

Arizona Travel Impacts *1998-2012p*



Photo courtesy of Arizona Office of Tourism

June 2013

Prepared for the

Arizona Office of Tourism
Phoenix, Arizona

ARIZONA TRAVEL IMPACTS 1998-2012P

Arizona Office of Tourism

Primary Research Conducted By:
Dean Runyan Associates
Portland, Arizona

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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 generally comparable to the U.S. Travel and Tourism Satellite Accounts produced by the Bureau of Economic Analysis. The estimates of spending, earnings, employment and tax receipts are also used as input data to derive estimates of other economic measures, including gross domestic product (GDP) and secondary effects of the travel industry.

CONTINUING IMPROVEMENT IN THE ARIZONA TRAVEL INDUSTRY

The Arizona travel industry continued its moderate expansion in 2012. Although real spending (adjusted for inflation) and travel-generated employment remain below their pre-recession levels, both spending and employment levels improved – spending for the third consecutive year and employment for the second year. Continuing improvement in the broader economy should foster continued growth in the travel industry.

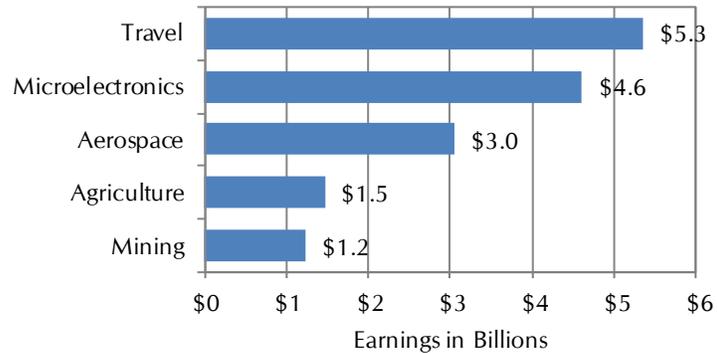
- **Spending.** Total direct travel spending in Arizona was \$19.3 billion in 2012. Travel spending increased by 4.6 percent in current dollars compared to 2011. Lodging sales, a primary component in total visitor spending, increased by 4.4 percent for the year – similar to the increases the preceding two years.¹ Inflation-adjusted (real) travel spending increased by 2.5 percent.
- **Travel Activity.** Visitor air arrivals on domestic flights increased by 0.5 percent, the same rate of increase as the preceding two years. Other indicators of room demand and visitor volume also showed modest increases.
- **Employment.** Travel-generated employment increased by 2.7 percent – an addition of 4,200 jobs. This is the second consecutive year of employment growth in the travel industry since the decline in employment associated with the 2008-2009 recession.
- **Secondary Impacts.** The re-spending of travel-related revenues by businesses and employees supported 139,000 additional jobs outside of the travel industry with earnings of \$5.6 billion.
- **GDP.** The Gross Domestic Product of the travel industry was \$7.6 billion in 2012. The travel industry and the microelectronics industry have been the top two export-oriented industries in the state in recent years.

¹ Taxable lodging sales as reported by the Arizona Department of Revenue.

THE ARIZONA TRAVEL INDUSTRY IS A LEADING EXPORT-ORIENTED INDUSTRY

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

Selected Arizona Export-Oriented Industries, 2012p



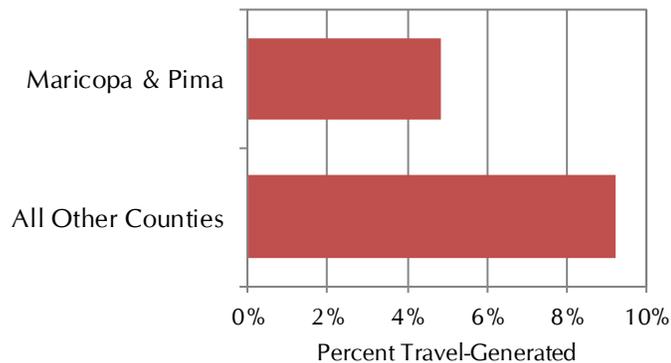
Note: Preliminary 2012 estimates by Dean Runyan Associates.
Agriculture includes food and beverage processing industries.

THE TRAVEL INDUSTRY GENERATES TAX BENEFITS FOR ARIZONA RESIDENTS

In 2012, the travel industry generated \$1,080 in local, state and federal tax receipts for each Arizona household.

- In 2012, more than seven percent of all local and state tax revenues were generated by the travel industry.
- The tax revenue impacts of the Arizona travel industry are relatively more important in non-urban counties (see graph).

State Transaction Privilege Taxes Generated By Direct Travel Spending, 2012 FY



ARIZONA TRAVEL IMPACTS, 1998-2012P

	page
I. U.S. Travel	1
II. Arizona Travel	5
Summary of Arizona Travel	6
Travel Trends	7
Visitor Origin	9
Arizona Travel Industry Gross Domestic Product	10
Gross Domestic Product of Arizona Export-Oriented Industries	11
Direct, Secondary & Total Impacts	12
III. State and Local Government Revenue	17
IV. County Travel Impacts	23
Appendices	45
A. 2012 Travel Impact Estimates	46
B. Key Terms and Definitions	51
C. Regional Travel Impact Model	52
D. Travel Industry Accounts	53
E. Arizona Earnings and Employment by Industry Sector	64
F. Secondary Impacts Industry Groups	65

List of Tables and Figures

	page
<hr/>	
I. US Travel	
Annual Direct Travel Spending in U.S., 2000-2012p	2
Annual U.S. Travel Spending, 2008Q1-2012Q4	2
International Direct Travel Spending in U.S.	3
Overseas Arrivals to the U.S.	3
U.S. Travel Industry Employment, 2008Q1-2012Q4	4
U.S. Leisure & Hosp. Sector Average Weekly Hours, 2008-Q1 to 2012-Q4	4
II. Arizona Travel	
Arizona Travel Trends, 1998-2012p	7
Arizona Direct Travel Spending, Real and Current Dollars	8
Air Passenger Visitor Arrivals to Arizona, US Air Carriers, 2000-2012	8
Arizona Lodging Sales, 2009-Q1 to 2012-Q4	8
Arizona Visitor Spending by Origin of Visitor (2009-2012)	9
International Visitor Spending in Arizona, 2000-2012p	9
Arizona Travel Industry Gross Domestic Product, 2012p	10
Arizona Gross Domestic Product, 2008-11 (Selected Export-Oriented Industries)	11
Total Employment and Earnings Generated by Travel Spending in Arizona, 2012p	12
Direct & Secondary Employment Generated by Travel Spending, 2012p (graph)	14
Direct & Secondary Earnings Generated by Travel Spending, 2012p (graph)	14
Direct & Secondary Employment Generated by Travel Spending, 2012p (table)	15
Direct & Secondary Earnings Generated by Travel Spending, 2012p (table)	15
Arizona Travel Impacts, 2002-2012p (detail)	16
III. State and Local Government Revenue	17
Arizona State & Local Tax Revenue, 2011-12 FY	17
Arizona Travel Industry State & Local Tax Revenues, 2011-12 FY	18
Arizona State & Local Tax Revenues, 2011-12 FY (table)	19
GDP and Tax Payments of Selected Arizona Industries, 2011	20
Tax Payments as Percent of GDP for Selected Arizona Industries, 2011	20
State Transaction Privilege Taxes Generated by Travel Spending, 2012 FY	21-22
IV. County Travel Impacts	23
Travel-Generated Earnings Shares, 2012p	24
Travel-Generated Employment and Earnings Shares by County, 2012p	25
County Impact Summary Tables	26-30
County Impact Detail Tables, 2002-2012p	31-44

PREFACE

The purpose of this study is to document the economic significance of the travel industry in Arizona from 1998 to 2012. These findings show the level of travel spending by visitors traveling to and within the state, and the impact this spending had on the economy in terms of earnings, employment and tax revenue.

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

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

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

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

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

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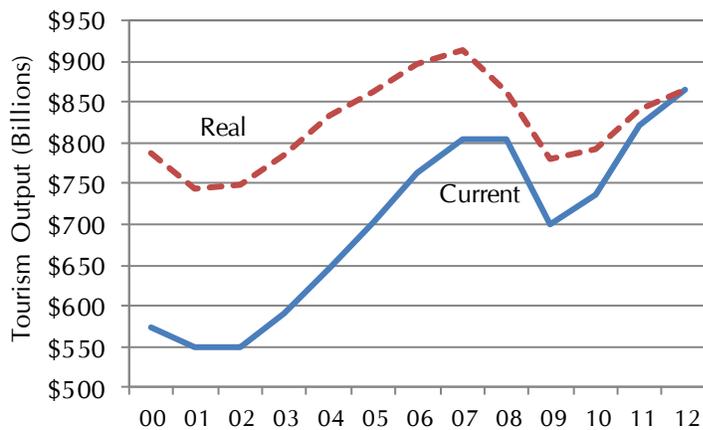
I. U.S. TRAVEL



The national level data in this section focuses on visitor spending trends in current and real dollars, international visitation to the U.S., and trends in travel-generated employment.

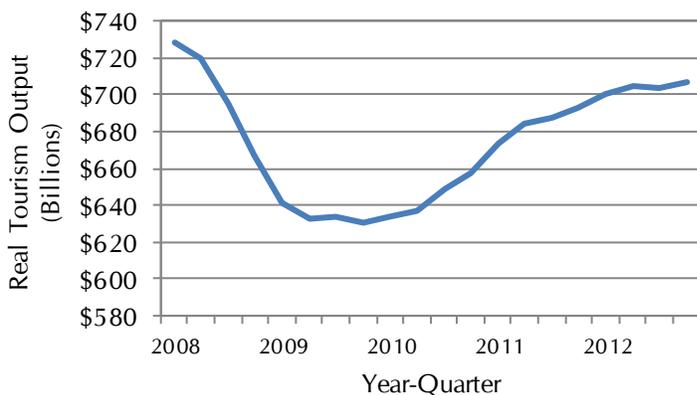
The following two graphs are derived from the Bureau of Economic Analysis Travel and Tourism Satellite Accounts.¹ Both graphs show direct tourism output for the United States – spending by domestic and international visitors.

Annual Direct Travel Spending in U.S., 2000-12



Spending by domestic and international visitors was \$865 billion in 2012 in current dollars. This represents a 5.4 percent increase over 2011. When adjusted for changes in prices (constant dollars), spending increased by 2.8 percent – compared to a 6.2 percent increase from 2010 to 2011. In real terms, tourism output has still not recovered from the steep decline in 2008 and 2009.

Direct Travel Spending in U.S. 2008-Q1 to 2012-Q4 Annualized Seasonally Adjusted in 2005 Dollars



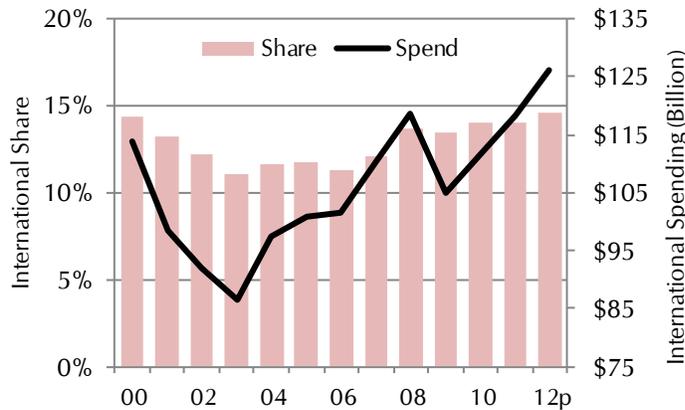
Real travel spending has increased in every quarter since the first quarter of 2009, with the exception of 2012-3Q. The average quarterly rate of increase during this period has been 0.8 percent. The average quarterly rate of decrease from 2008-Q1 to 2009-Q2 was 2.8 percent.

¹ See <http://www.bea.gov/industry/index.htm#satellite>.

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

International Direct Travel Spending in U.S.

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



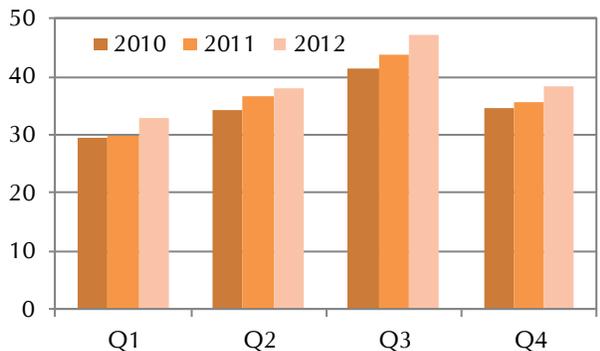
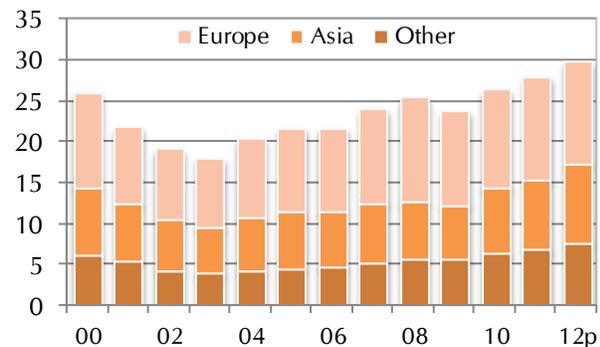
*Airfares for international flights on U.S. air carriers are not included.

In real dollars, spending by international visitors in the U.S. increased by 6.6 percent from 2011 to 2012 – the third consecutive year of growth. The international share of U.S. travel spending in 2011 was 14.6 percent – compared to 11 percent in 2003.

Some of the recent increase in international visitor spending, has been due to favorable exchange rates with respect to the U.S. dollar. Overseas arrivals to the U.S. increased by 5.8 percent in 2011 and by 6.7 percent in 2012.

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

Overseas Arrivals (Millions)



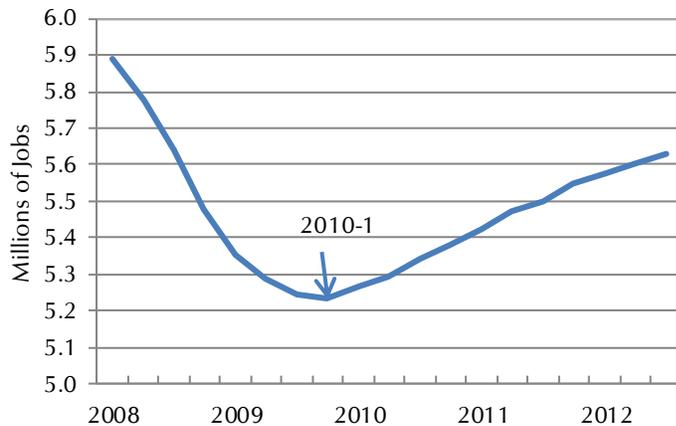
² See www.bea.gov/international/index.htm for quarterly international estimates of travel and tourism exports (travel to the U.S. by international visitors).

³ See <http://tinet.ita.doc.gov/research/monthly/index.html>.

The following two graphs show quarterly employment trends since 2008 for seasonally adjusted data.* Travel-generated employment was at its lowest level in the first quarter of 2010 – one year after the low point for real travel spending (see graph, page 2). This is why employment is generally a lagging indicator of overall economic activity. One of the reasons for this is that employers often adjust the length of work before making employment decisions. The second graph indicates this – the average hourly work week was at its low-point in the first quarter of 2009 and began to increase one year before any growth in employment.

U.S. Travel Industry Employment

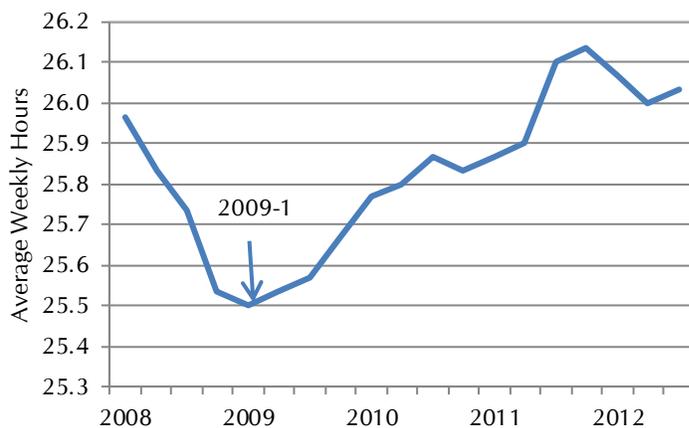
Seasonally Adjusted at Annual Rates
2008-Q1 to 2012-Q4



Source: Bureau of Economic Analysis Travel & Tourism Satellite Accounts. Travel industry employment includes the travel-supported component of accommodations, food services, transportation, retail and recreation (including arts and entertainment).

U.S. Leisure & Hospitality Average Weekly Hours

Seasonally Adjusted, 2008-Q1 to 2012-Q4

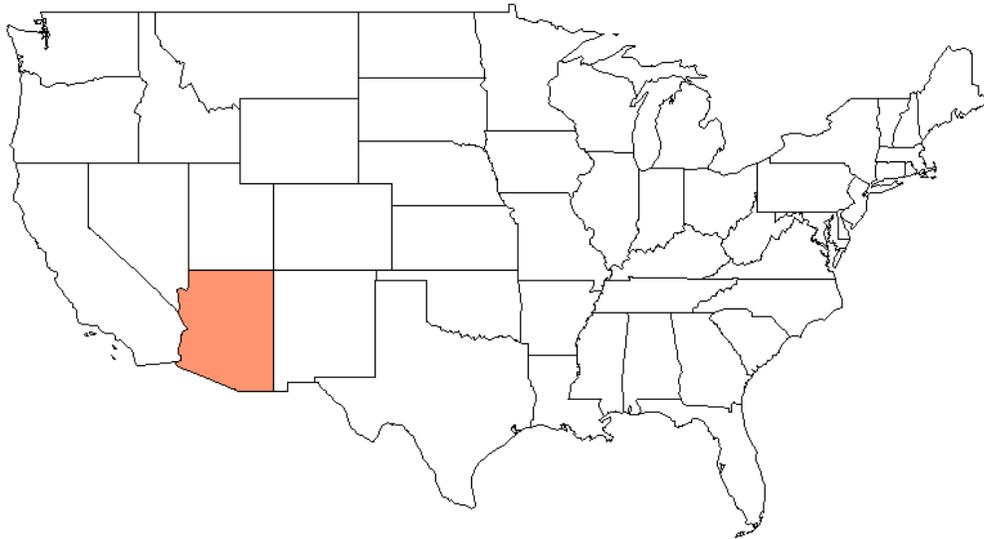


Source: Bureau of Labor Statistics Current Employment Survey. The Leisure and Hospitality sectors include all businesses in recreation (NAICS 71) and accommodation and food services (NAICS 72).

*Seasonal adjustment permits quarter to quarter trend analysis.

Nationally, actual employment and hours worked in leisure and hospitality are greatest in the 3rd quarter.

II. ARIZONA TRAVEL



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

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

SUMMARY OF ARIZONA TRAVEL

- Total direct travel spending in Arizona was \$19.3 billion in 2012. This represents a 4.6 percent increase over the preceding year in current dollars. In real dollars (adjusted for inflation) Arizona travel spending increased by 2.5 percent over 2011. Real travel spending is still below its peak prior to the 2007-2009 recession.
- Lodging sales, a primary component of visitor spending, increased by 4.4 percent from 2011 to 2012 following a 3.9 percent increase the preceding year and a 4.6 percent increase from 2009 to 2010.
- Visitor air travel on domestic flights to Arizona destinations increased by 0.5 percent in 2012, following similar increases the preceding two years. Air travel to Arizona declined by 8 percent per year in 2008 and 2009.
- Direct travel-generated employment was 161,300 in 2012. This represents an addition of 4,200, an increase of 2.7 percent. This is the second consecutive year that travel-generated employment has increased since the declines associated with the 2008-2009 recession.
- Although neither real (inflation-adjusted) travel spending nor employment has recovered to their pre-recessionary levels, continuing improvement in the overall economy should stimulate the travel industry. The overall pattern in Arizona is similar to U.S. travel (see preceding section).
- The Gross Domestic Product of the travel industry was \$7.6 billion in 2012. The travel industry and the microelectronics industry have been the top two export-oriented industries in the state in recent years.
- The re-spending of travel-related revenues by businesses and employees creates secondary impacts. In 2012, the secondary impacts were 139,000 jobs with \$5.6 billion in earnings.

TRAVEL TRENDS

Total direct travel spending in Arizona was \$19.3 billion in 2012. This represents a 4.6 percent increase over the preceding year in current dollars. Lodging sales, a primary component of visitor spending, increased by 4.4 percent.¹ Most other commodities, including transportation, increased by similar amounts.

This travel spending resulted in 4,200 additional jobs in the travel industry, an increase of 2.7 percent. This is the second consecutive year that travel-generated employment has increased.

Following the steep decline in travel to Arizona brought on by the 2007-2009 recession, travel activity in the state has shown moderate improvement over the past three years. Although neither real travel spending (see graph, next page) nor employment have recovered to their pre-recessionary levels, continuing improvement in general economic conditions should stimulate the travel industry. The overall pattern in Arizona is similar to the larger U.S. travel industry (see preceding section).

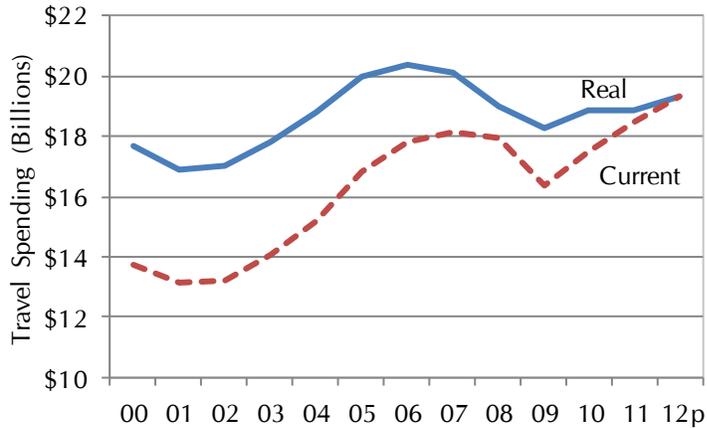
Arizona Travel Trends, 1998-2012p

	Spending (\$Billion)	Earnings (\$Billion)	Employment (Thousand)	Tax Revenue (\$Million)		
				Local/State	Federal	Total
1998	11.8	3.4	152.7	966	750	1,717
1999	12.7	3.6	157.9	1,043	804	1,847
2000	13.7	3.9	160.0	1,120	853	1,973
2001	13.2	3.8	153.2	1,078	788	1,865
2002	13.2	3.8	151.1	1,111	800	1,911
2003	14.1	4.0	154.4	1,176	843	2,019
2004	15.2	4.3	158.5	1,254	917	2,171
2005	16.8	4.6	164.8	1,364	982	2,346
2006	17.8	4.9	168.5	1,424	1,049	2,474
2007	18.1	5.2	168.0	1,459	1,095	2,554
2008	18.0	5.1	165.2	1,444	1,074	2,518
2009	16.4	4.9	156.3	1,364	1,033	2,397
2010	17.5	4.9	154.3	1,421	1,057	2,477
2011	18.5	5.1	157.1	1,529	1,008	2,536
2012p	19.3	5.4	161.3	1,578	1,051	2,628
<i>Annual Percentage Change</i>						
11-12p	4.6	4.2	2.7	3.2	4.3	3.6
98-12p	3.6	3.4	0.4	3.6	2.4	3.1

Note: Estimates for 2012p are preliminary. The percentage change for 1998-2012p refers to the average annual percentage change. These direct travel impacts do not include secondary (indirect and induced) impacts. One-way visitor airfares are included. Total earnings include wage and salary disbursements, other earned income and proprietor income. Employment includes full- and part-time payroll employees and self-employed.

¹ Taxable lodging sales as reported by Arizona Department of Revenue.

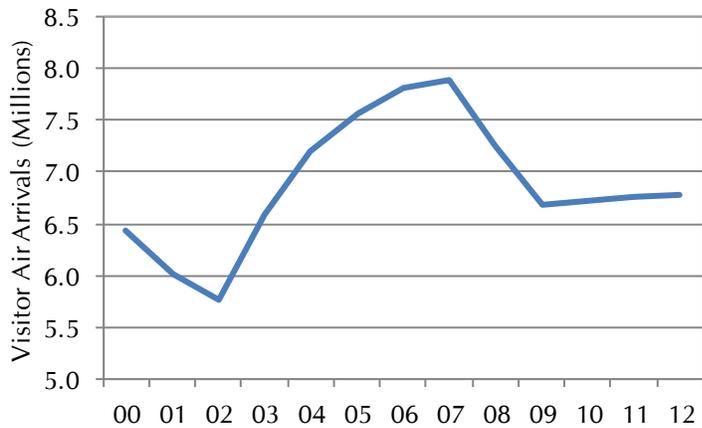
**Arizona Direct Travel Spending
Real and Current Dollars**



In real dollars (adjusted for inflation) Arizona travel spending increased by 2.6 percent over 2011. In contrast to 2011, there were relatively small annual price increases for lodging and transportation. Real travel spending is still below its peak during 2005 through 2007.

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

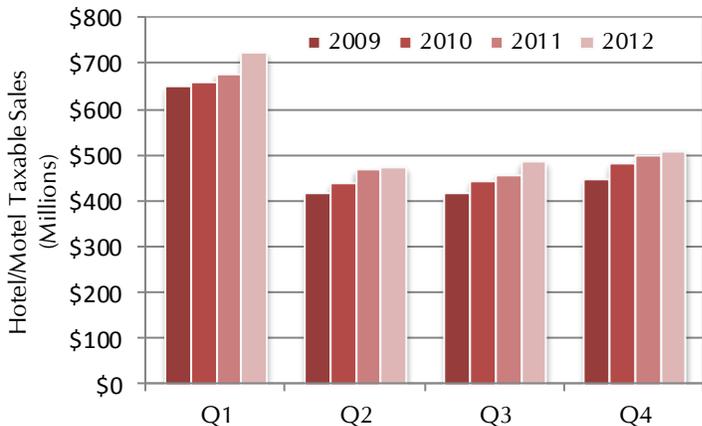
**Air Passenger Visitor Arrivals to Arizona
U.S. Air Carriers, 2000-2012**



Visitor air arrivals to Arizona increased by 0.5 percent from 2011 to 2012, the same rate of increase as the preceding two years.

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

**Arizona Taxable Lodging Sales
2009-Q1 to 2012-Q4**



Taxable lodging sales increased by 4.4 percent annually from 2011 to 2012. This follows annual increases of 3.9 percent and 4.6 percent for the preceding two years.

Source: Arizona Department of Revenue.

VISITOR ORIGIN

Out-of-state travelers generate more than three-fourths of the visitor impacts in Arizona. Visitors from other states are the largest segment (almost 66 percent of spending), while international travel, including day travel from Mexico, comprises approximately 16 percent of visitor impacts.

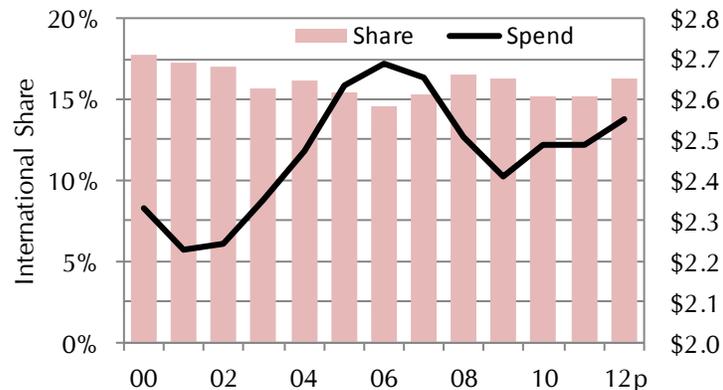
Arizona Travel Impacts by Origin of Visitor, 2012p

Origin	Spending	Earnings	Employment	Tax Receipts (\$ Million)	
	(\$ Billion)	(\$ Billion)	(Thousand)	Local/State	Federal
Arizona	3.7	0.8	29.9	328	166
Other U.S.	10.6	3.1	97.4	998	657
International	2.8	0.6	20.7	231	98
All Visitors	17.1	4.5	148.0	1,557	921
Other Travel	2.2	0.9	13.4	20	130
Total Travel	19.3	5.4	161.3	1,578	1,051

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

International Visitor Spending in Arizona, 2000-2012p

Spending in Real (2012) Dollars



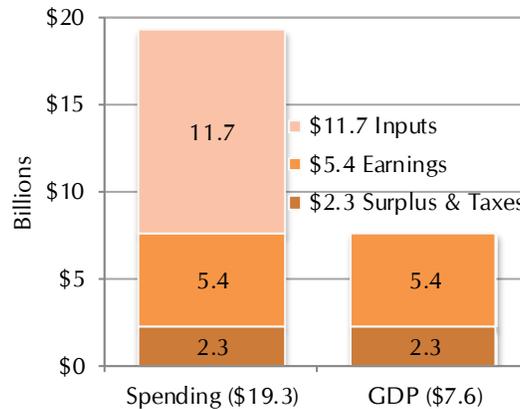
Sources: See above chart for source of international estimates. See first graph on preceding page for constant dollar estimates. Constant dollar visitor spending does not include "Other Travel."

ARIZONA TRAVEL INDUSTRY GROSS DOMESTIC PRODUCT

In concept, the Gross Domestic Product (GDP) of a particular industry is equal to gross output (sales or receipts) minus intermediate inputs (the goods and services purchased from other industries). GDP is always smaller than output or sales because GDP measures only the “value added” of an industry and does not include the cost of the inputs that are also necessary to produce a good or service. Alternatively, GDP can be thought of as the sum of earnings, indirect business taxes (primarily excise and property taxes) and other operating surplus (including profits). Estimates of travel spending and travel industry GDP are shown in the chart below. Arizona travel industry GDP amounted to \$7.6 billion in 2012. Arizona travel industry GDP represented 2.9 percent of the total Arizona GDP in 2012.

About 60 percent of all travel spending in Arizona is attributed to intermediate inputs and goods resold at retail. Intermediate inputs cover a range of goods and services that are purchased by travel industry businesses for the purpose of creating a product or service for the traveler. For example, lodging establishments purchase cable television services. Restaurants purchase food and beverages from vendors. In both cases, these inputs are classified as the GDP of other industries. In addition, travel spending occurs at many retail establishments where the goods purchased from the retailer are purchased as finished goods from suppliers. These resold goods are also counted as products of other industries. This would include motor fuel, groceries and most of the commodities sold at retail establishments.²

Arizona Travel Industry Gross Domestic Product, 2012p



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

² About 38 percent of the \$11.7 billion of inputs and goods resold are purchased from other Arizona businesses.

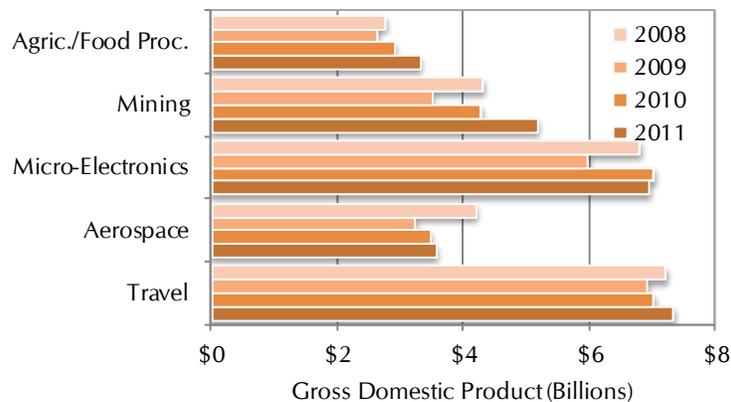
GROSS DOMESTIC PRODUCT OF ARIZONA EXPORT-ORIENTED INDUSTRIES

Export-oriented industries are those industries that primarily market their products and services to other regions, states or nations.³ Agriculture, mining, and manufacturing are the best examples of export-oriented industries. Clearly, there are cases in each of these three sectors where the products are sold within the local or regional market. Nonetheless, in general most businesses within these industries depend on export markets. The travel industry is also an export-oriented industry because goods and services are sold to *visitors*, rather than residents. The travel industry injects money into the local economy, as do the exports of other industries.

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

A comparison of the GDP’s of the leading export-oriented industries in Arizona is shown below. Sufficient data for 2012 is not yet available for the comparison industries. As noted, the figures for 2011 are estimated by Dean Runyan Associates.

Arizona Gross Domestic Product, 2008-2011
Selected Export-Oriented Industries



Sources: Dean Runyan Associates and Bureau of Economic Analysis.

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

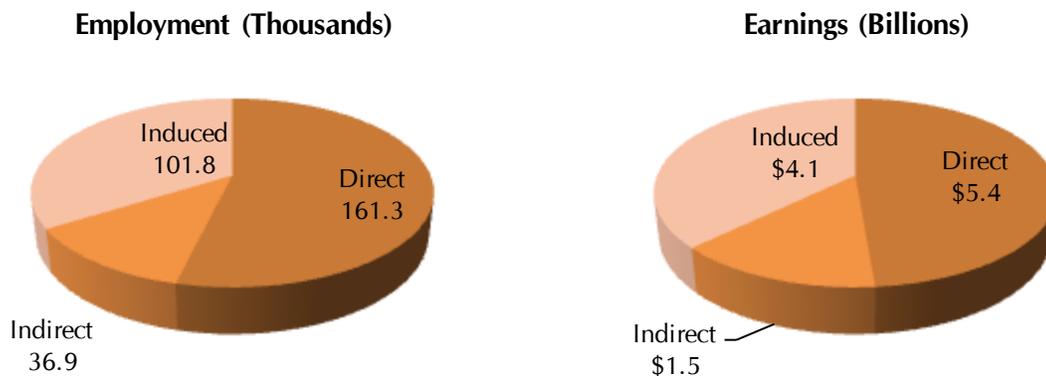
³ See also pages 52 of Appendix A and page 66 of Appendix C.

DIRECT, SECONDARY AND TOTAL IMPACTS

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

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

Total Employment and Earnings Generated by Travel Spending in Arizona, 2012p



Note: Indirect and induced impacts estimated by Dean Runyan Associates with Minnesota IMPLAN model. Total employment was 301,000. The employment multiplier for 2012 is 1.86 (300/161). Total earnings were \$11.0 billion. The earnings multiplier is 2.05 ((\$11.0/\$5.4).

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

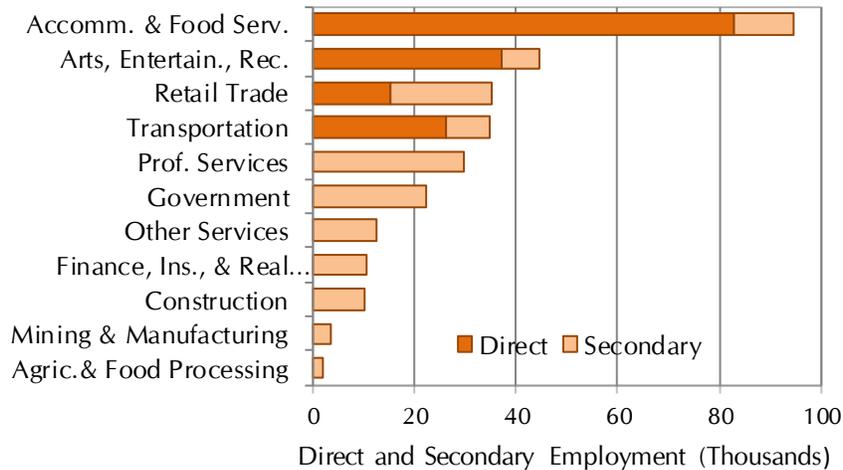
- **Accommodations & Food Services**
- **Arts, Entertainment and Recreation**
- **Retail Trade**
- **Transportation**

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

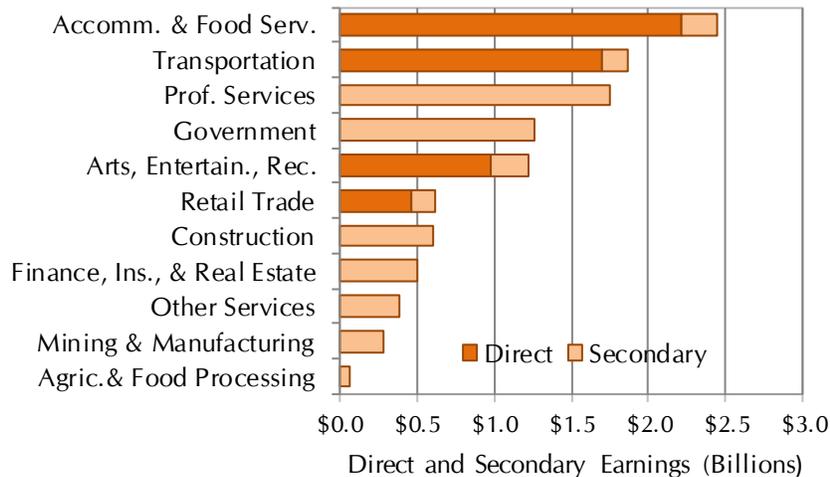
The indirect and induced impacts of travel spending are found in all eleven-industry groupings shown in the following tables and graphs. To summarize the primary secondary impacts:

- **Professional Services** (30,000 jobs and \$1.8 billion earnings). Legal, medical, educational and other professional services are utilized by travel businesses (indirect effect) and by employees of these firms (induced effect).
- **Other Services** (12,000 jobs and \$384 million earnings). Employees of travel-related businesses purchase services from various providers, such as dry cleaners and repair shops. Similarly, travel businesses utilize a number of service providers, such as laundry, maintenance and business services.
- **Government** (22,000 jobs and \$1.3 billion earnings). Employees of travel-related businesses pay fees to attend public educational institutions and to operate motor vehicles.
- **Finance, Insurance and Real Estate** (10,000 jobs and \$498 million earnings). Employees and businesses use the services of financial institutions, insurers and real estate businesses.

Direct and Secondary Employment Generated by Travel Spending in Arizona, 2012p



Direct and Secondary Earnings Generated by Travel Spending in Arizona, 2012p



See notes at end of table on page 20.

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

Direct & Secondary Visitor-Generated Employment in Arizona, 2012p
(thousand jobs)

Industry Group	Direct	Secondary		Total	Grand Total
		Indirect	Induced		
Accomm. & Food Serv.	83	4	8	12	95
Arts, Entertain., Rec.	37	5	2	7	45
Retail Trade	15	3	17	20	35
Transportation	26	5	4	9	35
Prof. Services	0	8	22	30	30
Government	0	1	21	22	22
Other Services	0	5	7	12	12
Finance, Ins., & Real Estate	0	4	7	10	10
Construction	0	1	9	10	10
Mining & Manufacturing	0	1	2	4	4
Agric.& Food Processing	0	1	1	2	2
All Industries	161	37	102	139	300

Direct & Secondary Visitor-Generated Earnings in Arizona, 2012p
(\$ Million)

Industry Group	Direct	Secondary		Total	Grand Total
		Indirect	Induced		
Accomm. & Food Serv.	2,207	72	164	236	2,443
Transportation	1,705	122	36	159	1,863
Prof. Services	0	516	1,236	1,752	1,752
Government	0	84	1,172	1,256	1,256
Arts, Entertain., Rec.	977	195	55	250	1,227
Retail Trade	468	12	139	152	620
Construction	0	48	558	606	606
Finance, Ins., & Real Estate	0	174	324	498	498
Other Services	0	185	199	384	384
Mining & Manufacturing	0	108	177	285	285
Agric.& Food Processing	0	32	35	67	67
All Industries	5,357	1,549	4,096	5,646	11,003

Source: Dean Runyan Associates and Minnesota Implan Group.

Note: These industry groups are not equivalent to the categories used in the direct impact tables used in this report. See Appendix D. Details may not add to totals due to rounding.

Detailed direct travel impacts for 2002 through 2012p are shown on the following page.

Arizona Direct Travel Impacts, 2002-2012p

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Billion)							
Destination Spending	11.7	13.5	15.7	15.8	15.5	16.4	17.1
Other Travel*	1.5	1.7	2.1	2.1	2.0	2.1	2.2
Total Direct Spending	13.2	15.2	17.8	18.0	17.5	18.5	19.3
Visitor Spending by Type of Traveler Accommodation (\$Billion)							
Hotel, Motel	5.4	6.4	7.7	7.3	7.1	7.5	7.7
Private Home	2.5	3.0	3.5	3.8	3.9	4.1	4.2
Campground	0.5	0.5	0.5	0.6	0.5	0.5	0.7
Vacation Home	0.5	0.5	0.6	0.6	0.7	0.7	0.7
Day Travel	2.8	3.1	3.4	3.5	3.4	3.6	3.8
Destination Spending	11.7	13.5	15.7	15.8	15.5	16.4	17.1
Visitor Spending by Commodity Purchased (\$Billion)							
Accommodations	2.0	2.3	2.8	2.7	2.4	2.5	2.6
Food Service	2.4	2.8	3.1	3.2	3.4	3.5	3.6
Food Stores	0.7	0.8	0.8	0.9	0.8	0.9	0.9
Local Tran. & Gas	1.6	2.1	2.8	3.2	2.9	3.5	3.7
Arts, Ent. & Rec.	1.7	1.9	2.1	2.0	2.1	2.1	2.1
Retail Sales	2.3	2.4	2.5	2.3	2.4	2.4	2.5
Visitor Air Tran.	0.9	1.2	1.5	1.5	1.5	1.5	1.6
Destination Spending	11.7	13.5	15.7	15.8	15.5	16.4	17.1
Industry Earnings Generated by Travel Spending (\$Billion)							
Accom. & Food Serv.	1.5	1.7	2.0	2.1	2.0	2.1	2.2
Arts, Ent. & Rec.	0.7	0.8	0.9	0.9	0.9	0.9	1.0
Retail**	0.5	0.5	0.6	0.6	0.5	0.5	0.5
Ground Tran.	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Visitor Air Tran.	0.4	0.5	0.6	0.6	0.6	0.6	0.6
Other Travel*	0.6	0.7	0.8	0.8	0.8	0.8	0.9
Total Direct Earnings	3.8	4.3	4.9	5.1	4.9	5.1	5.4
Industry Employment Generated by Travel Spending (Thousand Jobs)							
Accom. & Food Serv.	74.9	78.5	83.5	83.0	79.3	81.1	82.7
Arts, Ent. & Rec.	33.5	36.4	38.5	37.3	35.4	35.7	37.3
Retail**	17.7	18.3	19.6	19.9	16.7	16.7	16.7
Ground Tran.	3.3	3.5	3.6	3.3	3.4	3.5	3.6
Visitor Air Tran.	7.2	7.7	8.2	7.8	7.0	7.3	7.6
Other Travel*	14.5	14.2	15.1	14.0	12.4	12.7	13.4
Total Direct Employment	151.1	158.5	168.5	165.2	154.3	157.1	161.3
Government Revenue Generated by Travel Spending (\$Million)***							
Local and State	1,111	1,254	1,424	1,444	1,421	1,529	1,578
Federal Tax Receipts	800	917	1,049	1,074	1,057	1,008	1,051
Total Direct Gov't Revenue	1,911	2,171	2,474	2,518	2,477	2,536	2,628

Details may not add to totals due to rounding.

*Other Travel includes resident air travel, travel arrangement services, and convention and trade shows. **Retail includes gasoline.

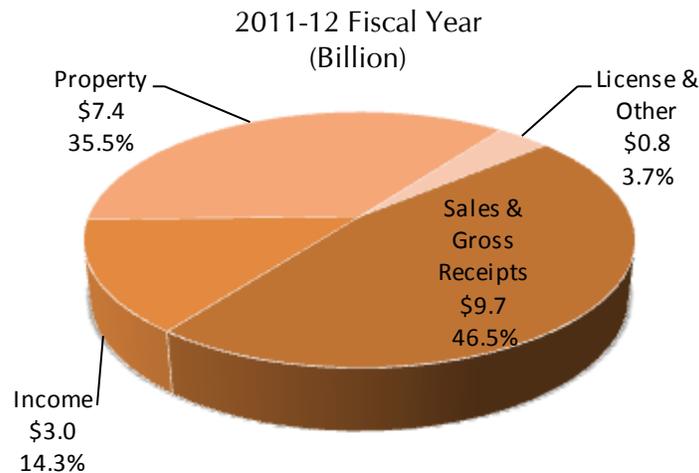
***Local and State tax revenues include property taxes and taxes attributable to travel industry employees. These tax receipts are not included in the county breakouts.

III. STATE AND LOCAL GOVERNMENT REVENUE

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

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

Arizona State and Local Government Tax Revenues



Sources: The 2011-12 fiscal year estimates of state and local tax revenues in Arizona were prepared by Dean Runyan Associates from various sources, including the Bureau of the Census (State and Local Government Finance), the Arizona Department of Revenue, the Bureau of Economic Analysis and a selection of annual financial reports for cities and counties. The state transaction privilege tax is designated as a general sales tax. Over 90 percent of all property taxes are local. About 80 percent of all income tax receipts are personal (vs. corporate). Selective sales taxes include taxes on lodging, motor fuel, alcohol, tobacco and public utilities. Other taxes include license taxes. State tax receipts comprise 60 percent of all state and local tax receipts.

The primary sources of travel industry tax revenue are:

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

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

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

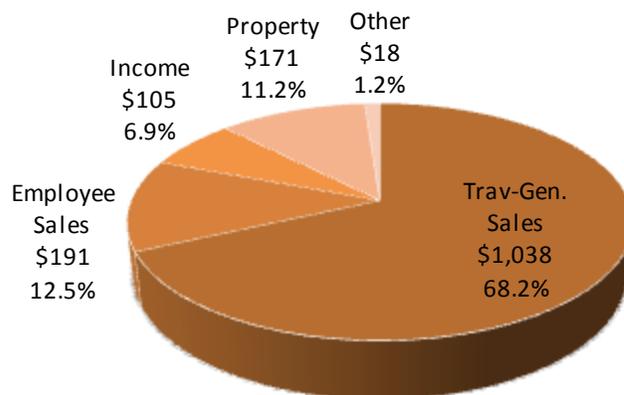
taxes (e.g., cigarettes, liquor) were not estimated separately from the general sales tax.

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

The distribution of taxes generated by the travel industry for the 2011-12 fiscal year is shown in the following pie chart. The categories are the same as the preceding figure, with the exception that sales tax receipts are also distinguished between those that are generated by visitor spending and those that are generated by the spending of travel industry employees.

Arizona Travel Industry State and Local Government Tax Revenues

2010-12 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 2011-12 fiscal year, 81 percent of all travel industry tax revenue was attributable to sales tax receipts from visitors (68.2 percent) and the purchases of employees in the travel industry (12.5 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 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

2011-12 Fiscal Year

(\$Million)

	Total	Travel Generated	Percent Travel
Sales & Gross Receipts	9,710	1,230	12.7%
Income	2,980	100	3.5%
Property	7,410	170	2.3%
License & Other	780	20	2.3%
Total Tax Receipts	20,880	1,520	7.3%

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

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

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

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

GDP and Tax Payments of Selected Arizona Industries

2011 Calendar Year
(\$Million)

	GDP	Indirect Bus. Taxes	Employee Inc. & Prop. Taxes	Sum of Bus. & Employee Taxes
Construction	11,840	276	226	502
Health Care	20,215	452	343	795
Manufacturing	20,037	596	323	919
Retail	19,420	3,647	476	4,123
Travel	7,301	1,263	133	1,396
All Industries	255,989	16,145	5,853	21,998

Tax Payments as Percent of GDP for Selected Arizona Industries

2011 Calendar Year

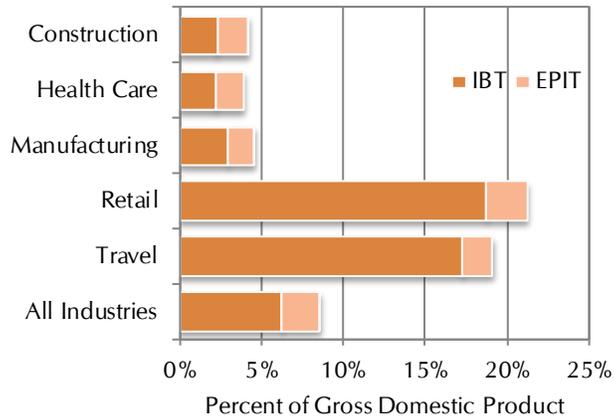
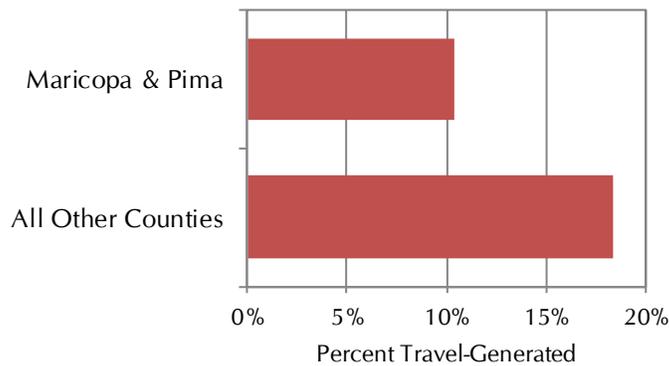


Table and graph sources: Bureau and Economic Analysis and Dean Runyan Associates. Travel industry and employee income and property tax payments estimated by Dean Runyan Associates. Other GDP and Indirect Business Taxes estimated by Bureau of Economic Analysis. *Travel Industry Business & Employee tax payments of \$1,396 million are lower than the estimate on page 19 because business income taxes are not included and because employee sales tax payments are included in the indirect business taxes of other industries (especially retail trade). This is consistent with GDP accounting.

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

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

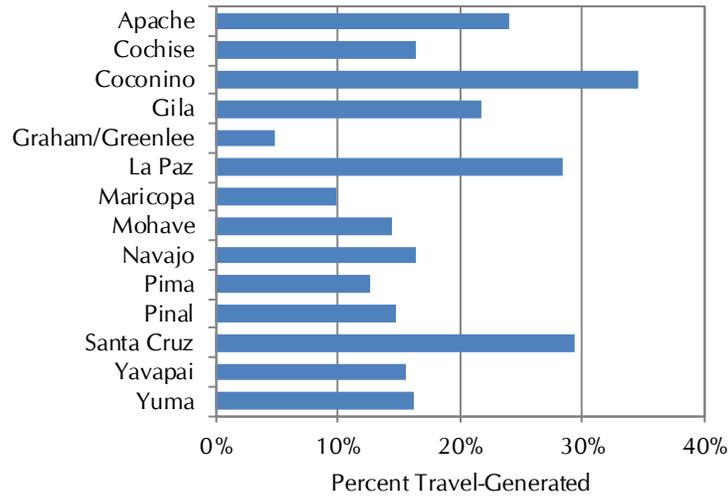
State Transaction Privilege Taxes Generated By Direct Travel Spending, 2012 FY



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, 2012 FY

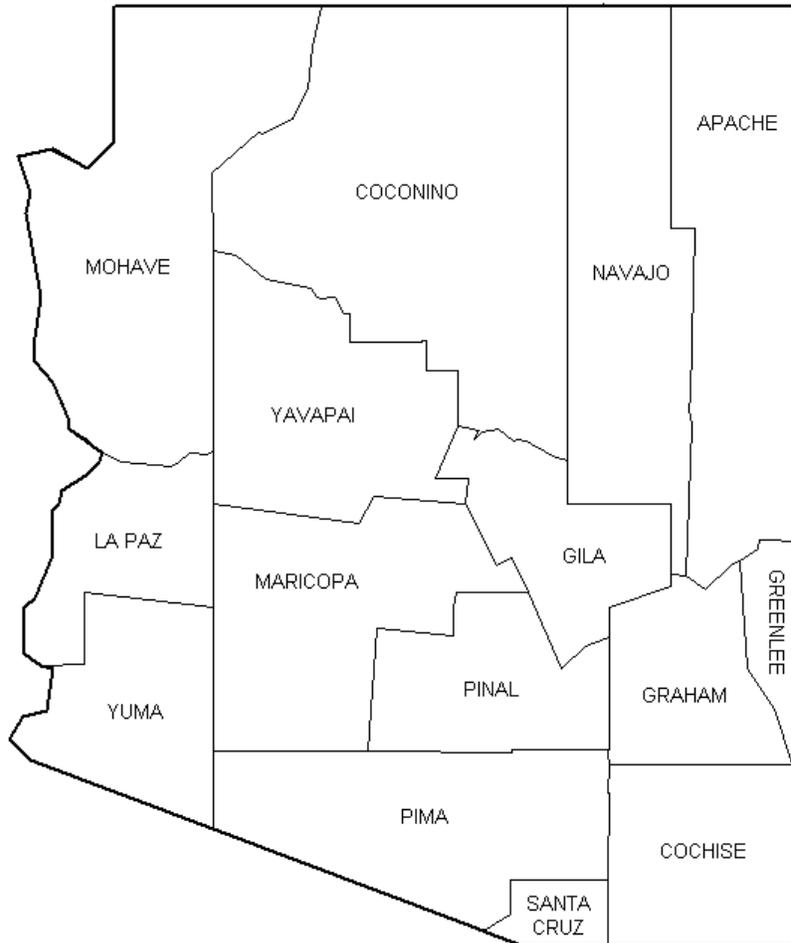


Source: Dean Runyan Associates and Arizona Department of Revenue. These estimates represent the total state transaction privilege tax receipts generated by travel spending. Counties and municipalities generally are allocated a portion of these receipts based on resident population. Other county and municipal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

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

- The travel industry accounted for more than seven percent of all state and local tax revenues in Arizona in the 2011-12 fiscal year – more than twice the industry proportion of statewide earnings and gross domestic product.
- Most of the travel industry tax receipts are a result of **visitor spending** rather than taxes on Arizona **residents**.
- The proportion of tax receipts generated by the Arizona travel industry in relation to industry GDP is twice as great as the statewide industry average.
- The tax revenues generated by the travel industry are relatively more important for the non-urban areas of the state as compared to the urbanized areas of greater Phoenix and Tucson.

IV: COUNTY TRAVEL IMPACTS 1998-2012P



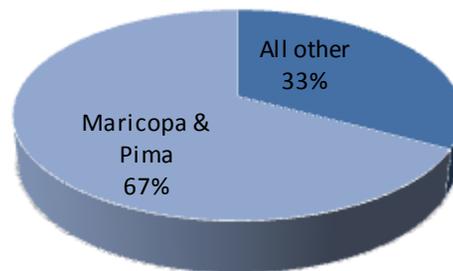
The analysis of travel impacts at the county level provides a valuable overview of how the economic benefits of travel and tourism are distributed throughout the state.

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

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

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

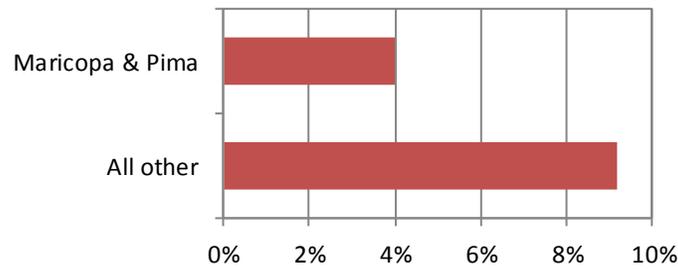
Distribution of Travel-Generated Employment, 2012p
Percent of State Direct Travel-Generated Employment



Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis. Total and travel-generated employments estimates by Dean Runyan Associates.

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

Percent of Total Area Employment that is Travel-Generated, 2012p



Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis. Total and travel-generated employment estimates by Dean Runyan Associates. Travel-generate employment in Maricopa and Pima counties constitutes 4.0 percent of all employment in those counties. The comparable figure for other Arizona counties is 9.2 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, 2012p

	Employment			Earnings (Million)		
	Total	Travel	Percent Travel	Total	Travel	Percent Travel
Apache	30,510	1,590	5.2%	\$1,144	\$32	2.8%
Cochise	55,540	3,660	6.6%	\$2,843	\$75	2.6%
Coconino	83,020	10,870	13.1%	\$3,213	\$282	8.8%
Gila	21,580	2,990	13.9%	\$793	\$64	8.1%
Graham/Greenlee	17,050	980	5.7%	\$750	\$14	1.8%
La Paz	7,590	1,230	16.2%	\$345	\$30	8.8%
Maricopa	2,241,050	86,000	3.8%	\$114,167	\$3,558	3.1%
Mohave	61,020	5,950	9.8%	\$2,277	\$129	5.7%
Navajo	39,660	3,440	8.7%	\$1,466	\$80	5.4%
Pima	487,740	22,340	4.6%	\$21,424	\$577	2.7%
Pinal	80,710	5,590	6.9%	\$3,423	\$135	4.0%
Santa Cruz	17,770	1,960	11.0%	\$790	\$49	6.1%
Yavapai	82,060	8,090	9.9%	\$2,773	\$179	6.5%
Yuma	82,530	6,660	8.1%	\$3,765	\$153	4.1%
Arizona Total	3,307,840	161,340	4.9%	\$159,173	\$5,357	3.4%

Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics, and U.S. Bureau of Economic Analysis.

Total and travel-generated employment estimates by Dean Runyan Associates.

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

Detailed direct travel impact estimates for 1998 through 2012p can be found on the following pages. As noted in the appendix to this report, 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.

2012p Arizona County Travel Impacts

	Travel Spending		Related Travel-Generated Impacts				
	Total (\$Million)	Visitor (\$Million)	Earnings (\$Million)	Employment (jobs)	Local Taxes (\$Million)	State Taxes (\$Million)	Total Taxes (\$Million)
Apache	127	110	32	1,590	3.6	5.6	9.1
Cochise	348	316	75	3,660	10.7	14.3	25.0
Coconino	1,045	1,000	282	10,870	29.7	43.3	73.0
Gila	282	270	64	2,990	5.0	11.5	16.5
Graham/Greenlee	77	66	14	980	1.8	3.4	5.1
La Paz	146	142	30	1,230	2.9	5.8	8.7
Maricopa	11,533	8,758	3,558	86,000	338.5	395.5	733.9
Mohave	536	471	129	5,950	10.6	21.4	32.0
Navajo	304	279	80	3,440	7.9	13.2	21.1
Pima	2,665	2,129	577	22,340	50.1	100.4	150.5
Pinal	628	537	135	5,590	11.7	26.7	38.4
Santa Cruz	271	260	49	1,960	5.0	10.0	15.0
Yavapai	699	638	179	8,090	15.6	28.5	44.1
Yuma	657	595	153	6,660	14.3	26.2	40.5
Arizona	19,318	**	5,357	161,340	507.2	705.7	1,212.9

Details may not add to totals due to rounding.

Property taxes and sales taxes paid by travel industry employees not included in the county estimates due to data limitations. The local and state tax estimates for the state of Arizona (Sections II and III of this report) include property taxes and the sales taxes paid by travel industry employees.

**The sum of county visitor spending is less than statewide visitor spending because a portion of county ground transportation is allocated to "other travel" at the county level. See appendix, page 46.

Arizona County Total Travel Spending, 1998-2012p
(\$ Millions)

														Annual Percent Chg.	
	1998	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012p	11-12p	98-12p
Apache	83	104	99	97	101	115	122	123	147	119	120	126	127	0.9	3.1
Cochise	226	269	271	281	311	331	340	367	375	352	365	361	348	-3.4	3.1
Coconino	639	704	667	713	758	812	845	885	939	879	938	998	1,045	4.7	3.6
Gila	195	218	213	221	228	248	260	269	260	245	256	269	282	5.1	2.7
Graham/Greenlee	36	44	40	41	42	49	62	65	67	52	61	69	77	10.9	5.9
La Paz	105	114	117	121	122	134	127	130	133	130	128	138	146	6.3	2.4
Maricopa	6,997	8,114	7,570	8,235	8,960	9,993	10,659	10,851	10,584	9,480	10,292	10,912	11,533	5.7	3.6
Mohave	310	351	377	408	422	459	516	504	515	478	511	528	536	1.4	4.0
Navajo	195	249	231	229	232	256	280	281	308	262	272	291	304	4.6	3.2
Pima	1,832	2,110	2,098	2,170	2,362	2,618	2,697	2,649	2,550	2,380	2,481	2,588	2,665	3.0	2.7
Pinal	222	252	272	285	320	362	417	480	526	497	580	636	628	-1.4	7.7
Santa Cruz	242	280	289	280	299	302	281	284	282	294	261	239	271	13.2	0.8
Yavapai	372	469	477	497	510	573	613	640	651	584	613	661	699	5.8	4.6
Yuma	377	439	458	478	518	556	585	590	624	611	603	650	657	1.0	4.1
Arizona	11,832	13,716	13,180	14,055	15,188	16,809	17,802	18,118	17,960	16,364	17,479	18,467	19,318	4.6	3.8

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

Arizona County Travel-Generated Earnings, 1998-2012p
(\$ Millions)

														Annual Percent Chg.	
	1998	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012p	11-12p	98-12p
Apache	20	24	24	23	23	25	27	29	32	31	30	30	32	5.8	3.4
Cochise	50	57	59	61	67	70	73	82	84	81	81	76	75	-1.6	3.0
Coconino	189	204	195	206	221	228	240	265	283	267	262	271	282	3.9	2.9
Gila	50	54	54	55	56	61	65	68	66	63	60	61	64	5.5	1.8
Graham/Greenlee	8	10	9	9	9	11	14	15	15	12	12	13	14	6.3	3.9
La Paz	23	25	26	26	26	28	27	28	29	29	29	30	30	2.7	2.0
Maricopa	2,200	2,551	2,431	2,592	2,814	3,014	3,281	3,425	3,298	3,158	3,247	3,418	3,558	4.1	3.5
Mohave	85	94	104	110	110	116	133	133	136	133	127	124	129	4.1	3.0
Navajo	48	60	57	55	56	59	66	68	76	69	71	73	80	9.1	3.7
Pima	401	460	479	480	517	563	580	582	556	538	538	548	577	5.3	2.6
Pinal	54	58	65	66	73	81	94	112	122	121	126	132	135	2.5	6.8
Santa Cruz	44	49	52	50	54	54	52	54	54	54	50	44	49	9.3	0.8
Yavapai	105	129	133	137	139	152	165	177	180	164	162	168	179	7.0	3.9
Yuma	86	97	103	108	118	120	131	135	144	145	143	153	153	0.4	4.2
Arizona	3,363	3,874	3,792	3,978	4,283	4,583	4,947	5,173	5,075	4,865	4,939	5,142	5,357	4.2	3.6

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

Arizona County Travel-Generated Employment, 1998-2012p
(\$ Millions)

	1998	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012p	Annual Percent Chg.	
														11-12p	98-12p
Apache	1,550	1,630	1,530	1,460	1,520	1,610	1,590	1,580	1,700	1,640	1,620	1,590	1,590	-0.1	0.2
Cochise	3,690	3,930	3,800	3,760	3,930	4,030	4,110	4,380	4,340	4,120	4,070	3,820	3,660	-4.0	-0.1
Coconino	11,220	11,180	10,240	10,530	10,740	10,950	10,750	11,110	11,540	10,920	10,590	10,710	10,870	1.5	-0.2
Gila	3,150	3,120	3,220	3,220	3,040	3,130	3,160	3,120	3,000	2,940	2,910	3,050	2,990	-1.9	-0.4
Graham/Greenlee	40	40	40	40	40	50	60	70	70	50	60	70	80	4.1	2.7
La Paz	1,500	1,420	1,350	1,350	1,290	1,350	1,200	1,220	1,230	1,230	1,190	1,230	1,230	-0.2	-1.4
Maricopa	84,020	87,700	77,850	80,880	83,780	87,470	89,530	90,130	87,910	82,290	81,630	83,330	86,000	3.2	0.2
Mohave	5,500	5,680	5,950	6,060	6,020	6,250	7,070	6,500	6,380	6,170	6,090	5,870	5,950	1.3	0.6
Navajo	3,430	3,940	3,420	3,280	3,140	3,200	3,360	3,300	3,570	3,190	3,250	3,330	3,440	3.2	0.0
Pima	21,230	23,030	22,900	22,890	24,140	25,200	25,100	23,870	22,220	21,820	21,450	21,580	22,340	3.5	0.4
Pinal	3,160	3,130	3,780	3,880	3,960	4,270	4,680	4,880	5,250	4,930	5,100	5,550	5,590	0.7	4.2
Santa Cruz	2,430	2,520	2,550	2,470	2,560	2,530	2,400	2,330	2,270	2,230	2,060	1,870	1,960	4.8	-1.5
Yavapai	6,370	7,100	8,120	8,220	7,900	8,060	8,180	8,280	8,460	7,710	7,340	7,670	8,090	5.5	1.7
Yuma	4,800	4,950	5,590	5,540	5,700	5,840	6,200	6,040	6,110	6,130	6,060	6,540	6,660	1.8	2.4
Arizona	152,740	160,030	151,110	154,400	158,550	164,810	168,530	168,000	165,190	156,330	154,300	157,070	161,340	2.7	0.4

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

Apache County Travel Impacts, 2002-2012p

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	92.6	91.5	109.1	132.6	106.9	110.4	110.3
Other Travel*	6.5	9.4	12.5	14.4	12.8	15.9	17.0
Total Direct Spending	99.1	100.9	121.6	147.0	119.7	126.2	127.4
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	48.4	43.9	55.6	36.9	49.3	47.4	46.0
Private Home	25.2	27.5	31.4	33.7	34.1	38.0	38.8
Campground	5.3	5.8	6.5	43.7	6.9	7.4	7.7
Vacation Home	10.0	10.4	11.2	12.0	12.1	12.6	13.0
Day Travel	3.7	3.8	4.4	6.2	4.6	4.9	4.9
Destination Spending	92.6	91.5	109.1	132.6	106.9	110.4	110.3
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	20.1	19.0	22.9	25.4	22.2	21.3	20.9
Food Service	23.4	23.4	27.5	31.4	28.5	28.9	29.1
Food Stores	7.7	8.0	8.6	15.5	9.3	9.9	9.9
Local Tran. & Gas	7.7	10.5	15.0	27.8	15.7	19.5	20.1
Arts, Ent. & Rec.	8.2	8.0	8.9	9.9	8.3	8.3	8.2
Retail Sales	25.4	22.6	26.2	22.5	23.1	22.6	22.1
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	92.6	91.5	109.1	132.6	106.9	110.4	110.3
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	15.0	14.5	17.0	19.7	21.3	21.0	22.7
Arts, Ent. & Rec.	3.6	3.5	4.0	4.7	3.9	3.8	4.0
Retail**	4.7	4.5	5.4	6.7	4.7	4.8	4.6
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.4	0.5	0.7	0.8	0.5	0.5	0.5
Total Direct Earnings	23.7	23.1	27.2	31.9	30.3	30.0	31.8
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	1,050	920	1,020	1,010	1,100	1,090	1,100
Arts, Ent. & Rec.	170	300	250	330	290	270	270
Retail**	280	260	280	320	210	220	210
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	30	40	40	50	20	20	20
Total Direct Employment	1,530	1,520	1,590	1,700	1,620	1,590	1,590
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	3.3	3.1	3.7	3.9	3.6	3.6	3.6
State Tax Receipts	4.5	4.4	5.1	5.8	5.2	5.5	5.6
Total Direct Gov't Revenue	7.8	7.5	8.7	9.7	8.8	9.1	9.1

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Cochise County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	257.5	291.9	314.7	345.5	339.6	329.8	315.6
Other Travel*	14.0	19.4	25.3	29.2	25.4	31.0	32.8
Total Direct Spending	271.5	311.3	340.0	374.7	365.0	360.7	348.4
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	86.8	105.2	124.3	144.1	143.5	133.2	111.0
Private Home	44.3	51.0	57.2	62.9	64.6	68.8	68.7
Campground	7.0	7.8	8.6	9.6	9.1	9.9	10.2
Vacation Home	5.3	5.6	6.1	6.6	6.6	6.9	7.1
Day Travel	114.1	122.3	118.5	122.3	115.7	110.9	118.7
Destination Spending	257.5	291.9	314.7	345.5	339.6	329.8	315.6
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	28.9	34.7	41.6	52.1	52.1	47.8	40.0
Food Service	63.4	71.8	77.8	84.1	87.7	83.9	80.9
Food Stores	58.0	62.0	57.0	59.5	55.8	52.8	57.3
Local Tran. & Gas	20.2	30.2	40.6	50.8	44.9	52.6	52.5
Arts, Ent. & Rec.	18.3	20.5	22.0	22.8	22.9	21.9	20.1
Retail Sales	68.7	72.8	75.7	76.1	76.3	70.8	64.9
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	257.5	291.9	314.7	345.5	339.6	329.8	315.6
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	31.0	35.8	39.5	48.8	48.7	46.0	45.1
Arts, Ent. & Rec.	8.5	9.5	10.7	11.6	11.4	10.7	10.8
Retail**	18.0	19.5	20.1	21.1	18.9	17.6	17.1
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	1.8	2.0	2.3	2.6	1.7	1.7	1.8
Total Direct Earnings	59.3	66.8	72.6	84.2	80.6	75.9	74.7
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	2,190	2,310	2,390	2,540	2,460	2,280	2,210
Arts, Ent. & Rec.	680	670	700	810	790	770	710
Retail**	840	860	890	870	750	710	670
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	100	100	120	120	70	60	70
Total Direct Employment	3,800	3,930	4,110	4,340	4,070	3,820	3,660
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	8.9	9.9	10.9	11.9	12.2	11.7	10.7
State Tax Receipts	11.1	12.4	13.2	14.1	14.8	15.0	14.3
Total Direct Gov't Revenue	20.0	22.3	24.0	26.0	27.1	26.7	25.0

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Coconino County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	651.7	730.4	813.2	902.8	902.6	956.6	999.7
Other Travel*	14.9	27.8	31.5	36.7	35.1	41.5	44.9
Total Direct Spending	666.7	758.2	844.6	939.4	937.8	998.1	1,044.6
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	422.7	477.6	537.9	602.3	600.9	637.6	670.3
Private Home	38.8	42.5	52.0	53.5	57.5	61.9	63.1
Campground	18.2	20.0	19.8	24.7	23.6	25.1	26.3
Vacation Home	25.0	27.0	29.3	31.6	31.6	33.1	34.0
Day Travel	147.1	163.2	174.1	190.6	189.0	198.9	206.0
Destination Spending	651.7	730.4	813.2	902.8	902.6	956.6	999.7
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	185.5	208.1	240.4	276.7	273.8	291.6	307.9
Food Service	153.1	171.7	185.3	205.6	215.2	221.5	232.1
Food Stores	36.5	41.0	42.0	48.4	48.2	50.8	52.4
Local Tran. & Gas	42.1	62.6	83.8	108.6	95.5	118.6	126.3
Arts, Ent. & Rec.	119.9	130.1	133.7	139.8	138.2	140.0	143.7
Retail Sales	107.5	110.8	113.4	116.0	118.3	120.5	123.5
Visitor Air Tran.	7.2	6.1	14.6	7.7	13.4	13.7	13.7
Destination Spending	651.7	730.4	813.2	902.8	902.6	956.6	999.7
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	116.9	131.1	141.9	174.8	162.1	169.6	181.4
Arts, Ent. & Rec.	51.4	55.8	59.9	65.8	63.7	63.2	61.4
Retail**	21.1	22.9	25.0	27.8	24.6	25.4	25.8
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	3.7	4.1	7.6	5.8	5.9	6.6	6.4
Other Travel*	2.1	7.4	5.4	8.7	5.8	6.5	6.9
Total Direct Earnings	195.3	221.3	239.8	282.8	262.1	271.3	281.9
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	6,390	6,560	6,280	6,930	6,500	6,820	7,100
Arts, Ent. & Rec.	2,720	2,940	3,140	3,170	2,880	2,600	2,470
Retail**	940	960	1,000	1,090	950	980	980
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	80	80	150	120	110	120	120
Other Travel*	100	200	170	230	160	190	200
Total Direct Employment	10,240	10,740	10,750	11,540	10,590	10,710	10,870
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	18.1	20.5	22.9	25.4	26.2	28.3	29.7
State Tax Receipts	27.0	29.9	32.3	35.7	37.4	41.5	43.3
Total Direct Gov't Revenue	45.1	50.4	55.2	61.1	63.6	69.8	73.0

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Gila County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	208.4	221.4	250.5	248.6	246.1	257.0	269.9
Other Travel*	5.0	7.1	9.4	11.0	9.5	11.7	12.4
Total Direct Spending	213.4	228.5	260.0	259.6	255.6	268.7	282.3
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	38.5	41.7	55.5	42.6	40.8	41.1	48.4
Private Home	28.6	30.9	34.8	37.6	38.5	41.5	42.6
Campground	9.4	10.4	11.5	12.8	12.2	13.3	13.7
Vacation Home	11.1	11.8	12.7	13.6	13.3	14.0	14.3
Day Travel	120.8	126.5	136.0	142.0	141.2	147.1	151.0
Destination Spending	208.4	221.4	250.5	248.6	246.1	257.0	269.9
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	15.0	16.3	21.0	18.0	17.0	16.8	18.9
Food Service	36.3	38.4	43.3	43.2	45.4	46.4	49.0
Food Stores	16.7	17.9	18.6	20.2	20.1	21.2	21.7
Local Tran. & Gas	14.1	19.8	27.3	32.6	28.8	35.6	37.9
Arts, Ent. & Rec.	92.6	96.3	106.0	102.2	101.7	103.5	108.1
Retail Sales	33.7	32.7	34.4	32.4	33.1	33.5	34.3
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	208.4	221.4	250.5	248.6	246.1	257.0	269.9
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	18.2	19.4	22.6	23.3	21.3	21.7	23.8
Arts, Ent. & Rec.	27.9	28.8	32.8	32.8	30.4	30.5	31.6
Retail**	7.5	7.8	8.7	9.0	8.1	8.3	8.3
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.3	0.4	0.5	0.6	0.4	0.3	0.4
Total Direct Earnings	53.9	56.4	64.6	65.7	60.1	60.7	64.1
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	1,290	1,230	1,280	1,190	1,060	1,070	1,130
Arts, Ent. & Rec.	1,550	1,440	1,480	1,390	1,500	1,620	1,510
Retail**	360	350	370	380	330	340	330
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	20	20	30	30	20	20	20
Total Direct Employment	3,220	3,040	3,160	3,000	2,910	3,050	2,990
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	3.7	3.9	4.7	4.4	4.5	4.7	5.0
State Tax Receipts	6.6	8.4	10.3	10.0	10.3	10.9	11.5
Total Direct Gov't Revenue	10.3	12.3	15.0	14.4	14.8	15.6	16.5

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Graham & Greenlee Counties
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	35.9	36.7	54.0	57.7	53.1	59.0	65.8
Other Travel*	4.0	5.5	7.5	9.3	8.0	10.0	10.8
Total Direct Spending	39.9	42.3	61.5	67.0	61.1	69.1	76.6
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	14.5	14.1	27.1	27.1	22.2	24.8	30.7
Private Home	15.2	16.1	18.9	21.7	22.3	24.8	25.3
Campground	1.4	1.6	1.8	2.0	1.9	2.0	2.1
Vacation Home	0.6	0.7	0.7	0.8	0.8	0.9	0.9
Day Travel	4.2	4.3	5.5	6.0	5.9	6.5	6.9
Destination Spending	35.9	36.7	54.0	57.7	53.1	59.0	65.8
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	4.9	4.8	9.1	9.9	8.0	8.7	11.0
Food Service	10.4	10.6	14.5	15.4	15.4	16.5	18.0
Food Stores	3.8	3.9	4.6	5.2	5.2	5.6	5.8
Local Tran. & Gas	3.8	5.2	8.2	10.3	9.0	11.5	12.5
Arts, Ent. & Rec.	3.4	3.3	4.4	4.4	4.1	4.3	4.6
Retail Sales	9.6	8.9	13.3	12.5	11.5	12.3	13.8
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	35.9	36.7	54.0	57.7	53.1	59.0	65.8
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	5.2	5.2	7.9	9.2	7.3	7.9	8.4
Arts, Ent. & Rec.	1.8	1.8	2.4	2.5	2.1	2.1	2.2
Retail**	2.0	2.0	2.9	3.0	2.5	2.7	2.9
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.2	0.3	0.4	0.5	0.3	0.3	0.3
Total Direct Earnings	9.3	9.3	13.6	15.2	12.1	13.0	13.8
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	470	440	630	640	480	490	520
Arts, Ent. & Rec.	230	280	410	430	330	320	320
Retail**	100	90	130	120	100	110	110
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	10	20	20	30	20	20	20
Total Direct Employment	800	830	1,190	1,220	930	940	980
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	0.9	0.9	1.4	1.5	1.4	1.5	1.8
State Tax Receipts	2.0	2.0	2.7	2.8	2.7	3.1	3.4
Total Direct Gov't Revenue	2.9	2.9	4.1	4.2	4.1	4.6	5.1

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**La Paz County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	115.4	119.6	123.0	129.2	124.3	133.4	141.8
Other Travel*	1.9	2.8	3.7	4.2	3.6	4.5	4.7
Total Direct Spending	117.3	122.4	126.7	133.4	127.9	137.9	146.5
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	13.8	12.5	8.4	6.6	4.4	5.3	10.6
Private Home	10.7	11.7	13.2	14.5	14.2	16.4	16.3
Campground	24.3	26.2	28.6	31.2	30.5	32.3	33.2
Vacation Home	14.1	14.8	15.8	16.7	16.2	17.0	17.4
Day Travel	52.5	54.5	57.0	60.1	59.0	62.4	64.3
Destination Spending	115.4	119.6	123.0	129.2	124.3	133.4	141.8
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	10.7	11.1	10.4	10.1	8.7	9.1	10.8
Food Service	20.4	20.9	21.4	22.5	22.9	24.2	25.9
Food Stores	10.5	11.1	11.2	12.4	12.1	13.0	13.3
Local Tran. & Gas	8.5	11.7	15.3	18.9	16.3	20.6	22.1
Arts, Ent. & Rec.	46.0	46.5	46.6	47.7	46.7	48.2	50.7
Retail Sales	19.3	18.3	18.0	17.6	17.6	18.2	18.9
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	115.4	119.6	123.0	129.2	124.3	133.4	141.8
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	8.8	9.0	8.9	9.8	10.0	10.7	10.5
Arts, Ent. & Rec.	12.7	12.8	13.4	14.0	14.3	14.5	15.3
Retail**	4.2	4.3	4.5	4.9	4.2	4.4	4.5
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.1	0.1	0.2	0.2	0.1	0.1	0.1
Total Direct Earnings	25.7	26.2	27.0	28.9	28.7	29.7	30.5
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	600	560	520	520	530	550	530
Arts, Ent. & Rec.	540	520	470	480	470	480	500
Retail**	200	200	200	210	180	190	190
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	10	10	10	10	10	10	10
Total Direct Employment	1,350	1,290	1,200	1,230	1,190	1,230	1,230
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	2.4	2.5	2.5	2.5	2.5	2.7	2.9
State Tax Receipts	3.7	4.4	4.8	4.9	5.1	5.5	5.8
Total Direct Gov't Revenue	6.1	6.9	7.3	7.5	7.6	8.2	8.7

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Maricopa County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	6,033	7,056	8,247	8,034	7,968	8,342	8,758
Other Travel*	1,536	1,904	2,412	2,550	2,324	2,570	2,775
Total Direct Spending	7,570	8,960	10,659	10,584	10,292	10,912	11,533
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	3,304	3,928	4,754	4,451	4,342	4,516	4,676
Private Home	1,541	1,803	2,071	2,139	2,209	2,307	2,368
Campground	222	213	167	150	107	126	245
Vacation Home	186	205	231	254	258	268	275
Day Travel	781	908	1,025	1,041	1,053	1,125	1,194
Destination Spending	6,033	7,056	8,247	8,034	7,968	8,342	8,758
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	1,157	1,347	1,705	1,630	1,397	1,465	1,541
Food Service	1,284	1,501	1,706	1,687	1,811	1,878	1,981
Food Stores	208	235	241	252	250	267	293
Local Tran. & Gas	614	776	960	1,007	989	1,118	1,197
Arts, Ent. & Rec.	916	1,035	1,123	1,059	1,075	1,098	1,134
Retail Sales	1,069	1,152	1,246	1,141	1,195	1,226	1,260
Visitor Air Tran.	785	1,011	1,266	1,257	1,250	1,290	1,351
Destination Spending	6,033	7,056	8,247	8,034	7,968	8,342	8,758
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	822	961	1,119	1,185	1,141	1,189	1,228
Arts, Ent. & Rec.	394	446	506	499	496	496	551
Retail**	173	191	214	207	193	203	210
Ground Tran.	76	88	101	95	105	112	114
Visitor Air Tran.	395	475	565	542	571	623	623
Other Travel*	572	653	776	770	741	795	832
Total Direct Earnings	2,431	2,814	3,281	3,298	3,247	3,418	3,558
Industry Employment Generated by Travel Spending (Thousand Jobs)							
Accom. & Food Serv.	36.2	38,870	41,570	41.6	39.6	40.5	41.3
Arts, Ent. & Rec.	13.6	15,700	16,480	16.6	15.3	15.3	16.2
Retail**	5.8	6,120	6,460	6.3	5.8	5.8	5.8
Ground Tran.	2.5	2,640	2,770	2.6	2.7	2.8	2.9
Visitor Air Tran.	7.0	7,420	7,820	7.4	6.7	7.0	7.2
Other Travel*	12.8	13,030	14,430	13.4	11.6	11.9	12.5
Total Direct Employment	77.9	83,780	89,530	87.9	81.6	83.3	86.0
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	242	282	329	313	311	327	338
State Tax Receipts	258	296	338	329	344	377	395
Total Direct Gov't Revenue	500	578	667	642	655	703	734

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations, resident air travel, travel arrangement services, and convention and trade shows. **Retail includes gasoline.

**Mohave County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	344.0	387.0	468.4	450.5	459.8	467.9	470.8
Other Travel*	32.8	34.5	47.4	64.3	51.4	60.2	64.7
Total Direct Spending	376.8	421.5	515.8	514.7	511.2	528.1	535.5
All Overnight							
Hotel, Motel	103.1	112.2	145.7	112.4	120.9	121.8	119.5
Private Home	101.0	118.2	142.0	153.7	154.0	156.6	159.4
Campground	15.6	17.2	19.1	21.2	20.2	21.9	22.6
Vacation Home	27.9	31.1	35.7	38.3	37.5	39.3	40.3
Day	96.5	108.2	126.0	124.8	127.2	128.2	129.0
Destination Spending	344.0	387.0	468.4	450.5	459.8	467.9	470.8
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	46.9	55.4	71.9	57.8	56.4	57.2	56.6
Food Service	90.4	102.1	121.7	118.5	129.4	127.1	128.6
Food Stores	31.2	36.0	40.2	42.5	43.1	43.6	43.8
Local Tran. & Gas	30.7	46.5	68.3	79.5	72.2	85.5	88.4
Arts, Ent. & Rec.	72.3	78.8	89.3	82.3	84.8	82.4	81.8
Retail Sales	65.8	68.3	77.0	69.8	73.9	72.0	71.5
Visitor Air Tran.	6.7	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	344.0	387.0	468.4	450.5	459.8	467.9	470.8
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	45.4	52.1	63.3	62.6	61.5	60.9	57.7
Arts, Ent. & Rec.	32.8	35.7	42.3	41.0	38.8	37.0	45.0
Retail**	14.9	16.5	19.9	20.0	18.2	17.9	17.6
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	8.3	5.6	7.3	12.5	8.2	8.2	8.9
Total Direct Earnings	103.8	110.0	132.8	136.0	126.8	124.1	129.2
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	2,940	3,050	3,550	3,200	3,150	3,040	2,770
Arts, Ent. & Rec.	2,050	2,120	2,540	2,030	1,990	1,910	2,250
Retail**	600	610	710	680	630	620	610
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	60	0	0	0	0	0	0
Other Travel*	300	240	270	470	310	310	320
Total Direct Employment	5,950	6,020	7,070	6,380	6,090	5,870	5,950
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	8.0	9.0	10.9	9.7	10.3	10.6	10.6
State Tax Receipts	15.2	17.0	20.0	18.9	20.3	21.2	21.4
Total Direct Gov't Revenue	23.2	26.0	30.9	28.6	30.6	31.8	32.0

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Navajo County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	220.2	217.1	260.0	285.6	252.6	267.3	279.4
Other Travel*	10.8	15.2	20.1	22.5	19.2	23.5	24.9
Total Direct Spending	231.0	232.3	280.0	308.1	271.8	290.8	304.4
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	114.2	102.7	128.5	141.3	113.6	117.8	128.0
Private Home	36.9	40.9	48.1	53.9	51.6	57.0	58.0
Campground	13.1	14.2	16.4	17.2	16.6	17.8	16.5
Vacation Home	35.4	38.0	41.7	45.6	45.2	47.3	48.6
Day Travel	20.6	21.4	25.2	27.7	25.6	27.5	28.3
Destination Spending	220.2	217.1	260.0	285.6	252.6	267.3	279.4
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	45.8	44.1	52.9	60.4	50.2	51.6	55.5
Food Service	53.5	53.2	63.4	69.3	65.3	67.6	70.8
Food Stores	15.5	16.3	18.0	20.2	19.0	20.2	20.5
Local Tran. & Gas	15.8	21.4	31.4	39.7	32.2	40.3	42.3
Arts, Ent. & Rec.	27.7	27.5	30.9	32.0	29.7	30.3	30.6
Retail Sales	61.8	54.6	63.4	64.0	56.1	57.2	59.7
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	220.2	217.1	260.0	285.6	252.6	267.3	279.4
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	35.0	34.1	40.1	48.6	47.8	49.3	53.6
Arts, Ent. & Rec.	10.6	10.5	12.3	13.3	12.7	12.7	14.8
Retail**	10.3	9.8	11.8	12.7	10.1	10.6	10.8
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	1.0	1.2	1.5	1.3	0.7	0.7	0.7
Total Direct Earnings	57.0	55.5	65.7	75.8	71.3	73.2	79.9
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	2,260	2,050	2,120	2,320	2,240	2,330	2,370
Arts, Ent. & Rec.	610	590	670	680	570	550	610
Retail**	490	430	490	510	410	420	430
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	60	70	80	70	30	30	30
Total Direct Employment	3,420	3,140	3,360	3,570	3,250	3,330	3,440
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	6.5	6.1	7.3	7.9	7.0	7.4	7.9
State Tax Receipts	9.8	9.7	11.4	12.1	11.5	12.6	13.2
Total Direct Gov't Revenue	16.2	15.8	18.6	20.0	18.6	20.0	21.1

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Pima County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	1,782	1,987	2,241	2,043	2,023	2,074	2,129
Other Travel*	316	375	456	506	458	515	536
Total Direct Spending	2,098	2,362	2,697	2,550	2,481	2,588	2,665
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	808	924	1,074	903	900	927	947
Private Home	328	375	423	451	450	467	467
Campground	23	25	56	36	29	31	32
Vacation Home	36	39	43	47	47	49	51
Day Travel	587	624	645	605	597	599	633
Destination Spending	1,782	1,987	2,241	2,043	2,023	2,074	2,129
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	308	339	420	349	320	328	331
Food Service	412	471	526	475	509	521	540
Food Stores	116	128	134	132	129	132	137
Local Tran. & Gas	188	236	294	279	272	306	318
Arts, Ent. & Rec.	159	175	188	173	175	178	179
Retail Sales	465	469	468	411	414	404	422
Visitor Air Tran.	134	170	210	223	204	203	200
Destination Spending	1,782	1,987	2,241	2,043	2,023	2,074	2,129
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	251	282	320	304	300	307	329
Arts, Ent. & Rec.	65	71	80	76	76	76	76
Retail**	78	81	86	80	73	73	75
Ground Tran.	24	27	30	25	28	29	30
Visitor Air Tran.	5	5	10	12	11	11	11
Other Travel*	56	50	54	59	51	53	57
Total Direct Earnings	479	517	580	556	538	548	577
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	12,900	13,790	14,630	12,740	12,510	12,650	13,250
Arts, Ent. & Rec.	3,960	4,550	4,550	3,860	4,040	4,070	4,180
Retail**	3,050	3,050	3,120	2,880	2,590	2,580	2,580
Ground Tran.	800	820	830	680	710	730	750
Visitor Air Tran.	140	130	220	250	210	200	200
Other Travel*	2,040	1,800	1,750	1,800	1,390	1,340	1,380
Total Direct Employment	22,900	24,140	25,100	22,220	21,450	21,580	22,340
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	41.1	45.0	53.9	47.3	47.0	49.3	50.1
State Tax Receipts	78.2	86.1	95.0	85.5	90.3	97.2	100.4
Total Direct Gov't Revenue	119.4	131.1	148.9	132.8	137.4	146.4	150.5

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations, resident air travel, travel arrangement services, and convention and trade shows. **Retail includes gasoline.

**Pinal County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	252.2	290.0	368.1	456.2	511.2	551.9	537.1
Other Travel*	19.8	30.2	48.8	69.3	69.1	84.5	90.7
Total Direct Spending	272.1	320.2	416.9	525.6	580.3	636.4	627.8
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	24.7	25.4	33.8	37.1	34.6	42.2	36.7
Private Home	102.7	120.9	156.2	199.9	240.0	255.2	244.8
Campground	35.4	39.1	43.3	48.2	46.0	49.8	51.3
Vacation Home	33.6	39.5	52.4	67.4	75.0	78.5	80.6
Day Travel	55.8	65.1	82.4	103.6	115.7	126.1	123.8
Destination Spending	252.2	290.0	368.1	456.2	511.2	551.9	537.1
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	26.5	29.1	36.7	42.3	40.6	44.3	42.8
Food Service	76.5	87.9	111.7	140.1	168.1	176.5	172.1
Food Stores	24.7	28.4	33.3	42.3	47.4	50.5	49.3
Local Tran. & Gas	22.5	33.9	51.8	73.7	72.8	91.6	91.9
Arts, Ent. & Rec.	41.4	46.1	55.9	66.2	74.8	77.3	74.5
Retail Sales	60.7	64.6	78.7	91.6	107.6	111.7	106.6
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	252.2	290.0	368.1	456.2	511.2	551.9	537.1
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	32.5	37.0	47.2	62.9	66.7	70.9	72.8
Arts, Ent. & Rec.	19.3	21.6	27.4	34.1	35.7	36.1	38.6
Retail**	11.9	13.3	16.9	21.0	21.5	22.6	21.4
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	1.4	1.6	2.6	3.8	2.6	2.5	2.6
Total Direct Earnings	65.2	73.4	94.2	121.8	126.4	132.1	135.4
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	2,030	2,170	2,500	2,990	2,790	3,010	3,020
Arts, Ent. & Rec.	1,150	1,170	1,390	1,270	1,400	1,570	1,650
Retail**	520	540	670	820	790	840	790
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	80	80	120	180	130	130	130
Total Direct Employment	3,780	3,960	4,680	5,250	5,100	5,550	5,590
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	5.7	6.4	7.9	9.5	11.1	12.1	11.7
State Tax Receipts	12.0	13.8	17.2	20.7	24.7	27.1	26.7
Total Direct Gov't Revenue	17.8	20.2	25.2	30.2	35.9	39.2	38.4

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Santa Cruz County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	284.8	293.7	273.5	272.9	252.1	228.6	259.6
Other Travel*	3.9	5.7	8.0	9.5	8.4	10.4	11.0
Total Direct Spending	288.7	299.4	281.5	282.4	260.6	239.0	270.6
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	26.3	31.0	36.3	39.0	35.6	28.9	31.2
Private Home	22.6	25.6	29.0	33.1	34.5	36.1	37.6
Campground	0.9	1.0	1.1	1.3	1.2	1.3	1.4
Vacation Home	0.9	1.0	1.2	1.3	1.3	1.3	1.4
Day Travel	234.0	235.1	206.0	198.2	179.6	161.0	188.1
Destination Spending	284.8	293.7	273.5	272.9	252.1	228.6	259.6
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	11.3	13.0	15.6	16.9	15.4	12.3	12.9
Food Service	36.5	39.3	39.6	41.1	41.0	37.2	41.4
Food Stores	100.6	105.1	91.8	92.9	83.7	76.1	88.5
Local Tran. & Gas	10.6	15.1	19.1	23.2	19.7	21.9	24.6
Arts, Ent. & Rec.	7.6	8.5	9.1	9.3	9.1	8.1	8.5
Retail Sales	118.2	112.6	98.5	89.5	83.2	73.0	83.6
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Destination Spending	284.8	293.7	273.5	272.9	252.1	228.6	259.6
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	16.3	17.8	18.5	21.2	21.0	18.6	19.1
Arts, Ent. & Rec.	3.8	4.2	4.7	5.1	4.8	4.2	5.3
Retail**	31.2	31.3	28.1	27.3	23.9	21.2	23.8
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Travel*	0.2	0.3	0.5	0.6	0.3	0.3	0.3
Total Direct Earnings	51.5	53.6	51.8	54.1	50.1	44.4	48.6
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	1,050	1,110	1,070	1,000	980	880	910
Arts, Ent. & Rec.	270	260	330	340	330	320	310
Retail**	1,210	1,160	970	900	730	660	720
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	0	0	0	0
Other Travel*	10	20	30	30	20	20	10
Total Direct Employment	2,550	2,560	2,400	2,270	2,060	1,870	1,960
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	5.4	5.4	5.2	5.1	4.9	4.5	5.0
State Tax Receipts	10.0	10.2	9.6	9.4	9.4	8.9	10.0
Total Direct Gov't Revenue	15.4	15.6	14.8	14.5	14.3	13.4	15.0

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Yavapai County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	449.8	472.9	562.5	594.6	562.9	603.7	637.6
Other Travel*	27.5	37.5	50.1	56.1	49.7	57.4	61.6
Total Direct Spending	477.3	510.4	612.7	650.6	612.6	661.0	699.2
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	173.5	176.4	233.0	234.4	208.7	225.6	248.9
Private Home	49.7	56.9	69.8	77.0	77.3	85.4	87.2
Campground	10.0	10.8	5.4	13.0	12.6	13.3	14.0
Vacation Home	17.0	19.0	21.9	24.2	23.8	25.0	25.6
Day Travel	199.6	209.8	232.4	246.0	240.5	254.4	261.9
Destination Spending	449.8	472.9	562.5	594.6	562.9	603.7	637.6
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	83.4	85.8	115.0	121.3	104.4	111.4	124.1
Food Service	87.0	91.5	108.8	113.7	115.3	121.2	127.6
Food Stores	31.7	34.2	36.9	41.5	40.5	43.4	44.5
Local Tran. & Gas	29.0	41.0	58.9	73.6	63.2	79.9	85.1
Arts, Ent. & Rec.	144.1	147.7	162.6	166.3	161.3	166.8	172.3
Retail Sales	74.6	72.4	79.9	77.8	77.3	80.0	82.1
Visitor Air Tran.	0.0	0.2	0.5	0.4	0.8	1.0	1.8
Destination Spending	449.8	472.9	562.5	594.6	562.9	603.7	637.6
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	57.7	59.9	73.5	83.8	73.7	78.0	85.8
Arts, Ent. & Rec.	55.5	56.8	65.5	68.9	65.4	66.3	69.6
Retail**	14.8	15.3	17.8	19.1	16.6	17.4	17.6
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.0	0.1	0.2	0.3	0.3	0.3	0.4
Other Travel*	5.5	6.4	7.8	8.0	6.3	5.6	5.9
Total Direct Earnings	133.5	138.6	164.9	180.1	162.2	167.6	179.3
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	3,330	3,050	3,280	3,530	3,040	3,200	3,470
Arts, Ent. & Rec.	3,840	3,880	3,840	3,850	3,400	3,590	3,730
Retail**	650	630	740	780	650	680	680
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	0	0	0	10	10	10	10
Other Travel*	310	340	320	300	230	190	190
Total Direct Employment	8,120	7,900	8,180	8,460	7,340	7,670	8,090
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	10.5	10.9	13.6	14.0	13.4	14.5	15.6
State Tax Receipts	17.3	19.5	23.7	24.6	24.6	27.0	28.5
Total Direct Gov't Revenue	27.8	30.4	37.3	38.7	37.9	41.5	44.1

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

**Yuma County
Travel Impacts, 2002-2012p**

	2002	2004	2006	2008	2010	2011	2012p
Total Direct Travel Spending (\$Million)							
Destination Spending	441.0	487.4	541.8	569.9	553.1	592.4	595.4
Other Travel*	17.4	30.7	43.6	53.7	49.5	57.9	61.4
Total Direct Spending	458.4	518.0	585.4	623.6	602.6	650.3	656.8
Visitor Spending by Type of Accommodation (\$Million)							
Hotel, Motel	80.2	101.0	134.5	140.2	131.9	155.8	151.4
Private Home	49.0	58.8	68.4	78.6	79.1	89.2	86.3
Campground	45.6	51.6	64.5	72.5	74.9	80.3	74.5
Vacation Home	32.2	35.1	39.5	43.7	44.3	46.4	47.6
Day Travel	233.9	240.8	234.9	234.9	222.9	220.8	235.7
Destination Spending	441.0	487.4	541.8	569.9	553.1	592.4	595.4
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	38.8	46.9	63.2	66.8	61.0	68.9	65.8
Food Service	77.0	85.2	97.4	103.8	107.6	115.3	115.8
Food Stores	66.8	71.5	68.8	72.9	69.1	69.1	73.2
Local Tran. & Gas	25.9	38.1	54.7	68.4	60.3	77.5	78.1
Arts, Ent. & Rec.	87.7	97.3	115.8	121.1	122.6	133.0	127.3
Retail Sales	143.0	139.2	132.4	124.4	120.2	116.4	123.3
Visitor Air Tran.	1.8	9.2	9.6	12.4	12.3	12.3	12.0
Destination Spending	441.0	487.4	541.8	569.9	553.1	592.4	595.4
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	36.9	42.1	50.4	58.0	62.1	68.2	69.2
Arts, Ent. & Rec.	34.8	38.3	47.2	50.7	50.0	53.3	51.8
Retail**	30.1	30.8	31.0	31.5	27.7	27.4	28.3
Ground Tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Visitor Air Tran.	0.4	2.9	0.2	0.3	0.7	0.9	0.8
Other Travel*	1.3	3.5	2.6	3.3	2.7	2.9	3.0
Total Direct Earnings	103.4	117.6	131.5	143.7	143.3	152.6	153.2
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	2,220	2,380	2,650	2,790	2,840	3,150	3,060
Arts, Ent. & Rec.	2,110	2,040	2,280	2,060	2,140	2,330	2,550
Retail**	1,190	1,120	1,150	1,110	970	950	940
Ground Tran.	0	0	0	0	0	0	0
Visitor Air Tran.	10	60	10	10	10	20	20
Other Travel*	60	100	110	130	90	90	100
Total Direct Employment	5,590	5,700	6,200	6,110	6,060	6,540	6,660
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	10.8	11.7	13.1	13.3	13.2	14.3	14.3
State Tax Receipts	16.9	19.4	22.1	22.7	23.6	26.0	26.2
Total Direct Gov't Revenue	27.7	31.0	35.3	36.0	36.8	40.3	40.5

Details may not add to totals due to rounding.

*Other Travel includes ground transportation to other Arizona destinations and travel arrangement services. **Retail includes gasoline.

APPENDICES

APPENDIX A	2012 TRAVEL IMPACT ESTIMATES
APPENDIX B	KEY TERMS AND DEFINITIONS
APPENDIX C	REGIONAL TRAVEL IMPACT MODEL
APPENDIX D	TRAVEL INDUSTRY ACCOUNTS
APPENDIX E	ARIZONA EARNINGS AND EMPLOYMENT BY INDUSTRY SECTOR
APPENDIX F	INDUSTRY GROUPS

2012 TRAVEL IMPACT ESTIMATES

This appendix provides a brief overview of the methodology, terminology and limitations of the travel impact and visitor volume estimates.

REVISIONS TO 2012 REPORT

There are three revisions of note in this year's report:

- All spending and related impacts were revised to reflect new survey data and a new methodology.
- "Other travel" now includes convention and trade show impacts (for Maricopa and Pima county only) and a portion of ground transportation expenditures, as well as resident air travel and travel arrangement services.
- There were revisions relating to estimates of federal travel-generated tax revenue for air travel.

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 state and local taxes 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.

GROUND TRANSPORTATION ESTIMATES

The methodology for estimating and allocation ground transportation expenditures has been revised in this report. County level estimates of destination or visitor spending include now only a portion of the ground transportation expenditures for travel that occur in the county. The remaining portion is included in "other travel" as it represents transportation costs for travel to another destination within Arizona. State level estimates of visitor spending include all of these expenditures for ground transportation.

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 2012. 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. A description of the methodology used to estimate secondary impacts can be found in the Appendix.

PRELIMINARY ESTIMATES

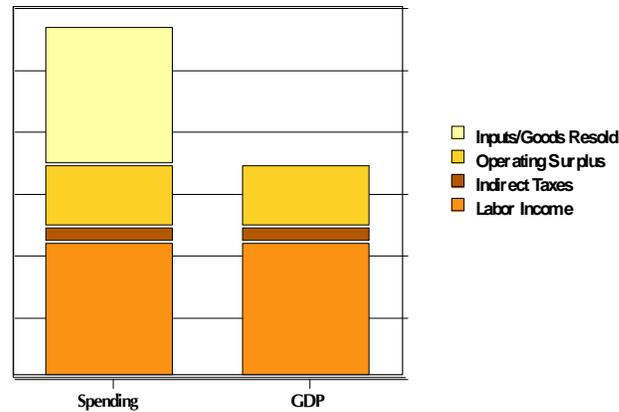
Preliminary estimates for 2012 were prepared at the state and county level. These estimates take advantage of the most current available data. However, because full-year data was not available in all cases, these estimates are subject to subsequent revision as additional information relating to travel and its economic impact in 2012 becomes available.

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 portion 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 excise 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, extractive industries, and manufacturing are the best examples of goods producing export-oriented industries. Many professional services (e.g., engineering, architecture, law) are also traded in 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.

Comparisons with these industries are 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.

INTERPRETATION OF IMPACT ESTIMATES

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

- The estimates contained in this report are based on the most current data available and supersede all previous estimates of travel impacts.
- The estimates in this report are expressed in *current* dollars unless otherwise noted.
- The employment estimates in this report are estimates of the total number of full and part-time jobs directly generated by travel spending, rather than the number of individuals employed. Both payroll 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.

KEY TERMS AND DEFINITIONS

Commodity: A classification of a product or service, such as lodging or food service. An establishment or industry may produce more than one commodity.

Direct Impacts: Employment, earnings and tax receipts *directly* generated by travel spending, as distinguished from secondary and total impacts.

Earnings: Earnings include wage and salary disbursements, other earned income or benefits, and proprietor income. Only the earnings attributable to travel expenditures are included.

Employment: Industry employment (jobs) associated with travel-generated earnings. Includes both full-time and part-time positions, and salaried or self-employed individuals. Employment is reported as an average for a time period, typically annual. (Unless otherwise noted, the employment estimates refer to establishment or industry employment at place of work, not the employment status or residence of the individual.)

Federal Taxes: Federal taxes include the motor fuel excise tax, airline ticket taxes, and personal income and payroll taxes.

Industry: A classification of business or government establishments based on their primary technological process. (See NAICS Appendix table.)

Local Taxes (counties only): Lodging, sales and auto rental taxes imposed by cities, counties and other regional tax jurisdictions in Arizona. Passenger Facility Charges attributable to visitors (a fee imposed on airline tickets) are included in counties with airports. Property taxes are not included.

Local and State Taxes (state): All local and state taxes reported for counties plus property taxes attributable to travel industry businesses and employees and sales and income taxes attributable to travel industry employees.

Other spending: Other spending includes spending by residents on ground and air transportation for travel to other destinations, spending on travel arrangement services, and convention/ trade shows.

Private Home: Unpaid overnight accommodations of friends and relatives.

Receipts: Travel expenditures less the sales and excise taxes paid by the consumer.

State Taxes (counties only): Lodging, motor fuel, and business and personal income taxes imposed by the state of Arizona.

Total Impacts: The sum of Direct and Secondary impacts.

Travel spending: The sum of visitor and other spending related to travel.

Visitor spending: All spending on goods & services by visitors at the destination. Also referred to as destination spending.

REGIONAL TRAVEL IMPACT MODEL

PRIMARY DATA SOURCES

Room Demand,
Visitor Surveys,
Population,
Inventory/Use of
Campsites &
Second Homes,
Visitor air
arrivals



Visitor Volume
(Travel Party Days by
Type of
Accommodation)



ECONOMIC IMPACTS OF TRAVEL

Accommodation
Sales,
Visitor Surveys,
Airmiles



Visitor Spending
(Type of
Accommodation and
Type of Commodity)



Point of Sale Taxes
(Sales and Excise Taxes
associated with Visitor
Spending)



*Note: Receipts equals
Spending less
POS Taxes*

Business Receipts
(not reported)



Business Taxes
(Taxes on business
income or receipts)

Ratio of
Earnings to
Receipts for
relevant
Industry



Earnings
(By Industry)



Personal Taxes
(Local, state and
federal income and
payroll taxes)

Average
Annual
Earnings per
job for
relevant
industry



Employment
(By Industry)

*Note: Most estimates of taxes
are based on implicit tax rates
applied to visitor spending,
business receipts, and
employee earnings. Lodging
tax receipts reflect actual tax
collections.*

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

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

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

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

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

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

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 a measure of the **demand segments** that consume travel industry goods and services. For example, the distinction between business and leisure travel is a measure of demand segments. The third is a measure of the **components of economic output** associated with the travel industry. The employee earnings generated by visitor spending is one such component. Travel-generated tax receipts are another. These three categories of information represent different aspects of the accounting ledger – they represent different ways of viewing or analyzing the travel industry.

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

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

TRAVEL INDUSTRY

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

Because of this, most satellite accounts, as well as the RTIM, incorporate at least some information about the expenditures of visitors in order to define the supply of

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

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

visitor industry firms. For example, if there is an estimate of visitor-days and an estimate of how much the average visitor spends on food services per day, then an estimate of visitor spending on food services can be calculated. In most cases, this will be only a fraction of all food service sales in that residents are a larger market for most restaurants.⁴

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

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

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

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

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

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

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

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

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

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)
Administrative/Support Services	Travel Arrangement and Reservation Services (5615) Convention and Trade Show Organizers (56192)

Source: Dean Runyan Associates

DEMAND SEGMENTS

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

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

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

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

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

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

the evaluation of the tax impacts of resident versus nonresident travel might also be important.⁹

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

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

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

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

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

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

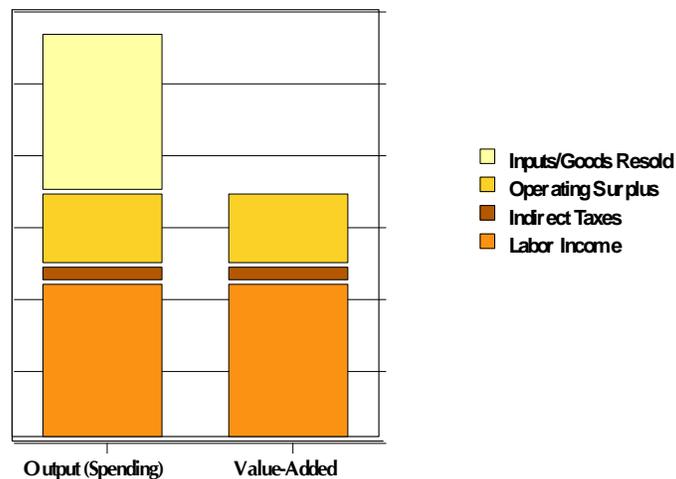
COMPONENTS OF INDUSTRY OUTPUT

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

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

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

Components of Industry Output



The distinction between gross output and value-added is probably even more important at the state or regional level. This is because the intermediate inputs that are purchased from other industries are even more likely to be purchased from businesses located in different regions or states. For example, the economic impact

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

of air passenger travel in the state of Hawaii should not include the purchase of airplanes manufactured in other parts of the world. Travel industry value-added is a more meaningful measure of the true economic impact of visitor spending in Hawaii because a portion of the economic impact of visitor spending in the state will actually occur elsewhere.¹²

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

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

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

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

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

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

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

INDIRECT, INDUCED AND SECONDARY EFFECTS

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

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

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

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

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

¹⁵ 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, 2011

Industry Sector	Earnings (\$Billion)	Percent of Total	Employment (Thousand)	Percent of Total
Primarily Export-Oriented	16.1	10.1%	223	6.9%
Agriculture, Forestry, Fishing and related	1.6	1.0%	42	1.3%
Mining	1.2	0.7%	20	0.6%
Manufacturing	13.3	8.4%	161	5.0%
<i>**Travel</i>	5.1	3.2%	157	4.9%
Primarily Non Export-Oriented	81.1	51.1%	1,724	53.4%
Construction	8.8	5.5%	159	4.9%
Utilities	1.6	1.0%	12	0.4%
Wholesale trade	8.3	5.2%	109	3.4%
Retail trade	12.6	7.9%	356	11.0%
Real estate and rental and leasing	4.2	2.7%	196	6.1%
Management of companies and enterprises	2.2	1.4%	30	0.9%
Administrative and waste services	9.0	5.7%	258	8.0%
Other services, except public administration	5.7	3.6%	163	5.1%
Government and government enterprises	28.7	18.1%	440	13.6%
Mixed	61.7	38.8%	1,280	39.7%
Transportation and warehousing	5.0	3.1%	92	2.8%
Information	2.9	1.8%	47	1.5%
Finance and insurance	10.7	6.7%	203	6.3%
Professional and technical services	12.8	8.1%	209	6.5%
Educational services	2.7	1.7%	70	2.2%
Health care and social assistance	19.9	12.5%	349	10.8%
Leisure and Hospitality	7.7	4.9%	310	9.6%
Arizona Total**	158.9	100.0%	3,228	100.0%

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

Industry Groups

Accomm. & Food Serv.

Eating & Drinking
Hotels and Lodging Places

Agric. & Food Proc.

Agricultural- Forestry- Fishery Services
Animal and Marine Fats and Oils
Blended and Prepared Flour
Bottled and Canned Soft Drinks & Water
Bread- Cake- and Related Products
Canned and Cured Sea Foods
Canned Fruits and Vegetables
Canned Specialties
Cattle Feedlots
Cereal Preparations
Cheese- Natural and Processed
Chewing and Smoking Tobacco
Chewing Gum
Chocolate and Cocoa Products
Cigarettes
Cigars
Commercial Fishing
Condensed and Evaporated Milk
Confectionery Products
Cookies and Crackers
Cotton
Cottonseed Oil Mills
Creamery Butter
Dairy Farm Products
Dehydrated Food Products
Distilled Liquor- Except Brandy
Dog- Cat- and Other Pet Food
Feed Grains
Flavoring Extracts and Syrups- N.E.C.
Flour and Other Grain Mill Products
Fluid Milk
Food Grains
Food Preparations- N.E.C
Forest Products
Forestry Products
Frozen Fruits- Juices and Vegetables
Frozen Specialties
Fruits
Grass Seeds

Agric. & Food Proc.

Greenhouse and Nursery Products
Hay and Pasture
Hogs- Pigs and Swine
Ice Cream and Frozen Desserts
Landscape and Horticultural Services
Macaroni and Spaghetti
Malt
Malt Beverages
Manufactured Ice
Meat Packing Plants
Miscellaneous Crops
Miscellaneous Livestock
Oil Bearing Crops
Other Meat Animal Products
Pickles- Sauces- and Salad Dressings
Potato Chips & Similar Snacks
Poultry and Eggs
Poultry Processing
Prepared Feeds- N.E.C
Prepared Fresh Or Frozen Fish Or Seafood
Ranch Fed Cattle
Range Fed Cattle
Rice Milling
Roasted Coffee
Salted and Roasted Nuts & Seeds
Sausages and Other Prepared Meats
Sheep- Lambs and Goats
Shortening and Cooking Oils
Soybean Oil Mills
Sugar
Sugar Crops
Tobacco
Tobacco Stemming and Redrying
Tree Nuts
Vegetable Oil Mills- N.E.C
Vegetables
Wet Corn Milling
Wines- Brandy- and Brandy Spirits

Arts, Entertain., Rec.

Amusement and Recreation Services- N.E.C.
Bowling Alleys and Pool Halls
Commercial Sports Except Racing
Membership Sports and Recreation Clubs
Motion Pictures
Other Nonprofit Organizations
Racing and Track Operation
Theatrical Producers- Bands Etc.
Water Transportation

Construction

- Maintenance and Repair Oil and Gas Wells
- Maintenance and Repair Other Facilities
- Maintenance and Repair- Residential
- New Farm Structures
- New Government Facilities
- New Highways and Streets
- New Industrial and Commercial Buildings
- New Mineral Extraction Facilities
- New Residential Structures
- New Utility Structures

Finance, Real Estate

- Banking
- Credit Agencies
- Insurance Agents and Brokers
- Insurance Carriers
- Owner-occupied Dwellings
- Real Estate
- Security and Commodity Brokers

Government

- Commodity Credit Corporation
- Federal Electric Utilities
- Federal Government - Military
- Federal Government - Non-Military
- Local Government Passenger Transit
- Other Federal Government Enterprises
- Other State and Local Govt Enterprises
- State & Local Government - Education
- State & Local Government - Non-Education
- State and Local Electric Utilities
- U.S. Postal Service

Misc. Manf.

*Includes all utilities, mining and manufacturing industries
not elsewhere classified*

Misc. Services

- Advertising
- Beauty and Barber Shops
- Computer and Data Processing Services
- Detective and Protective Services
- Domestic Services
- Electrical Repair Service
- Equipment Rental and Leasing
- Funeral Service and Crematories
- Laundry- Cleaning and Shoe Repair
- Miscellaneous Personal Services
- Miscellaneous Repair Shops
- Other Business Services
- Personnel Supply Services
- Photofinishing- Commercial Photography
- Portrait and Photographic Studios
- Services To Buildings
- Watch- Clock- Jewelry and Furniture Repair

Prof. Services

Accounting- Auditing and Bookkeeping
Business Associations
Child Day Care Services
Colleges- Universities- Schools
Doctors and Dentists
Elementary and Secondary Schools
Engineering- Architectural Services
Hospitals
Job Trainings & Related Services
Labor and Civic Organizations
Legal Services
Management and Consulting Services
Nursing and Protective Care
Other Educational Services
Other Medical and Health Services
Religious Organizations
Research- Development & Testing Services
Residential Care
Social Services- N.E.C.

Retail Trade

Apparel & Accessory Stores
Building Materials & Gardening
Food Stores
Furniture & Home Furnishings Stores
General Merchandise Stores
Miscellaneous Retail
Wholesale Trade

Transportation

Air Transportation
Arrangement Of Passenger Transportation
Automobile Parking and Car Wash
Automobile Rental and Leasing
Automobile Repair and Services
Automotive Dealers & Service Stations
Local- Interurban Passenger Transit
Motor Freight Transport and Warehousing
Railroads and Related Services
Transportation Services