

Travel and Tourism in Mississippi/Southeast, FY 2011

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MISSISSIPPI STATE
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U.S. Economic Contribution of Travel and Tourism

Travel #5 in employment versus other private U.S. industry sectors, CY 2010.

- **2.7 %** of GDP (per the U.S. Travel Association).
- Direct Travel & Tourism jobs = 7.6 million-to-7.7 million, February 2012.
- Direct Travel & Tourism jobs = 7.4 million, CY 2009.
- Direct Travel & Tourism jobs = 7.9 million, CY 2007.

International Example: Saudi Arabia

- Direct contribution of Travel and Tourism to 2012 GDP: 2.9 %
- Direct contribution of Travel and Tourism to 2009 GDP: 2.7 %

Sources: eTurboNews.com and Travel Smart News, March 2012.



Mississippi FY 2011 Key Statewide Indicators

- **\$383 Million**, or 8.5% (1/12) of the **\$4.5 Billion General Fund**.
- **82,000** direct jobs plus 31,885 indirect and induced jobs.
- Type SAM Employment Multiplier: 1.39.
- 5th overall in direct private employment.
- Every \$1.3 million in travel expenditures sustained 18 direct jobs plus an additional seven (7) indirect and induced jobs.
- Annual payroll for the direct jobs was \$1.77 billion.
- Indirect and induced labor income equaled \$1.06 billion.
- Total payroll: \$2.83 billion. Labor Income Multiplier: 1.6.
- \$527 per Household in Tax Relief (State AND Local Taxes and Fees attributed to Travel and Tourism).
- One of the largest Export Industries; 2.7% of GDP.
- Total Value Added = 4.0 % of State GDP.



Economic Contribution of Travel and Tourism

- Economic Contribution takes the “**Broader View**” into Account.
- **FY 2008:** MDA Tourism Division Research Program Manager (RPM) suggested the title change to—**Economic Contribution Report**, from—Economic Impact Report. The former term is more accurate.
- IMPLAN software training in August 2007 helped estimate total jobs associated with Travel and Tourism—direct plus indirect plus induced. Ditto for total payroll associated with Travel and Tourism.



Economic Contribution of Travel and Tourism

IMPLAN: A nationally recognized economic contribution model to estimate the economic activity associated with a sale of a good or service. In the IMPLAN model, indirect and induced impacts are filtered through a Social Accounting Matrix (SAM).

Indirect Contribution: Secondary contribution of purchase of production by the firm (business level), holding everything else constant. Example: Hotels purchase cleaning supplies.

Induced Contribution: Secondary contribution from the purchases made by the workers (consumer level) holding everything else constant. Example: Hotel employee wages contribute to the purchase of goods and services in the local economy.



Economic Contribution of Travel and Tourism

Travel and Tourism Exports: Travel expenditures by out-of-state travelers/visitors in Mississippi.

Travel and Tourism Imports: Travel expenditures by Mississippi residents outside the state.

Tourism Capital Investment (TCI): New construction and expansion/renovation of Tourism-related businesses (public and private funding sources). TCI is based on commercial permits.

Value Added: Economic measure of production which includes only goods and services produced in Mississippi. It estimates the state's direct Travel and Tourism contribution to Gross Domestic Product (GDP).

Total Value Added is the total contribution (direct, indirect, induced) of an industry sector to GDP.



Economic Contribution of Travel and Tourism

Traveler/Visitor: A 100-mile or more round trip (less for overnight stays) from in-state or out-of-state households, to enjoy the history, scenery and attractions of another community. Includes in-state and out-of-state overnight leisure, day leisure, day or overnight business, group travelers, International visitors, business/leisure segments.

Concentration Rank: Travel and Tourism employment divided by nonfarm establishment-based employment.

State-Level Travel and Tourism Accounts: A system that encompasses Travel and Tourism's Broader View. Its focus: circular flow of goods and services in the economy between Travel and Tourism Industry Supply....and Travel and Tourism Commodity Demand.



Economic Contribution of Travel and Tourism

- Travel and Tourism is one of Mississippi's largest Export Industries.
- Automotive manufacturing was the #1 exporter for Metro Jackson; then, petroleum and coal products, business services, **Travel and Tourism**, and Machinery [2010 data], per the March 8, 2012 ClarionLedger.com.
- Travel and Tourism is true Economic Development.
- Two (2) Economic Indicators to measure Travel and Tourism include:
 - 1) Employment—may also include Concentration Rank
 - 2) Travel and Tourism GDP (as a percentage of State GDP)

Note: Fiscal Impact (state and local taxes) are interesting.
- Some Southern state comparisons are depicted next.



Economic Contribution of Travel and Tourism

TRAVEL AND TOURISM EMPLOYMENT DATA

STATE	DIRECT JOBS	INDIRECT & INDUCED JOBS	TOTAL JOBS	% of STATEWIDE TOTAL
Alabama	107,700	52,256	159,956	8.6 %
Georgia	250,588	140,454	391,042	10.4
Louisiana	128,050	48,305	176,355	9.6
Mississippi	82,000	31,885	113,885	10.4
North Carolina	268,561	101,668	370,229	9.0
South Carolina	109,600	61,360	170,960	9.5
TOTAL/AVERAGE	946,499	435,928	1,382,427	9.5 %



Economic Contribution of Travel and Tourism

TRAVEL AND TOURISM GDP DATA

STATE	Travel GDP (direct in \$)	% of State GDP	Total Travel GDP (\$)	% of Total Value Added
Georgia	\$10.1 billion	2.3	\$20.3 billion	5.0 %
Louisiana	6.1 billion	2.8	NA	NA
Mississippi	2.7 billion	2.7	4.0 billion	4.0
North Carolina	8.6 billion	2.0	16.6 billion	3.9
South Carolina	4.7 billion	2.9	NA	NA
West Virginia	1.8 billion	3.0	NA	NA

Sources: U.S. Travel Association, The Economic Contribution of Tourism in South Carolina—2010 Tourism Satellite Account Results; Georgia, Louisiana, Mississippi, North Carolina, West Virginia reports.



Economic Contribution of Travel and Tourism

TRAVEL AND TOURISM EXPENDITURE DATA

STATE	Travel GDP (direct in \$)	Travel Spending by Visitors (\$)	Tourism GDP \$ Divided by Total Travel Expenditures
Georgia	\$10.1 billion	\$28.1 billion	35.9 %
Louisiana	6.1 billion	9.0 billion	67.1
Mississippi	2.7 billion	6.0 billion	45.2
North Carolina	8.6 billion	19.7 billion	43.7
South Carolina	4.7 billion	8.4 billion	55.8
West Virginia	1.8 billion	4.4 billion	42.6
TOTAL/AVERAG E	\$34 billion	\$75.6 billion	45.0 %

Sources: U.S. Travel Association, The Economic Contribution of
Tourism in South Carolina—2010 Tourism Satellite Account Results;
Georgia, Louisiana, Mississippi, North Carolina, West Virginia reports.





Economic Contribution of Travel and Tourism (fiscal)

- **ALABAMA:** \$682 million in state and local tax revenues. Without those taxes, each household would have to pay \$375 in additional taxes.
- **GEORGIA:** \$2.4 billion in state and local tax revenues. Without those taxes, each household would have to pay \$735 in additional taxes.
- **LOUISIANA:** \$836 million in state and local tax revenues. Without those taxes, each household would have to pay \$510 in additional taxes.

Sources: 2011 Alabama Travel Industry Economic Impact, Alabama Office of Tourism and Travel, Auburn University, Montgomery; Economic Impact of Tourism in Georgia, Tourism Satellite Account, CY 2010, U.S. Travel Association and Tourism Economics; The 2010 Louisiana Tourism Satellite Account—Louisiana State University, Baton Rouge.



Economic Contribution of Travel and Tourism (fiscal)

- **MISSISSIPPI:** \$588 million in state and local tax revenues. Without them, each household would have to pay \$527 in additional taxes.
- **NORTH CAROLINA:** \$2.6 billion in state and local tax revenues. Without them, each household would pay \$729 in additional taxes.
- **SOUTH CAROLINA:** \$1.2 billion in state and local tax revenues. Without them, each household would pay \$655 in additional taxes.
- **WEST VIRGINIA:** \$582 million in state and local tax revenues. Without them, each household would pay \$783 in additional taxes.

Sources: The FY 2011 Mississippi Travel and Tourism Economic Contribution

Report—True Results, February 2012; The Economic Impact of Tourism in North Carolina—Tourism Satellite Account, Calendar Year 2010, U.S. Travel Association, and Tourism Economics; The Economic Contribution of Tourism in South Carolina; Economic Impact of



Travel on West Virginia, Dean Runyan Associates, September 2011

Economic Contribution of Travel and Tourism

- **Arkansas and Tennessee** do **not** do Tourism Satellite Account projects.
- **Arkansas** reported total Travel Expenditures of \$5.69 billion in CY 2011.
- Arkansas had 58,700 direct Travel-General jobs in CY 2011. They reported
nearly 100,000 Leisure & Hospitality jobs (Super Sector-level) in CY 2011.
- \$405 million in state and local taxes attributed to Travel and Tourism.
- **Tennessee's** direct Travel expenditures were \$14.1 billion in CY 2010, a 6.3 % increase versus CY 2009.
- Domestic and International Traveler spending supported nearly 175,000 direct jobs in the Volunteer State.
- About \$1.1 billion in state and local taxes attributed to Travel and Tourism.



Mississippi Tourism Capital Investment (TCI)

- FY 2011 was the eighth year statewide and county level TCI was estimated.
- IMPLAN codes 34 (new construction), 36 (other new construction) and 39 (maintenance) were used.
- Examples of code 34: New hotel/motel or restaurant....is constructed.
- Examples of code 36: Work on a new Hospitality Station, a Museum....
- Examples of code 39: Road maintenance, casino renovations....
- IMPLAN very useful in estimating relationships: \$ spent and employment.
- FY 2011 TCI: \$189.5 million, or – 7.8 % versus FY 2010 levels.

Sources: McGraw Hill Construction Dodge, City Planning Departments, Mississippi Department of Transportation.... ,2011.



Economic Contribution of Travel and Tourism

(recap)

- **MISSISSIPPI:** Travel and Tourism (T&T) 5th overall in private employment.
- Total jobs associated with T&T = 113,885, or 10.4% of nonfarm jobs.
- Employment Multiplier = **1.39**. **Direct** Travel and Tourism jobs = 82,000
- TCI: \$189.5 million, with about 60 % from public and 40 % from private \$.
- About \$63.55 million in TCI, or 33.5 %, attributed to direct labor income.
- Travel and Tourism Construction employment = 1,824, or 3.7 % of the 49,250 statewide Construction employment figure (FY 2011).
- Annual payroll for the 82,000 direct T&T jobs was \$1.77 billion.
- Indirect and induced labor income = \$1.06 billion.
- Total payroll associated with Travel and Tourism = \$2.83 billion.
- Labor Income Multiplier = **1.6**.
- **The 82,000 direct jobs** = 1,000 per county, “on average.”



Economic Contribution of Travel and Tourism

- **Statewide** Employment and Labor Income Multipliers were used.
- Multipliers from a statewide input-output model cannot be modified on a short-term basis for use by counties or cities. IMPLAN does provide County Level Multipliers.
- Travel and Tourism businesses cover a broad range of North American Industry Classification (NAICS) codes, first implemented with 2001 Data; revised in 2002, 2007, 2012.
- NAICS uses a production-oriented approach to categorize economic units. Focus: how products and services are created.



PRESENTATION TAKEAWAYS

- Travel and Tourism Pays Its Own Way!
- MDA Tourism Division can present more thorough Travel and Tourism Economic Contribution data by using IMPLAN Pro, V 3.0.
- Travel and Tourism is a catalyst for economic development and is economic development.
- Travel and Tourism indicators can be expanded beyond expenditures by visitors and direct employment to reflect the “Broader View.”
- This can be helpful with certain comparisons with states and countries.
- Excellent working relationships between Mr. Van Hying, Mississippi Tourism Partners, State Agencies, Universities et al., along with the proper use of IMPLAN Pro, V 3.0, enables him to prepare a more thorough Travel and Tourism Economic Contribution Report.





MISSISSIPPI TRAVEL AND TOURISM



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