



**MAYOR ROBERT GARCIA**  
CITY OF LONG BEACH

April 14, 2021

The Honorable Mike McGuire  
California State Senate  
State Capitol, Room 5061  
Sacramento, CA 95814

**RE: Support for SB 285 (McGuire)—California Tourism Recovery Act**

Dear Senator McGuire,

On behalf of the City of Long Beach, I write to support SB 285, which would implement a statewide media and jobs recovery campaign to promote tourism throughout California. The California Tourism Recovery Act would aid California's hospitality industry, which has been devastated by the COVID-19 pandemic.

Visitor spending is a major source of business opportunities, jobs, and tax revenue for the Long Beach economy. According to a Beacon Economics Visitor Spending Analysis, City visitor spending on hotels, motels, and short-term rentals totaled just under **\$1.17 billion** in 2018. Visitor spending on food services was the largest category at \$297 million, followed by accommodations (\$263 million), entertainment (\$167 million), local transportation (\$163 million), and retail (\$149 million). Based on the 2018 fiscal year, visitor spending in Long Beach:

- Generated **\$1.76 billion** in economic output, which includes \$1.17 billion in direct spending, \$280 million in indirect spending, and \$309 million in induced spending;
- Supported **18,652 jobs**, which includes 15,000 supported by direct spending, 1,599 jobs supported by indirect spending, and 2,053 jobs supported by induced spending; and,
- Generated **\$687 million in labor income**, which includes \$478 million from direct spending, \$103 million from indirect spending, and \$106 million from induced spending.

Additionally, each guest staying at a hotel, motel, bed and breakfast, or short-term rental in Long Beach pays Transient Occupancy Tax (TOT). The current rate of TOT is 13 percent of the rent, 7 percent of which goes to the City's General Fund and 6 percent is paid to the City's Special Advertising and Promotions Fund. Since April 2020, soon after the first State regional stay-at-home order was implemented, TOT in Long Beach has declined an average of 54 percent per month compared to prior year's pre-pandemic actuals (the equivalent of \$18.9 million), resulting in financial hardship not only for the City but the businesses and workers supported by the industry. The City's Special Advertising and Promotions Fund also experienced significant pandemic-related revenue losses and required utilizing \$3 million of its funds available in FY 20. There is also the potential need to further draw down on the remaining funds available and possibly dip into reserves in FY 22 and beyond depending on COVID-19 economic recovery. Once it is safe to travel, the provisions of SB 285 will help the City's TOT revenue return to pre-pandemic levels.

The City supports legislation that increases tourism. During a study session conducted on February 3, 2021 by the City's Convention and Visitors Bureau Pleasure Travel Marketing Group, the stakeholders acknowledged partnering with statewide advertising campaigns as a key strategy to retain businesses and employees pivotal to Long Beach's tourism industry. SB 285 would assist businesses and employees by promoting tourism through a comprehensive campaign. Given these reasons, the City supports SB 285.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Garcia', written over a light gray rectangular background.

Mayor Robert Garcia  
City of Long Beach

cc: The Honorable Speaker Anthony Rendon, State Assembly  
The Honorable Lena Gonzalez, State Senate, 33<sup>rd</sup> District  
The Honorable Tom Umberg, State Senate, 34th District  
The Honorable Steven Bradford, State Senate, 35<sup>th</sup> District  
The Honorable Mike Gipson, State Assembly, 64th District  
The Honorable Patrick O'Donnell, State Assembly, 70th District