Arizona Travel Impacts

1998-2011p

photo courtesy of Arizona Office of Tourism

June 2012

Prepared for the

Arizona Office of Tourism
Phoenix, Arizona

ARIZONA TRAVEL IMPACTS
1998-2011P

Arizona Office of Tourism

Primary Research Conducted By:
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Portland, Arizona

June 2012

EXECUTIVE SUMMARY

This report describes the economic impacts of travel to and through Arizona and the state's fifteen counties. The estimates of the direct impacts associated with traveler spending in Arizona were produced using the Regional Travel Impact Model (RTIM) developed by Dean Runyan Associates. The estimates for Arizona are comparable to the U.S. Travel and Tourism Satellite Accounts produced by the Bureau of Economic Analysis. The estimates of spending, earnings, employment and tax receipts are also used as input data to derive estimates of other economic measures, including gross domestic product (GDP) and secondary effects of the travel industry.

CONTINUING IMPROVEMENT IN THE ARIZONA TRAVEL INDUSTRY

Following two years of steep declines in travel activity, the Arizona travel industry began to recover during 2010. Although spending and employment increased from 2010 to 2011, the rates of increase for most indicators of travel activity were less than the preceding year. Part of this slower rate of growth may be attributable to the fact that last year's recovery followed the very steep decline in 2009. In this respect, the more recent rate of growth in the travel industry may represent a more normal pace of growth given the sluggish performance of the broader economy. A positive sign is the increase in travel-generated employment for the year – the first increase in five years.

- ***Spending.*** Total direct travel spending in Arizona was $18.3 billion in 2011. Travel spending increased by 5.4 percent in current dollars compared to 2010. Inflation-adjusted (real) travel spending was unchanged following a 3.2 percent increase the preceding year. Transportation costs were the primary source of price increases. Room rates also increased by 2.8 percent.[1]
- ***Travel Activity.*** According to Smith Travel Research, room demand in Arizona increased by 3.6 percent from 2010 to 2011, following an 8.1 percent increase the preceding year. Visitor air arrivals on domestic flights increased by 0.5 percent, the same rate of increase as from 2009 to 2010.
- ***Employment.*** Travel-generated employment increased by 1.7 percent – an addition of 2,700 jobs. This is the first increase in employment since 2006.
- ***Secondary Impacts.*** The re-spending of travel-related revenues by businesses and employees supported 136,000 additional jobs outside of the travel industry with earnings of $5.4 billion.
- ***GDP.*** The Gross Domestic Product of the travel industry was $7.3 billion in 2011. The travel industry and the microelectronics industry have been the top two export-oriented industries in the state in recent years.

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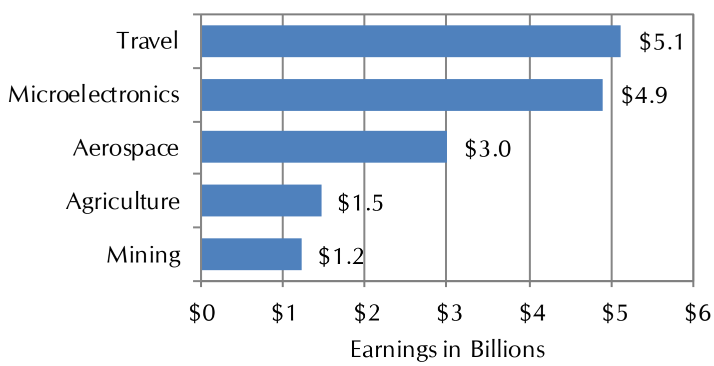
[1] Smith Travel Research reports prepared for Arizona Office of Tourism.

THE ARIZONA TRAVEL INDUSTRY IS A LEADING EXPORT-ORIENTED INDUSTRY

Travel and tourism is one of the most important ***"export-oriented"*** industries in Arizona. Spending by visitors generates sales in lodging, food services, recreation, transportation and retail businesses – the "travel industry." These sales support jobs for Arizona residents and contribute tax revenue to local and state governments. Travel is especially important in the non-metropolitan areas of the state, where manufacturing and traded services are less prevalent.

Selected Arizona Export-Oriented Industries, 2011p



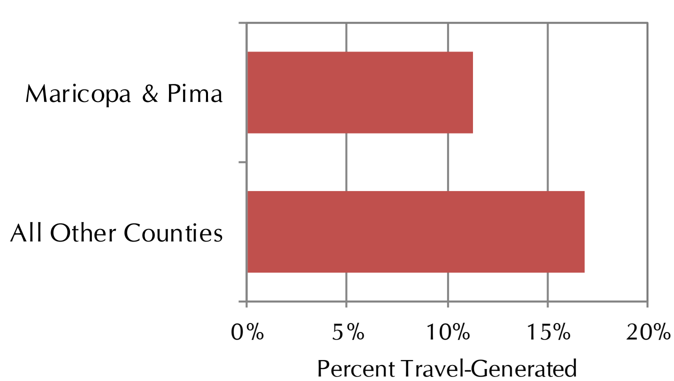
Note: Preliminary 2011 estimates by Dean Runyan Associates.
Agriculture includes food and beverage processing industries.

THE TRAVEL INDUSTRY GENERATES TAX BENEFITS FOR ARIZONA RESIDENTS

In 2011, the travel industry generated $1,030 in local, state and federal tax receipts for each Arizona household.

- In 2011, 6.9 percent of all local and state tax revenues were generated by the travel industry.
- The tax revenue impacts of the Arizona travel industry are relatively more important in non-urban counties (see graph).

State Transaction Privilege Taxes Generated
By Direct Travel Spending, 2011 FY



ARIZONA TRAVEL IMPACTS, 1998-2011P

List of Tables and Figures

PREFACE

The purpose of this study is to document the economic significance of the travel industry in Arizona from 1998 to 2011. These findings show the level of travel spending by visitors traveling to and within the state, and the impact this spending had on the economy in terms of earnings, employment and tax revenue.

Dean Runyan Associates prepared this study for the Arizona Office of Tourism. Dean Runyan Associates has specialized in research and planning services for the travel, tourism and recreation industry since 1984. With respect to economic impact analysis, the firm developed and currently maintains the Regional Travel Impact Model (RTIM), a proprietary computer model for analyzing travel economic impacts at the state, regional and local level. Dean Runyan Associates also has extensive experience in project feasibility analysis, market evaluation, survey research and travel and tourism planning.

Many individuals and organizations provided data and assistance for this report. State agencies include the Department of Revenue, Department of Commerce, Gaming Commission and State Parks. Information was also provided by the College of Business and Public Administration at the University of Arizona and the School of Hotel and Restaurant Management at Northern Arizona University. Federal agencies that provided essential data for this report include the Bureau of Economic Analysis, the Department of Labor, the Department of Transportation, the U.S. Forest Service, and the National Park Service.

Special thanks are due to Melissa Elkins, Research Manager for the Arizona Office of Tourism. Without her support and assistance, this report would not have been possible.

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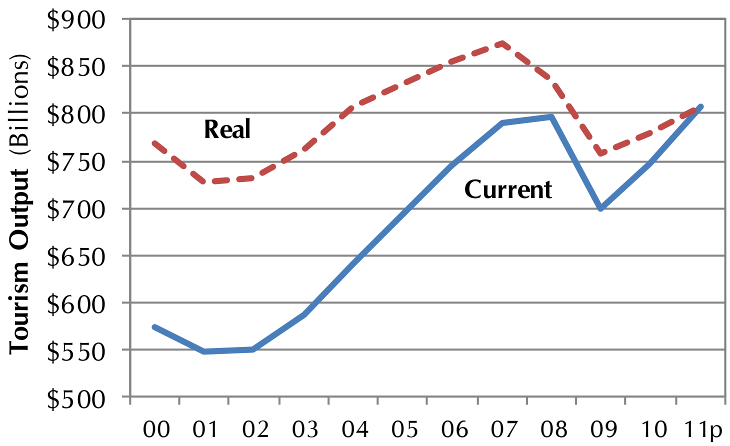
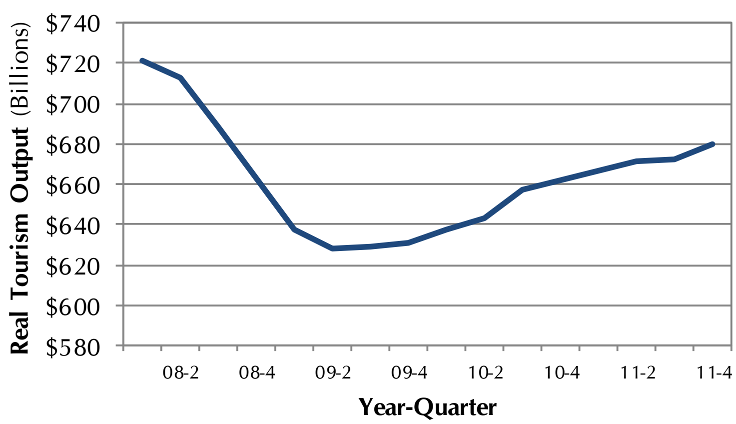
I. U.S. Travel

The following two graphs are derived from the Bureau of Economic Analysis Travel and Tourism Satellite Accounts.[1] Both graphs show direct tourism output for the United States – spending by domestic and international visitors.

Annual Direct Travel Spending in U.S., 2000-11p



Direct Travel Spending in U.S.
2008-Q1 to 2011-Q4
Annualized Seasonally Adjusted in 2005 Dollars



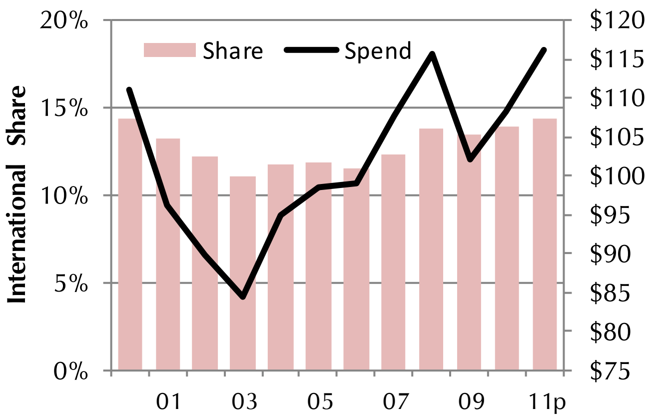
Spending by domestic and international visitors was $807.5 billion in 2011(preliminary) in current dollars. This represents a 8.2 percent increase over 2010. When adjusted for changes in prices (constant dollars), spending increased by 3.5 percent – compared to a 2.9 percent increase from 2009 to 2010. In real terms, tourism output has still not recovered from the steep decline from 2007 to 2009.

Real travel spending has increased in every quarter since the third quarter of 2009. The average quarterly rate of increase during this period has been 0.8 percent. The average quarterly rate of decrease from 2008-Q1 to 2009-Q2 was 2.7 percent.

[1] See www.bea.gov/industry/index.htm. Released March 21, 2012. Constant (2011) travel spending estimates derived from BEA constant (2005) dollar estimates by Dean Runyan Associates, Inc. Estimates for 2011 and the 4th quarter of 2011 are preliminary.

The following three graphs are concerned with international travel to the U.S. The first graph is derived from the Bureau of Economic Analysis Travel and Tourism Satellite Accounts and International Transactions.[2] The following two graphs are derived from the monthly international arrival data released by the Office of Travel and Tourism Industries.[3]

International Direct Travel Spending in U.S.
Amounts in Real Dollars (Billions)
International Share of U.S. Internal Travel*



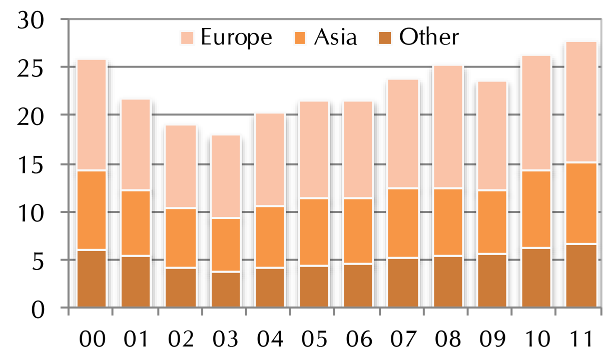
*Airfares for international flights on U.S. air carriers are not included.

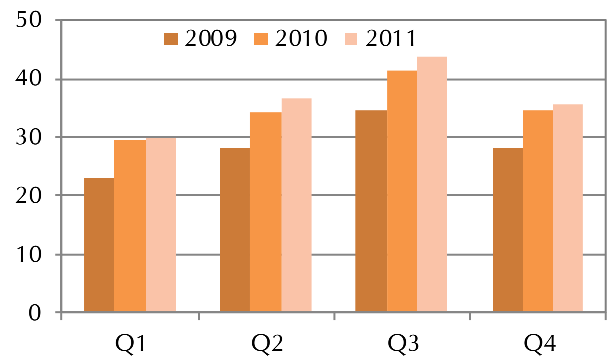
In real dollars, spending by international visitors in the U.S. increased by 7.4 percent from 2010 to 2011 (preliminary). This follows a 6.0 percent increase from 2009 to 2010 and a 12 percent decrease in the prior year. The international share of U.S. travel spending in 2011 (14.4 percent) is equivalent to the level in 2000.

Much of the increase in international visitor spending, particularly in 2011, is due to favorable exchange rates with respect to the U.S. dollar. Overseas arrivals to the U.S. increased by 5.8% in 2011 compared to a 11 percent increase the prior year. Overseas arrivals declined by 6.3 percent from 2008 to 2009.

It should also be noted that the increased share of international spending in recent years is in part a function of sluggish growth domestic travel spending.

Overseas Arrivals (Millions)



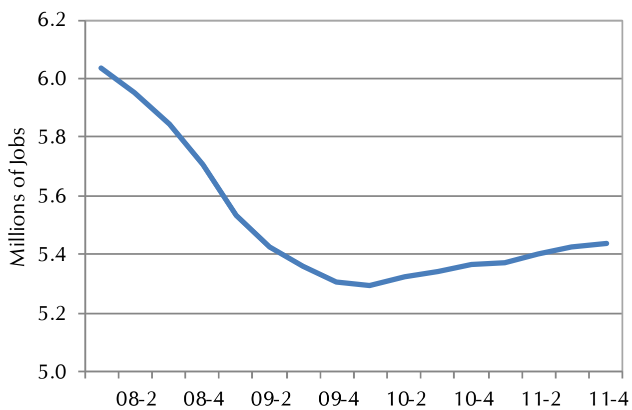


[2] See www.bea.gov/international/index.htm for quarterly international estimates of travel and tourism exports (travel to the U.S. by international visitors). The estimates for the 4th quarter of 2011 are preliminary.
[3] See http://tinet.ita.doc.gov/research/monthly/index.html

Travel industry employment has exhibited modest growth since the second quarter of 2010. The average quarterly growth (seasonally adjusted) has been 0.4 percent. This compares with an average quarterly decline of 1.6 percent from the first quarter of 2008 to the first quarter of 2010. The fact that travel industry employment has not recovered is a reflection of the trend in real travel spending (see previous graph). It is also a reflection of the fact that changes in employment typically lag changes in spending and business receipts – employers tend to lengthen the hours of existing employees and improve their balance sheets prior to hiring new workers following steep recessions.

U.S. Travel Industry Employment, 2008-Q1 to 2011-Q4

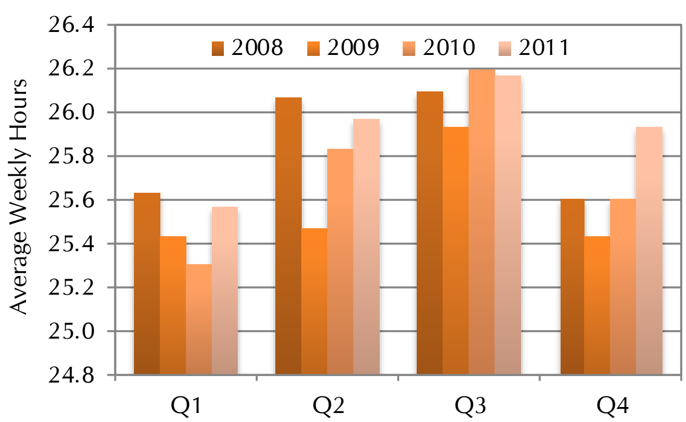
Seasonally Adjusted at Annual Rates



Source: Bureau of Economic Analysis Travel & Tourism Satellite Accounts.

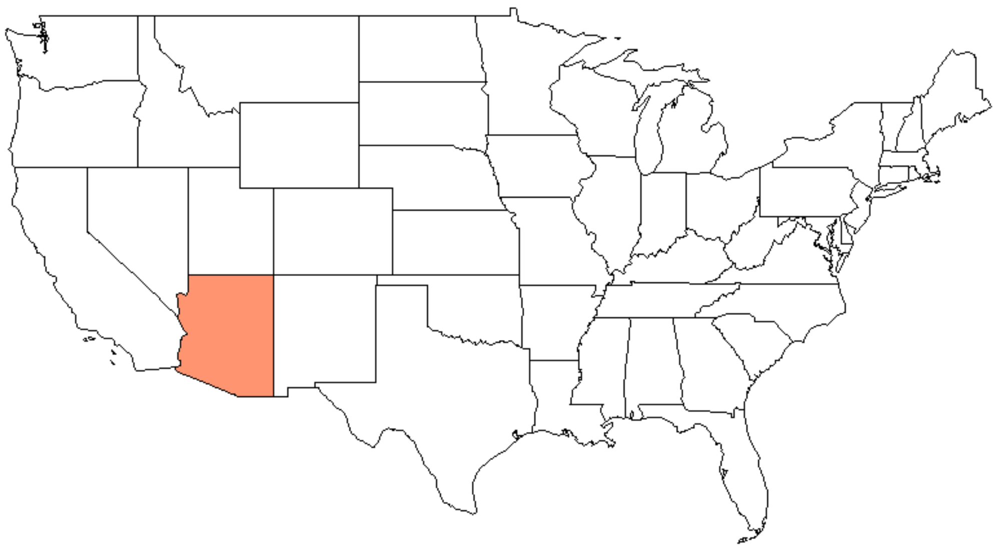
In this regard, the change in average weekly hours of employees in the leisure and hospitality sector is a positive sign. Average weekly hours have increased in every quarter beginning with the second quarter of 2010 with the exception of 2011-Q3.

U.S. Leisure & Hospitality Sector
Average Weekly Hours, 2008-Q1 to 2011-Q4



Source: Bureau of Labor Statistics Current Employment Survey. The Leisure and Hospitality sectors include all businesses in arts, entertainment and recreation (NAICS 71) and accommodation and food services (NAICS 72).

II. ARIZONA TRAVEL



The multi-billion dollar travel industry in Arizona is an important part of the state and local economies. The industry is represented primarily by businesses in the leisure and hospitality sector, transportation, and retail. The money that visitors spend on various goods and services while in Arizona produces business receipts at these firms, which in turn generate earnings and employment for Arizona residents. In addition, state and local governments collect taxes that are generated from visitor spending. Most of these taxes are imposed on the sale of goods and services to visitors, thus avoiding a tax burden on local residents.

The economic impacts directly generated by visitor spending also contribute to significant secondary impacts. A portion of the business receipts generated by visitor spending is spent by businesses within Arizona for other goods and services (indirect impacts). Visitor generated earnings are also spent by employees for goods and services produced in Arizona (induced impacts).

SUMMARY OF ARIZONA TRAVEL

- Total direct travel spending in Arizona was $18.3 billion in 2011. Travel spending increased by 5.4 percent in current dollars compared to 2010. Inflation-adjusted (real) travel spending was unchanged following a 3.2 percent increase the preceding year. Transportation costs were the primary source of price increases. Room rates also increased by 2.8 percent.[1]
- Room demand in Arizona increased by 3.6 percent (Smith Travel Research) from 2010 to 2011, following an 8.1 percent increase the preceding year. Visitor air arrivals on domestic flights increased by 0.5 percent, the same rate of increase as from 2009 to 2010.
- Local and state taxes increased by 7.7 percent from 2010 to 2011. Part of this increase was due to the one percent increase in tax rates for lodging, restaurants/bar, retail and amusement sales that took effect in June 2010.
- Travel-generated employment increased by 1.7 percent – an addition of 2,700 jobs. This is the first increase in employment since 2006.
- The Gross Domestic Product of the travel industry was $7.3 billion in 2011. The travel industry and the microelectronics industry have been the top two export-oriented industries in the state in recent years.
- The re-spending of travel-related revenues by businesses and employees creates secondary impacts. In 2011, the secondary impacts were 136,000 jobs with $5.4 billion in earnings.

[1] Smith Travel Research reports prepared for Arizona Office of Tourism. Room rates declined by 3.2 percent from 2009 to 2010.

TRAVEL TRENDS

Total direct travel spending in Arizona was $18.3 billion in 2011. This represents a 5.4 percent increase over the preceding year in current dollars. This travel spending resulted in 2,700 additional jobs in the travel industry, an increase of 1.7 percent. This is the first increase in travel-generated employment since 2006.

Local and state taxes increased by 7.7 percent from 2010 to 2011. Part of this increase reflects the one percent increase in tax rates for lodging, restaurants/bar, retail and amusement sales that took effect in June 2010.[2]

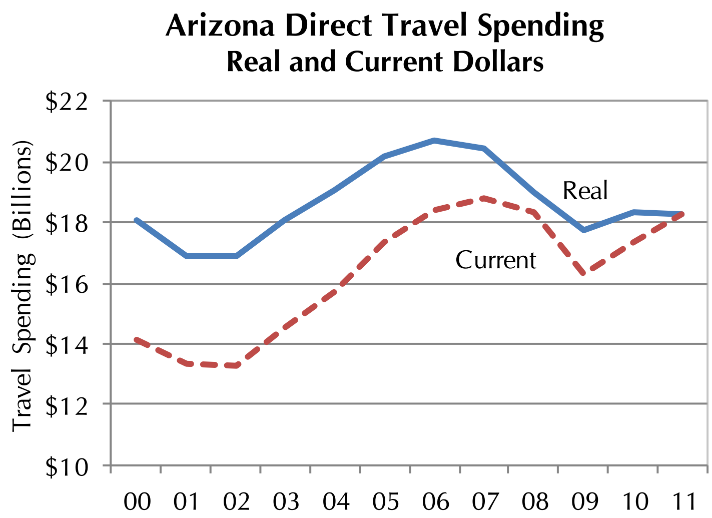
Although spending and employment increased from 2010 to 2011, the rates of increase for most indicators of travel activity were less than the preceding year (see next page). Part of this slower rate of growth may be attributable to the fact that last year's recovery followed the very steep decline in 2009. In this respect, the more recent rate of growth in the travel industry may represent a more normal pace of growth given the sluggish performance of the broader economy.

Arizona Travel Trends, 1998-2011p

	Spending ($Billion)	**Earnings** ($Billion)	**Employment** (Thousand)	**Tax Revenue** ($Million) Local/State	Federal	Total
1998	11.7	3.2	149.1	964	811	1,775
1999	13.0	3.5	158.4	1,070	900	1,970
2000	14.2	3.8	163.7	1,162	954	2,116
2001	13.3	3.7	153.4	1,094	858	1,952
2002	13.3	3.6	148.4	1,116	874	1,990
2003	14.5	4.0	158.6	1,230	935	2,164
2004	15.7	4.3	164.3	1,310	1,031	2,342
2005	17.3	4.6	170.7	1,421	1,112	2,532
2006	18.4	5.0	174.4	1,491	1,198	2,689
2007	18.8	5.1	172.7	1,533	1,235	2,768
2008	18.3	5.1	170.6	1,499	1,208	2,707
2009	16.3	4.8	157.6	1,383	1,130	2,513
2010	17.3	4.8	155.0	1,434	1,169	2,603
2011p	18.3	5.1	157.7	1,545	1,144	2,689
Annual Percentage Change						
10-11p	5.4	5.4	1.7	7.7	-2.1	3.3
98-11p	3.5	3.7	0.4	3.7	2.7	3.2

Note: Estimates for 2011p are preliminary. The percentage change for 1998-2011p refers to the average annual percentage change. These direct travel impacts do not include secondary (indirect and induced) impacts. One-way visitor airfares are included. Total earnings include wage and salary disbursements, other earned income and proprietor income. Employment includes full- and part-time payroll employees and self-employed.

[2] The decrease in federal tax revenues attributable to travel spending is due to the temporary reduction in payroll taxes (for Social Security) that took effect in January 2011.

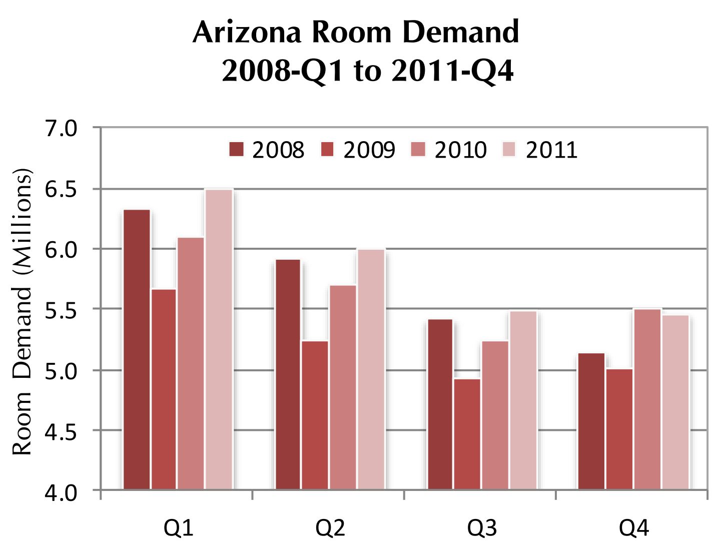


In real dollars (adjusted for inflation) Arizona travel spending was unchanged from 2010. Transportation prices were up substantially. Room rates increased by 2.8 percent (Smith Travel Research). Real travel spending is still about 10 percent below its 2005-2007 level.

Sources: Smith Travel Research, Energy Information Administration, U.S. Department of Transportation Origin and Destination Survey, and Bureau of Labor Statistics CPI-West Urban.

Visitor air arrivals to Arizona increased by 0.5 percent from 2010 to 2011, the same rate of increase as the preceding year.

Sources: U.S. Department of Transportation Origin and Destination Survey and Dean Runyan Associates.



Room demand increased by 4.0 percent from 2010 to 2011, compared to an 8.1 percent increase the preceding year.

Source: Smith Travel Research reports prepared for Arizona Tourism Commission.

VISITOR ORIGIN

Out-of-state travelers generate more than three-fourths of the visitor impacts in Arizona. Visitors from other states are the largest segment (almost 63 percent of spending), while international travel, including day travel from Mexico, comprises approximately 14 percent of visitor impacts.

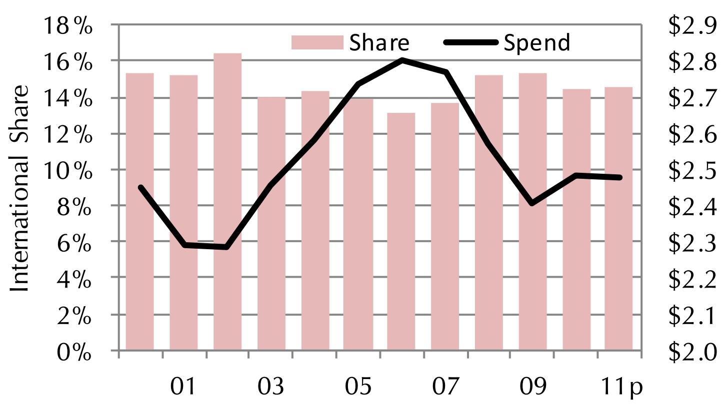
Arizona Travel Impacts by Origin of Visitor, 2011p

Origin	Spending ($ Billion)	Earnings ($ Billion)	Employment (Thousand)	Tax Receipts ($ Million) Local/State	Federal
Arizona	3.8	0.8	30.3	322	166
Other U.S.	10.7	3.1	98.7	983	659
International	2.5	0.6	21.0	228	98
All Visitors	17.0	4.5	149.9	1,533	923
Other Travel	1.3	0.6	7.8	12	221
Total Travel	18.3	5.1	157.7	1,545	1,144

Sources: Dean Runyan Associates, International Trade Administration and Bureau of Economic Analysis (U.S. Dept. of Commerce), TNS TravelsAmerica visitor survey, Statistics Canada, Vera Pavlakovich-Kochi and Alberta H. Charney, "Mexican Visitors to Arizona: Visitor Characteristics and Economic Impacts, 2007-08" (Karl Eller College of Business and Public Administration, University of Arizona) and Bureau of Transportation Statistics Border Crossing/Entry Data. Other travel includes travel agencies and resident air travel.

International Visitor Spending in Arizona, 2000-2011p

Spending in Real (2011) Dollars



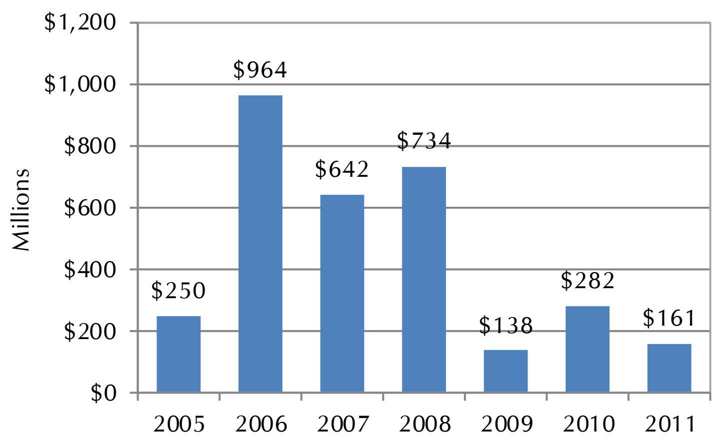
Sources: See above table for source of international estimates. See first graph on preceding page for constant dollar estimates. Constant dollar visitor spending does not include "Other Travel."

TRAVEL RELATED CONSTRUCTION ACTIVITY

Investment in the infrastructure of the travel industry represents another aspect of the travel economy. In the short term, such investments provide employment in the construction trades and architectural professions. In the longer term, investments in accommodations, attractions and other facilities serve to maintain and enhance Arizona's share of the visitor market.

The graph below is based upon the travel-related share of the value of new construction in hotels and motels; amusement, social and recreational buildings; and stores and restaurants. It is an underestimate of the total value of capital investment in the travel industry.[3] The $161 million figure represents 3.9 percent of all non-residential construction in Arizona in 2011. This investment supported 2,400 construction jobs with earnings of $132 million. By contrast, in 2006 the value of new construction in the travel industry was 16.5 percent of all non-residential construction and generated 14,000 jobs.

Value of New Construction in Travel-Related Buildings 2005-2011



Sources: McGraw-Hill Construction Dodge MarketLook.
Travel-related estimates prepared by Dean Runyan Associates.

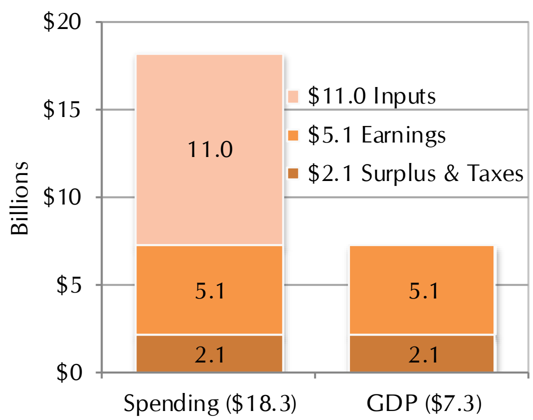
[3] Neither transportation-related construction nor second home construction is included. The figures refer only to new construction, not reconstruction or additions and alterations. Fees for architects and engineers are also excluded.

Arizona Travel Industry Gross Domestic Product

In concept, the Gross Domestic Product (GDP) of a particular industry is equal to gross output (sales or receipts) minus intermediate inputs (the goods and services purchased from other industries). GDP is always smaller than output or sales because GDP measures only the "value added" of an industry and does not include the cost of the inputs that are also necessary to produce a good or service. Alternatively, GDP can be thought of as the sum of earnings, indirect business taxes (primarily excise and property taxes) and other operating surplus (including profits). Estimates of travel spending and travel industry GDP are shown in the chart below. Arizona travel industry GDP amounted to $7.3 billion in 2011. Arizona travel industry GDP represented 2.8 percent of the total Arizona GDP in 2011.

About 60 percent of all travel spending in Arizona is attributed to intermediate inputs and goods resold at retail. Intermediate inputs cover a range of goods and services that are purchased by travel industry businesses for the purpose of creating a product or service for the traveler. For example, lodging establishments purchase cable television services. Restaurants purchase food and beverages from vendors. In both cases, these inputs are classified as the GDP of other industries. In addition, travel spending occurs at many retail establishments where the goods purchased from the retailer are purchased as finished goods from suppliers. These resold goods are also counted as products of other industries. This would include motor fuel, groceries and most of the commodities sold at retail establishments.[4]

Arizona Travel Industry Gross Domestic Product, 2011p



Sources: Dean Runyan Associates, Bureau of Economic Analysis, and Minnesota Implan Group. Details may not add to totals due to rounding.

[4] About 38 percent of the $11 billion of inputs and goods resold are purchased from other Arizona businesses.

GROSS DOMESTIC PRODUCT OF ARIZONA EXPORT-ORIENTED INDUSTRIES

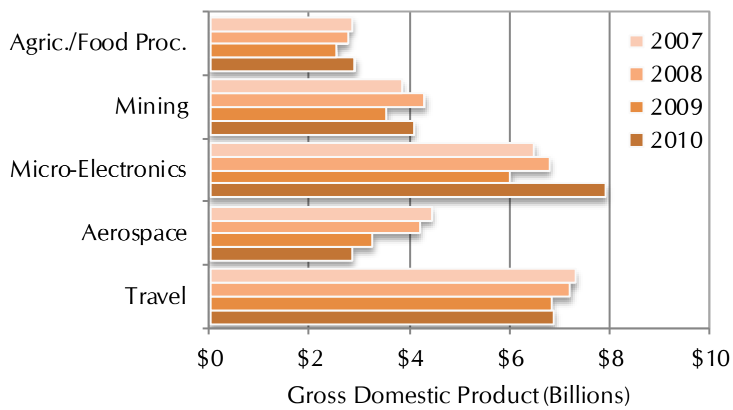
Export-oriented industries are those industries that primarily market their products and services to other regions, states or nations.[5] Agriculture, mining, and manufacturing are the best examples of export-oriented industries. Clearly, there are cases in each of these three sectors where the products are sold within the local or regional market. Nonetheless, in general most businesses within these industries depend on export markets. The travel industry is also an export-oriented industry because goods and services are sold to *visitors*, rather than residents. The travel industry injects money into the local economy, as do the exports of other industries.

Exports are not necessarily more important than locally traded goods and services. However, diverse export-oriented industries in any economy are a source of strength – in part because they generate income that contributes to the development of other local services and amenities. Such industries characterize the "comparative advantage" of the local economy within larger regional, national and global markets.

A comparison of the GDP's of the leading export-oriented industries in Arizona is shown below. Sufficient data for 2011 is not yet available for the comparison industries. As noted, the figures for 2010 are estimated by Dean Runyan Associates.

Arizona Gross Domestic Product, 2007-2010

Selected Export-Oriented Industries



Sources: Dean Runyan Associates and Bureau of Economic Analysis.

The travel industry and the microelectronics industry (NAICS 334) have been the leading two export-oriented industries in the state in recent years.

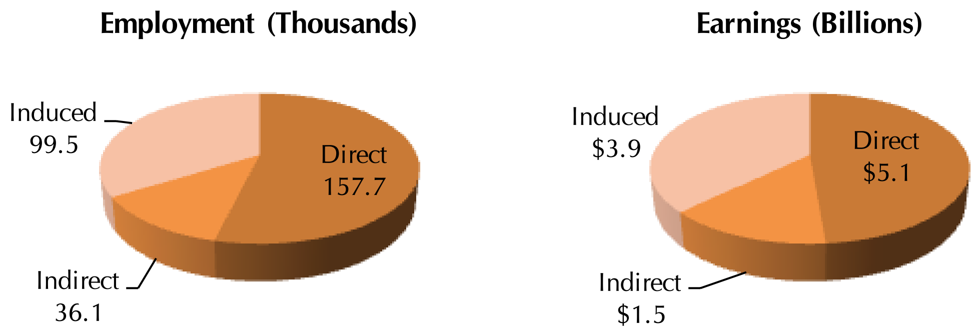
[5] See also pages 52 of Appendix A and page 66 of Appendix C.

DIRECT, SECONDARY AND TOTAL IMPACTS

Travel spending within Arizona brings money into many Arizona communities in the form of business receipts. Portions of these receipts are spent within the state for labor and supplies. Employees, in turn, spend a portion of their earnings on goods and services in the state. This re-spending of travel-related revenues creates *indirect and induced impacts*. To summarize:

- **Direct** impacts represent the employment and earnings attributable to travel expenditures made directly by travelers at businesses throughout the state.
- **Indirect** impacts represent the employment and earnings associated with industries that supply goods and services to the direct businesses (i.e., those that receive money directly from travelers throughout the state).
- **Induced** impacts represent the employment and earnings that result from purchases for food, housing, transportation, recreation, and other goods and services made by travel industry employees, and the employees of the indirectly affected industries.

Total Employment and Earnings Generated by Travel Spending in Arizona, 2011p



Note: Indirect and induced impacts estimated by Dean Runyan Associates with Minnesota IMPLAN model. Percentages may not add to 100% due to rounding. Total employment was 293,000. The employment multiplier for 2011 is 1.85 (293.0/157.7). Total earnings were $10.5 billion. The earnings multiplier is 2.05 (($10.5/$5.1).

The impacts in this section are presented in terms of the employment and earnings of eleven major industry groups. These industry groups are similar, but not identical to the business service (or commodity) categories presented elsewhere in this report. (The specific industries that comprise these major groups are listed in Appendix D.) Direct travel impacts, such as those discussed in the first part of this section and the regional and county impacts presented elsewhere in this report are found in the following industry groups:

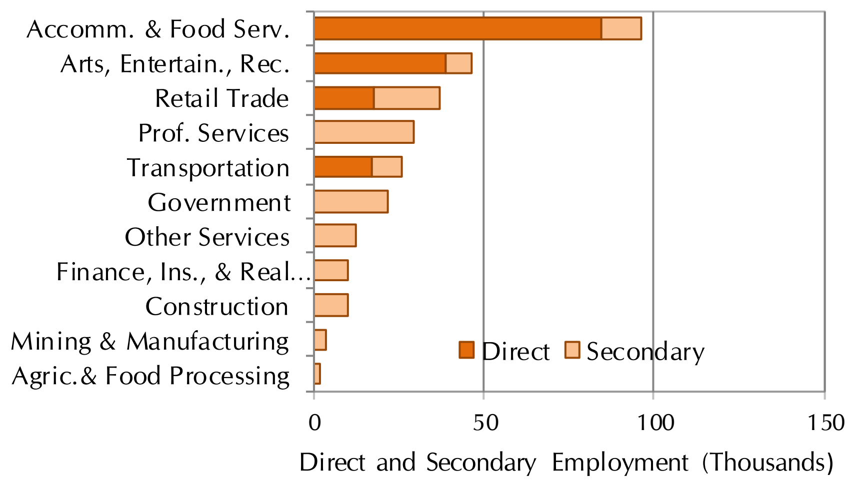
- **Accommodations & Food Services**
- **Arts, Entertainment and Recreation**
- **Retail Trade**
- **Transportation**

As is indicated in the following tables and graphs, the total direct employment and earnings of these four industry groups is identical to the total direct employment and earnings shown in the first part of this section. The only difference is that these industry groups represent industry groupings (firms) rather than commodity or business service groupings.

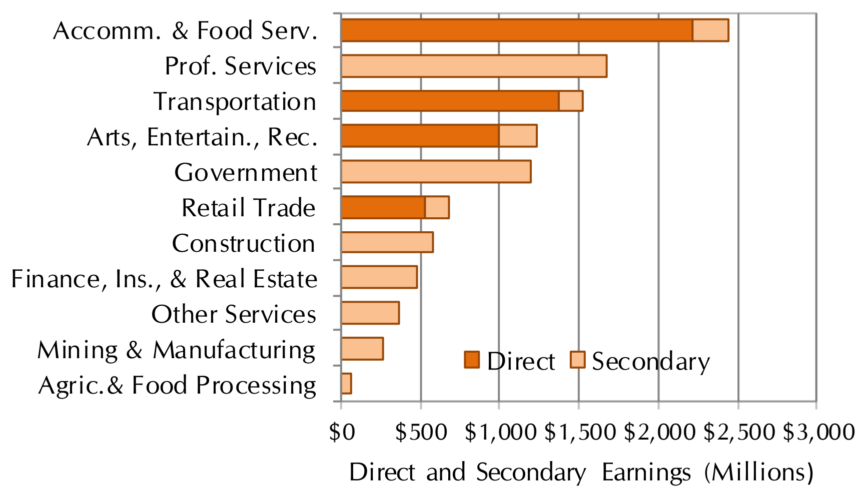
The indirect and induced impacts of travel spending are found in all eleven-industry groupings shown in the following tables and graphs. To summarize the primary secondary impacts:

- **Professional Services** (29,000 jobs and $1.6 billion earnings). Legal, medical, educational and other professional services are utilized by travel businesses (indirect effect) and by employees of these firms (induced effect).
- **Other Services** (12,000 jobs and $367 million earnings). Employees of travel-related businesses purchase services from various providers, such as dry cleaners and repair shops. Similarly, travel businesses utilize a number of service providers, such as laundry, maintenance and business services.
- **Government** (22,000 jobs and $1.2 billion earnings). Employees of travel-related businesses pay fees to attend public educational institutions and to operate motor vehicles.
- **Finance, Insurance and Real Estate** (10,000 jobs and $476 million earnings). Employees and businesses use the services of financial institutions, insurers and real estate businesses.

Direct and Secondary Employment
Generated by Travel Spending in Arizona, 2011p



Direct and Secondary Earnings
Generated by Travel Spending in Arizona, 2011p



See notes at end of table on page 20.

Detailed estimates are reported in the following table. It should be emphasized that the estimates of indirect and induced impacts reported here apply to the entire state of Arizona and do not necessarily reflect economic patterns for individual counties, regions or sub-regions within the state. While total economic impacts can be calculated on a county or regional level, such a detailed analysis is not included in this study. In general, geographic areas with lower levels of aggregate economic activity will have smaller secondary impacts within those same geographic boundaries.

Direct & Secondary Visitor-Generated Employment in Arizona, 2011p

(thousand jobs)

Industry Group	Direct	Secondary Indirect	Secondary Induced	Secondary Total	Grand Total
Accomm. & Food Serv.	84	4	8	12	96
Arts, Entertain., Rec.	39	5	2	7	46
Retail Trade	18	3	17	20	37
Prof. Services	0	7	22	29	29
Transportation	17	5	4	8	26
Government	0	1	21	22	22
Other Services	0	5	7	12	12
Finance, Ins., & Real Estate	0	4	6	10	10
Construction	0	1	9	10	10
Mining & Manufacturing	0	1	2	4	4
Agric.& Food Processing	0	1	1	2	2
All Industries	158	36	99	136	293

Direct & Secondary Visitor-Generated Earnings in Arizona, 2011p

($ Million)

Industry Group	Direct	Secondary Indirect	Secondary Induced	Secondary Total	Grand Total
Accomm. & Food Serv.	2,217	69	156	225	2,442
Prof. Services	0	493	1,180	1,673	1,673
Transportation	1,370	117	35	151	1,521
Arts, Entertain., Rec.	991	186	53	239	1,230
Government	0	80	1,119	1,199	1,199
Retail Trade	536	12	133	145	681
Construction	0	46	533	579	579
Finance, Ins., & Real Estate	0	166	309	476	476
Other Services	0	176	190	367	367
Mining & Manufacturing	0	103	169	272	272
Agric.& Food Processing	0	30	34	64	64
All Industries	5,114	1,479	3,910	5,389	10,503

Source: Dean Runyan Associates and Minnesota Implan Group.
Note: These industry groups are not equivalent to the categories used in the direct impact tables used in this report. See Appendix D. Details may not add to totals due to rounding.

Detailed direct travel impacts for 2002 through 2011p are shown on the following page.

Arizona Direct Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Billion)							
Destination Spending	12.4	14.7	17.2	17.0	15.2	16.1	17.0
Other Travel*	0.9	1.0	1.3	1.3	1.1	1.2	1.3
Total Direct Spending	13.3	15.7	18.4	18.3	16.3	17.3	18.3
Visitor Spending by Type of Traveler Accommodation ($Billion)							
Hotel, Motel	5.2	6.0	7.3	7.0	6.2	6.8	7.2
Campground	0.6	0.7	0.7	0.7	0.6	0.6	0.7
Private Home	3.2	4.3	5.0	5.0	4.4	4.6	4.9
Vacation Home	0.4	0.5	0.6	0.6	0.6	0.6	0.7
Day Travel	2.9	3.3	3.6	3.6	3.3	3.4	3.5
Destination Spending	12.4	14.7	17.2	17.0	15.2	16.1	17.0
Visitor Spending by Commodity Purchased ($Billion)							
Accommodations	1.9	2.2	2.7	2.6	2.2	2.3	2.4
Food Service	2.7	3.3	3.8	3.7	3.6	3.9	4.0
Food Stores	0.8	0.8	0.8	0.9	0.9	0.8	0.9
Local Tran. & Gas	1.5	2.2	2.9	3.2	2.2	2.6	3.1
Arts, Ent. & Rec.	2.0	2.4	2.6	2.5	2.3	2.3	2.4
Retail Sales	2.6	2.8	2.9	2.8	2.7	2.7	2.8
Visitor Air Tran.	0.9	1.1	1.4	1.4	1.2	1.4	1.4
Destination Spending	12.4	14.7	17.2	17.0	15.2	16.1	17.0
Industry Earnings Generated by Travel Spending ($Billion)							
Accom. & Food Serv.	1.5	1.8	2.1	2.2	2.1	2.1	2.2
Arts, Ent. & Rec.	0.8	0.9	1.1	1.1	1.0	1.0	1.0
Retail**	0.5	0.6	0.6	0.6	0.5	0.5	0.5
Ground Tran.	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Visitor Air Tran.	0.4	0.5	0.6	0.6	0.6	0.6	0.7
Other Travel*	0.4	0.5	0.6	0.5	0.5	0.6	0.6
Total Direct Earnings	3.6	4.3	5.0	5.1	4.8	4.8	5.1
Industry Employment Generated by Travel Spending (Thousand Jobs)							
Accom. & Food Serv.	75.7	82.7	88.2	87.3	83.0	81.6	84.2
Arts, Ent. & Rec.	35.7	43.2	45.5	43.1	39.4	39.2	38.9
Retail**	19.3	20.2	21.7	21.6	18.2	17.7	17.6
Ground Tran.	2.0	2.1	2.1	2.2	1.9	1.9	2.0
Visitor Air Tran.	7.2	7.7	8.2	7.8	7.4	7.0	7.3
Other Travel*	8.4	8.4	8.8	8.6	7.8	7.6	7.8
Total Direct Employment	148.4	164.3	174.4	170.6	157.6	155.0	157.7
Government Revenue Generated by Travel Spending ($Million)* **							
Local and State	1,116	1,310	1,491	1,499	1,383	1,434	1,545
Federal Tax Receipts	874	1,031	1,198	1,208	1,130	1,169	1,144
Total Direct Gov't Revenue	1,990	2,342	2,689	2,707	2,513	2,603	2,689

Details may not add to totals due to rounding.

*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.
***Local and State tax revenues include property taxes and taxes attributable to travel industry employees. These tax receipts are not included in the county breakouts.

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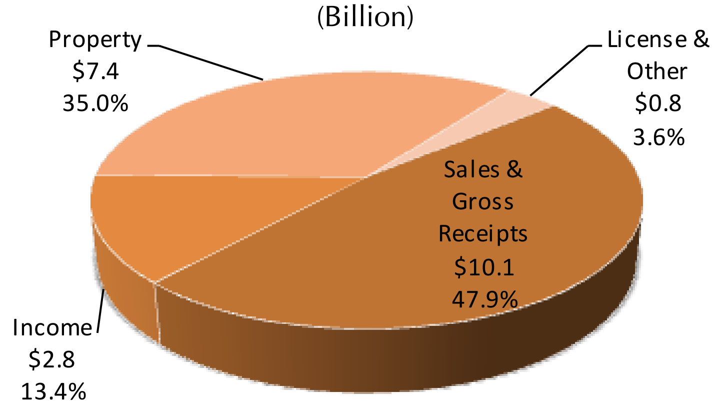
III. State and Local Government Revenue

This section of the report provides an analysis of the state and local government revenue supported by the travel industry. Most major sources of government revenue, including sales, property and income taxes are included.

The pie chart below, adapted from the Bureau of the Census' State and Local Government Finance and other data sources, shows the main categories of tax revenue in Arizona. About one-half of all state and local tax revenue in Arizona is derived from sales or gross receipts taxes.[1] Three-fourths of all sales taxes are collected by the state. The next largest category is property taxes -- paid primarily by homeowners and businesses to local governments.[2] All income taxes (80 percent paid by individuals) are collected by the state.

Arizona State and Local Government Tax Revenues
2010-11 Fiscal Year
(Billion)



Sources: The 2010-11 fiscal year estimates of state and local tax revenues in Arizona were prepared by Dean Runyan Associates from various sources, including the Bureau of the Census (State and Local Government Finance), the Arizona Department of Revenue, the Bureau of Economic Analysis and a selection of annual financial reports for cities and counties. The state transaction privilege tax is designated as a general sales tax. Over 90 percent of all property taxes are local. About 80 percent of all income tax receipts are personal (vs. corporate). Selective sales taxes include taxes on lodging, motor fuel, alcohol, tobacco and public utilities. Other taxes include license taxes. State tax receipts comprise 60 percent of all state and local tax receipts.

The primary sources of travel industry tax revenue are:

- Sales tax receipts generated by ***visitor spending.*** This includes local and state sales taxes, lodging taxes, and motor fuel taxes. Other selective sales

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[1] The state transaction privilege tax is considered a sales tax in this report.

[2] Businesses pay 62 percent of all property taxes in Arizona based on calculations by Dean Runyan Associates from data reported by the Bureau of the Census, State and Local Government Finance and *Property Taxes on Business Capital*, Ernst and Young (March 2006).

taxes (e.g., cigarettes, liquor) were not estimated separately from the general sales tax.

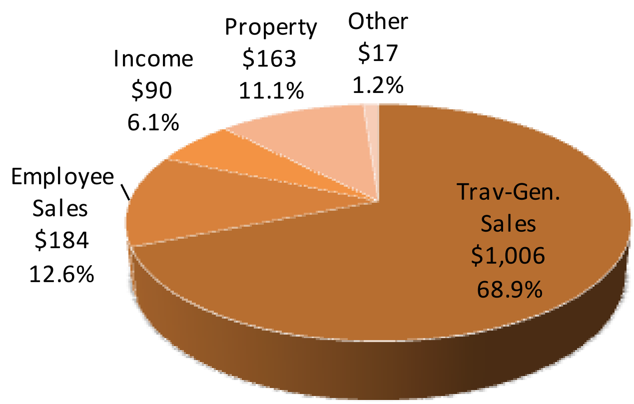
- Taxes paid by ***travel industry employees*** attributable to travel generated earnings (sales, property and income taxes). The estimates for these taxes were based primarily on the share of travel industry earnings in relation to total personal income in the state.
- Taxes paid by ***travel industry businesses*** attributable to travel generated business receipts (property and income taxes). The estimates for these taxes were based primarily on the share of travel industry earnings in relation to total earnings in the state. Other business taxes, such as licenses and payroll taxes, were not included.

The distribution of taxes generated by the travel industry for the 2008-09 fiscal year is shown in the following pie chart. The categories are the same as the preceding figure, with the exception that sales tax receipts are also distinguished between those that are generated by visitor spending and those that are generated by the spending of travel industry employees.

Arizona Travel Industry State and Local Government Tax Revenues

2010-11 Fiscal Year

(Million)



Source: Dean Runyan Associates. "Other" travel-generated tax revenue includes gaming taxes.

Whereas slightly less than one-half of all state and local tax revenue in Arizona was attributable to sales tax collections in the 2010-11 fiscal year, 82 percent of all travel industry tax revenue was attributable to sales tax receipts from visitors (69 percent) and the purchases of employees in the travel industry (13 percent). More than two-thirds of all tax revenues supported by the travel industry was directly related to visitor spending.

Travel industry state and local tax revenues are compared to total Arizona state and local tax revenues in the following table. Because of the travel industry generates a relatively high proportion of sales tax revenues, it is associated with proportionately more tax revenues than would be expected given the size of the industry, as measured by earnings or gross domestic product. Whereas the earnings and GDP of the travel industry are in the range of 3 percent of the state totals, travel industry tax revenues represent almost 7 percent of all state and local tax revenues in Arizona.

Arizona State and Local Tax Revenues

2010-11 Fiscal Year

($Million)

	Total	Travel Generated	Percent Travel
Sales & Gross Receipts	10,110	1,190	11.8%
Income	2,830	90	3.2%
Property	7,390	160	2.2%
License & Other	770	20	2.2%
Total Tax Receipts	21,100	1,460	6.9%

Source: Dean Runyan Associates and Bureau of the Census, State and Local Government Finance.

The tax revenue benefits of the travel industry are also borne out in comparison with other industries. This is illustrated in the table and figure below. The concept of Gross Domestic Product was discussed earlier (page 11; see also appendix pages 49-50). The tax payment categories are defined as follows:

- ***Indirect Business Taxes*** *(IBT)* include all property taxes, licenses, fees and sales taxes paid by the firm to all levels of government. Business income taxes are not included. Overall, sales taxes are the largest component. Even though consumers normally paid these taxes at the point of sale, they are defined as indirect business taxes in terms of GDP. Indirect Business Taxes are an official category of Gross Domestic Product, as defined by the Bureau of Economic Analysis.
- ***Employee Property and Income Taxes*** *(EPIT)* include the state and local property and income taxes paid by employees. These personal tax payments are estimated by Dean Runyan Associates on the basis of industry earnings and tax revenue data. EPIT is *not* an official category.

The tax payments generated by the travel industry in relation to Gross Domestic Product are greater than all industries except retail trade. Retail trade tax payments are especially high, of course, because of sales tax payments. However, in contrast to the travel industry, the sales taxes paid by retail establishments are primarily taxes on residents rather than visitors.

GDP and Tax Payments of Selected Arizona Industries
2010 Calendar Year
($Million)

	GDP	Indirect Bus. Taxes	Employee Inc. & Prop. Taxes	Sum of Bus. & Employee Taxes
Construction	11,739	283	230	513
Health Care	19,670	512	340	852
Manufacturing	20,131	657	319	976
Retail	18,692	3,307	465	3,772
Travel	6,887	1,196	128	1,324
All Industries	249,824	15,686	5,853	21,539

Tax Payments as Percent of GDP for Selected Arizona Industries
2010 Calendar Year

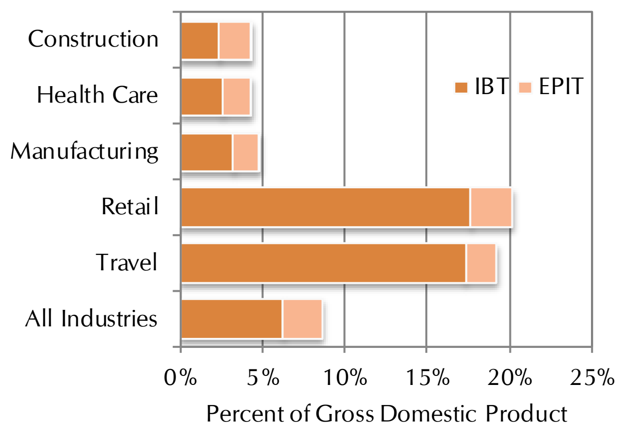
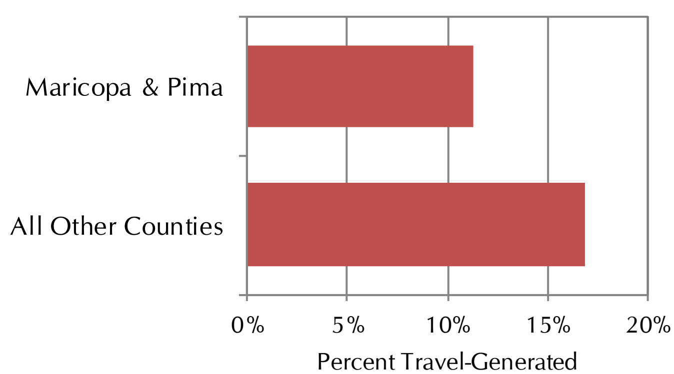


Table and graph sources: Bureau and Economic Analysis and Dean Runyan Associates. Travel industry and employee income and property tax payments estimated by Dean Runyan Associates. Other GDP and Indirect Business Taxes estimated by Bureau of Economic Analysis. *Travel Industry Business & Employee tax payments of $1,196 million are lower than the estimate on page 21 because business income taxes are not included and because employee sales tax payments are included in the indirect business taxes of other industries (especially retail trade). This is consistent with GDP accounting.

It is also important to recognize that the local and state tax revenues generated by travel spending are proportionately more important for non-urban areas. There are two reasons for this. First, the travel industry generally comprises a larger proportion of the economy in non-urban areas. Second, counties and municipalities impose special excise taxes on visitors (lodging, eating and drinking establishments, auto rentals) that are disproportionately borne by visitors, rather than residents.

The first point is illustrated in the chart below, where the percentage of the state transaction privilege tax generated by travel spending for two groups of counties is displayed. Maricopa and Pima counties – the most urbanized counties in the state – generate relatively lower tax impacts from visitor spending than do the less urbanized counties in the state.

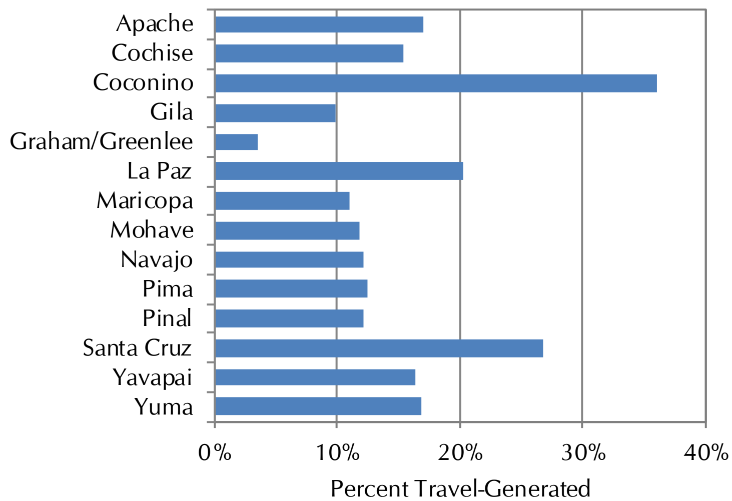
State Transaction Privilege Taxes Generated By Direct Travel Spending, 2011 FY



Source: Dean Runyan Associates and Arizona Department of Revenue.

Detailed estimates for each county are also shown. The visitor-related share of local excise taxes would generally be somewhat higher, due to local taxes on lodging, eating and drinking, and auto rentals, as noted above.

State Transaction Privilege Taxes Generated by Direct Travel Spending, 2011 FY

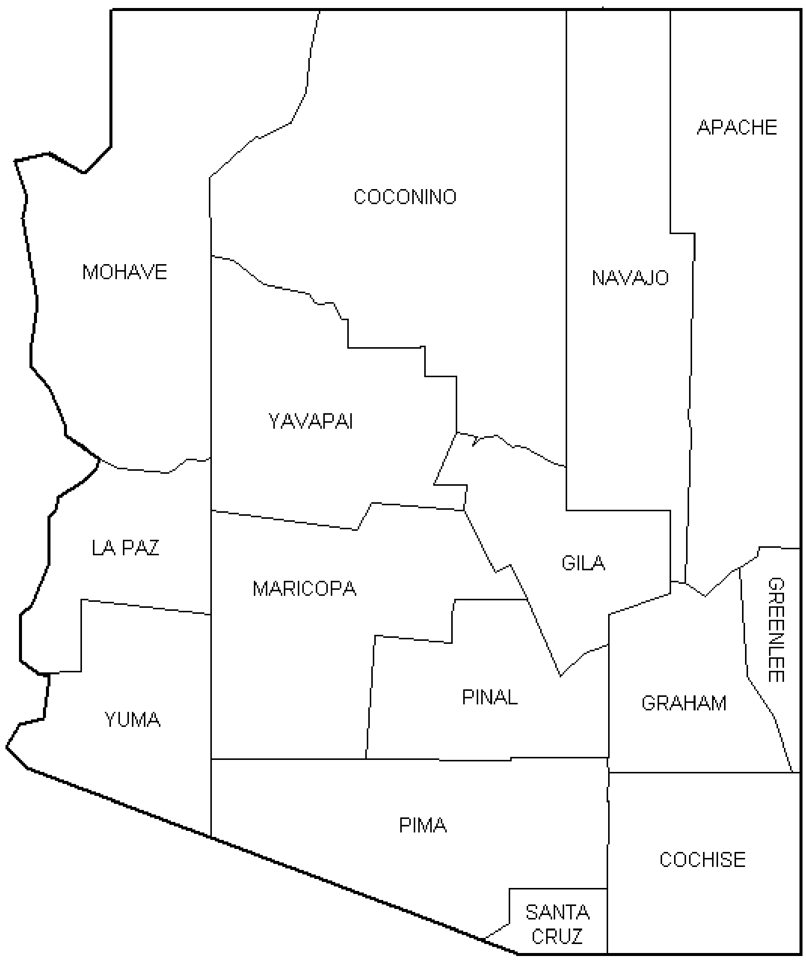


Source: Dean Runyan Associates and Arizona Department of Revenue. These estimates represent the total state transaction privilege tax receipts generated by travel spending. Counties and municipalities generally are allocated a portion of these receipts based on resident population. Other county and municipal excise taxes are also imposed on visitors.

To summarize this analysis of travel-generated state and local government revenue:

- The travel industry accounted for almost seven percent of all state and local tax revenues in Arizona in the 2010-11 fiscal year – more than twice the industry proportion of statewide earnings and gross domestic product.
- Most of the travel industry tax receipts are a result of ***visitor spending*** rather than taxes on Arizona ***residents***.
- The proportion of tax receipts generated by the Arizona travel industry in relation to industry GDP is twice as great as the statewide industry average.
- The tax revenues generated by the travel industry are relatively more important for the non-urban areas of the state as compared to the urbanized areas of greater Phoenix and Tucson.

IV: COUNTY TRAVEL IMPACTS
1998-2011P



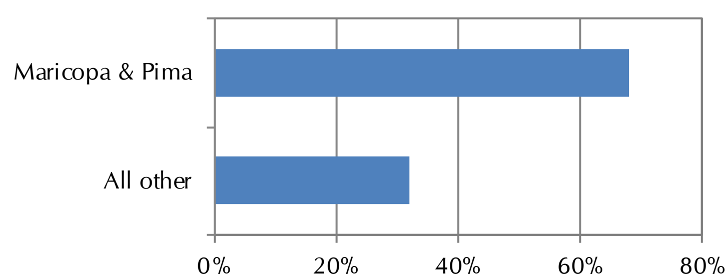
The analysis of travel impacts at the county level provides a valuable overview of how the economic benefits of travel and tourism are distributed throughout the state.

Urban areas, such as Maricopa County, tend to have highly developed travel industry infrastructure consisting of large inventories of amusement and recreation opportunities, commercial accommodations, and well-developed transportation links. Hotel/motel guests are important to these areas and, hence, a large proportion of travel expenditures are spent on overnight lodging.

In many of the less urbanized areas of Arizona, however, the economic significance of travel and tourism is actually relatively more important. The infrastructure that serves visitors to Maricopa County also serves local residents. Most of the spending on recreation and food services in Maricopa county is by local residents. This is not the case in most other less urbanized areas of the state – leisure and hospitality businesses are generally much more dependent on visitor spending rather than local residents.

In the graph below, the two most populous counties in Arizona, Maricopa and Pima, are compared with the thirteen other counties in the state with respect to their share of total employment – seven out of ten travel-generated jobs are in the two most populous counties in the state.

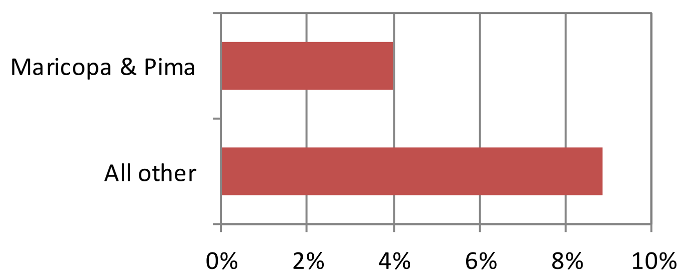
Distribution of Travel-Generated Employment, 2011p
Percent of State Direct Travel-Generated Employment



Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis. Total and travel-generated employments estimates by Dean Runyan Associates. Maricopa and Pima counties have 68 percent of all travel-generated employment. The other Arizona counties have 32 percent of all travel-generated employment.

However, as a group the less urbanized counties in the state actually have a higher proportion of travel-generated employment in relation to the total employment of the county. This is shown graphically below. Four percent of all employment in Maricopa and Pima counties are travel-generated. By contrast, the proportion is more than double in all other Arizona counties.

Percent of Total Area Employment that is Travel-Generated, 2011p



Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis. Total and travel-generated employment estimates by Dean Runyan Associates. Travel-generate employment in Maricopa and Pima counties constitutes 4.0 percent of all employment in those counties. The comparable figure for other Arizona counties is 8.9 percent.

In general, the employment and earnings estimates provided in the preceding figures are probably the best measure at the county level of the relative importance of travel and tourism for local economies. The following table provides estimates for individual counties. Total employment includes all full-time and part-time wage and salary employment and self-employment. Because total employment includes all *jobs*, regardless of the hours worked, the average annual earnings of the job or the number of individuals employed, this indicator is in some respects less useful than earnings estimates. Nonetheless, the distribution of counties is similar for earnings and employment.

Travel-Generated Employment and Earnings as Percent of Total, 2011p

	Employment			Earnings (Million)		
	Total	Travel	Percent Travel	Total	Travel	Percent Travel
Apache	31,860	1,700	5.3%	$1,279	$31	2.4%
Cochise	57,040	3,990	7.0%	$2,846	$77	2.7%
Coconino	82,290	11,060	13.4%	$3,333	$284	8.5%
Gila	21,720	2,600	12.0%	$881	$54	6.1%
Graham/Greenlee	15,860	850	5.4%	$759	$11	1.4%
La Paz	7,350	1,240	16.9%	$288	$30	10.3%
Maricopa	2,199,000	85,430	3.9%	$113,772	$3,429	3.0%
Mohave	62,750	4,620	7.4%	$2,426	$99	4.1%
Navajo	38,860	3,140	8.1%	$1,505	$71	4.7%
Pima	483,460	21,820	4.5%	$21,655	$537	2.5%
Pinal	73,900	5,070	6.9%	$3,208	$120	3.7%
Santa Cruz	17,940	1,600	8.9%	$785	$39	5.0%
Yavapai	79,330	8,240	10.4%	$2,731	$184	6.7%
Yuma	80,530	6,330	7.9%	$3,702	$151	4.1%
Arizona	3,251,880	157,700	4.8%	$159,173	$5,114	3.2%

Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis.
Total and travel-generated employment estimates by Dean Runyan Associates.
Note: Details may not add to totals due to rounding. Percentages calculated on unrounded numbers.

Detailed direct travel impact estimates for 1998 through 2011p can be found on the following pages. As noted in the appendix to this report (page 52), county level estimates are necessarily less reliable than the statewide estimates. Furthermore, estimates for the smallest counties are less reliable than those for larger counties due to survey sample sizes and other data limitations. For this reason, small changes in year-to-year estimates are less important than longer-term trends.

2011p Arizona County Travel Impacts

	Travel Spending		Related Travel-Generated Impacts				
	Total ($Million)	Visitor ($Million)	Earnings ($Million)	Employment (jobs)	Local Taxes ($Million)	State Taxes ($Million)	Total Taxes ($Million)
Apache	138	138	31	1,700	2.9	5.4	8.3
Cochise	330	329	77	3,990	11.4	13.2	24.6
Coconino	1,011	1,004	284	11,060	31.4	42.8	74.2
Gila	227	227	54	2,600	2.8	6.4	9.2
Graham/Greenlee	47	47	11	850	1.2	2.1	3.3
La Paz	211	211	30	1,240	2.0	8.1	10.2
Maricopa	11,161	10,081	3,429	85,430	343.0	404.8	747.8
Mohave	462	461	99	4,620	9.8	19.5	29.3
Navajo	287	287	71	3,140	6.2	11.2	17.4
Pima	2,398	2,195	537	21,820	48.5	87.2	135.7
Pinal	507	507	120	5,070	10.2	20.0	30.2
Santa Cruz	211	211	39	1,600	4.4	7.7	12.0
Yavapai	677	677	184	8,240	15.9	24.9	40.8
Yuma	616	603	151	6,330	15.2	24.4	39.6
Arizona	18,285	16,978	5,114	157,700	505.0	677.5	1,182.5

Property taxes and sales taxes paid by travel industry employees not included. Details may not add to totals due to rounding.

Arizona County Total Travel Spending, 1998-2011p

($ Millions)

	1998	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011p	Annual Percent Chg. 10-11p	98-11p
Apache	80	109	101	100	107	113	129	138	143	148	125	130	138	6.2	4.3
Cochise	207	258	253	271	279	302	320	328	352	351	331	336	330	-1.6	3.7
Coconino	679	745	696	695	743	792	849	878	927	965	905	956	1,011	5.8	3.1
Gila	179	206	204	204	213	221	233	242	247	237	217	221	227	2.6	1.9
Graham/Greenlee	23	31	28	28	30	32	36	45	48	48	36	42	47	11.0	5.5
La Paz	126	162	160	158	175	186	208	210	216	216	179	189	211	11.5	4.1
Maricopa	7,032	8,467	7,922	7,685	8,656	9,440	10,520	11,280	11,500	11,126	9,719	10,537	11,161	5.9	3.6
Mohave	247	320	310	314	361	388	426	474	460	447	396	431	462	7.1	4.9
Navajo	179	240	220	221	229	238	260	283	290	306	256	267	287	7.4	3.7
Pima	1,778	2,115	1,970	2,014	2,114	2,276	2,488	2,605	2,566	2,434	2,234	2,310	2,398	3.8	2.3
Pinal	206	263	257	257	291	323	365	408	450	461	426	471	507	7.7	7.2
Santa Cruz	206	237	237	298	262	272	274	254	255	257	270	235	211	-10.0	0.2
Yavapai	426	558	543	540	581	591	642	685	718	703	624	642	677	5.5	3.6
Yuma	375	449	437	489	505	540	577	601	605	619	598	580	616	6.2	3.9
Arizona	11,745	14,160	13,340	13,272	14,548	15,715	17,328	18,430	18,775	18,320	16,314	17,348	18,285	5.4	3.5

Note: Details may not add to totals due to rounding. Percentages calculated on unrounded numbers.

Arizona County Travel-Generated Earnings, 1998-2011p
($ Millions)

	1998	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011p	Annual Percent Chg. 10-11p	98-11p
Apache	19	25	23	24	24	25	27	29	30	33	32	31	31	-1.6	3.7
Cochise	46	57	57	60	62	68	71	74	82	85	82	81	77	-4.3	4.1
Coconino	189	205	194	194	209	224	232	244	265	287	270	269	284	5.4	3.2
Gila	43	50	49	49	51	53	56	60	62	60	56	53	54	1.6	1.8
Graham/Greenlee	6	8	7	7	8	8	9	11	12	13	10	10	11	8.0	4.3
La Paz	22	26	27	27	29	30	32	32	32	33	30	29	30	2.9	2.4
Maricopa	2,108	2,519	2,400	2,344	2,595	2,831	3,036	3,315	3,422	3,332	3,166	3,219	3,429	6.5	3.8
Mohave	60	75	74	77	88	91	97	110	106	104	100	97	99	2.2	3.9
Navajo	44	58	53	54	55	55	59	65	67	74	67	68	71	3.2	3.8
Pima	393	474	476	448	472	507	549	574	576	551	520	518	537	3.6	2.4
Pinal	50	62	61	62	70	78	86	99	111	118	113	114	120	4.7	7.0
Santa Cruz	37	42	42	52	46	49	49	47	48	49	48	45	39	-12.2	0.4
Yavapai	110	147	143	144	154	156	168	183	196	199	176	175	184	4.8	4.0
Yuma	82	98	95	106	115	124	127	137	139	145	143	141	151	7.1	4.8
Arizona	3,208	3,847	3,701	3,649	3,977	4,298	4,598	4,979	5,150	5,083	4,812	4,850	5,114	5.4	3.7

Note: Details may not add to totals due to rounding. Percentages calculated on unrounded numbers.

Arizona County Travel-Generated Employment, 1998-2011p

	1998	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011p	Annual Percent Chg. 10-11p	Annual Percent Chg. 98-11p
Apache	1,430	1,650	1,700	1,490	1,580	1,700	1,780	1,710	1,710	1,800	1,740	1,720	1,700	-0.8	1.4
Cochise	3,490	4,000	3,830	3,890	3,950	4,080	4,200	4,280	4,530	4,530	4,290	4,230	3,990	-1.4	1.5
Coconino	11,260	11,280	10,450	10,180	10,660	10,910	11,170	10,920	11,100	11,710	11,010	10,790	11,060	-2.0	-0.3
Gila	2,690	2,850	2,950	2,910	2,970	2,830	2,860	2,880	2,800	2,700	2,560	2,490	2,600	-2.5	-0.6
Graham/Greenlee	480	560	640	670	800	800	880	1,140	1,190	1,180	940	870	850	-7.1	5.6
La Paz	1,370	1,480	1,430	1,400	1,450	1,430	1,520	1,400	1,400	1,380	1,250	1,200	1,240	-4.2	-1.0
Maricopa	84,040	90,620	81,120	77,410	84,180	88,190	92,350	94,280	94,490	93,490	85,250	84,090	85,430	-1.4	0.0
Mohave	3,830	4,550	4,410	4,450	4,850	4,980	5,190	5,870	5,180	4,930	4,700	4,660	4,620	-0.9	1.5
Navajo	3,140	3,770	3,380	3,220	3,210	3,100	3,170	3,350	3,290	3,540	3,080	3,120	3,140	1.1	-0.1
Pima	21,320	24,510	23,710	22,590	23,770	25,200	25,980	26,240	24,940	23,080	22,180	21,740	21,820	-2.0	0.1
Pinal	2,790	3,180	3,680	3,560	4,030	4,130	4,490	4,870	4,720	4,940	4,480	4,560	5,070	1.9	3.9
Santa Cruz	2,050	2,140	2,100	2,490	2,260	2,280	2,250	2,130	2,050	2,020	1,970	1,800	1,600	-8.6	-1.0
Yavapai	6,700	8,100	8,630	8,540	9,000	8,660	8,750	8,990	9,120	9,240	8,190	7,830	8,240	-4.4	1.2
Yuma	4,510	4,980	5,420	5,630	5,840	5,990	6,100	6,390	6,170	6,090	6,000	5,920	6,330	-1.4	2.1
Arizona	149,100	163,660	153,440	148,430	158,560	164,270	170,690	174,450	172,690	170,630	157,630	155,020	157,700	-1.7	0.3

Note: Details may not add to totals due to rounding. Percentages calculated on unrounded numbers.

Apache County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	100.2	113.3	138.1	148.4	124.8	130.3	138.5
Other Travel*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Spending	100.2	113.3	138.1	148.4	124.8	130.3	138.5
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	52.9	52.3	67.7	76.7	64.2	64.1	64.6
Campground	10.6	14.0	16.4	16.7	13.3	14.0	15.5
Private Home	19.8	27.4	31.1	30.1	26.1	28.6	31.7
Vacation Home	13.6	15.6	17.7	19.3	17.0	18.8	21.3
Day Travel	3.2	4.1	5.1	5.4	4.3	4.8	5.4
Destination Spending	100.2	113.3	138.1	148.4	124.8	130.3	138.5
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	18.5	17.3	21.0	24.1	21.5	20.1	19.1
Food Service	19.9	20.9	24.8	26.4	25.4	24.8	24.4
Food Stores	8.1	8.4	8.8	9.6	9.5	9.2	9.6
Local Tran. & Gas	22.8	34.9	48.7	53.8	35.4	44.1	53.9
Arts, Ent. & Rec.	14.3	15.4	16.9	16.9	16.1	15.4	15.1
Retail Sales	16.5	16.4	17.9	17.6	16.9	16.6	16.4
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	100.2	113.3	138.1	148.4	124.8	130.3	138.5
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	13.1	13.0	15.3	18.3	18.9	18.9	18.7
Arts, Ent. & Rec.	5.9	6.4	7.3	7.7	7.3	6.9	6.6
Retail**	4.6	5.1	6.3	6.7	5.1	4.9	4.9
Ground Tran.	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Earnings	23.9	24.8	29.2	32.9	31.6	31.0	30.5
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	910	820	910	930	980	980	970
Arts, Ent. & Rec.	290	550	460	530	520	510	490
Retail**	290	320	330	330	230	230	230
Ground Tran.	10	10	10	10	10	10	10
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	0	0	0	0	0	0	0
Total Direct Employment	1,490	1,700	1,710	1,800	1,740	1,720	1,700
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	2.6	2.6	3.0	3.3	3.0	2.9	2.9
State Tax Receipts	4.3	4.9	5.4	5.4	5.1	5.2	5.4
Total Direct Gov't Revenue	6.9	7.5	8.4	8.7	8.1	8.1	8.3

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Cochise County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	270.1	301.6	326.8	350.0	329.9	334.4	329.0
Other Travel*	0.8	0.8	0.8	1.0	1.2	1.3	1.4
Total Direct Spending	270.9	302.4	327.7	351.0	331.1	335.7	330.4
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	54.1	69.4	86.2	110.0	97.6	113.3	107.4
Campground	41.6	47.5	52.3	52.0	46.3	44.9	44.8
Private Home	45.5	60.3	65.9	63.1	58.8	61.2	64.8
Vacation Home	5.8	6.3	6.8	7.3	7.0	7.3	7.8
Day Travel	123.0	118.2	115.7	117.6	120.2	107.7	104.1
Destination Spending	270.1	301.6	326.8	350.0	329.9	334.4	329.0
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	27.8	33.6	40.4	50.8	46.0	50.8	46.5
Food Service	58.6	67.6	74.0	80.0	80.1	81.9	79.2
Food Stores	69.4	63.3	57.8	59.2	64.7	53.9	50.1
Local Tran. & Gas	23.7	36.2	50.5	55.8	36.8	45.8	56.0
Arts, Ent. & Rec.	31.2	38.7	41.3	41.9	39.9	40.6	39.0
Retail Sales	59.3	62.1	62.8	62.4	62.6	61.3	58.2
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	270.1	301.6	326.8	350.0	329.9	334.4	329.0
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	26.9	31.6	35.4	43.7	43.2	43.3	41.9
Arts, Ent. & Rec.	13.8	17.1	19.1	20.3	19.3	19.3	18.1
Retail**	18.6	18.6	19.0	19.5	18.1	16.7	15.7
Ground Tran.	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.6	0.6	0.6	0.7	0.9	1.0	1.1
Total Direct Earnings	60.1	68.1	74.3	84.6	81.7	80.6	77.1
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	1,900	2,040	2,140	2,280	2,210	2,190	2,050
Arts, Ent. & Rec.	1,100	1,200	1,260	1,410	1,330	1,340	1,290
Retail**	860	820	860	810	730	670	630
Ground Tran.	10	10	10	10	10	10	10
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	20	20	20	20	20	20	20
Total Direct Employment	3,890	4,080	4,280	4,530	4,290	4,230	3,990
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	9.0	10.0	10.7	11.7	11.5	11.9	11.4
State Tax Receipts	9.9	11.2	12.0	12.5	12.1	12.8	13.2
Total Direct Gov't Revenue	18.9	21.1	22.7	24.3	23.6	24.7	24.6

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Coconino County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	693.7	786.8	874.6	957.0	897.2	948.9	1,004.3
Other Travel*	1.0	5.4	3.6	8.0	8.0	6.8	7.0
Total Direct Spending	694.7	792.2	878.2	965.0	905.2	955.7	1,011.4
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	479.6	538.2	601.2	679.8	641.5	685.7	723.5
Campground	45.7	50.2	53.4	52.2	47.8	45.0	50.0
Private Home	51.0	64.7	73.1	68.5	63.7	65.9	68.5
Vacation Home	27.3	29.4	31.6	34.0	33.0	33.8	35.7
Day Travel	90.1	104.3	115.4	122.5	111.1	118.6	126.6
Destination Spending	693.7	786.8	874.6	957.0	897.2	948.9	1,004.3
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	180.9	203.0	234.6	270.4	252.4	267.7	285.3
Food Service	181.7	208.1	226.1	251.5	248.4	261.5	271.6
Food Stores	39.9	42.5	43.5	48.0	47.3	46.5	49.7
Local Tran. & Gas	40.7	61.7	85.6	94.4	62.6	77.7	94.5
Arts, Ent. & Rec.	109.4	126.2	130.3	135.3	129.9	132.3	135.3
Retail Sales	134.7	141.6	145.6	151.1	146.4	152.0	156.3
Visitor Air Tran.	6.4	3.8	9.0	6.3	10.2	11.3	11.5
Destination Spending	693.7	786.8	874.6	957.0	897.2	948.9	1,004.3
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	119.5	135.5	147.4	181.5	170.7	169.2	181.0
Arts, Ent. & Rec.	44.7	51.5	55.6	60.7	58.2	58.1	58.1
Retail**	24.7	26.8	29.3	31.2	27.0	27.6	28.8
Ground Tran.	0.5	0.6	0.7	0.7	0.7	0.7	0.8
Visitor Air Tran.	3.7	4.1	7.6	5.8	7.5	8.6	9.5
Other Travel*	0.6	5.7	3.0	7.3	5.9	5.2	5.8
Total Direct Earnings	193.8	224.3	243.5	287.2	270.0	269.4	284.0
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	6,600	6,860	6,610	7,270	6,920	6,840	7,330
Arts, Ent. & Rec.	2,360	2,720	2,920	2,920	2,740	2,630	2,350
Retail**	1,090	1,110	1,160	1,210	1,060	1,050	1,090
Ground Tran.	20	20	20	20	20	20	20
Visitor Air Tran.	80	80	150	120	150	160	160
Other Travel*	20	120	60	160	120	100	100
Total Direct Employment	10,180	10,910	10,920	11,710	11,010	10,790	11,060
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	19.9	22.8	25.4	28.2	27.0	28.9	31.4
State Tax Receipts	27.5	31.0	33.7	36.7	35.0	38.1	42.8
Total Direct Gov't Revenue	47.4	53.8	59.1	64.9	62.0	67.0	74.2

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Gila County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	203.9	220.7	241.4	236.4	217.0	221.0	226.7
Other Travel*	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Total Direct Spending	204.1	220.8	241.6	236.6	217.2	221.3	226.9
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	32.3	35.0	46.3	37.6	34.5	37.1	37.2
Campground	12.5	13.6	14.3	14.1	13.2	12.2	12.4
Private Home	14.6	18.8	20.1	19.1	18.0	18.3	19.0
Vacation Home	11.8	12.4	13.1	14.0	13.6	13.8	14.5
Day Travel	132.7	140.9	147.6	151.6	137.7	139.7	143.7
Destination Spending	203.9	220.7	241.4	236.4	217.0	221.0	226.7
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	13.5	14.6	19.1	15.8	14.4	15.0	14.6
Food Service	36.8	40.6	45.7	44.9	45.4	46.6	47.7
Food Stores	12.0	12.5	13.0	13.8	13.7	13.3	13.8
Local Tran. & Gas	8.3	12.7	17.7	19.5	12.9	16.0	19.6
Arts, Ent. & Rec.	90.5	97.6	101.5	100.3	88.7	87.9	88.3
Retail Sales	42.7	42.8	44.5	42.1	41.9	42.3	42.8
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	203.9	220.7	241.4	236.4	217.0	221.0	226.7
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	18.1	19.8	23.0	23.7	23.2	21.5	22.2
Arts, Ent. & Rec.	23.0	25.0	27.6	27.6	25.1	23.5	23.3
Retail**	7.9	8.2	8.9	8.8	7.9	8.0	8.2
Ground Tran.	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.2	0.1	0.1	0.1	0.1	0.2	0.2
Total Direct Earnings	49.3	53.2	59.7	60.3	56.5	53.2	54.0
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	1,280	1,250	1,300	1,200	1,140	1,070	1,090
Arts, Ent. & Rec.	1,240	1,200	1,190	1,120	1,080	1,100	1,170
Retail**	380	370	370	360	330	320	330
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	10	10	10	10	10	10	10
Total Direct Employment	2,910	2,830	2,880	2,700	2,560	2,490	2,600
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	2.1	2.4	3.2	2.8	2.6	2.7	2.8
State Tax Receipts	3.0	5.3	7.0	6.6	6.0	6.1	6.4
Total Direct Gov't Revenue	5.1	7.7	10.2	9.4	8.6	8.9	9.2

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Graham & Greenlee Counties
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	27.5	31.7	45.0	47.9	35.7	42.4	47.0
Other Travel*	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Direct Spending	27.6	31.8	45.0	47.9	35.8	42.5	47.1
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	14.3	14.4	25.6	27.7	17.7	23.8	26.9
Campground	1.1	1.4	1.5	1.4	1.3	1.2	1.4
Private Home	9.2	12.3	13.4	13.9	12.8	13.0	13.8
Vacation Home	0.8	0.9	1.0	1.2	1.1	1.1	1.2
Day Travel	2.1	2.7	3.5	3.7	2.8	3.3	3.7
Destination Spending	27.5	31.7	45.0	47.9	35.7	42.4	47.0
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	4.8	4.7	9.0	9.8	6.1	7.8	8.6
Food Service	7.2	8.1	11.3	12.0	9.9	11.6	12.5
Food Stores	1.1	1.2	1.4	1.6	1.4	1.5	1.6
Local Tran. & Gas	4.8	7.3	10.2	11.3	7.4	9.3	11.3
Arts, Ent. & Rec.	4.2	4.8	6.2	6.2	5.1	5.7	6.0
Retail Sales	5.3	5.6	6.9	7.0	5.8	6.6	7.0
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	27.5	31.7	45.0	47.9	35.7	42.4	47.0
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	3.9	4.2	6.4	7.5	5.5	5.7	6.3
Arts, Ent. & Rec.	2.1	2.4	3.2	3.4	2.8	2.7	2.8
Retail**	1.1	1.3	1.7	1.8	1.3	1.4	1.4
Ground Tran.	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Total Direct Earnings	7.3	7.9	11.4	12.8	9.7	9.9	10.7
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	350	360	510	530	400	380	390
Arts, Ent. & Rec.	260	370	550	570	480	430	400
Retail**	60	60	80	80	60	60	60
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	0	0	0	0	0	0	0
Total Direct Employment	670	800	1,140	1,180	940	870	850
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	0.7	0.7	1.1	1.2	0.9	1.1	1.2
State Tax Receipts	1.3	1.5	1.9	1.9	1.6	1.8	2.1
Total Direct Gov't Revenue	2.0	2.2	3.0	3.2	2.5	2.9	3.3

Details may not add to totals due to rounding.

*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

La Paz County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	157.6	186.2	209.7	216.5	179.5	189.2	210.8
Other Travel*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Spending	157.6	186.2	209.7	216.5	179.5	189.2	210.8
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	14.0	14.7	10.8	9.5	10.2	7.4	8.3
Campground	44.9	52.9	61.7	62.4	49.8	50.9	58.9
Private Home	15.4	21.0	23.9	23.2	19.6	21.0	22.8
Vacation Home	18.4	20.8	23.8	26.0	22.3	24.2	26.6
Day Travel	65.0	76.8	89.5	95.5	77.6	85.7	94.3
Destination Spending	157.6	186.2	209.7	216.5	179.5	189.2	210.8
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	7.5	7.7	7.0	6.5	6.5	5.4	5.7
Food Service	17.8	19.9	20.4	20.7	21.3	20.7	21.4
Food Stores	14.3	14.5	14.7	15.6	15.6	14.8	15.9
Local Tran. & Gas	41.7	63.7	88.9	98.2	64.7	80.6	98.5
Arts, Ent. & Rec.	50.4	54.3	52.8	51.0	46.7	43.6	44.6
Retail Sales	26.0	26.1	25.9	24.6	24.7	24.1	24.7
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	157.6	186.2	209.7	216.5	179.5	189.2	210.8
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	7.4	8.1	8.0	8.6	8.8	8.8	9.3
Arts, Ent. & Rec.	11.8	12.8	13.2	13.1	12.3	11.9	12.0
Retail**	7.5	8.4	9.9	10.5	7.9	7.6	7.8
Ground Tran.	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Earnings	27.0	29.7	31.6	32.7	29.6	28.8	29.7
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	510	510	470	460	480	470	490
Arts, Ent. & Rec.	510	510	460	440	400	390	400
Retail**	360	400	460	470	360	330	340
Ground Tran.	10	10	10	10	10	10	10
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	0	0	0	0	0	0	0
Total Direct Employment	1,400	1,430	1,400	1,380	1,250	1,200	1,240
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	1.7	1.9	2.2	2.1	2.0	1.9	2.0
State Tax Receipts	5.9	7.7	8.9	8.3	7.7	7.8	8.1
Total Direct Gov't Revenue	7.6	9.6	11.0	10.4	9.8	9.7	10.2

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Maricopa County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	6,964	8,601	10,225	10,076	8,785	9,506	10,081
Other Travel*	721	839	1,055	1,050	934	1,030	1,079
Total Direct Spending	7,685	9,440	11,280	11,126	9,719	10,537	11,161
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	3,202	3,758	4,579	4,364	3,803	4,232	4,462
Campground	184	206	229	234	203	197	222
Private Home	2,265	3,025	3,532	3,541	3,111	3,272	3,446
Vacation Home	165	186	212	240	227	236	254
Day Travel	1,149	1,426	1,672	1,696	1,440	1,569	1,697
Destination Spending	6,964	8,601	10,225	10,076	8,785	9,506	10,081
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	1,129	1,314	1,665	1,585	1,285	1,353	1,419
Food Service	1,574	1,974	2,267	2,230	2,148	2,298	2,376
Food Stores	238	273	295	312	301	304	323
Local Tran. & Gas	1,014	1,421	1,888	2,044	1,437	1,710	2,015
Arts, Ent. & Rec.	998	1,249	1,377	1,285	1,193	1,234	1,256
Retail Sales	1,246	1,440	1,565	1,454	1,371	1,444	1,477
Visitor Air Tran.	765	930	1,167	1,166	1,050	1,163	1,214
Destination Spending	6,964	8,601	10,225	10,076	8,785	9,506	10,081
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	876	1,068	1,248	1,319	1,242	1,247	1,320
Arts, Ent. & Rec.	409	515	591	578	539	547	545
Retail**	227	270	318	317	254	261	270
Ground Tran.	44	51	58	57	53	55	61
Visitor Air Tran.	395	475	565	542	559	574	638
Other Travel*	394	452	537	519	519	536	595
Total Direct Earnings	2,344	2,831	3,315	3,332	3,166	3,219	3,429
Industry Employment Generated by Travel Spending (Thousand Jobs)							
Accom. & Food Serv.	39.2	44,380	47,650	47.5	44.9	44.2	45.4
Arts, Ent. & Rec.	14.1	18,120	19,240	19.2	17.0	16.8	16.6
Retail**	7.8	8,900	9,760	9.8	7.8	8.0	8.0
Ground Tran.	1.5	1,570	1,600	1.6	1.4	1.4	1.5
Visitor Air Tran.	7.0	7,420	7,820	7.4	7.0	6.7	6.9
Other Travel*	7.8	7,800	8,230	7.9	7.2	7.0	7.2
Total Direct Employment	77.4	88,190	94,280	93.5	85.2	84.1	85.4
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	257	309	360	346	308	326	343
State Tax Receipts	280	337	384	369	339	371	405
Total Direct Gov't Revenue	538	646	744	715	647	697	748

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Mohave County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	312.5	387.8	473.7	446.4	395.1	430.8	461.3
Other Travel*	1.1	0.4	0.4	0.4	0.5	0.6	0.7
Total Direct Spending	313.6	388.2	474.1	446.9	395.6	431.4	462.0
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	113.0	135.2	177.4	143.9	133.6	155.0	161.9
Campground	28.6	32.5	35.7	37.7	31.1	30.8	34.0
Private Home	83.8	112.9	131.7	130.1	114.5	119.4	127.6
Vacation Home	34.3	39.4	45.7	51.1	45.9	48.0	52.2
Day Travel	52.8	68.0	83.2	83.6	69.9	77.6	85.6
Destination Spending	312.5	387.8	473.7	446.4	395.1	430.8	461.3
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	41.0	48.6	63.9	49.2	44.8	48.4	48.9
Food Service	69.4	88.4	106.5	97.1	97.9	104.8	107.6
Food Stores	24.8	27.4	29.8	31.5	31.2	30.8	32.4
Local Tran. & Gas	55.0	84.1	117.3	129.6	85.4	106.4	130.0
Arts, Ent. & Rec.	52.8	65.5	73.6	65.9	63.9	65.3	66.0
Retail Sales	64.3	73.8	82.6	73.2	72.0	75.1	76.3
Visitor Air Tran.	5.3	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	312.5	387.8	473.7	446.4	395.1	430.8	461.3
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	35.5	44.2	54.1	50.7	50.9	49.4	51.4
Arts, Ent. & Rec.	22.5	28.1	33.1	31.0	30.1	28.5	28.2
Retail**	15.2	18.0	21.8	21.7	17.5	17.7	18.2
Ground Tran.	0.5	0.6	0.6	0.6	0.7	0.7	0.7
Visitor Air Tran.	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.7	0.3	0.3	0.3	0.4	0.4	0.5
Total Direct Earnings	76.8	91.2	109.9	104.3	99.7	96.7	98.9
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	2,300	2,590	3,030	2,590	2,640	2,540	2,550
Arts, Ent. & Rec.	1,410	1,660	1,980	1,530	1,400	1,460	1,400
Retail**	630	700	820	770	630	630	630
Ground Tran.	20	20	20	20	20	20	20
Visitor Air Tran.	60	0	0	0	0	0	0
Other Travel*	20	20	10	10	10	20	20
Total Direct Employment	4,450	4,980	5,870	4,930	4,700	4,660	4,620
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	7.1	8.6	10.4	8.9	8.6	9.3	9.8
State Tax Receipts	14.1	16.9	19.6	17.6	16.8	18.1	19.5
Total Direct Gov't Revenue	21.2	25.4	30.0	26.5	25.4	27.4	29.3

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Navajo County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	220.8	237.3	282.8	306.1	255.6	266.8	286.5
Other Travel*	0.3	0.2	0.2	0.3	0.3	0.3	0.4
Total Direct Spending	221.1	237.5	283.1	306.4	255.9	267.1	286.9
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	108.1	101.0	128.4	146.0	113.5	117.7	124.2
Campground	27.0	32.6	36.6	36.2	31.0	31.0	34.5
Private Home	27.3	37.2	41.8	40.8	36.9	38.9	41.5
Vacation Home	42.6	47.8	53.4	58.8	54.4	57.5	62.3
Day Travel	15.8	18.6	22.7	24.3	19.9	21.7	24.0
Destination Spending	220.8	237.3	282.8	306.1	255.6	266.8	286.5
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	38.3	35.9	43.7	50.3	40.9	40.6	41.7
Food Service	40.2	41.5	50.1	55.2	48.8	49.4	51.2
Food Stores	25.6	26.6	28.2	31.5	30.9	30.2	32.0
Local Tran. & Gas	31.7	48.5	67.6	74.7	49.2	61.3	74.9
Arts, Ent. & Rec.	44.9	45.3	50.1	50.6	45.3	44.6	45.3
Retail Sales	40.0	39.4	43.2	43.9	40.5	40.6	41.5
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	220.8	237.3	282.8	306.1	255.6	266.8	286.5
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	27.5	27.1	32.1	39.2	36.2	37.5	39.4
Arts, Ent. & Rec.	16.4	17.0	19.7	21.0	19.0	19.4	19.4
Retail**	10.0	10.7	12.6	13.6	10.9	10.9	11.2
Ground Tran.	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.3	0.2	0.2	0.2	0.2	0.3	0.3
Total Direct Earnings	54.4	55.3	65.0	74.4	66.7	68.5	70.6
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	1,780	1,630	1,690	1,870	1,690	1,760	1,840
Arts, Ent. & Rec.	930	950	1,080	1,080	910	880	830
Retail**	480	500	560	570	460	460	450
Ground Tran.	10	10	10	10	10	10	10
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	10	10	10	10	10	10	10
Total Direct Employment	3,220	3,100	3,350	3,540	3,080	3,120	3,140
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	5.1	5.1	6.0	6.6	5.7	5.8	6.2
State Tax Receipts	8.5	9.4	10.8	11.1	9.9	10.4	11.2
Total Direct Gov't Revenue	13.6	14.5	16.8	17.8	15.7	16.2	17.4

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Pima County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	1,881	2,125	2,404	2,234	2,056	2,117	2,195
Other Travel*	133	151	201	199	178	193	204
Total Direct Spending	2,014	2,276	2,605	2,434	2,234	2,310	2,398
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	790	874	1,038	873	807	868	907
Campground	67	75	81	83	74	71	78
Private Home	443	574	659	655	576	600	626
Vacation Home	32	35	39	44	42	43	46
Day Travel	549	568	586	579	557	534	538
Destination Spending	1,881	2,125	2,404	2,234	2,056	2,117	2,195
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	302	332	413	340	303	312	320
Food Service	413	483	538	495	489	507	524
Food Stores	109	109	107	108	112	102	103
Local Tran. & Gas	190	258	338	363	261	305	355
Arts, Ent. & Rec.	256	305	323	288	271	274	280
Retail Sales	481	488	488	443	449	429	422
Visitor Air Tran.	131	150	197	197	171	188	191
Destination Spending	1,881	2,125	2,404	2,234	2,056	2,117	2,195
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	236	270	307	294	281	282	295
Arts, Ent. & Rec.	102	122	136	126	119	118	118
Retail**	81	85	90	86	77	73	73
Ground Tran.	12	14	15	15	14	14	16
Visitor Air Tran.	5	5	10	12	12	12	13
Other Travel*	12	12	17	18	17	19	20
Total Direct Earnings	448	507	574	551	520	518	537
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	12,180	13,240	14,070	12,370	11,970	11,780	12,000
Arts, Ent. & Rec.	6,260	7,860	7,810	6,440	6,440	6,390	6,280
Retail**	3,220	3,220	3,290	3,170	2,810	2,640	2,580
Ground Tran.	400	420	420	440	380	370	390
Visitor Air Tran.	140	130	220	250	220	210	210
Other Travel*	390	330	420	410	360	340	360
Total Direct Employment	22,590	25,200	26,240	23,080	22,180	21,740	21,820
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	40.2	44.5	53.4	48.1	44.3	46.2	48.5
State Tax Receipts	70.6	79.3	87.6	79.7	76.1	80.4	87.2
Total Direct Gov't Revenue	110.9	123.8	141.0	127.8	120.4	126.5	135.7

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Pinal County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	256.5	322.7	407.6	461.0	425.0	470.8	506.8
Other Travel*	0.1	0.4	0.4	0.4	0.5	0.6	0.7
Total Direct Spending	256.6	323.1	408.0	461.4	425.6	471.3	507.4
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	48.9	51.9	63.5	68.9	59.5	67.3	77.2
Campground	16.3	18.5	19.7	18.8	16.4	15.5	18.5
Private Home	80.5	117.0	154.3	174.6	165.6	184.5	193.2
Vacation Home	39.5	47.0	61.4	78.2	75.9	84.3	89.6
Day Travel	71.3	88.2	108.7	120.5	107.6	119.1	128.2
Destination Spending	256.5	322.7	407.6	461.0	425.0	470.8	506.8
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	19.1	20.2	24.6	26.6	22.5	23.9	27.1
Food Service	57.9	75.2	96.9	113.1	113.9	125.9	132.5
Food Stores	24.5	28.2	34.6	44.4	45.1	48.1	51.6
Local Tran. & Gas	37.7	57.7	80.5	88.9	58.6	73.0	89.2
Arts, Ent. & Rec.	55.5	68.8	82.2	90.7	87.8	93.4	96.3
Retail Sales	61.8	72.6	88.7	97.4	97.2	106.4	110.1
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	256.5	322.7	407.6	461.0	425.0	470.8	506.8
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	25.0	31.0	39.5	49.5	48.7	48.6	52.5
Arts, Ent. & Rec.	24.1	30.5	38.6	44.9	43.9	43.4	43.9
Retail**	12.9	15.5	19.9	22.8	19.9	21.4	22.4
Ground Tran.	0.3	0.4	0.4	0.4	0.5	0.5	0.5
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.1	0.3	0.3	0.3	0.4	0.4	0.5
Total Direct Earnings	62.4	77.7	98.7	117.9	113.4	114.4	119.8
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	1,550	1,820	2,100	2,350	2,200	2,040	2,310
Arts, Ent. & Rec.	1,420	1,640	1,950	1,670	1,490	1,710	1,920
Retail**	570	640	800	890	760	790	810
Ground Tran.	10	10	10	10	10	10	10
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	0	20	10	10	10	20	20
Total Direct Employment	3,560	4,130	4,870	4,940	4,480	4,560	5,070
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	4.8	5.9	7.5	8.5	8.3	9.4	10.2
State Tax Receipts	10.3	12.8	15.7	16.8	16.2	18.2	20.0
Total Direct Gov't Revenue	15.1	18.8	23.2	25.4	24.5	27.5	30.2

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Santa Cruz County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	297.6	272.2	254.0	257.0	269.6	234.6	211.0
Other Travel*	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Direct Spending	297.7	272.3	254.1	257.0	269.6	234.7	211.1
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	27.9	32.6	38.8	42.4	30.8	40.0	33.1
Campground	4.5	5.3	5.9	5.9	5.3	5.2	4.6
Private Home	7.1	9.7	11.0	10.7	10.0	10.4	11.0
Vacation Home	1.0	1.1	1.3	1.4	1.3	1.4	1.5
Day Travel	257.1	223.5	197.1	196.6	222.2	177.7	160.8
Destination Spending	297.6	272.2	254.0	257.0	269.6	234.6	211.0
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	11.1	12.8	15.3	16.6	12.1	15.1	12.1
Food Service	35.0	33.9	34.1	34.7	35.3	33.6	29.5
Food Stores	120.1	103.5	90.0	90.6	103.1	81.0	73.2
Local Tran. & Gas	7.5	11.4	15.9	17.6	11.6	14.4	17.6
Arts, Ent. & Rec.	6.9	8.4	9.2	9.2	7.7	8.6	7.5
Retail Sales	117.0	102.2	89.5	88.4	99.8	81.7	71.2
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	297.6	272.2	254.0	257.0	269.6	234.6	211.0
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	14.9	15.0	15.6	17.6	16.4	16.9	14.8
Arts, Ent. & Rec.	3.3	3.9	4.5	4.7	4.0	4.4	3.7
Retail**	33.6	29.4	26.4	26.4	27.9	23.1	20.5
Ground Tran.	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.1	0.0	0.0	0.1	0.1	0.1	0.1
Total Direct Earnings	51.9	48.5	46.7	48.9	48.4	44.6	39.1
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	960	930	900	830	780	790	700
Arts, Ent. & Rec.	230	250	320	320	270	300	280
Retail**	1,290	1,090	910	860	910	700	620
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	0	0	0	0	0	0	0
Total Direct Employment	2,490	2,280	2,130	2,020	1,970	1,800	1,600
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	5.7	5.3	5.1	5.2	5.3	4.9	4.4
State Tax Receipts	9.4	8.7	8.2	8.2	8.6	8.1	7.7
Total Direct Gov't Revenue	15.1	14.0	13.3	13.4	13.8	13.0	12.0

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Yavapai County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	537.1	589.4	684.0	701.9	622.4	641.3	676.6
Other Travel*	3.2	1.9	1.0	1.4	1.3	0.8	0.6
Total Direct Spending	540.3	591.3	684.9	703.2	623.8	642.1	677.2
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	194.8	198.1	255.6	268.4	226.9	241.5	258.6
Campground	40.7	44.1	46.2	45.4	42.9	40.0	44.1
Private Home	73.7	100.2	114.2	111.7	100.4	101.9	105.5
Vacation Home	18.2	20.1	22.6	25.0	24.4	24.6	25.9
Day Travel	209.8	227.0	245.4	251.4	228.0	233.2	242.5
Destination Spending	537.1	589.4	684.0	701.9	622.4	641.3	676.6
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	79.6	81.5	109.8	115.7	95.2	99.1	106.0
Food Service	130.8	146.5	172.8	180.8	169.5	175.4	183.7
Food Stores	31.2	33.2	35.7	38.5	37.3	36.0	38.8
Local Tran. & Gas	23.5	35.9	50.0	55.3	36.4	45.4	55.4
Arts, Ent. & Rec.	149.9	165.6	177.4	176.7	157.3	156.5	159.9
Retail Sales	121.9	126.1	137.9	134.5	126.2	128.4	132.6
Visitor Air Tran.	0.2	0.6	0.3	0.3	0.6	0.4	0.1
Destination Spending	537.1	589.4	684.0	701.9	622.4	641.3	676.6
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	68.8	74.7	90.8	103.6	91.6	91.8	98.4
Arts, Ent. & Rec.	52.2	58.3	66.6	68.5	61.9	60.4	60.9
Retail**	20.3	21.6	24.5	24.8	21.3	21.5	22.6
Ground Tran.	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Visitor Air Tran.	0.0	0.1	0.2	0.3	0.4	0.5	0.5
Other Travel*	2.1	0.8	0.7	1.1	1.0	0.7	0.8
Total Direct Earnings	143.8	155.7	183.1	198.6	176.5	175.2	183.6
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	4,090	3,910	4,170	4,460	3,930	3,860	4,070
Arts, Ent. & Rec.	3,490	3,850	3,800	3,750	3,370	3,110	3,280
Retail**	870	870	980	980	850	830	850
Ground Tran.	10	10	10	10	10	10	10
Visitor Air Tran.	0	0	0	10	10	10	10
Other Travel*	90	30	30	30	30	20	20
Total Direct Employment	8,540	8,660	8,990	9,240	8,190	7,830	8,240
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	11.2	12.4	15.5	15.9	13.9	14.7	15.9
State Tax Receipts	15.4	18.9	23.4	23.7	21.0	22.4	24.9
Total Direct Gov't Revenue	26.7	31.3	38.8	39.6	35.0	37.1	40.8

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Yuma County
Travel Impacts, 2002-2011p

	2002	2004	2006	2008	2009	2010	2011p
Total Direct Travel Spending ($Million)							
Destination Spending	484.7	534.0	590.5	605.7	583.8	566.3	603.3
Other Travel*	4.4	6.0	10.1	13.8	14.1	14.1	13.0
Total Direct Spending	489.1	540.0	600.6	619.5	597.8	580.3	616.4
Visitor Spending by Type of Traveler Accommodation ($Million)							
Hotel, Motel	104.1	134.0	179.4	189.6	171.6	178.4	206.3
Campground	57.9	64.6	68.4	66.9	59.1	55.8	65.7
Private Home	69.9	94.2	106.9	107.3	100.9	105.2	109.1
Vacation Home	35.3	38.8	43.3	48.3	46.5	48.5	51.2
Day Travel	217.5	202.3	192.5	193.6	205.6	178.3	171.0
Destination Spending	484.7	534.0	590.5	605.7	583.8	566.3	603.3
Visitor Spending by Commodity Purchased ($Million)							
Accommodations	33.4	40.8	56.1	58.7	54.1	53.2	60.9
Food Service	77.2	90.8	104.1	107.5	110.5	110.1	117.5
Food Stores	84.6	79.4	75.4	79.1	85.0	74.0	74.5
Local Tran. & Gas	29.4	45.0	62.8	69.3	45.7	56.9	69.5
Arts, Ent. & Rec.	96.4	117.9	134.7	133.3	120.6	119.8	132.3
Retail Sales	158.4	152.5	147.7	144.7	155.3	139.5	136.3
Visitor Air Tran.	5.3	7.6	9.8	13.0	12.6	12.8	12.3
Destination Spending	484.7	534.0	590.5	605.7	583.8	566.3	603.3
Industry Earnings Generated by Travel Spending ($Million)							
Accom. & Food Serv.	34.7	41.4	49.7	56.0	58.3	59.9	66.4
Arts, Ent. & Rec.	35.2	43.2	51.5	52.7	49.1	47.8	51.4
Retail**	34.9	34.0	34.4	35.1	33.9	30.7	30.4
Ground Tran.	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Visitor Air Tran.	0.4	2.9	0.2	0.3	0.6	0.7	0.7
Other Travel*	0.7	2.4	0.5	0.6	1.0	1.1	1.2
Total Direct Earnings	106.0	124.3	136.7	145.0	143.3	140.6	150.6
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	2,090	2,350	2,630	2,700	2,760	2,750	3,060
Arts, Ent. & Rec.	2,120	2,270	2,450	2,110	2,000	2,060	2,190
Retail**	1,390	1,240	1,270	1,240	1,190	1,070	1,030
Ground Tran.	10	10	10	10	10	10	10
Visitor Air Tran.	10	60	10	10	10	10	10
Other Travel*	20	60	20	20	30	30	30
Total Direct Employment	5,630	5,990	6,390	6,090	6,000	5,920	6,330
Government Revenue Generated by Travel Spending ($Million)							
Local Tax Receipts	11.6	12.6	14.2	14.4	14.6	14.1	15.2
State Tax Receipts	16.2	19.3	22.2	22.1	21.8	22.0	24.4
Total Direct Gov't Revenue	27.8	31.9	36.4	36.5	36.4	36.1	39.6

Details may not add to totals due to rounding.
*Other Travel includes resident air travel and travel agencies. **Retail includes gasoline.

Appendices

Appendix A. Regional Travel Impact Model

Appendix B. Travel Industry Accounts: A comparison of the Regional Travel Impact Model and Travel & Tourism Satellite Accounts

Appendix C. Arizona Earnings and Employment by Industry Sector

Appendix D. Secondary Impacts Industry Groups

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REGIONAL TRAVEL IMPACT MODEL

This appendix provides a brief overview of methodology, terminology and limitations of these impact estimates. The various appendices in this report provide greater detail for many of these topics.

DIRECT IMPACTS

The estimates of the direct impacts associated with traveler spending in Arizona were produced using the Regional Travel Impact Model (RTIM) developed by Dean Runyan Associates. The input data used to detail the economic impacts of the Arizona travel industry were gathered from various local, state and federal sources.

Travel impacts consist of estimates of travel spending and the employment, earnings and tax receipts generated by this spending. These estimates are also broken out by type of traveler accommodation and by the type of business in which the expenditures occur. A description of RTIM methodology is included in Appendices A and B.

SECONDARY (INDIRECT AND INDUCED) IMPACTS

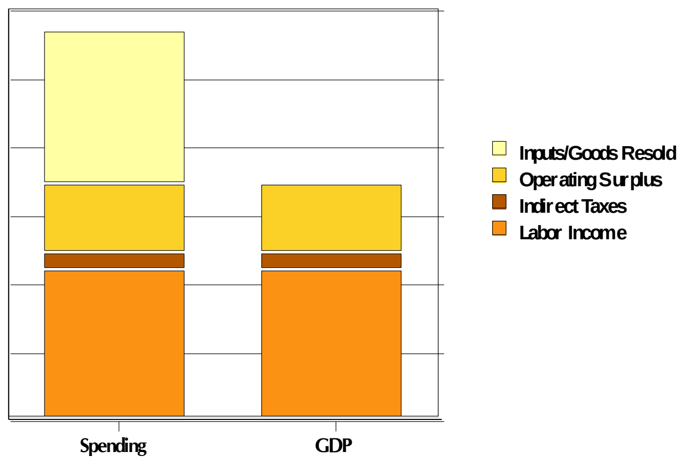
Direct impacts are reported for all counties within Arizona. Secondary employment and earnings impacts over and above direct impacts are reported at the state level only for the year 2009. These indirect and induced impacts are generated from the direct impacts produced by the RTIM, discussed above, and an input-output model of the Arizona economy prepared by the Minnesota IMPLAN Group, Inc. Indirect impacts represent the purchases of goods and services from other firms by businesses that directly receive expenditures from travelers. Hotels, for example, purchase maintenance services from independent contractors. Induced impacts represent the purchase of goods and services by employees whose earnings are in part derived from travel expenditures. The sum of the direct, indirect and induced impacts equals the total impact of all spending by visitors in the state. The "multiplier" refers to the ratio of the total impacts to the direct impacts for employment or earnings.

GROSS DOMESTIC PRODUCT

An estimate of the Gross Domestic Product (GDP) of the Arizona travel industry based on the RTIM direct travel impacts is also provided in this report. The GDP of an industry is equal to gross output (sales or receipts) minus intermediate inputs (the goods and services purchased from other industries). GDP is always less than output or sales because GDP measures only the "value added" of an industry and does not include the cost of the inputs that are also necessary to produce a good or service. GDP is a useful concept because it permits comparisons of the economic contributions of different industries.

The relationship between spending and gross domestic product is illustrated in the figure below. Examples of inputs are the food or accounting services that restaurants purchase from suppliers. "Goods resold" are the commodities that retail establishments purchase from manufacturers or wholesale trade businesses and resell with a markup. These inputs or goods are not counted as the GDP of the restaurant or retail industry because their value was created in other industries (agriculture, accounting, manufacturing).

Relationship Between Spending and Gross Domestic Product



It is for this reason that "travel spending" – as measured from surveys of visitors – is not the best measure of the travel industry's real economic contribution. This is because some visitor spending is actually counted as the GDP of other industries (e.g., agriculture, accounting, manufacturing). Furthermore, these other industries may or may not be located within the geographic area of interest. If the farm were located within the region of interest, then the GDP of the local farm would be included as an indirect or secondary effect. If not (e.g., a manufacturing firm in another state or country), then that part of GDP is not counted.

The preceding graph also shows the three main components of GDP. For most industries, labor income (essentially equivalent to earnings in this report) is the primary component of GDP. This is true of the travel industry. A second component is the tax payments that businesses make to government, such as sales, excise and property taxes. In the case of sales taxes, businesses are essentially a collection agency for the government. The final component, operating surplus, represents the income and payments (e.g., dividends, interest) to other stakeholders of the firm.

The concept of GDP also illustrates that with small geographic units of analysis (e.g., counties), earnings, employment, and tax revenues are the best measures of the economic value of the travel industry to the local economy. Small area measures of GDP are less reliable and much of the operating surplus may leak out of the local economy anyway. Indirect effects are also generally less in smaller economies.

Comparison with other Export-Oriented Industries

Export-oriented industries are those industries that primarily market their products and services to other regions, states or nations. Agriculture, mining, and manufacturing are the best examples of export-oriented industries. Clearly, there are cases in each of these three sectors where the products are sold within the local or regional market. Nonetheless, in general most businesses within these industries depend on export markets. The travel industry is also an export-oriented industry because goods and services are sold to *visitors*, rather than residents. The travel industry injects money into the local economy, as do the exports of other industries.

Exports are not necessarily more important than locally traded goods and services. However, diverse export-oriented industries in any economy are a source of strength – in part because they generate income that contributes to the development of other local services and amenities. Such industries characterize the "comparative advantage" of the local economy within larger regional, national and global markets.

For the purposes of this report, we have defined five major export-oriented industries in Arizona.

- **Aerospace**. This industry comprises establishments engaged in aerospace product and parts manufacturing.
- **Microelectronics**. This industry includes establishments that manufacture computers, communications equipment and similar products and components that utilize integrated circuits. This is the largest manufacturing subsector (NAICS 334).
- **Food**. The food group encompasses parts of two major industry categories: agriculture, and food manufacturing or processing.
- **Mining**. This industry is comprised primarily of copper mining companies.
- **Travel**. A portion of the transportation, retail, leisure, and hospitality industries as estimated in this report.

These industries are compared in terms of earnings and GDP in order to illustrate the significance of the travel industry in the larger economy. This type of comparison is more meaningful for the travel industry than comparisons with non-export oriented industries (e.g., health care, retail trade, government) where industry growth is largely a function of population and demographic factors. See Appendix C for a list of Arizona industries.

Travel Related Construction Activity

Investment in the infrastructure of the travel industry represents another aspect of the travel economy. In the short term, such investments provide employment in the construction trades and architectural professions. In the longer term, investments in accommodations, attractions and other facilities serve to maintain and enhance Arizona's share of the visitor market. The statewide estimate of travel related construction activity is based on McGraw-Hill Dodge Construction statistics.

Preliminary Estimates

Preliminary estimates for 2011 were prepared at the state and county level. These estimates take advantage of the most current available data. These estimates are subject to subsequent revision as additional information relating to travel and its economic impact in 2011 becomes available.

Statewide Tax Impacts

As with last year's report, the sum of travel-generated state and local tax revenues at the county level is less than the statewide estimate of state and local tax revenues. This is because property taxes and the sales tax revenues attributable to the spending of travel industry employees are included at the statewide level. Data limitations do not permit the estimate of these taxes at the county level.

Types of Travel Impacts Included

Most of the travel that occurs in Arizona is included in the scope of this analysis. The purpose of such travel can be for business, pleasure, shopping, to attend meetings, or for personal, medical or educational purposes. All trips to Arizona by U.S. residents and foreign visitors are included. The travel of Arizona residents to other destinations within Arizona is included, provided that it is neither commuting nor other routine travel. Travel to non-Arizona destinations by Arizona residents is not included as a component of visitor spending. Outbound air travel impacts and spending on travel arrangement services are included in the "Other Travel" category.

The impacts associated with both overnight and day travel are included if the travelers remain at the destination overnight or the destination is over 50 miles, one-way, from the traveler's home. These definitions are used to screen and, if necessary, to interpret and adjust local data used for travel impact measurements. The most conservative interpretation is employed where data limitations cause deviations from the above definition.

Transportation Impacts

The focus of this analysis is on the destination-specific impacts of visitors. This is straightforward with respect to the spending on commodities such as accommodations, food services, recreation and retail purchases. It is less obvious with respect to ground and air transportation services, in that transportation provides a link between an origin and destination. In this report, the impacts related to spending on transportation are allocated to the location (i.e., county) in which those spending impacts occur, regardless of whether that location is the ultimate destination of the visitor. For this reason, urban counties will tend to have relatively greater transportation impacts even though some of that spending on transportation will be related to visits at other destinations.

Impact Categories

The specific categories of travel impacts included in this analysis are as follows:

Impact Category	Description
Expenditures	Purchases by travelers during their trip, including lodging taxes and other applicable local and state taxes, paid by the traveler at the point of sale.
Earnings	The earnings (wage and salary disbursements, earned benefits and proprietor income) of employees and owners of businesses that receive travel expenditures. Only the earnings attributable to travel expenditures are included; this typically is only a portion of all business receipts.
Employment	Employment associated with the above earnings; this includes both full- and part-time positions of wage and salary workers and proprietors.
Local Tax Receipts	Tax receipts collected by counties and municipalities, as levied on applicable travel-related purchases, including lodging, food and beverage service, retail goods and auto rental. The local share of the state transaction privilege tax is also included in this category. Property taxes are included for the statewide total. They are not included for county level estimates.
State Tax Receipts	The state share of the transaction privilege tax, personal and business income taxes, motor fuel tax and contributions from tribal gaming revenue is included in state tax receipts. Also included at the state level only is an estimate of the sales tax payments associated with travel industry earnings.

VISITOR CATEGORIES

Travelers are classified according to the type of accommodation in which they stay. The types of visitors are as follows:

Type of Visitor	Description
Hotel/Motel	Travelers staying in hotels, motels, resorts, bed & breakfast establishments, and other commercial accommodations, excluding campgrounds, where a transient lodging tax is collected.
Campground	Travelers staying in a privately owned (i.e., commercial) or publicly managed campgrounds.
Private Home	Travelers staying as guests with friends or relatives.
Vacation Home	Travelers using their own vacation home or timeshare and those borrowing or renting a vacation home where a transient lodging tax is not collected.
Day Visitor	Both in-state and out-of-state residents whose trip does not include an overnight stay at a destination in Arizona.

REPORTING FORMAT

A description of the headings and categories of the detailed direct impact tables is provided below.

- *Total Direct Travel Spending* includes the total visitor spending at destination, described above, plus spending on travel agencies and resident air travel (other spending). Total direct travel spending does not include secondary (indirect and induced) effects.
- *Visitor Spending by Type of Traveler Accommodation* refers to the total direct spending of each category of visitor at that destination (county or state). For example, the spending of visitors that stayed at hotels or motels includes their spending on accommodations, food & beverage service, recreation, transportation and all other visitor related commodities.
- *Visitor Spending by Commodity Purchased* refers to the total spending on each commodity for all types of visitors. For example, the total spending on Food & Beverage Services includes spending by visitors staying in hotels, private campgrounds, private homes and the other types of accommodation. The total spending on commodities is identical to the total spending by type of accommodation.

The next two sections, *Travel-Generated Earnings and Employment by Industry,* provide estimates of travel-generated earnings and employment that are based on an industry, rather than a commodity, classification. A business that is classified in a particular industry may include more than one commodity. For example, a resort that is classified in the accommodation industry may provide accommodations, food and beverages, and recreation.

- *Industry Earnings Generated by Travel Spending* includes the payroll, other earned benefits and proprietor income of all employees in that industry classification.
- *Industry Employment Generated by Travel Spending* includes all full- and part-time employees. This includes payroll employees covered by unemployment insurance and those that are not, as well as proprietors.

The final section provides an estimate of tax receipts generated by travel spending.

- *Tax Revenues Generated by Travel Spending* provides a breakout of local, state and federal tax receipts at the state level, and local and state tax receipts at the county level. Local taxes include all city and county room taxes, sales taxes, auto rental taxes and the city/county share of the state transaction privilege tax. Passenger facility charges (a fee added to passenger air tickets) attributable to visitors that traveled by air are also included for counties with airports. The state share of the transaction privilege tax, personal and business income taxes, motor fuel tax and contributions from tribal gaming revenue are included in state tax receipts. Federal taxes include income and payroll taxes, the motor fuel excise tax and airline ticket taxes.

INTERPRETATION OF IMPACT ESTIMATES

Users of this report should be aware of several issues regarding the interpretation of the impact estimates contained herein.

- The monetary estimates in this report are generally expressed in *current* dollars. There is no adjustment for inflation unless noted.
- The employment estimates in this report are estimates of the total number of full- and part-time jobs (positions) directly generated by travel spending, rather than the number of individuals employed. Both payroll jobs and self-employment are included in these estimates. Caution should therefore be used in comparing these estimates with other employment data series.
- In general, estimates of small geographic areas (e.g., rural counties) are less reliable than estimates for regions or metropolitan counties. Trend analysis and comparisons of counties with relatively low levels of travel-related economic activity should therefore be interpreted cautiously.
- The estimates of travel impacts published in this report will necessarily differ somewhat from estimates generated from different models, methodologies and data sources. Nonetheless, it should be emphasized that all credible estimates of direct travel impacts at the state level, including those of Dean Runyan Associates, are of similar magnitude.

TRAVEL INDUSTRY ACCOUNTS: A COMPARISON OF THE REGIONAL TRAVEL IMPACT MODEL AND TRAVEL & TOURISM SATELLITE ACCOUNTS

An economic account is a method for displaying inter-related information about a set of economic activities. A travel industry account is a method to report different types of related information about the purchase of goods and services by visitors. The Bureau of Economic Analysis (BEA), which now provides annual and quarterly estimates of travel and tourism at the national level describes a Travel and Tourism Satellite Account (TTSA) as "present(ing) a rearrangement of information from the National Income and Product Accounts, from the industry accounts, and from other sources so that travel and tourism activities can be analyzed more completely than is possible in the structure of the traditional national economic accounts."[1] Similarly, the RTIM has been developed by Dean Runyan Associates to estimate travel spending, earnings, employment, and tax receipts at the state, county, and regional levels. These initial findings can, in turn, be used as input data for deriving estimates of other economic measures, such as value-added and indirect effects.

This appendix provides an overview of the Regional Travel Impact Model (RTIM) and travel and tourism satellite accounts (TTSAs). Although there is no single or absolute form of a TTSA, the one developed by the Bureau of Economic Analysis (BEA) will be the basis of the analysis here. The definitions, framework, and estimating methods used for the U.S. BEA TTSA follow, as closely as is practicable, the guidelines for similar travel satellite accounts that were developed by the World Tourism Organization (WTO) and the Organization for Economic Co-operation and Development (OECD).

The primary focus is on the direct impacts of visitor spending. Visitors are defined as persons that stay overnight away from home, or travel more than fifty miles one-way on a non-routine trip. Only the expenditures related to specific trips are counted as visitor spending. Other travel related expenditures such as the consumption of durable goods (e.g., recreational vehicles or sporting equipment) or the purchase of vacation homes are not considered.

While such a definition of the travel industry (i.e., the trip related expenditures of visitors) is conservative, it is also in keeping with the notion of the travel industry as being an export-oriented industry for specific local communities. That is, visitors are important to regions because they inject money into the local economy. This focus on the export-oriented nature of the travel industry for local communities becomes blurred if the industry is defined so as to include non-trip related expenditures.

PRIMARY CONCEPTS, CATEGORIES & DATA REQUIREMENTS

[1] Peter D. Kuhbach, Mark A. Planting, and Erich H. Strassner, "U.S. Travel and Tourism Satellite Accounts for 1998-2003," Survey of Current Business 84 (September 2004): 43-59.

There are three primary types of information that are measured and/or estimated in a travel industry account. The first is a measure of the ***travel industry*** in terms of both the characteristics of the business firms that sell travel goods and services and the characteristics of consumers that purchase travel industry goods and services. The second is measure of the ***demand segments*** that consume travel industry goods and services. For example, the distinction between business and leisure travel is a measure of demand segments. The third is a measure of the ***components of economic output*** associated with the travel industry. The employee earnings generated by visitor spending is one such component. Travel-generated tax receipts are another. These three categories of information represent different aspects of the accounting ledger – they represent different ways of viewing or analyzing the travel industry.

The bulk of this paper will discuss these three types of information in terms of their conceptual foundations, the data requirements, and some of the more salient issues that users of this information should be aware of. There will also be some discussion of ***indirect and induced effects*** in that these effects can be reasonably estimated from the direct travel industry accounts. These secondary (versus direct) effects describe the relationship of the travel industry to other sectors of the larger economy.

The intent of this discussion will be to provide a general overview of the process of constructing travel industry accounts and the underlying similarity between the RTIM and a TTSA. More technical issues are generally placed in footnotes.

TRAVEL INDUSTRY

Defining the travel industry is probably the most critical and data intensive effort involved in developing a travel industry account. It is an exercise in matching supply (sellers of goods and services) with demand (the travelers that purchase those particular goods and services). It is complicated by the fact that no single industrial classification scheme provides a valid measure of the travel industry.[2] There are only three significant industrial classifications, accommodations (NAICS 721) and Scheduled Passenger Air Transportation (NAICS 481111) and Travel Arrangement and Reservation Services (NAICS 5615) that *primarily* sell travel industry goods and services.[3] Firms in other industries (retail, recreation, transportation) provide goods and services to both travelers and other types of consumers.

Because of this, most satellite accounts, as well as the RTIM, incorporate at least some information about the expenditures of visitors in order to define the supply of visitor industry firms. For example, if there is an estimate of visitor-days and an estimate of how much the average visitor spends on food services per day, then an estimate of visitor

[2] The North American Industrial Classification System (NAICS) is the current standard in the United States.

[3] Even these industries are not purely travel. For example, the accommodations industry provides services to local residents (food service and meeting rooms). Passenger airlines also ship cargo on the same planes that carry passengers. Fortunately, it is usually possible to make adjustments for these non-travel components through the use of additional data.

spending on food services can be calculated. In most cases, this will be only a fraction of all food service sales in that residents are a larger market for most restaurants.[4]

The industry sectors that are usually matched to visitor spending in this way are: accommodations (NAICS 721), food service (722), arts, entertainment and recreation (71), and retail trade (44-45). A portion of transportation business is also part of the travel industry for obvious reasons.

In the case of the transportation sector, the definition and measurement of the travel industry component is more complicated because most transportation spending by visitors involves travel to and from the destination, rather than travel at or within the destination market. This is not an issue if the geographic scope of the travel industry market includes the origin and destination of travel. National travel industry accounts thus include all domestic passenger air transportation in the travel industry. The issue is more complicated at the state or regional level, however. Suppose, for example, that the focus of a travel industry account is the state of Arizona. How should the purchase of a round trip airline ticket by a Chicago resident traveling to Phoenix be treated in that only some of the economic impact of this spending will occur in Arizona? A reasonable approach would be to allocate only a portion of this spending (and related payroll, taxes, etc.) to Arizona and ignore the remainder for the purpose of creating a travel industry account for Arizona. However, if this procedure were followed for every state, the sum of the state accounts would be less than the national travel account. The state accounts would be additive if outbound air travel from each state were included. However, this is methodologically inconsistent with the construction of a national account, which does not include outbound travel as a component of domestic tourism demand. The approach used in the RTIM is to make a distinction between the *visitor industry*, that includes only visitor demand, and the *travel industry*, which includes visitor demand and that portion of outbound travel that can be attributed to the resident economy. For example, the passenger air transportation employment in Arizona can be divided between three groups of travelers: inbound, outbound, and pass-through. Only that employment attributable to inbound travel is part of the Arizona *visitor industry*. Employment attributable to outbound and pass-through travelers is included with the larger *travel industry*.[5]

The following two tables display the specific industries that are included in the travel industry for the BEA's national TTSA and the RTIM. Although not identical, the industries are equivalent with only a few exceptions.[6]

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[4] The proportion can vary enormously among regions and localities, however. In many popular visitor destinations, the primary market for food service will be visitors. It should also be noted that even with reliable visitor survey data, there is still the issue of how to translate spending on food service *commodities* to the supply of food service by *industry*. As indicated in the footnote above, food service is also supplied by the accommodation industry.

[5] The same issue arises with Travel agencies and reservation services (NAICS 5615). Most of these services are probably related to outbound travel and are treated as such in the RTIM.

[6] The major exception is that the BEA includes the production of consumer non-durables that are sold through retail outlets. This is not a major component and would be even less so at the level of the state.

Bureau of Economic Analysis Tourism Industries
Distribution of Travel-Generated Compensation
in United States, 2007

Accommodation & Food Services	**38.1%**
Traveler accommodations	21.5%
Food services and drinking places	16.6%
Transportation	**23.3%**
Air transportation	15.4%
Rail transportation	0.4%
Water transportation	1.2%
Interurban bus transportation	0.3%
Interurban charter bus transportation	0.2%
Urban transit systems & other tran.	1.7%
Taxi service	1.0%
Automotive equipment rental & leasing	2.0%
Automotive repair services	0.8%
Parking lots and garages	0.2%
Toll highways	0.1%
Recreation	**11.2%**
Scenic and sightseeing transportation	0.4%
Motion pictures and performing arts	1.1%
Spectator sports	2.3%
Participant sports	2.4%
Gambling	3.0%
All other recreation and entertainment	2.0%
Retail & Nondurable Goods Production	**16.2%**
Petroleum refineries	0.6%
Industries producing nondurable PCE commodities, excluding petroleum refineries	4.4%
Wholesale trade & tran. services	4.2%
Gasoline service stations	1.3%
Retail trade services, excluding gasoline service stations	5.8%
Travel Arrangement	**7.3%**
All other industries	**2.2%**
Total Tourism Compensation	**100.0%**

Source: Adapted from Eric S. Griffith and Steven L. Zemanek, "U.S. Travel and Tourism Satellite Accounts for 2005-2008," Survey of Current Business (June 2009): 37, table 6.

RTIM Travel Impact Industries Matched to NAICS

Travel Impact Industry	NAICS Industry (code)
Accommodation & Food Services	
	Accommodation (721)
	Food Services and Drinking Places (722)
Arts, Entertainment & Recreation	
	Performing Arts, Spectator Sports (711)
	Museums (712)
	Amusement, Gambling (713)
	Scenic and Sightseeing Transportation (487)
Retail	
	Food & Beverage Stores (445)
	Gasoline Stations (447)
	Clothing and Clothing Accessories Stores (448)
	Sporting Goods, Hobby, Book, and Music Stores (451)
	General Merchandise Stores (452)
	Miscellaneous Store Retailers (453)
Ground Transportation	
	Interurban and rural bus transportation (4852)
	Taxi and Limousine Service (4853)
	Charter Bus Industry (4855)
	Passenger Car Rental (532111)
	Parking Lots and Garages (812930)
Air Transportation	
	Scheduled Air Passenger Transportation (481111)
	Support Activities for Air Transportation (4881)
Travel Arrangement Services	
	Travel Agencies (56151)
	Tour Operators (56152)

Source: Dean Runyan Associates

DEMAND SEGMENTS

The distinction between inbound and outbound travel has already been discussed in the previous section and in terms of the concepts of the *visitor industry* and the *travel industry*. Three other types of demand segments that are related exclusively to the *visitor industry* will be discussed here. The first two demand categories are reported by the BEA in their national TTSA. They are: ***leisure versus business travel***, and ***resident versus non-resident travel***. The third demand category is typically reported in the RTIM: ***type of traveler accommodation***. These three demand categories will be discussed in turn.

The distinction between ***leisure versus business travel*** is useful for several reasons. Economists like to distinguish between personal consumption expenditures on the one hand and business expenditures on the other. Indeed, this distinction is central for the National Income and Product Accounts (NIPAs). Those in the travel industry are more likely to be interested in this distinction because leisure travelers represent a more "marketable" segment because their travel choices are less determined by economic and business factors. Furthermore, business and leisure travelers tend to have different spending profiles. The availability of this information in either a state or regional TTSA or RTIM is essentially dependent on the availability of survey data (as it is at the national level). It should be noted, however, that such estimates are considerably less reliable for smaller geographic areas because of the limitations of survey data. Even at the state level, year-to-year changes in the composition of this demand segment should be interpreted in conjunction with other data.

The distinction between ***resident versus non-resident travel*** is fundamental to a national TTSA because it mirrors the distinction between the domestic economy and international transactions. Non-resident travel in the United States is considered an export in the official international transaction accounts.[7] The distinction is obviously also important because it is based on different political, legal, and currency regimes – factors that in themselves influence travel behavior. At the level of the state or region, the distinction between resident and nonresident travel is less important, although it is often reported.[8] There are at least two reasons why this distinction is less useful at state and regional levels.

First, there is considerably less of an economic rationale for distinguishing resident and non-resident travel at the level of the state, or any other political jurisdiction within the United States, than there is at the national level. States do not maintain interstate trade balance sheets that chart the flow of goods and services across state boundaries. From an economic point of view, the administration of the tax system is the primary, if only, reason for this distinction. In the case of travel and tourism, the evaluation of the tax impacts of resident versus nonresident travel might also be important.[9]

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[7] Conversely, the spending of U.S. visitors in other countries is treated as an import in the international transaction accounts.

[8] The issues discussed with regard to the reliability of survey data for leisure versus business travel also applies to this category

[9] Nonresident visitors who pay taxes in their destination state represent an unambiguous gain for the state. This effect is less clear for resident travelers within the state.

Second, travel is behaviorally defined by length of distance from home (usually at least 50 miles one-way), trip purpose (non-routine), and/or the use of an overnight accommodation away from home. Rarely is domestic travel defined by virtue of crossing a geographic boundary.[10] The operators of tourist attractions in local communities are generally less interested in the origin of visitors than in the revenue that they generate for their businesses. In terms of the economic impacts at the *local* level, the distinction between in-state residents, out-of-state residents and international visitors may not be relevant other than for the purpose of marketing. However, other geographic characteristics of the visitor (e.g., distance traveled, the specific area of origin) are generally more useful measures of the visitor market than whether the visitor is a resident or nonresident.

Finally, the distinction among different ***types of traveler accommodations*** is generally reported in the RTIM. Typically, these categories are:

- Visitors who stay in hotels, motels, B&Bs., and similar lodging facilities
- Visitors who stay at campsites
- Visitors who stay in the private homes of friends or relatives
- Visitors who stay in vacation or second homes
- Visitors who do not stay in overnight accommodations on their trip away from home (day visitors).

These distinctions can be useful because estimates of economic impacts are often used for different purposes. The total of all accommodation types, of course, is an estimate of the total magnitude of the visitor industry. Visitors who stay in commercial lodging such as hotels and motels are most likely to have the greatest economic impact on a person-day basis. These visitors are also more likely to be influenced by marketing efforts. In urban areas, a large proportion will represent business travel. In other words, the type of accommodation category can be used in conjunction with other types of data to analyze the market characteristics of visitors.

[10] In essence, state level travel impact estimates really represent an aggregation of smaller geographic units, such as counties or regions. Populous states with large landmasses (e.g., California or Texas) will have a higher proportion of resident travel than small states (e.g., Rhode Island or Delaware).

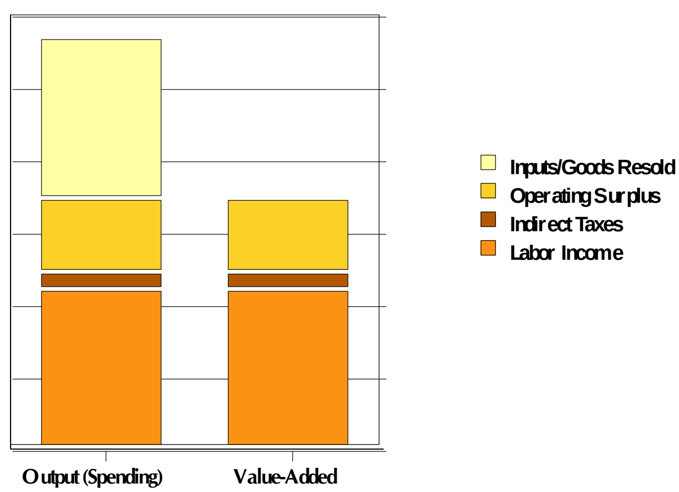
Components of Industry Output

Because both the RTIM and the TTSA are empirically linked to NAICS industry accounts, it is possible to provide estimates of different components of economic output. The major economic components most often estimated are:[11]

- Travel spending (Gross Output)
- Value-added (Gross Product)
- Earnings (labor income)
- Indirect business taxes (sales, excise, property taxes & fees).

The relationship of these components is shown below. As indicated, the value-added of a particular industry (the bar on the right) is equal to gross output (travel spending) minus the intermediate inputs used by travel industry businesses to produce the good or service. Restaurants, for example, prepare and serve the food products that are purchased from suppliers. Airlines purchase or lease airplanes from other firms. These intermediate inputs are not counted as part of the value-added of the travel industry. They are counted as value-added in other industries (e.g., agriculture, aerospace manufacturing).

Components of Industry Output



The distinction between gross output and value-added is probably even more important at the state or regional level. This is because the intermediate inputs that are purchased from other industries are even more likely to be purchased from businesses located in different regions or states. The economic impact of air passenger travel in the state of Hawaii should not include the purchase of airplanes manufactured in the United States mainland

[11] There are some small differences between the BEA TTSA and the RTIM in what these components include. The BEA allocates proprietor income to Operating Surplus; the RTIM allocates it to Labor Income. The RTIM does not have an estimate of property taxes in indirect taxes. Overall, property taxes on businesses are a relatively small proportion of indirect taxes.

by Boeing or in Europe by Airbus. Travel industry value-added is a more meaningful measure of the true economic impact visitor spending in Hawaii because some of economic impact of that spending will occur elsewhere.[12]

Value-added can also be viewed in terms of the distribution or payout of industry receipts, exclusive of those paid to other firms for intermediate inputs. Some of the receipts are distributed to labor as wages, benefits, and proprietor income. Some receipts are paid to government as indirect taxes. These taxes are called "indirect" because most of them are actually paid by consumers in the form of sales or excise taxes.[13] The remainder leaves gross operating surplus. Out of gross operating surplus various payments are made in the form of dividends, interest, and other payments, or retained by the firm. The sum of these three broad categories of payments is equal to travel industry value-added. To summarize:

Value-added = Spending *less* intermediate goods & services, or

Value-added = Labor Income *plus* indirect business taxes *plus* gross operating surplus.

The RTIM is similar to the TTSA in that it also provides estimates of these components of economic output. Travel spending, earnings, and tax impacts are generally provided at the state or regional level. Value-added is generally reported at the state-level only (sometimes referred to as Travel Industry Gross Domestic Product). At the level of the state, travel industry value-added or GDP is an important measure – more economically meaningful than travel spending.[14] For smaller geographic areas, however, the rationale for reporting value-added is less clear. First, there are real data limitations and data costs in deriving these estimates. Second, ***the most important components of value added for the travel industry are earnings and tax revenue***. Because the travel industry is relatively labor intensive and because a large proportion of travel industry goods and services are subject to excise and sales taxes, these two components of value-added (labor income and indirect taxes) are relatively high for the travel industry. The local effects of gross operating surplus are generally less important and certainly much more difficult to assess than are earnings and tax impacts. The relevance of earnings and tax receipts is also in keeping the export-oriented emphasis of the travel industry: earnings and tax receipts are more likely to stay in the local economy than is operating surplus.

[12] It should also be noted the value of the intermediate inputs used by travel industry firms will not necessarily disappear if the travel industry stops buying them. Aerospace firms will shift their production to other users (e.g., military). Agriculture will seek new markets for their products.

[13] Other taxes included here are property taxes, business franchise taxes, and other fees. Income taxes are not included, because they are paid out of operating surplus.

[14] It is also possible to compare different industries with respect to their value-added. It is more difficult and less useful to compare industries on the basis of sales.

INDIRECT, INDUCED AND SECONDARY EFFECTS

To this point, the discussion of travel industry accounts has referred only to the direct output components. That is, the ripple effects of the re-spending of travel industry receipts throughout the larger economy have not been analyzed. The structure of both the TTSA and the RTIM permit such analysis.

- **Indirect** effects refer to the intermediate inputs used to produce the final product or service, providing that those inputs are themselves produced within the designated geographic area.
- **Induced** effects refer to the purchase of goods and services by *employees* that are attributable to direct and indirect impacts. These induced impacts are derived from economic data that describe the purchasing patterns of households. For example, employees of all the designated export-oriented industries will spend their income on food, household durables, health care, and so on.
- The sum of indirect and induced impacts is sometimes referred to as the **secondary** effect. These secondary impacts may be as great or greater than the direct impact alone.
- The ratio of the total effects (direct plus either indirect, induced, or secondary) to the direct effects is the **multiplier**.

The BEA reports the **indirect** components of economic output. This is equivalent to domestic travel spending less the goods and services imported from abroad to meet domestic demand. For travel, these imports would include souvenirs manufactured in China and petroleum extracted in Saudi Arabia. The indirect output multiplier for 2002 was 1.76. The ratio of domestic travel spending to travel industry value-added was 1.88. The difference reflects the intermediate inputs for travel imported from abroad.

At the state level, these indirect output multipliers are typically lower because relatively more of the intermediate inputs are purchased from outside of the state. At the county or metropolitan level, the multipliers are generally even lower for the same reason. Furthermore, the estimates are usually less reliable because of the data limitations of the regional input-output model used to estimate the indirect effects.

The BEA does not report **induced** effects – the effect of household spending of the direct and indirect labor income. Typically, these induced effects will be larger than the indirect effects at the state or regional level, in part because they are based on both the direct and indirect components.[15] As with indirect effects, the induced effects will also tend to be lower for smaller economic areas and the reliability of the estimates will be less.

Secondary effects should be interpreted cautiously. These effects describe the relationship of economic transactions at a point in time. These relationships will not necessarily remain constant with a change in direct economic output. This is because all economic resources have alternative uses. Because of this, it is often difficult to determine the effect of an increase or decrease in visitor spending on the larger economic system over time.

[15] The induced effects can be estimated with the Implan model maintained by the Minnesota Implan Group.

THE REGIONAL TRAVEL IMPACT MODEL AND TRAVEL & TOURISM SATELLITE ACCOUNTS COMPARED

This appendix has provided an overview of Dean Runyan Associates RTIM and the Bureau of Economic Analysis' domestic TTSA. These travel industry accounts are similar in terms of how they define the travel industry and the measures of the industry that are reported. The differences stem largely from their different levels of analysis – the BEA provides estimates at the national level only, while the RTIM's are typically constructed on a state or regional level. Because of this geographic focus, the RTIM provides a distinction between the visitor industry and the travel industry. The RTIM also provides measures of all of the components of economic output and secondary effects at the state or large region level. At smaller units of analysis, however, the emphasis is on earnings and tax receipts generated by travel spending as these are the most reliable and meaningful measures of the economic impact of travel at the local level.

Arizona Earnings and Employment by Industry Sector, 2010

Industry Sector	Earnings ($Billion)	Percent of Total	Employment (Thousand)	Percent of Total
Primarily Export-Oriented	**15.1**	**9.9%**	**219**	**6.9%**
Agriculture, Forestry, Fishing and related	1.2	0.8%	42	1.3%
Mining	1.0	0.7%	17	0.5%
Manufacturing	12.9	8.4%	161	5.0%
***Travel*	4.7	*3.1%*	152	*4.8%*
Primarily Non Export-Oriented	**78.8**	**51.5%**	**1,725**	**53.9%**
Construction	8.7	5.7%	162	5.1%
Utilities	1.6	1.0%	12	0.4%
Wholesale trade	8.1	5.3%	109	3.4%
Retail trade	12.1	7.9%	358	11.2%
Real estate and rental and leasing	3.4	2.2%	189	5.9%
Management of companies and enterprises	2.3	1.5%	31	1.0%
Administrative and waste services	8.9	5.8%	253	7.9%
Other services, except public administration	5.4	3.5%	161	5.0%
Government and government enterprises	28.3	18.5%	449	14.0%
Mixed	**59.0**	**38.6%**	**1,257**	**39.3%**
Transportation and warehousing	4.8	3.1%	88	2.8%
Information	2.9	1.9%	47	1.5%
Finance and insurance	9.8	6.4%	205	6.4%
Professional and technical services	12.4	8.1%	205	6.4%
Educational services	2.5	1.7%	67	2.1%
Health care and social assistance	19.0	12.4%	340	10.6%
Leisure and Hospitality	7.6	5.0%	304	9.5%
Arizona Total**	**152.9**	**100.0%**	**3,201**	**100.0%**

**Travel is not included in the sub and grand totals because it is also represented in other sectors (primarily leisure and hospitality, transporation, and retail trade).

Industry Groups for Secondary Impacts

Accommodation & Food Services
- Food services and drinking places
- Hotels and motels, including casino hotels
- Other accommodations

Arts, Entertainment & Recreation
- Bowling centers
- Fitness and recreational sports centers
- Independent artists, writers, and performers
- Museums, historical sites, zoos, and parks
- Other amusement, gambling, and recreation industries
- Performing arts companies
- Promoters of performing arts and sports and agents for public figures
- Scenic and sightseeing trans and support activities for transportation
- Spectator sports

Wholesale & Retail Trade
- Building material and garden supply stores
- Clothing and clothing accessories stores
- Electronics and appliance stores
- Food and beverage stores
- Furniture and home furnishings stores
- Gasoline stations
- General merchandise stores
- Health and personal care stores
- Miscellaneous store retailers
- Motor vehicle and parts dealers
- Nonstore retailers
- Sporting goods, hobby, book and music stores
- Wholesale trade

Transportation
- Air transportation
- Automotive equipment rental and leasing
- Automotive repair and maintenance, except car washes
- Couriers and messengers
- Rail transportation
- Transit and ground passenger transportation
- Travel arrangement and reservation services
- Truck transportation
- Warehousing and storage
- Water transportation

Professional Services

Accounting and bookkeeping services
Advertising and related services
All other miscellaneous professional and technical services
Architectural and engineering services
Book publishers
Cable networks and program distribution
Child day care services
Civic, social, professional and similar organizations
Colleges, universities, and junior colleges
Computer systems design services
Custom computer programming services
Data processing services
Database, directory, and other publishers
Elementary and secondary schools
Environmental and other technical consulting services
Grantmaking and giving and social advocacy organizations
Home health care services
Hospitals
Information services
Legal services
Management consulting services
Management of companies and enterprises
Motion picture and video industries
Newpaper publishers
Nursing and residential care facilities
Offices of physicians, dentists, and other health practitioners
Other ambulatory health care services
Other computer related services, including facilities management
Other educational services
Periodical publishers
Photographic services
Radio and television broadcasting
Religious organizations
Scientific research and development services
Social assistance, except child day care services
Software publishers
Sound recording industries
Specialized design services
Telecommunications
Veterinary services

Other Services

Business support services
Car washes
Commercial machinery repair and maintenance
Death care services
Drycleaning and laundry services
Electronic equipment repair and maintenance
Employment services
Facilities support services
General and consumer goods rental except video tapes and discs
Household goods repair and maintenance
Investigation and security services
Lessors of nonfinancial intangible assets
Machinery and equipment rental and leasing
Office administrative services
Other personal services
Other support services
Personal care services
Private households
Services to buildings and dwellings
Video tape and disc rental
Waste management and remediation services

Government

Federal electric utilities
Federal Military
Federal Non-Military
Other Federal Government enterprises
Other State and local government enterprises
Postal service
State & Local Education
State & Local Non-Education
State and local government electric utilities
State and local government passenger transit

Construction

Commercial and institutional buildings
Highway, street, bridge, and tunnel construction
Maintenance and repair of farm and nonfarm residential structures
Maintenance and repair of highways, streets, bridges, and tunnels
Maintenance and repair of nonresidential buildings
Manufacturing and industrial buildings
New farm housing units and additions and alterations
New multifamily housing structures, nonfarm
New residential 1-unit structures, nonfarm
New residential additions and alterations, nonfarm
Other maintenance and repair construction
Other new construction
Water, sewer, and pipeline construction

Finance, Ins., & Real Estate

Funds, trusts, and other financial vehicles
Insurance agencies, brokerages, and related
Insurance carriers
Monetary authorities and depository credit intermediation
Nondepository credit intermediation and related activities
Real estate
Securities, commodity contracts, investments

Mining & Manufacturing

all mining & manufacturing industries except for food processing

Agriculture & Food Processing

farming & manufacturing industries in food processing