

Written Testimony in Support of Increased Tourism Investment for Maryland's 2026 Budget

Submitted to the Maryland General Assembly

Date: March 2, 2026

Subject: Request for Increased Appropriations to the Maryland Tourism Marketing Budget

Executive Summary

I respectfully urge the Maryland General Assembly to significantly increase tourism marketing appropriations for fiscal year 2026. Tourism is not a discretionary expense—it is Maryland's most efficient economic growth strategy, delivering measurable returns within 60-90 days while generating revenue that directly funds the priorities our legislators champion: education, health care, public safety, and infrastructure[1].

In 2024, Maryland's tourism industry generated \$21.2 billion in visitor spending and contributed \$1.4 billion in state tax revenue[1]. However, Maryland currently reinvests only 0.78% of tourism-generated General Fund revenue back into tourism marketing[1]. This represents a critical underinvestment in one of our state's highest-performing revenue engines—particularly when compared to the aggressive tourism reinvestment strategies of our surrounding states.

Tourism Fuels Maryland's Economic Engine

Immediate Revenue Without Tax Increases

Tourism advertising delivers the fastest return on investment of any economic development strategy available to our state:

- **Tourism marketing:** 2-3 months to first measurable return
- Manufacturing plant recruitment: 3-7 years
- Housing development (public-private): 4-8 years
- Highway/transportation projects: 5-10 years
- Workforce development programs: 5-10 years[1]

The mathematics are compelling: every \$1 invested in tourism advertising returns approximately \$55 in hotel bookings, \$354 in per-trip visitor spending, and \$69 in General Fund revenue[1]. Visitor spending begins flowing into Maryland cash registers within 60-90 days of advertising placement, providing near-term revenue growth without raising taxes on Maryland residents[1].

Tourism Revenue Funds Legislative Priorities

Tourism is a net contributor—not a cost—to Maryland's budget. The \$1.4 billion in state tax revenue generated by tourism in 2024 flowed directly into the programs and services our legislators work tirelessly to fund[1]:

General Fund Allocation	Tourism-Generated Revenue
Education	\$593.4 million
Health	\$417.4 million
Public Safety	\$122.5 million
Housing	\$8.4 million
Transportation Trust Fund	\$133.7 million
All Other Allocations	\$256.3 million
Total to General Fund	\$1.2 billion

Table 1: 2024 Tourism Tax Revenue Allocation to Maryland Programs[1]

Without tourism revenue, Maryland households would face an additional \$1,051 in annual taxes to maintain current service levels[1]. Tourism marketing is therefore not competing with other priorities—it is enabling them.

Tourism Builds Workforce and Opportunity Across Every County

Maryland's tourism industry supported 193,845 jobs in 2024—one in every 21 jobs statewide—paying \$10.5 billion in wages to Maryland workers[1]. Tourism now supports more jobs than manufacturing statewide and provides critical employment opportunities in every Maryland county, not just growth corridors[1].

These are not merely statistics. Tourism-supported businesses are often small, local, and employment-intensive, creating entrepreneurial opportunities and strengthening local supply chains across diverse industries including finance, insurance, real estate, and business services[1]. For young workers, career switchers, entrepreneurs, and seasonal employees, tourism provides accessible entry points into Maryland's economy.

In communities like Ocean City, tourism is the economic foundation. The 45.8 million visitors who traveled to Maryland in 2024 generated \$16.6 billion in direct spending at Maryland businesses across critical categories[1]:

- Lodging: \$4.2 billion

- Transportation: \$6.5 billion
- Food & Beverage: \$5.3 billion
- Retail: \$2.5 billion
- Recreation: \$2.7 billion[1]

This visitor spending generates substantial multiplier effects, producing nearly 60% additional business activity that ripples through Maryland's entire economy[1].

The Competitive Imperative: Regional Tourism Reinvestment

Maryland faces intensifying competition from surrounding states that have recognized tourism as a strategic economic priority and are investing accordingly.

Virginia's Aggressive Tourism Strategy

Virginia allocated \$26.1 million in general fund appropriations to the Virginia Tourism Authority for FY 2026, with total tourism promotion funding reaching \$31.4 million for FY 2027[2][3]. Virginia's proposed 2026-28 biennium budget includes substantial targeted investments:

- \$4.25 million annually for grants to regional and local tourism authorities
- \$2.8 million annually for dedicated tourism marketing campaigns
- \$2.1 million for the Spearhead Trails initiative
- \$450,000 for the Heart of Appalachia Tourism Authority
- \$627,556 for Virginia Association of Broadcasters media partnerships[3]

Critically, Virginia is also developing a comprehensive Statewide Strategic Tourism Plan for 2026-2029 to guide coordinated tourism growth[4]. In 2024, Virginia's tourism industry generated \$35.1 billion in direct visitor spending—significantly outpacing Maryland despite comparable geographic and demographic characteristics[6].

Pennsylvania's Tourism Investment Surge

Pennsylvania has made tourism a centerpiece of its economic strategy, with Governor Josh Shapiro securing \$65 million in the 2025-26 budget specifically for tourism and event-related initiatives[5]. This includes:

- \$50 million to prepare for America's 250th anniversary celebrations and major events
- \$10 million for hosting the NFL Draft in Pittsburgh
- \$20 million for the Main Street Matters program supporting local tourism economies[5]

Pennsylvania's commitment is yielding results. In 2024, Pennsylvania's tourism industry generated \$83.9 billion in economic impact, supported 514,261 jobs, and contributed \$5 billion in state and local taxes[7]. Pennsylvania attracted 201.6 million visitors in 2024, outpacing national average growth rates in the tourism sector[7].

Delaware's Focused Regional Competition

While Delaware operates at a smaller scale, the state maintains aggressive multimedia advertising campaigns on platforms including Hulu, Amazon, Atlas Obscura, and Travel + Leisure[8]. In 2023, Delaware's tourism spending topped \$7 billion, representing a 7% increase from 2022, with an average visitor spend of \$238[8]. Delaware's focused investment strategy directly competes for the same Mid-Atlantic leisure travelers Maryland seeks to attract.

The Risk of Underinvestment

Maryland's current 0.78% reinvestment rate of tourism-generated General Fund revenue represents a strategic vulnerability[1]. While our surrounding states aggressively market their destinations and capture market share, Maryland risks:

1. **Revenue stagnation:** Without sustained marketing, visitor demand plateaus, reducing future tax revenue growth
2. **Competitive disadvantage:** Virginia, Pennsylvania, and Delaware are outspending Maryland to capture the same leisure travelers who represent 78% of Maryland's visitor base[1]
3. **Infrastructure pressure:** Tourism-funded infrastructure improvements slow without growing revenue, impacting resident quality of life
4. **Workforce contraction:** Nearly 194,000 tourism-supported jobs depend on sustained visitor demand across every county[1]
5. **Missed multiplier effects:** Each tourism dollar creates \$1.60 in total economic activity through Maryland's economy[1]

Failing to invest in tourism marketing is not cost-neutral—it is revenue-negative. The 78% of Maryland visitors who are leisure travelers are highly influenced by advertising[1]. Without competitive marketing presence, these visitors choose Virginia, Pennsylvania, or Delaware instead, taking their spending, tax contributions, and economic multiplier effects with them.

Tourism Aligns With Maryland's Foundational Values

Maryland's tourism assets tell the story of American history, natural beauty, and cultural richness. From the Chesapeake Bay to Western Maryland's mountains, from Baltimore's Inner Harbor to Ocean City's beaches, our state offers diverse, authentic experiences that resonate with domestic and international travelers.

Investing in tourism marketing strengthens the very locales and communities our legislators represent. Tourism revenue:

- Preserves historic sites and cultural landmarks
- Supports Main Street businesses in small towns
- Funds parks, recreation facilities, and public spaces residents enjoy
- Maintains infrastructure in destination communities
- Creates entrepreneurial opportunities for Maryland families

- Attracts business investment and talent relocation[1]

Tourism makes Maryland destinations more prosperous and more foundational to our state's identity. Every visitor who experiences Maryland becomes an advocate for our state, potentially returning as a resident, investor, or business owner.

Economic Growth Cycle: Tourism as Catalyst

Tourism initiates a virtuous economic cycle that extends far beyond hospitality:

1. **Visitor Demand:** Marketing generates awareness and drives visitation
2. **Market Opportunity:** Businesses recognize revenue potential
3. **Business Investment:** Entrepreneurs invest capital and relocate to Maryland
4. **Jobs and Local Spending:** Employment grows, wages circulate through local economies[1]

Economic vitality in Maryland starts with a visit. Tourism is the front door and catalyst for Maryland's broader economic growth cycle, supporting businesses, jobs, and communities in every region of the state[1].

Accountability and Performance Measurement

Maryland's tourism marketing investment is among the most accountable and measurable economic development tools available. Unlike many development initiatives requiring years to assess outcomes, tourism advertising performance is tracked in real-time through:

- Hotel booking data (measured by Adara and similar platforms)
- Visitor spending patterns (analyzed by Tourism Economics)
- Tax revenue generation (reported quarterly)
- Employment impacts (tracked by Bureau of Labor Statistics)
- Return on advertising spend (calculated within 90 days)[1]

This level of transparency and accountability makes tourism marketing a fiscally responsible investment that legislators can confidently support and constituents can readily understand.

Recommendations for 2026 Budget Appropriations

To maintain Maryland's competitive position, fund legislative priorities, and capture our fair share of regional tourism demand, I respectfully recommend the Maryland General Assembly:

1. **Increase tourism marketing appropriations** to achieve at minimum 2-3% reinvestment of tourism-generated General Fund revenue, consistent with competitive state benchmarks
2. **Establish dedicated regional tourism grants** similar to Virginia's \$4.25 million annual program, enabling destination marketing organizations across Maryland to compete effectively for visitors
3. **Fund targeted campaign initiatives** for Maryland's signature destinations including the Chesapeake Bay, Ocean City, Western Maryland, and Baltimore
4. **Support multimedia advertising campaigns** on high-impact platforms where leisure travelers research and book trips
5. **Invest in tourism infrastructure improvements** in high-traffic areas to enhance visitor experience and resident quality of life

Conclusion

Tourism is not a luxury expenditure—it is Maryland's fastest-returning economic growth strategy and a primary revenue source for the programs Marylanders value most. The industry generated \$1.4 billion in state tax revenue in 2024 while supporting nearly 194,000 jobs across every Maryland county[1].

Our surrounding states understand this imperative. Virginia invested \$26.1 million in tourism promotion for FY 2026[2]. Pennsylvania committed \$65 million for tourism and major events[5]. These states are competing aggressively for the same visitors Maryland seeks to attract—and they are winning market share.

Maryland must match this competitive intensity. Increased tourism marketing appropriations will:

- Generate near-term revenue growth within 60-90 days without raising taxes
- Fund education, health care, public safety, and infrastructure priorities
- Support jobs and entrepreneurial opportunity in every county
- Strengthen Maryland's economy and competitive position
- Enhance quality of life for residents through improved local economies[1]

The return on investment is proven, immediate, and measurable. Tourism marketing grows the revenue that funds everything else our legislators strive to accomplish. I urge the Maryland General Assembly to recognize tourism as the foundational economic strategy it is and appropriate funding commensurate with the industry's contribution to Maryland's prosperity.

Thank you for your consideration and commitment to Maryland's economic future.

Respectfully submitted,

References

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