OXFORD ECONOMICS

THE ECONOMIC IMPACT OF OUT-OF-STATE VISITORS IN FLORIDA

2016 CALENDAR YEAR ANALYSIS

JANUARY 2018

VISITFLORIDA

Tourism Economics

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With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

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Most economic sectors are readily defined within a state's economic statistics. This is because these are distinct sectors with measurable employment and production value. Tourism is not so easily measured because it is not a single industry. It is a demand-side activity, defined by visitors, which affects multiple sectors to various degrees.

Economic impact analysis deals with the challenge of measuring tourism. And this analysis shows the importance of tourism in the Florida economy. In fact, the tourism sector is an engine of Florida's economy with billions of dollars spent at local businesses generating thousands of jobs and millions in tax revenues.

Not only does the impact analysis show the importance of the tourism industry to the state but it also helps by monitoring the visitor economy and can help VISIT FLORIDA make strategic decisions regarding the promotion of the state's substantial tourism offerings.

This report analyzes the economic impact of out-of-state visitors on Florida's economy for the calendar year 2016, in addition to exploring historical data beginning in 2011.

KEY FINDINGS

In 2016, out-of-state visitor spending at Florida-based businesses reached $112 billion, growing by 2.7%. Of this $112 billion in visitor spending, $45 billion of value was created in Florida directly – this is the enhancement that Florida businesses and workers provide to the goods and services sold to the out-of-state visitors.

This visitor spending directly supported 875,722 jobs in 2016 that earned Florida jobholders $27.9 billion in corresponding wages. The number of jobs supported by out-of-state visitor spending for Florida workers has grown by over 140,000 since 2011 – growth of nearly 20%.

The total impact of out-of-state visitor spending, including indirect and induced effects of the $112 billion, spending by out-of-state visitors to Florida sustained $88 billion in GDP, 1,435,341 jobs, and nearly $53 billion in corresponding wages.

Putting these numbers in comparison to the overall Florida economy, tourism generated 9.5% of Florida's GDP and 17.1% of total employment in 2016.

1. INTRODUCTION

1.1 ENGAGEMENT OVERVIEW

VISIT FLORIDA commissioned Tourism Economics to analyze the economic impact of out-of-state visitors on Florida's economy for calendar year 2016. Often misunderstood as an industry, the tourism sector consistently drives jobs and income growth within destinations, and contributes significantly to a destination's overall gross domestic product.

Florida, in particular, is an attractive destination that boasts a temperate climate and key attractions that include Walt Disney World and Universal Studios, numerous museums and aquariums, world-renowned beaches, and countless shops, restaurants, and bars. Tourists, both domestic and international alike, unfailingly flock to the state to enjoy many of its desirable cities, to simply relax, or to visit friends and family.

1.2 ECONOMIC IMPACT ANALYSIS

1.2.1 Why quantify the tourism economy

Most economic sectors, such as agriculture and financial services, are easily defined within a state's economic statistics. This is because these are distinct sectors with measurable employment and production value.

Tourism is not so easily measured because it is not a single industry. It is a demand-side activity, defined by visitors, which affects multiple sectors to various degrees. Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, and travel agents.

Economic impact analysis deals with the challenge of measuring tourism in two important ways. It defines the tourism economy and then provides a methodology for calculating tourism GDP and employment in a way that is consistent with standard industry accounts.

This provides a number of critical benefits to the promotion of tourism development:

- Enables comparisons of the importance of tourism to other sectors of the economy
- Measures the importance of visitors to businesses (sales), households (jobs and income), and government (taxes)
- Tracks the economic contribution of tourism over time
- Quantifies the full economic impact of travel & tourism (T&T) activity, including direct, indirect, and induced impacts

1.2.2 Overview

The analysis starts with an examination of out-of-state visitor spending in Florida. Several data sources are used in an attempt to pinpoint just out-of-state visitor spending in the Florida economy. The collection of survey data from actual visitors to Florida is the first step. Domestic (non-Florida US visitors) spending is collected by surveys done by D.K. Shifflet (DKSA). International data is collected from the various national survey's conducted by the National Travel & Tourism Office (NTTO) and Statistics Canada (StatsCan).

Along with survey data, credit card receipts are analysed as a further example of visitor demand in Florida.

The analysis takes a second step by comparing demand to local supply. Industry information from the hotel industry along with tax revenues from sectors of the Florida economy is collected to understand the supply of potential tourism goods and services.

With the supply and demand of Florida good and services collected, the next step is calculating the impacts of the spending. Direct and total impacts were measured in terms of business sales, employment, income, and tax revenues generated.

The total impact of tourism includes direct, indirect impacts, and induced impacts. Direct visitor spending created economic value within specific visitor-related sectors such as lodging, recreation, and transportation. This supports a relative proportion of jobs, wages, taxes, and GDP within each sector. Indirect benefits accrue to those sectors that provide goods and services as inputs into production, such as food wholesalers, utilities, and financial or legal services. Induced benefits are generated when employees whose income are driven directly or indirectly by tourism, spend a portion of that income in the local regional economy.

For the context of this report, visitors to Florida include out-of-state day and overnight visitors.

More detail on the data sources and process is included below.

1.3 METHODOLOGY

Our tourism economic impact methodology is centered on several important principles.

The analysis began with a compilation of all relevant data sets used as inputs to the model. Tourism spans many different activities and sectors so a number of perspectives must be brought together to quantify each component of the tourism economy.

The data sets compiled included:

- Visitor volume and expenditures by category (accommodation, retail, transportation, food, entertainment) drawn from the D.K. Shifflet & Associates (DKSA) syndicated survey of US travelers.
- Employment (NAICS 700+ industries, source: BEA, BLS, US Census) – by industry
- Personal Income (NAICS 700+ industries, source: BEA, BLS, US Census) – by industry
- Value Added (NAICS ~50 industries, source: BEA) – by industry at the state level
- Lodging revenue, room demand, and average daily rates (source: STR)
- Tax receipts by industry (FL Department of Revenue) – sales tax by industry including hotel taxes
- US Census data on seasonal second homes by county (to measure imputed rent for inclusion in Tourism Satellite Account measure)
- National Travel & Tourism Office (NTTO) data on international overseas inbound traveler expenditures (state-level)
- Statistics Canada data on visits and related spending (state-level)
- Aviation-related spending for visitors based on airport and passenger data (Source: OAG)
- International visitor credit card transactions and value (Visa)

This comprehensive set of data provided a holistic view of visitor activity constrained by known measurements. A “triangulation” approach provided for a set of anchors so that results are consistent and credible.

For example, to determine the implicit share of tourism by industry, industry tax receipts data were compared with spending estimates derived from DK Shifflet and with government industry employment and wage data.

Syndicated (DKSA) visitor spending data will break down visitor expenditures by type for determining the tourism share of sectors which are only partially tourism-related such as restaurants. Care was taken to back out Florida resident travel expenditures out of each sector based on DKSA ratios of visitor volumes and spending for overnight visitors by origin as the results were for Florida out-of-state visitor metrics.

BEA employment data provided the overarching perspective on the total jobs (whether or not generated by tourism) within each tourism-related sector providing a reasonableness check of the economic model results.

Using these diverse and complementary datasets, we quantified total out-of - state visitor expenditures at the state level, by industry, for 2016 with five years of prior history.

Spend Category	Description
Lodging	Includes traveler spending in accommodation sector. This includes food and other services provided by hotels and similar establishments.
Recreation	Includes traveler spending within the arts, entertainment and recreation supersector.
Air transport	Includes the local economic activity generated by travelers within the air transport (airline) and support services (on airport) sectors.
Transport w/in destination	Traveler spending on gasoline and Includes all forms of local transport services such as taxis, limos, trains, rental cars, and buses.
Retail	Includes traveler spending within all retail sectors within the Florida economy.
Food & beverages	Includes all traveler spending at restaurants and bars.

1.3.1 Develop impact analysis

Once spending expenditures by tourism sector were established, an input-output (I-O) model for the state of Florida based on an IMPLAN (www.implan.com) model was used to follow the flows of this spending throughout the Florida economy. IMPLAN is recognized as one of two industry standards in local-level I-O models. An I-O model represents a profile of an economy by measuring the relationships among industries and consumers. For example, an I-O model tracks the flow of a visitor's restaurant expenditures to wages, profits, capital, taxes and suppliers. The supplier chain is also traced to food wholesalers, to farmers, and so on. In this way, the I-O model allows for the measurement of the direct and indirect sales generated by a restaurant meal. The model also calculates the induced impacts of tourism. These induced impacts represent benefits to the economy as employees of tourism sectors spend their wages in the local economy, generating additional output, jobs, taxes, and wages.

IMPLAN is particularly effective because it calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators including:

- Business Sales (also called gross output)
- Value Added (Gross State Product)
- Personal Income
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

Our economists then iteratively adjusted the model to balance the results with known industry measurements. IMPLAN is flexible, allowing for adjustments in coefficients. This ensures that the results of the model are consistent and reasonable compared with other sources of specific tourism sector employment and taxes.

Further segmentation was provided by visitor type (business/leisure, domestic/international) and by industry—including those industries which benefit indirectly providing valuable insights into the relative value of visitor segments as well as the extent to which various industries benefit from visitor activity.

A detailed tax analysis combining IMPLAN output with bottom-up calculations of sales taxes, bed taxes, and other tourism-specific taxes complement the standard model results.

In addition to the absolute value of taxes, these are expressed as “savings in state and local taxes per household” based on the assumption that were it not for visitors, resident households would need to fund these revenues.

1.4 DEFINITIONS AND DESCRIPTIONS

This study reports the visitor spending and associated economic impacts for out-of-state visitors to Florida. All spending and impacts stated in this report occur within Florida.

1.4.1 Description of spending categories

Lodging: includes traveller spending in accommodation sector. This includes food and other services provided by hotels and similar establishments

Recreation: includes traveler spending with the arts, entertainment and recreation supersector

Transportation: sum of air transport and transport within destination

Air Transport: includes the local economic activity generated by travellers within the air transport (airline) and support services (on airport) sectors.

Transport within destination: traveler spending on gasoline and includes all forms of local transport such as taxies, limos, trains, rental cars and buses

Retail: includes traveler spending within all retail sectors within the Florida economy

Food & beverage: includes all traveler spending at restaurants and bars

1.4.2 Description of industrial categories

As defined by the North American Industry Classification System (NAICS):

Business Examples	
For defined NAICS codes	
Agriculture, Fishing, Mining	Orange groves, nursery's, cattle ranching, marine fishing, natural gas extraction
Construction and Utilities	Electric power generation, sewage treatment plants, residential and commercial construction
Manufacturing	Paper, paint, plastics, metal and machinery manufacturing
Wholesale Trade	Businesses selling goods to anyone other than a standard consumer
Air Transport	Airlines, Airport support
Other Transport	Trucking, bus companies, taxi and limosine companies
Retail Trade	Businesses selling to standard consumers including car dealers, grocery, elextronic, sporting good and general merchandise stores
Gasoline Stations	Gas station businesses
Communications	Newspaper publishers, motion picture/video businesses, radio and TV stations
Finance, Insurance and Real Estate	Banks, insurance carriers, real estate agents, car/consumer and commercial rental businesses
Business Services	Lawyers, architects, payroll, graphic design, advertising agencies, security services
Education and Health Care	Private colleges, business schools, trade schools, language schools, physicians, dentists, home health care and nursing homes
Recreation and Entertainment	Theather companies, spectator sports, museums, zoos, golf courses
Lodging	Hotels, BnBs, RV parks
Food & Beverage	Restaurants, buffets, drinking places
Personal Services	Automotive repair, appliance repair, beauty/nail salons, funeral homes, drycleaners
Government	Police/Fire, general government, regulatory agencies

2. VISITATION AND SPENDING

2.1 TRENDS IN FLORIDA TOURISM

Out-of-state visitor spending growth continued in 2016, building upon the growth seen over the past seven years. Visitor spending grew 2.7% to reach nearly $112 billion. Spending growth was highest in key-impact sectors, including food & beverages and recreational industries. Overall spending growth did moderate in 2016 as there were minimal prices pressures pushing per-visitor spending higher.

Out-of-state visitor spending increased by nearly $3 billion in 2016 and has increased by nearly $25 billion since 2011 – growth of 28% in that six year period with lodging spending growth leading overall visitor spending growth during this period.

2.2 IN-DEPTH LOOK AT FLORIDA VISITOR SPENDING

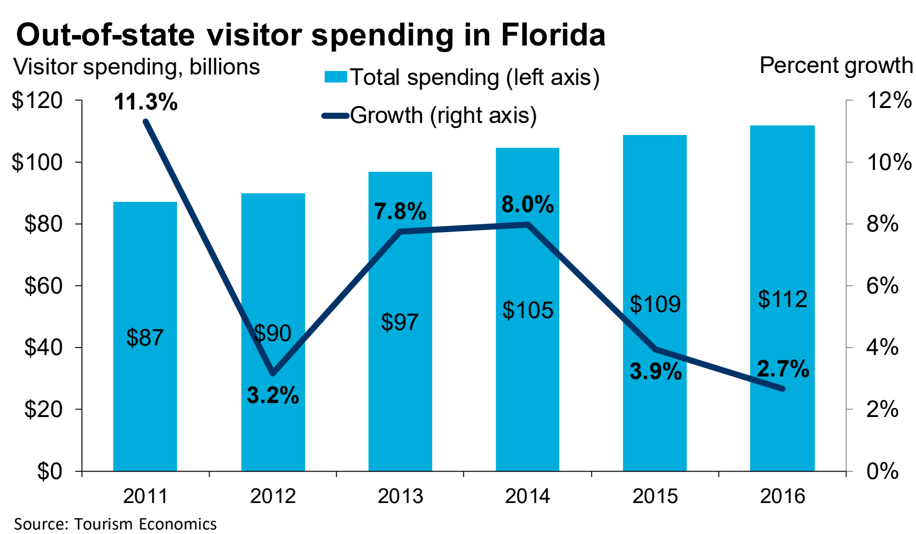
Florida visitor spending continued to set records in 2016. Overall growth in out-of-state visitor spending was driven by strong consumer confidence, low gas prices, employment and wage growth, and the attractiveness of Florida as a destination for domestic and international travellers. Out-of-state Florida visitors spent nearly $112 billion during their stays in the Florida. This marks six straight years of visitor spending growth. Visitation and spending are up 38% and 22%, respectively, since 2011.

$112 billion

in out-of-state visitor spending

Visitor spending growth did moderate in 2016 as inflationary pressures were minimal. With overall inflation near zero, gas prices declining 10% in 2016 and lodging ADR (Average Daily Rate) moderating out-of-state visitor spending was driven mainly by visitation growth.

Fig. 1: Visitor spending in Florida



2.2.1 Visitor spending by sector

Next, the analysis moves beyond the aggregate total out-of-state visitor spending to examine spending in individual sectors. Overall, while growth was seen across all major visitor spending sectors, certain sectors outpaced overall spending growth. In a benefit to the Florida economy, those sectors that outpaced visitor spending growth are in areas with higher impacts – more jobs and wages supported per dollar of sales.

Lodging, which includes both commercial lodging businesses along with Florida's robust timeshare sector, represented the largest out-of-state visitor spending sector. Spending on lodging services represents 29% of the average out-of-state visitor dollar with a total of nearly $32 billion spent at hotels and similar businesses. Lodging spending grew 3.3% in 2016 but has averaged spending growth since 2011 of nearly 8%.

Out-of-state visitor spending growth was led by spending on food & beverages. Spending in this sector grew 4.2% in 2016 to surpass $23 billion. Spending on food & beverages grew by nearly $1 billion over the 2015 amount.

Recreational spending also grew faster than overall out-of-state visitor spending. These visitors spent more than $500 million more on recreational activities than in 2015 with spending surpassing $16 billion in 2016, growth of 3.6%. This growth is much stronger than the average growth rate seen in recreational spending since 2011.

Reflecting the national trend, retail spending grew modestly at 0.6% over the prior year but still captures 14 cents of each out-of-state visitor dollar.

Transportation spending, including everything from car rental, gasoline and in-state air spending, inched its was closer to $25 billion as lower gas prices and minimal inflation in other transportation modes held growth down in 2016.

Out-of-state visitor spending in Florida

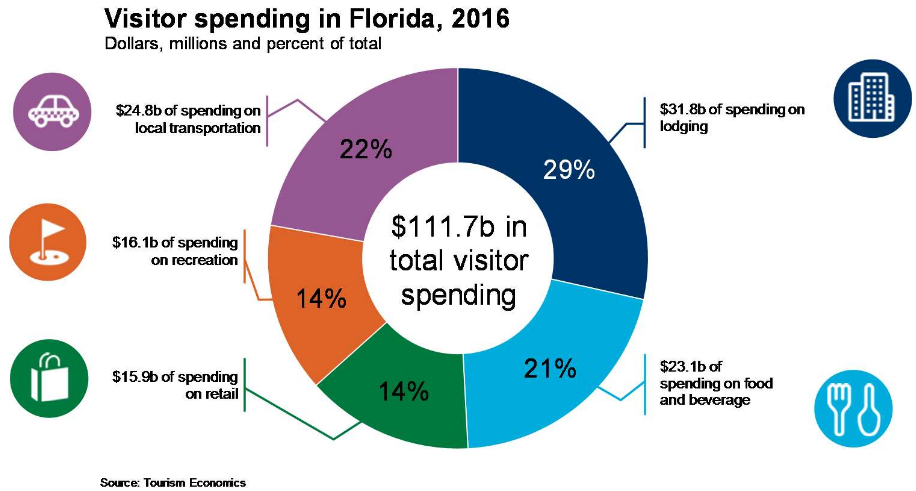
Nominal dollars, millions

	2011	2012	2013	2014	2015	2016	2016 Growth	2011-2016 CAGR
Lodging	$21,801	$23,125	$25,257	$27,824	$30,819	$31,823	3.3%	7.9%
Food and beverage	$17,976	$18,132	$19,453	$21,230	$22,168	$23,107	4.2%	5.1%
Retail	$11,853	$14,330	$15,167	$16,475	$15,805	$15,900	0.6%	6.1%
Recreation	$15,352	$13,062	$14,252	$14,900	$15,524	$16,089	3.6%	0.9%
Transportation*	$20,218	$21,327	$22,832	$24,272	$24,517	$24,822	1.2%	4.2%
Total	**$87,201**	**$89,976**	**$96,961**	**$104,702**	**$108,832**	**$111,741**	**2.7%**	**5.1%**

Source: Tourism Economics

* includes Air

Fig. 2: Visitor spending in Florida by sector



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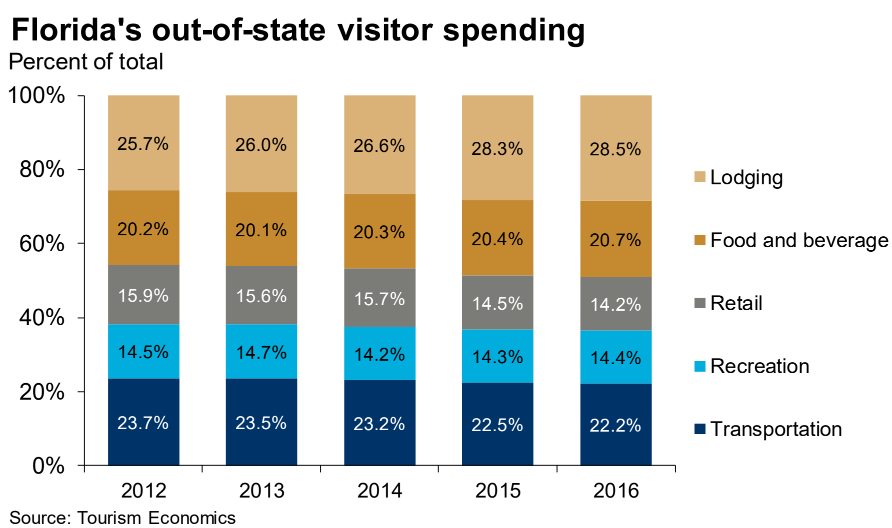
The share of the visitor dollar spent on lodging has grown from just under 26% of the visitor dollar to 28.5% of the visitor dollar as both hotel demand and rates have grown over this period. With recreational spending outpacing overall out-of-state visitor spending growth and historical spending growth in the sector, its share of the visitor dollar rebounded to 14.4% in 2016.

With lower gas prices in 2015 and 16, transportation spending growth moderated and its spending share has declined one percentage point compared to 2014 analysis.

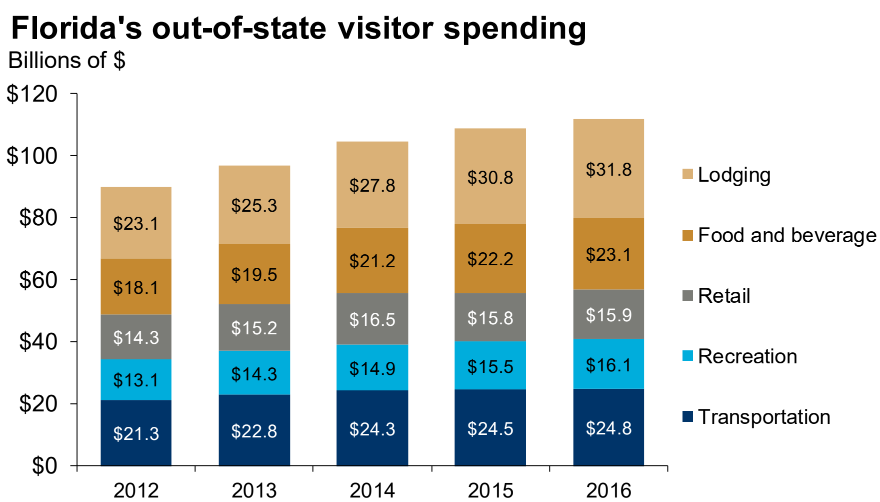
Fig. 3: Florida visitor spending shares over time



Out-of-state visitor spending on lodging and food & beverages sectors each increased by about $1 billion in 2016. Food & beverages has now increased by $5 billion since 2012.

Spending by out-of-state visitors on transportation jumped nearly $1.5 billion in 2013 as gas prices rose significantly. With gas prices falling in 2015 and 2016, transportation spending growth has averaged about $270 billion per year.

Fig. 4: Florida visitor spending over time



Source: Tourism Economics

2.3 VISITOR SPENDING BY TRAVEL SECTORS

Along with examining out-of-state visitor spending by spending sector, analyzing spending by the type of trip and origin markets can lead to insights important to the user.

In 2016, spending on leisure visits by out-of-state visitors accounts for nearly 85% of all out-of-state visitor spending to Florida. These travelers spent more than $94 million in Florida in 2016, registering a 3.3% increase from 2015. Conversely, business travelers spent $17 billion, virtually unchanged from 2015.

International visitors, including overseas and Canadian travelers, spent $24.7 billion in Florida. Overseas spending continues its decline from 2015 as the appreciation of the dollar continued to affect international visitors’ spending power.

Fig. 5: Florida visitor spending by market

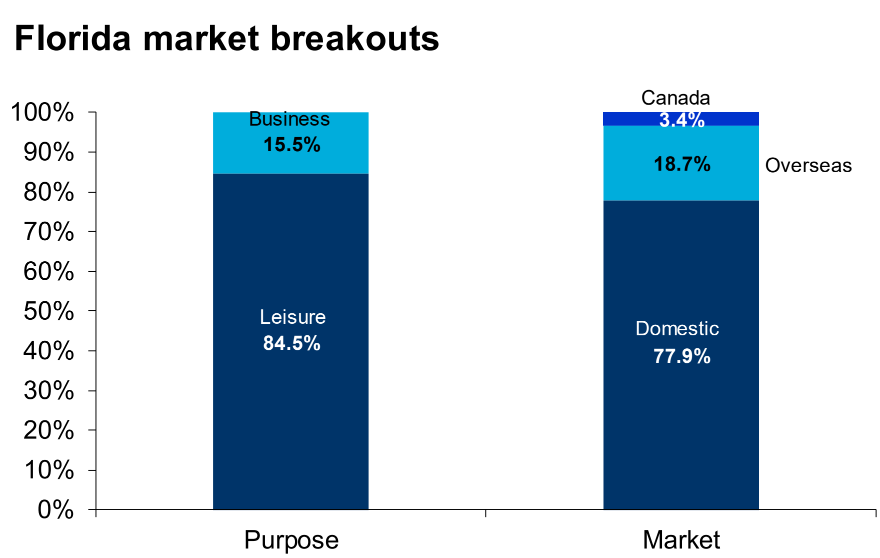
Visitor spending in Florida

Nominal dollars, millions

Purpose		Market	
Leisure	$94,449.0	Domestic	$87,045.3
Business	$17,291.8	Overseas	$20,942.5
		Cananda	$3,753.1
Total	**$111,740.8**	**Total**	**$111,740.8**
Leisure	3.3%	Domestic	4.7%
Business	-0.4%	Overseas	-2.1%
		Cananda	-13.5%
Total	**2.7%**	**Total**	**2.7%**

Source: Tourism Economics

Fig. 6: Florida visitor spending by market



Source: Tourism Economics

3. THE ECONOMIC IMPACT OF TOURISM

3.1 OVERVIEW

Having stated the visitor spending coming from out-of-state visitors to Florida, the analysis switches gears to look at the effect of that spending on the state economy.

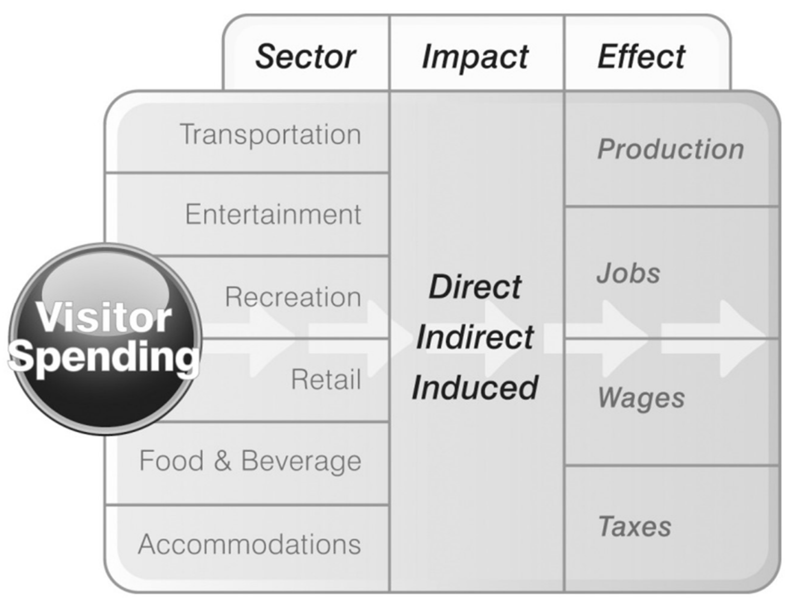
To determine the total economic impact of tourism in Florida, we input tourism spending into a model of the Florida economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

Travelers create **direct** economic value within a discreet 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 Florida business sales, GDP, jobs, wages, and taxes are calculated for all three levels of impact.



3.2 TOURISM'S IMPACT ON BUSINESS SALES

Out-of-state visitor spending of $112 billion in 2016 supported a total of $189 billion in business sales across all Florida industries when indirect and induced impact are considered.

Business to business sales – the indirect effect – added $38.5 billion to Florida businesses. Examples of this spending include the wholesaler that delivers the food to the restaurants that serve businesses or the banker who takes care of payroll for the tourism business.

Induced effects are the spending of tourism worker's wages in the local economy. This can include the purchase of new clothing for the family or the payment to the insurance agent for the home owners insurance. $39 billion in business sales came from the induced effect.

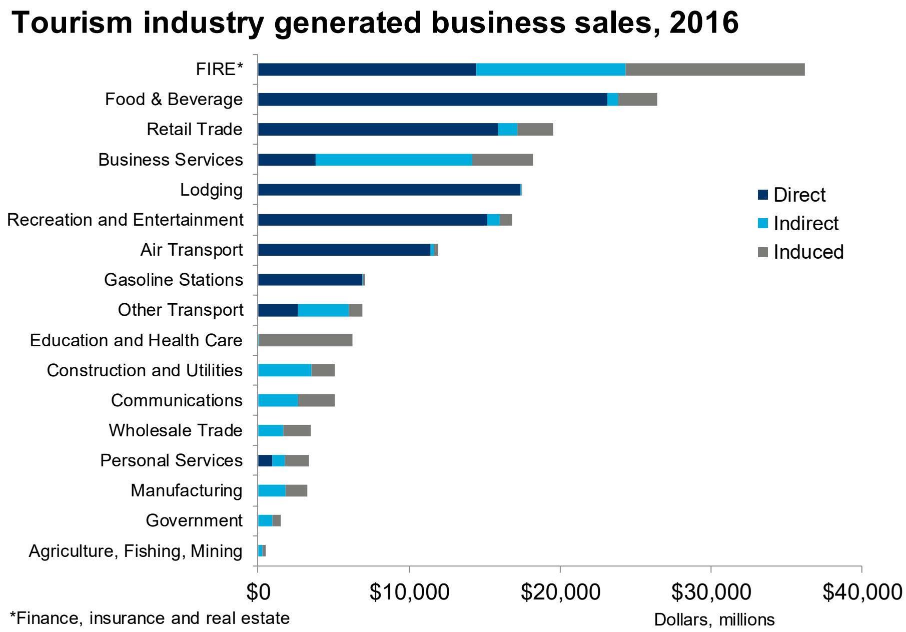
While the majority of sales are in industries directly serving visitors, significant benefits accrue to other sectors. The finance, insurance, and real estate sector (FIRE) benefited the most from the tourism industry with more than $21 billion in indirect and induced business sales, followed by business services which also benefited significantly from selling to tourism businesses.

Fig. 7: Tourism industry generated business sales

Tourism industry generated business sales, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	274	235	510
Construction and Utilities	-	3,511	1,594	5,105
Manufacturing	-	1,844	1,417	3,261
Wholesale Trade	-	1,658	1,801	3,459
Air Transport	11,435	203	286	11,925
Other Transport	2,677	3,340	911	6,928
Retail Trade	15,900	1,252	2,383	19,536
Gasoline Stations	6,890	55	107	7,051
Communications	-	2,653	2,406	5,059
Finance, Insurance and Real Estate	14,456	9,911	11,837	36,204
Business Services	3,820	10,380	4,036	18,235
Education and Health Care	-	63	6,156	6,219
Recreation and Entertainment	15,165	830	822	16,817
Lodging	17,367	73	79	17,519
Food & Beverage	23,107	750	2,575	26,432
Personal Services	924	854	1,617	3,394
Government	-	924	559	1,483
TOTAL	111,741	38,576	38,819	189,135

Source: Tourism Economics

Fig. 8: Tourism Industry business sales



*Finance, insurance and real estate

Source: Tourism Economics

3.3 TOURISM'S IMPACT ON GDP

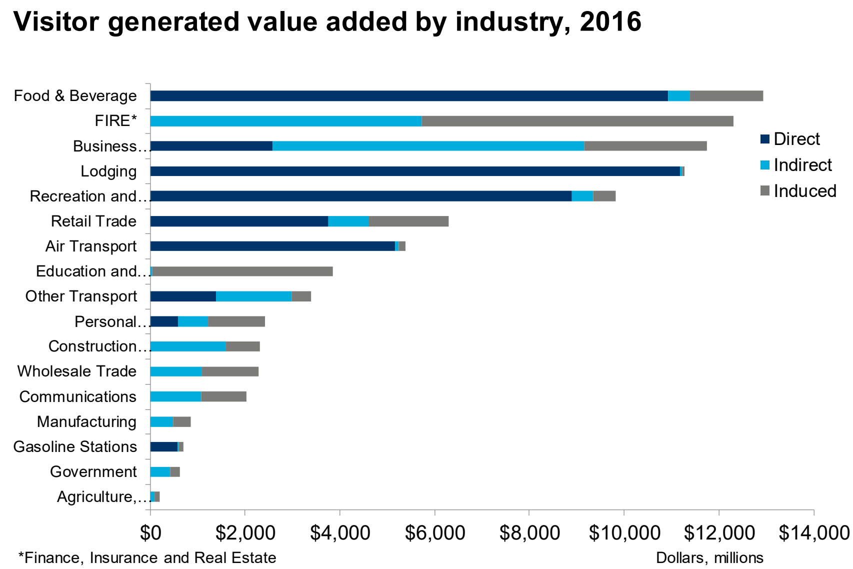
> **10%**
>
> of Florida's GDP generated by out-of-state visitor spending

Not all business sales are created equal when thinking about how much value is added in-state. There are differences by industry in the enhancement that companies and workers based in Florida provide to that sale. As an example, a $20 sale at a retail store vs. a $20 sale of a recreational activity. Much of the $20 retail sale goes towards the purchase of that good being sold – likely made overseas or at least out-of-state, meaning less value of the good is being created in Florida. Meanwhile, the $20 recreational activity likely has more of its value created in Florida from the performer or leader of the activity; more of that services value is created in Florida.

Out-of-state visitor spending directly generated $45 billion of Florida GDP in 2016. Most of the direct value-added impact was in the lodging, food & beverages and recreational industry sectors.

The tourism economy, including direct, indirect, and induced impacts of all tourism sales, contributed $88.4 billion to Florida's GDP accounting for nearly 10% of the state economy. This excludes all import leakages to arrive at the economic value generated by travel.

Fig. 9: Visitor supported value-added by industry



*Finance, Insurance and Real Estate
Source: Tourism Economics

Tourism Economy GDP Impact, millions

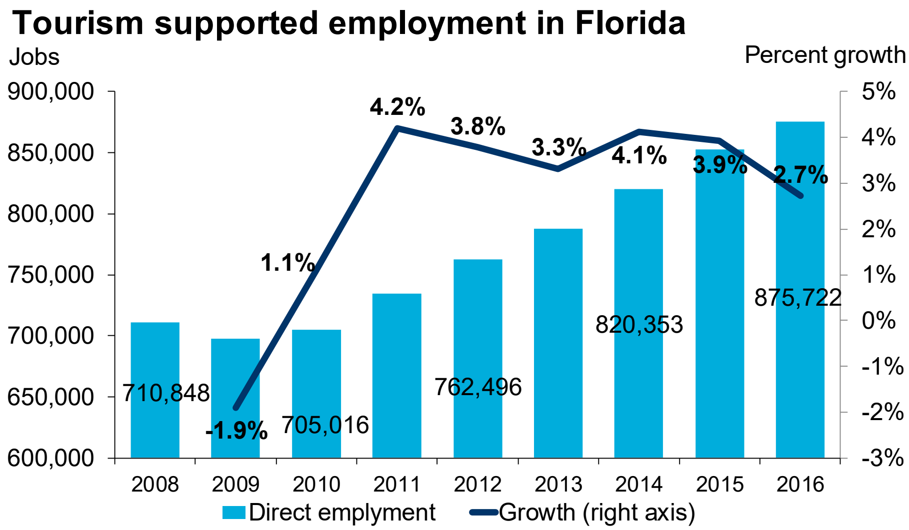
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	85	118	203
Construction and Utilities	-	1,593	729	2,321
Manufacturing	-	487	371	858
Wholesale Trade	-	1,097	1,189	2,287
Air Transport	5,159	92	128	5,378
Other Transport	1,389	1,598	406	3,393
Retail Trade	3,758	855	1,677	6,290
Gasoline Stations	572	43	83	698
Communications	-	1,071	966	2,037
Finance, Insurance and Real Estate	-	5,727	6,585	12,312
Business Services	2,581	6,585	2,572	11,738
Education and Health Care	-	40	3,814	3,854
Recreation and Entertainment	8,888	464	466	9,818
Lodging	11,176	47	51	11,273
Food & Beverage	10,925	461	1,543	12,928
Personal Services	585	639	1,201	2,425
Government	-	413	208	622
TOTAL	45,033	21,297	22,108	88,437

Source: Tourism Economics

3.4 TOURISM'S IMPACT ON LOCAL EMPLOYMENT

Many tourism sectors are key job creators in economies. Sectors like restaurants and recreation support a higher number of jobs per dollar of sales than do other industries. The number of job supported is a key local benefit of tourism.

Fig. 10: Tourism supported employment timeline

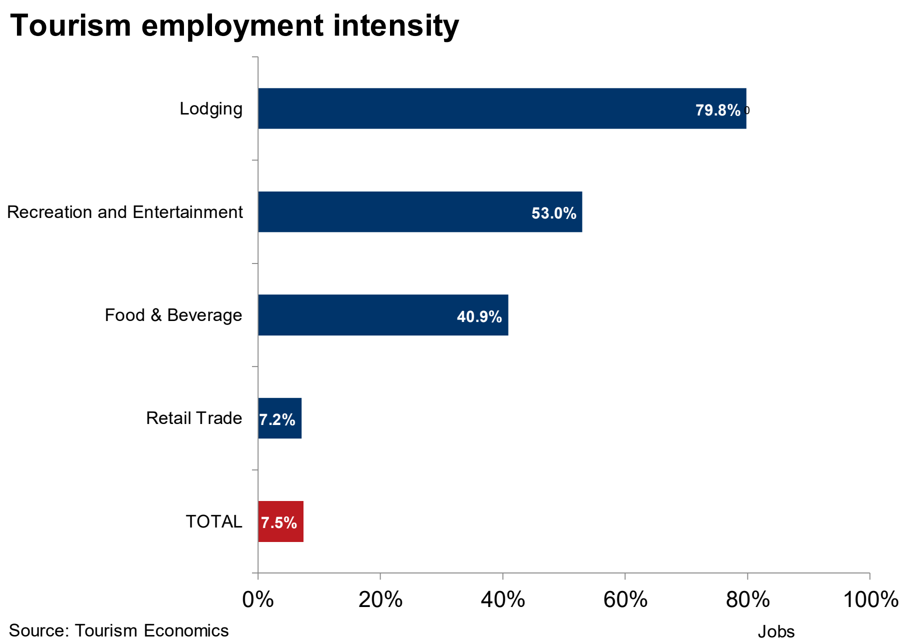


Source: Tourism Economics

The number of jobs directly supported by out-of-state visitor spending in Florida reached 875,722 in 2016, growing by 2.7%. Tourism employment increased by more than 23,000 jobs in just one year and direct tourism employment has increased 23% since 2008.

It is important to note that this analysis does not just add in the employment numbers from industries considered to be tourism-intensive – i.e., supported extensively by visitor spending. This analysis understands that even tourism businesses like a beachfront restaurant or large recreational business captures some local and in-state tourism demand. That said, out-of-state visitor spending is a significant part of several industries. Out-of-state visitor spending directly supports nearly 80% of lodging employment, 53% of recreational employment, and 41% of food & beverages jobs. In total, 7.5% of all jobs in Florida are directly supported by out-of-state visitors to Florida.

Fig. 11: Tourism employment intensity



Source: Tourism Economics

In total, 1,435,341 Floridian jobs were supported by out-of-state visitor spending in Florida. Along with the 875,722 directly supported jobs, the indirect effect supported another 273,592 jobs in 2016 with the wage effect – the induced impact – supporting just over 268,000.

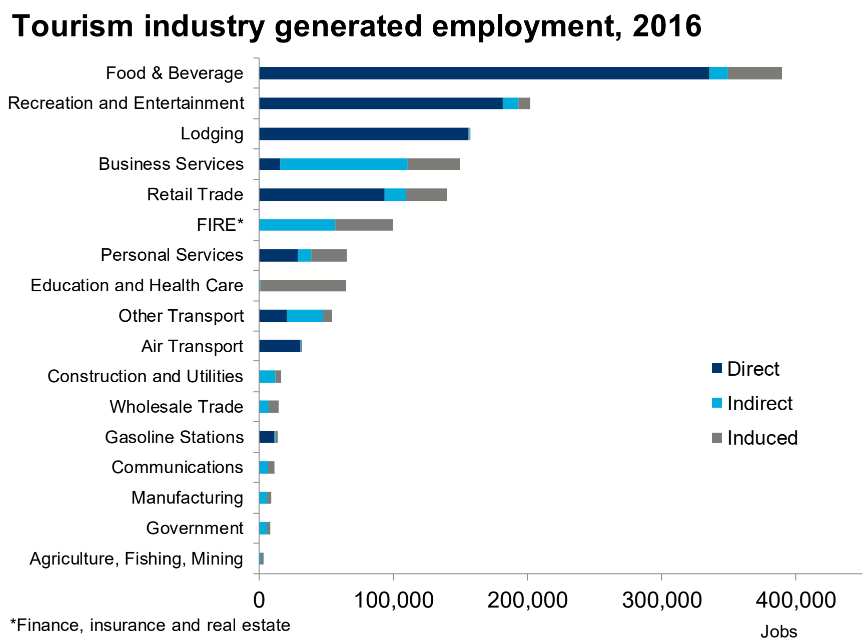
Looking at employment supported by industry, nearly 400,000 jobs in the food and beverage industry are supported by tourism and more than 200,000 in Florida's recreational sector. Just under 100,000 FIRE jobs are supported through out-of-state visitor spending.

Fig. 12: Tourism supported employment

Tourism industry generated employment	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	1,904	1,895	3,799
Construction and Utilities	-	12,028	4,362	16,391
Manufacturing	-	5,835	3,376	9,212
Wholesale Trade	-	7,085	7,701	14,786
Air Transport	31,118	554	778	32,450
Other Transport	21,227	26,176	7,186	54,588
Retail Trade	93,346	16,260	30,387	139,993
Gasoline Stations	11,560	869	1,690	14,119
Communications	-	6,611	4,842	11,452
Finance, Insurance and Real Estate	-	57,321	42,467	99,788
Business Services	15,872	95,432	38,587	149,891
Education and Health Care	-	1,317	63,489	64,806
Recreation and Entertainment	181,857	11,486	8,937	202,280
Lodging	156,365	640	704	157,709
Food & Beverage	335,514	13,906	40,327	389,746
Personal Services	28,863	10,021	26,632	65,517
Government	-	6,147	2,666	8,813
TOTAL	875,722	273,592	286,027	1,435,341
Growth Rate	2.7%	3.0%	2.6%	2.7%

Source: Tourism Economics

Fig. 13: Tourism supported employment



*Finance, insurance and real estate

Source: Tourism Economics

3.5 TOURISM'S IMPACT ON LOCAL INCOME

Business sales support employment which provides wages and income for the holders of those jobs. For Floridians, out-of-state visitor spending generated $28 billion in direct income and $53 billion when indirect and induced impacts are considered.

At $9.6 billion, tourism generates the most total income in the food and beverage sector. Following this sector is business services, registering $7.7 billion in income generated from out-of-state visitor spending. For business services, the key impact is actually not the direct impact but the indirect impact. As a supplier to tourism businesses, accountants, graphic designers, IT services, advertisers and more pay their workers nearly $4.9 billion in total labor income.

Higher wages support labor income in supplier industries like business services and finance, insurance and real estate (FIRE). Both sectors have significant indirect and induced benefits. Nearly all of health care and education labor income are generated when employees whose wages are generated either directly or indirectly by tourism, spend on this sector.

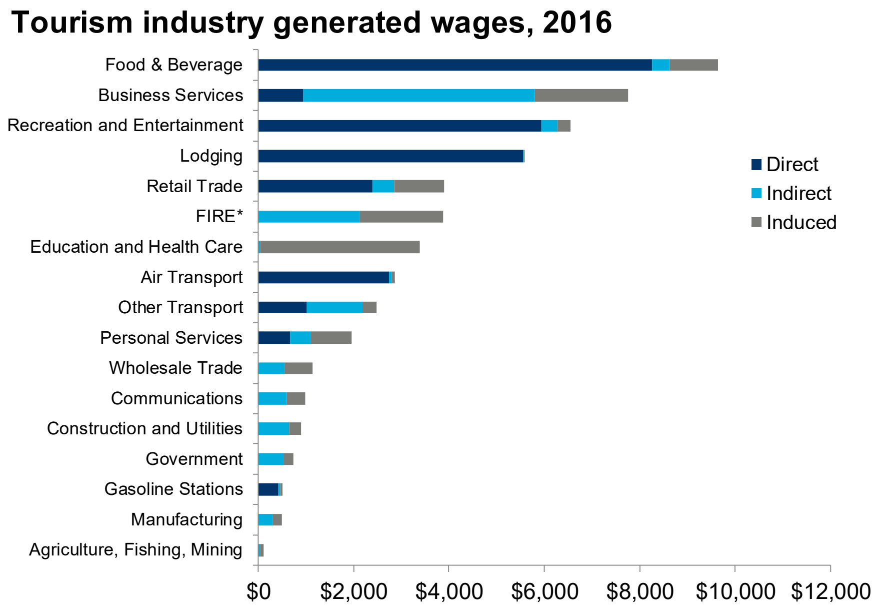
Fig. 14: Tourism supported income

Tourism industry generated income, millions

	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	50	65	115
Construction and Utilities	-	645	259	904
Manufacturing	-	306	184	490
Wholesale Trade	-	551	598	1,149
Air Transport	2,742	49	69	2,859
Other Transport	1,022	1,164	291	2,476
Retail Trade	2,399	450	1,046	3,896
Gasoline Stations	426	32	62	520
Communications	-	595	382	977
Finance, Insurance and Real Estate	-	2,132	1,752	3,884
Business Services	944	4,854	1,950	7,749
Education and Health Care	-	40	3,354	3,394
Recreation and Entertainment	5,930	339	277	6,546
Lodging	5,546	23	25	5,594
Food & Beverage	8,254	366	1,021	9,640
Personal Services	674	431	849	1,954
Government	-	536	211	747
TOTAL	27,937	12,562	12,395	52,894

Source: Tourism Economics

Fig. 15: Tourism supported income



*Finance, insurance and real estate

Source: Tourism Economics

3.6 TOURISM'S IMPACT ON TAXES

Governments receive significant tax and assessment revenues as a result of the business sales, employment and labor income generated by visitor spending activity. In total, all levels of government received $25.2 billion in governmental revenues in 2016.

State and local taxes alone tallied $11.6 billion in 2016 with sales tax receipts making up nearly half of the non-federal revenues. With Florida having no income tax, property tax revenues were the next largest revenue category, bringing in nearly $3.7 billion in governmental revenues.

Fig. 16: Tourism generate taxes

Out-of-State Tourism Generated Taxes
(US$ Million)

Tax Type	Direct	Indirect/ Induced	Total
Federal	7,169.2	6,442.3	13,611.5
Personal Income	2,400.8	2,151.9	4,552.7
Corporate	701.7	1,015.1	1,716.8
Indirect business	825.6	453.1	1,278.6
Social Security	3,241.2	2,822.2	6,063.3
State and Local	7,830.0	3,806.7	11,636.6
Sales	3,946.8	1,859.1	5,805.8
Bed Tax	619.9	-	619.9
Personal Income	-	-	-
Corporate	94.2	136.3	230.5
Social Security	35.8	30.7	66.5
Excise and Fees	762.3	476.0	1,238.3
Property	2,370.9	1,304.6	3,675.5
TOTAL	14,999.2	10,249.0	25,248.2

Breaking out state and local governmental revenues to the appropriate level of government, out-of-state visitor activity provided just over $6.2 billion in revenues to state government with the majority of that coming from the sales tax receipts. Property tax revenues were the largest local governmental revenue stream with lodging taxes bringing in just under $620 million in 2016.

Fig. 17: State and local governmental tax revenues

Tourism Generated Taxes - State and Local Government Revenues (US$ Million)			
Tax Type	Direct	Indirect/ Induced	Total
State Tax Subtotal	4,185.3	2,088.9	6,211.2
Corporate	94.2	136.3	230.5
Personal Income	0.0	0.0	0.0
Sales	3,607.8	1,708.1	5,252.8
Lodging	0.0	0.0	0.0
Property	0.0	0.0	0.1
Excise and Fees	447.4	213.9	661.3
State Unemployment	35.8	30.7	66.5
Local Tax Subtotal	3,644.7	1,717.7	5,425.4
Corporate	0.0	0.0	0.0
Personal Income	0.0	0.0	0.0
Sales	339.0	151.0	553.0
Lodging	619.9	0.0	619.9
Property	2,370.9	1,304.6	3,675.4
Excise and Fees	314.9	262.2	577.1
State Unemployment	0.0	0.0	0.0

4. CONCLUSION

Tourism is an important part of the Florida economy, supporting extensive business sales, contributing to the state's GDP, supporting jobs and income for local workers and providing funds supporting Florida governments.

This report provides the analysis of out-of-state tourism spending in Florida by first analysing visitor spending through a demand and supply analysis supported by survey reporting, industry reports and tax receipts. With the size of the spending pinpointed through this multi-pronged analysis, the impacts of the spending are estimated by using an I-O framework along with Florida employment and wage reports. Tax revenues are estimated both from a top-down (I-O analysis) and bottom-up (receipts by industry) approach.

The findings show that out-of-state visitors spent nearly $112 billion in Florida in 2016. That spending directly supported more than 875,000 jobs earning nearly $18 billion and creating local value to the Florida economy of $45 billion.

In order to support their own sales, the businesses directly benefiting from out-of-state visitor sales purchase goods and services and pay wages to their workers, who spend that money in the economy. Those effects add to the overall impact of the direct visitor dollars.

In total, Florida businesses see nearly $190 billion in business sales supporting 1.4 million jobs which earn $53 billion in income. All of this activity brings in $11.6 billion to state and local governments.

Out-of-state visitor spending supports 1 out of every 6 jobs in the state. Out-of-state visitor spending generates 10.5% of all income earned by Florida workers in 2016.

Tourism is a growing industry in Florida. The out-of-state visitor spending impacts are an integral part of Florida's economy,

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