

# Tourism's Economics Impact on Somerset County

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*May 2018*



TOURISM  
ECONOMICS

AN OXFORD ECONOMICS COMPANY

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# 1) Tourism Impact Summary and Trends

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## 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.

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## Tourism's impact on Somerset County

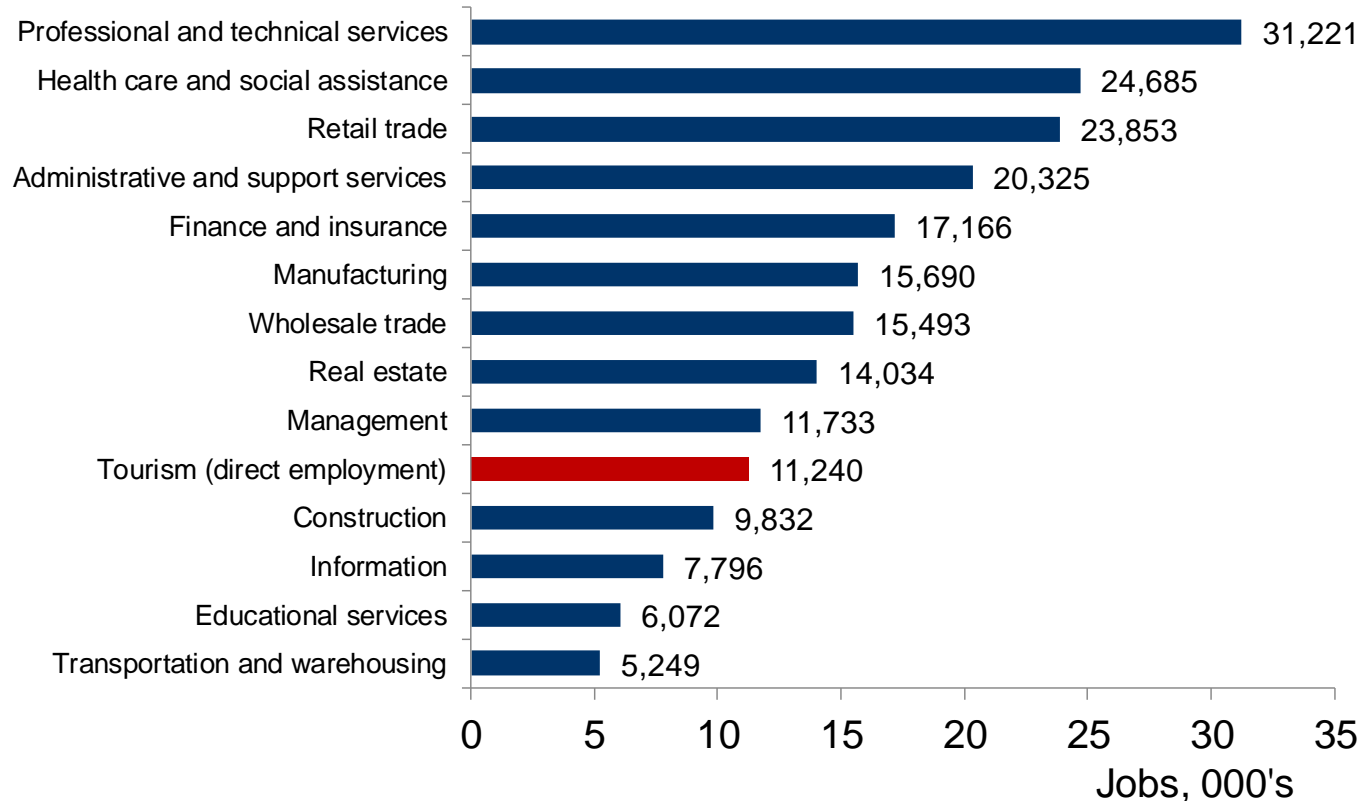
Nominal dollars, millions

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



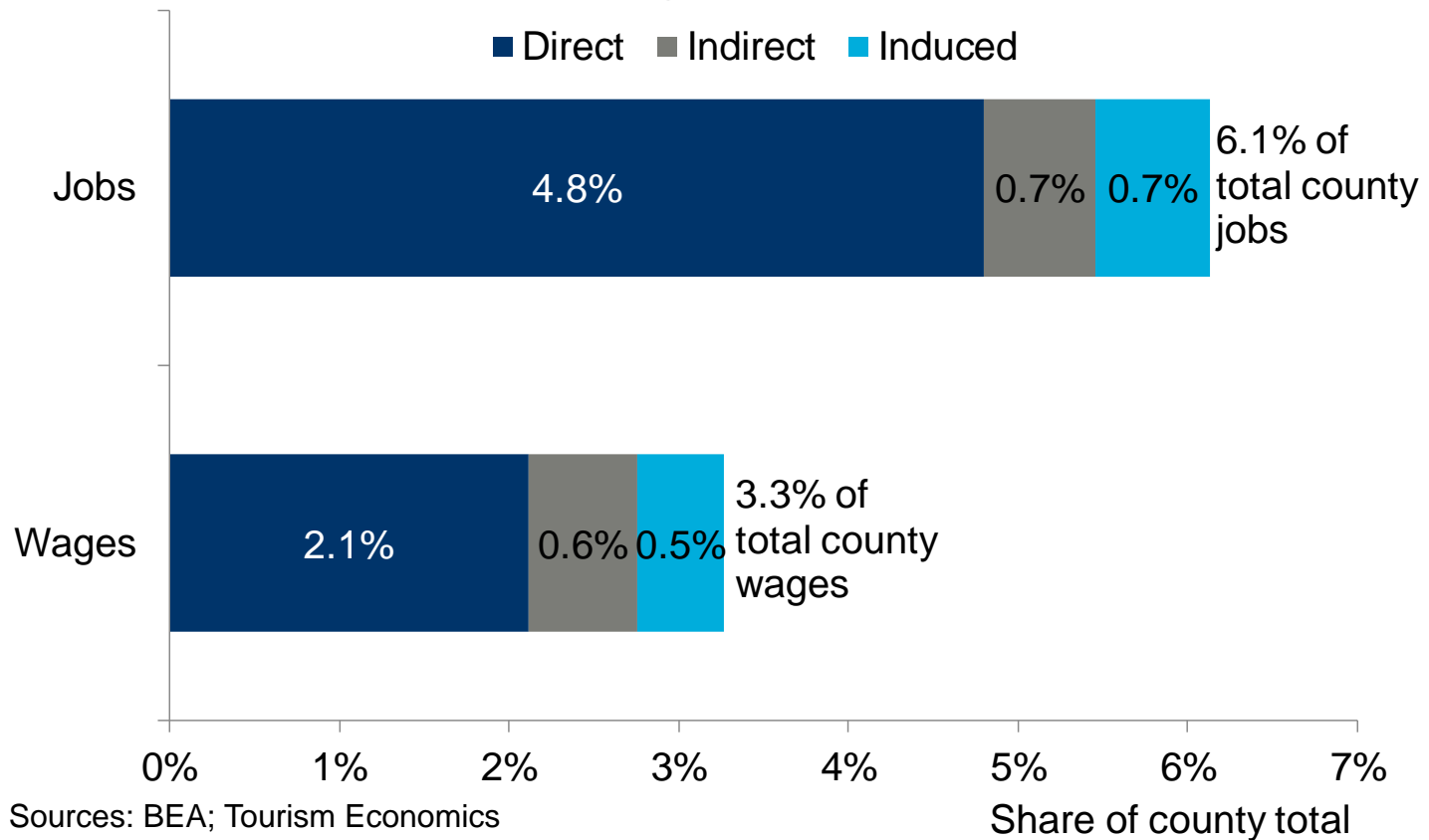
Sources: BEA; Tourism Economics

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

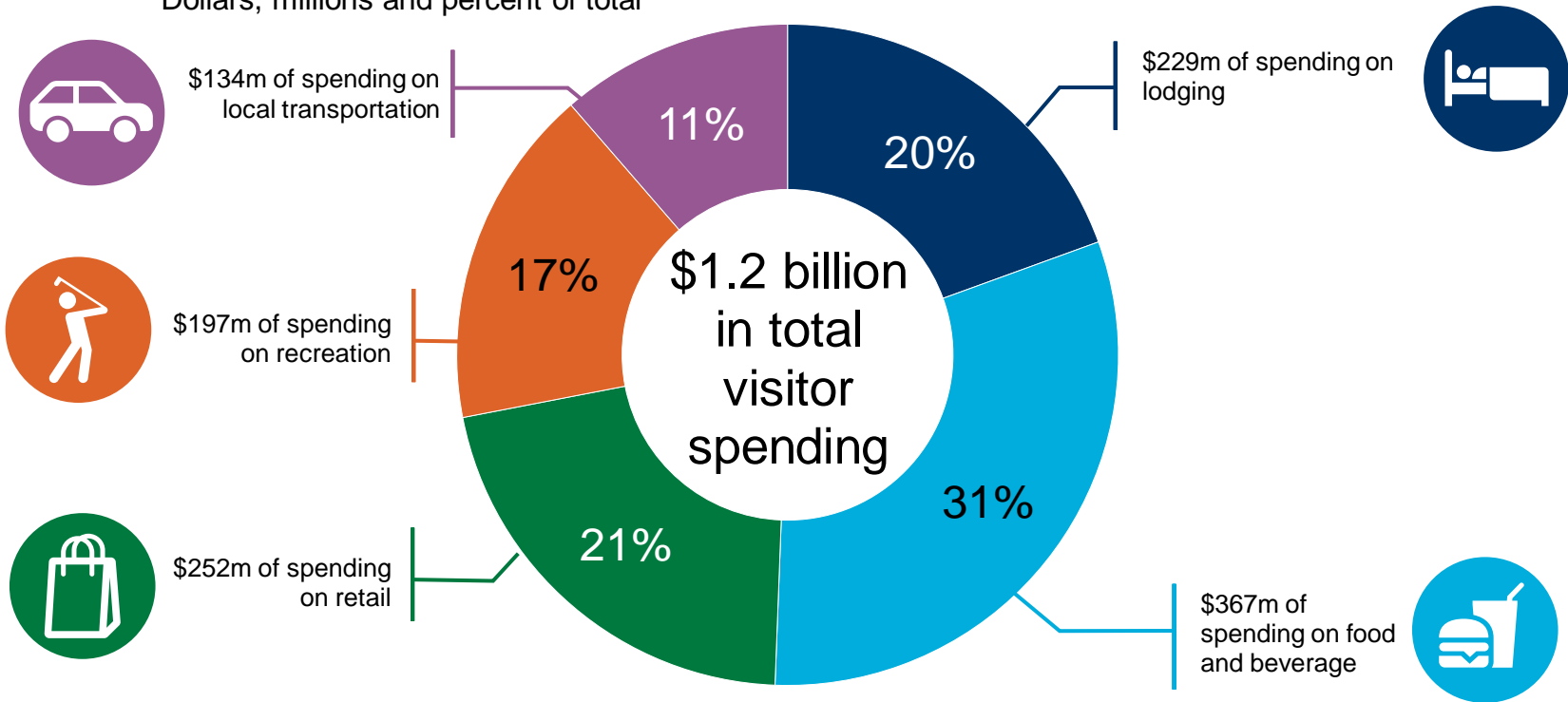


# Visitor spending in Somerset County

Visitors to Somerset County spent \$1.2 billion in 2017

## Somerset County visitor spending by sector, 2017

Dollars, millions and percent of total



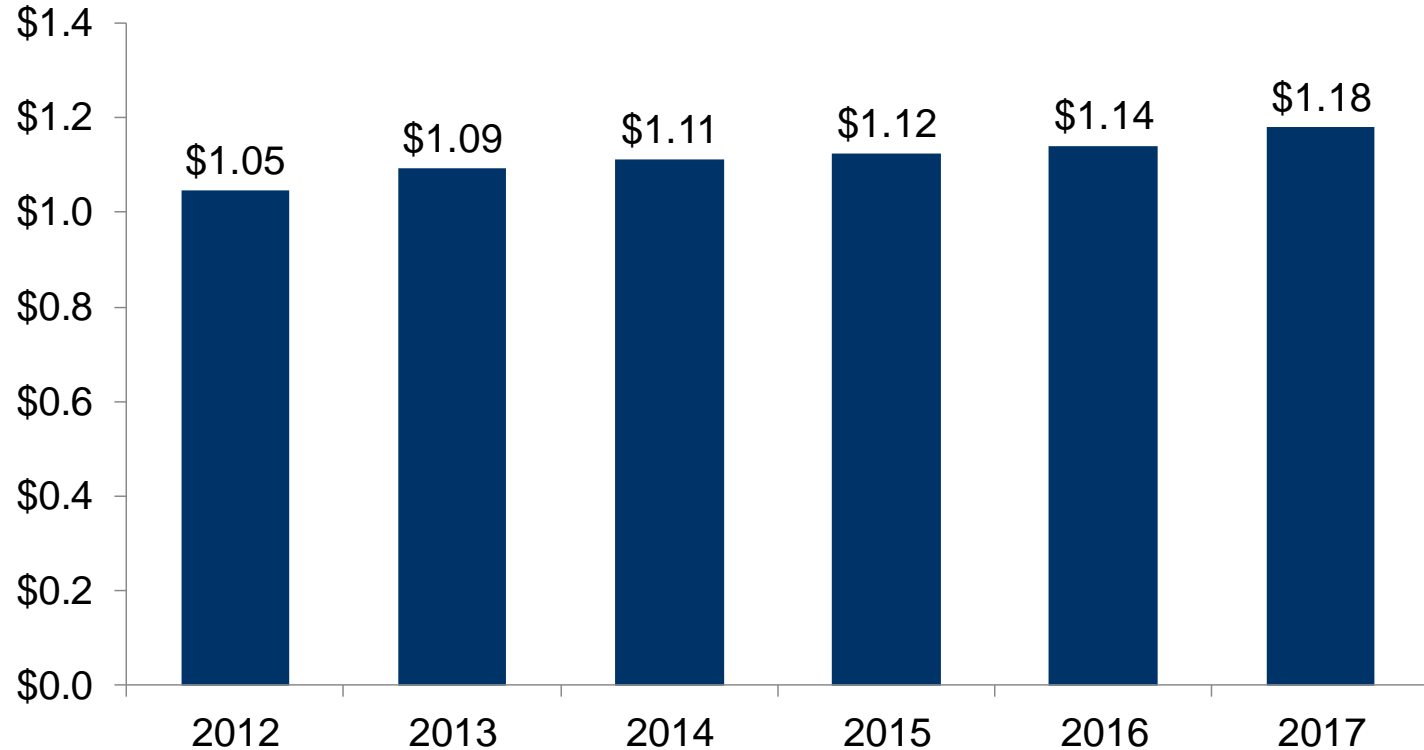
Source: Tourism Economics

## 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

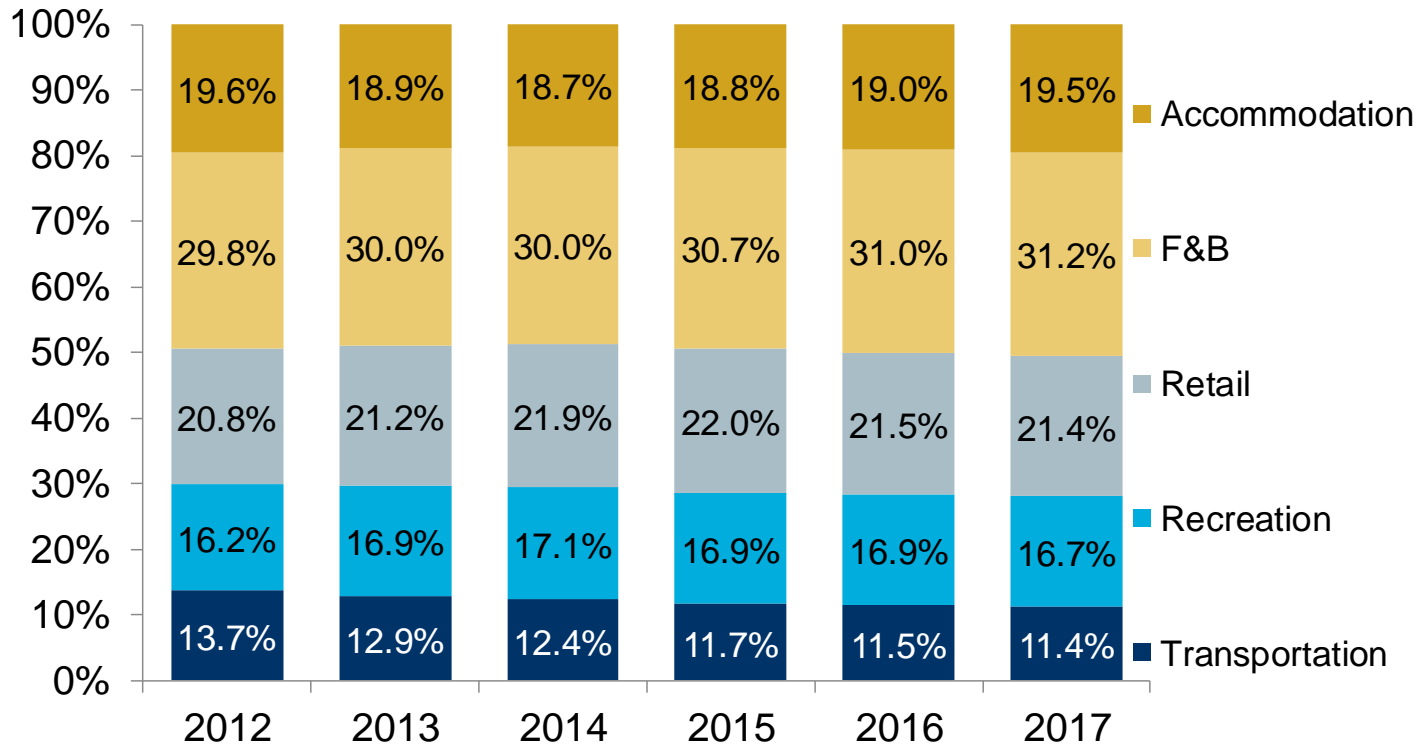


## Tourism spending is changing with prices

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

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## 2) Detailed Results

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

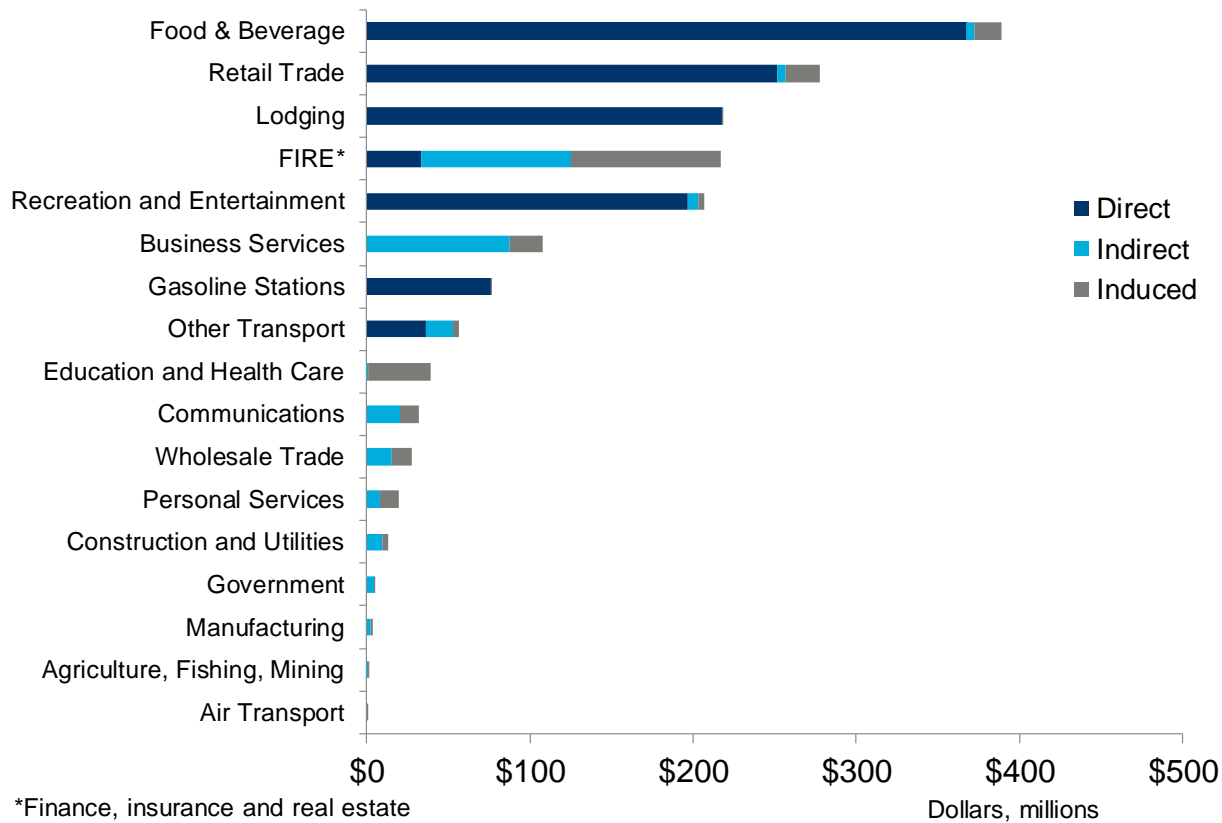
Tourism generated \$1.2 billion in direct sales and supported \$1.7 billion in total business sales

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

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)

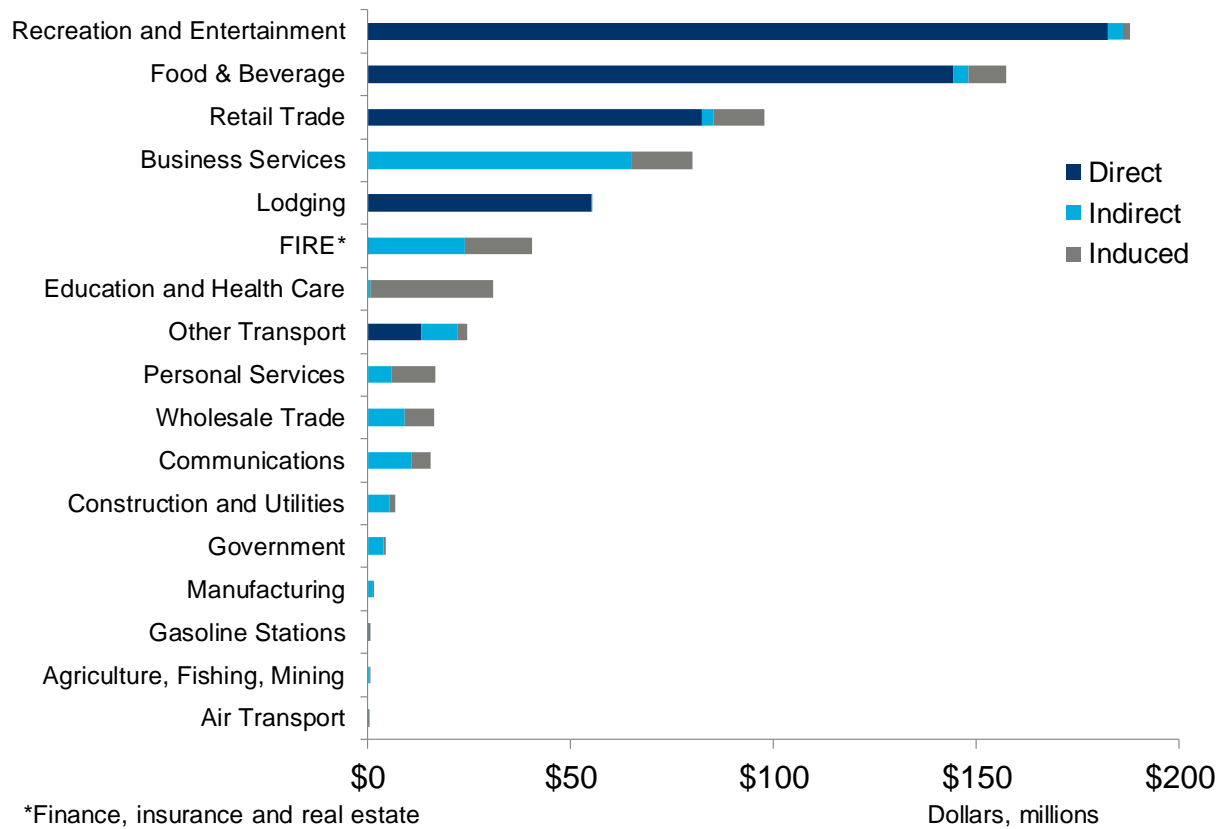
Tourism generated \$477 million in direct income and supported \$737 million in total income

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

Source: Tourism Economics

# Tourism's Impact on income (2 of 2)

## Tourism industry generated income, 2017



## Tourism's Impact on jobs (1 of 2)

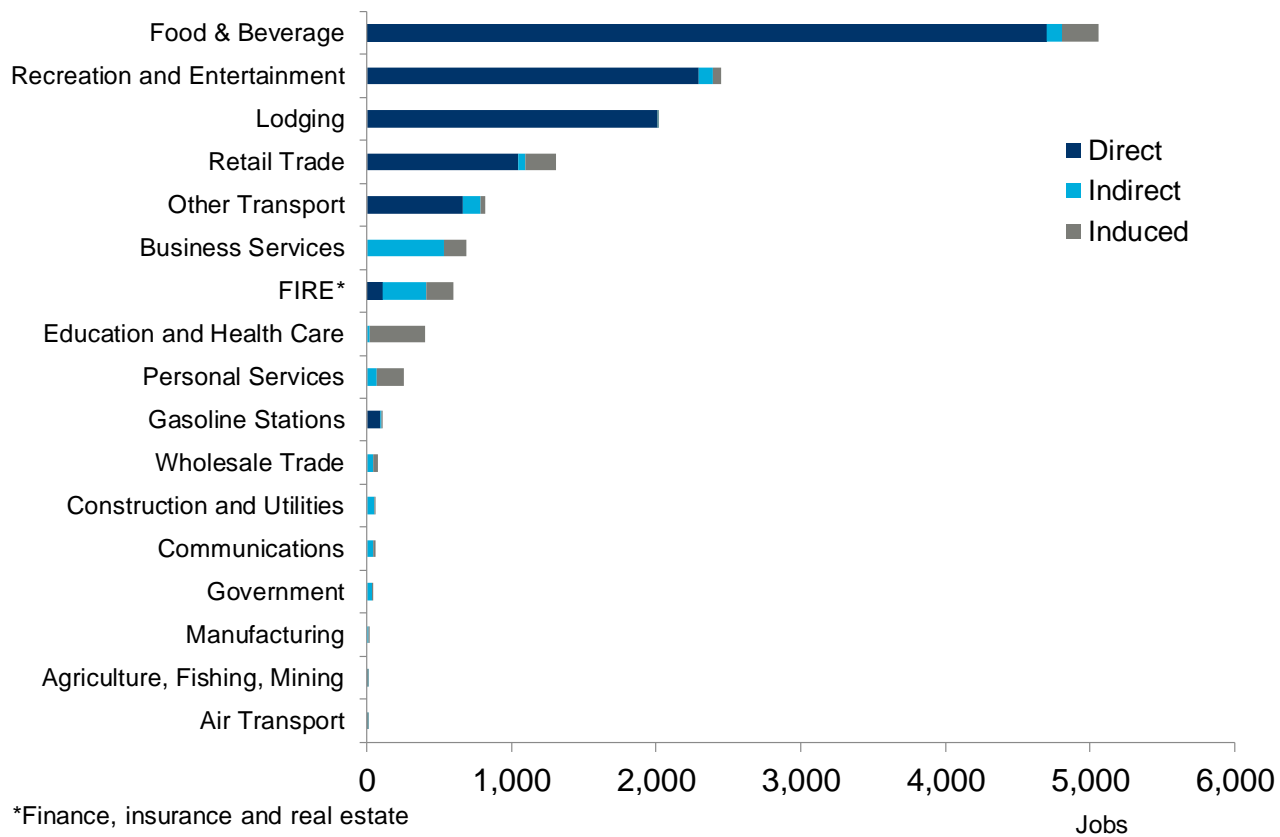
Tourism generated 11,240 jobs directly and supported 14,348 total jobs

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

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

<b>Tourism supported tax revenue, millions</b>			
	Direct	Indirect/Induced	Total
<b>Federal</b>	<b>\$88.9</b>	<b>\$50.9</b>	<b>\$139.8</b>
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
<b>State and Local</b>	<b>\$92.2</b>	<b>\$36.5</b>	<b>\$144.6</b>
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
<b>Total</b>	<b>\$181.1</b>	<b>\$87.4</b>	<b>\$284.4</b>

Source: Tourism Economics

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

Source: Tourism Economics

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## 3) Methodology

## How tourism generates impact

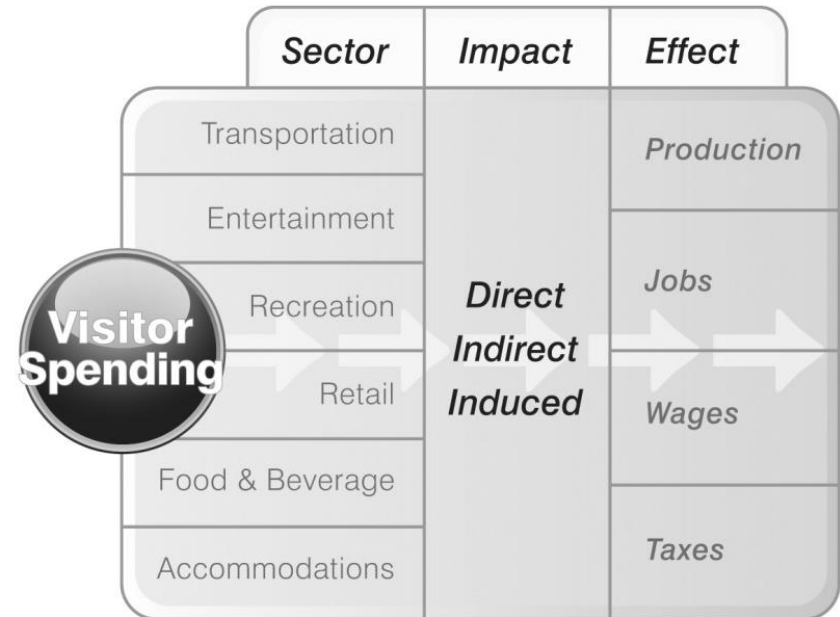
Our analysis of tourism's impact on Somerset County starts with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Somerset County, we input tourism spending into a model of 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

