ECONOMIC IMPACT OF VISITORS IN LOUISIANA 2019

Prepared for:
Louisiana Office of Tourism

TOURISM ECONOMICS

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INTRODUCTION

The travel sector is an integral part of the Louisiana economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Louisiana's future.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for Louisiana as it continues to build upon its tourism economy.

To quantify the economic significance of the tourism sector in Louisiana, Tourism Economics has prepared a comprehensive model using multiple primary and secondary data sources to quantify the economic impacts arising from visitor spending.

Impact modeling is based on an IMPLAN Input-Output (I-O) model for Louisiana. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as total economic impacts, including employment, household income, and tax impacts in the broader economy.

The analysis draws on the following data sources:

- DKSA: survey data, including spending and visitor profile characteristics for visitors to Louisiana.
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Louisiana based on aviation, survey, and credit card information

ECONOMIC IMPACTS

ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on Louisiana begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Louisiana, we input visitor spending into a model of the Louisiana state economy created IMPLAN. This move calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

1. **Direct Impacts**: Visitors create direct economic value within a discreet group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
2. **Indirect Impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.
3. **Induced Impacts**: Lastly, the induced impact is generated when employees whose wages are generated wither directly or indirectly by visitors, spend those wages in the local economy.

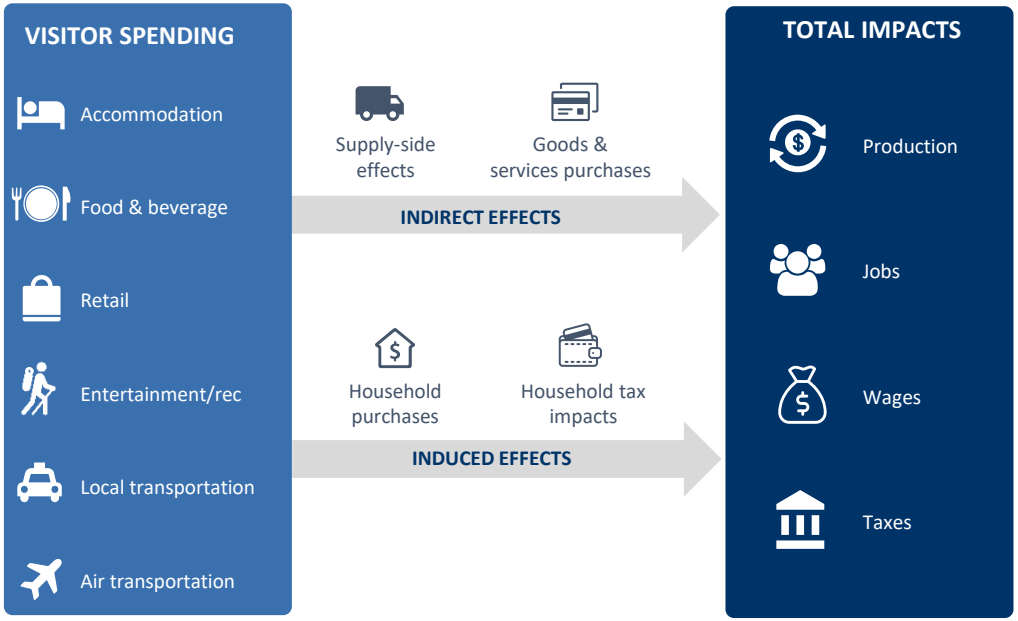
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

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

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

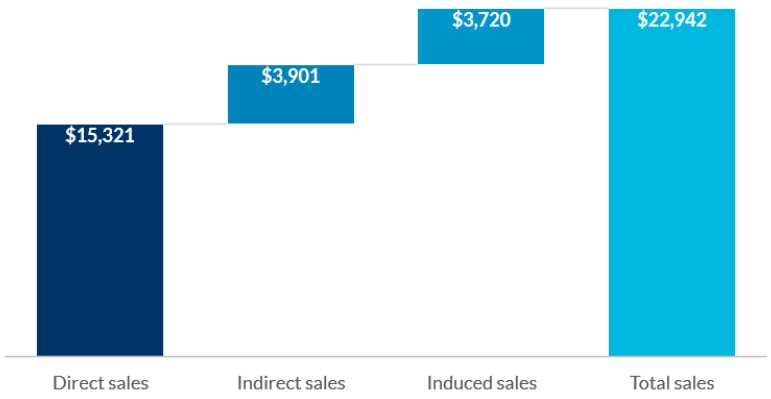


ECONOMIC IMPACTS

Business sales impacts by industry

Visitors and tourism businesses spent $15.3 billion in Louisiana in 2019. This supported a total of $22.9 billion in business sales when indirect and induced impacts are considered.

Summary economic impacts ($ millions)



Business sales impacts by industry

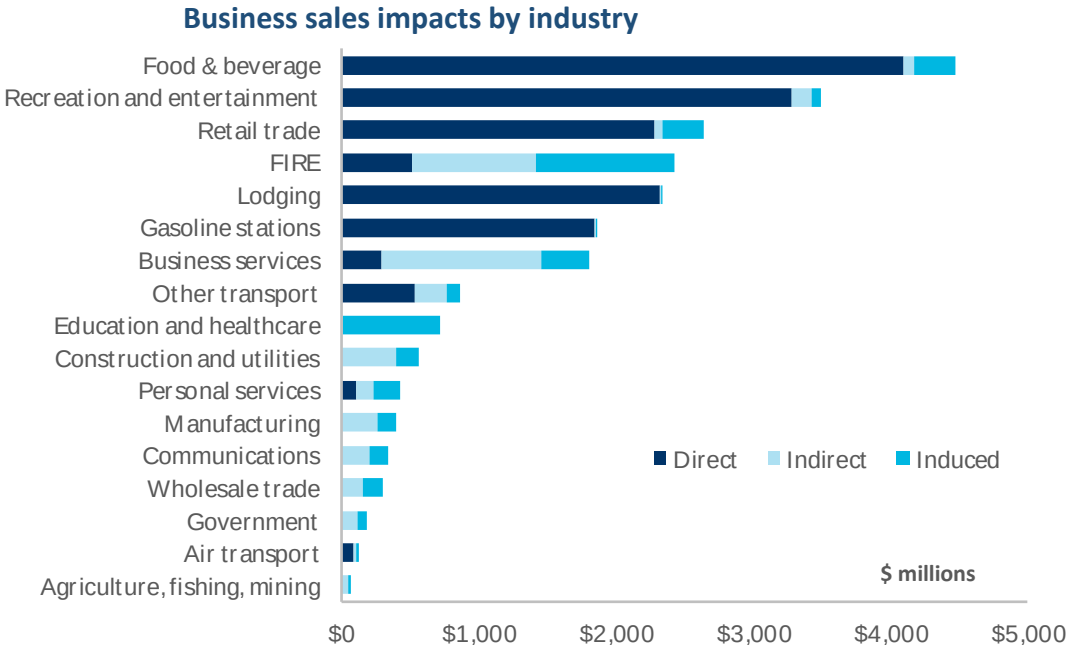
Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
Total, all industries	**$15,321**	**$3,901**	**$3,720**	**$22,942**
By industry				
Food & beverage	$4,089	$83	$298	$4,470
Recreation and entertainment	$3,280	$139	$76	$3,494
Retail trade	$2,274	$61	$297	$2,632
FIRE	$509	$909	$1,005	$2,423
Lodging	$2,320	$8	$4	$2,332
Gasoline stations	$1,842	$5	$17	$1,865
Business services	$289	$1,165	$344	$1,798
Other transport	$528	$233	$101	$862
Education and healthcare		$9	$704	$713
Construction and utilities		$391	$164	$555
Personal services	$105	$126	$188	$419
Manufacturing		$256	$137	$393
Communications		$199	$136	$335
Wholesale trade		$147	$149	$296
Government		$113	$66	$179
Air transport	$84	$16	$17	$117
Agriculture, fishing, mining		$42	$18	$60

Source: Tourism Economics

ECONOMIC IMPACTS

Business sales impacts by industry

While the majority of sales are in industries directly serving visitors, $900 million in business sales is happening in finance, insurance and real estate as a result of selling to tourism businesses.



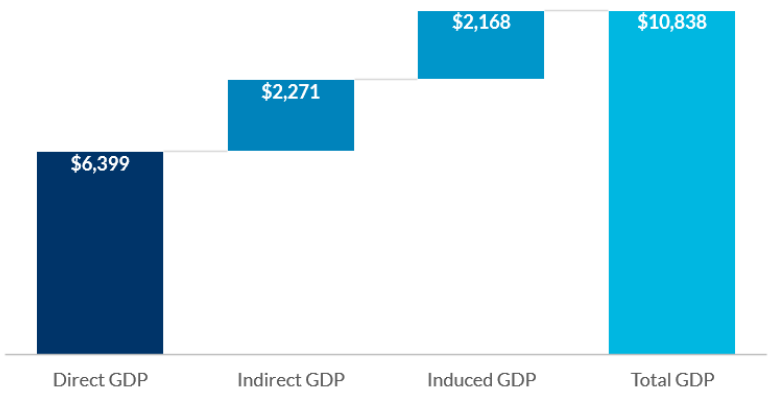
Source: Tourism Economics

ECONOMIC IMPACTS

GDP impacts by industry

Travel generated a total $10.8 billion in state GDP in 2019, when indirect and induced values are considered.

Summary GDP impacts ($ millions)



GDP impacts by industry

Amounts in millions of current dollars	Direct value	Indirect value	Induced value	Total value
Total, all industries	**$6,399**	**$2,271**	**$2,168**	**$10,838**
By industry				
Food & beverage	$1,819	$45	$167	$2,032
Recreation and entertainment	$1,627	$71	$42	$1,740
Lodging	$1,558	$6	$3	$1,566
FIRE	$115	$602	$634	$1,351
Business services	$163	$778	$216	$1,157
Retail trade	$606	$42	$209	$857
Other transport	$277	$111	$44	$432
Education and healthcare		$5	$418	$423
Construction and utilities		$172	$72	$244
Personal services	$54	$78	$104	$235
Wholesale trade		$95	$97	$192
Gasoline stations	$152	$4	$12	$168
Communications		$84	$65	$149
Manufacturing		$86	$45	$130
Government		$61	$26	$87
Air transport	$27	$6	$6	$40
Agriculture, fishing, mining		$24	$10	$34

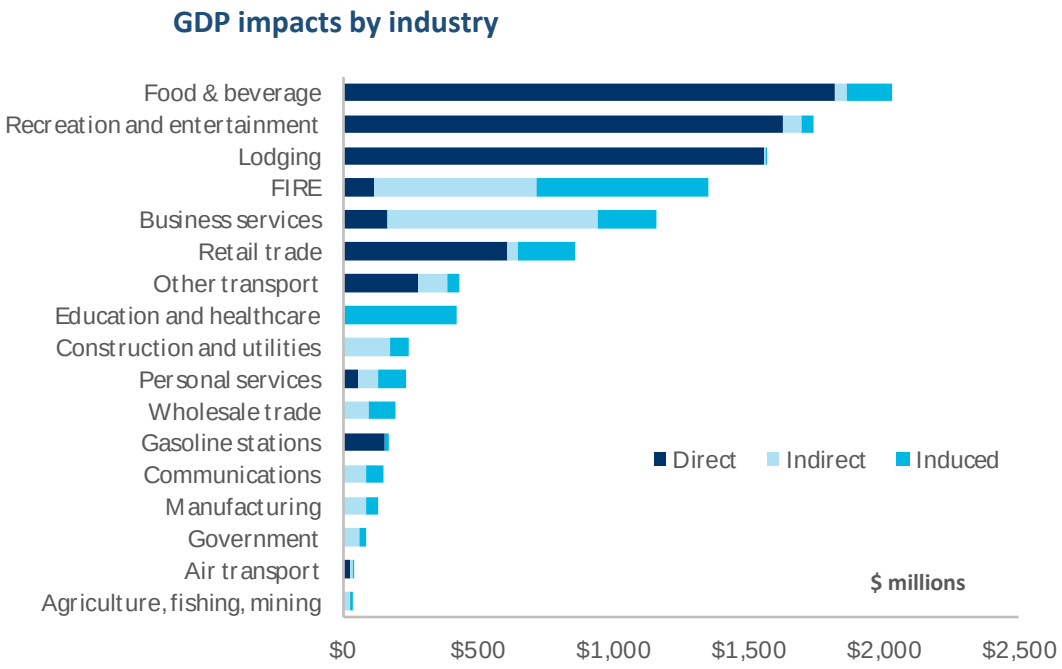
Source: Tourism Economics

ECONOMIC IMPACTS

GDP impacts by industry

The restaurant industry has the largest economic contribution from visitor spending, followed closely by recreation.

Finance, insurance and real estate (FIRE) impacts GDP through mainly indirect and induced effects.



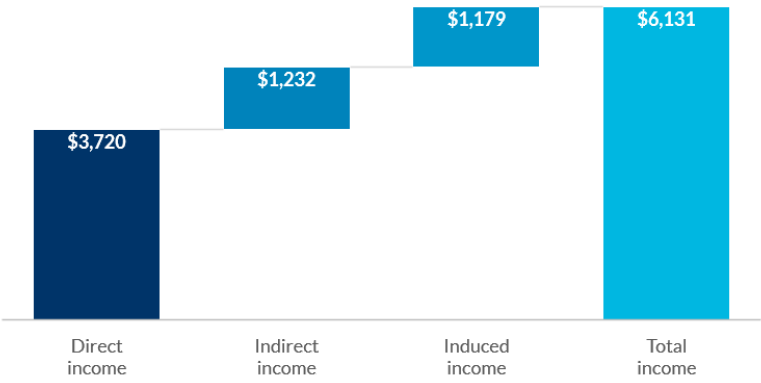
Source: Tourism Economics

ECONOMIC IMPACTS

Personal income impacts by industry

Tourism generated $3.7 billion in direct income and $6.1 billion when indirect and induced impacts are considered.

Summary personal income impacts ($ millions)



Personal income impacts by industry

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	**$3,720**	**$1,232**	**$1,179**	**$6,131**
By industry				
Food & beverage	$1,246	$39	$112	$1,397
Recreation and entertainment	$864	$39	$21	$925
Business services	$76	$528	$160	$764
Lodging	$723	$2	$1	$727
Retail trade	$332	$24	$108	$464
Education and healthcare		$5	$389	$394
Other transport	$226	$89	$36	$351
FIRE	$51	$161	$101	$313
Personal services	$65	$65	$93	$223
Gasoline stations	$120	$3	$9	$132
Construction and utilities		$80	$33	$113
Wholesale trade		$46	$47	$93
Government		$56	$23	$79
Communications		$41	$22	$63
Manufacturing		$30	$13	$44
Agriculture, fishing, mining		$18	$7	$25
Air transport	$17	$4	$4	$24

Source: Tourism Economics

ECONOMIC IMPACTS

Fiscal (tax) impacts

Visitor spending, visitor supported jobs, and business sales generated $3.4 billion in governmental revenues.

State and local taxes alone tallied $1.9 billion in 2019.

Each household in Louisiana would need to be taxed an additional $1,100 to replace the visitor taxes received by the state and local governments in 2019.

Fiscal (tax) impacts

Amounts in millions of current dollars	Direct	Indirect/ Induced	Total
Total	**$2,446.8**	**$907.3**	**$3,354.1**
Federal	**$872.3**	**$565.5**	**$1,437.8**
Personal income	$252.0	$165.3	$417.2
Corporate	$119.6	$123.3	$242.9
Indirect business	$130.7	$40.9	$171.6
Social insurance	$370.0	$236.0	$606.1
State and Local	**$1,574.5**	**$341.8**	**$1,916.3**
Sales	$990.4	$183.6	$1,173.9
Bed tax	$171.5	$0.0	$171.5
Personal income	$47.5	$31.1	$78.6
Corporate	$5.8	$6.0	$11.8
Social insurance	$7.6	$4.8	$12.4
Excise and fees	$108.2	$39.9	$148.0
Property	$243.5	$76.5	$320.1

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

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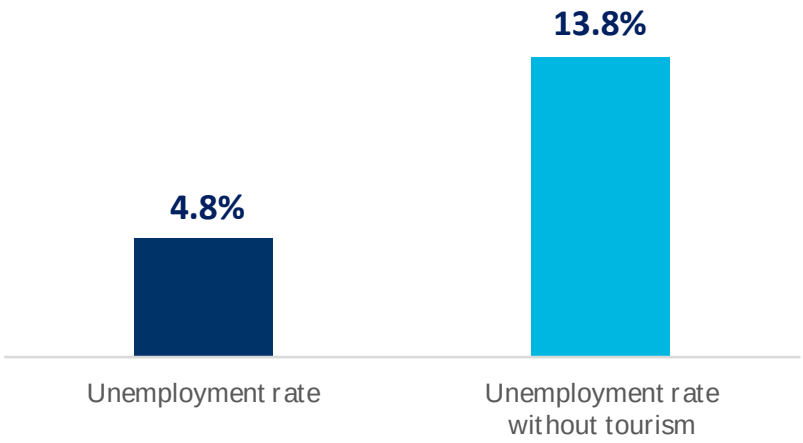
Visitor-generated employment

In 2019, the unemployment rate was 4.8%. Without jobs supported by visitors, the unemployment rate would nearly triple to 13.8%.

Unemployment with and without the visitor economy



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context

$6.1 BILLION

PERSONAL INCOME

The $6.1 billion in total income generated by tourism is the equivalent of $3,531 for every household in Louisiana.

JOBS

EMPLOYMENT

The number of jobs sustained by tourism supports 7% of all jobs in Louisiana.

$1.9 BILLION

STATE AND LOCAL TAXES

The $1.9 billion in state and local taxes generated by tourism would cover the starting salaries of nearly 48,000 public school teachers in Louisiana.

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

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For more information:

info@tourismeconomics.com