

Arizona Travel Impacts *1998-2007p*



June 2008

Prepared for the

Arizona Office of Tourism
Phoenix, Arizona

ARIZONA TRAVEL IMPACTS 1998-2007P

Arizona Office of Tourism

Primary Research Conducted By:
Dean Runyan Associates
Portland, Oregon

June 2008

EXECUTIVE SUMMARY

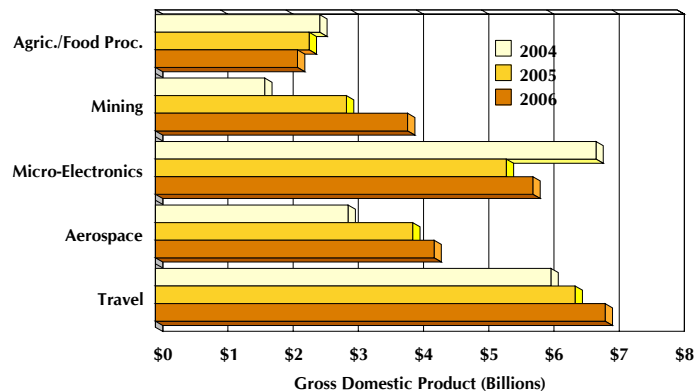
This report describes the economic impacts of travel to and through Arizona and the state's fifteen counties. The estimates of the direct impacts associated with traveler spending in Arizona were produced using the Regional Travel Impact Model (RTIM) developed by Dean Runyan Associates. The estimates 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.

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.

In recent years, the travel industry has been one of the top two export-oriented industries in the state in terms of Gross Domestic Product (GDP).

GDP of Arizona Export-Oriented Industries



Note: Data not available for comparison industries for 2007.

THE TRAVEL INDUSTRY SUPPORTS EMPLOYMENT IN OTHER INDUSTRIES

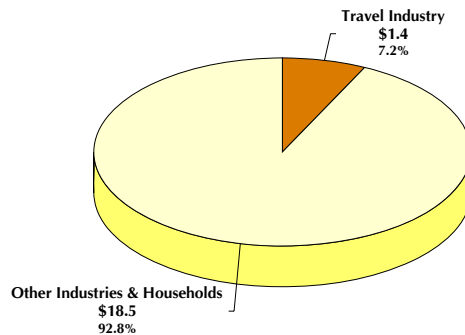
Secondary impacts include the purchases of goods and services by travel industry businesses (indirect effects) and by travel industry employees (induced effects). In 2007 (preliminary), direct travel industry employment was 171,500 with earnings of \$5.1 billion. The total (direct and secondary) impact of the Arizona travel industry in 2007 was 319,000 jobs and \$10.5 billion earnings. Most of the secondary impacts were in professional services, government, finance, real estate and construction.

In addition, the value of new private sector construction in the travel industry was \$630 million in 2007. This investment supported 9,200 construction jobs with earnings of \$500 million – 9 percent of all non-residential construction in the state.

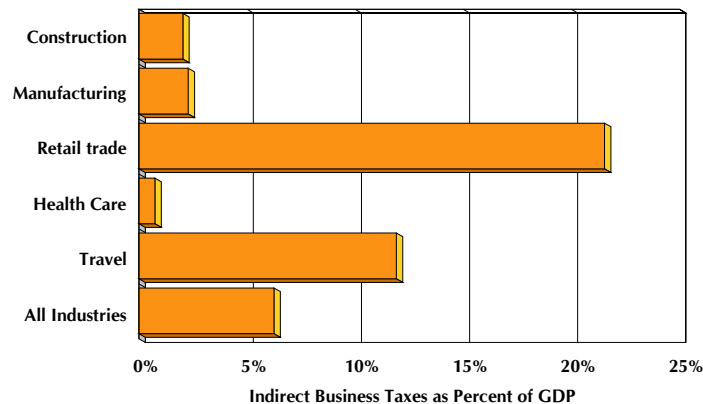
THE TRAVEL INDUSTRY PRODUCES SIGNIFICANT TAX BENEFITS

- In 2007, direct travel spending was associated with \$1.5 billion in state and local tax revenues and \$1.2 billion in federal tax revenues. This is equivalent to \$1,170 per Arizona household.
- In recent years, the state and local tax revenues supported by the travel industry represented over 7 percent of all state and local tax revenues in Arizona. The visitors who purchase goods and services in the state directly pay most of these taxes.
- Compared to other industries, the travel industry produces a proportionately large amount of tax revenue in relation industry gross domestic product (GDP). Only retail trade has a higher proportion of indirect business taxes (sales, property taxes & other business payments to government) in relation to industry GDP. However, in contrast to the travel industry, the sales taxes paid by retail establishments are primarily taxes on residents rather than visitors.

**State and Local Government Tax Revenue
Arizona, 2005-06 Fiscal Year (Billion)**



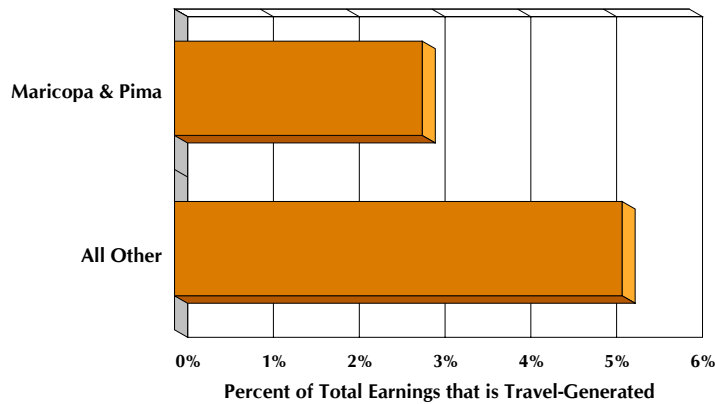
**Indirect Business Taxes as a Percent
of Industry Gross Domestic Product,
Arizona, 2006 Calendar Year**



THE TRAVEL INDUSTRY BENEFITS ALL REGIONS OF ARIZONA

About three-fourths of all travel spending occurs in the two most populous counties of the state – Maricopa and Pima. But in relation to the size of the regional economies within Arizona, travel is actually more important in the non-metropolitan areas of the state.

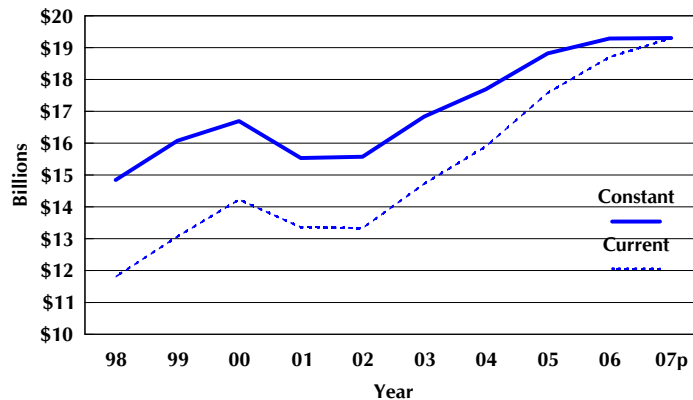
**Travel-Generated Earnings as a Percent of Total Earnings
Arizona Counties, 2007p**



RECENT TRENDS IN THE ARIZONA TRAVEL INDUSTRY

The Arizona travel industry has rebounded strongly from the decline associated with the events of 9/11 and the decrease in business travel. Total direct travel spending in Arizona in 2007 (preliminary) was \$19.3 billion – compared to \$13.3 billion in 2001 and 2002. Although the growth in the travel industry has leveled off during the past two years, the industry has still added 23,000 jobs and earnings have increased by \$1.5 billion since 2002. State and local tax revenues have increased by \$402 million over the same period.

**Direct Travel Spending in Current and Constant Dollars
Arizona, 1998-2007p**



SUMMARY OF FINDINGS

- Total direct travel spending in Arizona in 2007 was \$19.3 billion. This represents a 3.2 percent increase over the preceding year in current dollars. However, there was essentially no change in employment from 2006 to 2007, after several years of substantial growth. (Employment grew by 3.8 percent per year from 2002 to 2006). In constant (inflation-adjusted) dollars, there was also no growth in travel spending from 2006 to 2007. Room rates and gasoline prices were responsible for a substantial share of travel spending inflation.
- During 2007, 7.6 million domestic visitors traveled to Arizona by air, an increase of 1.0 percent over 2006.
- Visitors that stayed overnight in lodging establishments accounted for 41.8 percent of all visitor spending in 2007p. Visitors that stayed in the private homes of friends or relatives accounted for 29.9 percent. Day travelers accounted for about 20.9 percent. More than one-half (52.2 percent) of all spending by visitors in 2007 was for leisure and hospitality services (arts, entertainment, recreation, accommodations, food service). Retail spending (including food and beverages purchased for off-premise consumption) amounted to 21.3 percent. Transportation (including motor fuel) comprised the remaining 26.4 percent.
- Direct travel spending in Arizona generated 171,500 jobs with earnings of \$5.1 billion in 2007. Three-fourths of these jobs were in accommodations, food services, and arts, entertainment and recreation.
- In 2007, direct travel spending was associated with \$1.5 billion in state and local tax revenues and \$1.2 billion in federal tax revenues. This is equivalent to \$1,170 per Arizona household. The travel industry share of all state and local tax revenues is more than 7 percent.
- The tax revenues supported by the travel industry are high relative to other industries (almost 14 percent of Gross Domestic Product for the travel industry versus 9 percent of GDP for all Arizona industries). In addition, most of the taxes generated by travel industry taxes are imposed on *visitors* rather than *residents*.
- Travel spending in Arizona generated a total (direct and secondary) impact of 319,000 jobs with earnings of \$10.5 billion in 2007. Most of the secondary impacts were in professional and business services. Investment in new travel industry construction supported another 9,200 construction jobs with earnings of \$500 million.
- The employment, earnings, and tax revenues generated by travel spending are relatively more important for the non-urban areas of the state, than for the more urbanized areas of greater Phoenix and Tucson.

TABLE OF CONTENTS

	page
I. National Travel Trends	1
II. Arizona Travel Impacts	5
Impacts of Travel in Arizona: A Summary	6
Travel Trends	7
Visitor Spending by Type of Traveler Accommodation	9
Visitor Spending by Type of Commodity Purchased	10
Travel-Generated Employment	10
Visitor Origin	11
Arizona Travel Industry Gross Domestic Product	14
Gross Domestic Product of Arizona Export-Oriented Industries	15
Travel Related Construction Activity	16
Secondary Impacts	17
III. State and Local Government Revenue	21
IV. County Travel Impacts	27
Appendices	49
A. Regional Travel Impact Model	50
B. Travel Industry Accounts: A comparison of the Regional Travel Impact Model and Travel & Tourism Satellite Accounts	57
C. Arizona Earnings and Employment by Industry Sector	69
D. Secondary Impacts Industry Groups	71

LIST OF TABLES AND FIGURES

	page
I. National Travel Trends	1
Direct Travel Spending in U.S., 1998-2007	1
U.S. Travel Spending in Current & Constant Dollars, 1998-2007	1
Overseas Arrivals to the United States, 1998-2007	2
Visitor Air Arrivals in U.S., 1998-2007	2
U.S. Direct Travel-Generated Employment, 1998-2007p	3
U.S. Direct Travel-Related Employment by Industry, 2000 & 2006	3
II. Arizona Travel Impacts	5
Arizona Travel Trends, 1998-2007p	7
Direct Travel Spending in Arizona Adjusted for Inflation, 1998-2007p	8
Visitor Arrivals to Arizona, 1998-2007	8
Visitor Spending by Type of Traveler Accommodation, 2007p	9
Visitor Spending by Commodity Purchased, 2007p	10
Direct Travel-Generated Employment by Industry, 2007p	10
Arizona Travel Impacts by Origin of Visitor, 2007p	11
Visitor Spending in Arizona by Origin of Visitor, 2007p	11
Arizona Direct Travel Impacts, 1998-2002	12
Arizona Direct Travel Impacts, 2003-2007p	13
Arizona Travel Industry Gross Domestic Product, 2007p	14
Arizona GDP, Selected Export-Oriented Industries, 2004-2006	15
Value of New Construction in Travel-Related Buildings, 2004-2007	16
Total Employment and Earnings, 2007p	17
Secondary Employment & Earnings, 2007p	19-20
III. State and Local Government Revenue	21
Arizona State & Local Tax Revenue, 2005-06 FY	21
Arizona Travel Industry State & Local Tax Revenues, 2006-06 FY	21
Arizona State & Local Tax Revenues, 2005-06 FY (table)	23
GDP and Tax Payments of Selected Arizona Industries, 2006	24
Tax Payments as Percent of GDP for Selected Arizona Industries, 2006	24
State Transaction Privilege Taxes Generated by Travel Spending, 2007 FY	25-26
IV. County Travel Impacts	27
Travel-Generated Earnings Shares, 2007p	28-29
Travel-Generated Employment and Earnings Shares by County, 2007p	30
County Impact Summary Tables	31-34
County Impact Detail Tables, 1998-2007p	35-48

PREFACE

The purpose of this study is to document the economic significance of the travel industry in Arizona from 1998 to 2007. 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 AnnDee Johnson, Director of Research & Strategic Planning for the Arizona Office of Tourism. Without her support and assistance, this report would not have been possible.

Dean Runyan Associates
833 SW 11th Ave., Suite 920
Portland, OR 97205

(503) 226-2973
info@deanrunyan.com
www.deanrunyan.com

I: NATIONAL TRAVEL TRENDS

Direct travel spending by domestic and international visitors in the United States was \$738 billion in 2007 (preliminary). This represents a 5.4 percent increase over 2006, following a 7.0 percent increase from 2005 to 2006.

Direct Travel Spending In U.S., 1998-2007

(\$Billions)

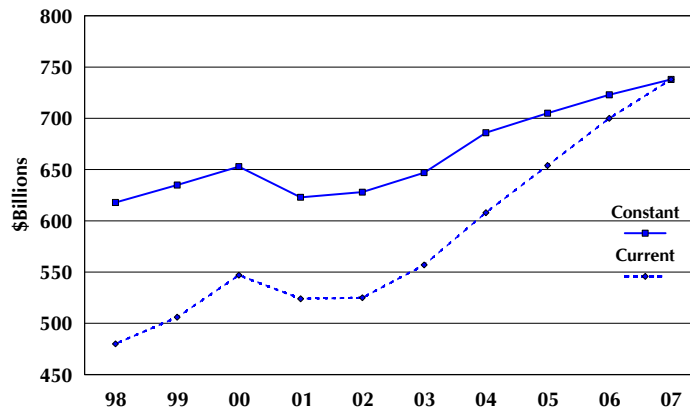
	Domestic	International	Total	Pct. Int'l.
1998	\$409	\$71	\$480	14.9%
1999	\$431	\$75	\$506	14.8%
2000	\$465	\$82	\$547	15.1%
2001	\$452	\$72	\$524	13.7%
2002	\$459	\$67	\$525	12.7%
2003	\$493	\$64	\$557	11.6%
2004	\$534	\$75	\$608	12.3%
2005	\$572	\$82	\$654	12.5%
2006	\$615	\$86	\$700	12.2%
2007	\$641	\$97	\$738	13.2%
<i>Annual Percentage Change</i>				
98-07	5.1%	3.5%	4.9%	
06-07	4.3%	13.3%	5.4%	

Sources: Bureau of Economic Analysis (Travel and Tourism Satellite Accounts; U.S. International Trade in Goods and Services).

Travel spending in inflation-adjusted constant (2007) dollars is shown in the graph below. Higher prices for gasoline and accommodations reduced the rate of real growth. The 2006-07 annual increase in travel spending in constant dollars was 2.1 percent, following a 2.5 percent increase from 2005 to 2006.

U.S. Direct Travel Spending in Current and Constant Dollars, 1998-2007

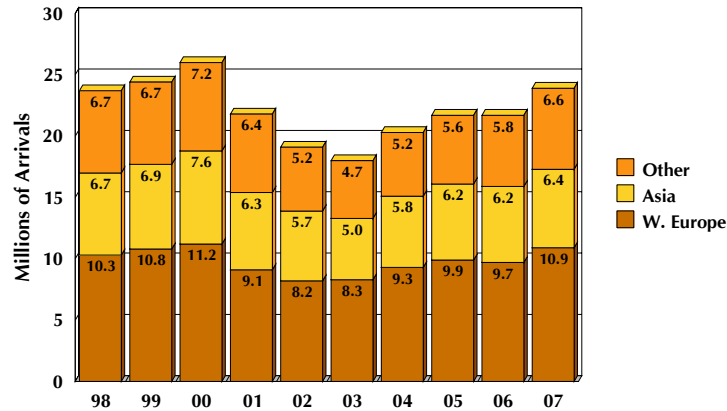
(\$Billions)



Source: Bureau of Economic Analysis. Constant (2007) travel spending estimates derived from BEA constant (2000) dollar estimates by Dean Runyan Associates, Inc.

The number of overseas arrivals to the U.S. in 2007 increased by 10.3 percent over the preceding year. The 23.9 million arrivals for 2007 are still 8 percent lower than the peak attained in the year 2000 (26.0 million). This is also reflected in the contribution to U.S. travel spending by international visitors, which was 15.1 percent of the total in 2000, compared to 13.2 percent in 2007 (see preceding table). Visitation has increased over the past year in part due to the decreased value of the U.S. dollar in relation to foreign currencies.

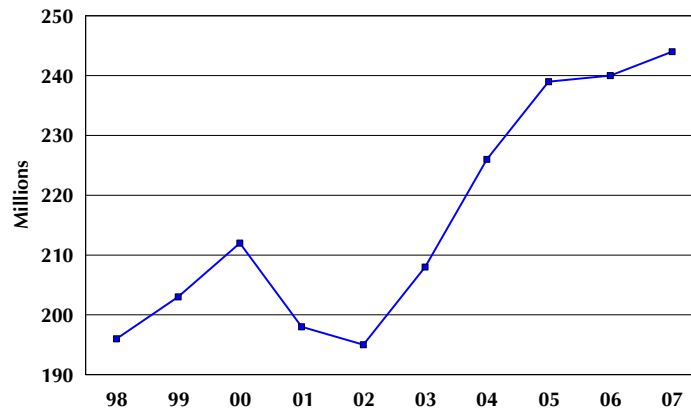
Overseas Arrivals to the United States, 1998-2007 (Millions)



Source: U.S. Department of Commerce, International Trade Administration, Office of Travel and Tourism Industries. Approximately 90% of all overseas arrivals are visitors. Canada and Mexico are not included (less than 20 percent of all international visitor spending).

The number of domestic trips on U.S. air carriers also increased from 2006 to 2007 after a brief flat period. The rate of increase over the past year was 1.6 percent. Since 2003, visitor arrivals on domestic air carriers have increased by 4.0 percent per year on average.

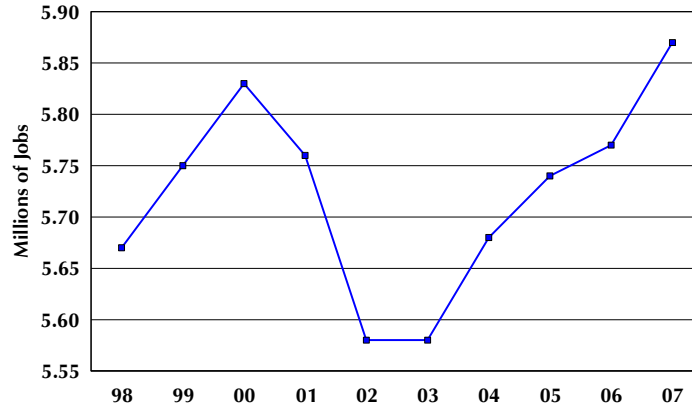
Visitor Air Arrivals in U.S., 1998-2007 Domestic Air Carriers



Source: Bureau of Transportation Statistics, U.S. Department of Transportation (T-100 domestic market data). Visitor air arrivals exclude return trips and passengers making connections to other flights.

Direct Travel-generated employment has increased at a fairly constant rate since 2003. The average annual rate of increase has been 1.3 percent through 2007.

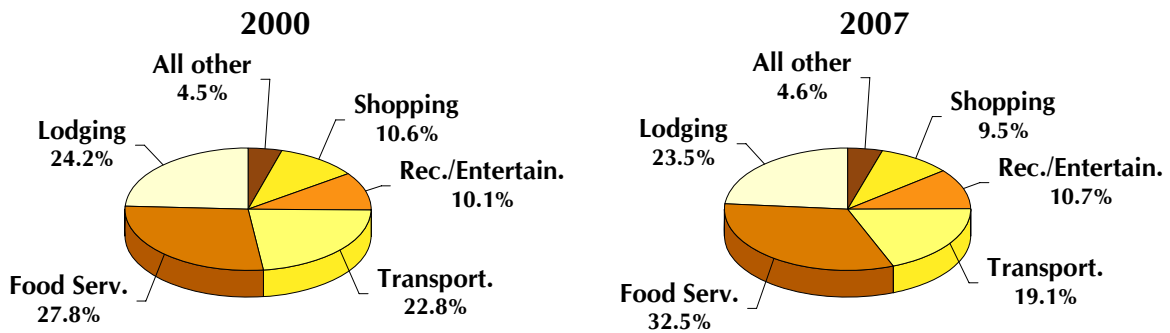
U.S. Direct Travel-Generated Employment, 1998-2007p
(Millions of Jobs)



Source: Bureau of Economic Analysis and Dean Runyan Associates, Inc.

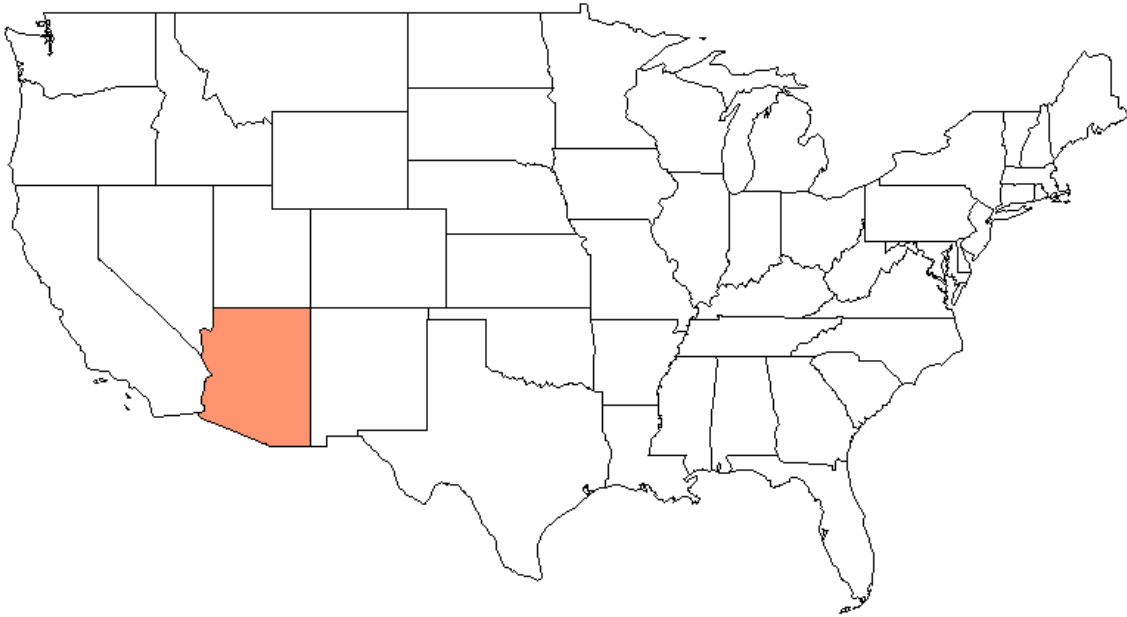
The pie charts below illustrate how the composition of direct travel-generated employment has changed since 2000. The share of employment in transportation and lodging has decreased (as have the absolute number of jobs in those industries), while the share has increased in other industries. Most notably, the share of employment in food services has increased from 27.8 percent to 32.2 percent from 2000 to 2007.

U.S. Direct Travel-Generated Employment by Industry, 2000 & 2007



Source: Bureau of Economic Analysis (Travel and Tourism Satellite Accounts; U.S. International Trade in Goods and Services). All other includes wholesale trade and miscellaneous services.

II: ARIZONA TRAVEL IMPACTS 1998-2007P



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).

DIRECT IMPACTS OF TRAVEL IN ARIZONA: A SUMMARY

- Total direct travel spending in Arizona in 2007 was \$19.3 billion. This represents a 3.2 percent increase over the preceding year in current dollars. However, there was essentially no change in employment from 2006 to 2007, after several years of substantial growth. (Employment grew by 3.8 percent per year from 2002 to 2006). In constant (inflation-adjusted) dollars, there was also no growth in travel spending from 2006 to 2007. Room rates and gasoline prices were responsible for a substantial share of travel spending inflation.
- Visitor air travel to Arizona also leveled off in 2007. During the year, 7.6 million domestic visitors traveled to Arizona by air, an increase of 1.0 percent over 2006.
- Visitors that stayed overnight in lodging establishments accounted for 41.8 percent of all visitor spending in 2007p. Visitors that stayed in the private homes of friends or relatives accounted for 29.9 percent. Day travelers accounted for about 20.9 percent.
- More than one-half (52.2 percent) of all spending by visitors in 2007 was for leisure and hospitality services (arts, entertainment, recreation, accommodations, food service). Retail spending (including food and beverages purchased for off-premise consumption) amounted to 21.3 percent. Transportation (including motor fuel) comprised the remaining 26.4 percent.
- In 2007, direct travel spending was associated with \$1.5 billion in state and local tax revenues and \$1.2 billion in federal tax revenues.
- Direct travel spending in Arizona generated 171,500 jobs with earnings of \$5.1 billion in 2007. Three-fourths of these jobs were in the accommodations, food services, and arts, entertainment and recreation industries.

TRAVEL TRENDS

Total direct travel spending in Arizona in 2007 was \$19.3 billion. This represents a 3.2 percent increase over the preceding year in current dollars. However, there was essentially no change in employment from 2006 to 2007, after several years of substantial growth. (Employment grew by 3.8 percent per year from 2002 to 2006).

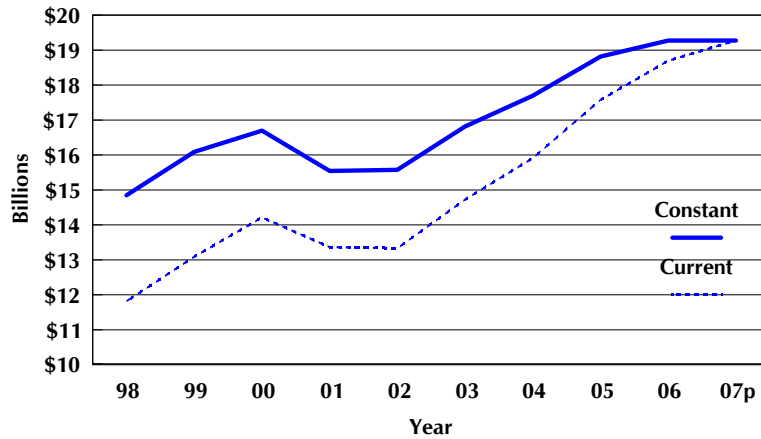
Arizona Travel Trends, 1998-2007p

	Spending (\$Billion)	Earnings (\$Billion)	Employment (Thousand)	Tax Revenue (\$Million)		
				Local/State	Federal	Total
1998	11.8	3.2	148.8	941	630	1,571
1999	13.1	3.5	158.1	1,043	702	1,746
2000	14.2	3.8	163.3	1,138	744	1,882
2001	13.4	3.7	153.3	1,082	777	1,859
2002	13.3	3.6	148.2	1,101	825	1,926
2003	14.7	4.0	158.2	1,211	912	2,122
2004	15.9	4.3	163.0	1,287	988	2,275
2005	17.6	4.5	168.8	1,399	1,081	2,479
2006	18.7	4.9	172.0	1,464	1,176	2,640
2007p	19.3	5.1	171.5	1,503	1,236	2,739
<i>Annual Percentage Change</i>						
06-07p	3.2	5.0	-0.3	2.7	5.1	3.7
98-07p	5.6	5.3	1.6	5.3	7.8	6.4

Note: p = preliminary. The percent change for 1998-2007p refers to the average annual percentage change. Direct Travel Impacts do not include secondary (indirect and induced) impacts. All visitor spending, airfares and local spending on travel agencies are included. Total Earnings include wage and salary disbursements, other earned income, and proprietor income. Employment includes full- and part-time payroll *positions* and *self-employment*. This figure is greater than the number of employed *individuals*.

In constant (inflation-adjusted) dollars, there was also no growth in travel spending from 2006 to 2007. Room rates and gasoline prices were responsible for a substantial share of travel spending inflation. A comparison of travel spending trends in current and constant dollars is shown on the following page.

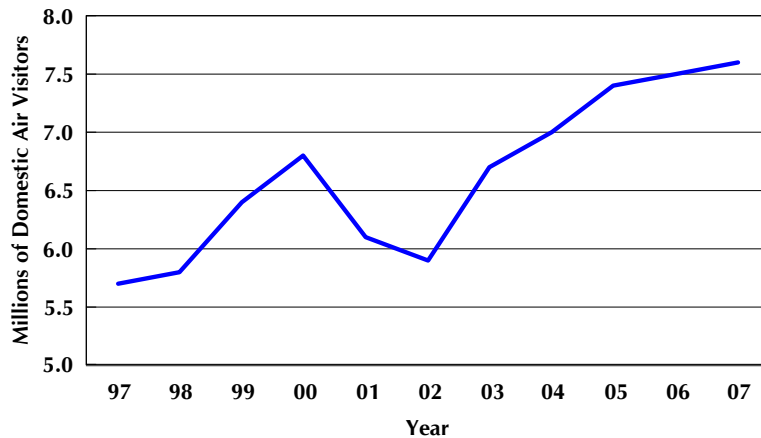
Direct Travel Spending in Arizona Adjusted for Inflation 1998-2007p



Note: Constant dollar travel spending was deflated by a composite of the West Urban CPI and room rates reported by Smith Travel. The average annual increase in travel spending for 1998-2007p is 3.3 percent (constant dollars) and 5.6 percent (current dollars).

Visitor air travel to Arizona also leveled off in 2007. During the year, 7.6 million domestic visitors traveled to Arizona by air, an increase of 1.0 percent over 2006.¹

Visitor Air Arrivals to Arizona, 1998-2007 Domestic Air Carriers



Source: Dean Runyan Associates and Airline Origin and Destination Survey, U.S. Bureau of Transportation Statistics. Note: These estimates are for visitor air arrivals only. They do not include return travel of Arizona residents or passengers making connecting flights.

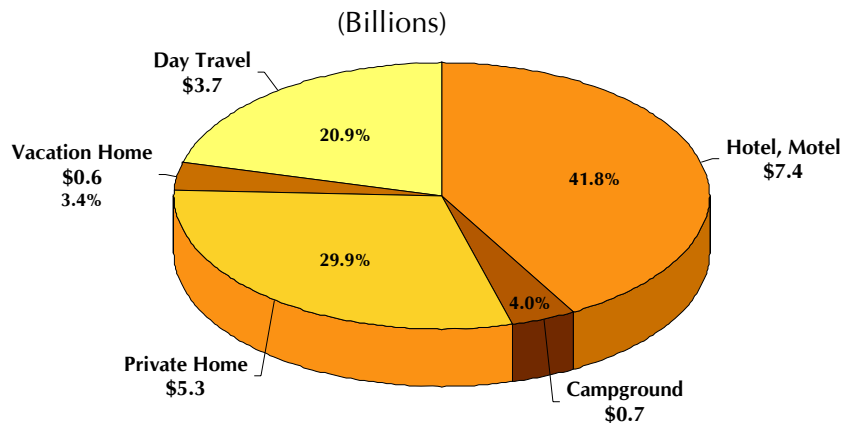
¹ This represents between one-quarter and one-third of all overnight visitors to Arizona. Visitors that travel to Arizona by air also stay longer and spend more. At least 40 percent of all visitor nights by domestic travelers can be attributed to visitors that traveled by air. (Sources: 2001 National Household Transportation Survey, and TNS 2006 and 2007 TravelsAmerica Survey.)

VISITOR SPENDING BY TYPE OF TRAVELER ACCOMMODATION

The pie chart below provides a breakout of total visitor spending in Arizona (all spending on leisure and hospitality services, transportation, and retail) by the type of accommodation in which the visitor stayed. As is indicated, the three primary categories for Arizona (as well as most other states) are (1) the hotel, motel category (this also includes B&B's, Dude Ranches, and other commercial lodging facilities with the exception of campgrounds), (2) the private homes of friends or relatives, and (3) visitors that do not stay overnight away from home.

Arizona is somewhat atypical in two respects. First, a relatively high portion of visitor spending (29.9 percent) is generated by visitors that stay in the homes of friends and relatives. In part, this is probably due to the large influx in recent decades of residents from other states. A "visit" with these transplants by friends and family members entails a visit to Arizona. Such visits are often attractive due to Arizona's many attractions and its warm winter season. Second, a significant share of the spending by day travelers in Arizona is generated by Mexican travel across the border (16 percent of the day travel spending total).² The primary purpose of most of this travel is for retail goods and groceries.

Visitor Spending by Type of Traveler Accommodation, 2007p

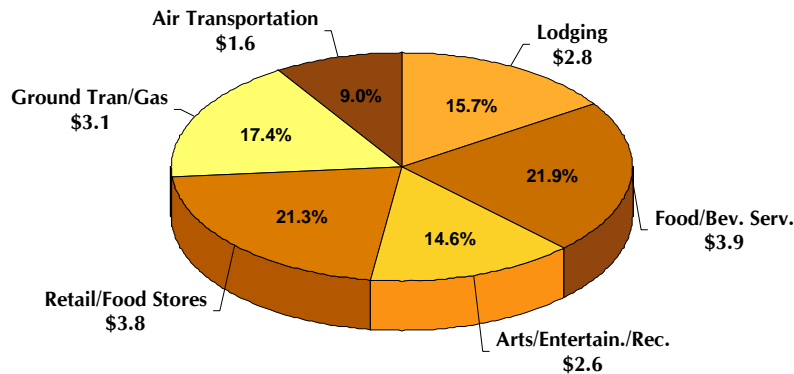


² Border Crossing Data reported by the Bureau of Transportation Statistics indicates a decline in such Mexican day travel over the past several years.

VISITOR SPENDING BY TYPE OF COMMODITY PURCHASED

The following pie chart provides a breakout of visitor spending for all types of travelers by the type of commodity (good or service) purchased. Approximately one-half (52.2 percent) of all spending by visitors was for leisure and hospitality services (arts, entertainment, recreation, accommodations, food service). Retail spending (which includes food and beverages purchased for off-premise consumption) amounted to 21.3 percent. Transportation (including motor fuel) comprised the remaining 26.4 percent.

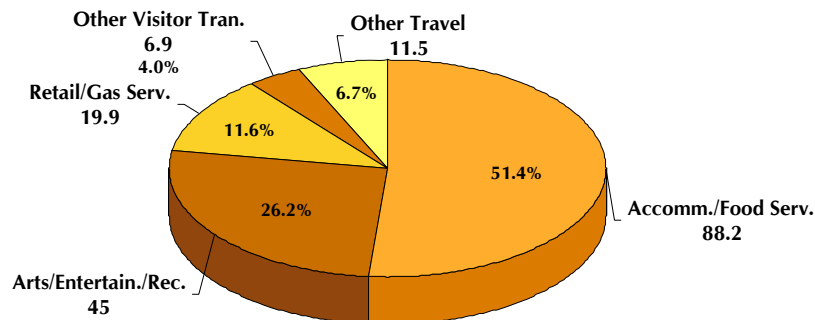
Visitor Spending by Type of Commodity Purchased, 2007p
(Billions)



TRAVEL-GENERATED EMPLOYMENT

While about one-half of all visitor spending is in leisure and hospitality services, about three-fourths of all travel-generated employment is in the accommodations, food service, arts, entertainment and recreation industries. This is because leisure and hospitality is more labor-intensive than retail trade (including gasoline service).

Direct Travel-Generated Employment by Industry, 2007p
(Thousands)



Note: Other Visitor Transportation includes passenger air travel and all local ground transportation excluding motor fuel. Other Travel includes travel agencies and resident air travel. Gasoline Service is included in the Retail Industry category.

VISITOR ORIGIN

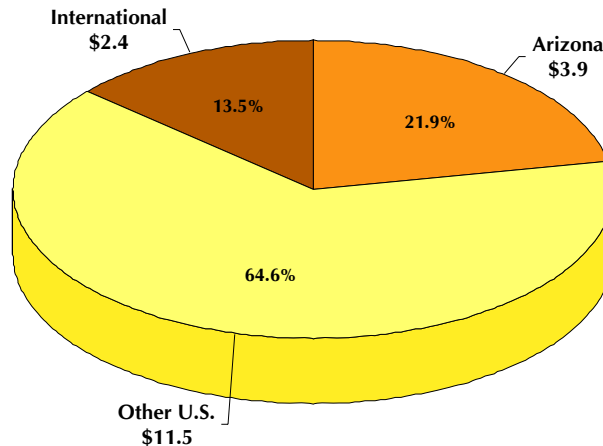
More than three-fourths of the visitor impacts in Arizona are generated by out-of-state travelers. Visitors from other states are the largest segment (over 60 percent of spending), while international travel comprises almost 13 percent of visitor impacts. Mexican day travel (3.2 percent of all visitor spending) is especially significant for the counties on the national border.

Arizona Travel Impacts by Origin of Visitor, 2007p

Origin	Spending (\$ Billion)	Earnings (\$ Billion)	Employment (Thousand)	Tax Receipts (\$ Million)	
				Local/State	Federal
Arizona	3.9	0.9	32.8	322	154
Other U.S.	11.5	3.1	106.8	967	598
International	2.4	0.5	20.5	202	78
All Visitors	17.7	4.5	160.1	1,492	830
Other Travel	1.6	0.6	11.5	11	406
Total Travel	19.3	5.1	171.5	1,503	1,236

Sources: Dean Runyan Associates, International Trade Administration and Bureau of Economic Analysis (U.S. Dept. of Commerce), TNS TravelsAmerica visitor survey, Statistics Canada, A.H. Charney and V.K. Pavlakovich, "The Economic Impacts of Mexican Visitors to Arizona, 2001" (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.

Visitor Spending in Arizona by Origin of Visitor, 2007p (Billions)



Sources: See table note, above. *International does not include Mexican day travel.

Detailed direct travel impacts for the state of Arizona, 1998-2007p, are reported on pages 12-13.

Arizona
Direct Travel Impacts, 1998-2002

	1998	1999	2000	2001	2002
Total Direct Travel Spending (\$Billion)					
Visitor Spending at Destination	10.9	12.1	13.2	12.4	12.4
Other Travel*	0.9	1.0	1.0	0.9	0.9
Total Direct Spending	11.8	13.1	14.2	13.4	13.3
Visitor Spending by Type of Traveler Accommodation (\$Billion)					
Hotel, Motel	5.0	5.4	5.8	5.3	5.2
Campground	0.5	0.5	0.6	0.6	0.6
Private Home	2.7	3.2	3.6	3.3	3.2
Vacation Home	0.4	0.4	0.4	0.4	0.4
Day Travel	2.4	2.6	2.9	2.8	2.9
Spending at Destination	10.9	12.1	13.2	12.4	12.4
Visitor Spending by Commodity Purchased (\$Billion)					
Lodging	1.9	2.0	2.1	1.9	1.9
Food & Beverage Services	2.3	2.6	2.8	2.7	2.7
Food Stores	0.7	0.7	0.7	0.7	0.8
Ground Tran. & Motor Fuel	1.2	1.5	1.8	1.6	1.5
Arts, Entertainment & Recreation	1.6	1.8	2.0	2.0	2.0
Retail Sales	2.4	2.6	2.7	2.6	2.6
Air Transportation (visitor only)	0.9	1.0	1.0	0.9	0.9
Spending at Destination	10.9	12.1	13.2	12.4	12.4
Industry Earnings Generated by Travel Spending (\$Billion)					
Accommodation & Food Services	1.3	1.5	1.6	1.5	1.5
Arts, Entertainment & Recreation	0.6	0.7	0.8	0.8	0.8
Retail**	0.4	0.5	0.5	0.5	0.5
Auto Rental & other ground tran.	0.1	0.1	0.1	0.1	0.1
Air Transportation (visitor only)	0.3	0.4	0.4	0.4	0.4
Other Travel*	0.4	0.4	0.5	0.4	0.4
Total Direct Earnings	3.2	3.5	3.8	3.7	3.6
Industry Employment Generated by Travel Spending (Thousand jobs)					
Accommodation & Food Services	75.2	80.8	85.0	77.6	75.7
Arts, Entertainment & Recreation	33.9	35.8	36.8	36.7	35.7
Retail**	19.1	20.3	20.9	19.2	19.3
Auto Rental & other ground tran.	2.2	2.3	2.3	2.0	2.0
Air Transportation (visitor only)	5.2	5.6	5.3	5.0	4.2
Other Travel*	13.1	13.3	13.1	12.8	11.2
Total Direct Employment	148.8	158.1	163.3	153.3	148.2
Government Revenue Generated by Travel Spending (\$Million)***					
Local and State	941	1,043	1,138	1,082	1,101
Federal	630	702	744	777	825
Total Direct Gov't. Revenue	1,571	1,746	1,882	1,859	1,926

Details may not add to totals due to rounding.

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

Arizona
Direct Travel Impacts, 2003-2007p

	2003	2004	2005	2006	2007p
Total Direct Travel Spending (\$Billion)					
Visitor Spending at Destination	13.7	14.8	16.3	17.2	17.7
Other Travel*	1.0	1.1	1.3	1.5	1.6
Total Direct Spending	14.7	15.9	17.6	18.7	19.3
Visitor Spending by Type of Traveler Accommodation (\$Billion)					
Hotel, Motel	5.6	6.0	6.9	7.3	7.4
Campground	0.6	0.7	0.7	0.7	0.7
Private Home	4.0	4.3	4.7	5.0	5.3
Vacation Home	0.5	0.5	0.5	0.6	0.6
Day Travel	3.1	3.3	3.5	3.6	3.7
Spending at Destination	13.7	14.8	16.3	17.2	17.7
Visitor Spending by Commodity Purchased (\$Billion)					
Lodging	2.0	2.2	2.5	2.7	2.8
Food & Beverage Services	3.1	3.3	3.6	3.8	3.9
Food Stores	0.8	0.8	0.8	0.8	0.9
Ground Tran. & Motor Fuel	1.9	2.2	2.6	2.9	3.1
Arts, Entertainment & Recreation	2.2	2.4	2.5	2.6	2.6
Retail Sales	2.7	2.8	2.9	2.9	2.9
Air Transportation (visitor only)	1.1	1.2	1.3	1.5	1.6
Spending at Destination	13.7	14.8	16.3	17.2	17.7
Industry Earnings Generated by Travel Spending (\$Billion)					
Accommodation & Food Services	1.6	1.8	1.9	2.1	2.2
Arts, Entertainment & Recreation	0.9	0.9	1.0	1.1	1.1
Retail**	0.5	0.5	0.6	0.6	0.6
Auto Rental & other ground tran.	0.1	0.1	0.1	0.1	0.1
Air Transportation (visitor only)	0.4	0.5	0.5	0.5	0.5
Other Travel*	0.4	0.5	0.5	0.5	0.6
Total Direct Earnings	4.0	4.3	4.5	4.9	5.1
Industry Employment Generated by Travel Spending (Thousand jobs)					
Accommodation & Food Services	80.4	82.7	86.5	88.2	88.2
Arts, Entertainment & Recreation	40.9	43.2	44.9	45.5	45.0
Retail**	19.6	19.7	19.8	20.1	19.9
Auto Rental & other ground tran.	2.2	2.2	2.2	2.3	2.4
Air Transportation (visitor only)	4.2	4.3	4.3	4.6	4.5
Other Travel*	10.9	11.0	11.0	11.4	11.5
Total Direct Employment	158.2	163.0	168.8	172.0	171.5
Government Revenue Generated by Travel Spending (\$Million)***					
Local and State	1,211	1,287	1,399	1,464	1,503
Federal	912	988	1,081	1,176	1,236
Total Direct Gov't. Revenue	2,122	2,275	2,479	2,640	2,739

Details may not add to totals due to rounding.

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

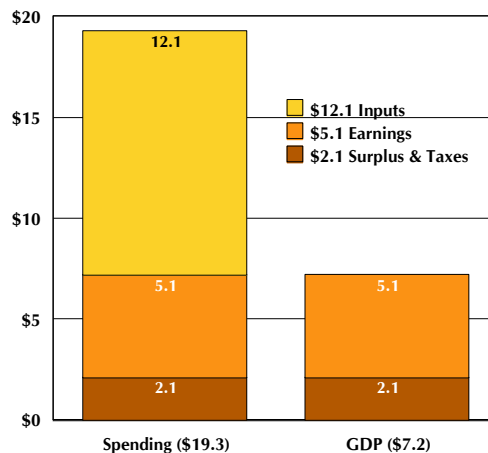
ARIZONA TRAVEL INDUSTRY GROSS DOMESTIC PRODUCT

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).³ 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 \$7.2 billion in 2007. Arizona travel industry GDP represents over 3 percent of total state GDP. By way of comparison, the U.S. travel industry comprises about 2.5 percent of national GDP.⁴

About 63 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.⁵

Arizona Travel Industry Gross Domestic Product, 2007p



³ Gross Domestic Product was referred as Gross State Product in previous editions of this report. The terminology was formally changed by the Bureau of Economic Analysis. See also pages 50-51 of Appendix A.

⁴ Peter Kuhbach and Bradlee A. Herauf, “U.S. Travel and Tourism Satellite Accounts for 2001-2004,” Survey of Current Business 85 (June 2005): 17-29.

⁵ About 38 percent of the \$12.1 billion of inputs and goods resold are purchased from other Arizona businesses. The total direct and indirect travel industry Gross Domestic Product is \$11.8 billion.

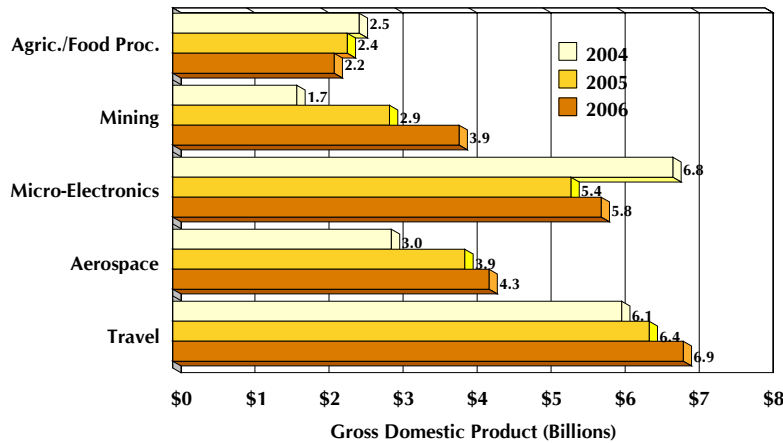
GROSS DOMESTIC PRODUCT OF ARIZONA EXPORT-ORIENTED INDUSTRIES

Export-oriented industries are those industries that primarily market their products and services to other regions, states or nations.⁶ 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. Data for 2007 is not yet available for the comparison industries.

Arizona Gross Domestic Product, 2004-2006
Selected Export-Oriented Industries



Source: Dean Runyan Associations and Bureau of Economic Analysis.

The travel industry and the microelectronics industry (NAICS 334) have been the top two export-oriented industries in the state in recent years.⁷

⁶ See also pages 52 of Appendix A and page 69 of Appendix C.

⁷ The decline in the GDP of the microelectronics industry of \$1.8 billion from 2004 to 2005 was due to a decline in Gross Operating Surplus. Earnings increased by \$0.3 billion during this period.

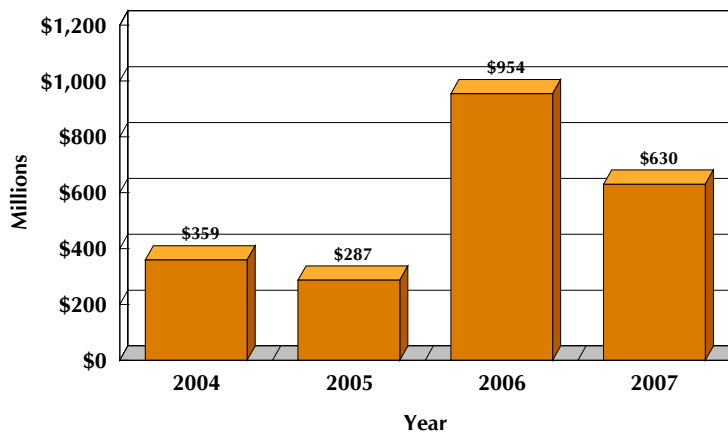
TRAVEL RELATED CONSTRUCTION ACTIVITY

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.⁸ Nonetheless, the \$630 million figure represents almost 9 percent of all non-residential construction in Arizona in 2007. This investment supported 9,200 construction jobs with earnings of \$500 million.

New construction value in the travel industry in 2007 declined by one-third from 2006. This decline is both a reflection of the extraordinary growth in 2006 and the broader contraction in the real estate market.

**Value of New Construction in Travel-Related Buildings
2004-2007**



Source: Dean Runyan Associates and McGraw-Hill Dodge Construction.
Note: The reported value is the sum of 100% of hotels and motels; 50% of amusement, social and recreational buildings; and 10% of stores and restaurants. The value of new construction represents the value of contract awards in place rather than the value work completed.

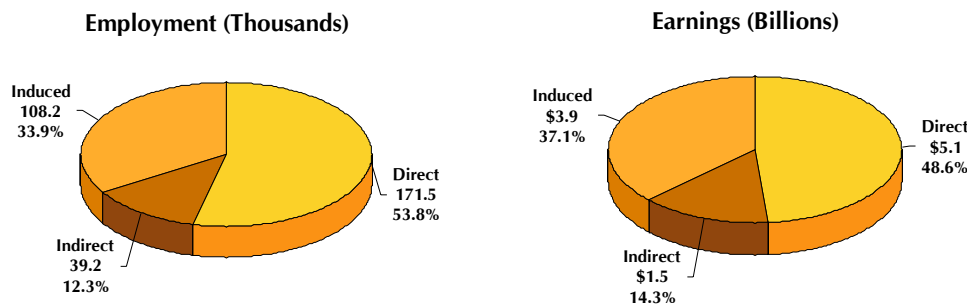
⁸ Neither transportation-related construction nor second home construction is included. The figures refer only to new construction, not reconstruction or additions and alterations. Fees for architects and engineers are also excluded.

SECONDARY 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 results 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, 2007p



Source: Dean Runyan Associates and Minnesota Implan Group.

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:

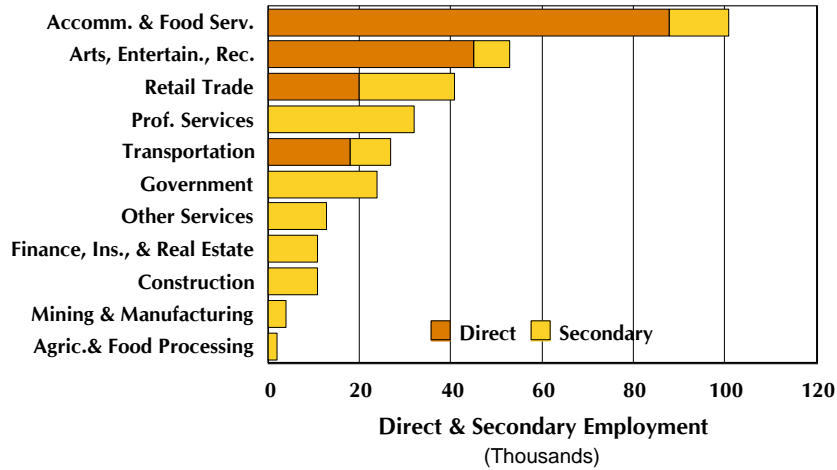
- **Accommodations & Food Services**
- **Arts, Entertainment, and Recreation**
- **Retail Trade**
- **Transportation**

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.

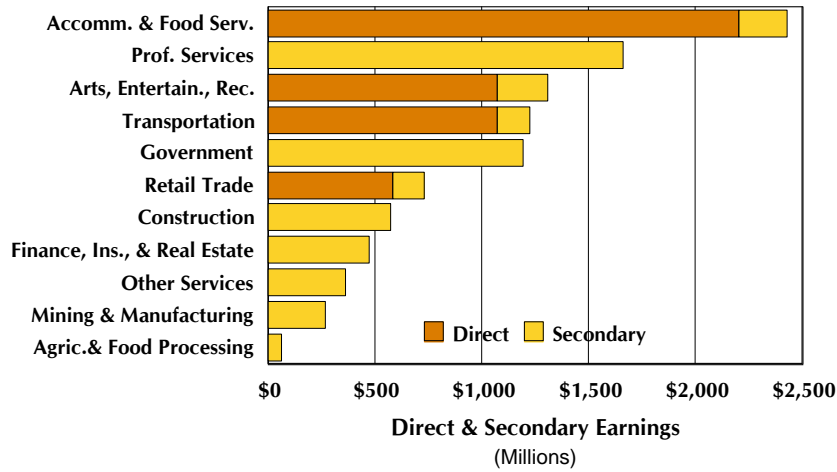
The indirect and induced impacts of travel spending are found in all eleven-industry groupings shown in the following tables and graphs. The remainder of this section summarizes the secondary impacts of travel spending in the primary industry groups.

- **Professional Services** (32,000 jobs and \$1.7 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** (13,000 jobs and \$366 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** (24,000 jobs and \$1.2 million earnings). Employees of travel-related businesses pay fees to attend public educational institutions and to operate motor vehicles.
- **Finance, Real Estate** (11,000 jobs and \$474 million earnings). Employees and businesses use the services of financial institutions, insurers, and real estate businesses.
- **Construction** (11,000 jobs and \$577 million earnings). Structures that house travel-related businesses, such as hotels and restaurants, require ongoing maintenance. (This category does not include new construction. See page 16.)

Direct and Secondary Employment Generated by Travel in Arizona, 2007p



Direct and Secondary Earnings Generated by Travel in Arizona, 2007p



Source: Dean Runyan Associates and Minnesota Implan Group.
Industry Groups are defined in appendix.

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, 2007p

(thousand jobs)

Industry Group	Direct	Secondary		Total	Grand Total
		Indirect	Induced		
Accommodation & Food Services	88	4	9	13	101
Arts, Entertainment & Recreation	45	6	2	8	53
Retail Trade	20	3	18	21	41
Professional Services	0	8	24	32	32
Transportation	18	5	4	9	28
Government	0	1	23	24	24
Other Services	0	5	8	13	13
Finance, Ins., & Real Estate	0	4	7	11	11
Construction	0	1	10	11	11
Mining & Manufacturing	0	1	2	4	4
Agriculture & Food Processing	0	1	1	2	2
All Industries	172	39	108	147	319

Direct & Secondary Visitor-Generated Earnings in Arizona, 2007p

(\$ Million)

Industry Group	Direct	Secondary		Total	Grand Total
		Indirect	Induced		
Accommodation & Food Services	2,209	69	156	225	2,434
Professional Services	0	492	1,177	1,668	1,668
Transportation	1,225	116	34	151	1,376
Arts, Entertainment & Recreation	1,077	186	52	238	1,315
Government	0	80	1,116	1,196	1,196
Retail Trade	589	12	133	145	734
Construction	0	46	532	577	577
Finance, Ins., & Real Estate	0	166	309	474	474
Other Services	0	176	190	366	366
Mining & Manufacturing	0	103	169	272	272
Agriculture & Food Processing	0	30	33	64	64
All Industries	5,101	1,475	3,900	5,375	10,475

Source: Dean Runyan Associates & Minnesota Implan Group.

Industry Groups are defined in Appendix E.

III. STATE AND LOCAL GOVERNMENT REVENUE

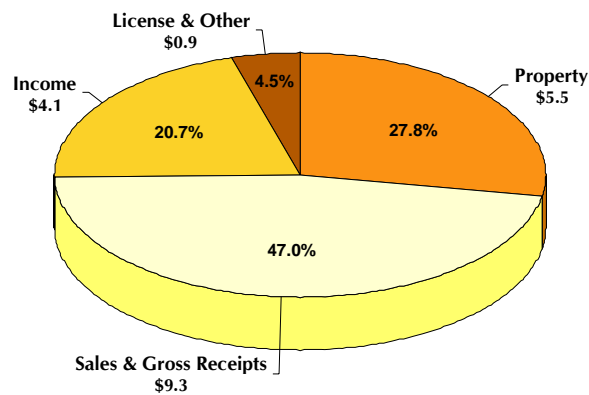
This section of the report provides an analysis of the state and local government revenue supported by the travel industry. Most major sources of government revenue, including sales, property and income taxes are included.

The pie chart below, adapted from the Bureau of the Census' State and Local Government Finance, 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.⁹ 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.¹⁰ All income taxes (80 percent paid by individuals) are collected by the state.

Arizona State and Local Government Tax Revenues

2005-06 Fiscal Year

(Billion)



Source: Dean Runyan Associates and Bureau of the Census, State and Local Government Finance. The state transaction privilege tax is designated as a general sales tax. Over 90 percent of all property taxes were local during the 2005-06 fiscal year. About 80 percent of all income tax receipts were 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 comprised 60 percent of all state and local tax receipts in the 2005-06 fiscal year.

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

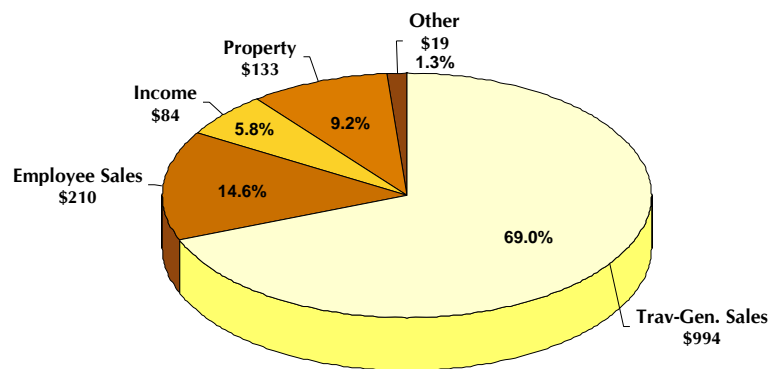
⁹ The state transaction privilege tax is considered a sales tax in this report.

¹⁰ 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 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 2005-06 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
2005-06 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 2005-06 fiscal year, almost 84 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 (14.6 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 more than 7 percent of all state and local tax revenues in Arizona.

Arizona State and Local Tax Revenues

2005-06 Fiscal Year

(\$Million)

	Total	Travel Generated	Percent Travel
Sales & Gross Receipts	9,347	1,203	12.9%
Income	4,143	84	2.0%
Property	5,524	133	2.4%
License & Other	926	19	2.1%
Total Tax Receipts	19,940	1,440	7.2%

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 (page14; see also appendix pages 62-63). 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 sum of IBT and EPIT for 2006 is roughly equivalent to the census estimates of Arizona state and local tax revenue for the 2005-06 fiscal year. More to the point, 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

2006 Calendar Year

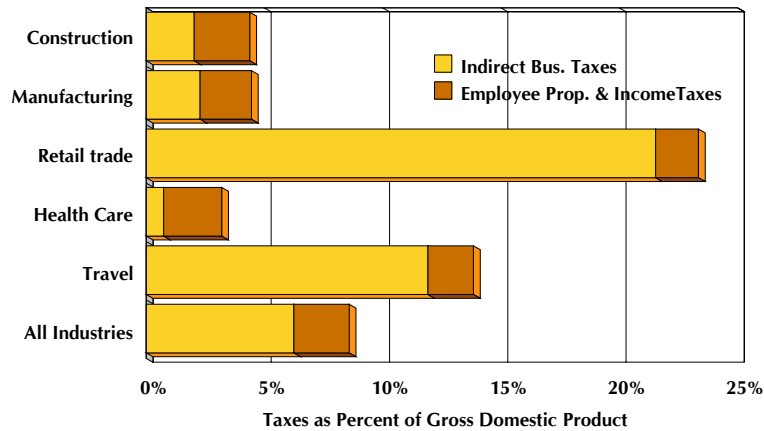
(\$Million)

	GDP	Indirect Bus. Taxes	Employee Inc. & Prop. Taxes	Sum of Bus. & Employee Taxes
Construction	17,466	355	410	765
Manufacturing	19,144	437	415	852
Retail trade	19,061	4,105	344	4,449
Health Care	15,124	112	370	482
Travel	7,096	845	137	982
All Industries	237,397	14,828	5,543	20,371

Source: 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 \$982 million are lower than the estimate on page 23 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.

Tax Payments as Percent of GDP for Selected Arizona Industries

2006 Calendar Year

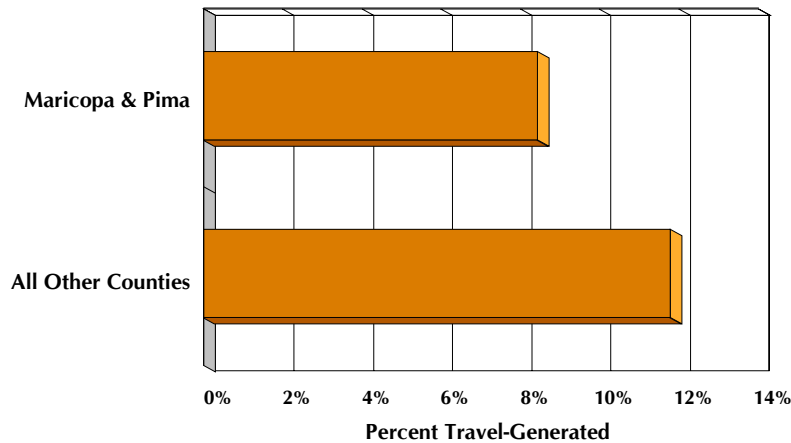


Source: See table, above.

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.

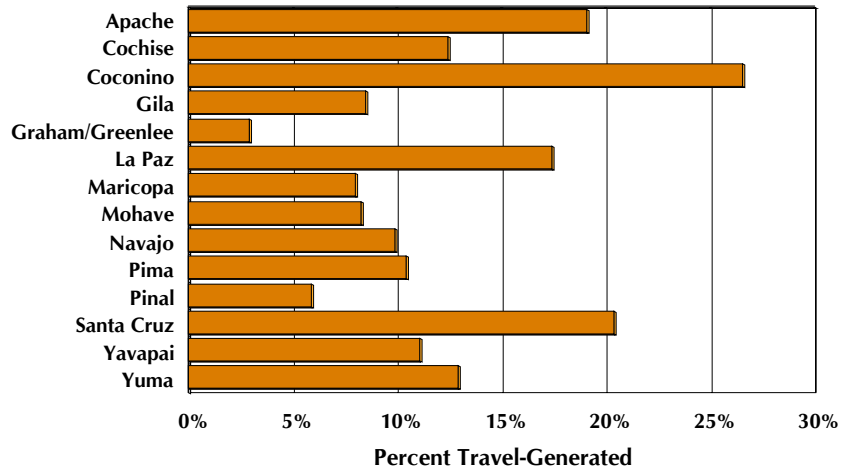
State Transaction Privilege Taxes Generated By Direct Travel Spending, 2007 FY



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, 2007 FY

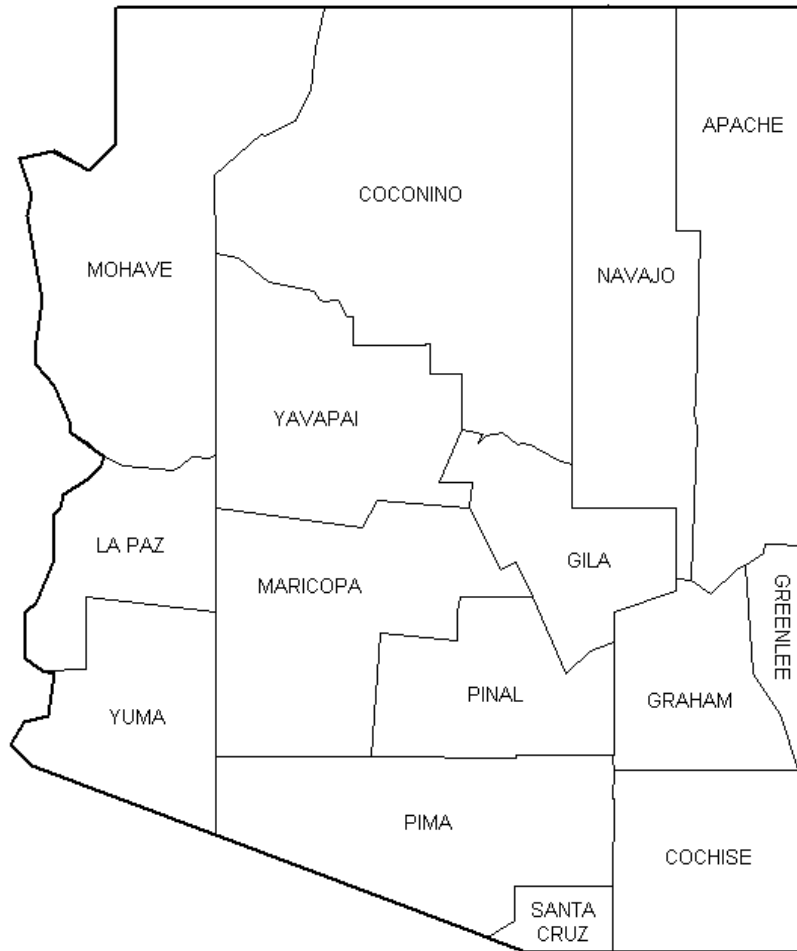


Source: Dean Runyan Associates and Arizona Department of Revenue. These estimates represent the total state transaction privilege tax receipts generated by travel spending. Counties and municipalities generally are allocated a portion of these receipts based on resident population. Other county and municipal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

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

- The travel industry accounted for 7.2 percent of all state and local tax revenues in Arizona in the 2005-06 fiscal year.
- Most of the travel industry tax receipts are a result of *visitor spending* rather than taxes on Arizona *residents*.
- The tax receipts generated by the Arizona travel industry are more than one-half greater in relation to gross domestic product than the 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 1998-2007P



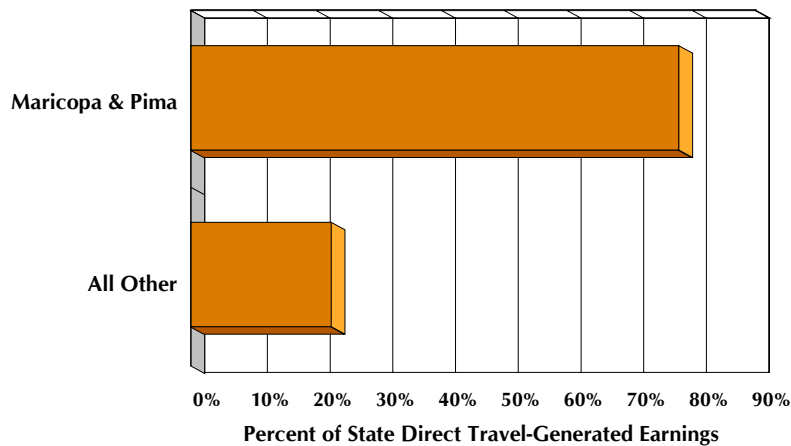
The analysis of travel impacts at the county level provides a valuable overview of how the economic benefits of travel and tourism are distributed throughout the state.

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 earnings – more than three-fourths of all travel-generated earnings occur within the two most populous counties in the state.

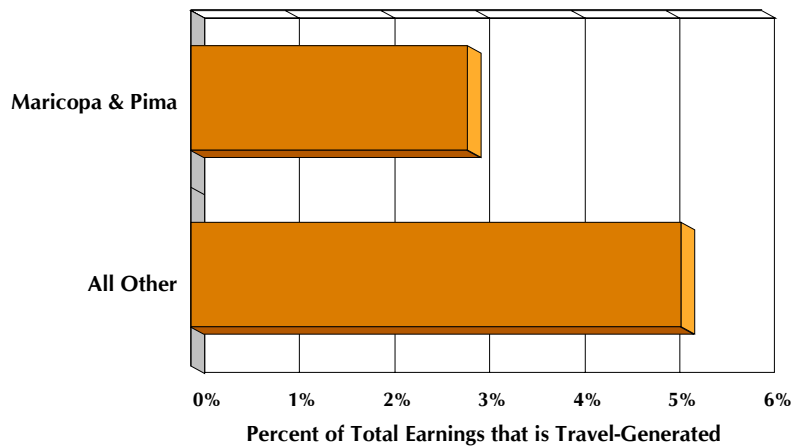
Distribution of Travel-Generated Earnings, 2007p



Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis.
Total and travel-generated earnings estimates by Dean Runyan Associates. Maricopa and Pima counties have 69 percent of all travel-generated employment. The other Arizona counties have 31 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 earnings in relation to total earnings. This is shown graphically below. About three percent of all earnings in Maricopa and Pima counties are travel-generated. By contrast, the proportion is over five percent in all other Arizona counties.

Travel-Generated Earnings as Percent of Total Earnings 2007p



Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis. Total and travel-generated earnings estimates by Dean Runyan Associates. Travel-generated employment in Maricopa and Pima counties constitutes 4.2 percent of all employment in those counties. The comparable figure for other Arizona counties is 9.0 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, 2007p

	Employment			Earnings (Million)		
	Total	Travel	Percent Travel	Total	Travel	Percent Travel
Apache	26,700	1,720	6.5	\$966	\$30	3.1
Cochise	59,140	4,460	7.5	\$2,602	\$81	3.1
Coconino	83,780	10,760	12.8	\$3,073	\$254	8.3
Gila	22,610	2,860	12.7	\$726	\$62	8.5
Graham/Greenlee	17,810	1,180	6.6	\$726	\$12	1.7
La Paz	8,530	1,330	15.6	\$266	\$31	11.6
Maricopa	2,310,020	94,250	4.1	\$114,852	\$3,395	3.0
Mohave	71,830	5,220	7.3	\$2,425	\$109	4.5
Navajo	39,910	3,270	8.2	\$1,416	\$67	4.7
Pima	514,510	24,540	4.8	\$21,258	\$566	2.7
Pinal	69,060	4,660	6.7	\$2,884	\$111	3.8
Santa Cruz	18,720	1,990	10.6	\$743	\$47	6.3
Yavapai	91,120	9,140	10.0	\$2,970	\$196	6.6
Yuma	84,840	6,160	7.3	\$3,280	\$140	4.3
Arizona	3,418,590	171,540	5.0	\$158,187	\$5,101	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.

Detailed direct travel impact estimates for 1998 through 2007p can be found on the following pages. As noted in the appendix to this report (page 56), 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.

2007p Arizona County Travel Impacts

	Travel Spending		Related Travel-Generated Impacts				Total Taxes (\$Million)
	Total (\$Million)	Visitor (\$Million)	Earnings (\$Million)	Employment (jobs)	Local Taxes (\$Million)	State Taxes (\$Million)	
Apache	144	144	30	1,720	3.1	5.5	8.7
Cochise	351	350	81	4,460	11.8	12.8	24.6
Coconino	921	918	254	10,760	26.9	35.4	62.3
Gila	248	248	62	2,860	3.3	7.2	10.5
Graham/Greenlee	48	48	12	1,180.0	1.2	2.0	3.2
La Paz	216	216	31	1,330	2.2	8.9	11.0
Maricopa	12,370	10,848	3,395	94,250	337.8	392.2	730.0
Mohave	464	464	109	5,220	9.6	19.0	28.6
Navajo	292	292	67	3,270	6.2	11.0	17.1
Pima	2,230	2,196	566	24,540	48.6	85.8	134.4
Pinal	453	453	111	4,660	8.5	17.1	25.6
Santa Cruz	249	249	47	1,990	5.0	8.0	13.1
Yavapai	722	721	196	9,140	16.6	24.7	41.3
Yuma	590	586	140	6,160	14.0	22.1	36.1
Arizona	19,299	17,734	5,101	171,540	494.8	651.6	1,146.5

Property taxes and sales taxes paid by travel industry employees not included.

Arizona County Total Travel Spending, 1998-2007p
(\$ Millions)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007p	Annual Percent Chg.	
											06-07p	98-07p
Apache	80	94	109	101	100	107	113	129	138	144	4.2	6.8
Cochise	207	234	258	253	271	279	302	320	328	351	7.1	6.1
Coconino	675	715	741	694	691	741	788	843	870	921	5.8	3.5
Gila	179	189	206	204	204	213	221	233	242	248	2.5	3.7
Graham/Greenlee	23	26	31	28	28	30	32	36	45	48	6.4	8.3
La Paz	126	146	162	160	158	175	186	208	210	216	3.1	6.2
Maricopa	7,327	7,989	8,779	8,176	7,979	9,069	9,888	11,069	11,908	12,370	3.9	6.0
Mohave	249	291	322	315	315	361	397	435	483	464	-3.9	7.2
Navajo	179	213	240	220	221	229	238	260	284	292	3.1	5.6
Pima	1,552	1,725	1,876	1,738	1,788	1,885	2,019	2,197	2,260	2,230	-1.3	4.1
Pinal	206	236	263	257	257	291	323	365	407	453	11.3	9.2
Santa Cruz	206	226	237	237	298	262	272	274	254	249	-1.9	2.1
Yavapai	426	579	558	543	540	581	590	642	685	722	5.4	6.0
Yuma	371	407	444	434	485	501	533	567	588	590	0.3	5.3
Arizona	11,806	13,071	14,225	13,361	13,333	14,725	15,903	17,578	18,701	19,299	3.2	5.6

Arizona County Travel-Generated Earnings, 1998-2007p
(\$ Millions)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007p	Annual Percent Chg.	
											06-07p	98-07p
Apache	19	22	25	23	24	24	25	27	28	30	5.0	5.2
Cochise	46	52	57	57	60	62	68	70	74	81	10.6	6.6
Coconino	186	196	203	190	191	204	216	224	234	254	8.5	3.5
Gila	43	45	50	49	49	51	53	56	59	62	4.1	4.2
Graham/Greenlee	6	7	8	7	7	8	8	9	11	12	8.5	7.8
La Paz	22	25	26	27	27	29	29	31	30	31	1.8	4.0
Maricopa	2,099	2,269	2,509	2,402	2,334	2,605	2,811	2,987	3,214	3,395	5.6	5.5
Mohave	60	69	75	75	77	87	94	99	112	109	-2.7	6.8
Navajo	44	52	58	53	54	55	55	58	64	67	3.8	4.8
Pima	394	438	475	440	450	475	510	543	566	566	0.0	4.1
Pinal	50	56	62	61	62	70	77	85	97	111	14.0	9.4
Santa Cruz	37	41	42	42	52	46	48	49	46	47	0.5	2.5
Yavapai	110	155	147	144	144	154	155	167	182	196	7.6	6.6
Yuma	83	91	99	97	107	114	121	128	138	140	1.8	6.0
Arizona	3,199	3,518	3,838	3,668	3,639	3,982	4,271	4,533	4,857	5,101	5.0	5.3

Arizona County Travel-Generated Employment, 1998-2007p

	1998	1999	2000	2001	2002	2003	2004	2005	2006p	2007p	Annual Percent Chg.	
											06-07p	98-07p
Apache	1,430	1,530	1,650	1,700	1,490	1,580	1,680	1,740	1,670	1,720	3.0	2.1
Cochise	3,490	3,840	4,000	3,830	3,890	3,950	4,070	4,160	4,230	4,460	5.4	2.8
Coconino	11,180	11,280	11,200	10,370	10,110	10,550	10,720	10,950	10,670	10,760	0.8	-0.4
Gila	2,690	2,700	2,850	2,950	2,910	2,970	2,830	2,850	2,870	2,860	-0.3	0.7
Graham/Greenlee	480	500	560	640	670	800	790	870	1,130	1,180	4.4	10.5
La Paz	1,370	1,460	1,480	1,430	1,400	1,450	1,410	1,470	1,330	1,330	0.0	-0.3
Maricopa	83,870	86,740	90,450	82,250	77,260	84,010	87,390	91,310	92,900	94,250	1.5	1.3
Mohave	3,820	4,290	4,540	4,420	4,430	4,800	5,000	5,170	5,830	5,220	-10.5	3.5
Navajo	3,140	3,490	3,770	3,380	3,220	3,210	3,080	3,120	3,300	3,270	-0.9	0.5
Pima	21,240	23,260	24,430	22,450	22,520	23,730	25,110	25,670	25,820	24,540	-5.0	1.6
Pinal	2,790	3,050	3,180	3,680	3,560	4,030	4,110	4,450	4,800	4,660	-2.9	5.9
Santa Cruz	2,050	2,120	2,140	2,100	2,490	2,260	2,270	2,240	2,120	1,990	-6.1	-0.3
Yavapai	6,700	9,060	8,100	8,630	8,540	9,000	8,650	8,720	8,950	9,140	2.1	3.5
Yuma	4,530	4,750	5,000	5,460	5,650	5,810	5,900	6,080	6,380	6,160	-3.4	3.5
Arizona	148,780	158,080	163,350	153,270	148,160	158,160	163,020	168,800	171,990	171,540	-0.3	1.6

Apache County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	79.9	109.4	100.2	113.3	129.0	138.3	144.1
Other Travel*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Spending	79.9	109.4	100.2	113.3	129.0	138.3	144.1
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	39.9	57.5	52.9	52.3	63.2	67.7	69.9
Campground	8.5	4.5	4.5	5.7	6.3	6.7	6.9
Private Home	17.3	23.8	19.8	27.4	29.1	31.3	33.1
Vacation Home	11.7	13.6	13.6	15.6	16.6	17.8	18.9
Day Travel	2.5	3.6	3.2	4.1	4.7	5.1	5.4
Spending at Destination	79.9	109.4	100.2	113.3	129.0	138.3	144.1
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	14.7	20.0	18.5	17.3	20.1	21.0	21.9
Food & Beverage Services	15.4	21.2	19.9	20.9	23.6	24.9	25.8
Food Stores	7.4	8.1	8.1	8.4	8.6	8.8	9.3
Ground Tran. & Motor Fuel	15.6	26.7	22.8	34.9	42.9	48.7	52.0
Arts, Entertainment & Recreation	11.2	14.8	14.3	15.4	16.4	17.0	17.2
Retail Sales	15.6	18.6	16.5	16.4	17.4	17.9	17.9
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spending at Destination	79.9	109.4	100.2	113.3	129.0	138.3	144.1
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	10.3	14.0	13.1	13.0	14.4	15.3	16.5
Arts, Entertainment & Recreation	4.7	6.2	5.9	6.4	6.8	7.4	7.5
Retail**	3.9	4.8	4.6	4.9	5.1	5.5	5.6
Auto Rental & other ground tran.	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Air Transportation (visitor only)	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	19.0	25.2	23.9	24.5	26.6	28.4	29.8
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	860	1,010	910	820	890	910	910
Arts, Entertainment & Recreation	290	320	290	550	560	460	530
Retail**	270	310	290	300	280	290	280
Auto Rental & other ground tran.	10	10	10	10	10	10	10
Air Transportation (visitor only)	0	0	0	0	0	0	0
Other Travel*	0	0	0	0	0	0	0
Total Direct Employment	1,430	1,650	1,490	1,680	1,740	1,670	1,720
Government Revenue Generated by Travel Spending (\$Million)***							
Local	2.1	2.9	2.6	2.6	3.0	3.0	3.1
State	3.4	4.6	4.3	4.9	5.3	5.4	5.5
Total Direct Gov't. Revenue	5.5	7.5	6.9	7.5	8.3	8.4	8.7

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Cochise County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	205.7	257.3	270.1	301.6	319.5	327.1	350.2
Other Travel*	0.9	0.8	0.8	0.8	0.8	0.8	0.9
Total Direct Spending	206.6	258.2	270.9	302.4	320.3	327.9	351.1
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	40.2	54.4	54.1	69.4	78.9	86.2	106.2
Campground	35.4	41.1	40.4	46.0	48.6	50.6	51.0
Private Home	39.3	53.0	45.5	60.3	63.3	66.1	68.4
Vacation Home	5.0	5.6	5.8	6.3	6.5	6.8	7.1
Day Travel	85.7	102.5	123.0	118.2	120.5	115.7	115.9
Spending at Destination	205.7	257.3	270.1	301.6	319.5	327.1	350.2
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	22.2	27.8	27.8	33.6	37.6	40.4	49.0
Food & Beverage Services	43.2	55.6	58.6	67.6	71.9	74.1	81.2
Food Stores	49.6	56.1	69.4	63.3	62.2	57.8	57.6
Ground Tran. & Motor Fuel	16.2	27.7	23.7	36.2	44.6	50.5	54.0
Arts, Entertainment & Recreation	24.1	31.5	31.2	38.7	40.0	41.4	44.1
Retail Sales	50.4	58.7	59.3	62.1	63.2	62.9	64.2
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spending at Destination	205.7	257.3	270.1	301.6	319.5	327.1	350.2
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	20.2	26.0	26.9	31.6	33.6	35.4	41.6
Arts, Entertainment & Recreation	10.7	13.9	13.8	17.1	17.6	19.1	20.4
Retail**	14.2	16.6	18.6	18.3	18.3	18.2	18.4
Auto Rental & other ground tran.	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.7	0.6	0.6	0.6	0.6	0.6	0.7
Total Direct Earnings	45.9	57.3	60.1	67.9	70.4	73.6	81.3
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	1,620	1,960	1,900	2,040	2,110	2,140	2,250
Arts, Entertainment & Recreation	1,100	1,160	1,100	1,200	1,220	1,260	1,390
Retail**	720	850	860	810	810	800	790
Auto Rental & other ground tran.	10	10	10	10	10	10	10
Air Transportation (visitor only)	0	0	0	0	0	0	0
Other Travel*	40	30	20	20	20	20	20
Total Direct Employment	3,490	4,000	3,890	4,070	4,160	4,230	4,460
Government Revenue Generated by Travel Spending (\$Million)***							
Local	7.1	8.7	9.0	10.0	10.5	10.8	11.8
State	7.3	9.1	9.9	11.1	11.7	12.0	12.8
Total Direct Gov't. Revenue	14.4	17.8	18.9	21.1	22.2	22.7	24.6

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Coconino County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	675.2	737.1	689.0	785.0	840.9	867.6	918.5
Other Travel*	0.2	3.7	2.0	2.6	2.2	2.4	2.2
Total Direct Spending	675.4	740.8	691.1	787.5	843.1	870.0	920.7
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	485.6	514.7	477.4	537.4	579.6	598.1	640.4
Campground	37.6	36.6	37.2	41.0	42.9	44.4	44.6
Private Home	42.7	54.6	48.4	63.7	66.8	69.2	71.4
Vacation Home	23.4	26.1	27.3	29.4	30.5	31.6	32.6
Day Travel	85.9	96.8	90.1	104.3	112.0	115.4	120.4
Spending at Destination	675.2	737.1	689.0	785.0	840.9	867.6	918.5
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	186.0	198.6	180.9	203.0	220.6	234.6	255.2
Food & Beverage Services	172.4	189.0	181.7	208.1	222.7	226.0	241.0
Food Stores	37.8	40.1	39.9	42.5	43.4	43.4	45.7
Ground Tran. & Motor Fuel	28.2	47.5	40.7	61.7	75.6	85.6	91.5
Arts, Entertainment & Recreation	100.2	112.7	109.4	126.2	130.2	130.2	134.3
Retail Sales	147.3	149.1	134.7	141.6	146.0	145.6	148.2
Air Transportation (visitor only)	3.3	0.0	1.7	1.9	2.3	2.1	2.6
Spending at Destination	675.2	737.1	689.0	785.0	840.9	867.6	918.5
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	118.1	127.8	119.5	135.5	141.2	147.3	164.5
Arts, Entertainment & Recreation	41.0	46.1	44.7	51.5	53.1	55.6	57.4
Retail**	25.3	26.6	24.7	26.4	27.0	27.9	28.7
Auto Rental & other ground tran.	0.5	0.6	0.5	0.6	0.7	0.7	0.8
Air Transportation (visitor only)	1.2	0.0	0.7	0.8	0.9	1.0	1.2
Other Travel*	0.1	1.5	1.0	1.1	1.0	1.1	1.1
Total Direct Earnings	186.2	202.6	191.2	215.9	224.0	233.7	253.6
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	7,290	7,280	6,600	6,860	6,830	6,610	6,810
Arts, Entertainment & Recreation	2,530	2,620	2,360	2,720	2,970	2,920	2,760
Retail**	1,310	1,250	1,090	1,090	1,100	1,090	1,130
Auto Rental & other ground tran.	20	20	20	20	20	20	20
Air Transportation (visitor only)	20	0	10	10	10	10	10
Other Travel*	10	30	30	30	20	20	20
Total Direct Employment	11,180	11,200	10,110	10,720	10,950	10,670	10,760
Government Revenue Generated by Travel Spending (\$Million)***							
Local	20.1	21.4	19.8	22.7	24.3	25.2	26.9
State	25.1	27.6	27.4	30.8	32.7	33.6	35.4
Total Direct Gov't. Revenue	45.2	49.0	47.2	53.5	57.0	58.8	62.3

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Gila County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	178.6	206.0	203.9	220.7	232.7	241.5	247.6
Other Travel*	0.2	0.2	0.2	0.1	0.1	0.1	0.2
Total Direct Spending	178.8	206.2	204.1	220.8	232.9	241.7	247.8
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	31.9	36.9	32.3	35.0	42.4	46.3	48.9
Campground	10.9	5.4	5.5	6.0	6.1	6.3	6.3
Private Home	12.7	16.9	14.6	18.8	19.5	20.2	20.9
Vacation Home	10.3	11.4	11.8	12.4	12.7	13.1	13.6
Day Travel	112.8	128.5	132.7	140.9	144.1	147.6	149.9
Spending at Destination	178.6	206.0	203.9	220.7	232.7	241.5	247.6
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	13.4	15.5	13.5	14.6	17.3	19.1	20.6
Food & Beverage Services	31.6	37.3	36.8	40.6	43.9	45.7	47.8
Food Stores	10.9	11.8	12.0	12.5	12.8	13.0	13.6
Ground Tran. & Motor Fuel	5.7	9.7	8.3	12.7	15.6	17.7	18.9
Arts, Entertainment & Recreation	74.5	86.6	90.5	97.6	99.4	101.5	102.3
Retail Sales	42.5	45.1	42.7	42.8	43.9	44.6	44.5
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spending at Destination	178.6	206.0	203.9	220.7	232.7	241.5	247.6
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	16.1	18.9	18.1	19.8	21.6	23.0	25.1
Arts, Entertainment & Recreation	19.0	22.2	23.0	25.0	26.0	27.6	27.8
Retail**	7.6	8.2	7.9	8.1	8.2	8.6	8.7
Auto Rental & other ground tran.	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.2	0.1	0.2	0.1	0.1	0.1	0.1
Total Direct Earnings	42.9	49.5	49.3	53.1	56.0	59.5	61.9
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	1,190	1,330	1,280	1,250	1,300	1,300	1,380
Arts, Entertainment & Recreation	1,090	1,090	1,240	1,200	1,180	1,200	1,110
Retail**	400	420	380	360	360	360	360
Auto Rental & other ground tran.	0	0	0	0	0	0	0
Air Transportation (visitor only)	0	0	0	0	0	0	0
Other Travel*	10	10	10	10	10	10	10
Total Direct Employment	2,690	2,850	2,910	2,830	2,850	2,870	2,860
Government Revenue Generated by Travel Spending (\$Million)***							
Local	2.0	2.4	2.1	2.4	2.9	3.2	3.3
State	2.6	3.1	3.0	5.3	6.6	7.0	7.2
Total Direct Gov't. Revenue	4.6	5.5	5.1	7.7	9.5	10.2	10.5

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Graham & Greenlee Counties Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	23.4	31.1	27.5	31.7	36.4	44.9	47.8
Other Travel*	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Direct Spending	23.4	31.2	27.6	31.8	36.4	45.0	47.9
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	12.1	16.0	14.3	14.4	17.9	25.6	27.7
Campground	1.0	0.2	0.2	0.2	0.2	0.2	0.2
Private Home	7.8	10.7	9.2	12.3	13.0	13.4	14.0
Vacation Home	0.7	0.8	0.8	0.9	1.0	1.0	1.0
Day Travel	1.7	2.4	2.1	2.7	3.0	3.5	3.7
Spending at Destination	23.4	31.1	27.5	31.7	36.4	44.9	47.8
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	4.3	5.5	4.8	4.7	5.9	9.0	10.0
Food & Beverage Services	6.0	7.9	7.2	8.1	9.1	11.2	11.9
Food Stores	1.0	1.2	1.1	1.2	1.2	1.4	1.5
Ground Tran. & Motor Fuel	3.3	5.6	4.8	7.3	9.0	10.2	10.9
Arts, Entertainment & Recreation	3.5	4.6	4.2	4.8	5.2	6.2	6.4
Retail Sales	5.2	6.2	5.3	5.6	5.9	6.9	7.0
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spending at Destination	23.4	31.1	27.5	31.7	36.4	44.9	47.8
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	3.3	4.4	3.9	4.2	4.7	6.4	7.2
Arts, Entertainment & Recreation	1.7	2.3	2.1	2.4	2.6	3.2	3.3
Retail**	1.0	1.3	1.1	1.2	1.3	1.5	1.6
Auto Rental & other ground tran.	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.0	0.1	0.1	0.0	0.0	0.0	0.0
Total Direct Earnings	6.2	8.0	7.3	7.9	8.7	11.2	12.2
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	290	340	350	360	390	510	540
Arts, Entertainment & Recreation	130	140	260	370	410	550	570
Retail**	60	70	60	60	60	70	70
Auto Rental & other ground tran.	0	0	0	0	0	0	0
Air Transportation (visitor only)	0	0	0	0	0	0	0
Other Travel*	0	0	0	0	0	0	0
Total Direct Employment	480	560	670	790	870	1,130	1,180
Government Revenue Generated by Travel Spending (\$Million)***							
Local	0.6	0.8	0.7	0.7	0.9	1.1	1.2
State	1.1	1.4	1.3	1.5	1.6	1.9	2.0
Total Direct Gov't. Revenue	1.7	2.2	2.0	2.2	2.5	3.0	3.2

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

**La Paz County
Travel Impacts, 1998-2007p**

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	125.5	161.9	157.6	186.2	208.4	209.6	216.1
Other Travel*	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Spending	125.5	161.9	157.6	186.2	208.4	209.6	216.1
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	9.3	12.9	14.0	14.7	22.2	10.8	10.4
Campground	35.8	40.4	39.8	48.0	52.1	55.8	56.9
Private Home	12.7	18.5	15.4	21.0	22.5	23.9	24.8
Vacation Home	15.0	18.5	18.4	20.8	22.2	23.7	24.8
Day Travel	52.7	66.7	65.0	76.8	83.9	89.5	93.0
Spending at Destination	125.5	161.9	157.6	186.2	208.4	209.6	216.1
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	6.2	7.1	7.5	7.7	9.4	7.0	7.0
Food & Beverage Services	14.0	17.6	17.8	19.9	21.9	20.4	21.0
Food Stores	12.6	13.9	14.3	14.5	14.7	14.7	15.1
Ground Tran. & Motor Fuel	28.4	48.7	41.7	63.7	78.4	88.9	95.0
Arts, Entertainment & Recreation	39.6	47.5	50.4	54.3	57.1	52.8	52.4
Retail Sales	24.6	27.1	26.0	26.1	26.8	25.9	25.6
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spending at Destination	125.5	161.9	157.6	186.2	208.4	209.6	216.1
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	5.9	7.2	7.4	8.1	9.1	8.0	8.4
Arts, Entertainment & Recreation	9.3	11.2	11.8	12.8	13.6	13.2	13.1
Retail**	6.3	7.4	7.5	8.0	8.3	8.5	8.7
Auto Rental & other ground tran.	0.3	0.4	0.4	0.5	0.5	0.5	0.5
Air Transportation (visitor only)	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	21.7	26.3	27.0	29.3	31.5	30.2	30.8
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	490	550	510	510	560	470	460
Arts, Entertainment & Recreation	530	540	510	510	500	460	450
Retail**	340	380	360	380	390	390	410
Auto Rental & other ground tran.	10	10	10	10	10	10	10
Air Transportation (visitor only)	0	0	0	0	0	0	0
Other Travel*	0	0	0	0	0	0	0
Total Direct Employment	1,370	1,480	1,400	1,410	1,470	1,330	1,330
Government Revenue Generated by Travel Spending (\$Million)***							
Local	1.4	1.7	1.7	1.9	2.2	2.2	2.2
State	4.8	6.1	5.9	7.7	8.8	8.8	8.9
Total Direct Gov't. Revenue	6.2	7.8	7.6	9.6	11.0	11.0	11.0

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Maricopa County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	6,424	7,824	7,096	8,808	9,827	10,502	10,848
Other Travel*	903	955	883	1,080	1,241	1,407	1,522
Total Direct Spending	7,327	8,779	7,979	9,888	11,069	11,908	12,370
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	3,215	3,659	3,261	3,851	4,428	4,704	4,748
Campground	150	181	183	206	219	228	231
Private Home	1,946	2,583	2,337	3,140	3,409	3,685	3,907
Vacation Home	129	153	165	186	199	212	226
Day Travel	983	1,247	1,149	1,426	1,573	1,672	1,736
Spending at Destination	6,424	7,824	7,096	8,808	9,827	10,502	10,848
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	1,135	1,296	1,129	1,314	1,538	1,665	1,692
Food & Beverage Services	1,343	1,684	1,574	1,974	2,173	2,267	2,356
Food Stores	216	246	238	273	288	295	311
Ground Tran. & Motor Fuel	789	1,163	1,014	1,421	1,692	1,888	2,006
Arts, Entertainment & Recreation	830	1,051	998	1,249	1,322	1,377	1,386
Retail Sales	1,230	1,419	1,246	1,440	1,525	1,565	1,571
Air Transportation (visitor only)	882	964	897	1,137	1,291	1,446	1,527
Spending at Destination	6,424	7,824	7,096	8,808	9,827	10,502	10,848
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	800	965	876	1,068	1,169	1,248	1,332
Arts, Entertainment & Recreation	341	433	409	515	546	591	597
Retail**	208	248	227	263	277	294	299
Auto Rental & other ground tran.	40	48	44	53	58	62	65
Air Transportation (visitor only)	334	387	377	450	457	496	530
Other Travel*	376	428	402	463	480	523	572
Total Direct Earnings	2,099	2,509	2,334	2,811	2,987	3,214	3,395
Industry Employment Generated by Travel Spending (Thousand Jobs)							
Accommodation & Food Services	40.9	45.6	39.2	44.4	46.8	47.6	47.9
Arts, Entertainment & Recreation	15.8	16.6	14.1	18.1	19.5	19.2	20.4
Retail**	8.2	9.0	7.8	8.6	8.7	8.9	8.8
Auto Rental & other ground tran.	1.7	1.7	1.5	1.6	1.7	1.7	1.8
Air Transportation (visitor only)	5.0	5.1	4.0	4.1	4.1	4.4	4.3
Other Travel*	12.2	12.4	10.7	10.5	10.5	11.0	11.0
Total Direct Employment	83.9	90.5	77.3	87.4	91.3	92.9	94.3
Government Revenue Generated by Travel Spending (\$Million)***							
Local	230	268	239	282	314	330	338
State	238	290	280	336	366	382	392
Total Direct Gov't. Revenue	468	558	519	618	680	712	730

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Mohave County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	240.6	319.9	314.0	395.6	430.5	477.1	463.7
Other Travel*	8.0	1.7	1.2	1.9	4.9	5.9	0.4
Total Direct Spending	248.6	321.6	315.2	397.5	435.4	483.0	464.1
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	84.8	106.1	113.6	138.7	150.8	179.1	151.0
Campground	24.0	24.1	23.4	27.0	29.3	30.1	31.4
Private Home	63.8	96.2	84.6	117.1	126.1	133.5	141.1
Vacation Home	26.9	32.8	34.3	39.4	43.0	45.6	49.4
Day Travel	41.2	55.5	52.8	68.0	75.8	83.1	85.1
Spending at Destination	240.6	319.9	314.0	395.6	430.5	477.1	463.7
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	32.8	38.6	41.0	48.6	53.1	63.9	54.5
Food & Beverage Services	52.1	67.9	69.4	88.4	95.5	106.4	102.9
Food Stores	21.0	23.7	24.8	27.4	28.4	29.8	31.0
Ground Tran. & Motor Fuel	37.5	64.3	55.0	84.1	103.5	117.3	125.4
Arts, Entertainment & Recreation	39.6	51.0	52.8	65.5	68.2	73.5	70.8
Retail Sales	57.6	67.7	64.3	73.8	77.0	82.5	79.1
Air Transportation (visitor only)	0.0	6.7	6.7	7.7	4.8	3.7	0.0
Spending at Destination	240.6	319.9	314.0	395.6	430.5	477.1	463.7
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	27.2	34.3	35.5	44.2	46.9	54.0	51.9
Arts, Entertainment & Recreation	16.8	21.8	22.5	28.1	29.3	33.0	31.8
Retail**	12.6	15.4	15.2	17.4	18.2	19.8	19.8
Auto Rental & other ground tran.	0.4	0.5	0.5	0.6	0.6	0.6	0.7
Air Transportation (visitor only)	0.0	2.7	2.8	3.1	1.9	1.7	1.6
Other Travel*	3.2	0.9	0.7	0.9	2.1	2.8	3.2
Total Direct Earnings	60.3	75.5	77.2	94.2	99.0	112.0	108.9
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	2,040	2,400	2,300	2,590	2,660	3,030	2,720
Arts, Entertainment & Recreation	1,100	1,330	1,410	1,660	1,750	1,980	1,700
Retail**	580	710	630	670	670	720	700
Auto Rental & other ground tran.	20	20	20	20	20	20	20
Air Transportation (visitor only)	0	50	50	50	30	20	20
Other Travel*	90	30	20	30	40	50	50
Total Direct Employment	3,820	4,540	4,430	5,000	5,170	5,830	5,220
Government Revenue Generated by Travel Spending (\$Million)***							
Local	5.8	7.0	7.1	8.6	9.2	10.4	9.6
State	10.8	13.7	14.1	16.9	18.1	19.6	19.0
Total Direct Gov't. Revenue	16.6	20.7	21.2	25.5	27.3	30.0	28.6

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Navajo County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	179.0	239.2	220.8	237.3	260.1	283.5	292.2
Other Travel*	0.4	0.3	0.3	0.2	0.2	0.2	0.3
Total Direct Spending	179.4	239.5	221.1	237.5	260.4	283.7	292.5
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	85.3	121.8	108.1	101.0	113.6	128.3	129.7
Campground	22.5	21.5	21.6	25.8	27.8	28.8	29.3
Private Home	23.0	31.8	27.3	37.2	39.7	42.1	44.5
Vacation Home	35.6	41.3	42.6	47.8	50.8	53.8	57.2
Day Travel	12.7	17.2	15.8	18.6	20.8	22.7	23.7
Spending at Destination	179.0	239.2	220.8	237.3	260.1	283.5	292.2
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	31.5	44.0	38.3	35.9	39.6	43.7	44.5
Food & Beverage Services	31.1	44.1	40.2	41.5	45.4	50.2	51.8
Food Stores	22.6	25.2	25.6	26.6	27.3	28.3	29.9
Ground Tran. & Motor Fuel	21.6	37.0	31.7	48.5	59.6	67.6	72.2
Arts, Entertainment & Recreation	34.9	44.2	44.9	45.3	47.2	50.3	50.4
Retail Sales	37.3	44.6	40.0	39.4	41.0	43.4	43.3
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spending at Destination	179.0	239.2	220.8	237.3	260.1	283.5	292.2
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	21.8	30.9	27.5	27.1	28.9	32.2	34.2
Arts, Entertainment & Recreation	12.7	16.6	16.4	17.0	17.8	19.8	19.9
Retail**	8.6	10.4	10.0	10.4	10.8	11.6	11.9
Auto Rental & other ground tran.	0.2	0.3	0.3	0.3	0.4	0.4	0.4
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.3	0.2	0.3	0.2	0.2	0.2	0.2
Total Direct Earnings	43.7	58.4	54.4	55.0	57.9	64.1	66.6
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	1,610	2,190	1,780	1,630	1,620	1,690	1,710
Arts, Entertainment & Recreation	1,020	990	930	950	990	1,080	1,030
Retail**	480	560	480	480	490	500	510
Auto Rental & other ground tran.	10	10	10	10	10	10	10
Air Transportation (visitor only)	0	0	0	0	0	0	0
Other Travel*	20	10	10	10	10	10	10
Total Direct Employment	3,140	3,770	3,220	3,080	3,120	3,300	3,270
Government Revenue Generated by Travel Spending (\$Million)***							
Local	4.3	5.8	5.1	5.1	5.5	6.0	6.2
State	6.7	8.9	8.5	9.4	10.1	10.8	11.0
Total Direct Gov't. Revenue	11.0	14.8	13.6	14.5	15.7	16.9	17.1

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

**Pima County
Travel Impacts, 1998-2007p**

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	1,526	1,848	1,765	1,993	2,168	2,227	2,196
Other Travel*	26	27	23	26	29	32	34
Total Direct Spending	1,552	1,876	1,788	2,019	2,197	2,260	2,230
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	700	813	738	814	932	960	899
Campground	57	64	65	73	76	79	81
Private Home	318	431	379	501	531	561	591
Vacation Home	27	31	32	35	37	39	41
Day Travel	424	507	549	568	589	586	581
Spending at Destination	1,526	1,848	1,765	1,993	2,168	2,227	2,196
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	290	338	302	332	395	413	393
Food & Beverage Services	347	431	413	483	522	537	532
Food Stores	88	100	109	109	110	107	108
Ground Tran. & Motor Fuel	153	216	190	258	304	337	358
Arts, Entertainment & Recreation	213	268	256	305	317	323	315
Retail Sales	420	480	481	488	497	487	465
Air Transportation (visitor only)	14	15	14	18	21	23	25
Spending at Destination	1,526	1,848	1,765	1,993	2,168	2,227	2,196
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	210	254	236	270	294	306	310
Arts, Entertainment & Recreation	85	107	102	122	127	135	132
Retail**	69	80	81	83	85	86	84
Auto Rental & other ground tran.	11	13	12	14	15	17	17
Air Transportation (visitor only)	5	6	6	7	7	8	9
Other Travel*	15	16	13	14	14	15	16
Total Direct Earnings	394	475	450	510	543	566	566
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	11,380	13,370	12,180	13,240	14,000	14,050	13,390
Arts, Entertainment & Recreation	5,710	6,640	6,260	7,860	7,650	7,800	7,220
Retail**	3,060	3,360	3,220	3,160	3,150	3,100	3,020
Auto Rental & other ground tran.	450	460	400	430	450	460	490
Air Transportation (visitor only)	120	120	100	100	100	110	110
Other Travel*	530	480	360	310	320	310	320
Total Direct Employment	21,240	24,430	22,520	25,110	25,670	25,820	24,540
Government Revenue Generated by Travel Spending (\$Million)***							
Local	35.2	41.2	38.0	41.9	47.2	50.2	48.6
State	57.0	68.8	70.7	79.4	85.6	87.4	85.8
Total Direct Gov't. Revenue	92.3	110.0	108.7	121.2	132.8	137.6	134.4

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Pinal County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	206.0	262.7	256.5	322.7	364.3	406.8	452.9
Other Travel*	0.1	0.1	0.1	0.4	0.4	0.4	0.4
Total Direct Spending	206.1	262.8	256.6	323.1	364.8	407.2	453.3
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	43.6	46.4	48.9	51.9	59.9	63.5	70.1
Campground	13.8	15.5	15.2	17.1	18.0	18.2	17.8
Private Home	61.6	89.7	80.5	117.0	133.2	153.8	175.5
Vacation Home	30.0	36.7	39.5	47.0	53.3	61.2	70.0
Day Travel	56.9	73.2	71.3	88.2	98.5	108.5	117.9
Spending at Destination	206.0	262.7	256.5	322.7	364.3	406.8	452.9
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	17.5	18.4	19.1	20.2	22.6	24.6	27.3
Food & Beverage Services	44.7	58.0	57.9	75.2	85.6	96.7	111.5
Food Stores	20.1	23.1	24.5	28.2	30.9	34.5	40.0
Ground Tran. & Motor Fuel	25.7	44.1	37.7	57.7	71.0	80.4	86.0
Arts, Entertainment & Recreation	42.4	53.7	55.5	68.8	74.6	82.1	90.4
Retail Sales	55.6	65.3	61.8	72.6	79.7	88.5	97.8
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spending at Destination	206.0	262.7	256.5	322.7	364.3	406.8	452.9
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	20.1	24.8	25.0	31.0	34.8	39.4	46.8
Arts, Entertainment & Recreation	18.3	23.5	24.1	30.5	33.3	38.5	42.8
Retail**	10.8	13.1	12.9	15.1	16.4	18.6	20.6
Auto Rental & other ground tran.	0.3	0.4	0.3	0.4	0.4	0.4	0.5
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.1	0.1	0.1	0.3	0.3	0.3	0.3
Total Direct Earnings	49.5	61.8	62.4	77.3	85.2	97.3	110.9
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	1,380	1,580	1,550	1,820	1,950	2,090	2,300
Arts, Entertainment & Recreation	830	960	1,420	1,640	1,810	1,940	1,530
Retail**	560	620	570	620	660	740	800
Auto Rental & other ground tran.	10	10	10	10	10	10	10
Air Transportation (visitor only)	0	0	0	0	0	0	0
Other Travel*	10	0	0	20	20	10	20
Total Direct Employment	2,790	3,180	3,560	4,110	4,450	4,800	4,660
Government Revenue Generated by Travel Spending (\$Million)***							
Local	4.1	4.9	4.8	5.9	6.7	7.5	8.5
State	8.0	10.1	10.3	12.8	14.3	15.6	17.1
Total Direct Gov't. Revenue	12.1	15.0	15.1	18.8	21.0	23.1	25.6

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

**Santa Cruz County
Travel Impacts, 1998-2007p**

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	206.4	236.9	297.6	272.2	273.5	254.1	249.2
Other Travel*	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Total Direct Spending	206.4	236.9	297.7	272.3	273.6	254.1	249.2
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	27.4	29.0	27.9	32.6	38.0	38.8	42.2
Campground	3.8	3.0	2.9	3.4	3.5	3.7	3.8
Private Home	5.8	8.0	7.1	9.7	10.4	11.1	11.6
Vacation Home	0.8	0.9	1.0	1.1	1.2	1.3	1.3
Day Travel	168.5	194.5	257.1	223.5	218.4	197.1	188.0
Spending at Destination	206.4	236.9	297.6	272.2	273.5	254.1	249.2
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	11.0	11.6	11.1	12.8	14.9	15.3	16.9
Food & Beverage Services	25.6	29.1	35.0	33.9	35.6	34.1	34.6
Food Stores	79.3	90.4	120.1	103.5	100.5	90.0	87.6
Ground Tran. & Motor Fuel	5.1	8.7	7.5	11.4	14.0	15.9	17.0
Arts, Entertainment & Recreation	6.0	6.9	6.9	8.4	9.1	9.2	9.5
Retail Sales	79.5	90.1	117.0	102.2	99.4	89.6	83.6
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Spending at Destination	206.4	236.9	297.6	272.2	273.5	254.1	249.2
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	11.7	13.1	14.9	15.0	15.9	15.6	16.8
Arts, Entertainment & Recreation	2.8	3.3	3.3	3.9	4.3	4.5	4.7
Retail**	22.6	25.8	33.6	29.3	28.3	26.1	25.0
Auto Rental & other ground tran.	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Total Direct Earnings	37.2	42.2	51.9	48.4	48.6	46.4	46.6
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	820	830	960	930	960	900	850
Arts, Entertainment & Recreation	220	250	230	250	270	320	300
Retail**	1,000	1,060	1,290	1,080	1,010	890	830
Auto Rental & other ground tran.	0	0	0	0	0	0	0
Air Transportation (visitor only)	0	0	0	0	0	0	0
Other Travel*	0	0	0	0	0	0	0
Total Direct Employment	2,050	2,140	2,490	2,270	2,240	2,120	1,990
Government Revenue Generated by Travel Spending (\$Million)***							
Local	4.2	4.7	5.7	5.3	5.4	5.1	5.0
State	6.0	6.9	9.4	8.7	8.8	8.2	8.0
Total Direct Gov't. Revenue	10.2	11.6	15.1	14.0	14.2	13.3	13.1

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Yavapai County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	422.8	554.8	537.0	588.9	640.6	684.0	720.9
Other Travel*	3.1	2.9	3.0	1.0	1.0	0.9	1.0
Total Direct Spending	425.9	557.8	540.0	589.9	641.6	684.9	722.0
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	138.6	208.1	194.8	197.8	230.7	255.5	276.8
Campground	35.6	38.1	38.9	42.1	43.4	44.1	44.3
Private Home	59.1	82.1	73.6	99.9	106.7	114.2	121.7
Vacation Home	14.6	16.8	18.2	20.1	21.3	22.6	24.2
Day Travel	174.9	208.0	209.8	227.0	236.5	245.4	251.8
Spending at Destination	422.8	554.8	537.0	588.9	640.6	684.0	720.9
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	59.0	86.0	79.6	81.5	97.6	109.8	121.7
Food & Beverage Services	96.1	133.1	130.8	146.5	160.9	172.9	185.1
Food Stores	26.6	30.8	31.2	33.2	34.5	35.7	37.9
Ground Tran. & Motor Fuel	16.0	27.4	23.5	35.9	44.1	50.0	53.5
Arts, Entertainment & Recreation	115.7	146.5	149.9	165.6	171.1	177.5	181.8
Retail Sales	109.4	131.1	121.9	126.1	132.2	137.9	140.9
Air Transportation (visitor only)	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Spending at Destination	422.8	554.8	537.0	588.9	640.6	684.0	720.9
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	50.6	71.5	68.8	74.7	82.5	90.9	102.0
Arts, Entertainment & Recreation	39.6	51.7	52.2	58.3	61.3	66.6	68.6
Retail**	17.8	21.4	20.3	21.3	22.2	23.7	24.5
Auto Rental & other ground tran.	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.1	0.1
Other Travel*	2.3	2.1	2.2	0.7	0.7	0.7	0.7
Total Direct Earnings	110.4	146.9	143.8	155.3	167.0	182.2	196.1
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	3,390	4,430	4,090	3,910	4,000	4,170	4,410
Arts, Entertainment & Recreation	2,280	2,590	3,490	3,850	3,790	3,810	3,720
Retail**	900	980	870	860	890	930	970
Auto Rental & other ground tran.	10	10	10	10	10	10	10
Air Transportation (visitor only)	0	0	0	0	0	0	0
Other Travel*	120	100	90	30	30	30	30
Total Direct Employment	6,700	8,100	8,540	8,650	8,720	8,950	9,140
Government Revenue Generated by Travel Spending (\$Million)***							
Local	8.6	12.0	11.2	12.4	14.1	15.5	16.6
State	11.1	15.3	15.4	18.9	21.7	23.4	24.7
Total Direct Gov't. Revenue	19.7	27.3	26.7	31.3	35.8	38.8	41.3

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

Yuma County Travel Impacts, 1998-2007p

	1998	2000	2002	2004	2005	2006	2007p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	365.7	438.6	482.0	529.6	563.5	584.2	586.1
Other Travel*	5.2	5.5	2.6	2.9	3.0	3.3	3.5
Total Direct Spending	370.9	444.0	484.6	532.6	566.6	587.5	589.6
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	86.0	95.5	102.9	132.0	154.4	176.2	174.3
Campground	48.8	57.3	57.9	64.6	66.8	68.4	68.7
Private Home	54.0	76.9	68.4	91.8	97.6	103.4	109.4
Vacation Home	28.4	33.8	35.3	38.8	41.1	43.5	46.3
Day Travel	148.6	175.1	217.5	202.3	203.7	192.6	187.4
Spending at Destination	365.7	438.6	482.0	529.6	563.5	584.2	586.1
Visitor Spending by Commodity Purchased (\$Million)							
Lodging	29.4	32.2	33.4	40.8	47.9	56.1	56.9
Food & Beverage Services	58.1	72.5	77.2	90.8	98.6	104.3	106.9
Food Stores	61.8	70.1	84.6	79.4	79.1	75.4	76.1
Ground Tran. & Motor Fuel	20.1	34.4	29.4	45.0	55.3	62.7	67.1
Arts, Entertainment & Recreation	76.2	91.6	96.4	117.9	126.3	134.8	133.5
Retail Sales	120.1	137.9	158.4	152.5	153.0	147.9	142.5
Air Transportation (visitor only)	0.0	0.0	2.6	3.3	3.2	2.8	3.1
Spending at Destination	365.7	438.6	482.0	529.6	563.5	584.2	586.1
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodation & Food Services	27.3	32.8	34.7	41.4	45.2	49.8	52.6
Arts, Entertainment & Recreation	27.6	33.9	35.2	43.2	46.6	51.6	51.5
Retail**	26.0	30.1	34.9	33.7	33.6	33.4	32.9
Auto Rental & other ground tran.	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Air Transportation (visitor only)	0.0	0.0	1.1	1.3	1.3	1.3	1.4
Other Travel*	2.2	2.4	1.3	1.3	1.3	1.6	1.7
Total Direct Earnings	83.3	99.4	107.4	121.2	128.4	138.0	140.5
Industry Employment Generated by Travel Spending (Jobs)							
Accommodation & Food Services	1,950	2,110	2,090	2,350	2,500	2,630	2,610
Arts, Entertainment & Recreation	1,300	1,500	2,120	2,270	2,280	2,460	2,310
Retail**	1,210	1,320	1,390	1,230	1,250	1,230	1,170
Auto Rental & other ground tran.	10	10	10	10	10	10	10
Air Transportation (visitor only)	0	0	20	20	20	20	20
Other Travel*	60	60	30	30	30	30	30
Total Direct Employment	4,530	5,000	5,650	5,900	6,080	6,380	6,160
Government Revenue Generated by Travel Spending (\$Million)***							
Local	9.0	10.5	11.6	12.5	13.4	14.1	14.0
State	11.6	14.0	16.3	19.3	21.3	22.2	22.1
Total Direct Gov't. Revenue	20.6	24.5	27.8	31.7	34.7	36.3	36.1

Details may not add to totals due to rounding. Estimates for 1999, 2001 and 2003 not printed due to space limitations.

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

***Property taxes and sales tax payments of travel industry employees not included.

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

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

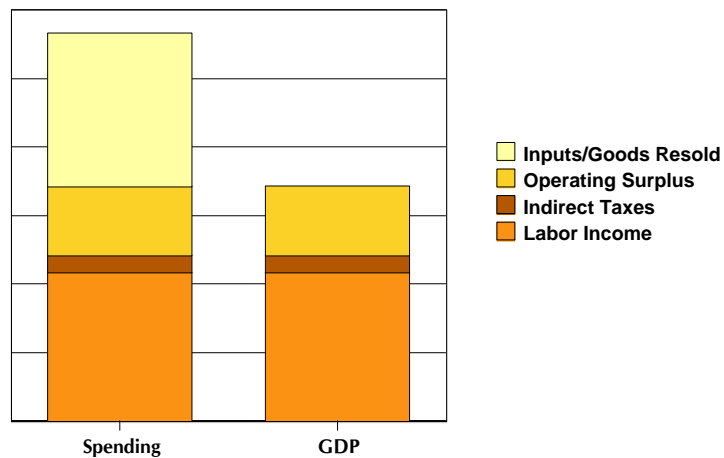
Direct impacts are reported for all counties within Arizona. Secondary employment and earnings impacts over and above direct impacts are reported at the state level only for the year 2007. These indirect and induced impacts are generated from the direct impacts produced by the RTIM, discussed above, 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 2007 were prepared at the state and county level. These estimates take advantage of the most current available data. However, because full-year data was not available in all cases, these estimates are subject to subsequent revision as additional information relating to travel and its economic impact in 2007 becomes available.

REVISIONS TO TRAVEL IMPACT ESTIMATES

The visitor impact estimates in this report have been revised slightly on the basis of new survey data from TNS TravelsAmerica survey for the years 2006 and 2007. The estimates for previous years were also revised in order to maintain a consistent time series.

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 the aforementioned 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 room taxes, local sales taxes and local auto rental taxes plus the local share of the state transaction privilege tax. 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.”¹¹ 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.

¹¹ 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.

PRIMARY CONCEPTS, CATEGORIES & DATA REQUIREMENTS

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.¹² 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.¹³ 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

¹² The North American Industrial Classification System (NAICS) is the current standard in the United States.

¹³ 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.

estimate of how much the average visitor spends on food services per day, then an estimate of visitor 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.¹⁴

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*.¹⁵

¹⁴ 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.

¹⁵ 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.

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.¹⁶

**Bureau of Economic Analysis Tourism Industries
Distribution of United States Domestic
Travel-Generated Compensation, 2002**

Accommodations & Food Service	35.4%
Traveler accommodations	21.0%
Food services and drinking places	14.3%
Transportation	29.2%
Air transportation	20.7%
Rail transportation	0.5%
Water transportation	0.9%
Interurban bus transportation	0.4%
Interurban charter bus transportation	0.3%
Urban transit systems & other tran.	1.6%
Taxi service	0.9%
Automotive equipment rental & leasing	2.4%
Automotive repair services	1.2%
Parking lots and garages	0.2%
Toll highways	0.1%
Recreation	11.1%
Scenic and sightseeing transportation	0.5%
Motion pictures and performing arts	1.2%
Spectator sports	2.2%
Participant sports	2.5%
Gambling	2.4%
All other recreation and entertainment	2.3%
Retail & nondurable goods production	16.2%
Petroleum refineries	0.2%
Industries producing nondurable PCE commodities, excluding petroleum refineries	4.7%
Wholesale trade & tran. services	4.2%
Gasoline service stations	0.9%
Retail trade services, excluding gasoline service stations	6.2%
Travel arrangement & reservation services	7.0%
All other industries	1.1%
Total Tourism Compensation	100.0%

Source: Adapted from 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): 59, table 5.

¹⁶ 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.

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.¹⁷ 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.¹⁸ 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

¹⁷ Conversely, the spending of U.S. visitors in other countries is treated as an import in the international transaction accounts.

¹⁸ The issues discussed with regard to the reliability of survey data for leisure versus business travel also applies to this category

evaluation of the tax impacts of resident versus nonresident travel might also be important.¹⁹

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.²⁰ 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.

¹⁹ 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.

²⁰ 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).

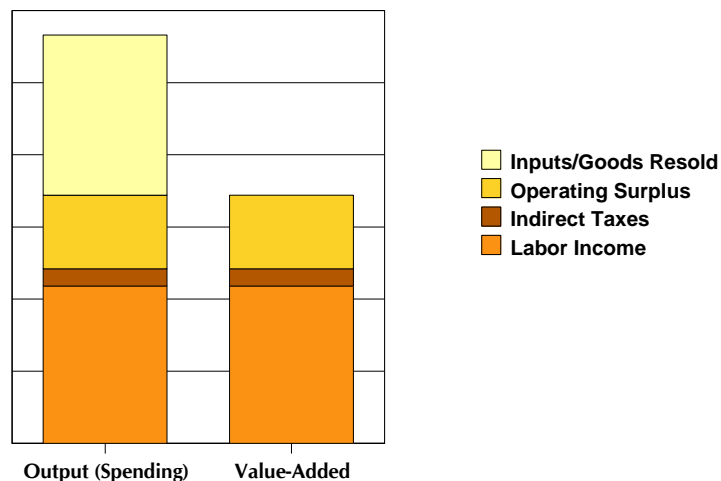
COMPONENTS OF INDUSTRY OUTPUT

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:²¹

- 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

²¹ 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.

passenger travel in the state of Hawaii should not include the purchase of airplanes manufactured in the United States mainland 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.²²

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.²³ 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.²⁴ 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.

²² 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.

²³ 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.

²⁴ 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.²⁵ 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.

²⁵ The induced effects can be estimated with the Implan model maintained by the Minnesota Implan Group.

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.

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, 2006

Industry Sector	Earnings (\$Million)	Percent of Total	Average Employment	Percent of Total
Export-Oriented	16,790	11%	256	8%
Agriculture, Forestry, Fishing & related	1,065	0.7%	44	1.3%
Mining	980	0.7%	13	0.4%
Manufacturing	14,746	9.9%	199	5.9%
Non Export-Oriented	80,241	54%	1,927	57%
Construction	14,573	9.8%	291	8.7%
Utilities	1,340	0.9%	13	0.4%
Wholesale trade	7,890	5.3%	118	3.5%
Retail trade	12,240	8.2%	392	11.6%
Real estate and rental and leasing	5,454	3.7%	205	6.1%
Management of companies and enterprises	1,939	1.3%	27	0.8%
Administrative and waste services	8,715	5.8%	282	8.4%
Other services, except public administration	3,799	2.5%	160	4.8%
Government and government enterprises	24,292	16.3%	439	13.0%
Mixed	52,258	35%	1,183	35%
Transportation and warehousing	4,621	3.1%	91	2.7%
Information	3,198	2.1%	55	1.6%
Finance and insurance	10,359	6.9%	177	5.3%
Professional and technical services	11,778	7.9%	204	6.1%
Educational services	1,581	1.1%	52	1.6%
Health care and social assistance	14,139	9.5%	294	8.7%
Arts, entertainment, and recreation	1,562	1.0%	63	1.9%
Accommodation and food services	5,020	3.4%	248	7.4%
Arizona Total	149,290	100%	3,366	100%

Source: Dean Runyan Associates and Bureau of Economic Analysis. Industry classifications by Dean Runyan Associates.

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
Newspaper 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