



**Testimony of Brad Dean
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**United States Senate
Committee on Commerce, Science and Transportation
Subcommittee on Tourism, Competitiveness and Innovation**

**Hearing on "The State of U.S. Travel and Tourism:
Industry Efforts to Attract 100 Million International Visitors Annually"**

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*The mission of the Myrtle Beach Area Chamber of Commerce is to
Promote, Protect & Improve the Myrtle Beach area and its businesses.*

Chairman Schatz, Ranking Member Scott and distinguished members of the Senate Committee on Commerce, Science and Transportation, thank you very much for the opportunity to join you to discuss the state of America's travel and tourism industry. I am Brad Dean, President of the Myrtle Beach Area Chamber of Commerce, in Myrtle Beach South Carolina. In that capacity, I represent nearly 3,000 businesses which employ more than 46,000 hard-working Americans. Our organization is a proud member of the U.S. Travel Association, the American Hotel and Lodging Association and the U.S. Chamber of Commerce.

I appreciate your invitation to testify on the state of travel and tourism and future growth opportunities. This hearing of the subcommittee on tourism, competitiveness and innovation is well-timed, as communities throughout our nation, in every one of our 50 states, are celebrating National Tourism Week, a week dedicated to recognizing the significant and positive impact travel and tourism has on our nation and its people. More importantly, as America recovers from the Great Recession and grapples with the challenge of creating jobs and fueling economic growth, I believe travel and tourism can be a key part of the solution.

Background

Myrtle Beach, South Carolina is a small town of approximately 30,000 permanent residents. Several small communities are tied economically to the City of Myrtle Beach but the entire population of our region is still very small by most standards. Despite our small permanent population, the Myrtle Beach area is a major tourism mecca, welcoming more than 15 million visitors each year. As you might expect, tourism is our number one industry, and it fuels other local industries like real estate, construction and retail.

Visitors come to Myrtle Beach to enjoy the 60 miles of beautiful, pristine beaches, 100-plus championship golf courses, and a wide array of amusements, attractions, dining, shopping and entertainment options. While the activities and amenities are a draw, the Myrtle Beach area has been fortunate to enjoy a high repeat visitation rate, due in large part to the extraordinary southern hospitality our visitors enjoy during each visit. The tourism industry in Myrtle Beach generates an annual economic impact of nearly \$7 Billion and sustains more than 73,000 jobs.¹ In fact, two-thirds of all full-time jobs in our community are tied to tourism.

But it's not just Myrtle Beach that thrives on tourism. In my home state of South Carolina, tourism has an annual economic impact of \$17.6 Billion.² Tourism accounts for 10% of all jobs in South Carolina.³ And it's worth noting that tourism jobs can't be outsourced to other countries. Suffice to say that tourism is big business in my community and throughout our state, as it is in many states throughout America. Yet we must be mindful that the travel and tourism industry is made up of many small businesses that depend upon the flow of commerce created through travel and tourism. For every Marriott or Disney or Delta, there are hundreds of small, independently-owned businesses that fuel the travel and tourism industry and these small businesses create jobs that keep America working.

Tourism Leading the Recovery

In my community, tourism has led the economic recovery in recent years. Facing a severe economic downturn in 2008 and 2009, we invested heavily in additional promotion and tourism-related infrastructure, and the results have been astounding. We have experienced three straight years of economic growth, propelling our tourism industry to near-record levels, and the outlook for 2014 is very encouraging. Bear in mind, in my community, when tourism grows, tax revenues for schools and local governments grow, too, so what's good for tourism is good for everyone.

Likewise, the tourism industry throughout South Carolina has rebounded from the recession. Last year, Revenue per Available Room, a key measurement in our industry, was up 6.7%. Tourism tax revenues are rising and many new jobs have been created. Both in my community of Myrtle Beach, and throughout South Carolina, our economy has improved substantially and tourism has been a key part of that economic growth.

While there is much to celebrate during this 2014 National Tourism Week, we should not let the success of the recent past cloud our vision of the future, for much remains to be accomplished. As you know, many of the American jobs lost during the recession will not return and too many Americans remain unemployed or under-employed. For too many years, we were not competitive in international travel and tourism, causing us to fall further and further behind and largely missing out on a boom in global travel, resulting in what Roger Dow, CEO of the US Travel Association, in the Wall Street Journal rightly termed the "Lost Decade of Tourism".⁴ Small businesses today face a growing level of regulatory burdens which can stifle growth, even with the best of intentions. And, sadly, our transportation infrastructure is failing. If we are to grow America's economy, create jobs and successfully compete in global trade, we must seize the opportunities that lie before us, and growing travel and tourism must be a part of that. The businesses that I represent are prepared to do so, and I suspect that is true not just in Myrtle Beach, not just in South Carolina, but throughout this great nation. But we cannot do this without you. Proactive leadership from this Congress, and the White House, is essential to the future success of our travel and tourism industry.

Mr. Chairman, I come before you today to thank you, and your peers, for your leadership in key initiatives that have helped our industry. The attention given travel and tourism by the U.S. Department of Commerce has been superbly managed and administered. Creation of Brand USA, as part of a national travel promotion strategy, was necessary and very impactful. Expanding the use of pre-clearance processes and travel visa waiver programs has positively impacted our industry. A U.S.-Canadian border agreement in 2012 helped grow travel to and from our neighbor to the north.

But let's not stop here. Much remains to be done. With this in mind, I come before you today with three simple recommendations that could have a very positive, long-lasting impact on travel and tourism and, as a result, on our national economy.

Promotion of Travel and Tourism Worldwide

Prior to the creation of Brand USA, our nation was far from competitive in international travel. There was no 'come visit America' message. Advertising and promotion in foreign countries was largely limited to top-tier cities and worldwide brands. As a result, communities like Myrtle Beach, South Carolina had little or no opportunity to compete on the global scale. As it's now baseball season, allow me to put this in terms that any baseball fan can appreciate: America's international tourism strategy before Brand USA was much like trying to hit a major-league fastball using a broom handle. You can swing all you want, and every now and then you might get lucky, but long-term success is highly improbable, if not impossible.

Under the leadership of Chris Thompson, Brand USA has flourished. In addition to promoting the beauty, grandeur and widespread appeal of America and all it has to offer, Brand USA has opened up promotional doors for communities like mine in countries throughout the world. They provide valuable research and generate added-value publicity that far exceeds anything we could create on our own. More importantly, they allow individual destinations and states to leverage our promotional resources in multiple foreign markets. Prior to Brand USA, my efforts to promote the Myrtle Beach brand were largely limited to Canada. Today, through partnerships with Brand USA, I am able to collaboratively promote our brand, along with my peers in Charleston and Hilton Head, in numerous countries both in Europe and the Far East. Because of Brand USA, our promotional investments generate a much higher return-on-investment and we can now leverage our brands in more markets.

Since our partnership with Brand USA began, we have seen double-digit growth in international travel to the Myrtle Beach area.⁵ In fact, the growth in international travel to my community has risen at nearly three times the rate of domestic travel. We also now have two airlines providing non-stop service from Toronto to Myrtle Beach. When it comes to Brand USA I have two words for Congress: Thank You. And, if you'll permit me, I have two more words to offer: please reauthorize. This program, which does not cost U.S. taxpayers a dime, is helping to grow tourism and create jobs, not only in Myrtle Beach, but throughout South Carolina and the other forty-nine states.

Invest In Our Infrastructure

In addition, if we intend to market America as the premier place for world travelers to vacation, we need to make sure they are greeted with a world-class transportation system. You are no doubt aware of the delicate situation we face with our nation's infrastructure. Our highways are crumbling and many bridges are not safe. Our airports are crowded and our roadways are jammed. This problem was not created overnight and it won't be solved overnight, either. But something must be done now. Our infrastructure system is largely inadequate for our needs today, and the situation is only going to get worse. And while we have tremendous prospects for growing travel and tourism, both domestically and internationally, if we cannot meet the demands of our infrastructure system today, we can safely assume we will not be able to seize the opportunity to grow travel and tourism in the future.

Congress must find an adequate source of funding for the highway trust fund which is currently projected to run out in late August. Sadly, there is little to trust about this trust fund. Also, Congress and the Administration should enact a long-term reauthorization of MAP-21 which will expire on October 1st. While the President's proposal last week was a step in the right direction, much more needs to be done. We need the next federal highway, transit, and safety program authorization bill to be a solution that will work for the future and begin to address the nation's backlog of construction and maintenance of our roads and bridges.

Congress should also finish what it began with the interstate system. Today, Myrtle Beach South Carolina is the busiest vacation destination in America without interstate access. More than 15 million visitors travel to our community, with most of them coming during the spring and summer months via automobile. Yet we have one four-lane state highway that serves as the main thoroughfare. As you might expect, the first impression, and last impression, our visitors gain is that of congestion and traffic jams. We have used local and state taxes to begin the construction of Interstate 73 and only look to Congress to reauthorize a highway bill and finish what it began so many years ago by completing 35 miles of highway and connecting the Myrtle Beach area to the U.S. interstate system. This will create twenty-nine thousand jobs, boost tourism, attract new industries and save lives in the event of a hurricane.

Likewise, we should seek to modernize our airports and air travel systems. Airport delays at our nation's gateway airports are becoming far too common and will increasingly become a limiter of productivity and travel.

Reform Regulatory Process

Regulation of business and other industries is necessary and appropriate in many instances, but when regulations are issued without appropriate consideration of their impact and burdens, they become onerous. As a result, businesses, employees and consumers all suffer.

While the pundits often criticize the gridlock in Congress, this apparently has no impact on federal regulatory activity. According to the Competitive Enterprise Institute, the Federal Register finished 2013 at 79,311 pages, yet there appears to be no slowing down. This same report estimates that there are 3,305 regulations in the pipeline, 191 of which are "economically significant", meaning they carry an annual cost of at least \$100 million.⁶

Just one example of regulatory changes being discussed that could have a tremendous impact on travel and tourism, have been precipitated by the Administration's recent memo to the U.S. Department of Labor to update of the Fair Labor Standards Act (FLSA),⁷ with the expressed goal of rewriting overtime regulations. The tourism industry is labor intensive and requires workers that are very flexible in the hours they work and the jobs they perform. New unnecessary or burdensome requirements that will only serve to raise the cost of labor without any foresight as to the overall economic impact of new rules and guidelines would weaken the very industry that is helping to lead our nation out of the Great

Recession. Similar to the recent Congressional Budget Office's report on "The Effects of Minimum-Wage Increase on Employment and Family Income",⁸ changes to the overtime regulations could benefit some and cost others their jobs.

In this era of increasing regulation, some measures exceed sensible reform and, occasionally, exceed Congressional intent, as well. Small businesses are caught in the cross-hairs and can easily become the victim of unintended consequences. We've seen this in Myrtle Beach and I suspect we are not alone. Congress, when devising new laws, and the administration when implementing them should apply the same, basic principle that well-managed businesses and households apply: think before you act, and weigh the costs as well as the intended benefits.

Conclusion

Our nation's travel and tourism industry has not merely rebounded from the dire economic circumstances we faced just a few years ago. Today, this industry has emerged from the toughest of times and is healthy and growing. And it's no coincidence that America's national economy is experiencing similar growth. The recent increases in international tourism are a big part of this success, and we can point to the leadership from the U.S. Department of Commerce, advancements made in pre-clearance processes and border security, along with the promotional success of Brand USA, to understand why this has occurred.

Nevertheless, much remains to be accomplished. Our nation faces difficult fiscal circumstances amidst an increasingly competitive worldwide marketplace. At the same time, too many Americans remain unemployed and some of the jobs lost during the Great Recession will not return.

These are big problems. Yet I believe travel and tourism is part of the solution. We can, and I believe we will, reach the objective of 100 million international visitors annually. But doing so requires reauthorization of Brand USA, improvements to our transportation infrastructure, and a sensible approach to government regulation.

I thank you for the opportunity to join you here today. And on behalf of the nearly 3,000 businesses I serve and the more than 46,000 employees I represent, I thank you for your service to our nation. I, and those in the industry in which I am a part of, stand ready, willing and able to work with you to help propel America forward. There is no doubt we face significant challenges, but thankfully, the problems we face are solvable. And the opportunity for success today is unprecedented. Like you, I still believe that America's best days lay before us, and not behind us, and I thank you for your commitment in leading our nation forward.

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