and Lodging Association (OHLA). Ohio is home to nearly 1,500 licensed and active hotel properties providing more than 131,000 rooms to guests across the state. We employ more than 35,000 people directly and support 93,000 hotel-related jobs, produce nearly \$800 million in employee wages and are an integral part of Ohio's vital travel economy. With more than 26 million room nights sold in Ohio annually, hotels have a \$25.5 billion total economic impact in our state, and support \$3.4 billion in taxes.

Our industry works closely with the destination marketing organizations, event venues and organizers, and the entities that bring in large amounts of lucrative business, and the economic activity that it generates. Hotels recognize the benefits that major sporting events produce in terms of visitors and spending. The work done by our CVB and Sports Commission partners produces some of the greatest ROI for hotels and the travel economy in this regard. The types of events this program targets bring in large numbers of overnight visitors across the state. State and local governments realize this benefit, in part, through increased sales and lodging taxes generated by our industry.

In 2009, our state established the Major Sporting Event Grant Program to assist local organizing committees in securing very large competitively bid sporting events. To qualify, an event must be projected to generate an incremental increase of at least \$250,000 in state sales tax. Historically, this program has been funded on a biennial basis.

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HB 531

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This model is a challenge to securing future business, because there is no assurance that the program will be funded (and therefore support available) beyond that short time-frame. Our destination marketing and event partners around the state are already bidding on events far into the future -- as far off as 2025. In our business, this type of lead time is typical and is necessary to generate new business.

Hoteliers know that the market for major sporting event opportunities is ultra-competitive, for good reason. At least 34 other states offer incentives to attract this business.

HB 531 will create a long-term funding mechanism for this critical economic development program. It would contribute half of the incremental state sales tax increase attributable to a qualifying event to the grant fund. Grants would then be made from the fund to fulfill a portion of the obligations required by a site selection organization.

The state will continue to receive half of the increase in state sales tax, so we view this legislation as a win-win proposal. We also know that these events produce more revenue for essential local services through lodging tax. And we support the reporting requirements that will confirm event impact metrics were reached.

HB 531 will greatly help our efforts to create jobs and grow Ohio's travel economy. The hotel and lodging industry adds its enthusiastic support and asks for yours in helping advance this legislation. Thank you.