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THE COUNCIL OF STATE GOVERNMENTS SOUTHERN OFFICE

Senate Study Committee on Making Georgia the No. 1 State for Tourism

CSG South Presentation

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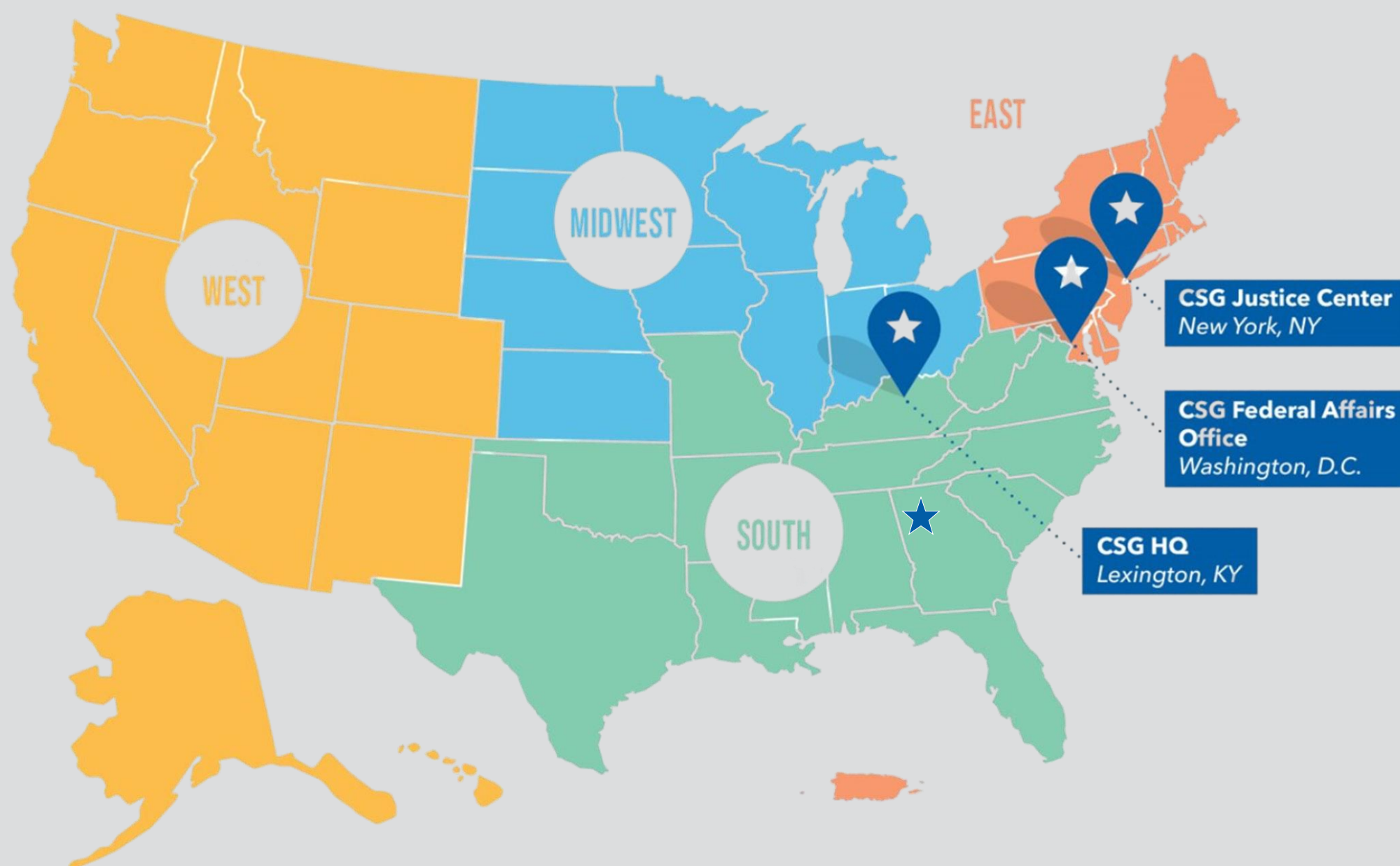
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CSG 101: A REGIONALLY-BASED NATIONAL ORGANIZATION



- Founded in 1933 by Colorado State Senator Henry Wolcott Toll
- Serves all three Branches of State Government
- Nonpartisan/Not for Profit 501(c)(3)
- \$58 Million Budget
- 300+ Employees
- Four Strong Regions
 - **CSG South**
 - CSG East
 - CSG Midwest
 - CSG West
- 56 Member States & Territories
- Justice Center
- 11 Affiliated Organizations

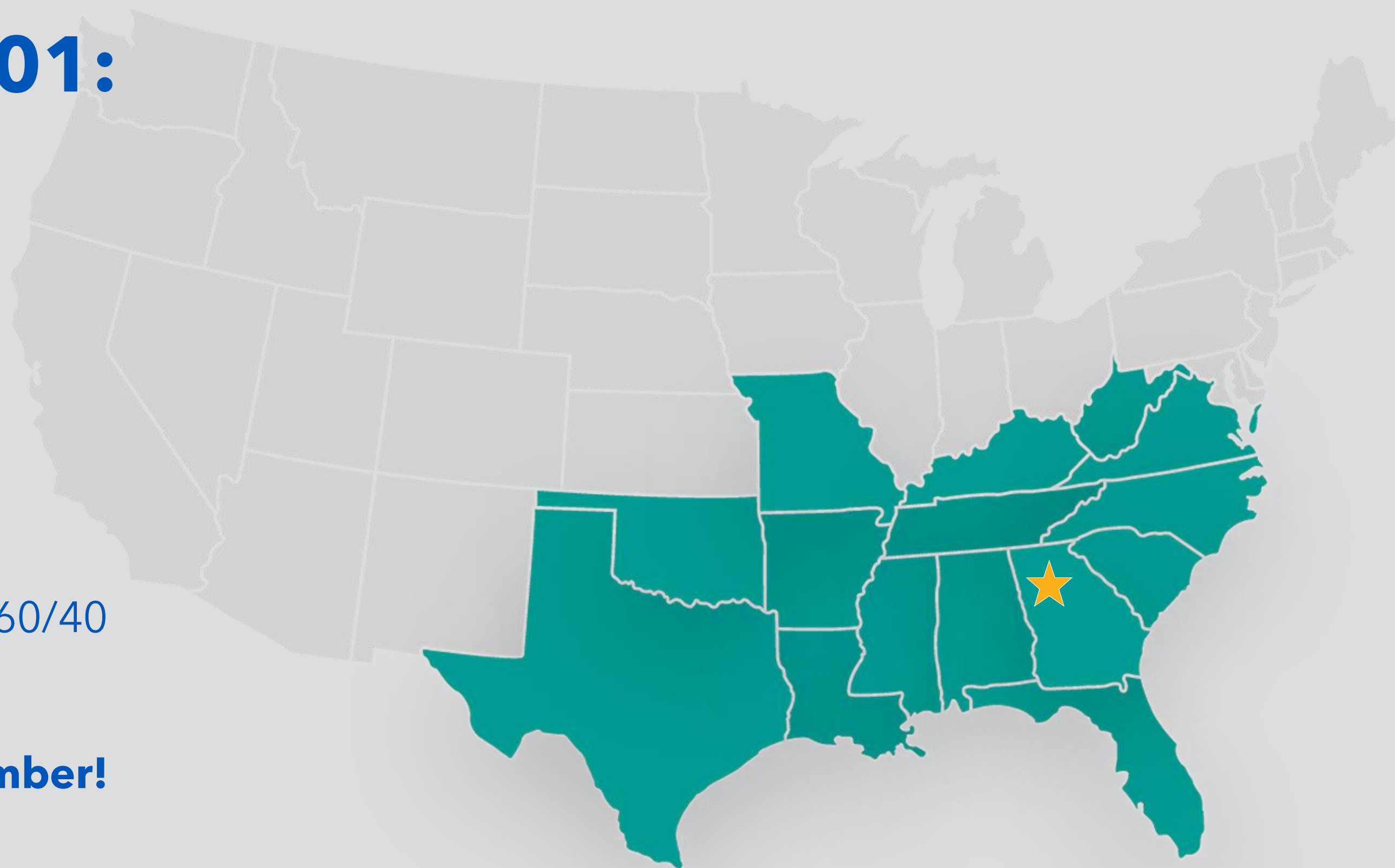


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CSG SOUTH 101:

- Established in 1947
- Executive Committee
- 15 Southern States
- 15 Staff Members
 - Policy & Research
 - Programs & Marketing
 - Events & Admin
- Funding
 - State Appropriations – 60/40
 - Private Sector
 - Grants & Foundations
 - **You are already a member!**





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CSG SOUTH: POLICY RESEARCH AND ANALYSIS

- **Six Standing Policy Committees**

- Education
- Economic Development and Transportation
- Fiscal Affairs & Government Operations
- Human Services and Public Safety
- Energy and Environment
- Agriculture and Rural Development

- **Member Services**

- Policy Information Requests
- Policy Publications
- State Session Visits
- Policy Masterclasses
- Domestic & International Delegations



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Tourism in Georgia and the South

Collaborative Efforts, Strategic Investment, and Returns on Investment



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Tourism in Georgia and the South

Vitality of Tourism Promotion and Asset Development

- What are we getting out of state and local investments in tourism promotion?

Organizational Dynamic

- How are state tourism offices organized across the South?

Funding Tourism in Georgia

- How are we investing in tourism in Georgia today?

Mechanisms Across the South

- How are neighboring states investing in their tourism industry?

Being Aware and Cognizant

- What are the vulnerabilities and challenges that we must be aware of?



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Return on Investment: Is Spending on Tourism Really Necessary?



- ☐ Job creation
 - ☐ Nearly 257K Georgia jobs are directly tied to the tourism industry
- ☐ Tax Relief for Residents
 - ☐ In addition direct spending at hotels, spending on dining, entertainment, and shopping drive LOST/SPLOST/ELOST revenues
 - ☐ \$35.4B in total tourism spending (2023) drives general fund state and local revenue
- ☐ Infrastructure Support
 - ☐ Tourism product development investment also become assets for residents



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Return on Investment: Is Spending on Tourism Really Necessary?

- ❑ Investments in tourism promotion yield demonstrable results
 - ❑ Studies indicate every \$1 invested in tourism promotion yield \$122 in direct, indirect, and induced spending benefits nationally
 - ❑ Similar studies indicate that every \$1 invested in tourism promotion generate an average of >\$8 in direct state/local tax revenue
 - ❑ Georgia-specific returns include nearly \$80B in economic impact and \$5B in state/local tax revenue
 - ❑ Methodologies vary, which results in significant





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Organization of State Tourism Offices in the South



- ☐ Division of State Agency
 - ☐ Georgia (GDEcD), South Carolina (Department of Parks, Recreation, and Tourism), North Carolina (Department of Commerce), Louisiana (Department of Culture, Recreation, and Tourism),
- ☐ Independent/Stand-Alone State Department
 - ☐ Alabama Tourism Department, Tennessee Department of Tourist Development, Oklahoma Tourism and Recreation Department (inc. state parkland)
- ☐ Gubernatorial Office
 - ☐ Texas Economic Development and Tourism Office
- ☐ Public-Private Partnership
 - ☐ Visit Florida is a non-profit entity acting as state tourism office in partnership with state government



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Organization of State Tourism Offices in the South

- ❑ State Tourism Offices
 - ❑ State-wide branding/marketing
 - ❑ Technical assistance and resource support
 - ❑ Research and data, economies of scale
 - ❑ Coordination of statewide assets
- ❑ Local Destination Marketing Organizations
 - ❑ Typically CVBs or Chambers of Commerce
 - ❑ Generally have independent non-profit status from Internal Revenue Service, or creation via local legislation
 - ❑ Work in collaboration with state-level tourism offices, but do not report to those offices
 - ❑ Governing boards established by disparate bylaws or state legislation

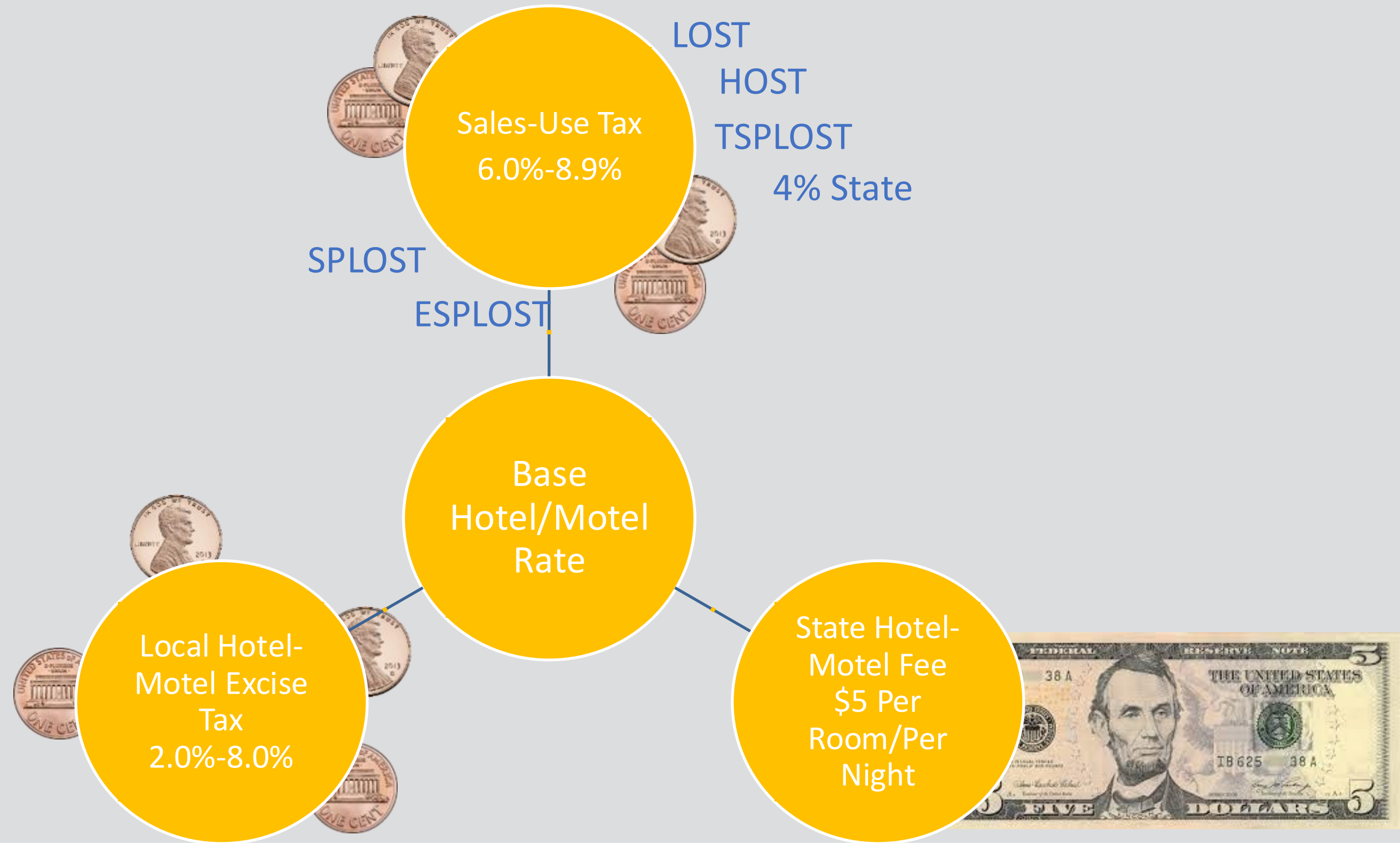




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Taxes/Fees on Hotel/STVR Stays in Georgia





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Intent of Georgia's Locally-Generated Tourism Dollars

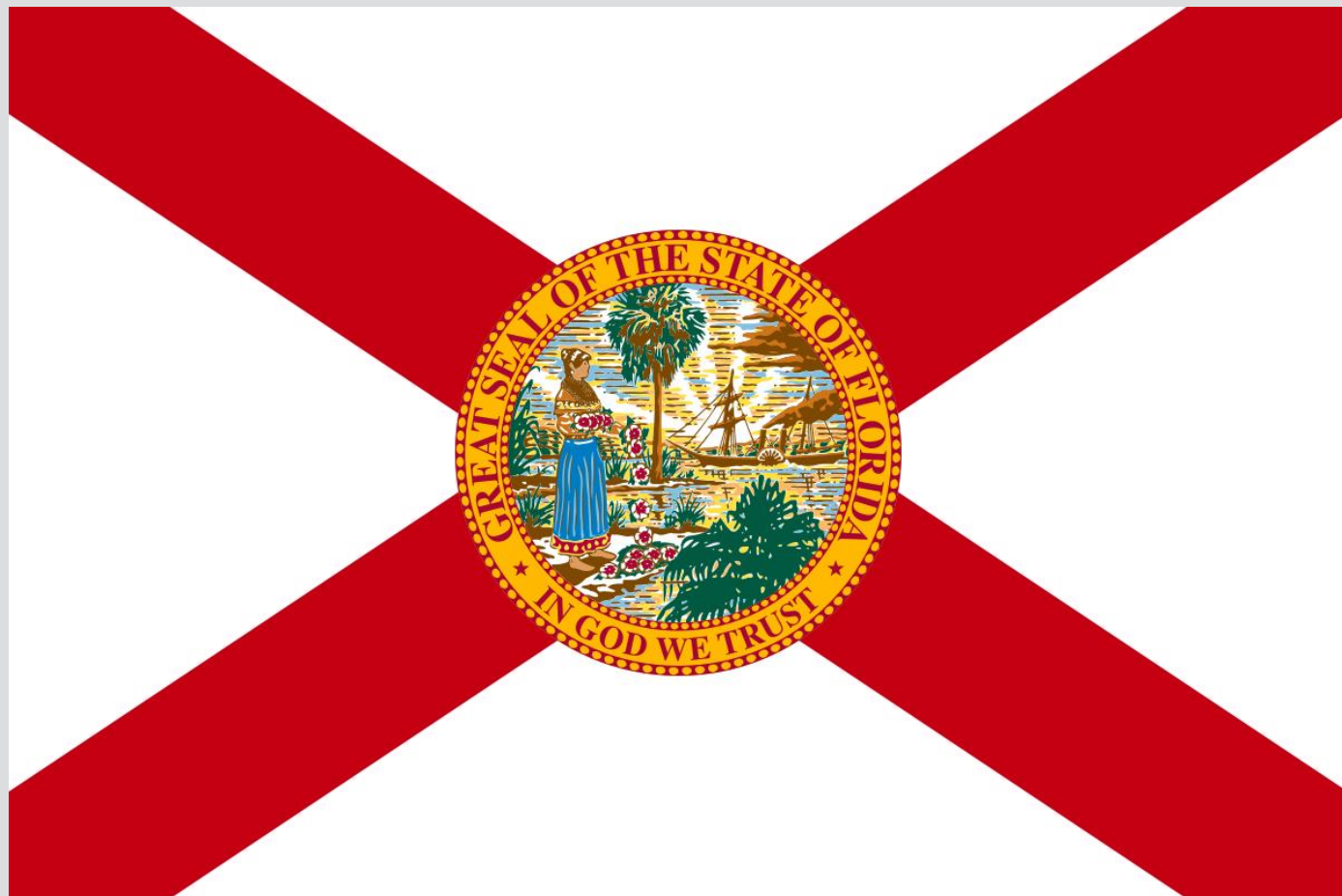
- ❑ First three percent (3%) collected are unrestricted, can be used by county/municipal governments for any legal purpose
- ❑ Any collections above 3% are restricted to tourism promotion and product development
- ❑ Promotional activities are conducted through contracts with destination marketing organizations – not directly by the local government
 - ❑ Ensures industry professionals are making informed investments and leaning into the visitor/tourism assets in their communities in the spirit of the law
- ❑ Product development includes brick-and-mortar tourism assets, ranging from stadiums and convention centers to wayfinding signage and trail networks



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Florida



- ❑ Stays of up to 6 months are subject to **7.0%** state sales tax, plus up to **7.0%** locally-imposed “bed tax”
 - ❑ Tourist Development Tax, Convention Development Tax, Tourist Impact Tax, Municipal Resort Tax
- ❑ Brick-and-mortar investment/debt service in convention centers, sports facilities (including spring training), and operational expenses
- ❑ “Promote and advertise tourism in the state of Florida”

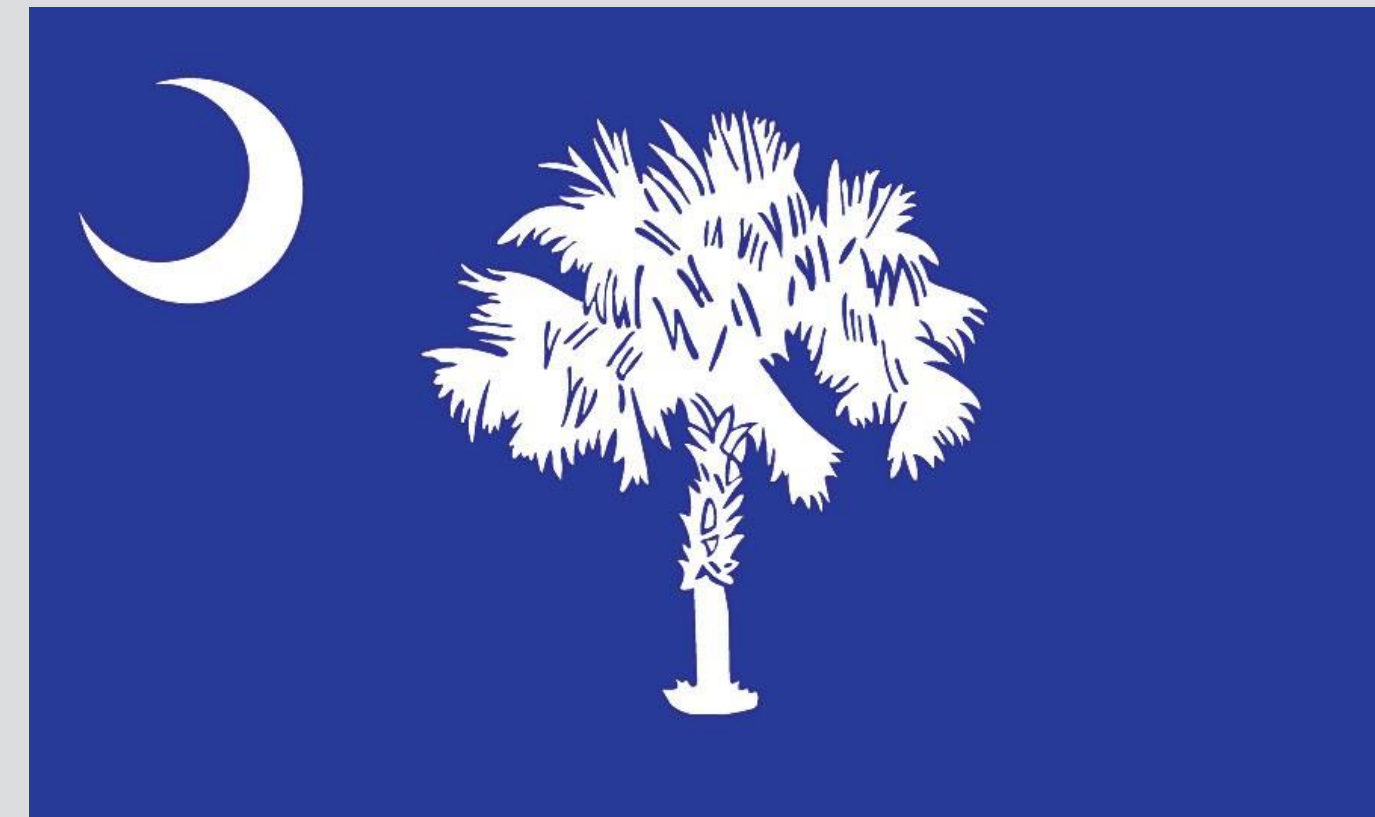


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South Carolina

- ❑ Above the state's **6.0%** state sales tax, there is a statewide **2.0%** state accommodations tax
 - ❑ Redistributed back to local governments
 - ❑ Cap of \$25,000 to LG general fund
 - ❑ 30% restricted to tourism promotion
- ❑ In addition to state accommodations tax, county and municipal governments are able to adopt local accommodations taxes up to an aggregate **3.0%**
- ❑ Accommodations taxes are separate from **2.0%** local hospitality tax (not applicable on lodging)
 - ❑ Similar restrictions on local spending, tourism-centric or tourist-focused brick-and-mortar





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North Carolina



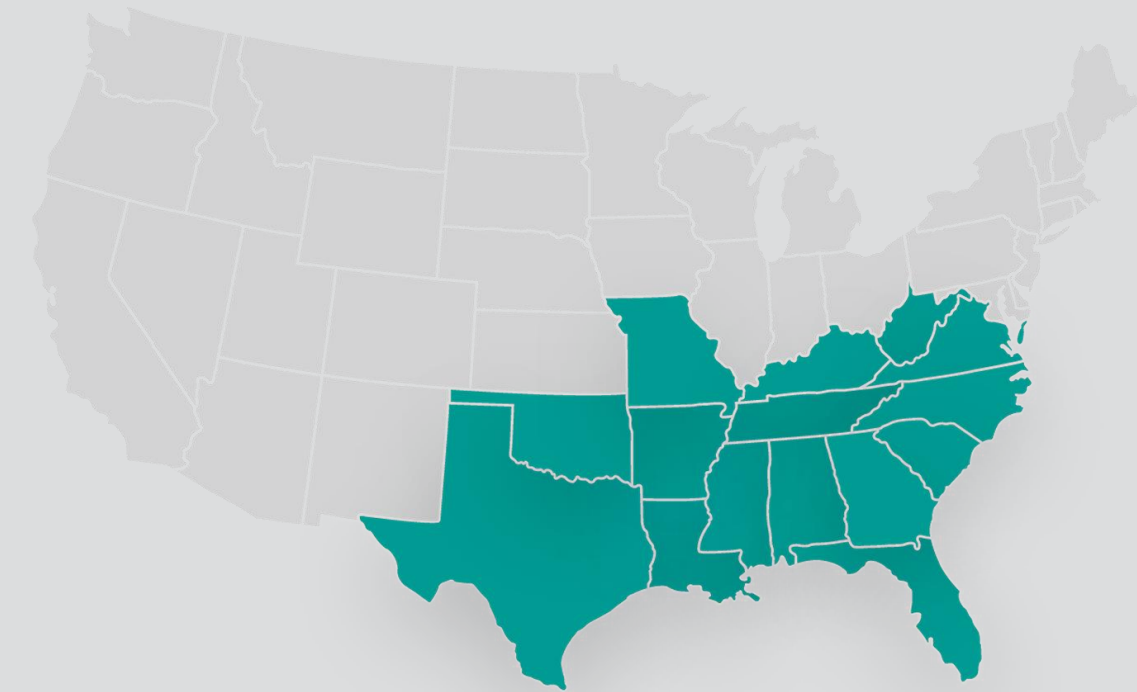
- ❑ No statewide lodging/hotel tax above the state's **4.75%** (plus applicable local) sales/use taxes
- ❑ Local governments with authorizing legislation can collect up to **8%**, though most outside Mecklenburg County collect **3%-6%**
- ❑ Limits on usage are established through local legislation – only two jurisdictions are unrestricted, remaining ~200 are completely restricted to tourism-oriented activities
- ❑ Spending at discretion of “Tourism Development Authorities” – not city/county governing boards



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Themes Across the South



- ☐ State/Local Disparities
 - ☐ Empower local governments to collect and spend
- ☐ Focus on Driving Tourism
 - ☐ Funds collected on hotel/STVR stays and hospitality-specific industries at the local level are largely/completely restricted to investment in the tourism industry
- ☐ Building Brick-and-Mortar Visitor Assets
 - ☐ Conference/convention centers, amphitheaters, and sports facilities are treated as assets that meet the funding thresholds
- ☐ Local Control
 - ☐ Decisions about contracted DMOs, partnerships with nearby communities, and capital investments rest with local governing boards
- ☐ Empowering Industry Professionals
 - ☐ Widespread expectation that CVBs, Chambers of Commerce, and other tourism industry professionals are fulfilling the spirit of the law, rather than the local governments directly



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Understanding Volatility and Vulnerabilities: COVID Hit and Rebound

- ❑ Dynamic shifts in tourism spending
 - ❑ City of Atlanta (FYE June 30) saw year-over-year revenue fall **36.2%** from FY19 to FY20, **67.9%** from FY19 to FY21
 - ❑ City of Savannah (FYE December 31) saw year-over-year revenue fall **41.2%**
 - ❑ Some mountain and coastal destinations saw marginal *increases* as remote work became the norm





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Understanding Volatility and Vulnerabilities: Remaining Cognizant and Prepared



- ☐ Economic Sensitivity
- ☐ Inflation and Cost Increases
- ☐ Evolution of Remote Work
- ☐ Conventions and Trade Shows
- ☐ Regional Competition for Tourism Dollars
- ☐ International Optics and Uncertainty
- ☐ Infrastructure Limitations



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Continuing Strategic Tourism Investments

- ❑ Honest assessment, refinement, and continuation of effective marketing
- ❑ State-level awareness and support of regional and local marketing campaigns
- ❑ Identification and support of high-growth regions and visitor assets
- ❑ Infrastructure investments to enhance visitor experiences, regardless of travel motives





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