An Evaluation of Strategies and Finances of the Rural Tourism Industry

The Center for Rural Pennsylvania
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EXECUTIVE SUMMARY

This research examined the history, implementation and uses of the Hotel Room Rental Tax in Pennsylvania's 3rd through 8th Class counties.

Pennsylvania's tourism promotion efforts are coordinated through the state Tourism Office in the Pennsylvania Department of Community and Economic Development (DCED). However, the direct promotion of tourism occurs at the local level through a network of Tourism Promotion Agencies (TPAs), which are designated by official action of the county commissioners or county council members. These TPAs may serve one or more counties.

The Hotel Room Rental Tax, which was enacted in the commonwealth in 2000, allowed 4th through 8th Class counties, for the first time, to levy a room rental tax of 3 percent for convention and tourism promotion, with a percentage allocated directly to the designated single- or multi-county TPA. Counties were allowed to retain a portion of the tax money for administrative purposes. These tax provisions were further altered by amendments to the Pennsylvania County Code in 2005, which required the TPAs to file an annual report and more clearly defined the concept of tourism promotion.

For this study, the researcher examined 45 TPAs serving rural and rural/urban mix counties.

To conduct the study, the researcher conducted case study interviews with the chief executive officers of three TPAs from different regions of the state; surveyed all 45 TPAs representing the state's 3rd through 8th Class counties; and examined the financial records of all 4th through 8th Class counties employing the room tax for 2006 through 2010. In addition to total tax revenues received, the researcher examined county websites and documents to understand the uses of the county retained portion of the tax monies, including the administration of any county-run tourism grant programs.

The case study interviews revealed the importance of the hotel room rental tax to the operating budgets of the TPAs, especially with the elimination of DCED grant money in fiscal year 2012. The TPA interviews also revealed some issues with the county-retained portion of tax dollars, including requests for additional donations or the existence of negotiated agreements whereby the TPA turns money, which is above the legislated percentages, back to the counties.

The survey data also showed a heavy reliance on the hotel room tax by the TPAs: on average, 69 percent of total income for the TPAs came directly from the tax.

In regard to the legislative reporting requirements, 27 percent of TPAs did not provide audited financial reports. While 51 percent made personal presentations to the county commissioners on TPA activities, only 20 percent reported specifically on the uses of the room tax money by the TPA. Overall, 80 percent of the TPAs stated that they did some sort of reporting, but the reports varied in content and presentation method.

The analysis of the county-level data for 2006-2010 confirmed the importance of the room tax receipts as a source of income for the TPAs. In 2010, a total of more than $19.7 million in room tax receipts was collected across all 4th though 8th Class counties. These receipts averaged $402,906, ranging from a low of $10,447 in Cameron County to a high of nearly $2.8 million in Monroe County. Tax receipts showed a decline from 2008-2009, highlighting the susceptibility of this revenue source to economic downturns.

Among those counties that retained a portion of the room tax receipts for county purposes, the money was used to fund grants for fairs and festivals, capital projects, historical preservation, and association and club activities.

Given the importance of tourism to Pennsylvania's economy and the significant amount of revenue generated by the room tax for the TPAs, the researcher offered the following policy considerations:

- Continue to leverage existing tourism promotion funding through regional partnerships to support multi-county advertising, website development and event planning;
- Consider requiring state-level reporting of room tax revenues, preferably through DCED county final tax reports;
- Consider handling the county room tax like any other sales tax, which would entail businesses turning the revenue over to the Pennsylvania Department of Revenue on a quarterly basis;
- Amend legislation to prohibit additional fees or agreements for 4th through 8th Class counties;
- Strengthen the 4th though 8th Class counties' ability to punish establishments that fail to remand room taxes in a timely fashion;

- Enforce reporting requirements in the existing legislation; and
- Reestablish some type of competitive grant process for special tourism promotion projects at the local level.

The research also endorses the concept of an independent Tourism Commission, with representation of all relevant stakeholders and some level of dedicated state funding, along with a public/private partnership approach to its funding.

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INTRODUCTION

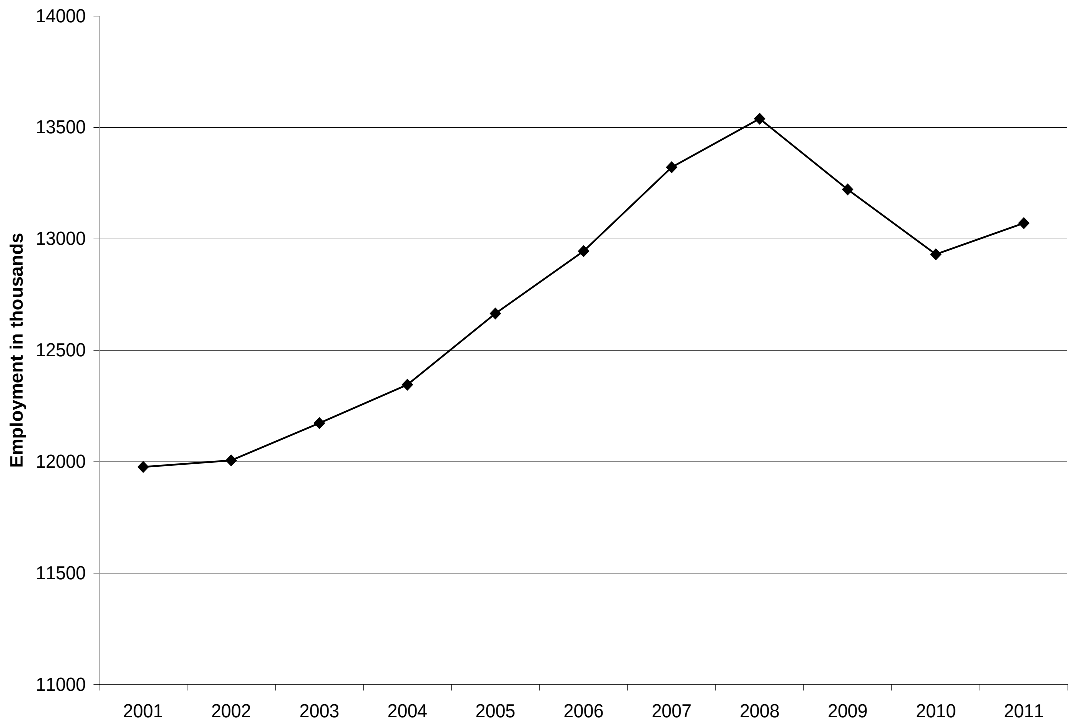
What works in tourism promotion? More specifically, given limited resources in tough economic times, how are tax dollars best spent to promote tourism? Is tourism even a worthwhile expenditure for government funds? How much does tourism actually benefit state and local economies? These are just a few questions facing elected policy makers and local tourism promotion agencies.

Industry Impact

According to 2010 U.S. Travel Association data, the travel industry generated $118 billion within the U.S. economy and accounted for 7.4 million direct travel industry jobs with a payroll totaling $188 billion (www.ustravel.org). The travel industry also generated $117.3 billion in federal, state and local government taxes in 2008 (Tian and Cook, 2009). In 2008, the most recent year for which figures are available, the average American spent $1,415 on travel or 3 percent of total household expenditures (www.bls.gov).

The U.S. Bureau of Labor Statistics confirms the impact of tourism and recreation on employment. As of August 2011, 13.24 million people were employed in the leisure and hospitality industry, which includes arts, entertainment and recreation, and accommodation and food services. The accommodation and food services sector alone accounts for more than 11 million jobs. From January 1990 to December 2007, employment in restaurants and drinking establishments accounted for three out of every four new jobs in leisure and hospitality. As Figure 1 illustrates, employment in the leisure and hospitality sector as a whole peaked in January of 2008 with over 13.5 million individuals employed in the industry (www.bls.gov). The Bureau of Labor Statistics reported sharp declines in the tourism and hospitality sector during the recession of 2007-2009, with total employment losses of 454,000 jobs. Accommodations employment declined by 6.8 percent, arts entertainment and recreation by 4.8 percent and food service by 3.8 percent and the industry has yet to recover to pre-recession employment levels (Davila, 2011).

Figure 1: U.S. Employment in Leisure and Hospitality Sector



Source: http://data.bls.gov/timeseries/CES7000000001?

As of September 2011, the Bureau of Labor Statistics reported 504,900 people in Pennsylvania were employed in the leisure and hospitality sector (seasonally adjusted) (www.bls.gov). Figures from 2008 (Tian and Cook) cite nearly $3 billion in tax revenue generated in the state and more than $5.1 billion in payroll. According to the U.S. Travel Association, in 2009, Pennsylvania residents spent $17.9 million on travel. Pennsylvania attracted 923,000 overseas travelers making it the 11th most popular state for foreign visitors in 2010 (U.S. Department of Commerce).

Definition of Terms

To proceed with a discussion of the literature related to rural tourism promotion and the economic impacts of rural tourism, clarification of tourism terminology is required.

Tourism is defined by the U.S. Travel Association as involving travel of more than 50 miles one way and including an overnight stay (ustravel.org). However both the Pennsylvania Tourism Office and the Pennsylvania Association of Convention and Visitors Bureaus define tourism in terms of both overnight and day trips (newpa.com; pacvb.org). The activities of the Pennsylvania Tourism Promotion Agencies (TPAs) encompass both overnight and day travelers. In addition, the following types of tourism will be cited throughout this report:

- Traditional Tourism – encompasses leisure travel to amusement parks, resorts, campgrounds, zoos, golf courses, ski resorts and water based recreation (English, Marcouiller and Cordell, 2000);
- Agri-Tourism – combines elements of retail sales, education and recreation on working farms (Veeck and Che, 2005);
- Heritage Tourism – relates to cultural traditions, historical sites, folklore and religious practices (Confer and Kerstetter, 2000); and
- Eco-Tourism – involves nature based tourism that educates visitors about the natural environment while preserving the pristine environment (Silva and McDill, 2004).

Academic Studies

Obviously, the numbers cited above show that tourism generates spending and jobs in Pennsylvania. But what is the nature of this economic impact at the state and local level? What types of jobs and what quality are these jobs? Does tourism sustain Pennsylvania's rural economies? Does it have a lesser or greater impact upon rural counties? What is the effect of state tourism spending upon the tourism industry? If we accept that tourism contributes to the state economy, how can Pennsylvania get the biggest bang for its buck? Lastly, how do state efforts to tax the tourism industry impact both the state's ability to recoup its investment in promotion and to compensate for any costs associated with the industry? Does the hotel room tax, in particular, have a negative effect upon the profitability of the tourism industry and upon the efforts to promote tourism in the commonwealth?

A 2007 study of The Progress Fund, a Pennsylvania-based community development financial institution (CDFI), which specializes in loans to tourism-based businesses in 31 rural counties in Pennsylvania, found that tourism does make a "substantial" contribution to the regional economy in terms of jobs and income. These jobs serve primarily as second jobs in local households but are spread across all income levels in these rural Pennsylvania counties. These jobs are an important source of secondary income for the household and may be held either by another household member or as a true second job for the primary income provider. For example the study estimates that 33.6 percent of earned household income in the $35,000 to $50,000 class came from tourism-related secondary employment in travel accommodations. This figure rises to 39.8 percent of secondary household income in the $75,000 to $100,000 income class. Likewise employment in food service accounts for 51.1 percent of secondary income in the $50,000 to $75,000 income class. The study concludes that, overall, tourism may have a greater impact than traditional economic development strategies in rural areas. In particular these service sector jobs provide sources of primary income for households below $50,000 and secondary income for higher income classes (Hughes and Shields, 2007).

The Pennsylvania study is in line with several national studies on the impact of tourism in rural economics. Studies of agri-tourism show positive impacts on non-farm businesses in the region (Veeck and Che, 2009; Wagner, 1997). A national study of resource tourism dependent counties (outdoor recreation, sports, camping, boating, fishing, hunting, etc.) in the Northern (Maryland, Minnesota and Iowa to New England), Southern (Virginia to Oklahoma) and Western (West of Iowa and Oklahoma) U.S. Forest Service administrative areas estimated that 3.1 percent of all employment and 1.5 percent of all income in rural, non-metropolitan counties in the U.S. was derived from tourism activity. Rural counties in the Western region were most dependent on tourism activity with 5.4 percent of total county employment derived from tourism-related jobs (English, Marcouiller and Cordell, 2000). These figures represent the "portion of tourism-sector employment that serves local residents," which is directly related to non-resident tourism visitation such as hotels and outdoor recreation tour operators. This excludes employment in related services such as gas stations, grocery stores or real estate services (English, Marcouiller and Cordell, 2000).

Given the economic impact of tourism within the commonwealth, what is the relationship between government spending and tourism? How can state government best assist the tourism industry while mitigating any costs or negative outcomes to increased tourism especially in rural areas of the state? What does the tourism industry need to have a positive impact on the local economy?

A 2002 study of the National Heritage Areas in the United States found that the heritage corridors' needs include reliable funding, increased marketing and promotion, increased staffing and volunteer recruitment, interpretation for visitors and the creation of public-private partnerships to enhance visitor's experience and increase visitation. Things as simple as signage, the creation of visitors' centers and the placement of kiosks or information centers could increase visibility and visitation. Furthermore, the study found that transportation enhancements, beautification projects and tax incentives or related downtown improvements could lead to area-wide growth in communities adjacent to the Heritage Corridors (Crotts, Muldrow and Rudd, 2002).

A 1999 Pennsylvania Department of Conservation and Natural Resources (DCNR) study of heritage and outdoor tourism in the commonwealth found that individuals interested in heritage tourism tend to be older and wealthier than the average outdoor tourist. Survey respondents were divided among core heritage visitors, moderate visitors and non-visitors. While the study is a bit dated, it did highlight the need to promote lesser known historical sites to core visitors, promote Pennsylvania's heritage tourism in general to non-visitors and to tap the cross-over package market, selling trips to lesser known sites and promoting outdoor recreation along with traditional historical sites (Shifflet, 1999). Other factors crucial to successful marketing of rural tourism along with heritage, agri- and outdoor tourism include niche marketing whereby truly local products and experiences are promoted, partnerships with local government and businesses, emphasis on conservation, and protection of tourism resources (natural and historic). Marketing needs to be targeted based on demographics, motivation, activities, spending propensity and attitudes toward tourism (DCNR, 1999; Saxena, Clark, Oliver and Ilbery, 2007; Chhabra, 2009). Community-based marketing partnerships are rare in heritage tourism promotion as tourism groups tend to be in opposition to local preservation or heritage tourism groups (Chhabra, 2009). The key to successful community partnerships therefore seems to involve co-opting the local community by mitigating fears regarding the negative impacts of increased tourism such as traffic, housing costs, and litter, and emphasizing the increased quality of life and local economic benefits (McGehee and Andereck, 2004).

From 2003 through 2007, just prior to the economic recession, an arms race of sorts existed among the states with spending on tourism up 40 percent during that period. In 2007, 46 states maintained a “tourism office” and in 31 states, state government provided 92.5 percent of all state tourism office funding, with an average state tourism budget of $15.3 million. This included $6.4 million for marketing and promotion alone, with the emphasis on mass media marketing (Travel Industry Association, 2007). But did all this state spending promote employment and economic growth? Did it even promote tourism growth in general? Deskins and Seevers, in their 2011 national study, came to the conclusion that, yes, state tourism spending does work but with diminishing returns. Spending more does not always increase tourism in those states that are already “attractive” for tourism, which is defined as those states with higher travel expenditures per capita. In other words, in those states that people already visit (high tourism activity), spending more money does not proportionately attract more visitors or create more travel spending. Less “attractive” or less well-known states, however, do benefit from increased tourism spending. For example, in 2003, Pennsylvania spent $2.77 per capita on tourism promotion or .0008 percent of state personal income (Deskins and Seevers, 2011). While these authors do not give individual statistics on state tourism “attractiveness”, a U.S. Travel Association report ranked Pennsylvania 7th in overall tourism spending, hence making Pennsylvania a travel “attractive” state according to the Deskins and Seevers definition (Tian and Cook, 2009).

The same holds for job creation. While state tourism spending does create modest job growth, the effect of increased overall taxes to support this spending negates the effect of job growth. Their study also found that tourism spending has zero effect on overall private sector growth (Deskins and Seevers, 2001). The bottom line on state tourism spending seems to be that limited but targeted spending produces the most results. Tourism has the greatest economic impact upon secondary household income and in rural areas. Eco-, agri- and heritage tourism in rural areas can promote local business growth but these businesses are susceptible to high risks due to a lack of resources and business experience (Silva and McDill, 2004; Veeck and Che, 2006; Hughes and Shields, 2007).

One way to ensure equity in state government financing of the tourism industry is to place the burden of the economic impacts of tourism back on the industry itself. Tourism does create negative as well as positive economic effects especially in resort areas. The hotel room tax is a common method of creating an impact fee to fund increased demands on local services caused by tourism and increased negative effects, such as congestion, which decreases the local quality of life. The travel industry may also pay its way through property taxes, licenses, amusement taxes, employment taxes and general sales taxes on food and beverages, and gift items. The seminal study on the effects of the hotel room tax upon consumer demand found that the room tax is least detrimental to the tourism industry in high demand resort areas where demand is fairly inelastic or constant. In addition, since the room tax is a consumption tax paid only by those purchasing rooms, it is progressive in nature (Combs and Elledge, 1979).

A more recent examination of the room tax over time confirmed that the tax has zero effect on consumer demand and zero impact on the industry itself as the cost is entirely passed on to the consumer. The only question related to collection was the costs passed on to local government seeking compliance with the tax (Bonham, Fujii, Im and Mak, 1992). The nature of the Pennsylvania room tax ensures that the money stays locally where tourism has its greatest positive and negative impacts and includes county reimbursement for administrative costs related to collection. The following section examines the history and administration of the Pennsylvania hotel room tax at the county level.

Tourism Promotion in Pennsylvania: A Recent History

Coordination of Pennsylvania's tourism promotion efforts is centered in the Pennsylvania Department of Community and Economic Development's (DCED) Tourism Office. The Tourism Office is responsible for both domestic and international promotion of Pennsylvania as a tourist destination. In addition, the Tourism Office is the coordinating point for any state grant funding initiatives for county and regional tourism promotion efforts. The overall system of tourism promotion in Pennsylvania is fairly decentralized. There are currently 52 designated TPAs in the commonwealth. Each county must designate an official organization as its TPA. Counties may designate a single county TPA by resolution of the county commissioners, with the concurrence of 50 percent of the local governments in the county. A regional TPA represents two or more counties (for example, Discover Lehigh Valley or Columbia-Montour Visitors Bureau) and is designated by the same process described above. Any agency promoting Philadelphia and Allegheny counties is by definition regional. Philadelphia is home to three designated "regional" TPAs while Allegheny County (2nd class) has one TPA, which is still considered "regional." Bucks, Delaware and Montgomery counties (2nd class A) all have a single designated TPA. There are currently nine regional TPAs representing 3rd through 8th class counties out of a total of 45 TPAs for the 3rd through 8th class counties in Pennsylvania (newpa.com; pacvb.org).

TABLE 1: Regional TPAs in 3rd through 8th Class Counties

TPA	COUNTIES
Endless Mountains Visitors Bureau	Bradford, Sullivan, Susquehanna, Wyoming
Northwest Pennsylvania's Great Outdoors Visitors Bureau	Cameron, Clarion, Elk, Forest, Jefferson
Columbia-Montour Visitors Bureau	Columbia, Montour
Hershey Harrisburg Regional Visitors Bureau	Dauphin, Perry
Juniata River Valley Visitors Bureau	Juniata, Mifflin
Discover Lehigh Valley	Lehigh, Northampton
Pocono Mountains Visitors Bureau	Carbon, Monroe, Pike, Wayne
Susquehanna River Valley Visitors Bureau	Northumberland, Snyder, Union
Laurel Highlands Visitors Bureau	Fayette, Somerset. Westmoreland

Source: pacvb.org

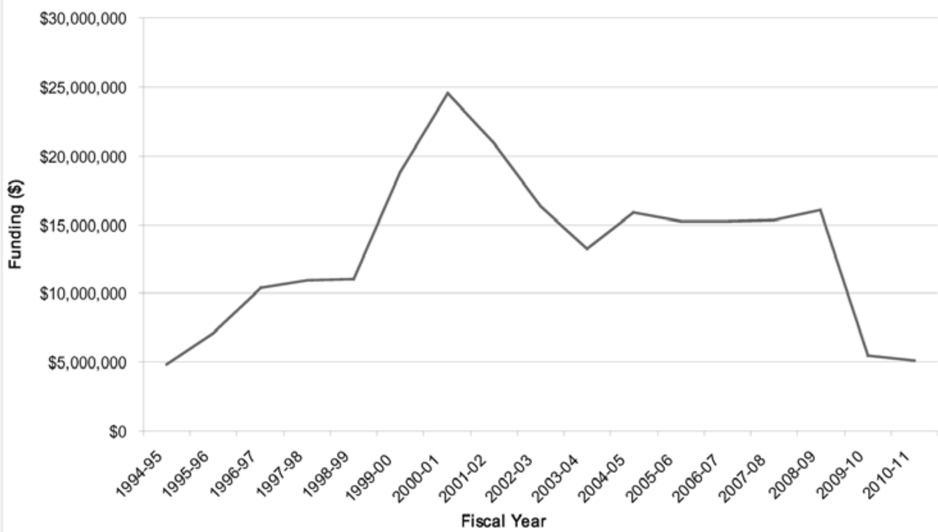
The designation as an official TPA is significant for two reasons. First, only designated TPAs can apply for the Tourism Promotion Assistance Grant program. Secondly, only designated TPAs are eligible to receive county hotel room tax funds.

The majority of these county or multi-county TPAs are incorporated as nonprofit 501(c)(3) or 501(c)(6) organizations with independent boards of directors. A few TPAs operate as either county controlled offices or as a combination of economic development and tourism promotion agencies. TPAs receive the majority of their funding from the county Hotel Room Rental tax but additional sources of income include membership dues, fundraising, retail sales (souvenirs, food), and cooperative advertising sales. Membership is open to individuals, nonprofit organizations and for-profit tourism related businesses. While the TPAs promote their county or region as a whole, special benefits accrue to paid members such as reduced advertising rates or inclusion in large scale advertising projects such as the TPA website, calendars or bus advertising. In this research, no TPA cited obtaining membership as a problem for its organization.

Beginning in 2008, DCED, in keeping with then Governor Edward Rendell's initiative for statewide tourist promotion campaigns (including attracting film projects to Pennsylvania), began a push to encourage regionalization of the county TPA system. The Tourism Promotion Act of 2008, in particular, encouraged the creation of "place-based regional marketing partnerships," defined as "an entity supporting regional heritage or natural resources…and experiences that reflect regional assets." These would include entities such as the Pennsylvania Heritage Regions. In addition the act fostered the creation of "regional marketing partnerships," defined as a "nonprofit entity representing a regional marketing area determined by contiguous counties that share a sense of place and experience conducive to tourism promotion" (P.L.621, No. 50, 2008). These included organizations such as the Pennsylvania Wilds (Pennsylvania Wilds Tourism Marketing Corporation) or the Dutch County Roads (Regional Marketing Corporation). The basic idea behind the legislation was to give priority in DCED grant funding to regional TPAs representing two or more counties in an attempt to leverage state money and increase the capacity and professionalism of the county TPA system. In addition, a separate grant program was created and reserved for the place-based Regional Marketing Partnerships mentioned above. This carrot and stick approach rewarded regional partnerships with additional funding and assistance while discouraging a "go-it-alone" approach to tourism promotion in the commonwealth. With the economic downturn, however, DCED grant funding of TPAs was dramatically reduced.

Grant funding for fiscal year 2011 totaled $5.75 million. In fiscal year 2012, grant funding for the TPAs and the regional marketing partnerships was totally eliminated from the state budget. Total state funding of tourism promotion for fiscal year 2012 was $4 four million total (Governor's Executive Budget, 2011-2012). Figure 2 details the rise and then sharp decline in funding for the Pennsylvania Tourism Office.

Figure 2: PA Tourism Office Budget Funding



Source: visitpa.com/pa-tourism-office-annual-budget

Legislative History

Pennsylvania's tourism promotion efforts date back to the 1961 Tourist Promotion Law (P.L. 111, No. 50), which, among other features, laid out the procedure for designating the tourist promotion agencies or organizations that would be eligible for state grant money. Allegheny County was first authorized to levy a 1 percent hotel room tax in 1977. This taxing authority was extended to 2nd Class A counties as well (Bucks, Delaware and Montgomery) in 1982 (Pennsylvania Second Class County Code). The city/county of Philadelphia was first authorized to levy a hotel room tax in 1982 (53 P.S., 16223). Currently Philadelphia charges the maximum rate of 6 percent, with tax money split between the financing of the Pennsylvania Convention Center and tourist promotion activities. In 1994 the Pennsylvania County Code was amended to allow 3rd Class counties to levy a hotel room tax of up to 5 percent to fund convention center construction. Currently Berks and Luzerne counties use this provision with Berks County limiting the tax radius to 15 miles from its convention center in downtown Reading (Pennsylvania County Code, Section 2399).

Two important pieces of legislation specifically granted authority to 3rd through 8th Class counties to levy a hotel room tax for tourism promotion. Act 28 of 2000 allowed Lehigh and Northampton Counties (3rd Class counties) to levy a 3.5 percent tax on hotel rooms with 78.5 percent of the money going directly to the regional tourist promotion agency (Lehigh Valley) and the remainder retained by the counties for "the further development of tourism facilities and for community development initiatives … that enhance regional tourism" (Act 28, 2000). In that same year, amendments to the Pennsylvania County Code (Act 142 of 2000) gave authority to 4th through 8th Class counties to, likewise, levy a hotel room tax of up to 3 percent, with 2 percent of the total collected retained by the county for administrative costs and the remainder given directly to the designated regional TPA (as defined by P.L. 111 of 1961) for tourism and convention development and promotion. In addition, Adams County was further directed to use the 3 percent tax in a manner similar to Act 28, with 75 percent going to the regional TPA and 25 percent retained by the county for the more general purpose of economic development, historic preservation and even grants to local police departments, with administrative fees negotiated between the county commissioners and the regional TPA (Act 142, 2000).

All of the hotel tax provisions were altered by amendments to the Pennsylvania County Code in 2005 (P.L. 38, No. 12, 2005). Act. 28 (The Hotel Room Rental Tax Act for Lehigh and Northampton counties) was repealed. Northampton and Lehigh counties now levy a 4 percent room tax, with 68.75 percent going to the regional TPA, 18.75 percent retained by the county for tourist promotion efforts, and 12.5 percent retained by the county for tourism facilities.

Lancaster County was granted the authority to apply a 1.5 percent penalty for late payment of the hotel room taxes by hotel/motel owners and operators. In addition, the 2005 legislation requires all TPAs receiving hotel room tax money to file an annual audited report of income and expenditures to the county.

The legislation also more clearly defines how the TPAs may use this tax money. These uses include: marketing the region for business and leisure travel, promoting the area for conventions, paying for TPA marketing tools (attendance at trade shows, brochures, direct sales and marketing and general advertising), and funding projects and programs that do not compete with private sector enterprises but enhance the region as a tourist destination (P.L. 38, No. 12, 2005).

Most recently, the Tourism Promotion Act of 2008 replaced the 1961 Tourism Promotion Law and further defined the concept of regional or county tourism promotion agency. Regional marketing partnerships must include at least two counties or in smaller counties, like Elk and Forest, must be designated as the exclusive "official" promotion agency for the region by the county or in some cases by DCED. The concept of regionalism and sustainable tourism efforts is further emphasized by the act's criteria for grant eligibility, which include sufficient tourism infrastructure in the region as well as TPAs with adequate staffing, an interactive website and a strategic tourism marketing plan (P.L. 621, No. 50).

Current Legislative Proposals

In September 2011, a draft proposal was explored at a public hearing of the Pennsylvania House of Representatives, Tourism and Recreational Development Committee. This proposal calls for the creation of a Pennsylvania Tourism Commission. The proposal put forth by Representatives Stern and Kirkland of the Tourism Committee would create an 11-member commission that would be the state's "official tourism promotion and marketing agency." The proposal does not provide any dedicated funding source but rather details the powers and make-up of the organization. The board members would be appointed by the governor for staggered 4-year terms and would include TPA representatives from the various classes of counties, at-large members from the tourism industry, representatives from the retail, restaurant, hotel, recreation and transportation industries as well as ex-officio membership from DCED, DCNR, the Pennsylvania Historical and Museum Commission (PHMC), Pennsylvania Council on the Arts (PCA), the House Tourism and Recreational Development Committee and the Senate Community, Economic and Recreational Development Committee. The proposal calls for the commission to develop marketing and promotion plans, to collect data and statistics on Pennsylvania tourism, to maintain the state's web presence in the industry and to provide standards and funding for the state TPAs. Suggestions for funding the commission include a new tax or fee, cooperative advertising fees and General Fund appropriations. The commission would be an independent state agency. This proposal is heavily favored by the various tourism associations including the Pennsylvania Tourism and Lodging Association, the Pennsylvania Association of Convention and Visitors Bureaus and HeritagePA, which represents the state's state and nationally designated Heritage Areas and Corridors (Pennsylvania House Tourism and Recreational Committee, 2011).

RESEARCH GOALS

The study goals were to: provide an overview of the status of tourism promotion across Pennsylvania's rural counties, with a focus on the fiscal health of the rural TPAs: evaluate the implementation of the hotel room rental tax in Pennsylvania's 3rd through 8th Class counties; and evaluate rural county tourism promotion needs.

METHODOLOGY

To meet the study goals, the researcher first conducted a series of case study interviews, via telephone and face-to-face, with the chief executive officers of three tourism promotion agencies representing the western, central and eastern regions of the commonwealth.

Secondly, the researcher surveyed the 45 TPAs in the 3rd through 8th Class counties to obtain factual information and measure perceptions related to the hotel room tax. The survey was conducted via email with a follow-up mail survey sent to ensure a high response rate. The complete list of current CEO's and their contact information was obtained with the cooperation of the Pennsylvania Association of Convention and Visitors Bureaus.

Thirdly, the researchers completed a thorough examination of county financial records and compiled a database for all 4th through 8th Class counties levying the hotel room rental tax. The database includes total county room tax revenues for 2006 to 2010. This information was obtained directly from the counties either from their official websites or through explicit Right to Know requests filed with each county. In addition, the researcher used both county websites and information provided directly by the counties to determine how much of the room tax was retained by each county and how the county used any retained funds above and beyond the allowed administrative fees. This approach allowed the researcher to determine how much money was being generated by the hotel room tax as well as its perceived benefits and shortfalls from the perspectives of the TPAs. This approach also allowed the researcher to determine if the counties were adhering to the original legislative intent of the room tax act.

RESULTS

Case Studies of Three Pennsylvania Tourist Promotion Agencies

The majority of Pennsylvania's TPAs are incorporated as nonprofit (federally tax exempt) organizations. Of the 45 TPAs surveyed in this study, only two are controlled by the county (Armstrong County and Clinton County) and two (Fulton County and Oil Region in Venango County) are a combination of business and tourism development organizations rather than strictly tourism promotion agencies. They function as a combination economic development corporation and tourism promotion organization.

While Pennsylvania's TPAs may receive county funding and room tax dollars, as a result of their nonprofit status, they are independent organizations with their own board of directors and hired staff. Their budgets are separate from any county funds and are therefore not subject to any government regulation. It is assumed by the researcher that the majority of these TPAs follow the basic best accounting practices for nonprofit organizations to maintain their IRS 501 designations. The TPAs range from large organizations with executive, administrative and secretarial staffs to one person, part-time operations with limited hours and limited manpower (Pennsylvania Visitors and Convention Bureau). The three TPAs profiled as part of the case studies are fairly large and employ an executive director or president, administrative assistants and marketing directors. All maintain interactive websites that provide both information for traditional vacation planning as well as group or convention and business travel planning. All three TPAs cite their increased reliance on web and social media advertising as opposed to traditional print brochures but they emphasize that, due to the digital divide, they have not totally abandoned traditional media outlets and the old-fashioned print media advertisement.

The TPAs chosen for the case study interviews represent three highly professional agencies from across three geographic regions of the state. These agencies were identified by the Pennsylvania Association of Convention and Visitors Bureaus as highly successful TPAs employing best practices in the industry. The recommendation of these TPAs was borne out by their large operating budgets, large professional staffs, and the variety of promotional methods used by each agency.

One of the TPAs represents a primarily urban region with rural areas. The second TPA represents rural counties with thriving tourism attractions. The third TPA is in the western part of the state and, while primarily rural in location, is impacted by its proximity to the Pittsburgh metropolitan area and links to industry as well as traditional tourism promotion.

The impact of recent fiscal and administrative changes in tourism promotion at the state level upon the daily operations of the nonprofit TPA is seen in the following individual case studies.

TPA A: Marketing the Urban/Rural Environment

TPA A is a true regional marketing agency, serving a two-county region in the eastern half of the state. These two counties contain a large urban center but are surrounded by farmland and rural areas. TPA A promotes urban and rural historical sites, markets agri- and eco-tourism locations, and develops convention and business travel. TPA A encourages day visits from surrounding counties while also seeking to attract the lucrative Philadelphia area market. In an extensive interview with the executive director of TPA A, the researcher was given a detailed explanation of the structure and uses of the county hotel room tax. Currently, TPA A dedicates 50 percent of its budget directly to marketing with the focus on E-marketing and traditional brochures. The executive director likens the relationship between the two county governments and his organization to a public-private partnership whereby public tax dollars are used to leverage private development. In this region, neither county takes any administrative fee. Out of the 4 percent room tax, one county keeps 1.25 percent of the tax for grants and the second county takes 1 percent of the tax for grants. The remaining 1.75 percent is split with 68.75 percent going to the TPA and 31.25 percent allocated to the regional economic development corporation (EDC). Both the EDC and the TPA participate in some joint marketing initiatives and both sit in on each other’s board meetings. One county uses its portion of the hotel room tax to fund Quality of Life grants and, in 2011, special Tourism Grants. The county money is distributed using a competitive grant process overseen by a committee. The committee consists of the county council members, the county executive, the director of general services, the TPA executive director and the EDC director. Money from these grants have funded regional arts organizations and museums, paid for field trips for local school kids to visit area sites, and funded some capital project development. The second county had no set process for allocating its money until 2009 when a review committee was established. One half of 1 percent of this county’s money is set aside for an arts center development project within the downtown of the county’s largest city.

As for public accountability of the uses of the hotel room tax, TPA A publishes its annual financial report and gives both an audited financial report and an in-person report to the county council and county executive. The executive director is a strong advocate of the county hotel room tax. In an age of decreased state funding, the hotel room tax provides this organization with much needed support for its marketing mission. But the hotel room tax has its limitations. Like many TPAs throughout the state, this TPA saw a substantial downturn in hotel room tax revenue during the recession. The hotel room tax provided 66 percent of this TPA’s total income in 2006-2007 before the economic downturn, 64 percent of the total income of this TPA in 2007-2008, 65 percent in 2008-2009 and nearly 70 percent of total income in 2009-2010. Yet TPA A experienced an overall loss of over $100,000 in hotel room tax revenues from 2009 to 2010.

TPA B: Rural Tourist Destination

TPA B is a 100 percent rural organization representing a four-county area in the eastern part of the state. According to its 2010 annual report, 92 percent of visitors came for outdoor or recreational attractions including state parks, winter sports, golf and scenic tours, and 5 percent of its market came for cultural and historical events. The researcher interviewed both the president and the chief financial officer in early 2011.

This is a large organization employing 23 full- and part-time staff and a large technology support team. TPA B is focused on advertising, advocacy and outreach to its members. It does a great deal of both e-marketing and traditional advertising including online advertising, transit (bus and train) advertising, and billboards. Its marketing is highly regional, targeting the Philadelphia and New York City markets. Like TPA A, the hotel room tax is an extremely important revenue source for TPA B, representing roughly 75 percent of its operating income in 2009-2010, up from 64 percent in 2008-2009 due to the substantial loss of nearly $650,000 in DCED grant money. Total figures for 2010-2011 were not yet available.

As TPA B pointed out, room tax collection becomes more difficult in truly rural areas where many hotels and motels are owner/operator. This difficulty arises because the tax is self regulating. Although the county treasurer or a designee is responsible for ensuring that the tax is collected, the counties rely on the owner/operator to voluntarily turn over the money on a quarterly basis. Only 3rd Class counties can impose a 1.5 percent penalty for late payment of the room taxes to the county.

In addition, because of the regional nature of its organization, TPA B has four separate hotel room tax agreements with its four member counties. One county takes up to 50 percent of the total room tax collected for redistribution in a county controlled (not TPA controlled) grant process. These grants are used to fund a variety of community nonprofit organizations ranging from arts organizations to historical societies to environmental educational groups. Only 501(c)(3) designated nonprofit organizations may apply. The largest member county takes an average of 10 percent for its county controlled grant program. As for the TPA B reporting process to each county, it tends to be informal, with frequent oral reports as well as the submission of its cash audit report directly to DCED.

TPA C: Rural Boomtown County

TPA C is the smallest of the TPAs among the case studies and is located in a rural county in western Pennsylvania, bordering the Pittsburgh metropolitan counties.

After years of economic downturn, this particular county has benefited from the overflow of economic activity in the area. Companies in search of cheaper property have begun to relocate to this fringe metropolitan area and existing corporations (steel and chemicals) have experienced some new growth. Despite the current recession, this county, and hence this TPA, has reaped the benefits of increased room tax revenue through an influx of business travelers. When a major corporation moved into the southern portion of this county in 2007, a hotel building boom ensued resulting in increased revenues for TPA C. The TPA C executive director emphasized the importance of the hotel room tax along with major issues related to county administration of the tax. As the executive director pointed out, the room tax agreement with the county on paper differs from the reality of the agreement in practice. According to the formal county legislation, the TPA gets 100 percent of the hotel room tax, free and clear. In reality, the county commissioners often request give backs or donations for specific earmarked projects. As the executive director pointed out, a failure to comply with these requests for money is met by a threat of designating a county created or rival agency as the “official” recipient of the county hotel room tax (the county designated tourism promotion agency). This type of request for givebacks, while infrequent, was cited by the TPAs in the survey responses reported in the following section of this report.

Survey Analysis: Pennsylvania’s Tourism Promotion Agencies Speak Out

Pennsylvania’s TPAs encompass a variety of organizational structures. As noted in the previous section, the most common organizational structure for the TPAs is a nonprofit corporation. However in a few rural counties the TPA is a county level office and in a few others the TPA is associated with the local chamber of commerce. A full list of the Rural Tourism Promotion Agencies is in Appendix A.

All rural and semi-rural TPAs in Pennsylvania’s 3rd through 8th Class counties were surveyed to gain a better understanding of the perceived benefits and problems associated with the county hotel room tax as well as the specific reporting and administrative issues related to the implementation of the tax in rural Pennsylvania. For the purposes of this study, the following 1st, 2nd and 2nd Class A counties and their TPAs were excluded from the survey: Visit Pittsburgh (Allegheny County, 2nd Class), Bucks County Conference and Visitors Bureau (Bucks County, 2nd Class A), Brandywine Conference and Visitors Bureau (Delaware County, 2nd Class A), Valley Forge Convention and Visitors Bureau (Montgomery County, 2nd Class A) and all three Philadelphia County (1st Class) tourism promotion agencies.

The remaining 45 TPAs in all of Pennsylvania’s 3rd through 8th Class counties were surveyed via email and followed up by a traditional mailing to increase survey participation. Of the 45 TPAs surveyed, 41 responded for a return rate of 91 percent. There was no particular pattern among the non-responding TPAs geographically. In general, they tended to be smaller, more rural organizations. The survey was sent directly to the executive director of each TPA. The following results highlight the dependency of the TPAs in rural Pennsylvania on the hotel room tax as a relatively stable source of funding as well as the issues associated with county control of the room tax dollars.

On average, based on their last completed fiscal year (2010-2011), these TPAs reported receiving 69 percent of their operating revenues directly from the hotel room tax, 15 percent from other sources of incomes, 12 percent from membership fees and 4 percent from state grants, reflecting recent deep cuts in state funding. The other category encompassed a wide range of entrepreneurial activities and income sources such as cooperative advertising ventures with member businesses (41 percent of respondents), fundraising projects and events (37 percent), souvenir and gift shop sales, (32 percent), and general advertising sales (22 percent). Other sources listed were room rebates or reimbursements from area hotels for direct promotions, corporate sponsorships, additional county government funding, and interest income.

The hotel room tax legislation gives some general guidelines for the uses of this money including:

"(1) Convention promotion;

(2) Marketing the area served by the agency as a leisure travel destination;

(3) Marketing the area served by the agency as a business travel destination

(4) Using all appropriate marketing tools….including…advertising, publicity, publications, direct marketing, direct sales and participation in industry trade shows;

(5) Projects or programs that are…substantially related to tourism…and do not unduly compete with private sector tourism efforts and improve and expand the county as a destination market; and

(6) Any other tourism marketing or promotion program deemed necessary by the recognized tourist promotion agency." (P.L 38, No. 12, 2005)

When asked how they used the hotel room tax dollars they received (Table 2), more than 90 percent said they used the money toward general operating expenses and all or nearly all said they used the money for advertising via print (100 percent), website (98 percent), and radio and television (83 percent) and for attendance at industry trade shows (85 percent). Forty-four percent reported other varied uses of the room tax money that ranged from operating visitors centers (7 percent) to Familiarization Tours (FAM), where tourist agents are brought in to see the area sites, to other related types of advertising approaches, such as online advertising (10 percent), event sponsorship and even the use of a professional public relations firm.

TABLE 2: TPA USES OF ROOM TAX MONEY

USE	Percent	N Total = 41
Operating Expenses	90.2	37
Print Advertising	100	41
Website	97.6	40
Radio/TV Advertising	82.9	34
Trade Shows	85.4	35
Other	43.9	18

According to the survey results, not all counties retain additional funds beyond the 2 percent administrative fees allotted to 4th, 5th, 7th and 8th Class counties by law. However, as is detailed in the following section on county room tax fiscal data, a patchwork quilt of county arrangements exists in regard to additional funds returned or donated to the county by the TPAs. In addition, the 3rd and 6th Class counties have legislative requirements for setting aside hotel room tax dollars for tourism infrastructure, regional marketing, convention center debt service and grants to local municipalities and nonprofit agencies. So what, if any role, do the TPAs play in the uses of this "set aside" money?

As detailed in Table 3, 63 percent (26 agencies) reported that the county does not retain any additional funds beyond administrative costs. However 15 agencies reported that the county retained additional funds beyond administrative costs. Details regarding the county funds will be discussed in the following section. According to the TPAs, 22 percent reported being the distributor of competitive grants directly with an additional 12 percent reporting having a vote on a grant committee. Only three agencies reported having recommendation status only on grants and only four agencies stated having no input whatsoever in the use of grant money. Twenty-two percent of TPAs cited other participation including having total control over the grant process, sharing the grant money with other entities, using the money to fund economic development corporation projects and dedicating the money to civic convention authorities or directly to fund arena debt (12 percent). Although this use of a portion of the grant funds was directly written into the enacting legislation for Third Class counties (Third Class County Convention Center Authority Act, 1994), the use of hotel room tax funds to pay for arenas would need to be negotiated on an individual county basis for the 4th through 8th Class counties surveyed.

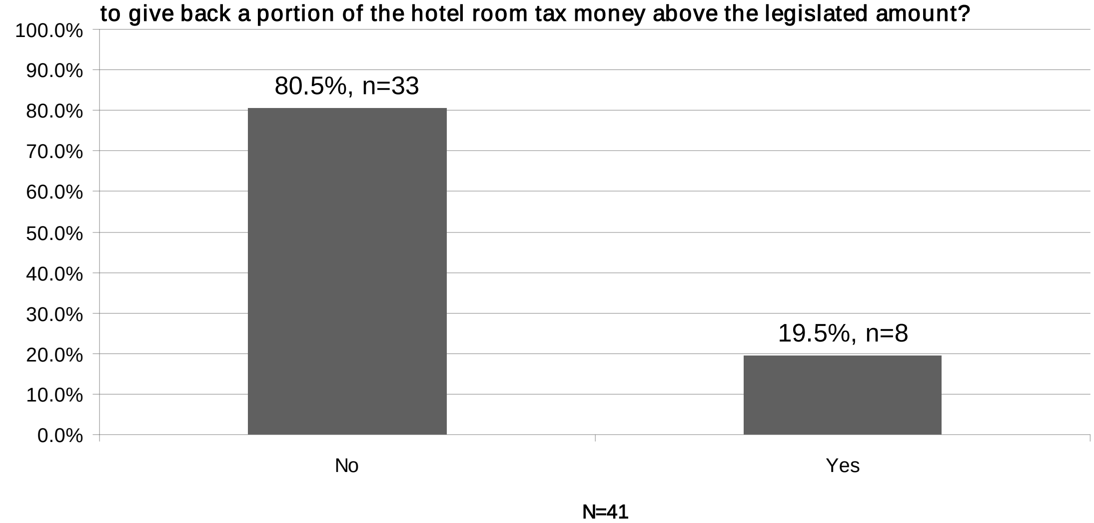
TABLE 3: TPA ROLE IN DISTRIBUTION OF COUNTY FUNDS

ROLE	Percent	N Total = 41
No Additional Funds Retained	63.4 percent	26
TPA Controls Grants	22.0 percent	9
TPA Votes on Grants	12.2 percent	5
TPA Recommends Only	7.3 percent	3
No Input	9.8 percent	4
Other	22.0 percent	9

As stated in the case studies section, some TPAs feel pressured to give back a portion of the tax money above the legislated administrative costs or else lose their designation as the official county agency. Rural TPA B and TPA C cited this as an area of particular concern, but there was little evidence of how widespread this practice of asking for donations to the county coffers was.

According to the survey data, only 20 percent of respondents had ever received county requests for additional money from the room tax revenues above and beyond the legislated amount (Figure 3). This includes three TPAs that reported having permanent memorandums of agreement for additional funds, three TPAs who cited individual requests for specific amounts and one TPA that stated that the county takes additional administrative fees directly “off the top” of the hotel tax revenues before handing over the money to the TPA. The researcher surmised that this is in addition to the legislatively allotted administrative fees. Interestingly enough, 15 percent of TPAs who said that the county requests a portion to be returned cited other arrangements by which the county obtains additional money including legal and auditing fees, “give backs” (voluntary donations), and splitting the money with the local historical society rather than giving all of the tax money to the TPA. In one county, the TPA claims to have no knowledge of what the county does with the retained additional dollars.

Figure 3: Do the counties which you serve ever request your TPA to give back a portion of the hotel room tax money above the legislated amount?



The 2005 legislation and subsequent amendments to the County Code for all classes of counties require the TPAs to submit audited financial reports of their expenses and income directly to the county commissioners. According to this survey, 73 percent said they adhere to this portion of the legislation but 27 percent did not present audited reports (Table 4). In addition, 51 percent made personal presentations to the commissioners as was detailed by TPA B in the case study section. However, only 20 percent of TPAs responded that they presented reports specifically on the uses of the room tax money. Again, the legislation is unclear on this requirement, stating that the TPAs must simply submit a total audited financial report not one specific to the room tax. Twenty-nine percent of the TPAs used other means to report back to the county including a general annual report on their activities (10 percent) or informal reporting (10 percent). Three TPAs are actually county agencies so they are audited directly by the county as part of the budgeting process. Overall, 90 percent of the TPAs responded that they do some sort of reporting to the county commissioners including multiple methods of reporting as described by all three TPAs in the case studies.

TABLE 4: TPA REPORTING METHODS

TYPE	Percent	N Total = 41
Audited Financial Report	73.2 percent	30
Personal Presentation	51.2 percent	21
Specific Room Tax Report	19.5 percent	8
Other	29.3 percent	12
No Report	9.8 percent	4

The remaining survey questions used a Likert scale method to gather TPA perceptions on a variety of issues related to the Hotel Room Tax. The scale ranged from 1 (strongly agree) to 4 (strongly disagree) and respondents were not given the opportunity to reply with a neutral or no response option

According to the results, 100 percent of the TPAs said that they strongly agree that the room tax is extremely important to their financial security (See Figures 4, 5, 6 and 7).

Most TPAs strongly disagreed with the statement regarding the amount of DCED funding available, which is no surprise given the recent loss of all state grant funding to TPAs in the fiscal year 2011-12 Pennsylvania budget. Likewise, the TPAs felt strongly (78 percent) that they should have a role in the redistribution of any county retained room tax dollars. Again, not surprisingly, most TPAs (87 percent) rated themselves highly in terms of their transparency in the uses of the room tax money but gave the counties a more mixed rating with 59 percent agreeing that the counties do use their portion for tourism promotion but 25 percent disagreeing with the statement.

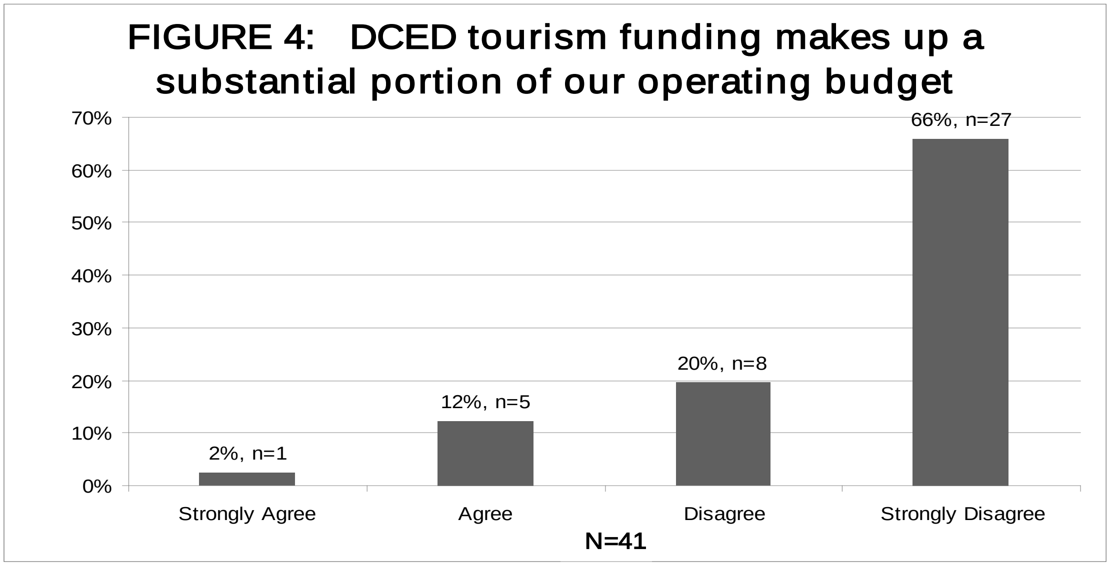


FIGURE 4: DCED tourism funding makes up a substantial portion of our operating budget
70%
60%
50%
40%
30%
20%
10%
0%
2%, n=1
12%, n=5
20%, n=8
66%, n=27
Strongly Agree
Agree
Disagree
Strongly Disagree
N=41

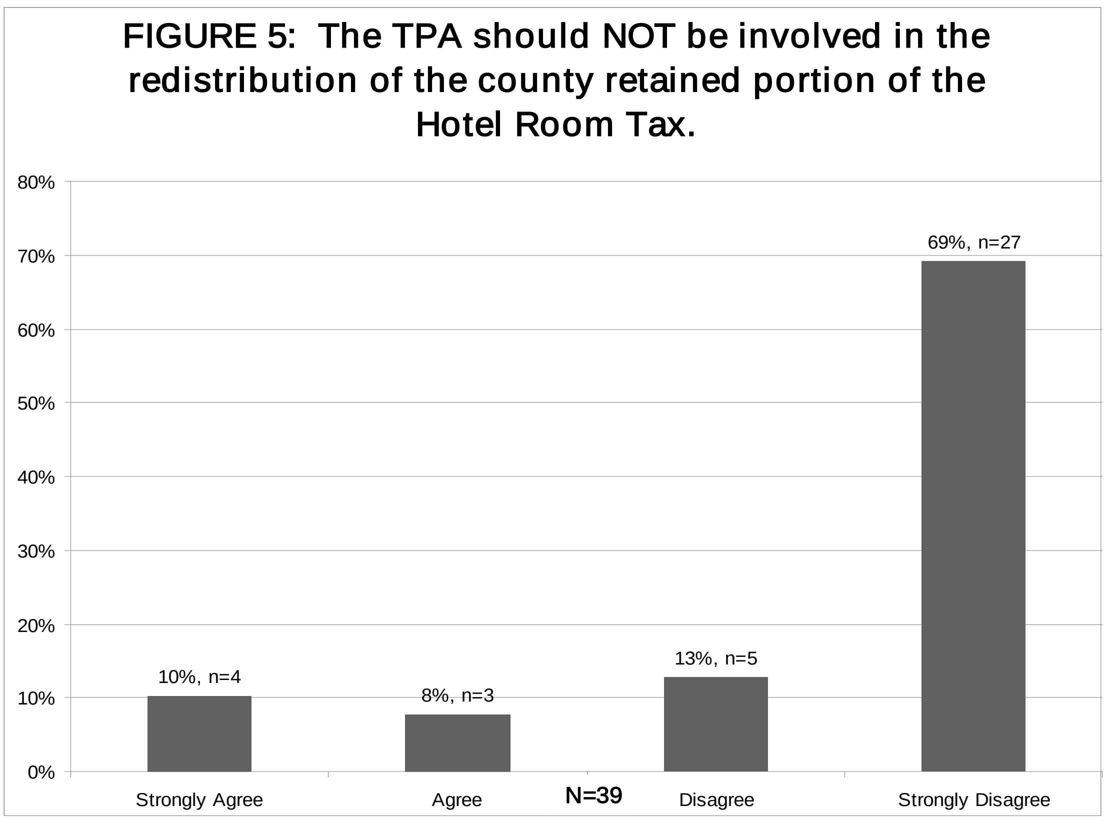
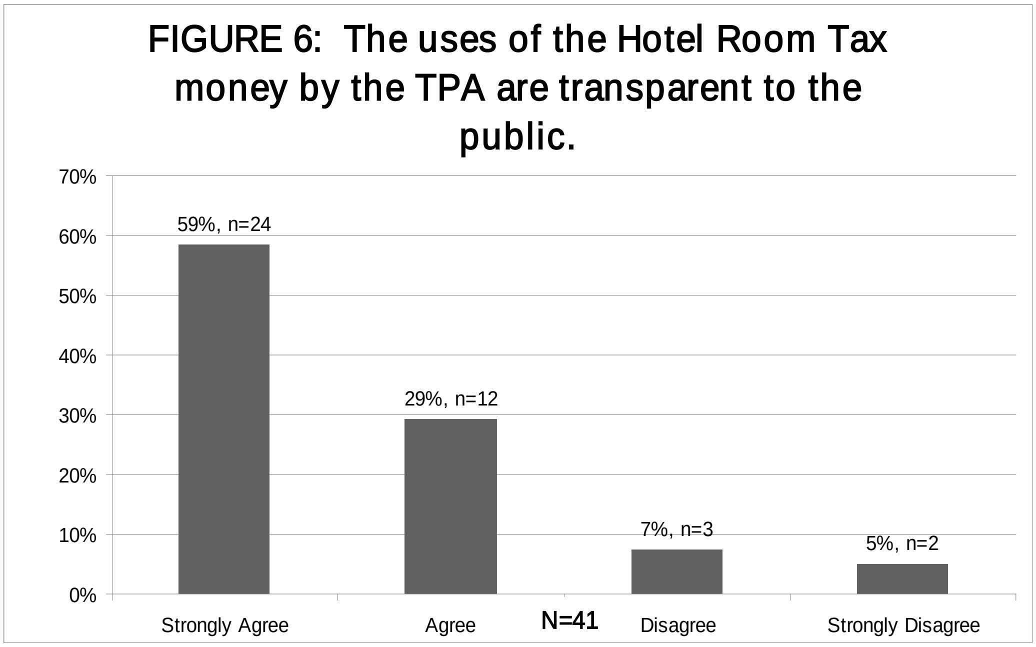
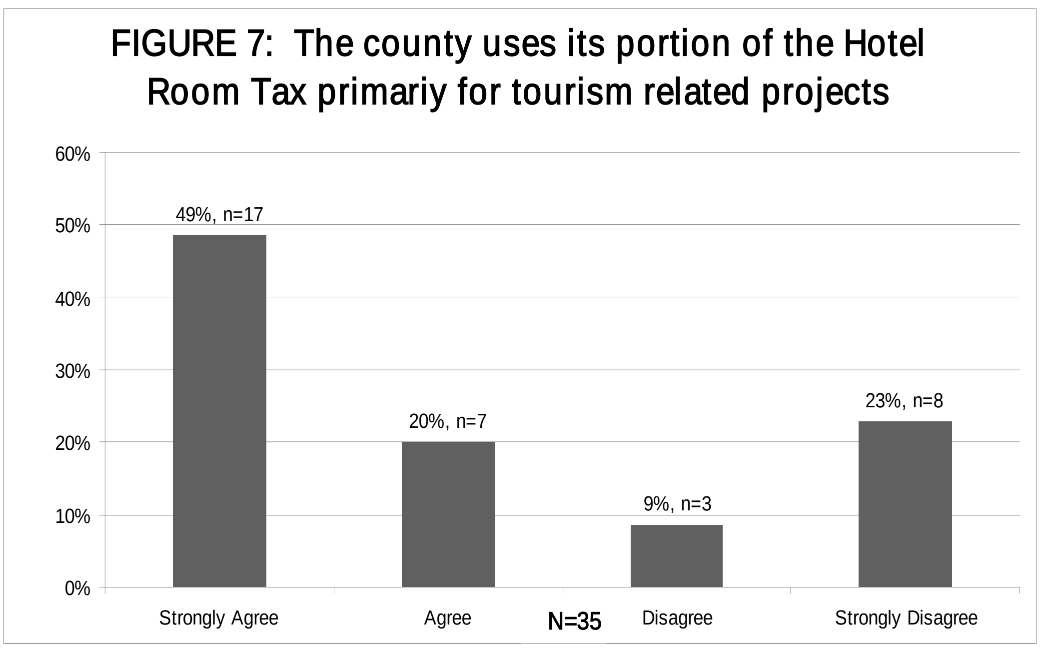


FIGURE 5: The TPA should NOT be involved in the redistribution of the county retained portion of the Hotel Room Tax.
80%
70%
60%
50%
40%
30%
20%
10%
0%
10%, n=4
8%, n=3
13%, n=5
69%, n=27
Strongly Agree
Agree
N=39
Disagree
Strongly Disagree





The open ended concluding comments made by the TPAs deserve some analysis as well. Clearly the loss of DCED funding has had a substantial impact on the finances of rural TPAs as specifically noted by 17 percent of the respondents and as brought out in the case study interviews. The smaller the TPA, the greater the impact of the loss of state dollars. As one respondent noted, the lack of reliability of income sources or grants makes planning and operating very difficult for the agency. Two TPAs expressed frustration with the county commissioners' failure to adhere to the intent of the law. Another mentioned that the "give-back" by some TPAs places pressure on other regional TPAs to participate in these negotiated side agreements or risk losing county support or even county funding. Lastly, both in interviews and in the survey, TPAs expressed a frustration with promoting their overall mission. They felt that the commissioners may undervalue the contributions of tourism to the local economy.

The following section will turn to the financial and structural analysis of the uses of the room tax dollars from the perspective of the rural counties themselves. The researcher also provides a detailed analysis of county financial records along with supporting documents from the 4th through 8th Class counties.

County Data Analysis

Perhaps the most difficult and time consuming portion of this study involved the collection of the financial data directly from the counties as well as the collection and compilation of the information concerning the uses of any county-retained room tax dollars above and beyond the administrative percents. Data were collected by the researcher from all 4th through 8th Class counties currently levying a hotel room tax. Total tax collections were compiled for 2006 through 2010. While this data currently exist on DCED's website (http://munstatspa.dced.pa.us/Reports.aspx), the data found on the state website were incomplete and in many cases inaccurate. The researcher based this conclusion on two factors: 1) The data appear to be inconsistent from year-to-year with wide variations not substantiated by economic trends; and 2) The researcher used the right to know procedure to obtain data directly from the counties including actual tax records. In some cases, the data obtained from the counties were totally different than the DCED statistics. The data used in this research were obtained first by sending a general request to each county for the tax records and then by filing right to know requests within the remaining counties who failed to respond to the first round of appeals. Counties provided information directly from their county treasurer's office, compiled from their audited annual financial reports. Information regarding the uses of any county retained funds was provided directly by some counties or was gathered through studying online information regarding grant procedures and grant recipients for county funded projects.

Overview of the County Room Tax in Rural Pennsylvania

Overall, as allowed by legislation, 49 of the 4th through 8th Class counties currently levy the hotel room tax. Only Perry and Fulton counties do not currently levy this tax. All the counties levy the maximum 3 percent allowed by law with the exception of Bedford County, which has a rate of 2 percent, and Centre County, which has a rate of 2.5 percent (Table 6). Table 5 depicts the average tax collection totals over the past 5 years. Note that Carbon County did not enact the tax until 2007 and Fayette County did not enact its tax until 2008. While average revenues generally rose over the past 5 years, the economic downturn did affect overall revenue collection in 2009. Also, great variation exists across the counties in terms of average collection revenues.

TABLE 5: AVERAGE COUNTY ROOM TAX COLLECTIONS,
4th – 8th Class Counties

Year	Mean	SD	Min.	Max.	N
2006	$317,769	$68,214	$6,773	$2,831,537	47
2007	$348,246	$71,830	$4,242	$3,022,867	48
2008	$376,329	$73,536	$1,689	$3,053,167	49
2009	$364,976	$67,065	$8,453	$2,693,702	49
2010	$402,906	$71,666	$10,457	$2,769,755	49

TABLE 6: HOTEL RENTAL ROOM TAX RATES, ALL PENNSYLVANIA COUNTIES

COUNTY	% TAX	COUNTY	% TAX	COUNTY	% TAX	COUNTY	% TAX
Adams	3	Clinton	3	Lancaster	5	Snyder	3
Allegheny	7	Columbia	3	Lawrence	3	Somerset	3
Armstrong	3	Crawford	3	Lebanon	5	Sullivan	3
Beaver	3	Cumberland	3	Lehigh	4	Susquehanna	3
Bedford	3	Dauphin	5	Luzerne	5	Tioga	3
Berks	3	Delaware	3	Lycoming	3	Union	3
Blair	3	Elk	3	McKean	3	Venango	3
Bradford	3	Erie	5	Mercer	3	Warren	3
Bucks	3	Fayette	3	Monroe	3	Washington	3
Butler	3	Forest	3	Montgomery	2	Wayne	3
Cambria	3	Franklin	3	Montour	3	Westmoreland	3
Cameron	3	Greene	3	Northampton	4	Wyoming	3
Carbon	3	Huntingdon	3	Northumberland	3	York	3
Centre	2.5	Indiana	3	Philadelphia	8.2		
Chester	2	Jefferson	3	Pike	3		
Clarion	3	Juniata	3	Potter	3	(Source: http://munstatspa.dced.state.pa.us/)	
Clearfield	3	Lackawanna	4	Schuylkill	3		

TABLE 7: FIVE YEAR AVERAGE ROOM TAX COLLECTIONS, RANKED, 4^{th} – 8^{th} Class Counties

RANK	COUNTY	5 YEAR $	RANK	COUNTY	5 YEAR $
49	Cameron	6,323	25	Crawford	210,477
48	Sullivan	20,163	24	Schuylkill	213,664
47	Juniata	21,716	23	Tioga	224,992
46	Northumberland	36,062	22	Beaver	229,152
45	Wyoming	42,885	21	Montour	235,089
44	Armstrong	45,402	20	Columbia	244,086
43	Forest	49,888	19	Indiana	281,983
42	Lawrence	63,313	18	Bedford	305,754
41	Potter	71,949	17	Union	313,069
40	Mifflin	76,098	16	Carbon	353,409
39	Elk	84,230	15	Cambria	359,185
38	Susquehanna	97,250	14	Wayne	373,814
37	Greene	114,100	13	Clearfield	377,978
36	Warren	115,341	12	Blair	453,544
35	Huntingdon	129,053	11	Mercer	497,601
34	Jefferson	140,881	10	Franklin	503,473
33	Snyder	153,283	9	Lycoming	508,361
32	Clinton	155,127	8	Somerset	676,339
31	Venango	156,678	7	Fayette	716,634
30	Pike	157,315	6	Washington	807,935
29	McKean	170,678	5	Butler	862,882
28	Lebanon	177,724	4	Adams	1,172,856
27	Bradford	198,910	3	Cumberland	1,211,520
26	Clarion	206,698	2	Centre	1,405,935
Source: Hotel Room Rental Tax Database			1	Monroe	2,874,205

When examining the 5-year revenue average for the counties, the researcher found that the figures range anywhere from high tax collection counties, such as Monroe ($2.9 million average), Centre ($1.4 million average), Cumberland ($1.2 million average), and Adams ($1.2 million average), to the low tax collection counties, such as Armstrong ($45,000 average), Northumberland ($36,000 average), Juniata ($21,000 average), Sullivan ($20,000) and Cameron ($6,000 average). The averages include the 4-year average for Carbon County ($353,409) and the 3-year average for Fayette County ($716,633). Table 7 above summarizes this information from lowest to highest average room tax collections

County Uses of Room Tax Dollars

As previously discussed, the uses of any county retained funds are fairly broadly defined. In addition, the redistribution of the county room tax is not always clear cut. The total distribution percents retained and the distribution of these funds by the counties are in Appendix B. By law, 4th, 5th, 7th and 8th Class counties may retain 2 percent for administrative purposes. However, currently 24 counties in this category do not retain any administrative fee (0 percent). Eleven of these counties do charge the 2 percent administrative fee.

But some variations do exist among the 4th, 5th, 7th and 8th classes of counties in regard to redistribution of the TPA designated funds. For clarity, the researcher examined each variation by class of county. Among the 4th class counties, Cumberland County keeps 2 percent but gives a little over 1 percent to its economic development corporation before allotting the remaining funds to its TPA. Fayette County charges no administrative fee, and hands over 50 percent of the room tax to its TPA. The other 50 percent is used for grants distributed by the TPA for certain “restricted uses,” which will be discussed. Washington County gives 86 percent to the TPA, 12 percent to a TPA-controlled grant fund and sets aside $150,000 for “various required line item expenditures” from its retained 2 percent.

Among the 5th Class counties, Blair County requires that 82 percent go directly to the TPA but 16 percent is set aside for grants given out by the TPA to community organizations.

Lebanon County charges no administrative fee and gives the TPA 50 percent in unrestricted funds with 50 percent distributed by the TPA and a grant committee. Lycoming County appears to keep 10 percent as an administrative fee. The TPA also gives out one half of 1 percent for grants with 89.5 percent going to the TPA directly. Lastly in Monroe County, the county keeps 10 percent for its grant process and the regional TPA gets 88 percent of funds collected

Among the 7th Class counties, Wyoming County has a 70/30 split with 30 percent used for grants distributed by a committee process.

The 8th Class counties display the greatest amount of variation ranging from Cameron County, where the money is split 50/50 between the TPA and grants, to Potter County where 100 percent of the money is directed to the TPA.

Among the 6th Class counties, of which only Adams County has the legislative right to retain up to 25 percent for economic and tourism development, Crawford County only charges a 1 percent administrative fee with the remaining tax dollars going directly to its TPA. Five other 6th Class counties charge the 2 percent administrative fee only, with the remaining 98 percent given directly to the TPA. However, this class of county also takes the largest percentage of county controlled funds, whether labeled county administrative fees or county grant funds. In many cases, this is the result of negotiated agreements with the TPAs whereby the TPA returns a portion of money back to the county for grant purposes. This is the case in Carbon County where the county retains control of 22 percent of all hotel room tax money, the TPA gets 50 percent and the remaining money is distributed to county organizations through a grant process administered by the chamber of commerce. Adams County is listed as keeping 31 percent of the money with 69 percent going directly to the TPA. In general, the 6th Class counties seem to be taking advantage of their unique legislative standing to keep larger portions of the money in direct county control (Wayne County at 22 percent or Somerset at 30 percent) or indirect county control through grants (Bradford, Carbon, Clarion, Columbia, Elk, Jefferson, Pike, Susquehanna and Tioga counties). It is not clear how Adams County is retaining a larger than legislated portion of the Hotel Room Tax except through independently negotiated return agreements with the TPA.

Among those counties with some sort of grant program, what types of organizations or projects are funded? Are they in keeping with the legislative intent regarding tourism and economic development? Do they help to mitigate the effects of increased tourism upon county service budgets such as the need for increased police, fire or EMT coverage or increased traffic on local roads? Categories of uses include grants to:

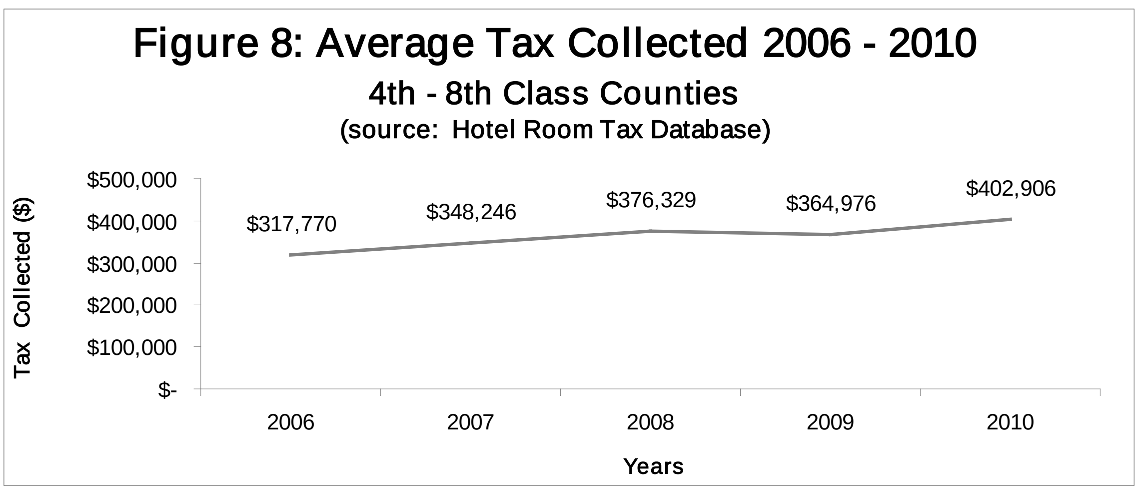
- Chambers of commerce;
- Festivals/events;
- Historical societies/historical preservation groups;
- Associations/clubs;
- Capital projects/roads;
- Eco tours;
- Fairs;
- Arts; and
- Other.

(Source: Individual County Grant Records and Grant Websites)

Included in the "other" category are grants for fireworks at community events, camps, community alliances, rails-to-trails projects including signage, children's museums, boat races, monument construction, car shows, a soccer tour and even a local tourist short run railroad. These are tourism related in some sense but they seem to support local initiatives for community based projects that benefit county residents rather than seeking to attract or develop tourism on a regional, state or national scale as defined earlier in the study (trips of 50 miles or greater).

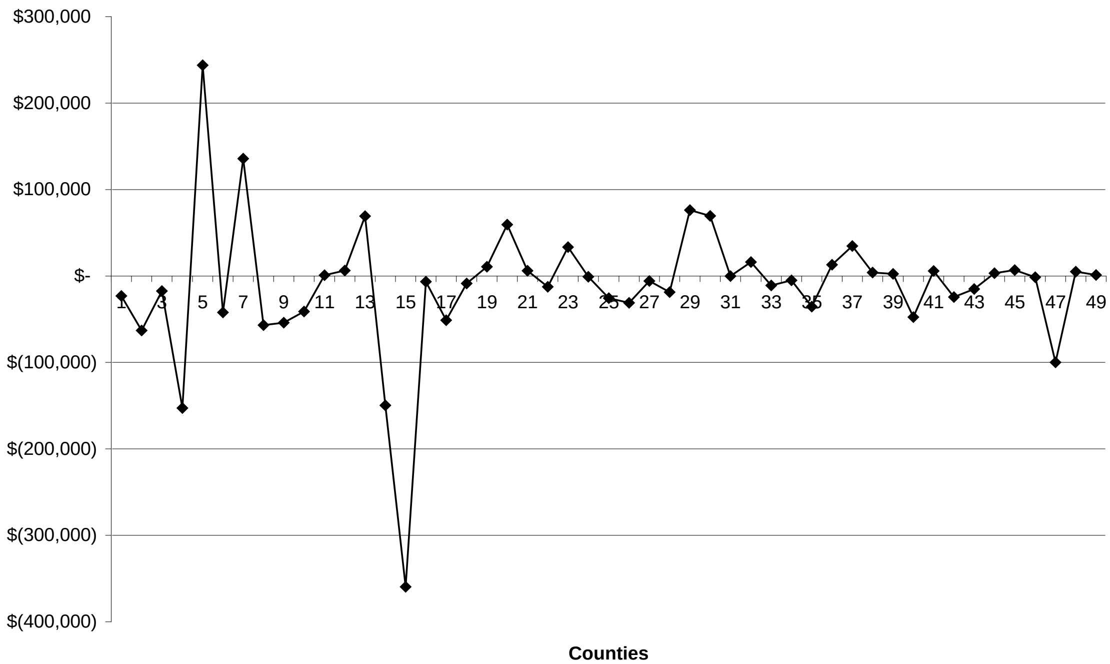
Adequacy and Elasticity of Revenue Production

Does the hotel room tax provide a sufficient stream of revenue to support tourism development at the county level? The theory behind the room tax is that the TPA and the county will use this revenue source to support ongoing marketing and promotion of a county or multi-county region while also mitigating the effects of increased tourism traffic upon roads, public safety, and related infrastructure in the county. Figure 8 illustrates the average hotel room tax collections for 5 years from 2006 through 2010 for all 4th through 8th Class counties.

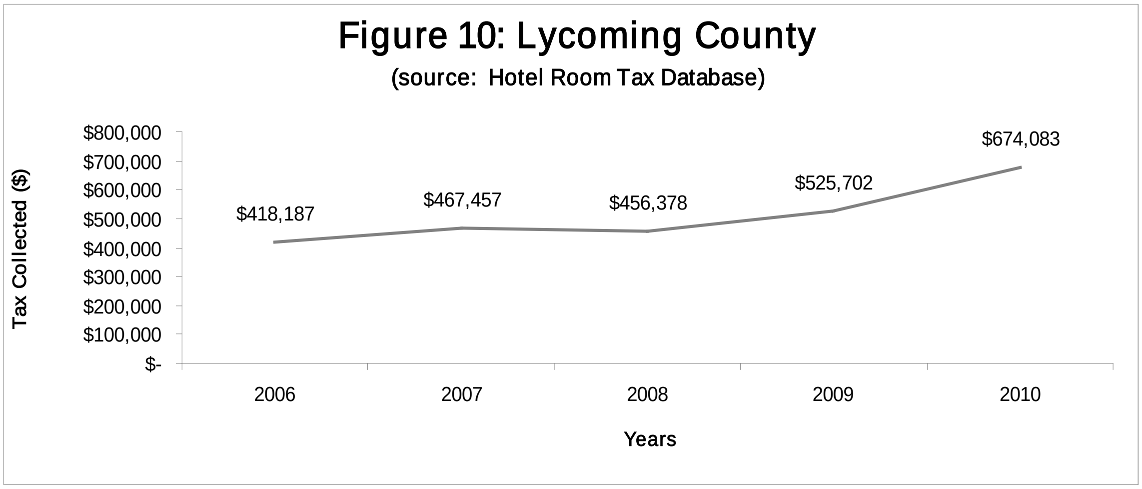


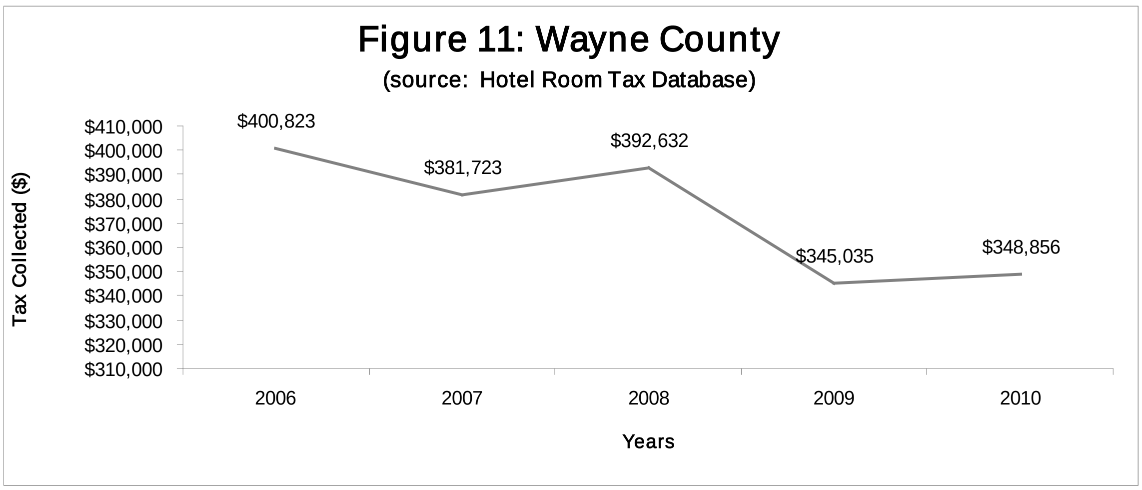
This figure would indicate an overall slow increase in tax revenues with the exception of 2009 when tax revenues fell, most likely in response to the economic downturn of 2008 and 2009. However, like any consumption-based tax, the hotel room tax is highly susceptible to downturns in the economy, which in this case, resulted in decreases in travel spending and decreases in discretionary income. Figure 9 shows the hotel room tax losses and gains sustained by the counties during the economic downturn in 2009. The figure graphs each 4th through 8th Class county in alphabetical order by class starting with the 4th Class counties.

Figure 9: Hotel Room Tax Revenue Differentials 2008-2009
4th through 8th Class Counties
Source: Hotel Room Tax Databse



Another factor that plays into adequate revenue collection is the emergence of the natural gas industry related to the Marcellus Shale development and the impact of this industry upon the hotel industry in the western and north-central regions of Pennsylvania. The legislation currently limits the collection of the room tax to 30 days at which time an individual is now considered to be a permanent resident or renter and not a hotel room occupant. This portion of the legislation, enacted in 2005, has had an unintended effect upon hotel room tax collections in these counties impacted by the Marcellus Shale boom. With housing at a premium, hotel and motel rooms have been booked for six months to a year by the gas companies, eliminating this important source of tax revenues (Kelsey, Shields et al., 2011). The total impact is also related to the overall tourism infrastructure. According to 2009 U.S. Census Bureau statistics, Wayne County had a total of 1,608 individual establishments classified as accommodations and food services. Lycoming County had 3,733 individual establishments in this category (www.censtats.census.gov). As shown in Figure 11, Wayne County has seen a precipitous drop in tax revenues while Lycoming County (Figure 10), has seen a slow but steady rise in Hotel Room Rental Tax income through 2010.





Thus while TPAs rely heavily on this funding source to maintain their operations, the hotel room tax is impacted by a number of economic and structural factors that result in both losses and gains in hotel room tax collections. The factors include the state of the national and regional economy, the amount of hotel infrastructure within a given county, and difficulties in actual tax collection and enforcement of nonpayment.

Overall, there is great variation in both the amount of hotel room tax money generated and the uses of county retained hotel room tax dollars across rural Pennsylvania. Some counties and TPAs benefit from robust hotel/motel establishments while others struggle to realize any hotel tax revenue.

CONCLUSIONS

The Hotel Room Tax is clearly an important source of revenue for the TPAs in Pennsylvania's rural counties. Table 8 illustrates the 5-year totals for the 4th through 8th Class counties in the commonwealth. As stated by the TPAs, the percentage of their total budget funded by the hotel room tax ranged from a low of 3 percent to a high of 94 percent. Clearly, with the loss of DCED grant money in the current fiscal year, the TPAs rely heavily upon this room tax to remain in business.

TABLE 8
Total Hotel Room Tax Revenues 4th through 8th Class Counties

YEAR	TOTAL
2006	$14,935,174
2007	$16,715,815
2008	$18,440,128
2009	$17,885,843
2010	$19,742,410

Source: Hotel Room Tax Database

However, this absolute reliance on the room tax begs an important ideological question. The TPAs, while nonprofit organizations, are private organizations engaged in creating business opportunities for their members. The counties are, in effect, transferring tax dollars directly to private nonprofit corporations with very few regulations or stipulations in place to ensure that this money is being spent in accordance with the best interests of the public. This particular tax arrangement differs from other types of tax incentives or tax abatement programs in that it is a direct transfer of money rather than a type of tax break or tax exemption. No control mechanism exists such as a tax filing or formal grant report to verify the uses of this tax money. Survey data has shown that the TPAs are following the spirit of the legislation and using the money primarily for the legislatively defined designations. However, if the TPAs are engaged in important economic development activity in a public/private partnership with county and local government, should there be greater oversight of the hotel room tax money? Should there be a more direct and transparent reporting system by the TPAs to the counties?

In addition, the counties themselves and, in particular the 6th Class counties, have great latitude in regard to any county money retained for grant purposes. While choral groups, camps, festivals, fireworks and local historical societies are certainly worthwhile community activities that enhance the quality of life for county residents, the extent to which they enhance either economic or tourism development is debatable. In addition, based upon interviews and documentation, it appears that some county commissioners hold sway over the uses of this grant money, maintaining control of the grant process or weighing heavily upon the final grant award decisions. This research shows that neither the TPAs nor the counties are willfully violating the letter of the legislation. However, the room tax legislation is written so broadly as to invite wildly differing interpretations of the concepts of "tourism."

Lastly, while the TPAs profiled in the case studies maintain large professional organizations with ongoing marketing campaigns and strategies, the vast majority of the truly rural TPAs in the 4th through 8th Class counties have small offices with even smaller budgets. Their inability to mount large scale advertising campaigns or even to keep their websites updated is impacted by the relatively small amount of money derived from hotel room taxes in certain rural counties. These TPAs and these rural areas of Pennsylvania would benefit most from a state level, regional approach to tourism promotion that could market Pennsylvania as a whole rather than relying upon a piecemeal approach to tourism promotion.

Research has shown that tourism does have a positive impact upon rural communities. The economic benefits can be enhanced by proper tourism promotion as well as the creation of vibrant local businesses. The negative impacts of increased tourism upon our rural communities and landscapes can be mitigated by proper management, creation of sufficient infrastructure (roads and signage), and preservation of historical and ecological assets in the state. The commonwealth is best served by a unified set of policies regarding tourism promotion with a great deal of regional and even local input. In tough budgetary times, state money needs to be wisely leveraged for maximum effect. Tourism is part of an overall economic development strategy for rural Pennsylvania along with small business development and workforce training. Tourism has been an important component of the rural economy and can be a force in the future development of our rural downtowns, aiding in farmland preservation and ecological management while providing employment and tax revenue.

POLICY CONSIDERATIONS

The following considerations are based on the current structure of tourism promotion, which is spread among various state agencies and commissions but primarily located in DCED.

Pennsylvania Tourism Promotion

Counties and Regional Tourist Promotion Agencies

Use local tourism dollars in a manner that creates the "biggest bang for the buck" by:

- Continuing to leverage existing tourism promotion funding through regional partnerships including multi-county advertising, website development and event planning;
- Continuing to use county retained funds to enhance the overall tourism infrastructure including traffic management, road maintenance, parking facilities and signage and public comfort facilities such as visitors' centers;
- Addressing the issue of job creation and the quality of tourism industry related jobs by creating public-private partnerships including institutions of higher education to offer small business counseling, internships in the tourism and hospitality industries and internships for marketing, historical preservation, trail development and wildlife management;
- Leveraging local businesses including but not limited to locally owned hotels, restaurants, retail establishments, produce vendors, tour activities, and restaurants. This would include micro-loans, grants, business support and training, marketing and promotion, and tax breaks or benefits The creation of local hotels and restaurants also increases the rural tourism infrastructure;
- Involving community preservation and heritage groups in the planning process; and
- Promoting lesser known state historical sites within each of the Heritage Corridors to encourage rural tourism.

State Agencies including DCNR, DCED, PHMC

- Create and support public-private partnerships along the model of the Federal Department of the Interior National Park Service (www.nps.gov);
- Use limited state dollars to include promotion of lesser known historical sites in rural areas linking outdoor and heritage tourism;
- Address transportation issues, in particular the creation of scenic highways;
- Maintain adequate preservation of existing historical and natural resources; and
- Create special business incentives (tax incentives, low interest loans, grants) targeting tourism-related local businesses in rural communities offered through DCED.

The next section addresses potential structural changes to both the room tax law and the current structure of tourism promotion in the commonwealth.

Room Tax Administration and Uses

- Consider requiring some sort of state-level reporting of room tax revenues, preferably through DCED's county final tax reports. There is currently no up-to-date state database with easy access to the total Hotel Room Rental Tax information.
- Given the significant amount of money generated by this tax statewide, consider handling the county room tax like any other sales tax. This would entail businesses turning the revenue over to the Pennsylvania Department of Revenue on a quarterly basis. The state would then reimburse the counties quarterly and the counties would disburse the monies directly back to the TPAs after deducting administrative fees and grant monies.
- For the 4th through 8th Class counties studied here, amend the legislation to prohibit any additional fees or side deals. Allow for a set administrative fee, a set community grant percent, and a set TPA portion with exceptions for room tax money that is committed to ongoing capital projects such as stadiums or convention centers. The recommendation would be 3 percent administrative fee, 7 percent grant fund, and 90 percent TPA.

- Enforce the reporting requirements in the existing legislation. The Hotel Room Tax Act of 2005 clearly states that all Tourist Promotion Agencies will present an audited financial report to the county commissioners, detailing the income and expenses of the TPA receiving room tax revenues. This is a bit of a controversial issue in that tax dollars are funneled directly to private, nonprofit entities (TPAs) with little or no oversight by the granting, governmental agency (the counties). This researcher recommends that at a minimum, the TPAs provide an audited financial statement to the commissioners specifically on the revenue and uses of the room tax money. Currently the legislation calls for an unspecified type of annual report to the county commissioners or county council members.
- Strengthen the 4th through 8th Class counties' ability to punish establishments that fail to remand room taxes in a timely fashion through fines, late fees or other monetary or non-monetary penalties such as the loss of the operators' business license. Currently 4th through 8th Class counties lack any ability to enforce collections.
- Endorse the proposal to create a separate Tourism Board or Commission modeled after the PHMC or PCA. The Tourism Commission should include representatives from all stakeholders including legislators, DCED and any other related administrative agencies (Labor and Industry, PHMC, PCA, Agriculture), county government and industry representatives. A representative board will avoid the problem of industry capture. This Tourism Commission could be funded using a mix of dedicated state funding (by shifting the existing tourism promotion line item) and perhaps a small percentage of the county hotel room tax (1 percent to 2 percent or a prorated amount based on total room tax revenues generated).
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Overall Recommendations to the State Legislature

The researcher endorses the concept of an independent Tourism Commission with some level of dedicated state funding and perhaps using a public/private partnership approach to funding. This recommendation is based on the following findings from the research:

1) Sharp decline in overall state funding for tourism promotion;
2) Elimination of DCED controlled grant funding in fiscal year 2011;
3) Problems and inconsistencies with reliance on Hotel Rental Room Tax funding as evidenced in case studies B and C, survey data and county data documenting flat or falling Hotel Room Tax collections; and
4) Overall issues with county administration in rural areas.

The Tourism Commission could:

- Incorporate both regional and statewide tourism promotion including the federal and state designated National Heritage Corridors, PHMC historical sites and even festivals, fairs and performing arts venues and events. The economies of scale achieved in advertising and promotion would leverage the hotel room tax dollars collected by assisting with technical and administrative support but still allowing local input; and
- Reestablish some type of competitive grant process for special tourism projects at the local level. This would allow regional or county control but also reward projects with special merit, encourage innovation and ensure quality while providing a *unified* and *consistent* brand or image for tourism promotion in the commonwealth.

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P.L. 38, No. 12, 2005, Amendments to the PA County Code

Act 142, 2000, Amendments to the County Code

Act 28, 2000

P.L. 111, No. 50, Tourist Promotion Law of 1961

PA County Code, Section 2399, Third Class County Convention Center Authority Act

APPENDIX A: Tourism Promotion Agencies Serving 3rd through 8th Class Counties

ADAMS COUNTY
Mr. Norris Flowers, President
Gettysburg Convention and Visitors Bureau
571 West Middle Street
Gettysburg, PA 17325
P: (717) 334-6274; F: (717) 334-1166
Info E-mail: info@gettysburg.travel
www.gettysburg.travel
Director Email: nflowers@gettysburg.travel

ARMSTRONG COUNTY
Ms. Miranda Shoemaker, Director
Armstrong County Tourist Bureau
125 Market Street
Kittanning, PA 16201
P: (724) 543-4003; F: (724) 545-3119
Info E-mail: touristbur@co.armstrong.pa.us
www.armstrongcounty.com
Director Email: mkshoemaker@co.armstrong.pa.us

BEAVER COUNTY
Mr. Tom King, Executive Director
Beaver County Recreation and Tourism Department
Brady's Run Park
121 Brady's Run Road
Beaver Falls, PA 15010
P: (724) 770-2062; F: (724) 770-2063
Info E-mail: bctpa@beavercountypa.gov
www.visitbeavercounty.com
Director Email: tking@beavercountypa.gov

BEDFORD COUNTY
Mr. Dennis Tice, Executive Director
Bedford County Conference and Visitors Bureau
131 South Juliana Street
Bedford, PA 15522
P: (814) 623-1771; F: (814) 623-1671
Info E-mail: bccvb@bedford.net
www.bedfordcounty.net
Director Email: dtice@bedford.net

BERKS COUNTY
Ms. Crystal Seitz, President
Greater Reading Convention and Visitors Bureau
2525 North 12th Street
Suite 101
Reading, PA 19605
P: (610) 375-4085; F: (610) 375-9606
Info E-mail: info@readingberkspa.com
www.readingberkspa.com
Director Email: crystal@readingberkspa.com

BLAIR COUNTY
Mr. Mark Ickes, Executive Director
Allegheny Mountains Convention and Visitors Bureau
One Convention Center Drive
Altoona, PA 16602
P: (814) 943-4183; F: (814) 943-8094
Info E-mail: info@amcvb.com
www.alleghenymountains.com
Director Email: mickes@amcvb.com

BRADFORD COUNTY
Also Sullivan, Susquehanna, Wyoming
Ms. Jean Gasper, Executive Director
Endless Mountains Visitors Bureau
4 Werks Plaza
Tunkhannock, PA 18657
P: (570) 836-5431; F: (570) 836-3927
Info E-mail: emvb@epix.net
www.endlessmountains.org
Director Email: jean@endlessmountains.org

BUTLER COUNTY
Mr. Jack Cohen, Executive Director
Butler County Tourism and Convention Bureau
310 East Grandview Avenue
Zelienople, PA 16063
P: (724) 234-4619; F: (724) 234-4643
Info E-mail: visitors@visitbutlercounty.com
www.visitbutlercounty.com
Director Email: jack@visitbutlercounty.com

CAMBRIA COUNTY
Ms. Lisa Rager, Executive Director
Greater Johnstown/Cambria County CVB
416 Main Street, Suite 100
Johnstown, PA 15901
P: (814) 536-7993; F: (814) 539-3370
Info E-mail: jstcvb@visitjohnstownpa.com
www.visitjohnstownpa.com
Director Email: lrager@visitjohnstownpa.com

CAMERON COUNTY
See Clarion

CARBON COUNTY
See Monroe

CENTRE COUNTY
Ms. Betsey Howell, Executive Director
Central Pennsylvania Convention and Visitors Bureau
800 East Park Avenue
State College, PA 16803

P: (814) 231-1400; F: (814) 231-8123
Info E-mail: info@visitpennstate.org
www.visitpennstate.org
Director Email: betseyh@visitpennstate.org

CHESTER COUNTY
Mr. Blair Mahoney, Executive Director
Chester County Conference and Visitors Bureau
17 Wilmont Mews, Suite 400
West Chester, PA 19382
P: (610) 719-1730; F: (610) 719-1736
Info E-mail: blair@brandywinevalley.com
www.brandywinevalley.com
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CLARION COUNTY
Also Cameron, Elk, Forest, Jefferson
Mr. David Morris, Executive Director
Northwest Pennsylvania's Great Outdoors Visitors Bureau
175 Main Street
Brookville, PA 15825
P: (814) 849-5197; F: (814) 849-1969
Info E-mail: info@visitpago.com
www.visitpago.com
Director Email: davemorris@visitpago.com

CLEARFIELD COUNTY
Ms. Holly Komonczi, Executive Director
Clearfield County Recreation and Tourism Authority
12 North Front Street
Clearfield, PA 16830
P: (814) 765-5734 ext. 3; F: (814) 765-4130
Info E-mail: info@visitclearfieldcounty.org
www.visitclearfieldcounty.org
Director Email: hkomonczi@clearfieldco.org

CLINTON COUNTY
Mr. Peter Lopes, Director of Chamber and Tourism
Clinton County Economic Partnership
212 North Jay Street
Lock Haven, PA 17745
P: (570) 748-5782; F: (570) 893-0433
Info E-mail: tourism@kcnet.org
www.clintoncountyinfo.com
Director Email: plopes@kcnet.org

COLUMBIA COUNTY
Also Montour
Mr. David Kurecian, Executive Director
Columbia-Montour Visitors Bureau
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Info E-mail: itour@cmvb.com
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Director Email: kurecian@cmvb.com

CRAWFORD COUNTY
Ms. Juanita Hampton, Executive Director
Crawford County Convention and Visitors Bureau
16709 Conneaut Lake Road
Meadville, PA 16335
P: (814) 333-1258; F: (814) 333-9032
Info E-mail: welcome@visitcrawford.org
www.visitcrawford.org
Director Email: jhampton@visitcrawford.org

CUMBERLAND COUNTY
Ms. Shireen Farr, Director of Tourism
Cumberland Valley Visitors Bureau
401 E. Louther Street, Suite 209
Carlisle, PA 17013
P: (717) 240-7196; F: (717) 243-6928
Info E-mail: info@visitcumberlandvalley.com
www.visitcumberlandvalley.com
Director Email: shireen@visitcumberlandvalley.com

DAUPHIN COUNTY
Also Perry
Ms. Mary Smith, President
Hershey Harrisburg Regional Visitors Bureau
17 South Second Street
Harrisburg, PA 17101
P: (717) 231-7788; F: (717) 231-2808
Info E-mail: info@hersheyharrisburg.org
www.visithersheyharrisburg.org
Director Email: mary@hersheyharrisburg.org

ELK COUNTY
See Clarion

ERIE COUNTY
Mr. John Oliver, President
VisitErie
208 East Bayfront Parkway, Suite 103
Erie, PA 16507
P: (814) 454-1000; F: (814) 459-0241
Info E-mail: info@visiterie.com
www.visiterie.com
Director Email: joliver@visiterie.com

FAYETTE COUNTY
See Westmoreland

FOREST COUNTY
See Clarion

FRANKLIN COUNTY
Ms. Janet Pollard, Director of Tourism and Communications
Franklin County Visitors Bureau
14 North Main Street
Chambersburg, PA 17201
P: (717) 709-7204; F: (717) 709-7203
Info E-mail: info@explorefranklincountypa.com
www.explorefranklincountypa.com
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FULTON COUNTY
Ms. Sharon Hoopengardner, Administrative Assistant
Fulton County Chamber of Commerce and Tourism
201 Lincoln Way West, Suite 101
P.O. Box 141
McConnellsburg, PA 17233
P: (717) 485-4064
Info E-mail: info@fultoncountypa.com
www.fultoncountypa.com
Director Email: None

GREENE COUNTY
Ms. Elizabeth Menhard, Director
Greene County Tourist Promotion Agency
19 S. Washington Street, Fort Jackson Building
Waynesburg, PA 15370
P: (724) 627-8687; F: (724) 627-8608
Info E-mail: tourism@co.greene.pa.us
www.greenecountytourism.org
Director Email: emenhart@co.greene.pa.us

HUNTINGDON COUNTY
Mr. Matthew A. Price, Executive Director
Huntingdon County Visitors Bureau
6993 Seven Points Road, Suite 2
Hesston, PA 16647
P: (814) 658-0060 ; F: (814) 658-0068
Info E-mail: info@raystown.org
www.raystown.org
Director Email: mprice@raystown.org

INDIANA COUNTY
Ms. Penny Perman, Executive Director
Indiana County Tourist Bureau, Inc.
Indiana Mall
2334 Oakland Ave., Suite 68
Indiana, PA 15701
P: (724) 463-7505; F: (724) 465-3819
Info E-mail: info@visitindianacountypa.org
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JEFFERSON COUNTY
See Clarion

JUNIATA COUNTY
Also Mifflin
Mr. Jim Tunall, Executive Director
Juniata River Valley Visitors Bureau
Historic Courthouse
One West Market Street, Ste. 103
Lewistown, PA 17044
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LACKAWANNA COUNTY
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LANCASTER COUNTY
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Pennsylvania Dutch Convention and Visitors Bureau
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LAWRENCE COUNTY
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Cilli Central Station
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www.visitlebanoncounty.com
Director Email: dgrumbine@lebexpo.com

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Also Northampton
Mr. Michael Stershic, President
Discover Lehigh Valley
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Allentown, PA 18101
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www.discoverlehighvalley.com
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LYCOMING COUNTY
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www.vacationpa.com
Director Email: jfink@williamsport.org

MCKEAN COUNTY
Ms. Linda Devlin, Executive Director
Allegheny National Forest Visitors Bureau
Box 371 (mail)
80 East Corydon St., Ste. 114 (ship)
Bradford, PA 16701
P: (814) 368-9370; F: (814) 368-9370
Info E-mail: info@visitANF.com
www.visitanf.com
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MERCER COUNTY
Ms. Peggy Mazyck, Executive Director
VisitMercerCountyPA
50 North Water Avenue
Sharon, PA 16146
P: (724) 346-3771; F: (724) 346-0575
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www.visitmercercountypa.com
Director Email: pmazyck@visitmercercountypa.com

MIFFLIN COUNTY
See Juniata

MONROE COUNTY
Mr. Carl Wilgus, President and CEO
Also Carbon, Pike and Wayne
Pocono Mountains Visitors Bureau
1004 Main Street
Stroudsburg, PA 18360
P: (570) 421-5791; F: (570) 421-6927
Info E-mail: pocomts@poconos.org
www.800poconos.com
Director Email: cwilgus@poconos.org

MONTOUR COUNTY
See Columbia

NORTHAMPTON COUNTY
See Lehigh

NORTHUMBERLAND COUNTY
See Union

PERRY COUNTY
See Dauphin

PIKE COUNTY
See Monroe

POTTER COUNTY
Mr. David Brooks, Executive Director
Potter County Visitors Association
P.O. Box 245
188 North Main Street
Coudersport, PA 16915
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www.schuylkill.org
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SNYDER COUNTY
See Union

SOMERSET COUNTY
See Westmoreland

SULLIVAN COUNTY
See Bradford

SUSQUEHANNA COUNTY
See Bradford

TIOGA COUNTY
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UNION COUNTY
Also Northumberland and Snyder
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VENANGO COUNTY
Ms. Betty Squire, VP Marketing and Membership
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WARREN COUNTY
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WASHINGTON COUNTY
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WAYNE COUNTY
See Monroe

WESTMORELAND COUNTY
Also Somerset & Fayette
Mr. Ronald W. Virag, Executive Director
Laurel Highlands Visitors Bureau
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WYOMING COUNTY
See Bradford

YORK COUNTY
Ms. Anne Druck, President
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APPENDIX B: Percent of Room Tax Retained by Counties, Administrative Fees, Grant Use Information, 4th Through 8th Class Counties

County Name	County Fee	TPA	Convention	EDC	Grants	Other
Beaver	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Butler	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Cambria	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Cumberland	2 percent	96.7 percent	0 percent	1.3 percent	0 percent	0 percent
Fayette	0 percent	50 percent	0 percent	0 percent	50 percent	0 percent
Schuylkill	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Washington	2 percent	86 percent	0 percent	0 percent	12 percent	Varied
Blair	2 percent	91 percent	1 percent	0 percent	6 percent	0 percent
Centre	2 percent	82 percent	0 percent	0 percent	16 percent	0 percent
Franklin	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Lawrence	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Lebanon	0 percent	50 percent	0 percent	0 percent	50 percent	0 percent
Lycoming	10 percent	89.5 percent	0 percent	0 percent	0.5 percent	0 percent
Mercer	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Monroe	2 percent	88 percent	0 percent	0 percent	10 percent	0 percent
Northumberland	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Adams	31 percent	69 percent	0 percent	0 percent	0 percent	0 percent
Armstrong	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Bedford	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Bradford	0 percent	70 percent	0 percent	0 percent	30 percent	0 percent
Carbon	22 percent	50 percent	0 percent	0 percent	28 percent	0 percent
Clarion	0 percent	50 percent	0 percent	0 percent	50 percent	0 percent
Clearfield	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Clinton	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Columbia	0 percent	60 percent	0 percent	0 percent	40 percent	0 percent
Crawford	1 percent	99 percent	0 percent	0 percent	0 percent	0 percent
Elk	0 percent	50 percent	0 percent	0 percent	50 percent	0 percent
Greene	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Huntingdon	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Indiana	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Jefferson	0 percent	50 percent	0 percent	0 percent	50 percent	0 percent
McKean	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Mifflin	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Pike	22 percent	78 percent	0 percent	0 percent	0 percent	0 percent
Somerset	0 percent	30 percent	0 percent	0 percent	70 percent	0 percent
Susquehanna	0 percent	70 percent	0 percent	0 percent	30 percent	0 percent
Tioga	2 percent	88 percent	0 percent	0 percent	10 percent	0 percent
Venango	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Warren	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Wayne	22 percent	78 percent	0 percent	0 percent	0 percent	0 percent
Juniata	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Perry	0 percent	0 percent	0 percent	0 percent	0 percent	0 percent
Snyder	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Union	2 percent	98 percent	0 percent	0 percent	0 percent	0 percent
Wyoming	0 percent	70 percent	0 percent	0 percent	30 percent	0 percent
Cameron	0 percent	50 percent	0 percent	0 percent	50 percent	0 percent
Forest	0 percent	50 percent	0 percent	0 percent	50 percent	0 percent
Fulton	0 percent	0 percent	0 percent	0 percent	0 percent	0 percent
Montour	0 percent	60 percent	0 percent	0 percent	40 percent	0 percent
Potter	0 percent	100 percent	0 percent	0 percent	0 percent	0 percent
Sullivan	0 percent	70 percent	0 percent	0 percent	30 percent	0 percent

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