

BUILDING YOUR LOCAL TOURISM ECONOMY



Governor's Local Issues Conference
August 2024

KENTUCKY DEPARTMENT OF TOURISM

MISSION: We promote premier visitor experiences, care for Kentucky's natural beauty and cultural heritage, and ensure tourism's critical role in enhancing a thriving statewide economy and quality of life. Through marketing, education, partnerships, and exemplary customer service, we inspire travelers from around the world to discover the diversity and abundance of the Kentucky story.



KENTUCKY DEPARTMENT OF TOURISM

Marketing and Advertising

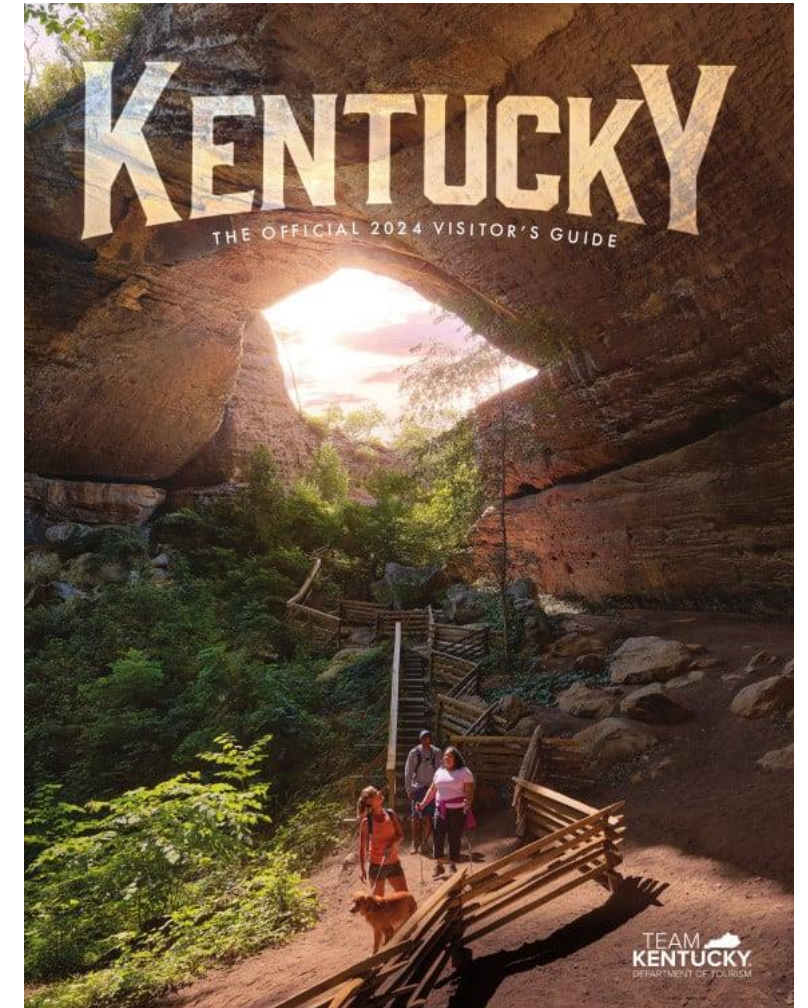
- Pillars: Horses, Bourbon, Outdoors, Music, Arts, Food & Drink, History
- Annually place \$5-\$8 million in paid media

Public Relations / Communications

- Ongoing earned media and PR efforts

State Welcome Centers

- Seven centers across the state



KENTUCKY DEPARTMENT OF TOURISM

International Marketing

- Primary markets are UK, Germany, France and Canada

Tourism Development

- Nearly \$300 million in approved projects in 2023



TOURISM IS ECONOMIC DEVELOPMENT

Tourism creates jobs, strengthens the local economy, contributes to local infrastructure development and can help to conserve the natural environment and cultural assets and traditions, and to reduce poverty and inequality.

Tourism revenues boost government revenues, support local businesses and increase household income and increase employment opportunities.

ECONOMIC IMPACT OF TOURISM, 2023

79.3 MILLION



\$9.7B

Visitor
Spending



\$1.0B

State & Local
Taxes
Generated



\$13.8B

Total
Economic
Impact



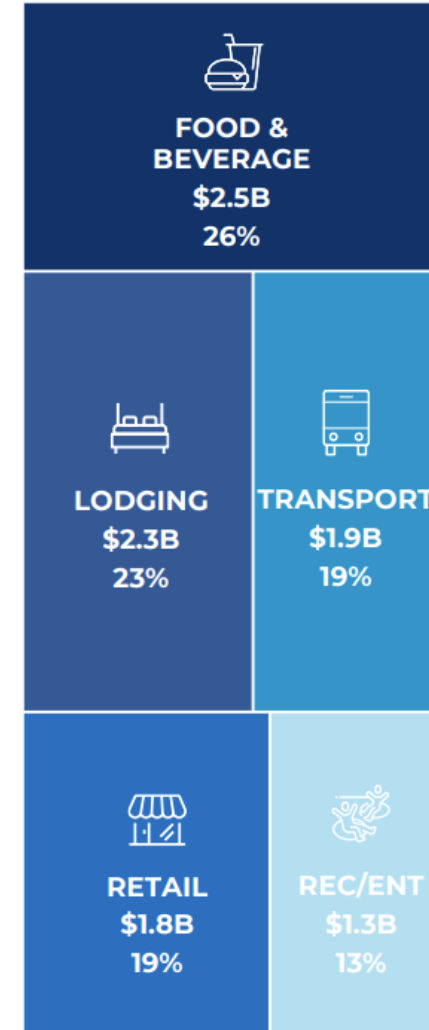
95,222

Total
Jobs
Generated

Each household in Kentucky would need to be taxed an additional **\$564** to replace the visitor generated taxes received by state and local governments.

\$9.7 BILLION

Visitor Spending in 2023



KENTUCKY RESIDENT SURVEY, 2023

Overwhelming support for the tourism industry:

- 77% think tourism is good for the state
- 69% care about the success of the tourism industry in the state and believe the positive benefits of tourism outweigh the negative impacts
- 74% support tourism growth
- 71% believe tourism should be encouraged in Kentucky
- 63% support developing/hosting more major events and building new tourism facilities to attract tourists to the area

TOURISM DEVELOPMENT INCENTIVE

Kentucky Tourism Development Act

- Passed in the 1996 legislative session to encourage the private development of tourism attractions throughout the state.
- First of its kind in the nation, the Act offers incentives to acquire, construct, equip and install tourism development projects.
- The incentive is up to 25 percent of development costs recovered over 10 years through sales tax generated by the project.

KENTUCKY TOURISM DEVELOPMENT ACT

- ~100 applications to date
- 2023 was a record year
 - ✓ 9 projects approved
 - ✓ \$300 million investment
 - ✓ 285 full-time and 268 part-time jobs



TDA Projects: Newport Aquarium and Kentucky Kingdom

TOURISM DEVELOPMENT PROJECTS

- Tourism Attraction
- Lodging Facility
- Themed Restaurant Destination
- Entertainment Destination Center



TDA Project: Keeneland

TOURISM ATTRACTION

- Costs exceed \$1 million
- Five types:
 - Recreational facility
 - Entertainment facility
 - Cultural or historic site
 - Area of natural phenomenon or scenic beauty
 - Kentucky crafts and product center



TDA Projects: Heaven Hill Distillery and Jellystone Park Mammoth Cave

LODGING FACILITY PROJECTS

- Costs exceed \$5 million
- Full-service
- Meets 1 of 8 other criteria:
 - Location
 - Rehabilitation
 - Size



TDA Projects: Aloft Newport on the Levee and 21c Museum Hotel Louisville

THEMED RESTAURANT DESTINATION

- Costs exceed \$5 million
- Unique dining experience
- Seating capacity for 450
- Offer live music or entertainment during peak business hours



TDA Project: Hofbräuhaus Newport

ENTERTAINMENT DESTINATION CENTER

- Costs exceed \$5 million
- Minimum of 200,000 square feet of space, adjacent to another attraction or convention center
- 1 theme restaurant, 3 entertainment venues
- Incentive dedicated to public infrastructure



TDA Project: 4th Street Live

TDA ELIGIBLE COSTS

Capital costs to acquire, construct, equip and install a tourism development project

- Land/lease
- Architects/engineers
- Construction
- Utilities
- Furniture and fixtures



TDA Project: The Galt House

TDA PROCESS

- Initial meeting
- Application
- Preliminary approval
- Consultant study
- Final approval
- Construction
- Cost certification
- Incentives



TDA Project: The Manchester Hotel

TDA INCENTIVE

Performance based incentive generated by the sales tax collected on-site.



OTHER INCENTIVE PROGRAMS

Cabinet for Economic Development

- KBI
- KEIA

Heritage Council

- Federal and state historic rehabilitation credits



TDA Project: The Broadway Hotel

QUESTIONS?

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