



FISCAL YEAR 2018 TOURISM DEVELOPMENT BOARD ANNUAL REPORT

**PUBLISHED BY THE MARYLAND TOURISM DEVELOPMENT BOARD
AND THE MARYLAND DEPARTMENT OF COMMERCE**

Governor's Message

DEAR FRIENDS:

One of the most important jobs I have as Governor of this great state is spreading the message that Maryland is an outstanding place to live, work, and visit. Each year, we welcome more than 41 million visitors to enjoy our famous seafood, tour our vibrant cities and towns, and discover our beaches, mountains, and all the activities in between.

In addition to tourism being a critical part of our culture and quality of life, it is also a significant economic driver. We have been hard at work creating a more positive business environment for our tourism industry to thrive and promoting all that our state has to offer to visitors from around the nation and the world.

We continue to see Maryland tourism grow, with the industry employing nearly 150,000 workers. In 2017, visitors to our state spent more than \$17 billion on travel, a more than two percent increase over the previous year. That spending is a key revenue source for both state and local governments, generating tax revenue of \$2.4 billion and saving each Marylander \$1,100 in taxes.

As Maryland continues to attract more and more visitors, we are working to enhance the visitor experience with new tours that highlight our state's rich history and culture. Over the past year, we celebrated the "Year of Frederick Douglass" by creating the Frederick Douglass Driving Tour, which has already received international acclaim. We also launched the first annual "Summer of Music" and developed the unique Crab & Oyster Trail, a virtual tour highlighting more than 100 of the state's seafood restaurants as well as seafood festivals held throughout the state.

I would like to thank all our tourism professionals from around the state, as well as our Maryland Tourism Development Board, for their hard work and dedication to attracting visitors and making our state a destination of choice for millions each year. By working together, we can ensure that Maryland continues to be truly open for business.

Sincerely,



LARRY HOGAN
Governor



Director's Message

DEAR TOURISM INDUSTRY PARTNERS:

Each year, the Maryland Office of Tourism—in conjunction with the Maryland Tourism Development Board and the Maryland Department of Commerce—reports on the contributions that the travel and tourism industry has made to the state's economy.

This year's Annual Report highlights the economic impact of Maryland's tourism industry from the recently released "Economic Impact of Tourism in Maryland—Calendar Year 2017 Tourism Satellite Account" report from Tourism Economics, a leading tourism industry research firm. They reported more than \$17.7 billion in visitor spending and close to \$2.4 billion in State and local taxes.

Another measurement highlighted in the Annual Report is the direct result of the passage of the Tourism Promotion Act of 2008 and its performance-based formula. Eight key tourism tax codes are tracked, reported and considered in calculating budgets. These FY 2018 Direct Tourism Taxes are included in this report. The Board is also now mandated to submit a report, in cooperation with the Maryland Association of Destination Marketing Organizations (MDMO), on the effectiveness of mandatory funding and the passage of the Tourism Promotion Act in increasing visitor attendance and visitor spending in Maryland.

Economic impact and visitation are generally reported by calendar year; all other metrics in the Annual Report are Fiscal Year 2018. While the results of a Tourism Satellite Account are available only on a delayed annual basis, many performance metrics—including the tourism tax codes, are available on a more frequent basis. The Office of Tourism Development distributes a monthly electronic Tourism Monitor, which reports trends and key performance metrics on a regular basis.

And so, pursuant to Section 5 of Chapter 471 Acts of 1997 (HB 685), I am pleased to present the Fiscal Year 2018 Maryland Tourism Development—Fund Annual Report. On behalf of the Maryland Tourism Development Board and the staff at the Office of Tourism Development, we want to thank the industry for its support of our efforts.

Sincerely,



LIZ FITZSIMMONS
Executive Director
Maryland Tourism Development Board

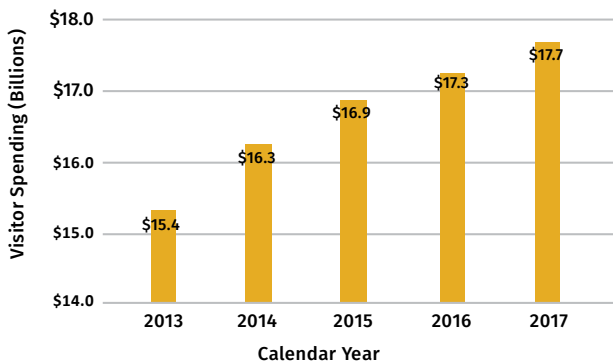


Tourism: A Revenue Generator

\$17.7 BILLION IN VISITOR SPENDING

In calendar year 2017 visitor spending reached \$17.7 billion, growing for eight straight years and increasing by 2.5 percent in the lodging sector.

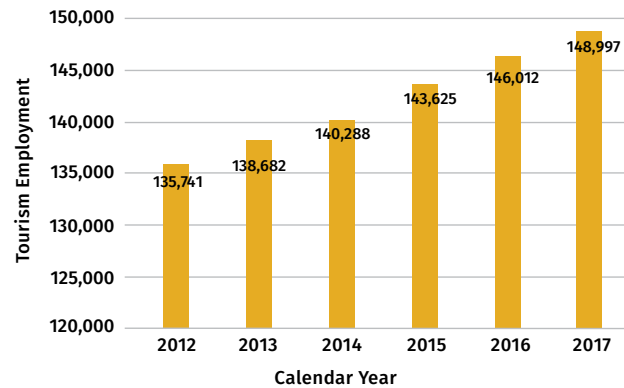
VISITOR SPENDING IN MARYLAND



MORE THAN 149,000 DIRECT TOURISM JOBS

Tourism is the 10th largest employer in Maryland contributing 149,000 Full-Time-Equivalent (FTE) jobs. In calendar year 2017, growth in tourism employment outpaced overall job growth in the State.

TOURISM SUPPORTED EMPLOYMENT IN MARYLAND



TOURISM INDUSTRY SALES (MILLIONS)

SECTOR	2013	2014	2015	2016	2017	2017 GROWTH
LODGING	\$2,864.2	\$3,039.4	\$3,160.7	\$3,350.7	\$3,433.6	2.5%
F&B	\$3,220.2	\$3,458.4	\$3,673.6	\$3,852.7	\$4,014.2	4.2%
RETAIL	\$2,298.0	\$2,424.8	\$2,401.0	\$2,383.0	\$2,370.4	-0.5%
RECREATION	\$2,007.6	\$2,156.6	\$2,251.9	\$2,390.9	\$2,372.6	-0.8%
TRANSPORTATION	\$3,414.4	\$3,594.0	\$3,682.4	\$3,596.2	\$3,682.7	2.4%
AIR TRANSPORTATION	\$1,585.4	\$1,636.1	\$1,691.8	\$1,749.3	\$1,808.8	3.4%
TOTAL	\$15,389.8	\$16,309.4	\$16,861.4	\$17,322.8	\$17,682.3	2.1%

* Lodging includes 2nd home spending.

Source: Tourism Economics, Maryland Tourism Satellite Account Calendar Year 2017.



VISITATION TO MARYLAND

Visitation decrease attributable to drop in business travel.

CY 2017 VISITOR VOLUME (% CHANGE FROM 2016)

	US	MD	DC	DE	PA	VA	WVA
TOTAL	4.0%	-1.4%	15.9%	2.4%	1.6%	1.8%	12.4%
BUSINESS	1.8%	-9.4%	5.6%	2.9%	2.8%	6.2%	14.8%
LEISURE	4.5%	0.4%	21.1%	2.2%	1.4%	0.4%	11.9%
DAY	4.6%	0.6%	28.5%	-	-0.1%	4.0%	16.0%
OVERNIGHT	3.2%	-3.6%	8.5%	3.5%	4.0%	-0.3%	6.4%

Source: DK Shifflet and Associates, Visitor Volume Calendar Year 2017.

VISITOR VOLUME ESTIMATES (PERSON-TRIPS IN MILLIONS)

	2013	2014	2015	2016	2017
TOTAL	36.1	38.2	40.5	42.1	41.5
BUSINESS	7.2	7.2	7.6	7.5	6.8
LEISURE	28.9	31.1	32.9	34.6	34.7
DAY	18.4	19.4	21.0	22.0	22.1
OVERNIGHT	17.8	18.9	19.5	20.1	19.4





HIGHLIGHTS FROM FISCAL YEAR 2018

Four new tourism initiatives, three major awards, record-high visitor spending and gains in visitation from new target markets.

NEW TOURISM PRODUCTS GO TO MARKET

- ❖ In February 2018, the Maryland Office of Tourism developed and introduced the Frederick Douglass Driving Tour, which includes Douglass-related sites in Baltimore and in Anne Arundel, Caroline, Prince George's, Queen Anne's and Talbot counties.
- ❖ The Office also helped roll out The Year of Frederick Douglass initiative that was decreed by the Governor in February.
- ❖ Other new products included Maryland's Crab & Oyster Trail, which was introduced by the Governor during a Canadian outreach trip in October; Maryland's Great Chesapeake Loop, helping visitors navigate Maryland's Chesapeake region and heritage through routes on both land and water; and Maryland's inaugural Summer of Music, a varied collection of multi-day music concerts and festivals around the state designed to encourage overnight stays.



ENGAGING STAKEHOLDERS

In the first half of 2018, OTD convened five separate meetings in Columbia, Easton, Flintstone, Rockville and Solomons for a series of regional seminars on how partners, DMOs and stakeholders can most effectively work with OTD, the Maryland State Arts Council and other state agencies in promoting destinations, attractions and initiatives.



PUBLIC RELATIONS SUCCESS

- ❖ 20 percent increase in social media followers, year-over-year.
- ❖ Secured coverage in top media outlets, including *Booze Traveler* on Travel Channel, *Southern Living*, *Coastal Living*, CNN Travel, MSN Travel, Thrillist, and *Toronto Star*.
- ❖ Also launched a weekly #MarylandMondays contest via our social channels, resulting in strong response and engagement.



AWARDS SEASON

- ❖ Maryland Economic Development Association (MEDA) selected the Harriet Tubman Underground Railroad Experience for its "Economic Development—Small Community" award.
- ❖ The National Association for Interpretation (NAI) honored OTD (with its partners in Dorchester and Caroline counties) with their "Digital Media Award" for the Harriet Tubman Underground Railroad Byway Audio Tour.
- ❖ At the annual Maryland Travel & Tourism Summit, the Maryland Tourism Coalition selected Marci Ross, Assistant Director for Tourism Development, as their "Tourism Person of the Year."



NEW CUSTOMERS FOR MARYLAND

The OTD marketing department's two-year-long advertising reach into outer geographic markets began to pay dividends: targeted messaging to encourage overnight spending resulted in visitation increases from New York up 10 percent; Pittsburgh up 4 percent; and Washington, D.C., up 3 percent.



Office Of Tourism Development Consumer Interactions

One of OTD's key goals is to inspire prospective visitors in specific markets to plan a trip to Maryland. Marketing activities are then developed with the objective of increasing web visits and quality leads from potential visitors. Four performance metrics are tracked against this objective of increasing consumer interactions via advertising, web activities, public relations and face-to-face customer interactions at Welcome Centers.



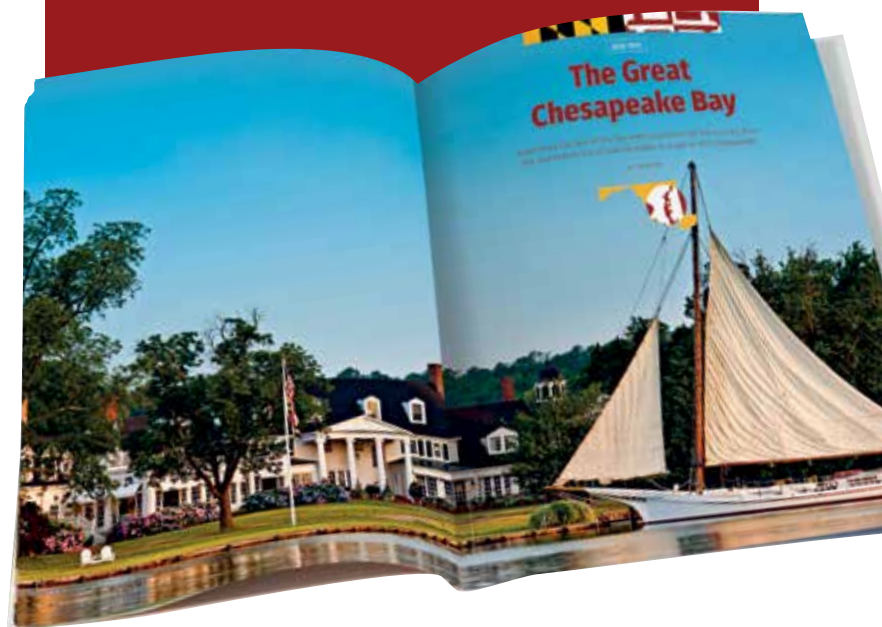
CUSTOMER INTERACTIONS

REQUEST TYPE	FY 2018	FY 2017	% CHANGE
PRINT ADVERTISING REQUESTS	29,444	28,289	4.1
PRINT AD BUDGET	\$276,100	\$184,312	49.8
BROADCAST LEADS	2,538	3,769	-32.6
BROADCAST AD BUDGET	\$1,171,898	\$1,644,335	-28.7
WELCOME CENTER VISITATION	424,951	371,879	14.3
VISIT MARYLAND.ORG UNIQUE WEB VISITORS*	2,510,102	2,587,116	-2.9
WEB ADVERTISING CLICKS	544,836	518,915	5.0
WEB TRAVEL KIT REQUESTS	13,345	14,072	-5.2
ONLINE ADVERTISING BUDGET	\$779,314	\$297,141	162.2
SOCIAL FOLLOWERS	144,193	120,230	19.9

* Google Analytics data

PRIVATE SECTOR CONSUMER ADVERTISING DELIVERS A 5-TO-1 RETURN

In its third year, the Private Sector Consumer Advertising Partnership Program disbursed \$75,000 to tourism industry partners to expand advertising reach in key domestic leisure travel markets. The funding from the state, plus the \$365,619 local match, puts total investment at \$440,619, for a leverage ratio of \$4.87 to \$1.



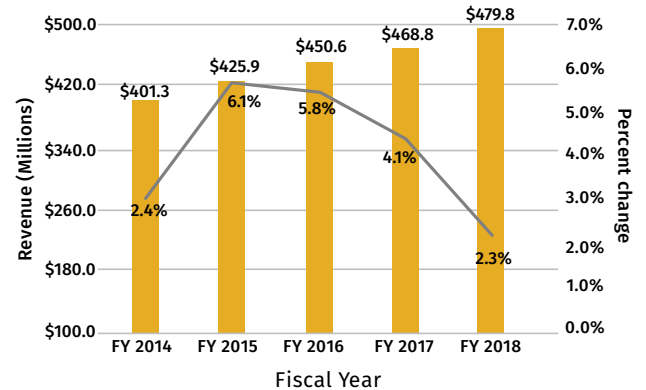
Tourism Sales Tax Revenues

OUTPERFORM OVERALL RETAIL SALES TAX COLLECTIONS

The passage of the Tourism Promotion Act of 2008 enacted the potential for enhanced funding appropriations based on the tourism sector's growth year over year. This funding formula provides a quantitative, policy-backed way to report the impact that visitor spending has on sales tax revenue in Maryland. Eight sales tax codes are tracked and multiplied by a tourism factor—the amount deemed attributable to visitor spending—by the Maryland Comptroller. The Board qualifies for additional funding if this tourism tax increment exceeds three percent of the tourism tax revenues from the previous year.

The Bureau of Revenue Estimates reported adjusted tourism expenditures of \$479.8 million, an increase of 2.3 percent over FY 2017. The total revenues for all categories amounted to more than \$1.2 billion.

TOURISM SALES & USE TAX REVENUE FY 2014 TO 2018



Source: MD Comptroller

SALES TAX CODE & CATEGORY (MILLIONS)	TOTAL FY 2017	TOTAL FY 2018	FACTOR	ADJUSTED FY 2017	ADJUSTED FY 2018	% CHANGE
108 RESTAURANTS, LUNCHROOMS, DELICATESSENS - WO/BWL	\$400.3	\$410.9	33%	\$133.4	\$137.0	2.6
111 HOTELS, MOTELS SELLING FOOD - W/BWL	\$38.3	\$37.8	100%	\$38.3	\$37.8	(-1.2)
112 RESTAURANTS AND NITE CLUBS - W/BWL	\$273.5	\$280.1	33%	\$91.2	\$93.4	2.4
306 GENERAL MERCHANDISE	\$280.4	\$317.3	5%	\$14.0	\$15.9	13.1
407 AUTOMOBILE, BUS AND TRUCK RENTALS	\$73.4	\$73.4	90%	\$66.1	\$66.0	0.0
706 AIRLINES - COMMERCIAL	\$0.4	\$0.4	50%	\$0.2	\$0.2	(-9.9)
901 HOTELS, MOTELS, APARTMENTS, COTTAGES	\$121.1	\$125.0	100%	\$121.1	\$125.0	3.3
925 RECREATION AND AMUSEMENT PLACES	\$9.3	\$9.1	50%	\$4.6	\$4.5	(-1.7)
TOURISM TAX CATEGORIES SUBTOTAL	\$1,196.7	\$1,253.9		\$468.9	\$479.8	2.3
ALL OTHER TAX COLLECTIONS	\$4,627.7	\$4,725.7				2.1

IN CALENDAR YEAR 2017, TOURISM GENERATED \$2.4 BILLION IN STATE AND LOCAL TAXES

Each household in Maryland would need to pay an additional \$1,100 per year to replace these taxes.



TOURISM IS THE 10TH LARGEST PRIVATE SECTOR EMPLOYER IN MARYLAND, CONTRIBUTING 149,000 FULL-TIME-EQUIVALENT (FTE) JOBS WITH SALARIES OF \$6.3 BILLION, UP 4 PERCENT OVER THE PREVIOUS YEAR.



Fiscal Year 2018 Direct Tourism Taxes and MTDB Grant Awards

Across the State, county to county, no matter the region, visitor spending makes a significant impact. The following chart details how tourism supported the tax base in Maryland's 23 counties and Baltimore City, broken out by geographic region, and the state's MTDB investment in local tourism marketing plans.

	ADMISSION AND AMUSEMENT TAXES	ROOM TAXES COLLECTED BY THE COUNTY	TOURISM PROMOTION ACT SALES TAXES*	TOTAL DIRECT CONSUMER TAX IMPACT	COUNTY TOURISM BUDGET	TOURISM DEVELOPMENT BOARD GRANT AWARDED
COUNTIES						
ALLEGANY	\$231,110	\$1,527,000	\$4,996,727	\$6,754,837	\$560,000	\$29,445
GARRETT	\$1,018,683	\$2,851,418	\$3,910,820	\$7,780,921	\$1,300,000	\$96,331
WASHINGTON	\$637,391	\$2,123,190	\$7,218,917	\$9,979,498	\$1,250,476	\$47,135
WESTERN REGION	\$1,887,184	\$6,501,608	\$16,126,463	\$24,515,256	\$3,110,476	\$172,911
FREDERICK	\$616,472	\$2,584,301	\$13,964,763	\$17,165,536	\$1,869,246	\$62,616
MONTGOMERY	\$6,196,361	\$21,176,694	\$76,656,494	\$104,029,549	\$1,855,661	\$83,092
PRINCE GEORGE'S	\$17,660,596	\$32,767,557	\$65,865,541	\$116,293,694	\$1,405,100	\$165,003
CAPITOL REGION	\$24,473,429	\$56,528,552	\$156,486,797	\$237,488,778	\$5,130,007	\$310,711
ANNE ARUNDEL	\$9,080,355	\$14,318,737	\$70,787,176	\$94,186,268	\$3,702,780	\$323,629
BALTIMORE CITY	\$9,131,871	\$32,985,925	\$52,906,161	\$95,023,957	\$15,009,073	\$319,117
BALTIMORE COUNTY	\$6,862,037	\$10,344,021	\$48,687,156	\$65,893,214	\$124,000	\$100,088
CARROLL	\$685,977	\$332,518	\$6,484,402	\$7,502,897	\$384,660	\$33,457
HARFORD	\$1,056,999	\$3,028,593	\$11,927,980	\$16,013,572	\$540,000	\$46,847
HOWARD	\$3,086,086	\$5,294,229	\$19,414,344	\$27,794,659	\$1,143,381	\$60,199
CENTRAL REGION	\$29,903,325	\$66,304,024	\$210,207,219	\$306,414,568	\$20,903,894	\$883,337
CALVERT	\$932,375	\$772,359	\$4,056,663	\$4,989,038	\$411,176	\$20,000
CHARLES	\$972,659	\$1,105,991	\$7,477,352	\$9,526,002	\$908,490	\$60,246
ST. MARY'S	\$138,556	\$1,072,688	\$5,379,918	\$6,591,162	\$430,937	\$52,909
SOUTHERN REGION	\$2,043,590	\$2,178,679	\$16,883,933	\$21,106,202	\$1,750,603	\$133,155
CAROLINE	\$2,355	\$39,955	\$723,750	\$766,060	\$100,000	\$21,390
CECIL	\$150,484	\$832,549	\$4,696,816	\$5,679,849	\$158,000	\$39,374
DORCHESTER	\$77,370	\$1,147,501	\$2,788,361	\$4,013,232	\$283,754	\$48,687
KENT	\$46,694	\$310,326	\$1,048,854	\$1,095,548	\$433,090	\$40,442
QUEEN ANNE'S	\$165,327	\$611,261	\$3,179,928	\$3,956,516	\$523,135	\$26,583
SOMERSET	\$9,322	\$84,529	\$442,651	\$536,502	\$67,088	\$33,030
TALBOT	\$148,443	\$1,274,628	\$3,835,147	\$5,258,218	\$506,012	\$59,096
WICOMICO	\$595,439	\$1,593,474	\$6,378,696	\$8,567,609	\$1,255,005	\$52,674
WORCESTER	\$2,136,806	\$1,148,551	\$28,415,782	\$31,701,140	\$1,022,792	\$102,931
OCEAN CITY		\$15,711,304		\$15,711,304	\$6,883,880	\$575,677
EASTERN SHORE	\$3,332,240	\$22,443,752	\$51,509,986	\$77,285,978	\$11,232,756	\$999,884
STADIUM AUTHORITY	\$9,979,335					
TOTAL DIRECT CONSUMER TAXES	\$71,619,103	\$155,039,301	\$451,214,398	\$666,810,782	\$42,127,736	\$2,499,998





MARYLAND

Office of Tourism

Published by the Maryland Department of Commerce

LARRY HOGAN ♦ Governor

BOYD K. RUTHERFORD ♦ Lt. Governor

MIKE GILL ♦ Secretary

LIZ FITZSIMMONS ♦ Managing Director

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