

# Support Kentucky's Travel Industry

## A premier economic generator for KY

### What is Kentucky's Travel Industry?

The Kentucky travel industry is one of Kentucky's premier economic generators, ranking as the *third largest generator of revenue behind only the automobile industry and healthcare*. The industry includes attractions, convention & visitors bureaus, hotels, restaurants, and many others who are driving tourists to visit Kentucky and spend money in local communities.

### What is the impact of the travel industry in the Commonwealth?

**\$14.5 Billion total economic impact** in Kentucky

**193,000 jobs** directly or indirectly created by the industry in Kentucky

**10% of all total employment** in Kentucky is created by the travel industry

**\$1.52 billion in state and local taxes** are generated by tourism.

### Kentucky Tourism Delivers One of the Largest Returns on Investment for Taxpayers

- For every dollar invested in Kentucky state advertising, **\$16 is returned in state and local tax revenue**
- Visitor spending generates enough revenue to **save Kentucky taxpayers an average of \$1,167 per household**, annually
- Every dollar invested generates **\$151 in visitor expenditures**

### But KY Tourism Could Do So Much More:

**Tourism's dramatic impact on KY's economy can be even greater if KY matches the investment of its peer states.**

- Kentucky is ranked 28 out of 50 states in state tourism advertising funding and near the bottom in the southeast
- Greater investments in tourism advertising dollars definitively lead to more jobs and revenue throughout the Commonwealth
- With limited resources, it is even more critical to invest in industries that are proven economic generators



Hank Phillips  
CEO, President KTIA  
[hank.phillips@ktia.com](mailto:hank.phillips@ktia.com)  
502.223.8687

Sara Osborne  
MML&K  
[sosborne@mmlk.com](mailto:sosborne@mmlk.com)  
502.875.1176

James Higdon  
MML&K  
[jhigdon@mmlk.com](mailto:jhigdon@mmlk.com)  
502.330.5952

# Protect Funding for One of Kentucky's Premier Economic Generators: Tourism

Revenue from Kentucky tourism is vital to local economies and the state budget. It is important to know the sources of funding for tourism promotion in Kentucky and to protect this pipeline for economic development across the commonwealth.

## Kentucky Tourism Revenue Sources

1. Kentucky's 1% transient room tax provides the ONLY source of statewide tourism marketing funds.
2. Local transient room taxes are dedicated locally for tourism.
3. For small cities (formerly 4<sup>th</sup> and 5<sup>th</sup> class), the restaurant tax supplements local transient room taxes to offset a lack of hotel rooms in these smaller cities. Restaurant tax funds are dedicated to local tourism commissions.

**The Issue:** **Kentucky is at a competitive disadvantage to neighboring states in tourism marketing funding.** While the travel industry recognizes the revenue shortages the state faces, tourism marketing is an investment that actually returns significantly more money to the state than the original investment. There is a deep need to increase funding, not cut it.

**The Problem:** Instead of increasing the investment in tourism, and the corresponding economic return to the state and local communities, some have suggested altering one of tourism's few funding sources: the restaurant tax. This tax generates revenue for smaller communities to attract visitors, and often those funds are already dedicated to repay bonding for important local tourism drivers such as visitor centers and convention centers. **To take this money away from local tourism commissions would hurt the communities who are struggling the most: our smallest cities. To alter this funding could place local communities in further jeopardy by removing dedicated funding sources.**

**The Solution:** During tax reform discussions, **protect the three funding sources that provide the limited funds that make Kentucky's travel industry the 3<sup>rd</sup> largest revenue-generating industry in the commonwealth.** Specifically, prevent alterations to the restaurant tax that would redirect funds dedicated to funding tourism commissions, so that they may attract visitors to every reach of Kentucky.

**Kentucky can ill afford to harm funding sources that have a dramatic return on investment to state and local coffers!**