

As an organization that depends on Accommodations Tax distributions, Spoleto Festival USA endorses the City of Charleston's position on the TRAC's proposed changes to the collection and distribution of State-mandated and Locally Imposed Accommodations Taxes and local hospitality fees.

Funding from the City of Charleston's Accommodations Taxes supports the costs of Spoleto Festival USA's marketing and PR efforts. If these funds were reduced by the 61% that the City estimates would result from the TRAC changes, the Festival could no longer print and distribute its annual ticket brochure or maintain its website—efforts that are responsible for nearly 75% of the Festival's ticket sales and that serve as promotional vehicles for local restaurants, hotels, and other attractions. ATAX funds additionally support the Festival's PR initiatives, which include a local, regional, and national public relations campaign to bring awareness to the Festival and the Charleston area. As a direct result of these efforts, more than 100 national and local critics attend the Festival each year. In 2010 the Festival was featured in nearly 1700 articles in print- and web-based publications, many of them with national and international readerships.

Spoleto Festival USA is a travel destination as much as it is a cultural event, but unlike the region's numerous beaches, golf courses, historical and year-round attractions, the Festival is uniquely able to attract a wide range of both arts and travel coverage because it essentially reinvents itself each year. For this reason, Spoleto is regularly featured in such prominent media outlets as *The New York Times*, *The Wall Street Journal*, *Town & Country*, *USA Today*, *Southern Living*, *Travel + Leisure*, *Oprah* magazine, *Vanity Fair*, and the *CBS Morning Show*. This positive recognition contributes not only to the ongoing success of the Festival itself but to the reputation of Charleston and South Carolina as important cultural tourism destinations. The SCPRT and the Charleston Area Convention and Visitors Bureau are certainly capable of promoting the state and the city on a macro level, but they cannot be expected to duplicate the kind of targeted marketing an organization does on its own behalf. Simply put, without the ability to promote itself, Spoleto Festival USA would not survive.

For more than thirty years the Festival has been a driving force in the South Carolina economy, generating an average annual total impact of \$55 million, with nearly \$21 million spent directly on accommodations and \$4.4 million on food and beverage each year, and supports a total of 948 jobs and \$20.4 million in local household income.* Typically more than half of the Festival's audience is from outside of South Carolina, in most seasons representing at least 48 states and several foreign countries. The average Spoleto patron has visited Charleston ten times. Not only do these repeat visitors contribute directly to state and local revenues, but their presence also safeguards the jobs of local residents and contributes to a prosperous economy for the region as a whole. Other cities and states have taken notice of how Spoleto has energized and revitalized its host city, inspiring the creation of such prominent events as the New Haven International Festival of Arts & Ideas, the Virginia Waterfront Festival, the Lincoln Center Festival, the Massachusetts International Festival of the Arts, the Cartagena International Festival of Music, and the Melbourne International Arts Festival. Within the last two years alone, Spoleto Festival USA has been cited as a model for proposed festivals in St. Louis, Long Beach, Sarasota, Reno, and St. Augustine, among others. As the most visible and highly regarded performing and visual arts festival in the Southeast, Spoleto anchors an arts and entertainment calendar that has contributed to Charleston's ranking as one of the top 10 arts destinations in the United States (*AmericanStyle* magazine), and one of the top 10 travel

destinations in the United States (Condé Nast *Traveler*). As such, the Festival is key to Charleston's thriving tourist industry as well as to the quality of life that continues to draw new residents and businesses to the area. This level of economic and cultural impact is predicated on Spoleto Festival USA's ability to offer a large and widely varied program of high caliber international performances, something the organization will not be able to do if it is forced to divert programming funds to cover marketing expenses.

The staff and board of Spoleto Festival USA are not blind to the impact of the recession, nor are we insensitive to the economic crisis faced by South Carolina and many other states. In such times, sacrifices must be made—and the Festival, which has depended on support from the State of South Carolina for 33 of its 34 years, has made its share, seeing its State funding reduced by 96% in the last ten years. Like many organizations, the Festival has turned to the City to help offset these losses, but recent years have seen understandable reductions in ATAX funding as revenues were negatively impacted by the recession. Now, just as the Charleston tourism industry shows signs of rebounding, the State proposes to dramatically reduce a vital funding stream to the very organizations responsible for attracting the visitors who generate Accommodations Tax and hospitality fee revenues in the first place. It would be damaging to divert ATAX revenues from proven visitor attractions at a time when these funds are so desperately needed. To do so would have disastrous and long-felt effects and would virtually guarantee the loss of valuable cultural tourism assets.

* According to a 2005 study by the Division of Research at the Moore School of Business of the University of South Carolina