

Public Hearing

before

SENATE COASTAL RESOURCE AND

TOURISM COMMITTEE

"New Jersey's Travel and Tourism Industry"

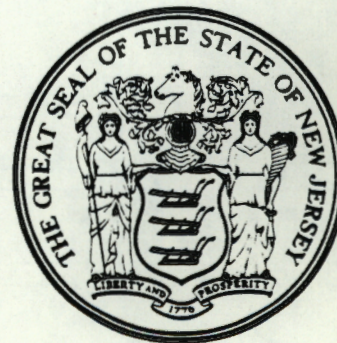
NJ
10
R311
1993a

LOCATION: Legislative Office Bldg.
Committee Room 7
Trenton, New Jersey

DATE: February 1, 1993
9:30 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Joseph M. Kyrillos, Chairman
Senator Joseph A. Palaia
Senator Raymond J. Lesniak
Senator Walter Rand



ALSO PRESENT:

New Jersey State Library

John Hutchinson, III
Office of Legislative Services
Aide, Senate Transportation Committee

Hearing Recorded and Transcribed by

The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, CN 068, Trenton, New Jersey 08625

Public Hearing

STATE OF NEW JERSEY

THE COMMISSIONER

New Jersey's Department of Transportation

DATE: _____
TIME: _____

LOCATION: _____
Room _____
Address _____



REMARKS OF _____

Subject: _____
Topic: _____
Speaker: _____
Address: _____

ALSO PRESENT:

New Jersey State Library

John F. Kennedy Library
Public Information Office
New Jersey State Library

For more information, contact:
New Jersey State Library
Public Information Office
New Jersey State Library

NEW JERSEY STATE LIBRARY
PUBLIC INFORMATION OFFICE
NEW JERSEY STATE LIBRARY



JOSEPH M. KYRILLOS, JR.
Chairman
ANDREW R. CIESLA
Vice-Chairman
JAMES S. CAFIERO
JOSEPH A. PALAIA
RAYMOND J. LESNIAK
WALTER RAND

New Jersey State Legislature

SENATE COASTAL RESOURCES AND TOURISM COMMITTEE

LEGISLATIVE OFFICE BUILDING, CN-068
TRENTON, NEW JERSEY 08625-0068
(609) 984-7381

NOTICE OF PUBLIC HEARING

The Senate Coastal Resources and Tourism Committee will hold a public hearing on the following topic:

New Jersey's Travel and Tourism Industry

The hearing will be held on **Monday, February 1, 1993 at 9:30 AM** in **Committee Room 7** of the **Legislative Office Building, Trenton, New Jersey.**

The public may address comments and questions to John Hutchison, III, Committee Aide, and persons wishing to testify should contact Sharon Constantini, secretary, at (609) 984-7381. Those persons presenting written testimony should provide 15 copies to the committee on the day of the hearing.

Issued 1/27/93

TABLE OF CONTENTS

	<u>Page</u>
Eugene Dilbeck Director Division of Travel and Tourism New Jersey Department of Commerce and Economic Development	4
Joann Ritter President New Jersey Travel Industry Association	14
Jay Otto Executive Director New Jersey Campground Owners Association	21
Robert Patterson Executive Director Cape May Chamber of Commerce	28
Stephen Van Campen Owner Lillagaard Hotel, and Vice Chairman Water Gap National Recreation Area	32
S. Thomas Gagliano President Jersey Shore Partnership	36
William R. Eastman Councilman Manasquan, New Jersey	40
Milton Rosko, Jr. Assistant to the General Manager Anheuser-Busch Corporation Newark, New Jersey, and Vice Chairman Newark/Meadowlands Convention and Visitors Bureau	40
Gerald A. Greenberg New Jersey State Hotel/Motel Association, and Chairman Greater Atlantic City Hotel/Motel Association	50

TABLE OF CONTENTS (Continued)

	Page
Albert J. Reid Owner Keansburg Amusement Park	52
James White Marriott New Jersey Business Council	54
B. Michael Zuckerman, Ph. D. Director Mid-Atlantic Center for the Arts, and President New Jersey Association of Museums, and Vice President Art Pride New Jersey, and Member Preservation New Jersey, and member New Jersey Tourism Advisory Council	56
Larry Fidel Executive Vice President New Jersey Restaurant Association	58
Paul Samperi Samperi Restaurant and Lodging Services	59

APPENDIX

Data and charts submitted by Eugene Dilbeck	1x
Statement submitted by Joanne Ritter	21x
Statement submitted by James White	22x
Statement and article submitted by B. Michael Zuckerman, Ph. D.	29x

* * * * *

hw: 1-46
bgs: 47-56
hw: 57-61

SENATOR JOSEPH M. KYRILLOS (Chairman): Ladies and gentlemen, thank you for coming. We'll begin the meeting. I'm sorry we're starting a little bit late.

SENATOR PALAIA: It's good for Trenton time.

SENATOR KYRILLOS: This is pretty good for Trenton time, for those of you who are not usual visitors to the State House.

I'm Senator Joe Kyrillos, and this is the Senate Coastal Resources and Tourism Committee. On my left is the distinguished Senator from Monmouth County, Senator Joe Palaia, and on my right the equally distinguished Senator Walter Rand from Camden County. I know that Senator Cafiero, from Cape May, will be joining us shortly because I saw him just a few moments ago.

Today's hearing will be focusing on the importance of tourism, as you all know, for New Jersey's economy, and ways to improve and promote our many and varied tourist attractions. I don't have to tell this assembly that tourism is the number two industry in the State of New Jersey, and it generates almost \$18 billion every single year.

The benefits reaped from a vibrant tourism industry are manifold. We all know it provides entry level jobs, as well as employment for skilled individuals such as computer programmers for reservation systems, and construction workers for new hotels. Tourism generates auto worker jobs because car rental companies purchase more New Jersey cars than any other corporate customer. In fact, New Jersey's 350,000 jobs can be attributed to the tourism industry.

Tourism dollars flow into State coffers boosting general revenues, and making it possible for the State to provide vital services. So, without a doubt, protecting and promoting our tourism industry is necessary, and it really is a sound financial investment.

However, I would contend that promoting our State's tourism industry goes beyond just profit making. It generates pride in our State. It heightens our awareness of all of our State -- all that it has to offer. And I believe that New Jersey is a unique place to both live and to visit. History, culture, and nature combine here, all to create a myriad of fun, entertainment, and learning.

However, I think many of us will recognize that this image of New Jersey is not always, first and foremost, in the minds of nonresidents, and that really ought to change. The purpose of this hearing is to examine ways that we can change that image, and let everybody know what a special place New Jersey really is.

As Chairman of the Committee, I'm committed to working with all of you to improve and enhance New Jersey's image and its tourist attractions. We should be viewed across the nation and the world as a first-class vacation spot, because that's what we truly are.

Now, I want to remind everybody that the purpose of this hearing is not to look back on what we have not done in the past as a State or as a Legislature, but to look ahead to what we can do in the future to promote our State and all it has to offer to the vacationer. And if we're successful in this endeavor, we'll reap the financial stability, jobs, growing payrolls, retail sales, and a heightened sense of pride in our State.

With that, let me ask the members of the Committee if they would like to add a few words before I bring up our first witness, the State Director of Travel and Tourism.

Senator Palaia?

SENATOR PALAIA: Just very briefly, I think after what has transpired with the latest storms and everything, I think we have to find some unique ways to get the message out to the people that we are ready, we are going to open, and we welcome

the tourists to come to our State. I think we're going to have to find those unique ways in the advertising sector, and find out how we can attract the people, to tell them that the seashore -- the coast -- is ready. As we know, living right at the shore, the Chairman and myself, we see things happening already, positive things happening, with the positive attitude that we are going to be open. I think that's the message that we have to get out there, the positive message.

I am a little disturbed when I see the figures that were given to us about the State tourism budget for '91 and '92. We ranked 23rd out of 50, but we really should be much higher than that. We should rank much higher with our tourism money and advertisement.

I hope that maybe we can glean some ideas from the people who are going to be here today, Mr. Chairman. I welcome their input to what we're trying to do.

Thank you.

SENATOR KYRILLOS: Thank you very much, Senator Palaia. Senator Rand?

SENATOR RAND: Mr. Chairman, I was very happy that you addressed tourism from the vantage point of the State of New Jersey, rather than the parochial interests of just the coastline, even though the heavier attraction is the coastline. We've attracted over one million visitors already to the new aquarium in Camden. They didn't all come from New Jersey.

So tourism is not confined to one single area, but it is a statewide attraction on which you put some emphasis, and I'm very happy about that.

SENATOR KYRILLOS: Thank you very much, Senator.

We have a fairly lengthy witness list, and I know members have other commitments for later this morning, so I will ask everybody to be as brief and succinct as possible in their comments. That will also allow some time for members to ask a question or two should the need arise.

Let's lead off, as I've mentioned already, with Gene Dilbeck, the Director of New Jersey's Division of Travel and Tourism in the Commerce and Economic Development Department.

Gene, welcome. It's good to see you again.

EUGENE DILBECK: Good morning, Senator. It's my pleasure to be here, and I thank you and the Committee for holding this hearing.

I will try to make my comments brief, and then hopefully, any questions the Committee may have, I could increase their interest in that regard.

To begin with, Fiscal Year 1993 is a time of drastic change for the Department of Commerce and Economic Development and the Division of Travel and Tourism. The reduced appropriation to the Department -- from \$14.7 million to \$9.7 million -- had a ripple effect that negatively impacted the Division. In addition to having the Division's appropriation reduced from \$6.3 million to \$3.7 million, the Department's cuts resulted in a loss of eleven positions from the Division which equaled another \$200,000 in appropriations. These cuts in funds and human resources have traumatized the Division's ability to market the State and support the industry.

The reduction of the Division's budget to \$3.5 million couldn't have come at a worse time. The storms of 1992 generated considerable negative press to the shore tourism industry, and the World Cup 1994 promotions should be aggressively pursued now. With declining numbers of tourists coming to New Jersey as a result of increased competition from other travel destinations, the Division cannot provide the industry the support necessary to be competitive nationally or internationally. The Division is severely handicapped in its desire to capitalize on the World Cup event, and to counter the negative storm related press.

The Division has worked diligently, however, to expand the State's tourism marketing efforts through cooperative promotions. The "New Jersey Travel Guide," which is produced

by the industry at no cost to the State; 200,000 copies of these are provided, and it is supported totally by advertisers. This particular book then goes out to anyone requesting information on the State.

The "New Jersey Travel Planner": This is a piece that goes to travel agents and tour operators around the world. It's produced at no cost to the State, again supported by advertising through the industry.

The "New Jersey Source Book for Meeting and Incentive Travel": This, again, is a publication that goes to the media and convention travel planners around the world. It, too, is produced at no cost to the State of New Jersey.

We also have a nonsustaining commercial announcement program agreement with the New Jersey Broadcasters Association, and in the last 12 months, for a \$100,000 contribution to their Association, they have produced a total of \$823,000 in media time on State stations. That's a return of \$8.23 for each one dollar that we've invested with them.

We also have the "New Jersey Fun Guide," which will be coming out this April, which again, is a cooperative effort on the part of the New Jersey Press Association and the Division of Travel and Tourism. Again, three-quarters of it being sponsored totally by the industry.

"Discover New Jersey with McDonald's" promotion: Again, a promotion working hand in hand with McDonald's, as well as some public utilities here in the State, to generate interest and awareness, particularly in our not-for-profit attractions.

Also trade show promotions with the Atlantic City Convention and Visitors Bureau, and the industry in general, particularly around the American Bus Association, National Tour Association, as well as some international trade shows. All are efforts to expand the efforts of the Division at minimal cost to the State.

These cooperative promotions are driven by the Division's ability to generate consumer interest and awareness of New Jersey's vacation opportunities. Without funds for out-of-state consumer advertising, these programs are in jeopardy. During 1992, the Division's marketing programs generated over 375,000 inquiries for information, and its public relations efforts generated over \$1.7 million in media value publicity.

The mandated budget reductions for the Division are unfortunate in light of the advertising research data that prove the Division's advertising programs are cost-effective. The 1991 advertising campaign produced the following results:

- * 4.9 million new visitors;
- * \$320 million in new expenditures;
- * a return on investment of \$8.90 in new tax revenue for each one dollar in State tax revenue invested;
- * increased awareness of New Jersey's travel opportunities, and;
- * improved the State's image as a travel destination.

Mr. Chairman, the Department of Commerce and Economic Development and its Division of Travel and Tourism request your assistance in restoring funding to the Department and the Division. To continue our partnership with the State's tourism industry private sector, and to positively impact the State's tourism economy, adequate resources must be forthcoming from the Legislature.

I would like to close with those formal remarks. I do happen to have a lot of backup material here: A funding history of the Division, my comments as well as research from our advertising, as well as economic impact data. So I have this available for the Committee for their perusal. But at this time I would like to stop and ask for any questions.

SENATOR KYRILLOS: Gene, thank you very much. You mentioned, and obviously this is the headline of your remarks -- and perhaps the headline of the state of tourism in the

State for the past year -- that your Division went from \$6.3 million last year to \$3.7 million. Do you have any sense at this early time -- and it's not all that early -- what the Governor will be proposing for the Division in his upcoming budget message to the Legislature, which I believe is a week from tomorrow, if I'm correct?

MR. DILBECK: Right. I have not had any official word as to what the Governor's message will contain in terms of funding of tourism. I know in a short conversation with him on the subject, he said he was going to attempt to do something to try to improve the situation. What that will be in terms of dollars, I don't know at this point.

SENATOR KYRILLOS: What was the figure that he proposed last year? I'm curious; do you remember?

MR. DILBECK: Last year's budget proposal was-- It was \$5.125 million for advertising and promotion, or a total of \$6.2 million total budget, was in the Governor's budget last year.

SENATOR KYRILLOS: And the advertising component of that?

MR. DILBECK: It was a little over \$5.1 million, if I recall. The reason I'm a little bit hazy on that is because last year, the '92 budget was \$5.6 million in advertising, but the Governor had asked us, in submitting our budget to him in '93, to reduce it by approximately 8 percent or so. So the numbers that were being thrown around the Legislature for discussion were less than what we actually had.

SENATOR KYRILLOS: It was a pretty dynamic number.

MR. DILBECK: Right.

SENATOR KYRILLOS: Obviously, the bulk of that money was earmarked, I guess, for broadcast advertising and some print advertising, I take it?

MR. DILBECK: Yes, sir. In fact, in this year there is no out-of-state consumer advertising. It will be the first time in a number of years that there hasn't been some

out-of-state advertising. That will show up in this summer, which we won't be able to measure right now. We will be able to measure it at the end of the year.

But knowing that advertising has to work, particularly in this competitive environment, it will hurt. All we can hope for now is that we have one of the very best summers that we can have, and that people will not take the negative press that has occurred as the result of the shore storms and this sort of thing, and turn them off.

We have heard, informally, that rental sales are going well at this point, which is a good sign, but we still-- The thing that you have to understand, that our hotel industry-- You see, nearly a third -- well, actually, \$6.8 billion of our \$17.8 billion, comes from day-trippers. These are people who do not stay in our hotels, or buy a lot of the services that the overnight visitor does. That's why the out-of-state advertising is hurting, because we will reduce the number of people that come for overnight stays, and they average about \$350 a trip in expenditures, compared to \$45 for day-trippers. That's our concern; that a more high-yield visitor will be reduced and further complicate our economic situation.

SENATOR KYRILLOS: The travel manuals that you mentioned and that you brought with you, they are in part funded -- or in whole -- by private industry, and that's something that your office coordinates, I take it?

MR. DILBECK: We do all the coordination. We get the publishers and sign the contracts and agreements, and then we endorse and support the sale of these through communications out of our office. The key thing I'd like to mention there is that this, the travel guide, for the first time this year has the State map enclosed inside. That one move, right there, saved the State of New Jersey \$73,000.

Plus the book itself: Now we purchase another 200,000 of these books at roughly a dollar a copy in order to have enough to fulfill all the inquiries that we get. But what's important, Senators, is that this book is supported because our advertising generates the inquiries. Now, if we're not generating the inquiries to get this book in the hands of people who are looking to New Jersey for a trip, the advertisers will no longer see this as a value and will pull away.

So that's how critical our advertising dollars are. It allows us to provide an opportunity for the industry to tie directly back into the State's advertising dollars.

SENATOR KYRILLOS: Are they individual companies who are supporting this effort, or is it coordinated through the Travel and Industry Association? How is that consortium developed?

MR. DILBECK: Well, all of this is supported by the Travel and Industry Association. That's one of the things that helps us to be successful, is to have that unified effort in supporting the Division's programs.

Each of these books target a different audience, so therefore, they are the centerpieces of our promotion to those markets. We have different publishers. A south Jersey publishing company, under a contract with the State, publishes the Guide. "Successful Meetings Magazine," produces the "Meeting Guide." And "Travel Weekly," publishes the "Travel Planner." All are reputable publications in their sector of the industry.

SENATOR KYRILLOS: How about cooperation with industry for broadcast media? Is that being done in any other state? I'm looking at some information from the U.S. Travel Data Center. It talks about a very extensive, cooperative advertising program that the State of Illinois apparently has with a number of private interests. They mention American

Express, British Airways, Canadian International, Iberia Airlines of Spain, Sabena Belgian World Airlines, Swissair, TWA, United. The list goes on and on. Is that an avenue that we really ought to be exploring, particularly as budgets continue to be tight?

MR. DILBECK: Right. The particular one you referred to in Illinois, as well as the current other states: Those are cooperative programs in the sense they are also cooperative in dollars contributed to the effort.

Yes, we have partners, whether it be McDonald's, whether it be other major companies here in the State, that would be willing to work with us -- even the airlines -- if we could go to the table with sufficient funds. When you're putting on a media campaign in this market or other markets, you're talking in the millions, not in the thousands, and that's a significant amount of funds. So it takes us-- We have to have some seed money, so to speak, to match the money of the corporate groups.

And also, a lot of that is in kind -- there are values put on it, but it's in kind. They target their own advertising and tag it with the State's.

SENATOR KYRILLOS: In airline magazines, for example; that kind of thing?

MR. DILBECK: Sure, sure. So those opportunities there-- I think you'll probably hear from some of the people giving testimony today how, from their perspective, they can work closer with us, but again, the image of the State is critical. In order for any company to be successful here, the State has to be, in the consumer's eyes, an attractive place to come to. That's where the image advertising is so critical. A lot of the co-ops tend to be more product specific.

But again, those opportunities do occur, and as I said in my testimony, the New Jersey Broadcasters Association has

joined with us, and their member stations are playing our radio commercials across this State 12 months out of the year.

We also have a "Discover New Jersey" television show. It's a monthly show with NJN. All have been real effective in-state. What we need to do is to reach out-of-state.

SENATOR KYRILLOS: I'd be very interested in pursuing with you, at some appropriate time, efforts that we could jointly do to think about a cooperative program here in New Jersey, particularly in light of the fact that, at least in the past, there has been some resistance on the part of the Legislature to offer the kind of money that, I think you and I both agree, and members of the Committee agree, is necessary to do an effective job. Hopefully, we're going to improve on the situation with the upcoming Fiscal Year budget.

But in light of that resistance, this kind of a cooperative effort, I think, will go a long way toward easing some of the naysayers and resisters. It doesn't mean that we, obviously, can't put the lion's share of the money, or a good chunk of the money, into direct advertising and promotion, but if we were to leverage some of the money and be a little creative about it, it would be a good thing.

MR. DILBECK: Senator, we're certainly open to that. And I can tell you that we have a very good relationship with our State's travel industry, so I'm certain that there can be a lot more done than is being done at this point.

But in any regard, there has to be ample funds at the State level to make that happen. I'd like to go back to Illinois as an example. They have \$22 million in advertising their state appropriates for their efforts, so that tends to make a lot more things available to you.

SENATOR KYRILLOS: Sure. At our very height, we were at what point in New Jersey?

MR. DILBECK: In 1989 we were at \$8.9 million in our Division budget, plus the \$250,000 for matching grants at that time.

SENATOR KYRILLOS: I want to welcome Senator Lesniak to our meeting.

SENATOR LESNIAK: Good morning.

SENATOR KYRILLOS: Good morning.

Senator Palaia, do you have any--

SENATOR PALAIA: No. Just if you have any copies of those books, my daughter teaches fourth grade, which is New Jersey--

MR. DILBECK: Yes.

SENATOR PALAIA: So, if you ever have those, I'm sure she would love to go over it with her class, and all the other school children.

MR. DILBECK: Well, Senator, we do have a special packet that we send to school children and their teachers.

SENATOR PALAIA: Do you?

MR. DILBECK: Yes. If they contact our Department, we'll make sure she gets ample material.

SENATOR PALAIA: Good, thank you.

SENATOR KYRILLOS: Any other members of the Committee with questions? Senator Rand?

SENATOR RAND: Yes, I have a question. Thank you very much, Mr. Chairman.

Mr. Dilbeck, do you update your data? I mean, I see it's 1991. When do we get 1992?

MR. DILBECK: The 1992--

SENATOR RAND: In our county there's quite a bit of difference between the '91 figures and the '92 figures.

MR. DILBECK: You're right. With the aquarium and what's happened there, it will certainly improve the figures. The research is underway as we speak. In fact, we're targeted to have the '92 economic impact information by the first of May. That's the target date.

SENATOR RAND: Thank you.

MR. DILBECK: You're welcome.

SENATOR RAND: Thank you, Mr. Chairman.

SENATOR KYRILLOS: Gene, thank you very much. I know it's been a tough year for your Division and for the industry. I want you to know that I, for one, share your concern. I think you have a lot of sympathy here at the Committee table.

I hope you'll use your influence with the administration to help ensure that the Governor's initial budget request is of a sufficient level when he unveils his budget message next week. I know I will do all I can to try to see that the Legislature approves an adequate amount of money for you to do your job, and for New Jersey to adequately promote itself throughout the country and throughout the world.

I know that you have worked very closely with the industry through the Travel and Industry Association and its groups. I'll ask Joann Ritter to do the same thing to really mobilize your members so that they, in turn, can educate Senators and members of the Assembly as to the importance of this industry to our State, and to let them know what is going on in their individual districts and counties. I don't know that that's an exercise that has necessarily taken place in the past, and I think this year we need to make sure that happens.

MR. DILBECK: Senator, I just want to thank you for extending that opportunity, and we'll certainly be there to work with you in any way that we can to improve the situation. I can assure you that the administration is very, very supportive in trying to improve the situation. So I think we're all on the same wave length as it relates to that. We just have to come up with a way to do it.

SENATOR KYRILLOS: That's right. Gene, thank you very much.

MR. DILBECK: Thank you.

SENATOR KYRILLOS: Next I'd like to bring up Joann Ritter, who is the President of the New Jersey Travel Industry Association.

Welcome, Joann. You may just take a minute to let everybody know exactly who makes up the Association.

J O A N N R I T T E R: Certainly.

SENATOR KYRILLOS: It's good to see you again.

MS. RITTER: I think it will explain itself in my brief testimony, which I would just like to save time for the other members who are here today.

Thank you, Senator, for having us, and for giving us this opportunity to present the needs and concerns of our travel and tourism industry in New Jersey.

I'm here today on behalf of what is known as the New Jersey Travel Industry Association mainly to enlist your support, your cooperation, and above all, your help and understanding.

Joseph, when I refer to a "you" here, it's very generic, because in your opening statement it was very evident that you have done your homework, and you are quite aware of the economic impact that tourism has. But again, unfortunately, not all of our legislators share your knowledge.

New Jersey's travel industry is responsible for 9 percent of our State's gross product. If we were to compare the running of New Jersey to that of running a big corporation, we'd certainly look at one of its divisions or subsidiaries or companies and say, "A department that's bringing in \$18 billion certainly deserves our attention, certainly deserves our understanding."

Our travel industry is our State's number one employer. As Senator Kyrillos mentioned before, we are our State's -- tourism is New Jersey's number two industry, second only to the petrochemical industry. We certainly feel -- and

I represent the entire segment of the New Jersey travel industry -- the time has come for us to give this industry a long hard look.

Historically, this Association has been trying to get your attention for nearly 20 years. As the old cliché goes, "Trying never really got anyone anywhere." So this newly organized association, the New Jersey Travel Industry Association, is making its main goal to do; to accomplish; to make all these facts and figures known to you. And, of course, we're asking for your understanding.

Our State is losing ground as we speak. Our State is losing ground in developing this industry. Our current economic conditions that are plaguing the State and the nation as a whole are resulting in serious losses for our industry right now. Our severe budget cuts that the Division had to endure recently, that was imposed on us by the current legislators, was a blatant poor business decision. Sorry, gentlemen.

SENATOR LESNIAK: I totally agree with you.

MS. RITTER: Well, legislators explained to us, and I must say in all due respect, Senator Kyrillos and Assemblyman LoBiondo, they went to bat for us. We realize that. With all due respect, you tried to appease us by saying, "We all had to bear the brunt of this trimming the fat process." That doesn't explain why the cuts were so deep. That doesn't explain why the supplementals were never approved, were never supported. Millions of dollars of other supplementals got through.

And why, above all, the lack of understanding -- the understanding that 50 percent of these big revenues I'm talking about come from our seashore communities. In the seashore communities, we're still reeling -- the lack of understanding that we're reeling from the 1988 pollution disaster that hit the coast. It made national news for us. We haven't begun to recover from the 1988 disaster.

Recently, more storms are battering our coastline causing more severe damage. We're not understanding the fact that we're losing market share. Our State has dropped from fifth to seventh since 1989.

New Jersey's image is poor. Recent statistics have come back: We have a very poor awareness factor, and we're not really on the top of anyone's list to come visit right now.

SENATOR RAND: I never heard you say that in 1989. I've got to say that.

MS. RITTER: Recent statistics on this, Senator--

SENATOR RAND: We had money then.

MS. RITTER: Yes, we did.

SENATOR RAND: And the impact was horrifying.

MS. RITTER: Yes.

SENATOR RAND: And I never heard anybody from your group, or any other groups, come up here and plead the case as you so eloquently plead, not that you would not have gotten-- I believe you would have gotten receptive ears, but it seems strange to me that you are doing today what you should also be doing, and you should have done, five years ago.

MS. RITTER: Help, Bob. Help, help. (referring to colleague in audience)

well-taken, Senator.

SENATOR RAND: I say it from practical experience.

MS. RITTER: As of right now--

SENATOR LESNIAK: Mr. Chairman, if I may, too?

SENATOR KYRILLOS: Senator Lesniak?

SENATOR LESNIAK: The witness is talking generically--

MS. RITTER: Yes.

SENATOR LESNIAK: --and I just wanted -- actually, even looking in this direction on occasion. I want you to know that Senator Rand and I voted against the budget cuts and supported the Governor's budget. I don't know if you know that?

MS. RITTER: No.

SENATOR LESNIAK: I think you ought to know that.

MS. RITTER: I didn't do my homework as far as this particular Committee, and I did mention I'm talking generically.

SENATOR KYRILLOS: Well, Joann, let me interject here. I know you probably want to finish your remarks, and then we can open it up for some questions and dialogue. I said in my earlier comments, and I want to try and stick to this, that we don't want to spend the meeting looking at past history, what could have been or should have been. We wouldn't have held the hearing if that was going to be the case.

Let's look to what we really ought to be doing in this year -- this fiscal year -- and in the future. I hardly think that one budget did a lot to dent New Jersey's image around the nation. This is a long-term sense that has built up, and has built up for many, many years, as I think Senator Rand may have been alluding to.

So go ahead and finish your remarks.

MS. RITTER: Okay. I was just going to finish by saying that our Division particularly, simply does not have enough funds to get the job done, to shout to the world beyond our little tristate area here, to counteract all these negative forces that are going on. We simply do not have the money to get the job done, to tell the world and the nation that New Jersey is, indeed, a great place to live, to work, and to play, keeping all those components together.

Yes, additional funding will be a big help, there's no doubt about it. But here is what we're here today for. We need your help in restructuring the way New Jersey is marketed, and we need your help in providing a stabilized source of funding for those efforts that is commensurate with the amount of economic contribution we make.

Our board of directors represent 14 industry segments of the travel industry, and they have fully endorsed pursuing a plan of action that would lead to the creation of a public/private partnership, thus enabling the State to work hand in hand with the private sector, and therefore, depoliticizing this process so that we can ensure continuity, consistency, and most importantly, cost-effectiveness.

We wish to meet with you and the leadership of the Senate -- we find this is necessary, and it has already come up -- so that we can identify some broad based funding mechanism that we feel should be totally dedicated for the advertising promotion of our State. Unlike many other departments or divisions -- if I can continue with the analogy with the corporations -- when you expend dollars and funding into the tourism industry, these are investment dollars. You get a pretty good investment of your money.

For instance, one statistic came out of there: For every one dollar in advertising that we spend, you're going to get \$70 of tourism expenditure back. That is a pretty doggone good return on your money.

These dollars are investment dollars. Investing in our tourism industry is the fastest and easiest way that our State can increase its economic condition and create new jobs.

As the kids would say, "Duh." (gestures as though hitting her head)

But, the private sector, we cannot do it alone. Those wonderful books that Gene was showing you, at one time in our heyday the State did them for the private sector. The private sector cannot possibly carry this. Eugene's department, the Division of Travel and Tourism, has been rendered useless by a \$3.5 million budget, to tell anyone beyond a spitting distance what New Jersey is all about.

We need to have a public/private partnership. We need your help. And most of all, gentlemen, we need your understanding. I thank you very much.

SENATOR KYRILLOS: Joann, thank you very much for your comments, and I want to applaud your leadership for the Association. I know it's a new group.

This is kind of a new theme that we're hearing this morning, the notion of a public/private partnership. It's one that I haven't heard all too much, and I was wondering if you wanted to expand on how you think that should evolve?

You may not want to talk about it now, but when you mentioned a stable funding source, I'm curious as to what you might mean?

MS. RITTER: Well, our Board has approved the idea that we should go ahead and meet with you and explore the avenues. It would be presumptuous of me to say, "Yes, we want this, or that." No, we have to go through the chain of command and come up with ideas, and they be established and identified.

But this public/private has evolved out of just a sheer need. It's just good business. That's what's needed. We have to work hand in hand.

SENATOR KYRILLOS: You mentioned the rough storms we've had, the battered beaches, and the signal that that sends to the rest of the country, and maybe to people within our own State. And I said, "I don't want to dwell on past history," so I don't want to break my own rule, too, too much. But I do want to remind everybody that when this Committee tossed out the possibility of a very small increase of the hotel/motel tax, some of that money going back directly for travel advertising and promotion, we were fought tooth and nail. We had absolutely no help -- no help -- from your industry on finding a stable source of funding for shore protection, not on the hotel tax nor from current revenues, none whatsoever.

Now, I know that you, personally, have some sympathy for our efforts, but I have to tell you that I think the Association as a whole was not very helpful.

MS. RITTER: With all due respect, Senator--

SENATOR KYRILLOS: Sure, go ahead.

MS. RITTER: --we learned a nice lesson. I think we both have learned a lesson from that particular-- What is very important -- it's in our platform of the Association -- is that we must consider something in a very broad based area. We were singling -- we were pointing out -- just one type of industry.

SENATOR KYRILLOS: That may be.

MS. RITTER: And it met with resistance. So we learn from these mistakes, and we want to avoid that.

SENATOR KYRILLOS: I'd be very interested in hearing what you have to say in the future on a stable source of funding, what it might be, what it could mean. I know I heard from a lot of the members how devastating a small hotel tax increase would be. I'm curious what other states might do in terms of stable funding for tourism promotion. Have you guys investigated it at all?

MS. RITTER: Well, we have some ideas we'd like to share with you, and go down that path with you.

SENATOR KYRILLOS: Good. At the appropriate time--

MS. RITTER: But keeping in mind that with the State kicking in, and with the private sector calling the marketing shots, you know, it would certainly make them feel more comfortable.

SENATOR LESNIAK: Mr. Chairman?

Can you amplify on what you mean by a broad based?

MS. RITTER: Well, for instance, we have several industry segments represented from transportation, to restaurants, to hospitality, to tour and recreation, and amusements. So instead of singling out one industry we would share the brunt.

SENATOR LESNIAK: Okay, like the hotel industry?

MS. RITTER: Yes, we would share, yes. And again, that's something I'm not authorized to do or say, but it's something that certainly should be paid attention to quickly.

SENATOR KYRILLOS: Well, I think that's an interesting possibility, and I will tell you members privately, maybe at the Governor's upcoming conference on travel and tourism, but I'll say it here today: If they're serious about it -- and I've heard rumblings about it in the past -- they are going to have to come out very strongly, lobby for it and campaign for it, and take the initiative if the possibility is there at all for something like that to become a reality.

MS. RITTER: We want to make sure--

SENATOR KYRILLOS: I hope they understand that.

MS. RITTER: We want to make sure it's something that the Senators will be behind and endorse, because this is a bipartisan issue.

SENATOR KYRILLOS: That's true, but I think it's also important for the Senators and the members of the Assembly to understand that your industry is behind it as well.

MS. RITTER: Good.

SENATOR KYRILLOS: I think that's almost more important.

We have a long list of members from your Association. It's been a pleasure to work with you this past year. I look forward to another year, Joann.

MS. RITTER: I hope so.

SENATOR KYRILLOS: Thank you very much.

MS. RITTER: Okay.

SENATOR KYRILLOS: Next, Jay Otto, who is the Executive Director of the New Jersey Campground Owners Association.

J A Y O T T O: Good morning. I want to thank you for the opportunity to speak here today. If I feel a little nervous-- Maybe if we had a campfire here, I might be a little bit more comfortable.

SENATOR PALAIA: That could heat it up.

MR. OTTO: My name is Jay Otto. I'm from the New Jersey Campground Owners Association. We are a private trade association representing the private campground interests in the State. I'm here today to add my support in creating a tourism policy -- a strong tourism policy -- for the State of New Jersey.

First, I'd like to give you a few facts about the segment of the industry that I'm most familiar with. Camping is a recreational activity enjoyed by over 3 million people in the State of New Jersey. We have 155 campgrounds in this little State. Seventeen of those are camping facilities in State parks; several others are county parks, but the remainder are privately operated. Yet our average occupancy in the campgrounds is only 35.7 percent. Even during our peak months in the middle of the summer our occupancy, except for holiday weekends, is usually about 40 percent to 45 percent.

According to the University of Wisconsin study done on the state of the tourism industry in New Jersey, camping is an underutilized asset in this State. Even though we're only a small segment of the travel industry, there is plenty of room for growth.

Nationally, 15 percent of domestic travelers are campers. One out of every ten families own an RV -- a recreational vehicle. We haven't reached that yet in New Jersey, but the facilities are here and waiting for people to come to New Jersey.

Reaching out and attracting more campers could be an economic lift for areas such as Sussex County, where camper expenditures already exceed expenditures by hotel guests. That's a big industry in that county.

SENATOR KYRILLOS: That's Sussex County?

MR. OTTO: Yes. Now don't get the wrong idea that campers only sit around fires. Campers expenditures are as much as hotels. Except for their lodging, they spend as much

as hotel visitors. They spend money on shopping; they spend money in the restaurants; and they spend money in the recreational and amusement fields, such as going to Great Adventure or Action Park or the other attractions in our State.

We need the marketing program of the Division of Travel and Tourism to attract new visitors to our facilities, who in turn spend money which increases jobs and produces tax revenues.

Our Association is very active in promoting New Jersey tourism. We publish a camping directory, and distribute over 150,000 copies annually. This is a copy of our 1993 edition. (witness displays directory) We do this on our own. We used to get matching grant funds, but that has long disappeared, so now it is completely funded on our own efforts.

The State parks that I mentioned a minute ago operate on a budget that is appropriated funds by you. The income, of course, does not approach the expenses of operating the State parks, but you do expect some income from their operation.

What happens when that income falls short? You remember what happened last fall when there was an attempt made to close a few of the State parks? The Division of Travel and Tourism is the marketing arm of our State parks also, and without the funds of the Division, you can probably see a decrease in the revenues from the State park system, also. That means you're going to have to increase the subsidies to pay for their operation.

While I'm talking about State parks, if you foresee a need to close some parks due to lack of funds, why not look into leasing out to private enterprise, as done in other levels of government? Privatization of some government functions is a growing trend, and an economically sound practice. I believe you already lease out lands right now to the ski industry.

Travel and tourism is a serious business, which I don't think the majority of people and legislators in New Jersey realize. I know you, as the Tourism Committee, understand the value of tourism in our State and our nation, but we must educate the rest of the State's people and legislators. We have the opportunity to add significantly to our State's coffers and to help our nation in the worldwide trade balance.

Travel is our nation's largest export earner, and New Jersey is fortunate to be situated in a position to capitalize on foreign arrivals. We have the fastest growing airport in the nation right here in Newark. We need to increase our market share of these foreign visitors. We need to get them to spend time in our State, not just for their arrival and their departure.

Travel and tourism is the nation's second largest employer, and as we heard, the largest employer in New Jersey. It produces 9 percent of our gross product in this State. There is tremendous potential for growth here in New Jersey, but this won't happen without an adequate tourism marketing budget.

New Jersey has been known in the past as a State to drive through. Right now we're getting people to leave the New Jersey Turnpike, and we've got to continue our pursuit in that effort to get them to stay longer.

New Jersey is reaping hundreds of millions of dollars from travel and tourism, yet putting little back into the industry. It's time to look to the industry itself for directing its destiny. Tourism industry representatives are ready to take on the responsibility of not only providing the funds to operate an autonomous travel and tourism agency, but also in directing how and where those funds would best be utilized.

This would be nothing but a win/win situation for New Jersey. There would be no more hassles for appropriations for tourism each year, and we would have a unified industry of professionals leading the way, but we need your help in laying the legal foundation for this to happen.

Tourism offers New Jersey one of the best opportunities for achieving economic growth, but it will require adequate funding, a consistent strategy, and working together to achieve success in this effort.

Thank you.

SENATOR KYRILLOS: Jay, thank you very much. This is, I guess, the second time this morning we've heard thoughts about a public/private partnership. You mentioned the possibility of an autonomous agency; that it has to be adequately funded. Do you have any thoughts yourself as to how we might do that?

MR. OTTO: Well, it's something that we really do have to sit down and work out. There are probably many possibilities. We don't have any specific ones right now, but I think that there are a variety of possibilities out there.

SENATOR RAND: I'm interested-- Through you, Mr. Chairman.

Such as? I mean, would you want us to rent out the State parks for campsites? I'm not trying to be funny.

MR. OTTO: What do you mean?

SENATOR RAND: Well, you said that we ought to have a public/private partnership, and then you brought up skiing, and I was trying to think in my mind, what else? Then it came to me, would you want us to rent out a portion of the park to the private sector for campsites -- in the State parks?

MR. OTTO: Well, if you can't operate them now because the State doesn't have the funds, then why not let the private sector operate them? They do that on a national level.

SENATOR RAND: Well, I understand.

MR. OTTO: If I'm following you. I'm not sure.

SENATOR RAND: I understand, but would you object if we rented it out for campsites?

MR. OTTO: Well, you do. There are 17--

SENATOR RAND: To the private sector?

MR. OTTO: There are 17 State parks now that have camping facilities.

SENATOR RAND: For the private sector, or themselves? The State parks do it themselves.

MR. OTTO: Yes, the State parks operate them themselves.

SENATOR RAND: Then you think we ought to rent that out to the private sector? I'm just trying to get--

MR. OTTO: But I'm not following you, because you do, right now, rent out the State parks.

SENATOR KYRILLOS: Senator Rand, I think -- if I can interject -- means expanding the amount of State park territory that would be available to a private vendor like yourself.

MR. OTTO: Well, we certainly don't want to get into an unfair competition with the private sector and the public sector.

SENATOR RAND: That's exactly--

MR. OTTO: I'm just suggesting that if the State doesn't have funds to operate the public sector, then why not let the private sector do it. Not expand them, but actually come in and operate them, and the State would receive more funds than they do right now.

SENATOR RAND: I follow you.

SENATOR KYRILLOS: Well, let's not get into specific funding sources--

MR. OTTO: That could go on forever.

SENATOR KYRILLOS: --because I sense from the members that there is just as much skittishness in talking about those

possibilities as there might be from individual members of the Legislature. But we ought to meet soon and discuss some real concrete possibilities.

If we were to identify one, do you think that members of your Association would be supportive, or would they be writing to their Assembly member and saying, "You can't support this because you'll drive me out of business"?

MR. OTTO: Well, I think no matter where you target funds, somebody's going to be objecting to it. But our Association has already talked about broad based funding ideas, not just specific, like was tried this past year. Something that might be broad based might be a little more acceptable.

SENATOR KYRILLOS: Just a couple of curious points before we move on. Where do most of our campers come from? Are they in-state folks? Do they come from all around the region?

MR. OTTO: Fifty-six percent of them come from in-state, so that means the remainder are out-of-state visitors.

SENATOR KYRILLOS: Have you seen a real drop in the out-of-staters as a result of the advertising cuts this year?

MR. OTTO: It's a little bit too soon to tell.

SENATOR KYRILLOS: It's a little premature?

MR. OTTO: Yes, yes, too soon to tell.

SENATOR KYRILLOS: Mr. Otto, thank you very much for being here.

MR. OTTO: Thank you.

SENATOR KYRILLOS: We appreciate your time very much.

Next I want to call up Robert Patterson, who is the Executive Director of the Cape May Chamber of Commerce.

SENATOR RAND: I'll be back shortly.

SENATOR KYRILLOS: Thank you, Senator Rand.

R O B E R T P A T T E R S O N: Good morning, gentlemen. Thank you for this opportunity to appear before you today. I am the Executive Director of the Cape May Chamber of Commerce. I have been with the Chamber for 26 years. I have also been a Past President of the New Jersey Travel and Resort Association, the predecessor to New Jersey Travel Industry Association. I served as Co-Chairman of the Southern Shore Regional Tourism Council.

Cape May County Chamber just recently published last week our annual "Vacation Guide." This project is a \$130,000 advertising program funded entirely by the business community of Cape May County. There are dozens and dozens of publications like these being done by private enterprise organizations today in New Jersey to promote the Jersey Shore and the ski area, and camping as well.

I'm here today to tell you that we're not doing too well at the Jersey Shore, and particularly in Cape May County, in the tourism industry. Twenty-six years ago when I took my position, you stood in line to get a table at a restaurant in Cape May County. You had to have advance reservations to get a room in a motel at the Jersey Shore.

Unfortunately, that does not exist today. We had our first warning with the gasoline crisis in 1979 when the public stayed home because they were afraid they wouldn't get gas to get back home if they went to the Jersey Shore.

Our customers have changed their vacation patterns, not just in New Jersey, but nationally. There's not a whole lot we can do about that. But the long-term vacationer that we enjoyed for so many years, the seasonal vacationer, the two week vacationer, the two month vacationer, no longer exists for us. We have not replaced these people with new visitors and new customers. There is no longer a mom and pop, family vacation coming to the Jersey Shore with two or three kids and staying for the season.

The decline in tourism business has trickled down to other businesses in our area. Real estate sales are very much off. Construction is off. Car sales are down, as are furniture and appliance sales. And now our governing bodies are being faced with a decline in property values. There are any number of motels, restaurants, and private homes for sale at the Jersey Shore, and have been for two and three years.

An article in The Press just a couple of weeks ago showed that sheriff's sales in Cape May, Ocean, and Atlantic Counties have tripled in the last two years. Foreclosures on motels and beachfront property were a thing that were unheard of a few years ago; today it's commonplace. Banks now own and operate with management companies motels, restaurants, and marinas in Cape May County and other places at the Jersey Shore. This is something that we thought we would never live to see.

What do we need? We need a public/private partnership with government. We know that your constraints, because of the tax dollars, are limited. And so is private enterprise because of the downturn in business. But we do need leadership from the State, and we need to see money restored to the State Tourism budget to lead the way.

New Jersey needs to create new markets. We have not created any new markets for our travel industry in many years. Thirty years ago, Cape May County officials went to Canada and over a number of years developed a market in Canada for our Cape May County economy. This has spilled over now to other states further south of us.

I have motel owners tell me that last summer, if it hadn't been for the Canadians, they might as well have closed their doors and gone home, because that was the bulk of their business as far as a long stay went.

Local people from New Jersey, Pennsylvania, and New York -- which is our common market that we've drawn from for years -- are only staying two or three nights. This means

that you have to find two-and-a-half times as many people to keep your campground, motel, hotel, or apartments or condominiums full, in order to enjoy the business that you enjoyed a few years ago.

So without the money, without the leadership, we cannot develop these markets. We did beg you to restore the funds for tourism. I wrote a letter to every Senator and Assemblyman in the State of New Jersey just a few months ago during the summer, begging them not to cut the tourism budget, and then begging them to restore what they could afterwards. Nothing was done.

I am fearful of what this summer may bring to the Jersey Shore. There are many businesspeople who are hanging on by their thumbnails right now, and if we don't have a really good summer, we're going to have a very bad year next winter.

So I ask you to give deep consideration to funding tourism as much as possible. We do need the State to lead the way and to give thought to this public/private partnership proposal that New Jersey TIA is working on.

Thank you for your time and interest.

SENATOR KYRILLOS: Mr. Patterson, thank you very much. Just a brief question, and just a brief answer is appropriate: Have you informally discussed the possibility of a public/private partnership with your members? Do you think, in your opinion, there would be general support for that kind of thing?

MR. PATTERSON: Yes, I think there would be. Again, no one industry wants to be hit with a tax. And I have to say to you, when we talked about the Coastal Protection Act, the hotel/motel industry was vehemently opposed to being hit, singly by that. And we did-- By the way, Senator, I personally talked to you about a gasoline tax. Guy Muziani had worked on that when he was an Assemblyman from Cape May County about eight years ago, before his illness and death.

So we did come out and we did have unanimous support in Cape May County for a gasoline tax for the Coastal Protection Fund. And I do think that the industry will support a broad based funding of some sort, provided they have a say as to where the funds are spent and how they're spent to promote tourism.

SENATOR KYRILLOS: Well, a gas tax is a very broad based tax that, according to your suggestion, would go to a very specific industry; namely, the tourism industry. Why is there such resistance on the part of the industry to contribute to a revenue stream that would directly affect them?

MR. PATTERSON: No, I think they're willing to pay a tax -- or charge a tax, or collect a tax, or pay a fee -- if the money is going to be spent to promote tourism in New Jersey, and if representatives of that industry are going to have a say on how the money is spent and where it is spent.

SENATOR KYRILLOS: Okay, fair enough. But I would maintain that if there is going to be any kind of a partnership, the revenues have to come from the industry itself, not a broad gasoline tax because that money could go to a whole variety of things in society, infrastructure and the like, not just for tourism promotion.

So I urge you to continue to talk to your members about the various possibilities. Again, I'll remind folks of the shore protection battles that we've fought. I would think that nobody would have benefited more than Cape May, but really very little support from individual business owners and hotel and motel folks from Cape May County, which was surprising to me. I mean, I haven't spent my life dealing with shore protection issues and political battles, but it was, frankly, very surprising to me.

But I appreciate the time you have taken to be here. We'll take your advice under consideration.

Next I would like to bring up Stephen Van Campen, who is the owner and the manager of the Lillagaard Hotel in Ocean Grove, in Senator Palaia's district.

SENATOR PALAIA: Yes.

STEPHEN VAN CAMPEN: Good morning.

SENATOR KYRILLOS: Steve is a very good friend of mine. Thank you, Steve.

MR. VAN CAMPEN: Thank you. I see that you're looking ahead to St. Patrick's Day, Senator. (referring to Senator Kyrillos' green necktie)

SENATOR KYRILLOS: That's correct. I wanted to make sure that the crowd assembled didn't fall asleep here this morning, Steve.

MR. VAN CAMPEN: I can tell you before I make my comments, that I became interested in the hotel travel industry, so to speak, by actually doing it, by buying a hotel last year. And I can tell you that it is a bear to make any money at, for reasons which have been given here. I think that if you do an analysis, which I have, in fact, tried to put together a consortium to buy several, you will find that you can buy, at this point in time, hotels at the Jersey Shore for about 25 percent on the dollar. But then again, come summer, you wonder where all the people are during the week, and you hope that you have good weekends.

So listening to the comments of the previous speaker, and going back into areas that I know nothing about, it would suggest to me that we're in a down cycle, not an up cycle. And that suggests to me that things need to be done to promote this industry.

I thank the Committee for its time. I would like to, perhaps, go to my conclusion first and then come back to some of the participative things that I am involved with. I mirror what I have heard here today from Eugene Dilbeck, and Joann

Ritter, and the gentleman from Cape May. They are far more knowledgeable and have had far more experience in this industry than myself, but it would seem to make sense.

I spent a day -- almost a full day -- two weeks ago at the meeting of the Travel Industry Association, and listened to the private folks who are involved in that, and there is great concern. Maybe the word should be "grave concern" in this State, that the State of New Jersey is not being sufficiently responsive to the travel industry.

It would seem that quite possibly the travel industry has the potential to become the number one industry in this State over a period of time, and may, in fact, be driven to that end by virtue of manufacturing job losses. In other things, which I see that are happening here in the State, from the aquarium in Camden to other new facilities that have been proposed throughout, including the new Science Center-- If the projections that I hear are accurate, that Science Center is going to bring into the State 2 million people. I don't know if you have heard the same figures or not, but we certainly don't seem to be having difficulty getting people to come into the State, whereas we may have some difficulty keeping them here.

As you know, Joe, I was Chairman, and now am Vice Chairman, of the Commission for the Water Gap National Recreation Area. This is something you don't hear a whole lot about. Mr. Otto referred to it just briefly in Sussex County. But in New Jersey, as a contrast to the shore, we're building the largest recreation area east of the Mississippi. We're three years into a \$150 million capital plan, that already our visitation in Sussex, Warren, and the three surrounding Pennsylvania counties approaches nearly 3 million visitors a year. That's a million more than will visit the Everglades this year, and that's only three years into the cycle. Anticipated visitation within five to ten years could

easily approach 5 million to 8 million people, and we're planning for that. So there are activities that are ongoing throughout the State.

As far as my own involvement is concerned, I have a great fondness for the travel industry. I serve on the Governor's Commission for International Trade, and I chair the subcommittee that deals with travel and tourism, and I will tell you, unequivocally, that Eugene Dilbeck is, in my opinion, one of the State's great resources. What he brings to this party is very far-reaching, and I would urge the Committee to listen intensely to his suggestions, because I think they represent ways that will help the State of New Jersey with its economic recovery program, and certainly, perhaps, lead us to a far higher ranking in the country in terms of not only attracting domestic visitors, but also the international market.

I'm involved with the Shore Region Tourism Council. In fact, I've been appointed to their board of directors, and that has given me some very insightful feeling as to what is happening in Monmouth and Ocean Counties.

Buying a hotel in Monmouth County, and becoming a member of every chamber and MODC and gosh knows, everything else that's down there, is just a wonderful feeling.

SENATOR KYRILLOS: It's a full-time job, Steve.

MR. VAN CAMPEN: And I don't get paid, you know, which is interesting. And my wife keeps wondering about that, too. But I keep telling her, "We're going to get it back in the hotel." I don't think so, but it's great fun.

We're also very involved with things like foreign investments and bringing people here to New Jersey. There is an enormous potential for this State, and it's not just travel and tourism, but it's things which revolve around travel and tourism. For instance, in this State we have approximately

1200 foreign companies, and all of the visitors and international travel that comes through as a result of that. Certainly that falls out of the tourism industry.

It's mind-boggling to me, how from a business perspective -- and I understand the budgetary constraints, and I support them -- but to me it's like, when I was in Russia a couple of years ago, the bakers went on strike in Moscow. And, of course, bread is the most staple food. And the first reaction of the citizens was to burn down the bakeries.

You know, we ought not burn down the bakeries here in New Jersey in terms of our travel and tourism industry, okay? If we're getting a 70 to 1 play in terms of our advertising dollars, it would seem if nothing else comes out of these meetings, that there is certainly a lot of interest, and perhaps justification, to getting money put back into the budget for advertising. And I've been lobbying strongly for that. I'm not having much success, but I say it every time I get the opportunity. I think the public/private partnership idea is a very good one.

I'll tell you, the people who are involved in this industry, as we've heard this morning and will continue to hear, are very knowledgeable, and they represent a huge economic force in this State. I think I feel that they are a little bit angry that they are not receiving the support that they should be receiving from the State of New Jersey in terms of promoting this industry.

Obviously, there is a proprietary interest on one side, but there is a spin dollar value on the other that plays across the State in terms of the difficulties that we have been experiencing here.

The other thing I would suggest, perhaps, the most important thing, is that not only do we need to address the private sector that is involved with this industry, and many people struggling-- I mean, when the gentleman says that

people are hanging on by their fingernails, he's not kidding. I know between Ocean Grove, New Jersey and Spring Lake, that there are 19 hotels up for sale, and you cannot go to a bank and get financing on any one of them. That's the kind of thing that you're dealing with, all right? That's got to be turned around or it's going to become a disaster.

The plus side is, is that we do have lots of folks coming here, lots of potential, and we have great people running it, and somehow we've got to get the Legislature behind this process in order to help this industry probably become number one.

Thank you.

SENATOR KYRILLOS: Steve, thank you very much.

MR. VAN CAMPEN: Thank you.

SENATOR KYRILLOS: Thanks for being with us.

Next I'd like to call up Tom Gagliano, who is the President of the Jersey Shore Partnership, and a former member of the Senate. Next we'll be hearing from Milton Rosko.

S. T H O M A S G A G L I A N O: Good morning, Mr. Chairman and Senator Palaia. The Jersey Shore Partnership is a public/private organization made up of the four counties of Monmouth, Ocean, Atlantic, and Cape May, and several municipalities, including Manasquan. Councilman Bill Eastman is here today with me because of his interest in what I want to talk about today.

We started about a year ago, as you know, after the Halloween storm, and we thank you very much, the Legislature, for the \$15 million per year which will be coming to the State's beaches, so to speak stable funding, which will guarantee that we will have the State's share of the costs of the projects, which basically are being done by the Corps of Army Engineers.

I don't think a lot of people are thoroughly familiar with the beach program, and I just want to take just a minute to talk about it. The beach erosion control projects, the

first one that we will see in the northern reaches; that is Monmouth County, will be Sea Bright and Monmouth Beach. That will be 7 million cubic yards of beach which will be brought in by dredges and hopper dredges from offshore -- off of Sandy Hook, specifically, as the borrow area -- and create beaches in Monmouth Beach and Sea Bright, where there are no beaches now, essentially.

The next phase of it is Long Branch to Deal, and then the next phase after that is Asbury Park to Manasquan. I want to talk about that for just a minute, because last week I received a notice of availability from the Department of the Army, New York District Corps of Engineers, which said the draft environmental impact statement for the Atlantic coast of New Jersey -- Sandy Hook to Barnegat Inlet Project, Section II, Asbury Park to Manasquan -- is now ready.

Now, what does that mean? That means that the Army Corps has studied the environmental issues with regard to the beach replenishment from Asbury Park to Manasquan, and they're ready to continue their work on the project.

The project area is along a nine-mile stretch of Atlantic coast shoreline extending from the northern limit of the Borough of Asbury Park to the north jetty at Manasquan Inlet, in Monmouth County. Due to erosion and the lack of a sufficiently high beach berm or dune system, residential and commercial properties have become increasingly susceptible to damage from inundation and wave attack during severe storms and hurricanes. And we know we've had three substantial storms in the last, approximately, 13 months.

The project plan estimates that 26 million cubic yards of nourishment and renourishment material will be needed over a 50-year period. So it's a long-term project where we're really doing something now for our children and our grandchildren. They point out that environmental impacts will occur at the borrow sites and they also indicate that that is

not a substantial problem; that bringing the sand in from offshore makes sense, and we of the Jersey Shore Partnership agree with that.

What I would like to suggest to this Committee today is that, first of all, and I think the Mayor of Sea Bright said it very aptly, "Without the beach you won't have the tourists, and without the tourists you won't have the business to support the things like Gene Dilbeck, Steve, and Bob Patterson from Cape May are talking about."

So we must do all that we can to renourish and replenish our beaches; that is number one. We need the beaches for two reasons: Number one, obviously, is recreation. Lots of people come to the Jersey Shore because of the beaches. But secondly, the beach restored also acts as a cushion, and the beach and the dunes protect the upland property, and therefore prevent substantial damage in the event of a storm.

I don't know whether you're aware of this, but down Bob Patterson's way in Cape May County, Ocean City replenished a substantial part of their beach. The project was kind of ongoing at the time of this last storm. Interestingly enough, where the beach had been replenished, there was no upland damage. And we all know what the damages were in Monmouth and Ocean Counties, and even parts of Atlantic County and Cape May, where the beach was not what it should have been.

So engineered beaches make sense, and it's the first thing we need. Now, what I would like this Committee to do, recognizing that we support fully whatever you can do to increase the amount of tourism dollars, and to increase the Division of Tourism's money so that Gene Dilbeck will spend it very well -- and he does spend it very well. He's a great guy, but he needs the money, and that's where you folks are going to come in.

This project -- this DEIS, the environmental impact statement with regard to the project from Asbury Park-- And I know that that area is certainly a favorite of yours, Senator Palaia--

SENATOR PALAIA: That's my district.

MR. GAGLIANO: --from Asbury Park to Manasquan, it's extremely important, I think, that the Legislature, through a resolution in each of the Houses, go on record as supporting the continuation of the sand replenishment and renourishment projects. Sea Bright and Monmouth Beach is supposed to go to bid this summer -- according to Bernie Moore and others that I've talked to -- with work to start on the actual dredging in early fall. Probably that will then go over to the following spring, summer, and fall, because 7 million cubic yards is a lot of sand to move. Then, of course, we would get through the Deal to Asbury Park, and Asbury Park to Manasquan.

I think it's very important, and the Jersey Shore Partnership is going to put on a full-court press asking the municipalities, the counties, organizations, companies, hotels, and others who are involved and who feel there is a need for a beach, to also contact the U.S. Army Corps of Engineers in support of this. I truly believe that this is an area where we have to tell the Federal government that New Jersey wants what they are offering. They offer it on a cost-sharing basis; it's approximately 65 percent Federal money, 35 percent State money. Because of your action in creating stable funding for shore protection, we have our share, and we will have our share over time, and hopefully there will be other ways of garnering more money so that our share will be even increased.

But the point is, we think that the Governor's Office and the Legislature, both Houses, municipalities, counties, and everyone else who is involved, should support the continuation of this project. It is really extremely

important, because if you have people in the hotels, and you have people in the restaurants, they have to have a beach to attract them to get there in the first place, if you would have that as part of the business of tourism in New Jersey.

So this is not quite in line with, say, attracting tourists, but it really is, because what we're talking about here is having the beach for protection and for recreation for many, many years to come. So it's crucial that we support this project -- these projects -- now. Thank you.

SENATOR KYRILLOS: Senator, thank you very much. And as always, let me applaud you and the Association for your leadership in fighting for adequate shore protection funding. I think you, obviously, know very well the importance of the correlation between beaches and tourism. Your advice on the resolution is well-taken, and I've asked the Office of Legislative Services to prepare a resolution for introduction by members of the Committee.

SENATOR PALAIA: Absolutely.

MR. GAGLIANO: Thank you very much.

SENATOR KYRILLOS: Thank you.

Thank you, Councilman, for being with us.

C O U N C I L M A N W I L L I A M R. E A S T M A N :
Thank you.

SENATOR KYRILLOS: Next I'd like to bring up Milton Rosko, who is the assistant to the General Manager at Anheuser-Busch. I don't know if you also want to bring up Mary O'Reilly Hoffman at the same time or not? Would you like to come up at this point?

M I L T O N R O S K O , J R. : Yes.

SENATOR KYRILLOS: Ms. Hoffman is with the Newark/Meadowlands Convention and Visitors Bureau, its Vice-Chairman.

Thank you both.

MR. ROSKO: Thank you, Mr. Chairman and members of the Committee, for giving us the opportunity to talk with you here today.

As the Senator noted, I'm the assistant to the General Manager at Anheuser-Busch, where I have been employed in the Newark area for 44 years. I make mention of this fact as I feel it will give some credibility to my remarks of having an understanding of the business travel and tourism industry in the northern part of the State.

I am here today speaking on behalf of the Newark/Meadowlands Convention and Visitors Bureau, where I am Vice-Chairman. Back approximately five years ago, some of the major corporations located in the northern part of the State felt that there was a need for corporate America to pool its resources to try to help in some way the travel industry that the felt needed help. Among the corporations to fund this effort were The Prudential, Public Service, New Jersey Bell, Continental Airlines, the Newark Chamber of Commerce, the Meadowlands Chamber of Commerce, and Anheuser-Busch.

This was not a halfhearted effort. Some of the commitments of individual corporations over the past four years, once we established the CVB, have been a commitment in excess of \$200,000 per corporation. So I think you can appreciate that we've poured in excess of \$1 million into the effort to bring travel and tourism, and business travel in particular, into the North Jersey region.

I'd like to make mention of something that has occurred over the last few years, so you get a flavor of why we have a very great concern. If you look back four years ago when we established the CVB, it was impossible, if you landed at Newark Airport, to walk into a car rental agency and rent a car. You had to have a reservation, or there was no car available for you. If you needed a hotel room, you also needed a reservation. If you reserved two or three weeks in

advance, you would be fortunate and you would get the area you wanted. If you came in at the last minute, you might have to travel 15 or 20 miles from the airport to get a room.

Today, those same hotels are half empty. They literally have an occupancy rate that is horrible. Their daily room rates are being cut to the point of being unprofitable.

What has this all resulted in? It's resulted in several of the major hotels -- not only like those mentioned earlier by the gentleman at the Jersey Shore -- but the major hotels, properties like the Meadowlands Hilton that people look at and say, "That's a great big hotel in a great area." They're in Chapter 11. They are closing their coffee shops-- I should say, they are opening their coffee shops later in the morning to save dollars, because they don't have the clientele. They're closing their restaurants and bars early in the evening. They're competing for airline flight crews at \$30 a night. You can't put a person in a hotel room like that at \$30 a night. Those hotels are trying to do everything to just stay in business.

Now it's unfortunate that this has occurred. I think it has occurred in part because, as a business community we looked at the bright side of what was occurring in this market -- in the tourism market, and in the business travel market -- and we said it would go on forever. As a consequence, the kind of financial resources that should have been in place to ensure that this kind of business would continue were not there. So when we had an economic downturn, the net result was that these properties and all the support services that go with them were impacted very, very drastically.

What I think we have in New Jersey is a very, very good tourism and business travel infrastructure. I make mention of the fact that we have Newark International Airport, which is bringing people from all around the world. What

we're not doing is getting that world traveler that's coming into Newark International Airport-- We're not in the position of telling that traveler what New Jersey has to offer.

Someone said to me just the other day, "Milt, why are you on a kick saying New Jersey has a lot to offer? What the heck do we have to offer that other places haven't got?"

Well, I asked the gentleman: I said, "When you go to Paris, what do you do? You go to the Eiffel Tower, you go to the Louvre." I said, "When the world traveler comes to Newark, New Jersey, they've got the Statue of Liberty."

I mean, there's one of the greatest attractions in the world. So we do have a lot to offer: we have Ellis Island; we have the new Science Center; we have world class restaurants; we have some great hotels; we have the Meadowlands; we have Paper Mill Playhouse; we have, within driving distance of the North Jersey market, the Atlantic City casinos. So you have all of this in place, so you can't sit back and say that New Jersey doesn't have that much to offer.

But believe me, there are a lot of people who are world travelers coming into New Jersey that don't recognize that these facilities exist, and that they are easily accessible to them, even if they have just a day to spend in New Jersey as they travel into this country.

You know, I happen to be a person who isn't very involved in spectator sports. I am an outdoor type individual. We have some of the greatest sport fishing in the world located off our coast. Very few people know about it. People say to me, "Wouldn't you like to travel to Australia? Wouldn't you like to travel to South America?" I've been to many places around the world fishing, and yet I do 99 percent of it right here in New Jersey, where we have great marlin and tuna fishing in our canyons, that many people don't even know about. We should be attracting people, so those charter boats, instead of sitting at docks, are out there fishing.

We talk about hunting. The State of Maine spends a tremendous amount of money to attract hunters to their state to go deer hunting. We have some of the finest deer hunting, and an abundance of them, in the State of New Jersey. We don't go out there and sell what we have, and that's wrong.

What I think we have to do, and here again, I want to emphasize that I'm speaking the words as Vice-Chairman of the Newark/Meadowlands Convention and Visitors Bureau, and this is the collective feeling of our board: We have to establish New Jersey as a destination, not just a State in the shadow of New York City. We have to get everybody in State government, in the travel and tourist business, everyone thinking that way. Until that happens, we're not going to get the business that's out there.

I'd also like to share with you some thoughts that business will be different after recovery from this current economic downturn. The days of the business traveler flying into an area on a Sunday night and spending four or five days in a hotel are gone. So what we have to do, we have to say, the travel business that's out there, that person may be coming in on a Monday morning, meeting Monday during the day, and possibly stay one night and be back on a plane to his home office the following day. We have to recognize that that's one of the reasons that so many of the hotels are empty. So many of the public meeting rooms and the public banquet facilities are being underutilized as a result of businesses throughout the country downsizing, and when they downsize, instead of having seminars and meetings at locations such as ours, a lot of them are doing them in-house.

As a result of this, what we have to do, we have to go out and find other business to bring in. Is that business there? It's certainly there if you go after it. The thing is, I feel we have not been going after it as well as we should.

Earlier, Eugene Dilbeck -- whom I greatly respect as one of the true travel professionals in any State government in this country -- mentioned that they had 250,000 pieces of collateral literature available. You know, that's a minuscule amount for what we're trying to accomplish. We should have millions of pieces of this literature available, so that when people come into our hotels, they know what to do. You can travel anywhere throughout this country, particularly in the major markets, and when you go into a hotel, there is an abundance of literature and material available as to the attractions in those areas. This is not the case in New Jersey, simply because we haven't got the resources to do it, and haven't brought them to bear.

Before giving you four points of the direction I think we should be going in, I'd like to share a little anecdote with you of the kinds of things that people don't know. Fresh fish are flown in from Portugal every Thursday by Air Portugal for the fish markets and the Spanish and Portuguese restaurants of Newark. People don't know that. I think that's one example of hundreds of examples I can give you of the things that people don't know about what's being done in New Jersey. The fish that are being brought in here are fish that are indigenous to the coasts of Spain and Portugal, and that brings those fish and the Spanish and Portuguese cooking of those restaurants to the old world type of food, and the things that all of the citizens and the travelers are accustomed to.

Those are the kinds of little things that we should be capitalizing on and doing. There is so much happening, I could spend the next two hours telling you of the things that are happening, but we have to let the whole world know this. We can't be talking to the people of New Jersey-- Necessarily, we have to expand to markets in the Midwest and

the South. Bring the Florida person up, who is down there in the hot summertime, have them come up to our area during the summertime. Tell them about it. Bring those travelers to New Jersey.

In conclusion of my remarks, I'd like to give you some points of policy that I think are significant, and which are supported collectively by the Board of the Newark/Meadowlands CVB:

We feel it's essential to identify and enact a stable source of funding that will produce \$20 million annually for tourism marketing and development in the State of New Jersey. Now that may be an ambitious goal, but we feel it is very essential.

Number two, we feel that it is necessary to establish a private/public partnership between the industry and the Division of Travel and Tourism. I think it's evident from my remarks that the private sector has taken initiatives, and I think it's important that we blend them. Toward that end, I must say that with the resources available to them, the State has been trying, under Eugene Dilbeck's leadership, to do that. But we feel that it is essential to expand this substantially.

We also feel it's important to depoliticize the Division, and allow for industry oversight of Division programs. To give you a classic example, and I think it warrants mention: Regardless of what side of the aisle the Governor comes from, I think he should not be the person advertising New Jersey, to give you an illustration of what I mean by depoliticizing it. I think the kind of commercials that the Division of Tourism has developed this year for the first time, are the kind of things that will attract people to New Jersey, and I think we should go forward with that kind of a program.

The third item is to require all levels of State government to participate in the promotion and development of tourism. Tourism development and business travel development is not just a job of Eugene's Division.

And then the thing that's lacking, and could have avoided many of the problems that I feel we have encountered here in the economic downturn is to produce a comprehensive tourism master plan for the State, so there is a plan in place whether business is good or whether business is bad, and that we hold aggressively to that plan.

Gentlemen, that concludes my remarks. I'd be happy to answer any questions you may have.

SENATOR KYRILLOS: Anything else? (negative response) Well, Milton, thank you very much. At the first blush it wouldn't appear that Anheuser-Busch has any parochial interest in tourism, per se, because it's such a huge company and markets everywhere. So I applaud your good corporate citizenship, and correct me if I'm wrong, maybe you just sell a hell of a lot more beer if there's more people here.

MR. ROSKO: I think that what's important to note is that I concur with your remarks for our being a good corporate citizen. We have always tried to do that, but by trying to do the kind of things that we're doing here today, it ensures that people who may not be employed in so many industries that are tied into tourism, if those people were employed, we would have a much healthier society today. And when people are working, they're able to do a lot more. That helps not only our business, it helps allied businesses as well, and we support that effort.

SENATOR KYRILLOS: Very good. I think we all heard your remarks about depoliticizing the Division, and I must say that I haven't had anybody from the private sector, at least publicly, make that suggestion. We appreciate it, and I think we're all intrigued by this seemingly universal call for a

stable funding source and an eventual fund to set up -- \$20 million is your suggestion, and so any advice you have for the Legislature on this score now, or down the road, will be appreciated.

MR. ROSKO: Thank you.

SENATOR KYRILLOS: And my other comment is I'm just wondering if Gene is running for anything? (laughter) I think we ought to make travel czar an elective position in New Jersey.

MR. ROSKO: What I think is important there, Senator, is that, you know, I would not have been sitting here years ago making the same comments. I say that in all sincerity, and I think it's essential that when you have somebody that is a talented person, that he be recognized.

SENATOR KYRILLOS: We agree. We think Gene's doing a very good job.

Thank you, very much, both of you.

SENATOR RAND: Just a question, if I may?

SENATOR KYRILLOS: Senator Rand, I'm sorry.

SENATOR RAND: That's all right. I came in a few minutes late. You'll excuse me for that.

From the tenor of your remarks, I take it that you think that the marketing is not being done properly, or we're not intensifying enough of our marketing, or we're lacking somewhere along the specialized marketing that we should be doing. Is that correct, sir?

MR. ROSKO: No, it is not.

SENATOR RAND: Now that may be due according to the amount of money that they're getting, which may not be enough, and we'll get to that in a moment.

MR. ROSKO: No, I think the marketing that is being done is straightforward and on track. What I think is that there are more financial resources necessary to expand that marketing.

SENATOR RAND: Okay.

MR. ROSKO: To give you an illustration, Eugene has some of his people and Mary O'Reilly here-- We supported her effort to go to London to the World Travel Market. You know, people don't realize there's a-- If New Jersey isn't represented there, and our markets aren't represented there, people are going to go elsewhere. If we're there, we're able to tell the world traveler what we have to offer. And there are many other places that we should be more involved.

SENATOR RAND: Then it comes down to money. Is that correct?

MR. ROSKO: In part, yes. But the programs, I think, are good.

SENATOR RAND: Mr. Chairman, let me say this to you. You may ask everybody here what's the best for stable funding, and you're going to get 25 different answers, or 30, or 40 different answers, and you probably will get no answers from the legislators because they shy away. It seems to me incomprehensible that there isn't money beginning to escalate in the General Fund to fund this, rather than continually say we're going to seek a source of stable funding.

We might as well set up two budgets. The budget that we have, and then the budget that we're going to do special funding for everything. And I daresay, we probably will do 20 this year, and maybe we ought to add some more. So we ought to have two systems of taxation, two systems of a General Fund, and I think that's the wrong way to go.

I think if this merits, as it merits-- There's no question; you can't contradict it. As the second largest industry in the State -- whether it would be second, or third, or fourth -- it is an important segment, then it's worthy of support in the General Fund without going around seeking dedicated funding.

If the dedicated funding comes, that's fine. I've no objection to it, and probably if the economic climate certainly gets better some people may not hesitate to stick their necks

out. But being in the position that we're in, and we're going to hear the budget presented by the Governor next week, I would say it's worthy of escalating the amount of money for this type of activity in the General Fund without just saying, "Well, the only answer is a dedicated source of funding."

Thank you very much.

MR. ROSKO: Thank you, sir.

SENATOR KYRILLOS: Thank you very much.

Senator, thank you for your remarks. I think certainly in the short-term, or the immediate term, you're absolutely right. The money has to come from the General Fund and I think we all want to work toward raising that threshold this year.

It's now past 11:15. I think we have a half dozen more people left to speak, so I'll ask you to summarize your remarks.

I don't see Gloria Soto from the Hotel/Motel Association here, so let me bring up Gerard Greenberg. Gerald Greenberg, from the New Jersey State Hotel/Motel Association.

G E R A L D A. G R E E N B E R G: Senator, thank you for letting me speak today. I represent the New Jersey State Hotel/Motel Association, and I'm also the Chairman of the Greater Atlantic City Hotel/Motel Association, so I'm speaking on behalf of both Associations.

We support the restoration of the New Jersey State tourism budget. Tourism is the second largest revenue producing industry in the State, but also the largest employer. Economic impact data shows that the tour and travel industry is a major contributor to local, state, and national economies. Travel and tourism has established itself as the world's number one industry. In order to regain the lost travel expenditures in New Jersey, the State must take immediate action to increase business for the lodging, food service, and retail sectors of the tourism industry.

The condition of the lodging industry in New Jersey is currently economically depressed. The business that will be generated by a statewide advertising program will inject economic health into this industry and will act as an incentive to develop new hotels and new tourist attractions.

New Jersey State government must reevaluate its commitment to the State's tourism industry, and invest money that will adequately finance a domestic and international marketing program to stimulate future tourism growth in New Jersey. We must overcome a negative image, create product awareness, open up new domestic and international markets, and educate our public about New Jersey as a tourism destination.

For every dollar invested in advertising, there is an \$8.90 return in tax revenue. We say that investing in tourism is just good business.

Currently in my area, which is the Atlantic City area, there are 12 nongaming hotels that are in receivership. The industry in itself is economically depressed. There is, right now, competitiveness to generate in the off-season: \$30 rates into hotels that cost anywhere from \$80,000 to \$125,000 a room to construct. This is a very serious situation.

The restoration of the budget which will enable the Division of Tourism to go out and generate new activity into our State is much needed.

Thank you. I kept my statement brief, but I'm willing to answer any questions.

SENATOR KYRILLOS: Thank you very much.

Any questions from members of the Committee?
(negative response)

Thank you very much for being with us.

Next, I want to call up Al Reid, owner and operator of the Keansburg Amusement Park in my district, the 13th Legislative District. Al, thank you for being with us. I appreciate it.

A L B E R T J. R E I D: Thank you for the opportunity to speak here, today. I'd like to speak to you as the owner of Keansburg Amusement Park, but before that, primarily as a Director of the New Jersey Amusement Association.

I'm here today to tell the Committee that the New Jersey Amusement Association, which represents all the shore areas, the major operators, and the majority of the mom and pop stores-- I'm here to tell you that we support Joann Ritter and Eugene Dilbeck in what they say, and their solutions and programs that they want to do to restore the budget and get a stable source of funding. That's my primary, but what I'd like to do is give you a little personal experience that I've had.

It's been said here today that we've had problems starting with the gas crunch back in '79, and we had problems in the '80s with pollution. Then the national recession came along and gave us another wallop. The shore amusement industry is in recession like everybody else. About three years ago, I did a survey to find out where our customers came from in Keansburg. We didn't do much from outside the State, and I thought that we had something to offer people in New York, particularly those on Staten Island and Brooklyn, which these people are relatively close to us. I initiated an out-of-state advertising campaign commensurate with the size of our business. It certainly is nothing like the State level, but three-and-a-half years later, 26 percent of our business now comes from New York, and 22 percent of it comes from Staten Island where we focused on.

I would hate to tell you where we would be today in our business which, although it's small, it still is the largest taxpayer in our community and the largest employer, if we did not advertise out-of-state.

The key to thinking in this area is that we have, and the rest of New Jersey has, things to offer other states that they don't have themselves. It's the same as trade on an

international basis, I guess. We make certain things better than other people, they make certain things better than us, so you can buy it cheaper and better.

What I'm getting at is, it's been terribly important to us so we, I believe, are in a sense, a microcosm of what the industry is in the State. If you don't take cognizance of the statistics that I hear spoken of today-- The word "incomprehensible" has been used a couple of times here. It's just a great business decision to spend \$1 to get \$70 spent. And if one job takes \$53,000 of expenditures by a traveler, \$1 million would get you over 1136 jobs, I believe the statistics say. Even if they're only half true -- I'm always suspect of statistics -- it's a good deal; it's a good business decision.

At any rate, if Virginia is for lovers, New Jersey should be for family travel.

Thank you.

SENATOR KYRILLOS: That's good. You've coined a new slogan. Al, thank you very much. We appreciated your story, and on a personal note, let me just say that as a Keansburg Senator, and as someone who has spent many opportunities walking around the amusement park, you really do contribute a lot to our area. Many, many families, both from Monmouth County, the State as a whole, and the State of New York, have had many memorable times there over the course of many years now. How long has it been?

MR. REID: I've been there since 1959. I've been an owner since 1973.

SENATOR KYRILLOS: It really is quite an institution.

MR. REID: Thank you.

SENATOR KYRILLOS: Thanks, Al.

Next, Jim White, who is the Guest Services Administrator at the Newark Airport Marriott. While Jim is walking up, let me just tell everyone here, if they don't realize it, that our meeting is being recorded today, and there

will be a written transcript available through the Office of Legislative Services for any member of the public. When does that become available?

HEARING REPORTER: I can't give you a definite time. It depends on how many other things we have to get accomplished, sir.

SENATOR KYRILLOS: Okay, we'll go easy on the public hearing schedules so you can lay it out. (laughter)

Okay. Jim, thank you very much.

J A M E S W H I T E: Thank you. Ladies and gentlemen, I want to thank you for having one of Bill Marriott's representatives here today. We share a common bond with the World Travel and Tourism Council. J.W. and several key executives of major corporations flew out yesterday to attend a conference in Hungary that is going to have an impact on the national tourism market.

I had a prepared presentation for you on behalf of the Marriott New Jersey Business Council -- which Marriott is the sixth largest employer in New Jersey -- and its 13,000 associates. I think I'm going to skip that and get right to the heart.

Bill Marriott's family of administrators are very slow in making a decision. We like to watch the trends. We like to talk to our guests. We like to talk to our community, and we're very committed to Eugene Dilbeck, Joann Ritter, and the commitment they have made in bringing an association of such diverse individual performance together is astounding.

We attended a conference a week ago where we brainstormed. If anyone is into the Deming concept of quality, you will know that it is probably a future way of managing your business. Even the legislators will be finding a new way to resolve issues. I'm committed, along with the Marriott family, that the New Jersey Travel and Tourism Association is on the right track and can work together with you to find the solutions needed.

We can brainstorm here today and give you lots of little ideas that have come from-- One, in particular, was a dishwasher who works for me at the Newark Airport Marriott who has an interesting idea about using Frank Sinatra as an ambassador. So, I think the key to solving all our problems is communicating and working together. I think we can find that the dedicated funding mechanism will probably be managed through this public/private partnership in the right direction.

Thank you.

SENATOR KYRILLOS: Jim, thank you very much. I didn't realize how large an employer Marriott is here in New Jersey. The sixth largest, did you say?

MR. WHITE: As of about three months ago we were seventh, and we have moved into the sixth position, we're told.

SENATOR KYRILLOS: That's of all private entities in the--

MR. WHITE: We are 13 divisions, taking everything in from school services division to senior health care living facilities, ownership resorts-- We have eight hotels, and the list goes on.

SENATOR KYRILLOS: You mentioned the Marriott family. It is a publicly traded company?

MR. WHITE: It is.

SENATOR KYRILLOS: It is?

MR. WHITE: Yes, the majority of the stock is held by the public, as opposed to the family.

SENATOR KYRILLOS: Right.

Well, very good. Thank you very much for being here, and for your input.

MR. WHITE: Thank you.

SENATOR KYRILLOS: I don't think Richard Lisser from Continental Airlines has joined us, so let me move to Michael Zuckerman, who is the Director for the Mid-Atlantic Center for

the Arts. After Mr. Zuckerman, we'll hear from Larry Fidel from the New Jersey Restaurant Association, and Paul Samperi from the Restaurant and Lodging Services Association.

Michael, thank you.

B. MICHAEL ZUCKERMAN, Ph.D.: Mr. Chairman, I'll be glad to summarize some of my remarks if I can share my full testimony.

SENATOR KYRILLOS: Surely, and we can make that part of the official transcript.

DR. ZUCKERMAN: I very much appreciate the opportunity to come and testify today. I wear a number of different hats, all within the cultural/tourism sector. In addition to being Director of Cape May's Mid-Atlantic Center for the Arts, I currently serve as President of the New Jersey Association of Museums that represent more than 100 of our State's professionally operated museums. I also serve as Vice President of Art Pride New Jersey, our statewide arts advocacy organization, and am on the Board of Preservation New Jersey, our statewide historic preservation advocacy organization, and I've just been appointed by the Governor to represent the cultural and heritage sector on the New Jersey Tourism Advisory Council.

I've dragged you through all of that to lend weight to the very real concerns I wish to raise about the Division of Travel and Tourism budget. From my perspective, and joining in with what you've been hearing earlier today, I believe that no more foolhardy act was taken during last year's budget process than the slashing of \$3 million from the Division's advertising budget. This action totally ignores the highly competitive universe facing all of us operating in cultural tourism. Victorian Cape May, for example, has to compete as a destination with such giants as Colonial Williamsburg, Historic Charleston, and even Disney World. Our North Jersey cultural organizations are in a constant struggle with the New York City

behemoths for their audiences. All of us are relative underdogs in these competitions, starting at much later dates and with a fraction of our opposition's operating and marketing budgets.

It is these factors that have caused us to turn to the Division of Travel and Tourism to help even the odds. Over the years, the Division's television, radio, and print advertising has carried our message to audiences, that none of us can reach on our own. They have done more than anything else to improve the popular image of New Jersey, thereby enhancing the stature of all of our cultural and heritage offerings. Moreover, the Division's matching grant program of years past truly helped our cultural organizations to help themselves, allowing us to produce brochures and purchase advertising on a par with our competitors'.

This year's decimation of the Division's marketing budget could not have come at a worse time for New Jersey's cultural tourism community. As we have struggled with the multiple challenges of the recession, the last thing we needed was to have the Division's crucial marketing outreach programs chopped off at the knees.

We in Cape May, for example, are already feeling the ill effects of this decision. Is it purely coincidental that the revenues from this year's Victorian Week fell 10 percent from last year's level, or that our equally important Christmas season experienced a dismal 20 percent drop-off? On behalf of New Jersey's hundreds of cultural organizations and our tens of thousands of members, I beg you to do whatever is in your power to restore our competitive stance by restoring the Division of Travel and Tourism's marketing budget.

I then go on to excerpt from an editorial that appeared in last week's Gazette Leader, out of Wildwood. I will save that for you to read on your own. I've attached the full copy of the editorial to the testimony.

Thank you for your attention.

SENATOR KYRILLOS: Dr. Zuckerman, thank you very much for your testimony. You're certainly a very busy person, and thus the Committee is the beneficiary of your varied associations. I just want to let you know that we do recognize the importance of the arts and cultural tourism. We have a hearing scheduled to focus specifically on that area at the Count Basie Theatre in Red Bank, in Monmouth County, coming up fairly soon, the 17th of February. I know it's a long way from Cape May, but obviously, you're welcome to rejoin us then and testify again.

DR. ZUCKERMAN: Okay. I look forward to it. Thank you very much.

SENATOR KYRILLOS: Thank you very much.

Next, the Executive Vice President of the New Jersey Restaurant Association, Larry Fidel.

Larry, thank you.

LARRY FIDEL: Thank you, Mr. Chairman. On behalf of the \$5.5 billion food service industry, which employs more than 5 percent of the workforce in the State of New Jersey, I appreciate the time to speak before you today.

I'd like to begin by echoing some of the other comments of the other speakers, that without the strong leadership in the Division of Travel and Tourism, we would probably not be here today. When Eugene Dilbeck -- when I read about him coming to New Jersey, I called my counterpart at the Oklahoma Restaurant Association, and was told he had done wonders in increasing tourism, both numbers and dollars for Oklahoma. I think he's going to get the job done here, and we're happy and proud to work with him.

I'd also like to agree with Senator Rand, who commented that tourism is not just the shore region of our State. Our members fully believe that increase of tourism throughout the State will only benefit all of our regions and all of our restaurants throughout the State.

But unless something is done, our members also believe the government will not be able to provide adequate funding. Therefore, we do support the public/private initiative funding that has been discussed here before. We support the efforts and are a part of the New Jersey Travel and Industry Association, which our members have agreed -- they know they will be part of the solution. And we would like to see, perhaps, funding from a stable source of equity based from the industry, and we also would like to see industry oversight of any Division programs.

Thank you very much.

SENATOR KYRILLOS: Larry, thank you for being here.

And finally, Mr. Paul Samperi from the Samperi Restaurant and Lodging Services, and also a Monmouth County resident.

Thank you, Paul.

P A U L S A M P E R I: Mr. Chairman and members of this Committee, I represent a statewide food and beverage and lodging trade organization which aids, counsels, and promotes restaurants, taverns, hotels, and motels in New Jersey.

Tourism is an important aspect of the hospitality industry of New Jersey, as we have heard from others at this meeting. For years we have attracted multitudes of visitors from within a 500 mile radius, and in the last two dozen years, a greater number of foreign visitors have graced our Garden State. Though small, we have a great deal to offer vacationers, as we have heard from Mr. Dilbeck: magnificent scenery, numerous lakes, recreational facilities, sports palaces, historic communities, a 127-mile shoreline with some of the most beautiful East Coast beaches, and an ocean for fishing that is the envy of many in-land states. And to top it off, the finest gaming center in the East.

Our tourism industry has grown enormously in the last 20 years. New Jersey is no longer a summer vacation Mecca, but a State to vacation in all year long. Our northern area

mountains and lakes attract skiers and other winter sport enthusiasts. Even our shoreline holds drawing power in the winter for people seeking cleaner air, peace of mind, and a soothing of the frenzy of daily living. Health and fitness aficionados adhere to daily disciplines moving north and south along our beaches. Children, the world's best explorers, find shoreline discoveries just as exciting in winter as in summer.

Let me stress here two things: Tourism is vital to a healthy State economy in New Jersey, and 2), to remain healthy, its attractions must be fostered and maintained.

Causing much concern to my organization and local tourism groups is the indifference of some shore communities to these facts. Some shore towns have discouraged businesses coming in by rezoning their oceanfront areas to residential. Hotels, motels, and restaurants find it almost impossible to obtain zoning changes and have been turned away. In areas where there are existing lodging facilities, various communities have passed parking restrictions from 3 a.m. to 6 a.m. Still others have passed severe restrictions on the time restaurants and taverns may remain open at night.

Tourism is further discouraged by refusals to change outdated rules, laws, and regulations. To cite an example: refusing to change outdated seasonal liquor licenses of lodging, restaurants, and taverns to year-round, when the business demand is there.

Such communities use the "home rule" measurement, but the home rule doctrine turns tourists away, preferring a bedroom type of community.

Tourism pays big taxes, contributes to local employment, and aids ancillary businesses, all of which helps our State's economy. We would like to see this Committee to let it be known to those antitourism towns that this has to cease. If they expect help from the State to finance the rebuilding of dunes, boardwalks, streets, roads, beach houses, etc., then they must be in tune with the needs of tourism.

There is no going back. Tourism is now year-round. It's number one in State employment, and it's very important to our economy. We would like to see this Committee take an active role in their education.

Thank you, Mr. Chairman.

SENATOR KYRILLOS: Paul, thank you very much for your thoughtful comments. There is very good rhetoric in that statement that I think we will borrow for some of the upcoming literature on behalf of the State's tourism industry.

MR. SAMPERI: Thank you.

SENATOR KYRILLOS: That will conclude today's hearing. I thank everyone for being here, and we all look forward to the Governor's budget message next week. I think we all recognize that we have a very important industry that is at stake, and we want to make sure that we preserve it and enhance it for the betterment of all New Jerseyans.

Our next hearing on the subject, as I mentioned, will be February 17, at the Count Basie Theatre in Red bank, in Monmouth County. We may have another Committee meeting in between, but a hearing specifically to focus on arts and cultural tourism.

Thank you all very much for being here. Meeting adjourned.

(HEARING CONCLUDED)

APPENDIX

1991 Travel and Tourism Research Results

1991 Economic Impact of Tourism

(Source: Division study conducted by the Center for Survey & Marketing Research and Longwoods International, Inc.)

Data Category -----	Amount -----
Expenditures:	
Overnight	\$10,213,150,000
Day Trips	5,132,500,000
Gambling Losses	2,489,790,000
<u>TOTAL EXPENDITURES</u>	<u>\$17,835,440,000</u>
Payroll	\$7,496,000,000
Jobs	353,000
State Tax Revenue	\$2,244,000,000
Local Tax Revenue	395,000,000

Percent of Gross State Product: 9 Percent
(\$200,000,000,000 / \$17,835,440,000)

Primary Markets:

- o Out-of-State Consumer
- o In-State Consumer
- o Domestic & International Travel Trade
- o Domestic Meeting & Convention Planners

1991 Advertising Results:

- o Advertising Improves the State's Image.
- o Advertising Increases Product Awareness.
- o New Jersey Tourism Awareness is First Among Mid-Atlantic States Because of Advertising.
- o New Jersey Ranks 7th nationally in Tourism Awareness Because of Advertising.
- o Intentions to Visit New Jersey are 3 to 4 Times Higher Among Those Aware of State Advertising.

/X

- o 6.9 Million Additional Americans Definitely Plan to Visit New Jersey as a Result of Advertising Campaign.
- o 4.9 Million Additional New Person Trips.
- o \$320 Million in Additional Tourism Revenues.
- o \$350. per Trip Expenditures per Overnight Visitor.
- o \$45. per Day-Trippler.

Return on Investment:

For each \$1 of state funds invested in tourism advertising, \$70 is generated by visitor expenditures.

Example: \$1,000,000 of advertising generates \$70,000,000 in new revenues.

\$53,200 in travel expenditures support one job.

Example: \$1,000,000 invested in advertising generates 1,316 jobs.

(Proposed budget cut of \$2.6 million = 3,421 jobs)

TOURISM ADVERTISING IS SELF-FINANCING!

2x

TOURISM'S ECONOMIC IMPACT
BY COUNTY IN RANK ORDER

	COUNTY	DIRECT & INDIRECT EXPENDITURES	DIRECT JOBS	STATE TAXES
1	Atlantic	\$5,915,080,000	74,500	\$540,600,000
2	Cape May	1,511,600,000	18,000	133,300,000
3	Bergen	1,483,600,000	20,200	125,400,000
4	Essex	1,065,480,000	17,000	89,100,000
5	Middlesex	918,020,000	16,900	76,800,000
6	Morris	833,570,000	14,900	70,900,000
7	Monmouth	754,240,000	13,300	63,100,000
8	Hudson	707,210,000	11,500	58,800,000
9	Ocean	693,280,000	11,600	58,500,000
10	Union	685,900,000	12,100	57,400,000
11	Mercer	610,140,000	10,800	51,700,000
12	Burlington	602,460,000	11,100	51,000,000
13	Camden	559,280,000	10,500	46,300,000
14	Somerset	379,590,000	6,200	31,900,000
15	Passaic	347,680,000	6,200	28,100,000
16	Sussex	215,630,000	4,200	18,600,000
17	Gloucester	179,040,000	3,900	14,600,000
18	Hunterdon	115,300,000	2,100	9,600,000
19	Cumberland	101,220,000	2,200	8,100,000
20	Warren	83,000,000	1,700	6,800,000
21	Salem	74,120,000	1,500	6,100,000

3x

**TRAVEL & TOURISMS
DIRECT & INDIRECT IMPACT FOR
NEW JERSEY TRAVEL REGIONS**

1991

Region	Total Expenditures (\$ mil)	% of Total	DIRECT			
			Employment (1,000's)	Wages (\$ mil)	Taxes	
					State (\$ mil)	Local (\$ mil)
Delaware River	2,025.03	11.35%	37.8	561.20	169.70	0.00
Gateway	5,207.89	29.20%	83.9	1,441.80	435.60	0.00
Greater Atlantic City	5,915.08	33.16%	74.5	2,222.10	540.60	0.00
Shore	1,447.52	8.12%	24.9	401.50	121.60	0.00
Skylands	1,627.08	9.12%	29.1	452.40	137.80	0.00
Southern Shore	1,612.83	9.04%	20.2	453.50	141.40	0.00
TOTALS	17,835.43	100.00%	270.4	5,532.50	1,546.70	0.00

Region	Total Expenditures (\$ mil)	% of Total	INDIRECT			
			Employment (1,000's)	Wages (\$ mil)	Taxes	
					State (\$ mil)	Local (\$ mil)
Delaware River	2,025.03	11.35%	9.1	204.40	73.20	33.30
Gateway	5,207.89	29.20%	21.1	525.50	188.70	94.90
Greater Atlantic City	5,915.08	33.16%	31.0	752.90	263.80	181.80
Shore	1,447.52	8.12%	6.6	146.40	52.50	39.00
Skylands	1,627.08	9.12%	6.9	165.30	59.30	25.90
Southern Shore	1,612.83	9.04%	7.4	168.70	59.80	19.90
TOTALS	17,835.43	100.00%	82.1	1,963.20	697.30	394.80

Region	Total Expenditures (\$ mil)	% of Total	TOTAL			
			Employment (1,000's)	Wages (\$ mil)	Taxes	
					State (\$ mil)	Local (\$ mil)
Delaware River	2,025.03	11.35%	46.9	765.60	242.90	33.30
Gateway	5,207.89	29.20%	105.0	1,967.30	624.30	94.90
Greater Atlantic City	5,915.08	33.16%	105.5	2,975.00	804.40	181.80
Shore	1,447.52	8.12%	31.5	547.90	174.10	39.00
Skylands	1,627.08	9.12%	36.0	617.70	197.10	25.90
Southern Shore	1,612.83	9.04%	27.6	622.20	201.20	19.90
TOTALS	17,835.43	100.00%	352.5	7,495.70	2,244.00	394.80

4x

Travel & Tourism Expenditures
by Expenditure Category by County
(Current \$ Millions)
1991

County Rank by Lodging Expenditure

	County	Lodging	Percent of Total
1	Atlantic	473.82	26.29%
2	Cape May	236.84	13.14%
3	Bergen	174.96	9.71%
4	Essex	111.63	6.19%
5	Morris	103.71	5.75%
6	Middlesex	96.47	5.35%
7	Monmouth	78.74	4.37%
8	Mercer	74.44	4.13%
9	Ocean	72.99	4.05%
10	Union	71.71	3.98%
11	Hudson	67.82	3.76%
12	Burlington	66.50	3.69%
13	Camden	50.60	2.81%
14	Somerset	42.47	2.36%
15	Sussex	22.62	1.26%
16	Passaic	20.14	1.12%
17	Hunterdon	9.88	0.55%
18	Gloucester	9.61	0.53%
19	Salem	6.57	0.36%
20	Cumberland	5.49	0.30%
21	Warren	5.20	0.29%
	TOTAL	1,802.21	100.00%

5x

Travel & Tourism Expenditures
by Expenditure Category by County
(Current \$ Millions)
1991

County Rank by Food/Restaurant Expenditure

	County	Food/ Restaurant	Percent of Total
1	Atlantic	1,121.24	20.57%
2	Bergen	529.34	9.71%
3	Cape May	518.82	9.52%
4	Essex	388.39	7.12%
5	Middlesex	334.53	6.14%
6	Morris	295.22	5.42%
7	Monmouth	275.43	5.05%
8	Hudson	262.08	4.81%
9	Ocean	256.58	4.71%
10	Union	250.13	4.59%
11	Burlington	221.17	4.06%
12	Mercer	216.23	3.97%
13	Camden	208.56	3.83%
14	Passaic	136.91	2.51%
15	Somerset	136.78	2.51%
16	Sussex	83.12	1.52%
17	Gloucester	72.41	1.33%
18	Hunterdon	43.73	0.80%
19	Cumberland	39.94	0.73%
20	Warren	32.95	0.60%
21	Salem	28.01	0.51%
	TOTAL	5,451.57	100.00%

6x

Travel & Tourism Expenditures
by Expenditure Category by County
(Current \$ Millions)
1991

County Rank by Recreation Expenditure

	County	Recreation	Percent of Total
1	Atlantic	270.65	23.45%
2	Cape May	120.32	10.43%
3	Bergen	107.42	9.31%
4	Essex	76.86	6.66%
5	Middlesex	66.27	5.74%
6	Morris	61.16	5.30%
7	Monmouth	54.63	4.73%
8	Ocean	52.90	4.58%
9	Hudson	51.32	4.45%
10	Union	49.48	4.29%
11	Burlington	45.72	3.96%
12	Mercer	44.23	3.83%
13	Camden	40.18	3.48%
14	Somerset	27.44	2.38%
15	Passaic	25.18	2.18%
16	Sussex	18.62	1.61%
17	Gloucester	13.98	1.21%
18	Hunterdon	8.56	0.74%
19	Cumberland	7.22	0.63%
20	Warren	6.38	0.55%
21	Salem	5.48	0.47%
	TOTAL	1,154.00	100.00%

7x

Travel & Tourism Expenditures
by Expenditure Category by County
(Current \$ Millions)
1991

County Rank by Automobile Expenditure

	County	Automobile	Percent of Total
1	Atlantic	552.30	22.95%
2	Cape May	241.36	10.03%
3	Bergen	231.49	9.62%
4	Essex	165.06	6.86%
5	Middlesex	142.24	5.91%
6	Morris	130.56	5.42%
7	Monmouth	116.83	4.85%
8	Hudson	109.04	4.53%
9	Ocean	107.57	4.47%
10	Union	106.25	4.41%
11	Mercer	95.41	3.96%
12	Burlington	93.81	3.90%
13	Camden	85.96	3.57%
14	Somerset	59.03	2.45%
15	Passaic	52.50	2.18%
16	Sussex	33.59	1.40%
17	Gloucester	27.02	1.12%
18	Hunterdon	17.69	0.73%
19	Cumberland	15.25	0.63%
20	Warren	12.58	0.52%
21	Salem	11.40	0.47%
	TOTAL	2,406.94	100.00%

8x

Travel & Tourism Expenditures
by Expenditure Category by County
(Current \$ Millions)
1991

County Rank by Local Transportation Expenditure

	County	Local Transportation	Percent of Total
1	Atlantic	34.19	22.06%
2	Bergen	15.59	10.06%
3	Cape May	15.08	9.73%
4	Essex	11.02	7.11%
5	Middlesex	9.49	6.12%
6	Morris	8.72	5.63%
7	Monmouth	7.76	5.01%
8	Hudson	7.16	4.62%
9	Union	7.09	4.57%
10	Ocean	6.71	4.33%
11	Mercer	6.45	4.16%
12	Burlington	5.94	3.83%
13	Camden	5.68	3.66%
14	Somerset	3.96	2.55%
15	Passaic	3.32	2.14%
16	Sussex	1.74	1.12%
17	Gloucester	1.53	0.99%
18	Hunterdon	1.12	0.72%
19	Cumberland	0.98	0.63%
20	Warren	0.74	0.48%
21	Salem	0.73	0.47%
	TOTAL	155.00	100.00%

9x

**Travel & Tourism Expenditures
by Expenditure Category by County
(Current \$ Millions)
1991**

County Rank by Retail/Other Expenditure

	County	Retail/ Other	Percent of Total
1	Atlantic	968.95	22.21%
2	Bergen	423.40	9.70%
3	Cape May	378.29	8.67%
4	Essex	311.52	7.14%
5	Middlesex	268.16	6.15%
6	Morris	233.43	5.35%
7	Monmouth	220.17	5.05%
8	Hudson	209.13	4.79%
9	Union	200.63	4.60%
10	Ocean	195.91	4.49%
11	Mercer	172.81	3.96%
12	Burlington	169.81	3.89%
13	Camden	167.76	3.85%
14	Somerset	109.55	2.51%
15	Passaic	109.30	2.51%
16	Sussex	56.21	1.29%
17	Gloucester	54.34	1.25%
18	Hunterdon	34.22	0.78%
19	Cumberland	32.24	0.74%
20	Warren	25.06	0.57%
21	Salem	21.99	0.50%
	TOTAL	4,362.88	100.00%

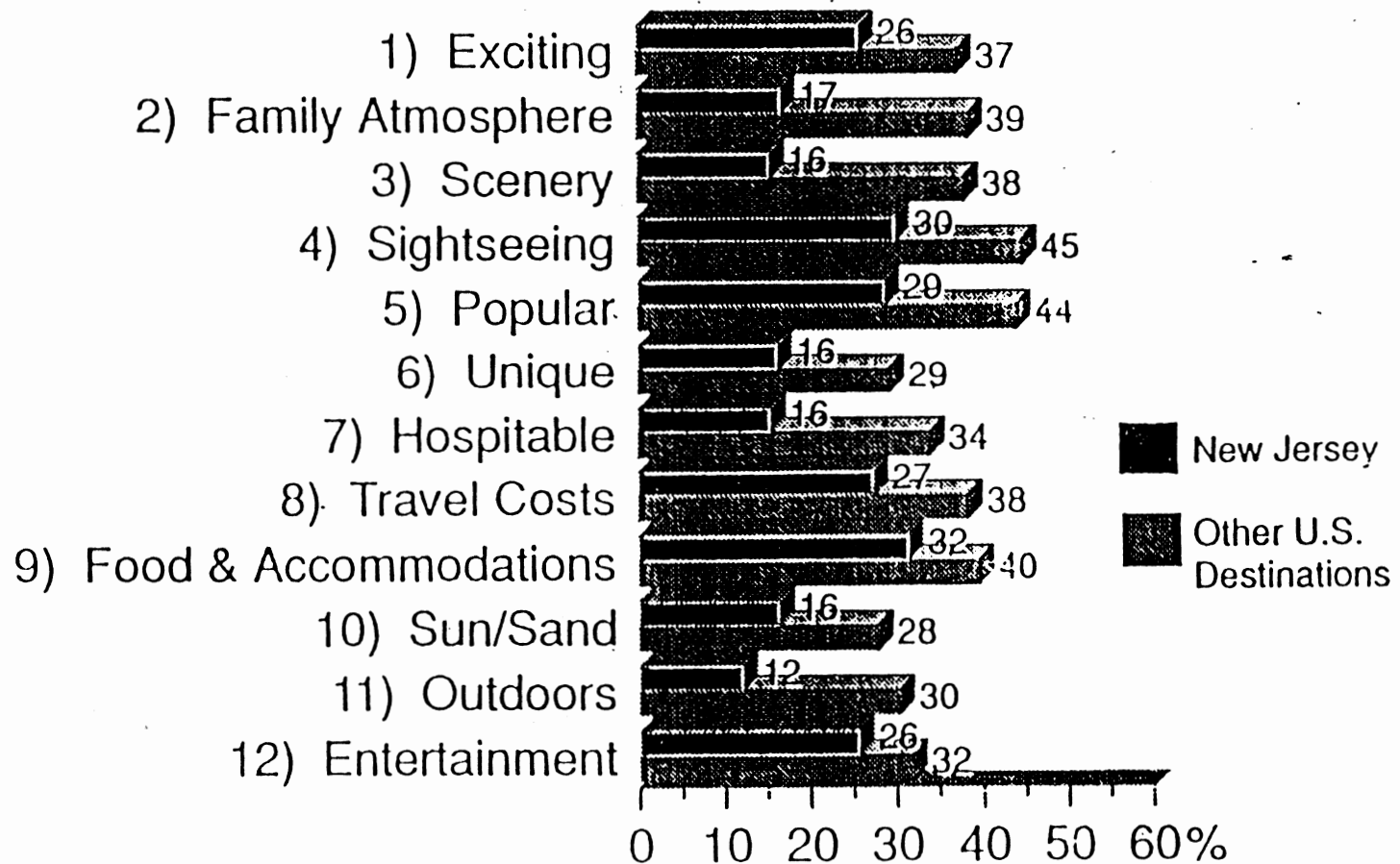
10X

Table 6
Travel and Tourism Expenditures
by Expenditure Category by County and Region
(Current \$ million)
NEW JERSEY
1991

Region/County	Lodging	Food/ Restaurant	Recreation	Automobile	Local Transportation	Retail and Other	Subtotal	Gambling	TOTAL
Delaware River	207.74	746.38	149.60	313.60	20.33	586.71	2,025.03	--	2,025.03
Burlington	66.50	221.17	45.72	93.81	5.94	169.81	602.46	--	602.46
Camden	50.60	208.56	40.18	85.96	5.68	167.76	559.28	--	559.28
Gloucester	9.61	72.41	13.98	27.02	1.53	54.34	179.04	--	179.04
Hercer	74.44	216.23	44.23	95.41	6.45	172.81	610.14	--	610.14
Salem	6.57	28.01	5.48	11.40	0.73	21.99	74.12	--	74.12
Gateway	542.72	1,901.35	376.52	806.58	53.68	1,522.13	5,207.89	--	5,207.89
Bergen	174.96	529.34	107.42	231.49	15.59	423.40	1,483.60	--	1,483.60
Essex	111.63	388.39	76.86	165.06	11.02	311.52	1,065.48	--	1,065.48
Hudson	67.82	262.08	51.32	109.04	7.16	209.13	707.21	--	707.21
Middlesex	96.47	334.53	66.27	142.24	9.49	268.16	918.02	--	918.02
Passaic	20.14	136.91	25.18	52.50	3.32	109.30	347.68	--	347.68
Union	71.71	250.13	49.48	106.75	7.09	200.63	685.90	--	685.90
Greater Atlantic City	473.82	1,121.24	270.65	552.30	34.19	968.95	3,425.29	2,489.79	5,915.08
Atlantic	473.82	1,121.24	270.65	552.30	34.19	968.95	3,425.29	2,489.79	5,915.08
The Shore	151.73	532.01	107.52	224.40	14.47	416.07	1,447.52	--	1,447.52
Monmouth	78.74	275.43	54.63	116.83	7.76	220.17	754.24	--	754.24
Ocean	72.99	256.58	52.90	107.57	6.71	195.91	693.28	--	693.28
Skylands	183.88	591.80	122.16	253.45	16.28	458.46	1,627.08	--	1,627.08
Hunterdon	9.88	43.73	8.56	17.69	1.12	34.22	115.30	--	115.30
Morris	103.71	295.22	61.16	130.56	8.72	233.43	833.57	--	833.57
Somerset	42.47	136.78	27.44	59.03	3.96	109.55	379.59	--	379.59
Sussex	22.62	83.12	18.62	33.59	1.74	56.21	215.63	--	215.63
Warren	5.20	32.95	6.38	12.58	0.74	25.06	83.00	--	83.00
The Southern Shore	242.34	558.75	127.55	256.60	16.05	410.53	1,612.83	--	1,612.83
Cape May	236.84	518.82	120.32	241.36	15.08	378.29	1,511.60	--	1,511.60
Cumberland	5.12	39.24	7.22	15.25	0.98	32.24	101.22	--	101.22
STATE TOTAL	1,802.24	5,451.57	1,154.00	2,406.94	155.00	4,362.87	15,345.65	2,489.79	17,835.44

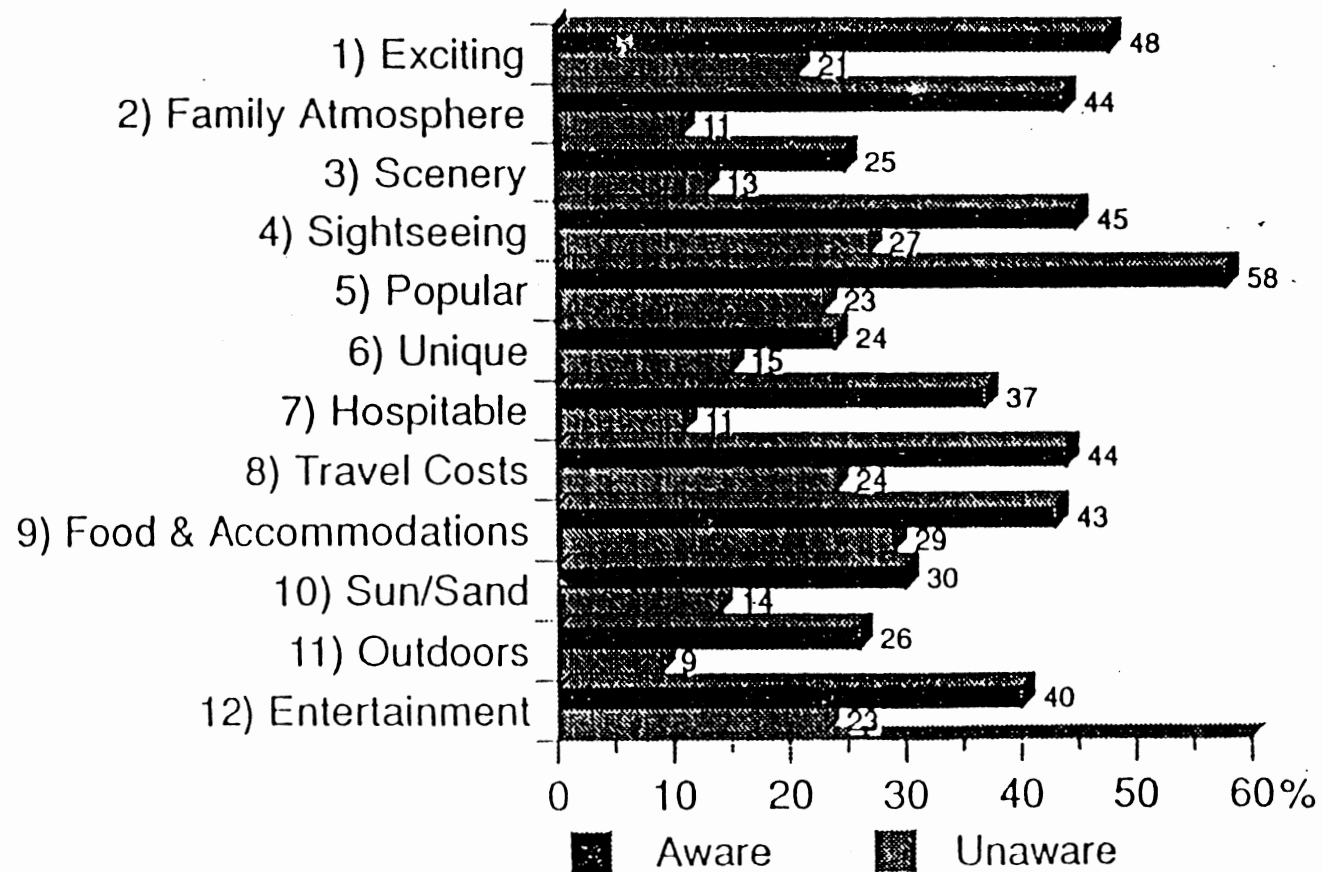
11x

New Jersey's Image vs. Other U.S. Destinations On 12 Attributes Important to Touring Vacationers

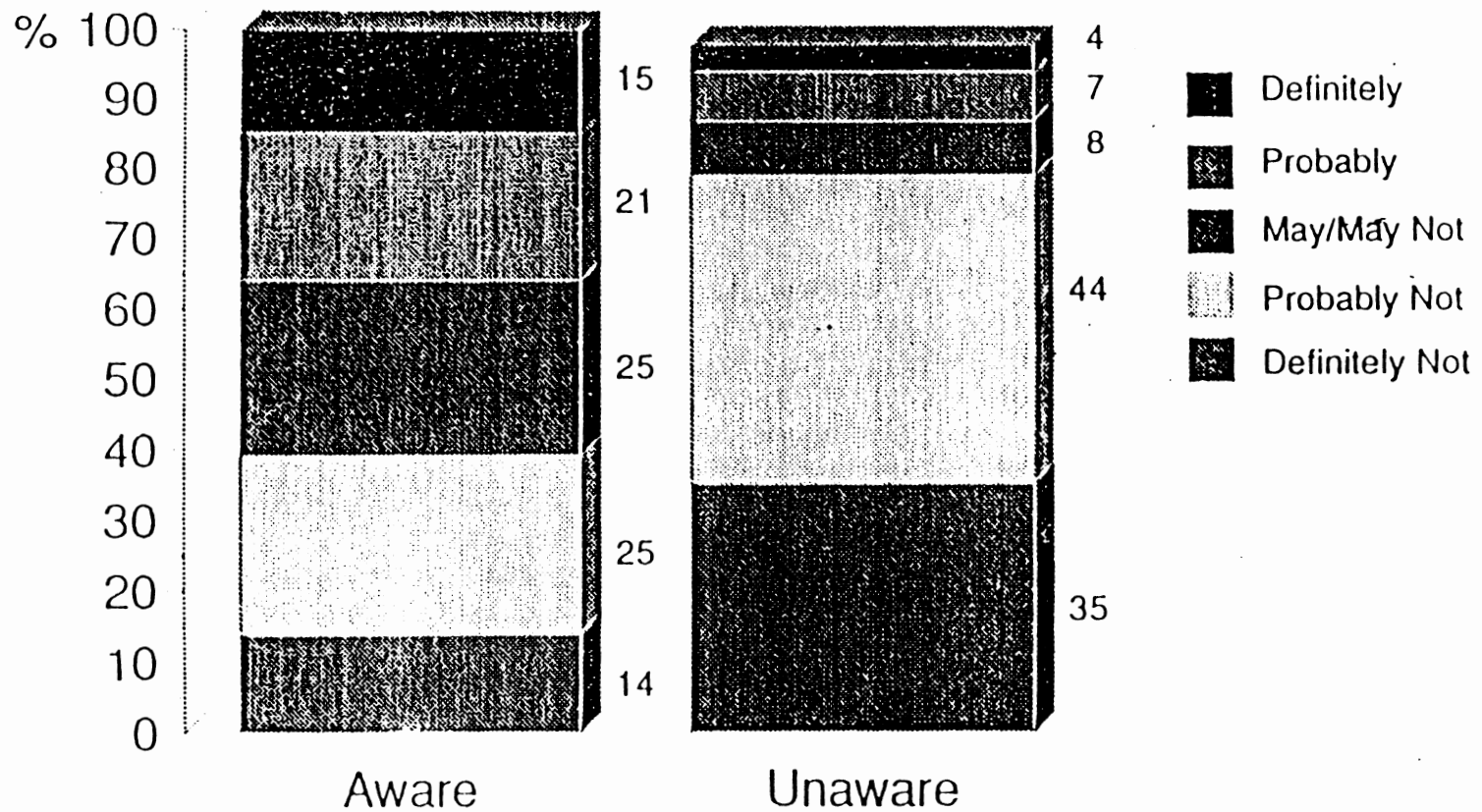


12X

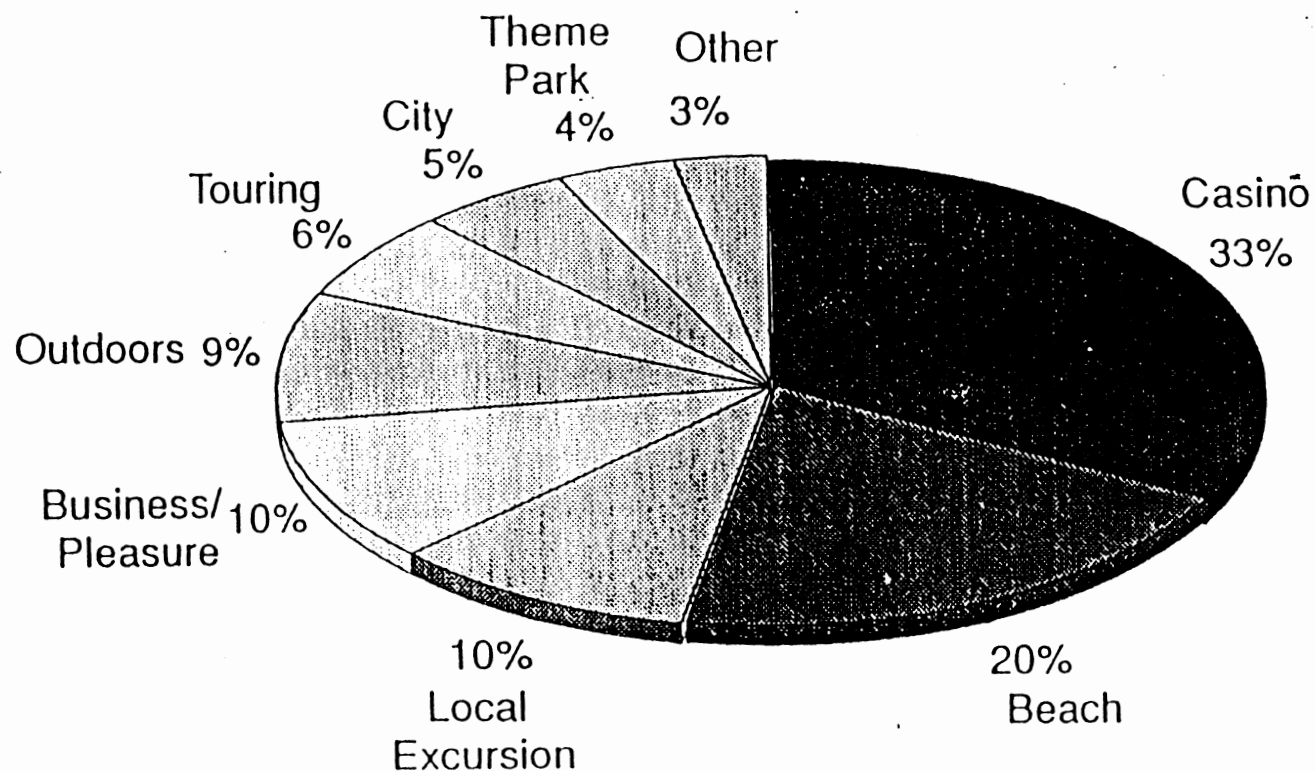
Image of New Jersey — Aware vs. Unaware of Advertising



Influence of Advertising On Intentions to Visit -- Travelers in Other States



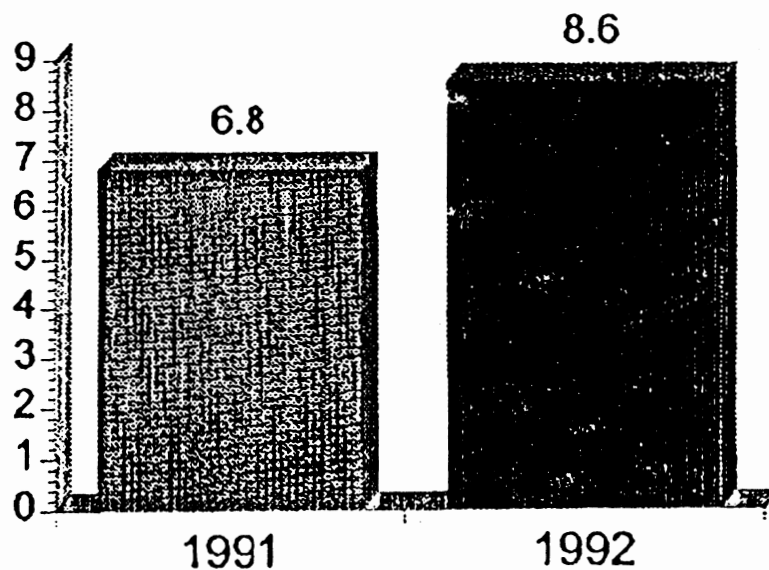
New Jersey's Marketable Vacation Mix



Estimated Trips to New Jersey* — Jan.-June

1

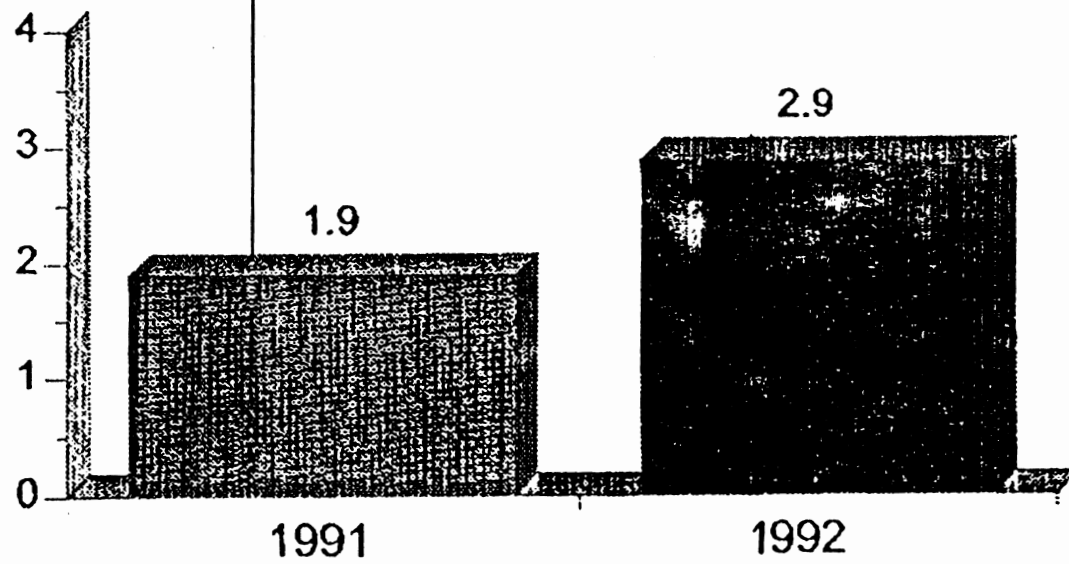
Millions



* Overnight person-trips for pleasure by adults 18+; does not include travel under 100 miles round-trip.

New Jersey's Market Share of Person-Trips – Jan.-June

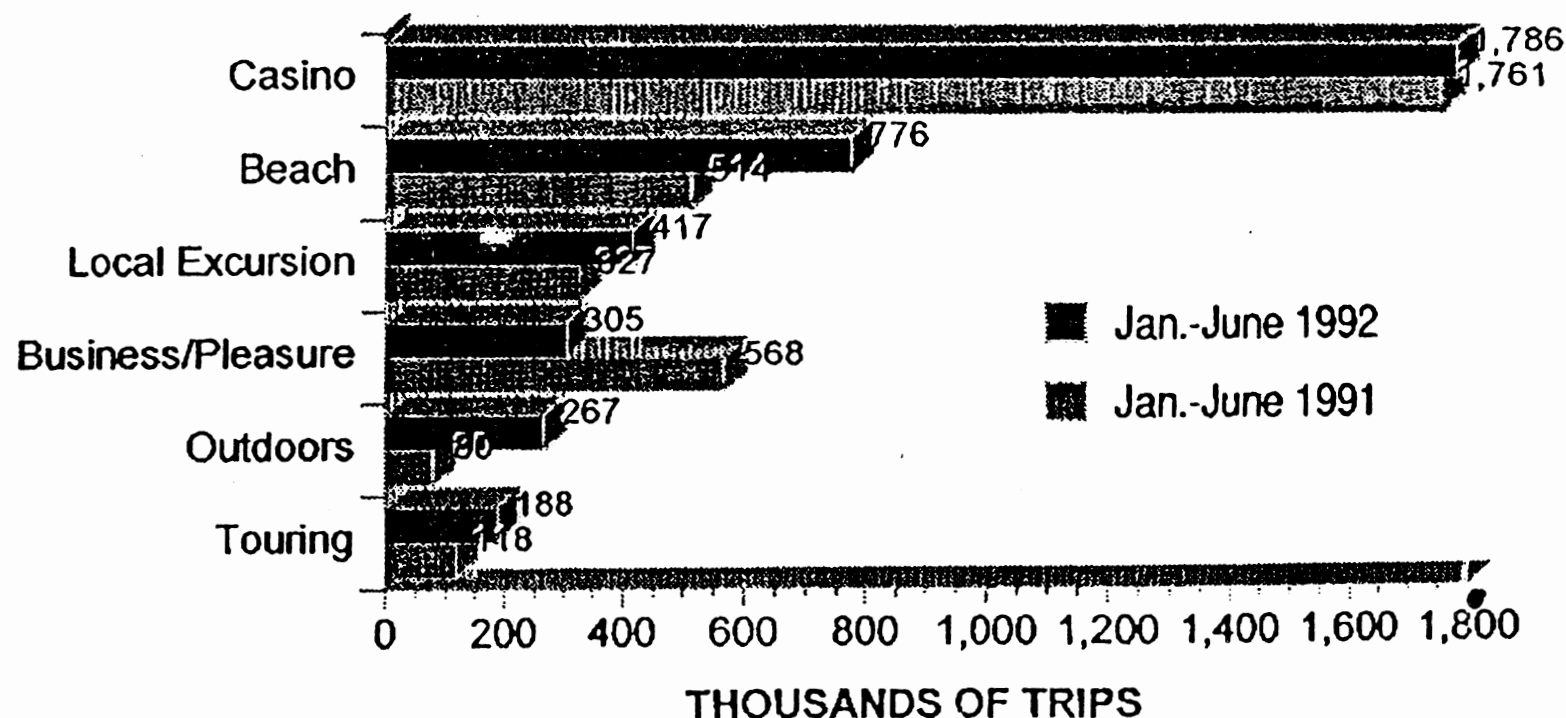
3



17X

Estimated Trips to New Jersey – By Trip-Type*

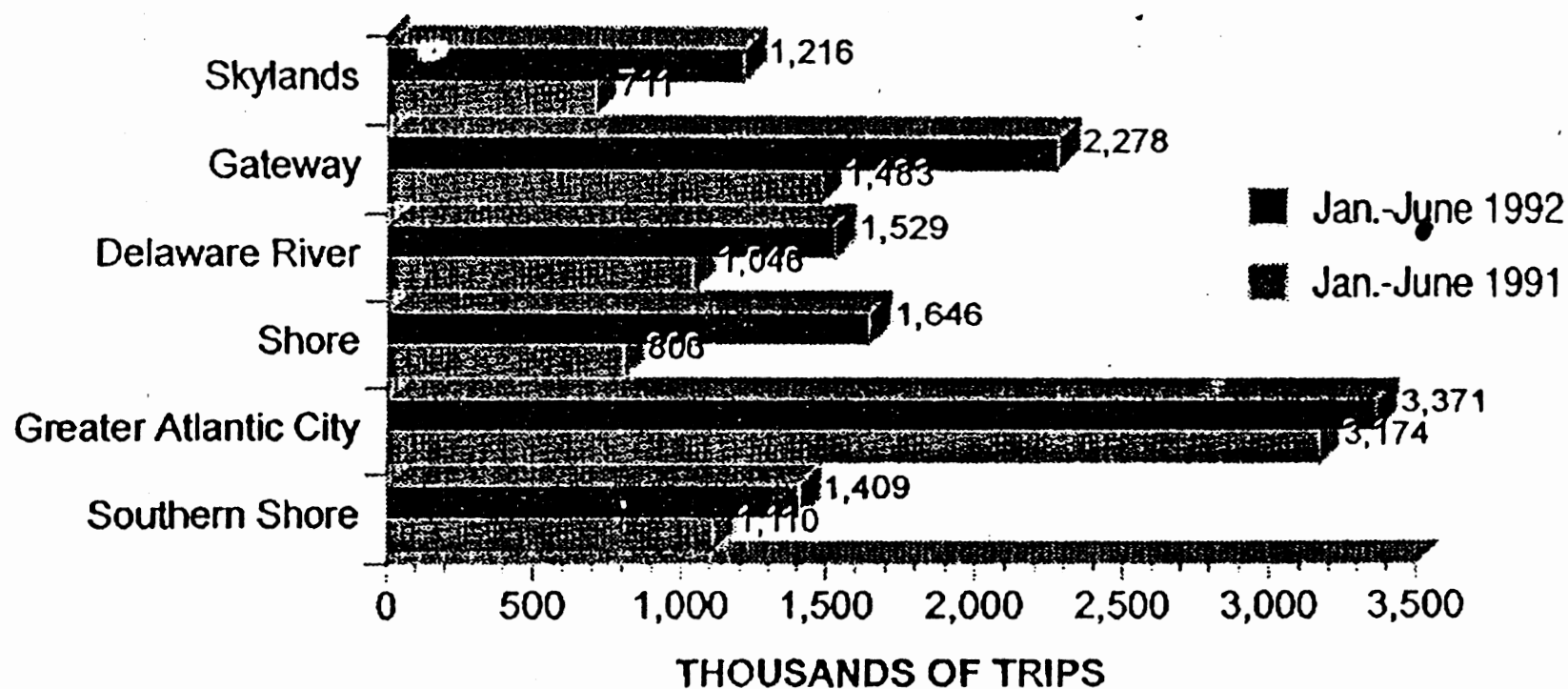
5



* Overnight person-trips for pleasure by adults 18+; does not include travel under 100 miles round-trip.

Estimated Trips That Included Each Region*

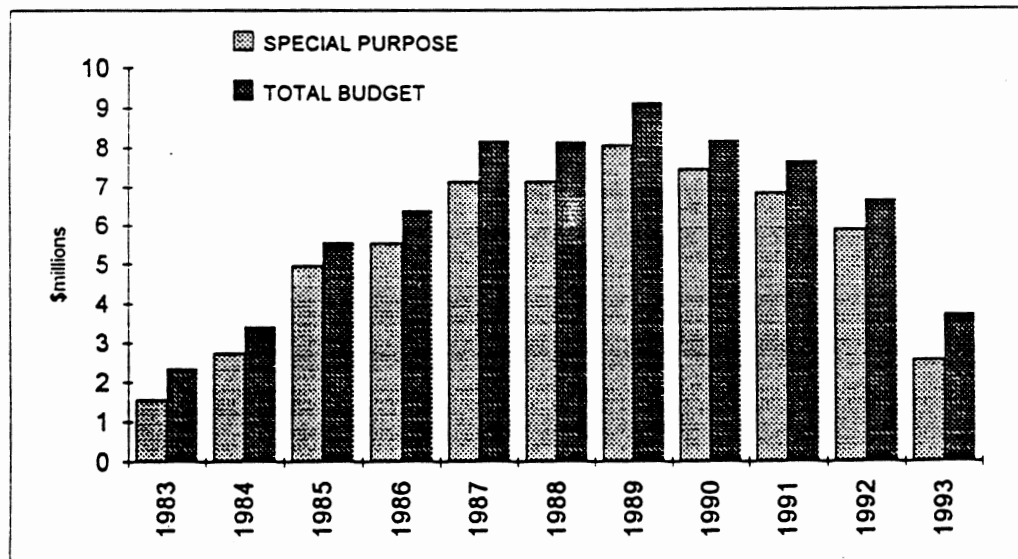
6



* Overnight person-trips for pleasure by adults 18+; does not include travel under 100 miles round-trip.

**NEW JERSEY DIVISION OF TRAVEL AND TOURISM
ADJUSTED APPROPRIATIONS 1983-1993**

<u>YEAR</u>	<u>SPECIAL PURPOSE</u> (INCLUDES A&P)	<u>TOTAL BUDGET</u> (\$ million)
1983	1.550	2.360
1984	2.750	3.424
1985	4.981	5.571
1986	5.556	6.385
1987	7.161	8.167
1988	7.161	8.138
1989	8.061	9.116
1990	7.461	8.160
1991	6.863	7.650
1992	5.902	6.662
1993	2.576	3.726



20x

TESTIMONY OF JOANN RITTER, PRESIDENT,
NEW JERSEY TRAVEL INDUSTRY ASSOCIATION
TO THE NEW JERSEY STATE SENATE
COASTAL RESOURCES AND TOURISM COMMITTEE
SENATOR JOSEPH KYRILLOS, CHAIRMAN
LEGISLATIVE OFFICE BUILDING
February 1, 1993

I am here on behalf of the New Jersey Travel Industry Association to enlist your support and cooperation.

New Jersey's travel industry is responsible for nine percent of our state's gross product. If we compare the running of our state to a large corporation -- a division that brings in nearly \$18 billion in gross revenues certainly deserves your attention! The current economic conditions affecting our state and nation are resulting in serious losses for our industry.

The severe budget cuts to the Division of Travel and Tourism was a blatant, poor business decision. While legislators explained to us that everyone had to "bear the brunt of the trimming of the fat" process, that does not explain:

- why the cuts were so deep;
- why supplements were never approved;
- why the lack of understanding:
 - o that 50% of our tourism dollars come from seashore travel;
 - o that we are still recovering from the devastating 1988 pollution problem;
 - o that we have suffered extensive damages from recent storms;
 - o that we are losing market share (We have dropped from 5th to 7th place among the 50 states since 1989);
 - o that New Jersey's image is poor;
 - o that we simply do not have enough Advertising & Promotion dollars to tell potential customers that New Jersey is a great travel destination.

Additional funding would counteract these negatives forces, but we need your help in developing a new tourism policy for New Jersey that would generate long term positive effects. Our Board of Directors has approved a plan of action that could be part of the solution. We are asking for your input and consideration to help us design and establish legislation that would provide for restructuring how tourism is marketed and stabilized sources of funding for the tourism industry. Simply put, we would like to see the creation of a public/private partnership for our industry; thus enabling the state to work hand-in-hand with the private sector and hopefully depoliticize the process in order to insure continuity and cost-effectiveness.

Next, we would like to meet with you and the leadership of the Senate to identify a broad-based funding mechanism that would be totally dedicated to the promotion of our State.

21x

February 1, 1993

Presentation to
NEW JERSEY SENATE COMMITTEE
ON
COASTAL RESOURCES & TOURISM

by jim white
Marriott New Jersey Business Council

New Jersey Senate Committee Members

Senator J. Kyrillos
Chairman
Senator A. Ciesla
Vice-Chairman

Senator J. Cafiero
Senator J. Palaia
Senator R. Lesniak
Senator W. Rand

cc: J.W. Marriott, Jr.
Tom Reese
Forbes Husted
Tom Ladd
Eugene Dilbeck

22X

Presentation
New Jersey Senate
Committee on
Coastal Resources & Tourism

Index

Introduction

Issue

Goals

23x

Presentation
New Jersey Senate
Committee on
Coastal Resources & Tourism

Introduction:

- Tourism is New Jersey's number two industry
- Tourism, globally is the number one industry

I'm proud to be here today and thank you for the opportunity to discuss and help find the solutions needed to protect and invigorate the industry I work in.

Marriott International which I represent is the sixth largest employer in New Jersey. It shares a commitment to achieve it's financial goals, anticipate and exceed the expectations of each guest and patron and be an involved, responsible member of the community.

To achieve greater direction, we have initiated the Marriott Business Council. It's council members represent many distinct divisions working within New Jersey, namely:

- | | |
|------------------------------------|----------------------------|
| - Marriott Management Services | - Marriott Health Care |
| - Host services | & nutrition Services |
| - Marriott Hotel, Resorts & Suites | - Fairfield Inn's |
| - Courtyard by Marriott | - Marriott Conference |
| - Travel Plazas by Marriott | Center's |
| - Residence Inn by Marriott | - Marriott Corporate |
| - Marriott Ownership Resorts | Services |
| - Marriott Senior Living Services | - Marriott School Services |

Presentation
New Jersey Senate
Committee on
Coastal Resources & Tourism

Issue

I would like to spend a moment and take us back to the 1920's.

Where a young group of Scientist's, Engineer's and Attorney's set in motion a means by which standards could safely be set. Those young visionaries took on the responsibility to establish a set of guide-lines that would be accepted by manufacturer & consumer as a means of insuring quality.

In one particular case, this group was working on improving the standards by which safes could be classified. One set of standards for a fire resistant safe..one set of standards for a burglar resistant safe. Yet it was the burglar resistant safe that created a problem for these gifted minds.

through tracking and measuring It soon became apparent that the burglars always entered the safe from the door by cutting through the dial and removing that which was not theirs. This appeared a simple challenge for the team...stop the burglars from breaking into the safe.

This team having decided they found the perfect combination of standards, released the new blueprint for their burglar resistant door and immediately set their seal of approval upon the safe.

Well, It wasn't long before our team began getting the police reports regarding safes being burglarized..in fact, one police chief remarked that the burglar's couldn't get through the safe's door....they just went through the...top, or back or sides of the safe, and in one case, entered through the bottom.

This was the beginning of trial and error for the dedicated minds at Underwriters Laboratory, and the established UL symbol of confidence.

Today a new set of minds are at work, planning a course and establishing a new standard by which New Jersey's second leading industry can be protected and invigorated. I am of course speaking of.. The New Jersey Travel Industry Association.

Presentation
New Jersey Senate
Committee on
Costal Resources & Tourism

As previous member's spoke to you today, providing you the needed statistics...flow charts and....numbers representative of the "state of tourism" ...I would like to bring to mind an often overlooked fact as it relates to us in this process of legislation.

Tourism...service and its related industries in the Garden state, is really, all about... people... We in New Jersey enjoy "the repeat Guest", who continues to return to our facilities and our state, because of service and commitment to quality.

Guests visiting our state, don't enjoy the standard "garden variety" attractions that are available in other areas..We need to prove to our guests each and every time they are with us, that we care about them..then they will care to know, what we have to offer them....My point is, that with all the numbers, charts & stats. all very important in the decision making process..we are still legislating the... "people business".

Our profession caters to people..families & friends, who are looking forward to an escape from the more complex schedules they face...they are all young, seeking excitement & education, regardless of age.

A trip, it's reservations, airline flight, coastal excursion were either painstakingly planned or spontaneously decided..however planned, the feeling was visioned as, "hassle free". And when the trip was planned, there was a process of trust involved. The guest just picked up the phoned and called some stranger, who took their credit card number and told them to show up at a spot to catch their plane or pick up their rental car. .We have developed trust in the information era.

To really understand the bar graphs and charts presented to you, lets explore who these visitors truly represent as I have personally witnessed from the Newark Airport Marriott Hotel..It is a Grandmother seeking time with a newborn grandchild...It is a senior citizen group off to Atlantic City for the day..It is the professional in town for a job interview....It is the disabled vet in a wheelchair, going fishing with his son...It is the church congregation visiting from Delaware and having a picnic at Liberty State Park...It is a group of junior high school students from Jersey City enjoying its annual field trip. It is a group of Japanese visitors seeing the wonders of the Liberty Science Center.

These are the statistics we know about and I challenge you to empathize with them on their journey of discovery. I would ask that you remember them as New Jersey's... most precious resource.

Presentation
New Jersey Senate
Committee on
Coastal Resources & Tourism

Goal

Our goal is a clear one, we ask you to trust and empower a group of travel professionals with the future of tourism in New Jersey.

We ask that you remove the barriers that would stall our growth as a global destination travel spot.

We ask that you allow us to manage the workfare of Tourism, and provide you with the return on investment that will occur thus protecting the stable source of marketing and development funding needed to progress.

We ask that you provide the steps necessary to depoliticize the Division of Travel & Tourism and allow for industry supervision, accountability and responsibility.

We ask that you approve a private/public partnership to market our New Jersey...for all people to enjoy, today and towards the twenty-first century.

In closing

I would ask that you set new standards by which Tourism policy is legislated. To set the example for others to follow. You can be assured that, like the UL tested safe, our public/private partnership will have checked all sides, the top, and the bottom for clarity and precision, thus crediting you as the driving force that will open new doors and new opportunities for our Garden State guests to enjoy.

Thank you,

Jim White

Marriott

BUSINESS COUNCILS

Marriott
MANAGEMENT SERVICES

NEW JERSEY

Marriott
SCHOOL SERVICES

HOST
a Marriott company

Marriott
HEALTH CARE FOOD & NUTRITION SERVICES

Marriott
SENIOR LIVING SERVICES

Marriott
HOTELS · RESORTS · SUITES

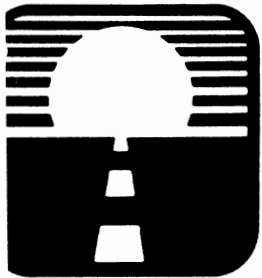
FAIRFIELD
INN
Marriott

Marriott
OWNERSHIP RESORTS

COURTYARD
Marriott

Marriott
Residence
Inn

Marriott
CONFERENCE CENTER MANAGEMENT



TRAVEL
PLAZAS
by Marriott

Marriott
CORPORATE SERVICES

Marriott

NEW JERSEY....YOU SHOULD SEE US NOW !

28x



Mid-Atlantic Center

F O R T H E A R T S

TESTIMONY BEFORE THE SENATE
COASTAL RESOURCES AND TOURISM COMMITTEE
FEBRUARY 1, 1993

Mr. Chairman, members of the Senate Coastal Resources and Tourism Committee, I very much appreciate the opportunity to testify today. I come before you wearing a number of different hats. For the past ten years, I have served as Director of the Mid-Atlantic Center for the Arts in Cape May. We are our county's leading cultural tourism agency, attracting some 300,000 visitors a year to our two historic sites (the Emlen Physick Estate and the Cape May Point Lighthouse); our guided tours of Victorian Cape May and the 1950s Wildwoods; our performing arts events, such as the Cape May Music Festival and the Cape May and Ocean City Kids Playhouses; and such special events as Victorian Week in October, which the American Bus Association has again named to their list of "Top 100 Events in North America."

This variety of experiences has propelled me into a number of leadership positions on the state level. I currently serve as President of the New Jersey Association of Museums, representing more than a hundred of our state's professionally-operated museums. I also serve as Vice President of Art Pride New Jersey, our statewide arts advocacy organization, and on the Board of Preservation New Jersey, our statewide historic preservation advocacy organization. These activities perhaps explain why Governor Florio recently appointed me as the representative of the cultural and heritage sector on the New Jersey Tourism Advisory Council.

I've dragged you through this much of my resume to lend weight to the very real concerns I wish to raise about the Division of Travel and Tourism budget. From my perspective, I believe that no more foolhardy act was taken during last year's budget process than the slashing of \$3 million from the Division's advertising budget. This action totally ignores the highly competitive universe facing all of us operating in cultural tourism. Victorian Cape May, for example, has to compete as a destination with such giants as Colonial Williamsburg, Historic Charleston, and even Disney World. Our North Jersey cultural organizations are in a constant struggle with the New York City behemoths for their audiences. All of us are relative underdogs in these competitions, starting at much later dates and with a fraction of our opposition's operating and marketing budgets.

It is these factors that have caused us to turn to the Division of Travel and Tourism to help even the odds. Over the years, the Division's television, radio and print advertising has carried our message to audiences that none of us can reach on our own. They have done more than anything else to improve the popular image of New Jersey, thereby enhancing the stature of all of our cultural and heritage offerings. Moreover, the Division's matching grant program of years past truly helped our cultural organizations to help themselves, allowing us to produce brochures and purchase advertising on a par with our competitors'.

29x

This year's decimation of the Division's marketing budget could not have come at a worse time for New Jersey's cultural tourism community. As we have struggled with the multiple challenges of the recession, the last thing we needed was to have the Division's crucial marketing outreach programs chopped off at the knees. We in Cape May, for example, are already feeling the ill effects of this decision. Is it purely coincidental that the revenues from this year's Victorian Week fell 10% from last year's level, or that our equally important Christmas season experienced a dismal 20% dropoff? On behalf of New Jersey's hundreds of cultural organizations and our tens of thousands of members, I *beg* you to do whatever is in your power to restore our competitive stance by restoring the Division of Travel and Tourism's marketing budget.

I would like to end by quoting from an editorial in last week's issue of *The Gazette Leader* published out of Wildwood. While it is decrying the proposed cut in our Cape May County Tourism Department's budget, the logic applies equally to what has happened on the state level:

... as advertising expenses go up and the amount of money we allocate to spend on that advertising goes down, what's the inevitable bottom line here?

We tell fewer people about Cape May County [or New Jersey]. We invite fewer people to come and spend their money here. We cut off our noses to spite our face.

Granted, none of us want to see taxes increase. And we know that certain budgetary expense items are beyond our control; insurance, negotiated raises, building overhead, utilities are all going to increase despite what we'd like. But how do we pay our taxes, whether they increase or not, if we don't generate revenue?

Thank you for your attention.

Sincerely,

B. Michael Zuckerman, Ph.D.
Director

30x

In our opinion

More on tourism

Last week, in our comments about the Wildwoods and the new Tourism Act to be implemented there, we stressed -- as we have many times in the past -- the importance of tourism. Not just to motel owners, or restaurant owners, but to everyone, on and off the barrier island.

We pointed out that the City of Wildwood has not, officially at least, filled the position of Director of Tourism, but has instead relied on those people who were already in place to do the job in the interim.

The "interim" has now stretched to almost 18 months. Those responsible for the tourism department are certainly doing the best job they can, but without the "official" responsibility and without the "official" salary.

Although it might seem, at first glance, a good way to save the city some money, is it really? Would any other department be left without a department head for 18 months? Is there even the slightest indication that anything is being done to remedy the situation? Or doesn't anyone care?

That, unfortunately, is what we fear the most. For some very odd reason, those who depend on tourism the most -- or should have the sense to see that they do -- don't invest the time and effort the island's major industry demands and deserves. And then they wring their hands and wonder where all the people are.

Every so often, as it has now, the need for a new convention center rises to the top of the pile, as if that -- and that alone -- is supposed to be the answer to all our problems. It could very well be, but not if someone doesn't work to fill it up.

But, after all, we do have some very nice pear trees lining our streets. It's too bad no one will come to see them.

Apparently, though, the Wildwoods are not alone when it comes to this attitude of expecting tourists to voluntarily give us a try. Elsewhere in the county, the same sentiment prevails.

We understand the county's Department of Tourism has had its operating budget cut by 5 percent. That's 5 percent less this year to be spent on promoting tourism than last year, which was 5 percent less than the year before. How's that for a frightening pattern, and what does it say to you?

Speaking in very general terms, the Tourism Department is like any other department, or any other business. Within that department are expenses that will either stay the same, or increase. So guess where cuts are most often made? Advertising and promotion, a line item that usually shows an expense increase of its own is one of the likely spots. So as advertising expenses go up and the amount of money we allocate to spend on that advertising goes down, what's the inevitable bottom line here?

We tell fewer people about Cape May County. We invite fewer people to come and spend their money here. We cut off our noses to spite our face.

Granted, none of us want to see taxes increase. And we know that certain budgetary expense items are beyond our control; insurance, negotiated raises, building overhead, utilities are all going to increase despite what we'd like. But how do we pay our taxes, whether they increase or not, if we don't generate revenue?

There are people living in Cape May County who, heads buried in the sand, don't like the tourism industry, don't believe in the tourism industry, and don't think they benefit from the tourism industry. Tourism, to these people, is a nuisance in the summer, and non-existent in the winter.

Frankly, we don't care what these people think. Or we didn't, at least, until we got the feeling that some of them may be in decision-making positions that are adversely affecting our tourism efforts.

RANDOM



JEAN
BARRACLOUGH

The j let m

Have you ever watched a TV series or movie where, in a move that takes you by surprise, the jury lets the guilty person go scot-free? You sit and wonder how they could have been so blind. You wonder if they were bought, or just stupid. But I've looked at a few aspects of my life, and I can see exactly why the jury would let me go free: empathy.

For instance, David's alarm is set to go off at 7 a.m. That's 7 a.m. every day, despite the fact that David never, ever gets up at 7 a.m. on any day. Sometimes David gets up at 9:30 a.m. Other times he gets up at noon. Sometimes later. Sometimes he gets up at roughly the hour that Bob and I are starting to consider the wisdom of going to bed and reading for a half hour before discreetly turning off the lights for the night.

But never does David get up at 7 a.m. Well, that's not exactly true. David does get up, but only long enough to turn off his alarm and go back to bed, all in a stuporous half slumber unaffected by his upright position.

But what the alarm does is get me up. Most mornings I'm at work by 7 a.m. But occasionally, such as a weekend, I'd like to sleep the morning away, in my case that means until maybe 8 a.m. Granted, either Bob or I have to get up at 5:30 to let the dog out and feed the cat; otherwise you can

POINTS



FRANK
SHELTON

Cigar confes

Smoke 'em if you got 'em, but not in Cape May.

City Council, citing the recent Environmental Protection Agency report which credited secondhand smoke with the death of 3,000 non-smokers a year, introduced an ordinance last week that would ban smoking in all city buildings.

Local officials said they hoped to cut health risks while increasing worker productivity by banning cigarette smoke in buildings such as City Hall, Convention Hall, the Welcoming Center and the Civic Center.

Only one group of city employees has voiced opposition to the ordinance thus far. Police Chief Robert L. Boyd said he didn't think the Police Station should be included in the smoking ban.

Boyd cited two reasons for his opposition. First, he said the smoking ban would cause a hardship to the police dispatchers who smoke. Unlike other city employees

