



CITY OF BEVERLY HILLS

455 NORTH REXFORD DRIVE ▪ BEVERLY HILLS, CALIFORNIA 90210

Lester J. Friedman, Mayor

April 8, 2021

The Honorable Mike McGuire
California State Senate, 2nd District
State Capitol, Room 5061
Sacramento, CA 95814

Re: SB 285 (McGuire) - California Tourism Recovery Act.
City of Beverly Hills – Support

Dear Senator McGuire,

On behalf of the City of Beverly Hills, I am pleased to write to you in SUPPORT of your SB 285, which creates the California Tourism Recovery Act. This Act would require the California Travel and Tourism Commission to implement a strategic media campaign program aimed at reversing the impact of the COVID-19 pandemic on the travel and tourism industry in the state.

Prior to the COVID-19 pandemic, more than 1.2 million California workers earned their livelihoods in the hospitality industry. Visitors spent roughly \$145 billion annually at California businesses, generating \$12.3 billion in state and local tax revenues. Due to the stay at home order, tourism spending in the state dropped \$59 billion in 2020, which is only 41 percent of the 2019 amount. California tourism has not been below \$60 billion since 1996. Projections estimate that total spending for California will grow to \$88.5 billion in 2021.

In March 2020, The Los Angeles Times reported the American Hotel and Lodging Association projected hotels would lose 125,000 jobs in the coming weeks—and 414,000 jobs such as waiters, busboys, bartenders, and limousine drivers that support the hotel industry. According to a report released by the American Hotel and Lodging Association in conjunction with Oxford Economics in early January 2021, California lost over 90,000 jobs in the hospitality and hotel industry. While the 2021 report does not specify the number of jobs lost that are supported by the hotel industry, if these projections are correct, roughly 328,000 jobs were lost in this sector in 2020.

The COVID-19 economic shutdown and March 2020 shelter-in-place directive from the state and Los Angeles County began negatively impacting the economy in the first quarter of 2020. Two sectors especially important to Beverly Hills— international visitation and retail sales – were, and continue to be, significantly impacted by the pandemic. Special events were canceled, and hotels, stores, and restaurants temporarily

closed. Transient occupancy tax revenues plummeted from \$4 million per month to less than \$100,000 per month in April 2020. Actual sales in Beverly Hills were dramatically impacted with 2020 Q2 down 54 percent from 2019 Q2. This was significantly more severe compared to effects in Los Angeles County, which showed a sales decline of 23 percent during the same period.

In response to these downturns in the economy, the City of Beverly Hills has conservatively forecasted sales tax, transient occupancy tax, and business license tax for Fiscal Year 2020/2021 at approximately 60-75 percent of the previous year's budget. The City of Beverly Hills, like all other municipalities, will be affected by the COVID-19 crisis for years to come.

SB 285 will help kick start the travel and hospitality industry, by providing \$45 million to Visit California to launch a strategic media and jobs recovery campaign to drive in state travel once the California Department of Public Health has cleared the way.

For these reasons, the City of Beverly Hills SUPPORTS your SB 285. Thank you for authoring this important measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Lester J. Friedman", written in a cursive style.

Lester J. Friedman
Mayor, City of Beverly Hills

cc: Members and Consultants, Senate Appropriations Committee
The Honorable Ben Allen, 26th Senate District
The Honorable Richard Bloom, 50th Assembly District
Andrew K. Antwih, Shaw Yoder Antwih Schmelzer & Lange