

**TESTIMONY BEFORE THE
U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE AND
TRANSPORTATION**

**SUBCOMMITTEE ON TRADE, TOURISM AND ECONOMIC DEVELOPMENT
REGARDING POTENTIAL ECONOMIC BENEFITS OF THE 2010 OLYMPICS**

**Presented by
Todd Davidson, Director
Oregon Tourism Commission**

Good morning, Senator Smith and members of the Committee. For the record, my name is Todd Davidson and I have the privilege and pleasure of serving as the Director of the Oregon Tourism Commission. I am before you today at both the invitation of the committee and on behalf of Oregon Governor Ted Kulongoski.

The statutory mission of the Oregon Tourism Commission is to encourage the economic growth and to enhance the quality of life in Oregon through a strengthened economic impact of tourism throughout the state.

To accomplish this mission, the Tourism Commission and staff identify and promote an image of Oregon that is unique, exciting, natural and friendly. Throughout its activities, the Oregon Tourism Commission follows these marketing goals and performance measures as set forth by the Oregon Legislature:

1. Maximize the return on investment in tourism.
2. Encourage longer stays by visitors to Oregon and reduce seasonal fluctuations in travel related industries.
3. To encourage visitors, including Oregonians, to be destination-oriented in this state.
4. To encourage international visitors to come to Oregon.

And, with these objectives firmly in hand, there has never been a more amazing time to be in Oregon and to be part of the tourism and hospitality industry.

Visitor expenditures directly generate over 88,000 jobs for Oregonians.

But the broader, collective tourism and hospitality industry supports over 150,000 jobs! And when we take into account the secondary jobs this industry supports, we surpass 200,000 jobs!

This means that one of out every nine Oregonians is employed, either directly or indirectly, by the tourism and hospitality industry.

As evidence of the increasing importance of the tourism and hospitality industry in Oregon, Oregon Business magazine ran a series of surveys in their December 2004 issue. The question they asked was one of major employers in Oregon in the future.

Subscribers to the magazine, business leaders in Oregon ranked tourism/recreation #2 with 51% respondents agreeing tourism/hospitality would be a major employer in Oregon within 10 years.

Then, Oregon Business did a random sampling of Oregonians. Seventy-five percent of respondents ranked tourism and recreation (#1) as the major employer within ten years.

And then the magazine asked the Oregon Employment Department who the largest employers would be in 2012 and they named eating and drinking establishments and accommodations #2.

Through every program, great idea and minor tweak the Oregon Tourism Commission implements – we strive to never take our eyes off of the prize – And, as you can see, it's about jobs. Good jobs for Oregonians.

Jobs where they can learn work maturity skills and jobs where they can establish their careers.

Jobs where they can become part of a major multi-national corporation and jobs where they are the proprietor – showing up every morning to unlock the door.

Today, over 88,000 Oregonians owe their jobs to visitors traveling and spending dollars, Euros, Yen and other currencies in our state.

And we have watched these expenditures grow – not only during the last decade – but especially during this last year when we experienced 6% growth - our fastest rate of growth in the past 5 years. And I am thrilled to stand before you today and celebrate the fact that visitor spending reached nearly \$7 billion last year!

So, our objective must be to sustain this momentum.

To accomplish this, the Oregon Tourism Commission has three primary audiences that we serve:

1. Potential and actual visitors who are served through our advertising programs, publications, welcome centers and website.
2. Travel agents, tour operators and travel media who are served with publications, trade shows, sales calls, hosted itineraries, slide library and website.
3. Industry partners - private businesses, local chambers of commerce, visitor bureaus and governmental organizations that benefit from research, education and training, workforce development and cooperative partnerships.

To reach these audiences, the Oregon Tourism Commission implements several key programs designed to better position Oregon in the mind of the traveling public.

The results of these programs and partnerships are impressive.

- The commission's recent advertising campaigns generated 220,000 new trips - 185,300 new overnight and 35,000 new day trips between March 2000 and February 2002. It is important to note that 84% of the trips generated by the Commission's advertising campaigns included at least one overnight and only 16% were day trips.
- These visitors spent more than \$40 million in Oregon.
- The cost of generating one trip to Oregon is only \$1.69, and every marketing dollar invested by the Tourism Commission results in \$114 in new visitor spending.
- Every dollar the commission spends on advertising generates \$3.40 in state tax revenue and \$1.60 in local tax revenue (a return of 5:1).

The Tourism Commission has strived to run effective programs maximizing the return on investment to Oregon. This research indicates that we have been successful.

So, the question before the Committee today is, "Is there an opportunity to garner economic return from the 2010 Olympics being held in Vancouver, British Columbia?" And my answer would be "yes."

The Oregon Tourism Commission has entered into preliminary conversations with both the Washington and Idaho tourism offices to discuss potential joint marketing programs in conjunction with the 2010 Olympics.

We feel there is potential opportunity in several key areas, most notably,

1. Positioning the Pacific Northwest as a training site for the Olympic athletes seeking to acclimate to the Pacific Northwest.
2. Reaching out to the thousands of non-credentialed media that attend the Olympics to generate lifestyle stories.
3. Exploring opportunities to build travel packages with international tour operators to utilize our international air service - including PDX's air service on Lufthansa German Airlines from Frankfurt, Germany; Northwest Air Lines from Tokyo, Japan; and Mexicana Airlines from Guadalajara and Mexico City, Mexico - to bring contestants and attendees alike through the Northwest and encouraging

them to spend some discretionary time here either before or after the competitions.

4. Having some type of presence at the Olympic venues to reach the international consumers and build awareness of travel opportunities in the Pacific Northwest.

As I mentioned, these discussions are in a preliminary phase and we will be exploring these and other opportunities to capitalize on the Olympics proximity to Oregon and the Pacific Northwest.

There are some challenges on the horizon though, that make it difficult to adequately forecast the impact the Olympics could have on Oregon, the Pacific Northwest and the United States.

The first of these challenges is found in our visa processing requirements. The August 2003 requirement that nearly all visa applicants appear in person at a U.S. embassy or consulate has increased the workload at many visa-issuing posts. While additional staff have been deployed since then, in some locations major delays continue to occur due to shortages of personnel or office space. I am concerned that delays in visa issuance are acting to deter prospective international visitors.

The second challenge is found in our requirement for biometric passports (electronic scans of the eye, face, or finger). Biometric passports are an important element in securing our borders. Definitive identification of international visitors through biometrics will allow U.S. inspections to admit legitimate travelers with greater confidence. This will increase security as well as lessen wait times at inspection.

However, there was a looming deadline of October 26, 2005, for the VWP participating countries to begin issuing these new, high-tech passports containing biometric identifiers. It was believed that, at best, only a handful of the 27 Visa Waiver countries would be able to meet the October 26, 2005 deadline. It was also questionable if the U.S. State Department would be ready to start issuing biometrically enabled U.S. passports by that time. This deadline has now been extended by one additional year and an additional biometric identifier – a digital photograph – has been added to the choices.

The bottom-line is that uncertainty about these deadlines in the marketplace only discourages travel to the U.S. and could have a crippling effect on future travel bookings for this coming fall and beyond. Congress' recent action to statutorily extend this deadline was critically important to our tourism trading partners and the more than 13 million Visa Waiver Program visitors that can continue to travel uninterrupted to the United States.

(The 27 Visa Waiver Program countries include: Andorra, Australia, Austria, Belgium, Brunei, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, New Zealand, Norway,

Portugal, San Marino, Singapore, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.)

America is still the special place it has always been and each of these challenges can be overcome. We remain a premier destination with more things to do and see than any other single country.

I like to think that when visitors leave, they have been enriched and enraptured by our culture and who we are. And the 2010 Olympics will afford us another such opportunity. I remain eager to continue to explore the opportunities that the 2010 Olympics afford us with our partners in the Pacific Northwest and am grateful for your leadership, Senator Smith, in convening this hearing this morning.

Thank you.