

Tourism's Economics Impact on Somerset County

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TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

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1) Tourism Impact Summary and Trends

Economic impact summary

In 2017, visitors spent \$1.2 billion in Somerset County. This spending supported a total of \$1.7 billion in business sales, 14,348 jobs, and \$737 million in income.

Tourism supported \$73 million of state taxes and \$71 million in local taxes. **Without tourism, each household in Somerset County would have to contribute an additional \$1,211 annually** to maintain the current level of government services.

Detailed results are available in section 2.

Tourism's impact on Somerset County

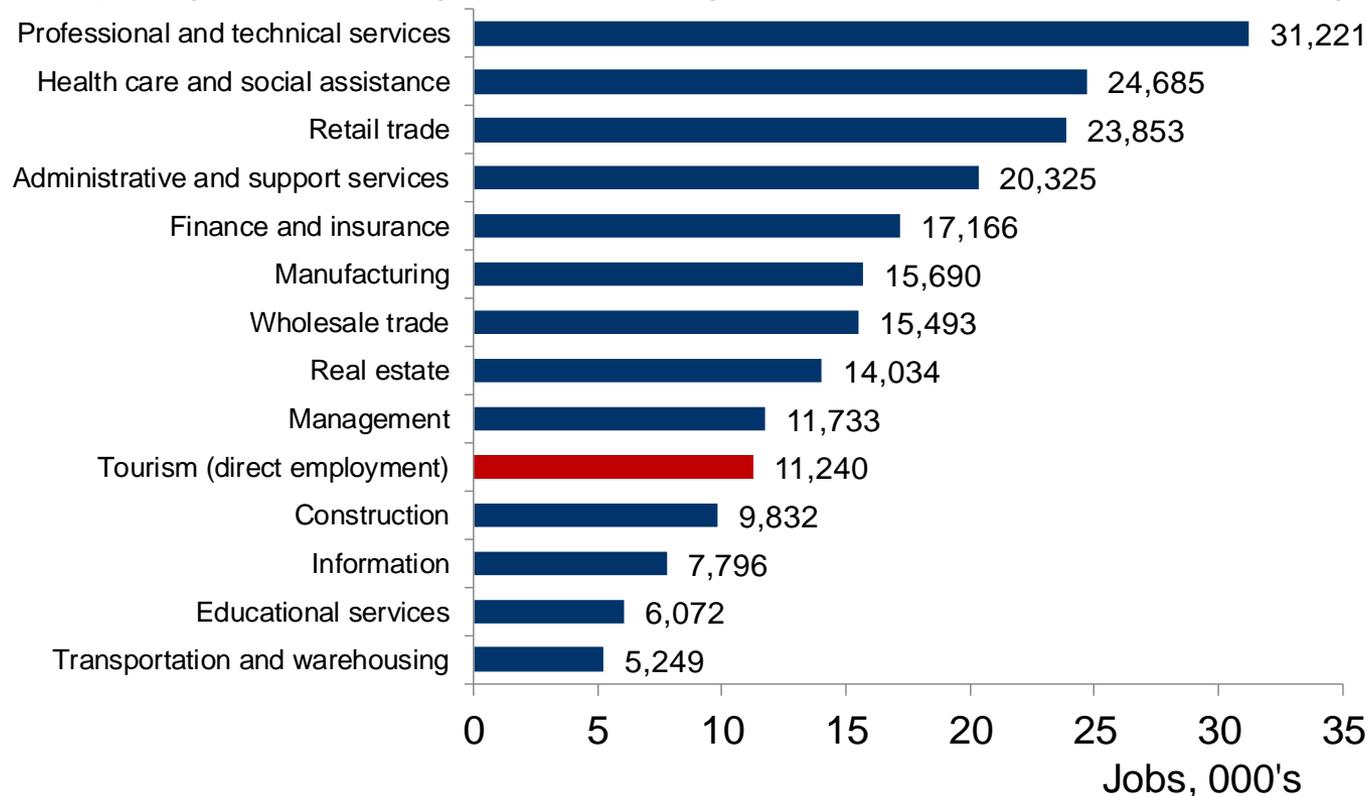
Nominal dollars, millions

Visitor spending	\$1,179.5
Total economic output	\$1,692
Direct expenditures	\$1,180
Indirect and induced output	\$512
Total income	\$959
Direct income	\$620
Indirect and induced income	\$338
Total jobs	14,348
Direct jobs	11,240
Indirect and induced jobs	3,108
State Taxes and Revenue	\$73.1
Sales	\$48.7
Personal Income	\$16.9
Corporate	\$3.8
Social Security	\$1.3
Excise and Fees	\$2.4
Local Taxes and Revenue	\$71.4
Sales	\$0.7
Bed Tax	\$16.6
Excise and Fees	\$3.4
Property	\$50.7

Source: Tourism Economics

Tourism is one of the largest industries in Somerset County

Employment by industry in Somerset County



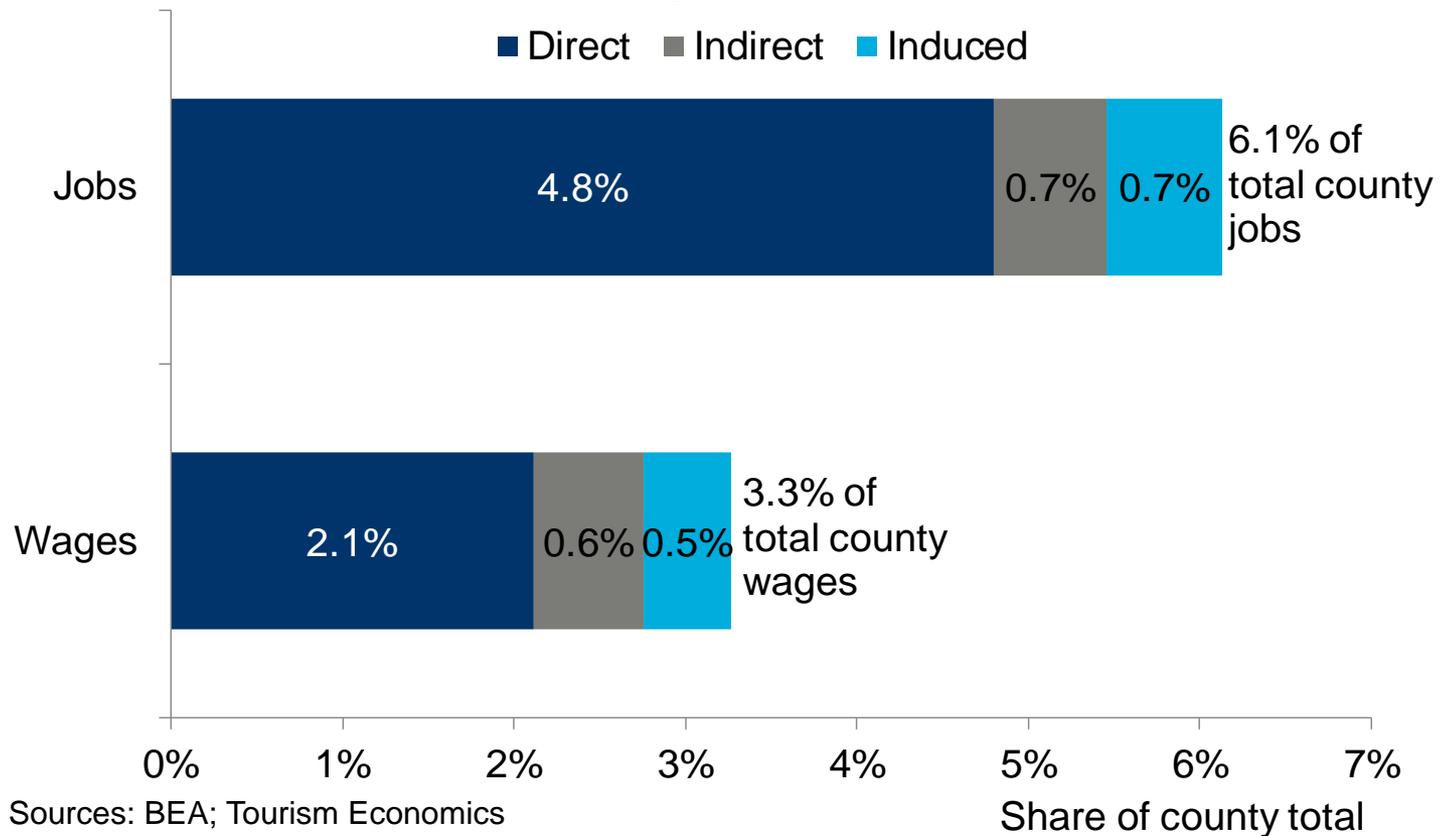
Sources: BEA; Tourism Economics

Note that BEA 2016 estimates are used for other industries

The tourism sector is a major contributor to Somerset County's economy

The tourism sector sustains 6.1% of all private sector jobs and 3.3% of all private sector income in Somerset County

Tourism's share of key local indicators

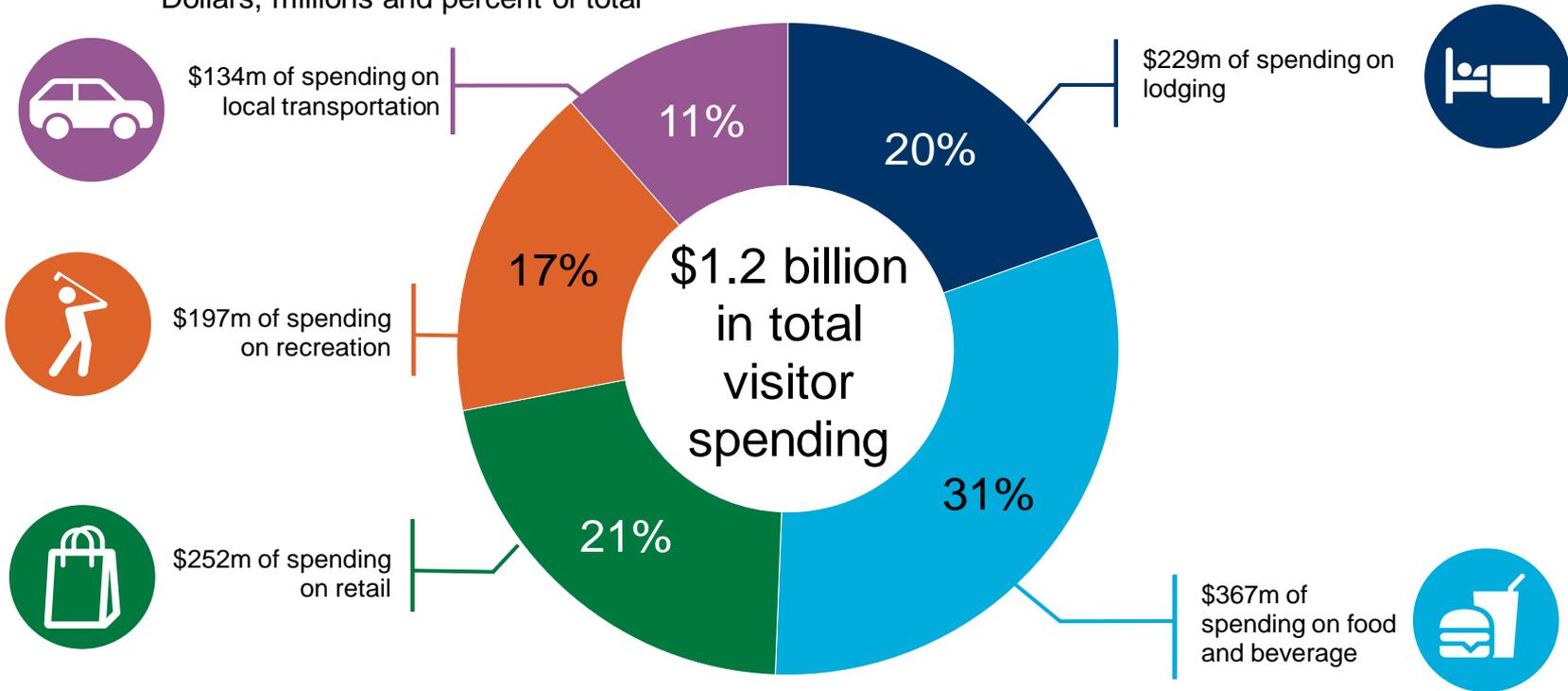


Visitor spending in Somerset County

Visitors to Somerset County spent \$1.2 billion in 2017

Somerset County visitor spending by sector, 2017

Dollars, millions and percent of total



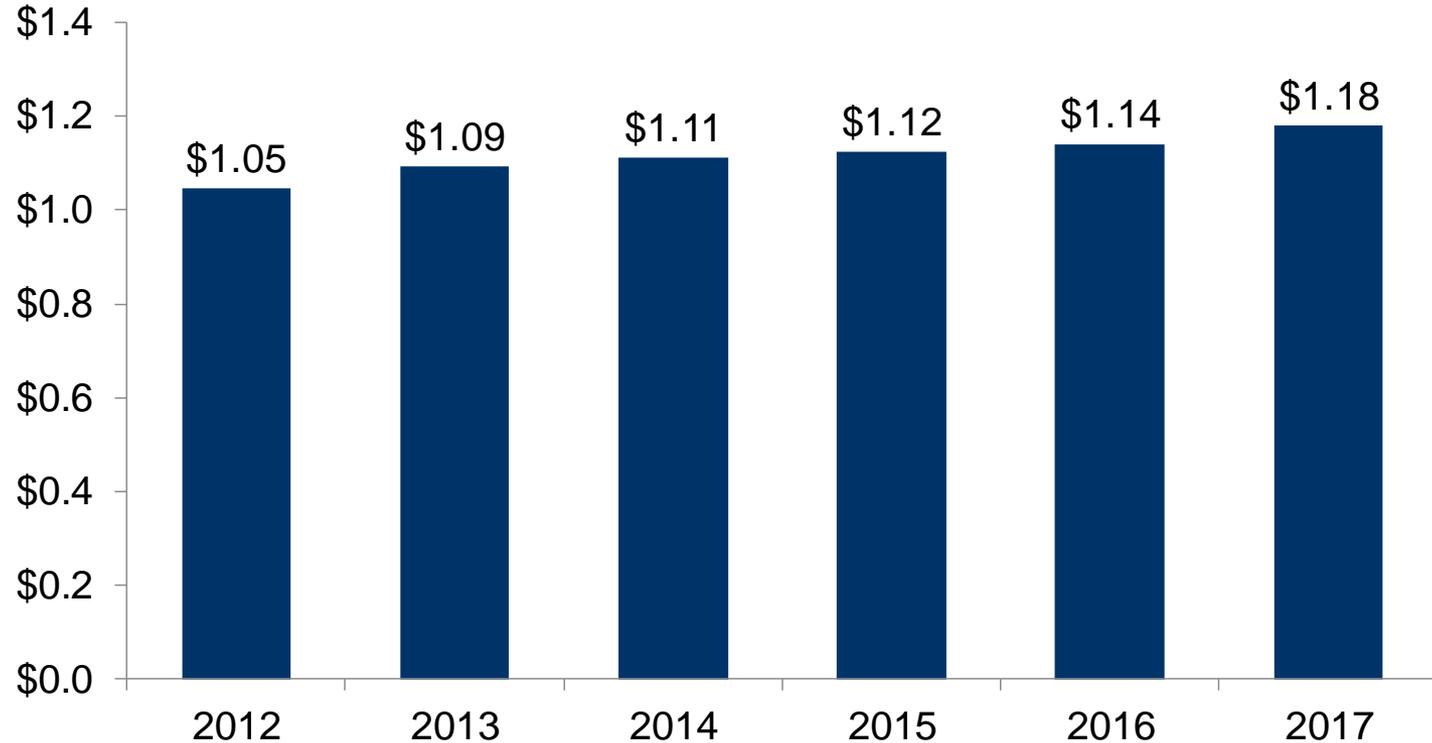
Source: Tourism Economics

Visitor spending has been steadily increasing

Visitor spending reached \$1.18 billion in 2017, up from \$1.05 billion in 2012. A 13% increase in five years

Visitor spending in Somerset County

Dollars, millions



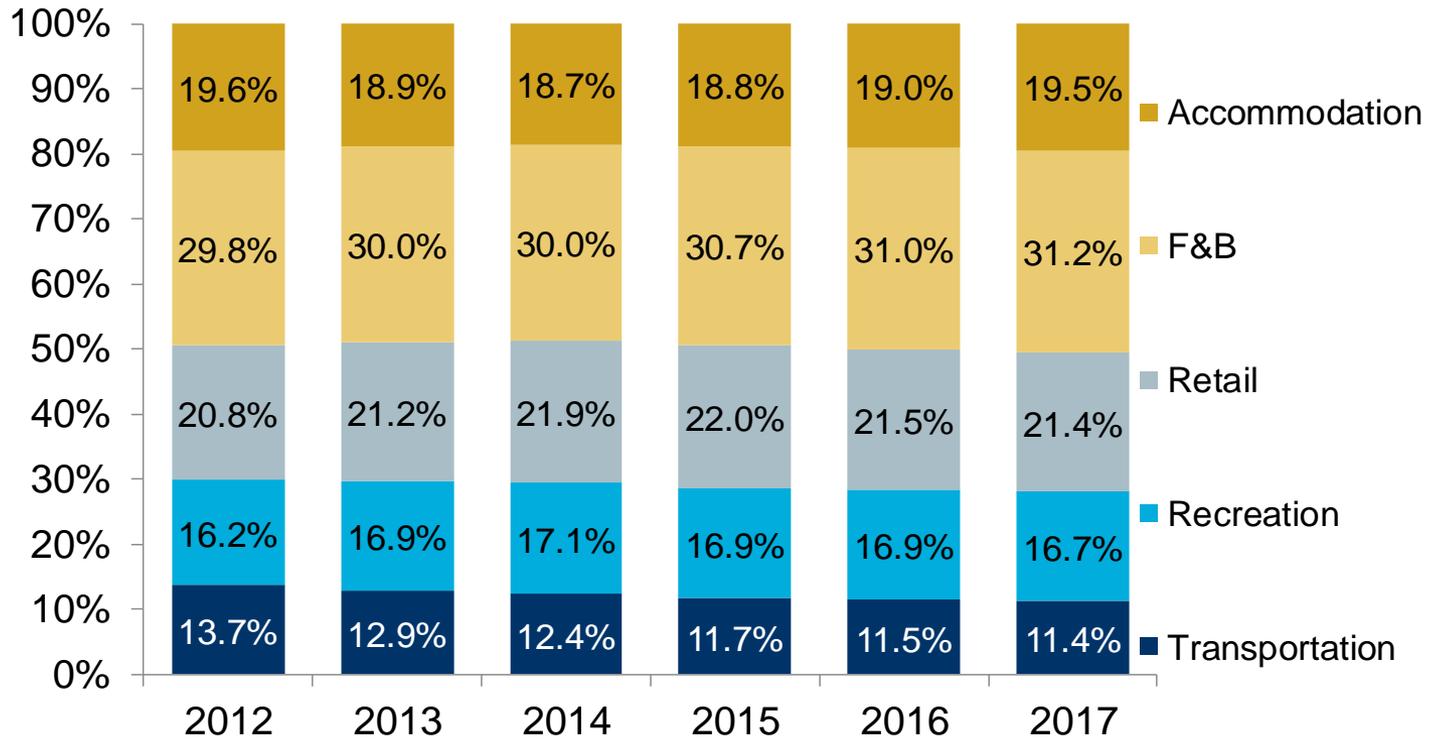
Source: Tourism Economics

Tourism spending is changing with prices

Low gasoline prices have reduced the share of spending on transportation over time

Visitor spending by category in Somerset County

Dollars, millions



Source: Tourism Economics

2) Detailed Results

Tourism's Impact on business sales (1 of 2)

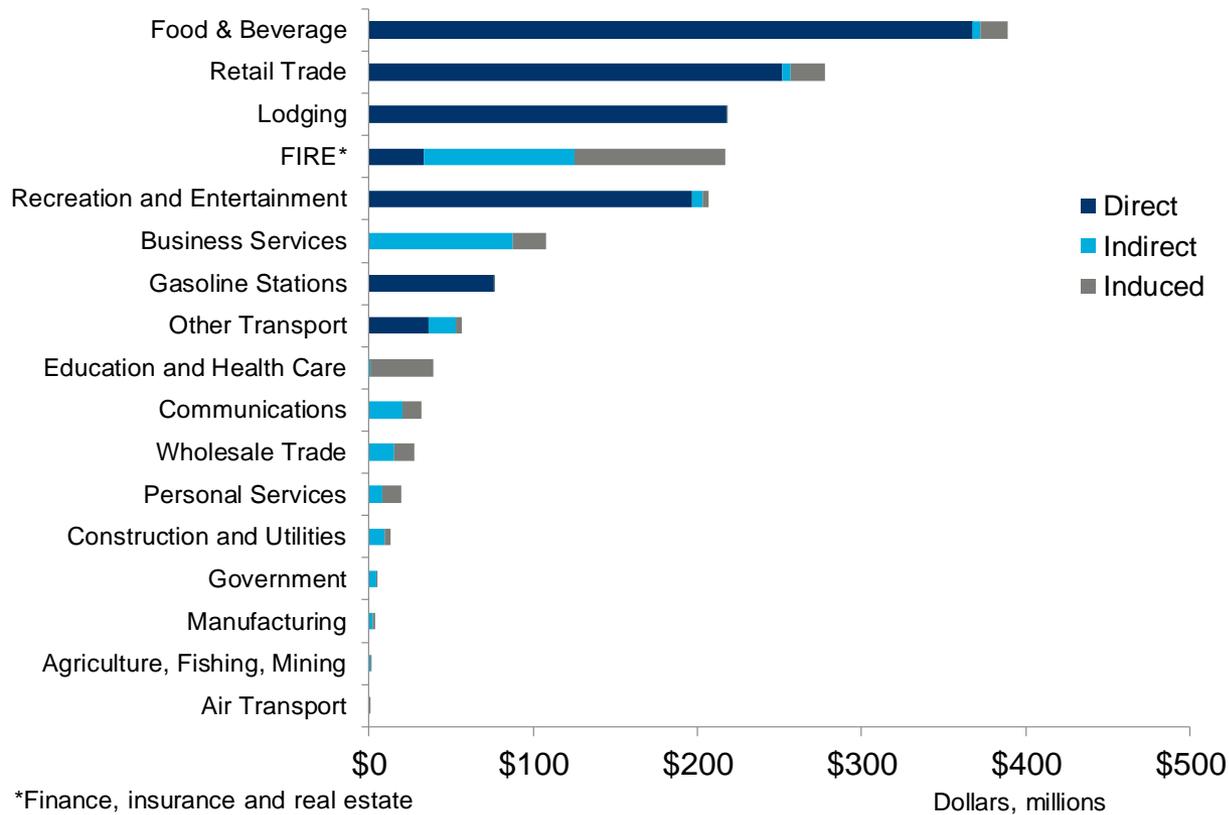
Tourism generated \$1.2 billion in direct sales and supported \$1.7 billion in total business sales

Tourism industry generated business sales, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	\$0.7	\$0.1	\$0.8
Construction and Utilities	-	\$9.6	\$3.3	\$12.8
Manufacturing	-	\$2.2	\$1.5	\$3.7
Wholesale Trade	-	\$15.2	\$12.6	\$27.7
Air Transport	-	\$0.0	\$0.0	\$0.1
Other Transport	\$36.2	\$16.8	\$3.8	\$56.8
Retail Trade	\$251.9	\$4.7	\$21.2	\$277.8
Gasoline Stations	\$76.1	\$0.2	\$0.6	\$76.8
Communications	-	\$20.5	\$11.4	\$31.9
Finance, Insurance and Real Estate	\$33.3	\$91.7	\$91.7	\$216.8
Business Services	-	\$87.5	\$20.4	\$108.0
Education and Health Care	-	\$0.8	\$38.2	\$39.1
Recreation and Entertainment	\$196.7	\$6.6	\$3.8	\$207.1
Lodging	\$217.9	\$0.1	\$0.0	\$218.1
Food & Beverage	\$367.4	\$5.3	\$16.6	\$389.3
Personal Services	-	\$8.2	\$11.5	\$19.7
Government	-	\$4.2	\$1.0	\$5.2
TOTAL	\$1,179.5	\$274.3	\$237.8	\$1,691.7

Source: Tourism Economics

Tourism's Impact on business sales (2 of 2)

Tourism industry generated business sales, 2017



Tourism's Impact on income (1 of 2)

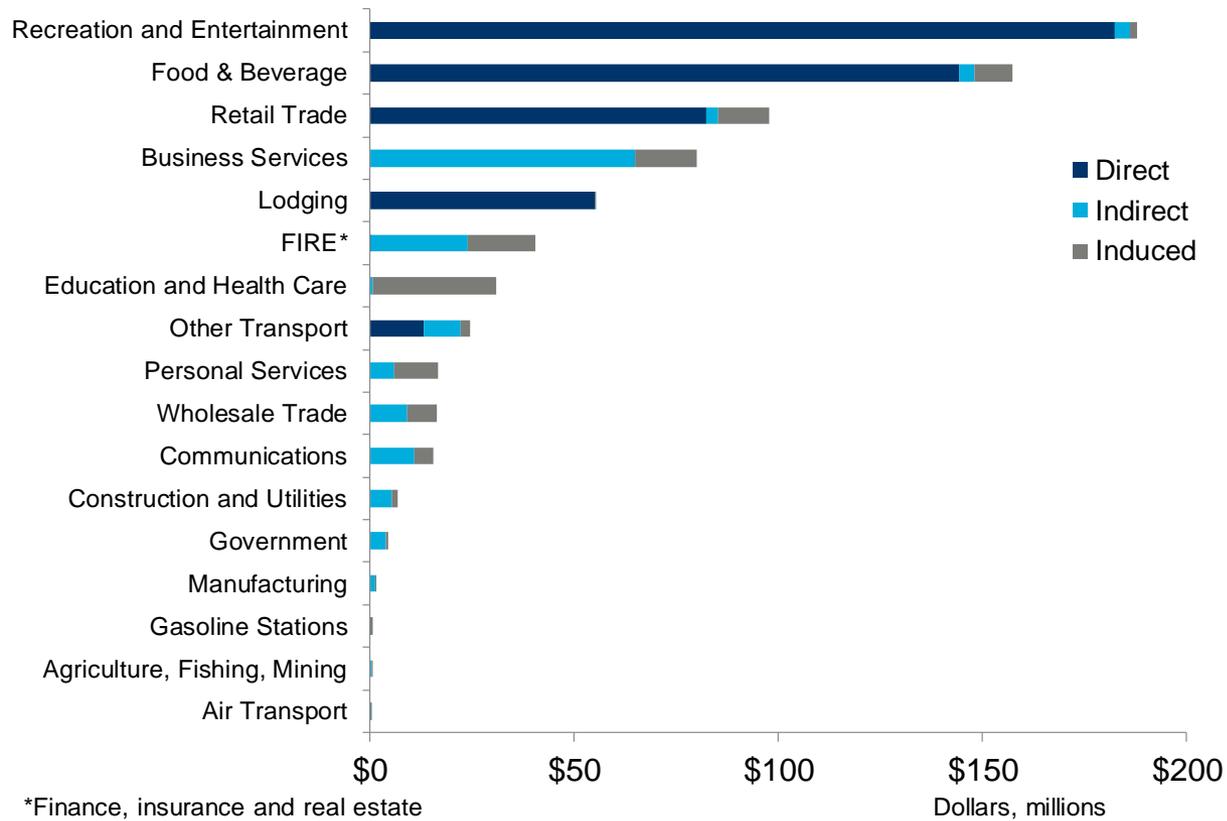
Tourism generated \$477 million in direct income and supported \$737 million in total income

Tourism industry generated income, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	\$0.5	\$0.1	\$0.6
Construction and Utilities	-	\$5.2	\$1.7	\$6.9
Manufacturing	-	\$1.2	\$0.5	\$1.7
Wholesale Trade	-	\$9.0	\$7.5	\$16.5
Air Transport	-	-	-	-
Other Transport	\$13.1	\$9.2	\$2.1	\$24.4
Retail Trade	\$82.2	\$3.1	\$12.3	\$97.6
Gasoline Stations	-	\$0.1	\$0.4	\$0.5
Communications	-	\$10.8	\$4.7	\$15.5
Finance, Insurance and Real Estate	-	\$23.9	\$16.8	\$40.7
Business Services	-	\$64.9	\$15.2	\$80.1
Education and Health Care	-	\$0.7	\$30.4	\$31.1
Recreation and Entertainment	\$182.5	\$3.7	\$1.7	\$187.9
Lodging	\$55.1	-	-	\$55.1
Food & Beverage	\$144.3	\$3.8	\$9.3	\$157.4
Personal Services	-	\$5.9	\$10.8	\$16.7
Government	-	\$3.9	\$0.6	\$4.5
TOTAL	\$477.2	\$145.9	\$114.3	\$737.4

Source: Tourism Economics

Tourism's Impact on income (2 of 2)

Tourism industry generated income, 2017



Tourism's Impact on jobs (1 of 2)

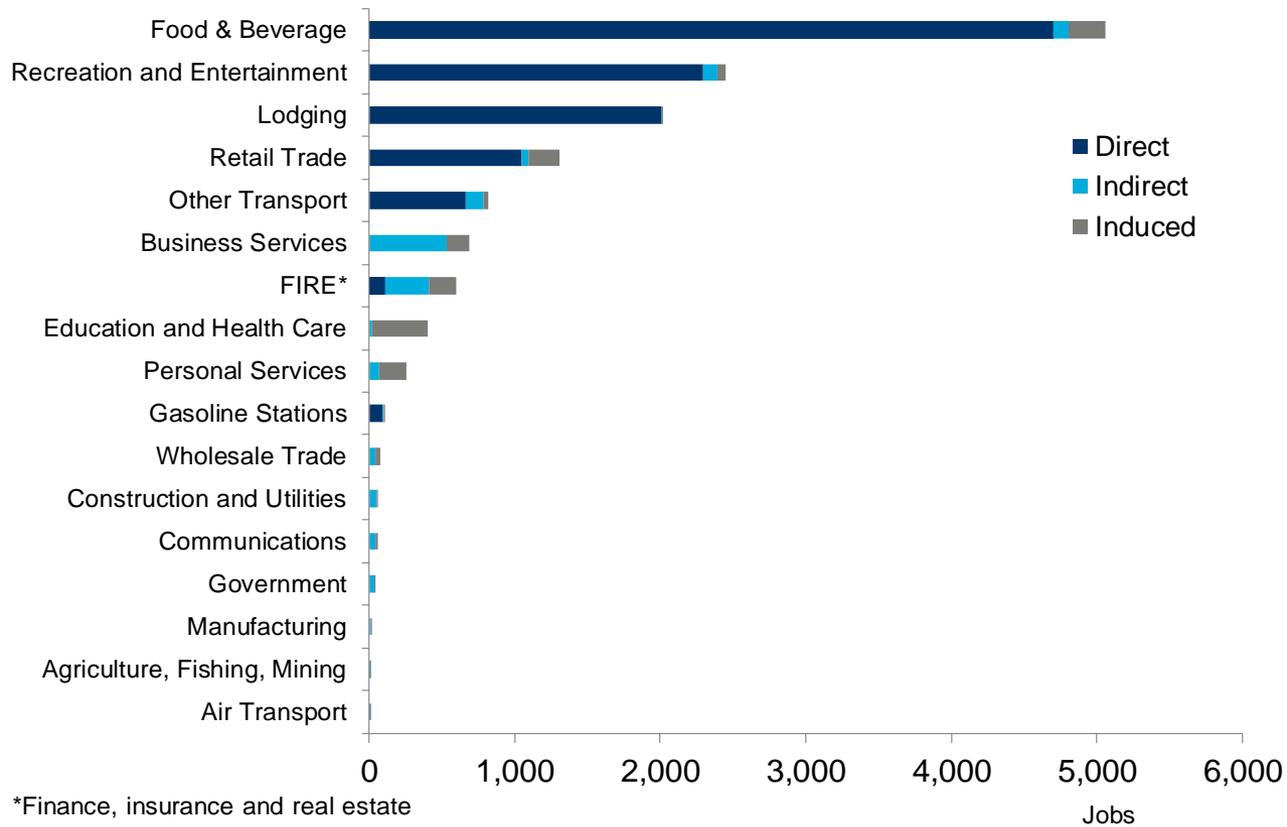
Tourism generated 11,240 jobs directly and supported 14,348 total jobs

Tourism industry generated employment				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	5	1	6
Construction and Utilities	-	50	16	66
Manufacturing	-	8	2	10
Wholesale Trade	-	43	36	79
Air Transport	-	-	-	-
Other Transport	103	124	31	258
Retail Trade	1,250	51	219	1,520
Gasoline Stations	97	2	6	105
Communications	-	42	22	64
Finance, Insurance and Real Estate	111	310	190	611
Business Services	-	552	154	706
Education and Health Care	-	22	393	415
Recreation and Entertainment	2,763	104	51	2,918
Lodging	1,586	1	-	1,587
Food & Beverage	5,330	107	261	5,698
Personal Services	-	68	196	264
Government	-	36	5	41
TOTAL	11,240	1,525	1,583	14,348

Source: Tourism Economics

Tourism's Impact on jobs (2 of 2)

Tourism industry generated employment, 2017



*Finance, insurance and real estate

Source: Tourism Economics

Tourism's Impact on taxes (2 of 2)

Tourism supported \$71 million in local government revenue

Tourism supported tax revenue, millions			
	Direct	Indirect/Induced	Total
Federal	\$88.9	\$50.9	\$139.8
Personal Income	\$35.8	\$19.6	\$55.4
Corporate	\$8.5	\$7.9	\$16.4
Indirect business	\$6.0	\$2.9	\$8.9
Social Security	\$38.6	\$20.5	\$59.1
State and Local	\$92.2	\$36.5	\$144.6
Sales	\$32.0	\$6.9	\$49.4
Bed Tax	\$9.9	\$6.7	\$16.6
Personal Income	\$10.9	\$4.3	\$16.9
Corporate	\$2.0	\$1.9	\$3.8
Social Insurance	\$0.9	\$0.4	\$1.3
Excise and Fees	\$3.8	\$1.9	\$5.8
Property	\$32.8	\$14.4	\$50.7
Total	\$181.1	\$87.4	\$284.4

Source: Tourism Economics

Tourism supported tax revenues, millions	
	Total
State Revenues	\$73.1
Sales	\$48.7
Bed Tax	-
Personal Income	\$16.9
Corporate	\$3.8
Social Security	\$1.3
Excise and Fees	\$2.4
Property	-
Local Govt. Revenues	\$71.4
Sales	\$0.7
Bed Tax	\$16.6
Personal Income	-
Corporate	-
Social Security	-
Excise and Fees	\$3.4
Property	\$50.7
Total	\$144.5

Source: Tourism Economics

3) Methodology

How tourism generates impact

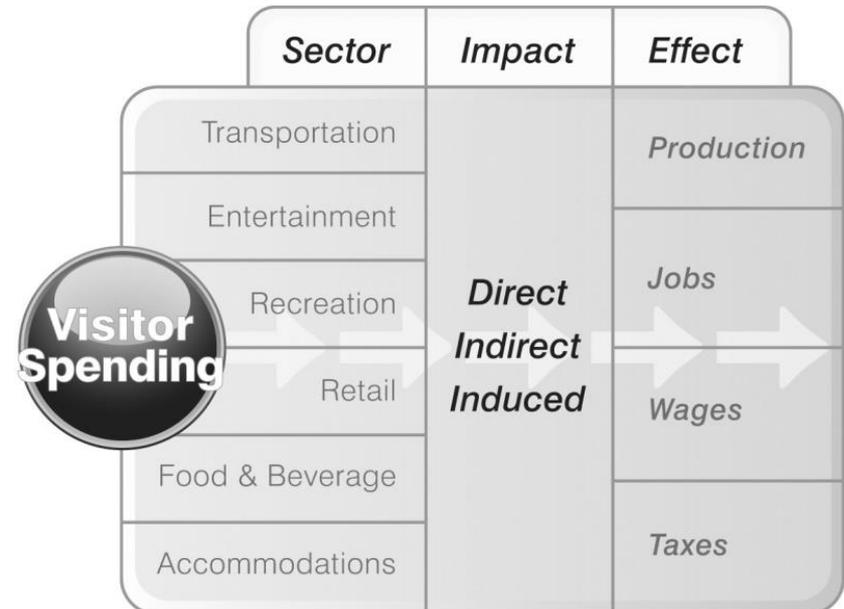
Our analysis of tourism's impact on Somerset County starts with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Somerset County, we input tourism spending into a model of the Somerset County's economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

- Travelers create **direct** economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called **indirect** impacts.
- Lastly, the **induced** impact is generated when employees whose wages are generated either directly or indirectly by tourism, spend those wages in the local economy.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

Tourism spending flows through the economy and generates economic benefit through multiple channels

How tourism spending flows through the economy and generates economic benefits



Illustrating the concepts

Travel & Tourism Industry

- The direct effect of visitor spending

Travel & Tourism Economic Impact

The flow-through effect of T&T all demand across the economy

- Expands the focus to measure the overall impact of T&T on all sectors of the economy

