

# **Nevada Travel Impacts**

## **2003-2015**

July 2016

*Prepared for the*

Nevada Division of Tourism  
Carson City, Nevada

# **NEVADA TRAVEL IMPACTS 2003-2015**

July 2016

Prepared by  
Dean Runyan Associates

Prepared for  
Nevada Division of Tourism

## EXECUTIVE SUMMARY

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

### MODERATE GROWTH IN THE NEVADA TRAVEL INDUSTRY DURING 2015

The Nevada travel industry continues to exhibit steady growth since the 2008-09 recession. Spending, earnings, employment and travel-generated tax revenue all increased for the sixth consecutive year.

- **Spending.** Direct travel spending increased by 3.1 percent in current dollars and 2.4 percent in real inflation-adjusted dollars. This compares to a 5.2 percent current dollar increase and a 3.2 percent decrease in real dollars during 2014.
- **Employment.** Direct travel-generated employment increased by 1.8 percent in 2015 – following a 3.8 percent annual increase the preceding year. The 279,900 jobs directly generated by travel spending represent 16.8 percent of all employment in the state.
- **Tax Receipts.** Total state and local tax receipts generated by travel spending increased by 4.4 percent from the 2014 to 2015. These 2015 tax revenues of \$3.2 billion represent more than one-fourth of all state and local tax revenues in Nevada.
- **Visitation.** Room demand increased slightly in 2015 (0.9 percent) following a 2.3 percent increase in 2014. Visitor air travel on domestic flights to Nevada decreased by 5.3 percent in 2015 – slightly below the 6.2 percent rate of growth for the U.S.

Although the Nevada travel industry remains below its pre-recession peak in terms of inflation-adjusted spending (page 10) and employment (page 9), it is still the single most important export-oriented industry in the state: The travel industry represents more than 13 percent of total Nevada GDP. Travel-generated tax revenue constitutes almost 27 percent of all state and local tax revenue. Its employees and businesses purchase goods and services from other industries in the state.

## THE TRAVEL INDUSTRY SUPPORTS EMPLOYMENT IN OTHER INDUSTRIES

Secondary impacts include the purchases of goods and services by travel industry businesses (indirect effects) and by travel industry employees (induced effects). In 2015, there were 279,900 direct travel-related jobs with earnings of \$11.6 billion. Secondary impacts were 207,600 jobs with earnings of \$11.0 billion. Most of the secondary impacts were in services, government, finance, real estate and construction. The total direct and secondary employment (487,500) represents 29.2 percent of all Nevada employment.<sup>1</sup>

## THE TRAVEL INDUSTRY PRODUCES SIGNIFICANT TAX BENEFITS

In the 2015 fiscal year, state and local tax revenues attributable to the travel industry accounted for almost 27 percent of all state and local tax receipts. The 3.1 billion in tax revenues is equivalent to \$2,900 for each Nevada household.

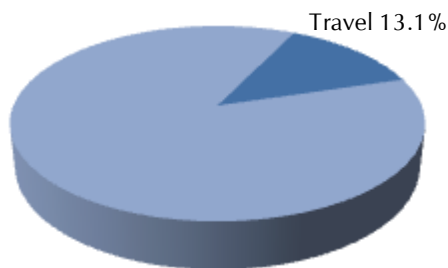
## THE TRAVEL INDUSTRY BENEFITS ALL REGIONS OF NEVADA

Travel impacts are obviously greatest in absolute terms in Las Vegas and Reno/Sparks. However, the size of the travel industry in relation to the total economy is significant throughout the state.

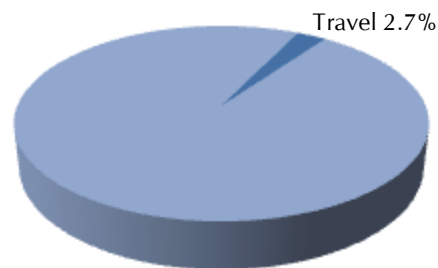
## THE NEVADA TRAVEL INDUSTRY IS THE LEADING EXPORT-ORIENTED INDUSTRY

Travel and tourism is the most important **“export-oriented”** industry in Nevada. Spending by *visitors* generates jobs and tax revenues for communities within the state. The gross domestic product (GDP) of the Nevada travel industry represented 13.1 percent of the Nevada economy in 2015 – more than manufacturing and mining combined. The comparable share for the U.S. travel industry was 2.7 percent.<sup>2</sup>

Nevada GDP Share (2015)



U.S. GDP Share (2015 estimate)



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<sup>1</sup> The preliminary estimate of total Nevada employment is 1,670,550. This estimate includes all payroll employees and the self-employed. The estimate is based on the Bureau of Economic Analysis 2014 estimate and the annual rate of growth for payroll employment from 2014 to 2015.

<sup>2</sup> See footnote, page 1 of this report.

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## PREFACE

The purpose of this study is to document the economic significance of the travel industry in Nevada from 2003 to 2015. 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 gross domestic product, earnings, employment and tax revenue.

Dean Runyan Associates, Inc. prepared this study for the Nevada Division of Tourism. Dean Runyan Associates, Inc. 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, Inc. 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 Taxation and the Gaming Commission. 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.

Visitor survey data was provided by TNS, Inc. An estimate of the visitor share of gaming expenditures and tax revenues was taken from a study by the Department of Economics at UNLV (see page 11 for citation).

Special thanks are due to Jennifer Griswold, Research Manager of the Nevada Division of Tourism, for her support and assistance.

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# I. GROSS DOMESTIC PRODUCT OF THE NEVADA TRAVEL INDUSTRY

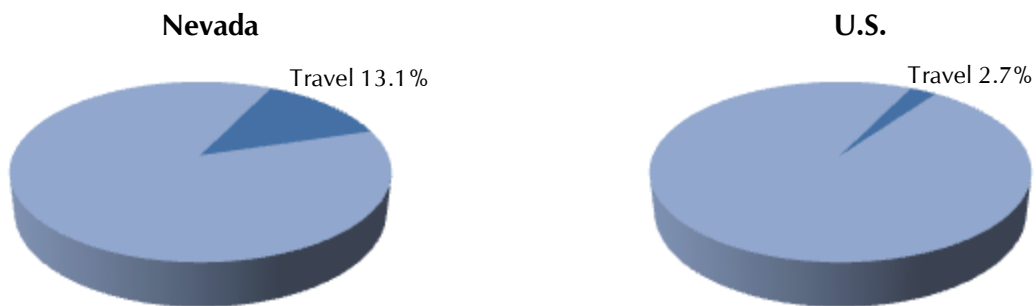
The multi-billion dollar travel industry in Nevada is an important part of the state and local economies. The industry is represented primarily by businesses in the leisure and hospitality sector, transportation, and retail. The money that visitors spend on various goods and services while in Nevada produces business receipts at these firms, which in turn generate earnings and employment for Nevada 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 a goods and services to visitors, thus avoiding a tax burden on local residents.

This first section of the report provides a measure of the travel industry in terms of Gross Domestic Product (GDP). GDP is a measure of the economic contribution or “value-added” of an industry, group of industries, or economic region. It includes the contribution of both labor and capital while it excludes the inputs that are produced by and purchased from other firms.

Economists often favor the concept of GDP for several reasons: It is a more comprehensive measure than other common economic indicators (e.g., employment, wages, sales). It allows for the comparison of the economic significance of different industries in an economy. It is the standard measure by which the overall performance on an entire economy is assessed.

The gross domestic product (GDP) of the Nevada travel industry was \$18.5 billion in 2015. This represented 13.1 percent of total Nevada GDP (\$141.3 billion). By way of comparison, the U.S. travel industry has comprised about 2.7 percent of national GDP in recent years.<sup>3</sup>

**Travel Industry GDP as Percent of Total GDP, 2015**



Sources: Dean Runyan Associates and Bureau of Economic Analysis.

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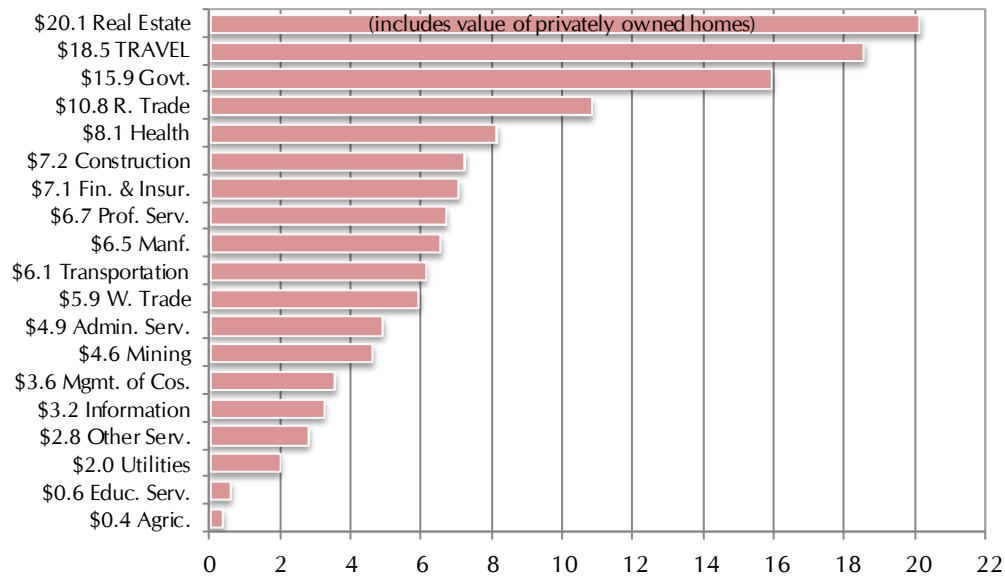
<sup>3</sup> The percentage was 2.7 in 2013. See Benjamin J. Hobbs, “U.S. Travel and Tourism Satellite Accounts for 1998-2014,” Survey of Current Business (June 2015).



A comparison of the GDPs for other Nevada industries is shown in the following chart. These nineteen industries comprise virtually all of the Nevada economy.<sup>4</sup> Of all major industries in the state, only the real estate industry has a higher GDP. (This is because the real estate industry includes the value of privately owned homes. The industry generates substantially fewer earnings and employment than the travel industry.)

It is also important to note that the travel industry is an “export-oriented industry.” In this respect, it is similar to firms and industries (e.g., manufacturing, mining, agriculture) that export goods and services to other markets for sale. However, the travel industry accomplishes this through spending by visitors for services produced in the state. Exports are not necessarily more important than goods and services traded within the state. However, export-oriented industries generate income that contributes to the development of other local services and amenities. Such industries characterize the “comparative advantage” of the economy within larger regional, national and global markets. The GDPs of other primary export-oriented industries (manufacturing, mining) are dwarfed by the Nevada travel industry.

**Gross Domestic Product of  
Primary Nevada Industries, 2015**  
(Billions)



Source: Dean Runyan Associates and Bureau of Economic Analysis. Real Estate sector includes value of privately owned homes.

<sup>4</sup> They do not precisely equal the Nevada economy because there is a small amount of double counting in the retail and transportation sectors where travel-related GDP is not distinguished from other GDP. In addition, the resident portion of the Leisure & Hospitality sector is not shown in that the majority of revenue for leisure and hospitality businesses in the state is travel-related.

## II. TOTAL IMPACTS OF NEVADA TRAVEL INDUSTRY, 2015

This section of the report provides estimates of the total (direct plus secondary) impacts for the state of Nevada for gross domestic product (GDP), spending, earnings and employment. The concept of total impacts is explained below.

### **DIRECT, SECONDARY AND TOTAL IMPACTS**

Travel spending within Nevada brings money into many Nevada 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, and pay taxes to state and local governments. This flow of travel-related revenues creates *indirect and induced impacts*. To summarize:

- **Direct** impacts represent the spending, earnings, employment or value-added attributable to travel expenditures made directly by travelers at businesses throughout the state.
- **Secondary (Combined Indirect & Induced Impacts)**
  - **Indirect** impacts represent the spending, earnings, employment or value-added associated with firms and government enterprises 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 spending, earnings, employment or value-added that result from purchases and tax payments for food, housing, transportation, recreation, and other goods and services made by travel industry employees, and the employees of the indirectly affected industries.

The sum of indirect and induced impacts equals the secondary impacts. The sum of direct, indirect and induced impacts yields total impacts. The relationship between total impacts and direct impacts is often expressed in terms of a “multiplier”, where the ratio of total impacts to direct impacts is the multiplier.

While an analysis of secondary impacts is useful because it illustrates the vast interconnections among individuals and firms throughout the economy, it is also important to interpret secondary or total impacts cautiously. While travel spending is associated with secondary impacts, the economic activity associated with these secondary effects may not completely disappear in the absence of travel spending. By way of example, if a restaurant were to cease operations because of a decline in travel spending, its suppliers would seek to reallocate resources to other businesses and its workforce would seek employment elsewhere. In other words, it is not correct to assume that all of the secondary impacts related to that restaurant would disappear with its closure. This is simply a reflection of the fact that a market economy is dynamic and is characterized by resource mobility.

## GDP, SPENDING AND EARNINGS

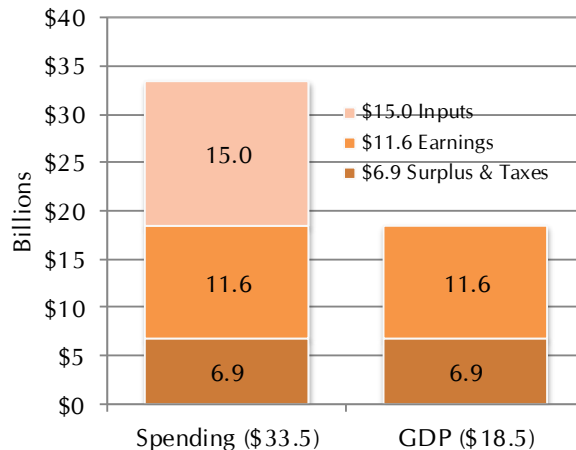
In concept, the GDP of a particular industry is equal to gross output (sales or receipts) minus intermediate inputs (the goods and services purchased from other industries). GDP is always smaller than output or sales because GDP measures only the “value added” of an industry and does not include the cost of the inputs that are also necessary to produce a good or service. 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.

GDP 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 (**earnings**).
- Some receipts are paid to government as **taxes**. These taxes are sometimes termed “indirect” because most of them are actually paid by consumers in the form of sales or excise taxes.<sup>5</sup>
- Another portion of receipts, termed “**surplus**” are paid out as dividends, interest, and other payments, or are retained by the firm.

The sum of these three broad categories of payments equals GDP. This is illustrated for the Nevada travel industry in the graph below.

### Nevada Direct Travel Spending and Gross Domestic Product, 2015



Sources: Dean Runyan Associates and Bureau of Economic Analysis.

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<sup>5</sup> Other taxes included here are property taxes, business franchise taxes and other fees. Income taxes are not included, because they are paid out of surplus.

The estimates for total impacts and GDP are shown in the following table.

### Total Nevada Travel Impacts, 2015

	Direct	*Secondary	Total
Spending (Billions)	\$33.5	\$30.9	\$64.4
GDP (Billions)	\$18.5	\$17.2	\$35.7
Earnings (Billions)	\$11.6	\$11.0	\$22.6
Employment (Thousands)	279.9	207.6	487.5

Sources: Dean Runyan Associates, Bureau of Economic Analysis and Implan Group, LLC. \*Secondary includes indirect and induced impacts.

The remainder of this section will focus on the Nevada statewide estimates of secondary employment and earnings.

### NEVADA EARNINGS AND EMPLOYMENT TOTAL IMPACTS

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 categories presented elsewhere in this report. (The specific industries that comprise these major groups are listed in the Appendix.) Direct travel impacts, are found in the following industry groups:

- **Accommodations & Food Services**
- **Arts, Entertainment and Recreation**
- **Retail Trade**
- **Transportation**
- **Other Services/Construction**  
(for convention & trade show impacts not allocated to travel spending)

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

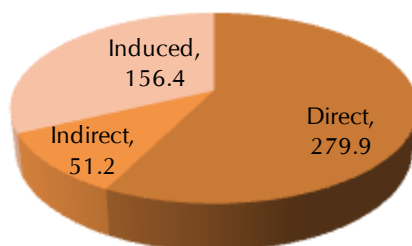
The indirect and induced impacts of travel spending are found in all eleven-industry groupings shown in the following tables and graphs. The remainder of this section summarizes the secondary impacts of travel spending in the primary industry groups.

- **Professional Services** (41,700 jobs and \$2.7 billion earnings). Legal, medical, educational and other professional services are utilized by travel businesses (indirect effect) and by employees of these firms (induced effect).
- **Government** (32,900 jobs and \$2.3 billion earnings). Employees of travel-related businesses pay fees to attend public educational institutions and to operate motor vehicles.
- **Construction** (23,700 jobs and \$1.6 billion earnings). Structures that provide travel-related businesses, such as hotels and restaurants, require ongoing maintenance. (Note: this category does not include new construction premised on future travel activity.)
- **Finance, Real Estate** (18,100 jobs and \$808 million earnings). Employees and businesses use the services of financial institutions, insurers and real estate businesses.
- **Other Services** (18,800 jobs and \$569 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.

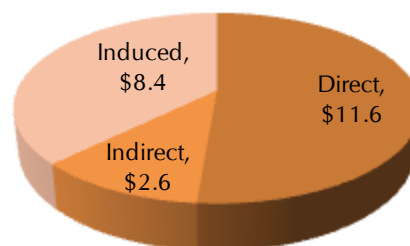
Detailed estimates are also reported in the tables following the graphs. It should be emphasized that the estimates of indirect and induced impacts reported here apply to the entire state of Nevada and do not necessarily reflect economic patterns for individual counties, regions or sub-regions within 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.

### Total Employment and Earnings Generated by Travel Spending in Nevada, 2015

**Employment** (Thousands)

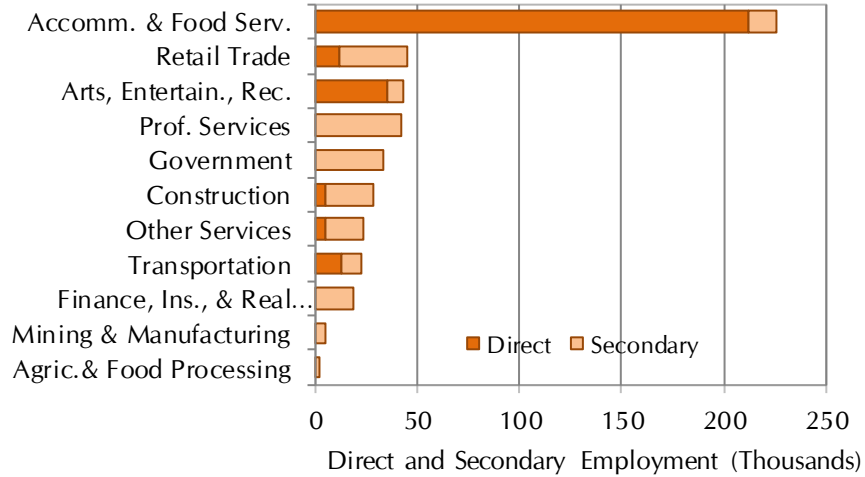


**Earnings** (Billions)

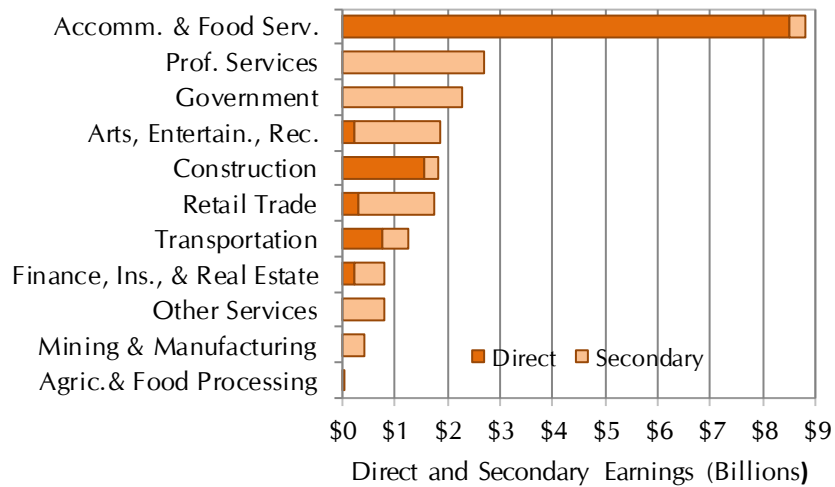


Note: Total employment and earnings estimated by Dean Runyan Associates with Minnesota IMPLAN model. Details may not add to totals due to rounding. Total employment in 2015 was 487,500. The employment multiplier was 1.74 (487.5/279.9). Total earnings were \$22.6 billion. The earnings multiplier was 1.94 (\$22.6/\$11.6).

### Direct and Secondary Employment Generated by Travel in Nevada, 2015



### Direct and Secondary Earnings Generated by Travel in Nevada, 2015



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

## Direct & Secondary Travel-Generated Employment in Nevada, 2015

(thousand jobs)

Industry Group	Direct	Secondary		Total	Grand Total
		Indirect	Induced		
Accommodation & Food Services	211.8	2.4	12.1	14.5	226.3
Wholesale & Retail Trade	11.4	4.2	29.1	33.3	44.6
Arts, Entertainment & Recreation	35.3	4.2	3.1	7.3	42.6
Professional Services	0.0	11.4	30.3	41.7	41.7
Government	0.0	1.4	31.5	32.9	32.9
Construction	4.5	1.9	21.8	23.7	28.2
Other Services	4.5	9.0	9.9	18.8	23.3
Transportation	12.5	5.7	4.6	10.3	22.8
Finance, Ins., & Real Estate	0.0	7.8	10.2	18.1	18.1
Mining & Manufacturing	0.0	2.1	3.1	5.2	5.2
Agriculture & Food Processing	0.0	0.9	0.8	1.7	1.7
All Industries	279.9	51.2	156.4	207.6	487.5

## Direct & Secondary Travel-Generated Earnings in Nevada, 2015

(\$ Million)

Industry Group	Direct	Secondary		Total	Grand Total
		Indirect	Induced		
Accommodation & Food Services	8,488	0	304	304	8,792
Professional Services	0	851	1,858	2,709	2,709
Government	0	93	2,199	2,292	2,292
Construction	246	134	1,497	1,631	1,876
Arts, Entertainment & Recreation	1,548	134	109	260	1,808
Wholesale & Retail Trade	306	219	1,245	1,463	1,769
Transportation	762	270	216	486	1,248
Other Services	246	312	257	569	815
Finance, Ins., & Real Estate	0	329	478	808	808
Mining & Manufacturing	0	181	236	417	417
Agriculture & Food Processing	0	35	28	62	62
All Industries	11,595	2,575	8,428	11,003	22,597

Source: Dean Runyan Associates & Implan Group, LLC.

Industry Groups are defined in Appendix C.

### III. NEVADA DIRECT TRAVEL IMPACTS 2003-2015

This section of the report focuses on the statewide direct travel impacts only. Secondary impacts are not included. The economic measures of direct impacts are spending, earnings, employment and tax receipts for the years 2003 through 2015. These measures of the travel industry are useful because they show a greater level of detail than can be reliably reported for GDP and total impacts. Direct travel impacts can also be more easily geographically disaggregated. The next section of the report provides the direct travel impacts for the counties and regions in Nevada. An explanation of the specific breakouts by type of accommodation, type of commodity and industry category is provided in the appendix (pages 36-37).

#### NEVADA TRAVEL TRENDS

The direct travel impact estimates for 2003 through 2015 are shown in the table below. Direct travel spending, earnings, employment and tax revenue all grew in 2015. This was the sixth consecutive year of moderate growth following the 2008-09 recession. Other measures of travel activity are shown on the next page.

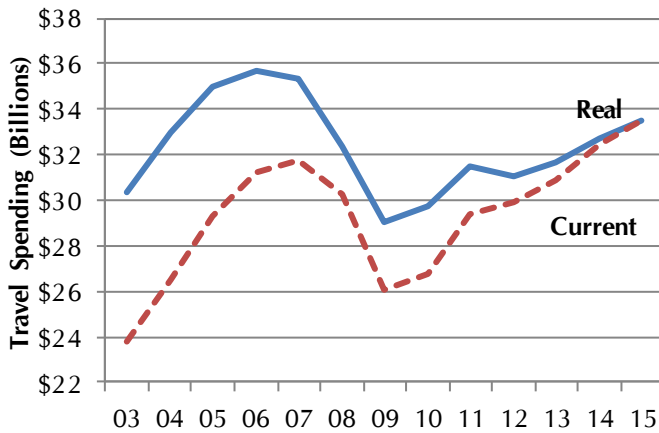
#### Nevada Direct Travel Trends, 2003-2015

	Spending (\$Billion)	Earnings (\$Billion)	Employment (Thousand)	Tax Revenue (\$Million)			
				Local	State	Federal	Total
2003	23.8	7.8	251.0	1,169	933	1,600	3,703
2004	26.5	8.7	265.0	1,290	1,035	1,781	4,107
2005	29.3	9.5	279.0	1,434	1,131	1,972	4,538
2006	31.2	10.1	284.7	1,556	1,198	2,118	4,871
2007	31.8	10.6	285.7	1,632	1,224	2,203	5,059
2008	30.2	10.5	277.1	1,606	1,108	2,173	4,888
2009	26.1	9.6	251.5	1,475	1,038	1,961	4,474
2010	26.8	9.6	251.9	1,502	1,101	2,010	4,614
2011	29.4	10.2	257.2	1,571	1,194	1,999	4,764
2012	29.9	10.3	259.6	1,587	1,217	2,002	4,806
2013	30.9	10.7	264.9	1,632	1,264	2,213	5,109
2014	32.5	11.2	274.9	1,728	1,307	2,328	5,364
2015	33.5	11.6	279.9	1,829	1,340	2,388	5,557
<i>Annual Percentage Change</i>							
2014-15	3.1	3.7	1.8	5.8	2.5	2.6	3.6
2003-13	2.9	3.4	0.9	3.8	3.1	3.4	3.4

The percent change from 2003-15 refers to the average annual percentage change. These estimates are for direct travel impacts only. Secondary impacts are not included.



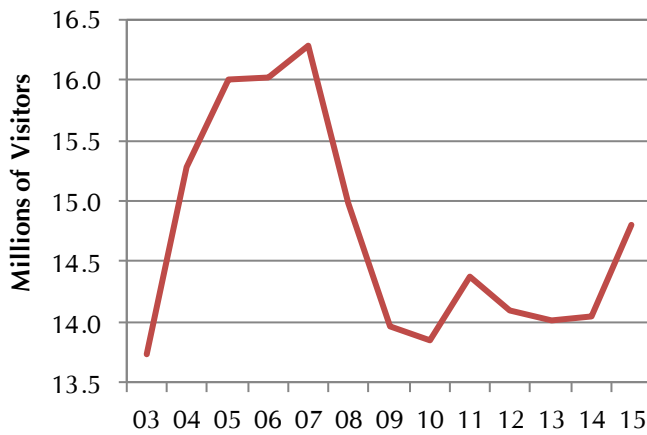
### Real & Current Dollar Travel Spending



In real dollars (adjusted for inflation), Nevada travel spending increased by 2.4 percent in 2015, following a 3.2 percent increase the preceding year.

Note: Constant dollar travel spending was calculated with a composite of the West Urban CPI, room rates published in the Nevada Gaming Abstract, gasoline prices from the Energy Information Administration and airfares from the Department of Transportation.

### Visitor Air Travel to Nevada

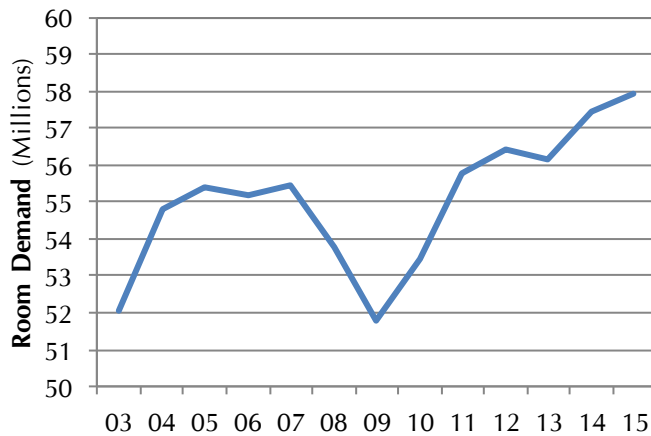


Visitor air arrivals on domestic air carriers (14.8 million) increased by 5.3 percent in 2015. (Domestic visitor air travel in the U.S. grew by 6.2 percent.)

*(Note: Approximately one-half of all visitors to Nevada in the middle of the decade traveled to the state by air.)*

Source: Dean Runyan Associates and U.S. Department of Transportation. Domestic flights only.

### Room Demand



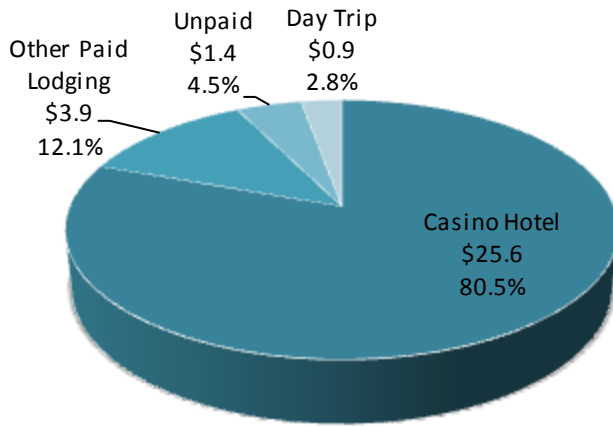
Room demand (58 million room nights) increased by 0.9 percent from 2014 to 2015, following a 2.3 percent increase the preceding year.

Source: Nevada Division of Tourism.

Graphical breakouts of visitor spending are shown below, followed by a table of the detailed direct travel impacts for Nevada for the years 2008 through 2015.

**DIRECT VISITOR SPENDING IN NEVADA**

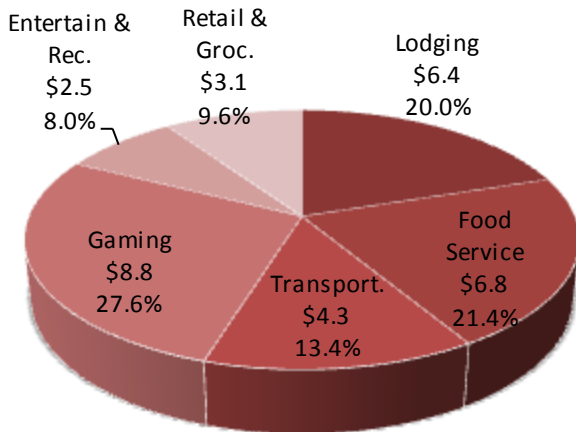
**Type of Accommodation, 2015**



Eight out of ten visitor dollars spent in Nevada in 2015 was attributable to visitors that stayed in casino hotels. Visitors that stay overnight in other paid accommodations contributed an additional 12.1 percent to Nevada visitor spending. Compared to other states, day travel and overnight stays in unpaid accommodations (usually the homes of friends and relatives) represent a relatively small proportion of visitor spending.

Note: Other paid lodging includes non-casino hotels and motels, bed & breakfasts, campgrounds and other rentals. Unpaid accommodations include private and second homes.

**Type of Commodity, 2015**



The majority of visitor spending in Nevada was on gaming (27.6 percent), food services (21.4 percent) and accommodations (20.0 percent).

Note: In recent years, the gaming share of visitor spending has declined, see page 31.

## Nevada Direct Travel Impacts, 2008-2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Direct Travel Spending (\$Billion)</b>								
Direct Visitor Spending	28.5	24.8	25.5	28.1	28.5	29.4	30.9	31.8
Other Direct Travel Spending*	1.8	1.2	1.2	1.4	1.4	1.4	1.6	1.7
Total Direct Spending	30.2	26.1	26.8	29.4	29.9	30.9	32.5	33.5
<b>Direct Visitor Spending by Type of Traveler Accommodation (\$Billion)</b>								
Casino Hotel	23.0	19.6	20.6	22.6	23.0	23.7	24.8	25.6
Hotel, Motel, B&B (not casino)	2.9	2.8	2.5	2.9	3.0	3.1	3.4	3.6
Campground	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Private Home	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.4
Vacation Home	0.1	0.1	0.0	0.0	0.1	0.1	0.1	0.1
Day Travel	0.9	0.8	0.8	0.9	0.9	0.9	0.9	0.9
Total Visitor Spending	28.5	24.8	25.5	28.1	28.5	29.4	30.9	31.8
<b>Direct Visitor Spending by Commodity Purchased (\$Billion)</b>								
Lodging	5.2	3.9	4.1	4.9	5.1	5.3	5.9	6.4
Food & Beverage Services	5.2	4.8	5.0	5.4	5.6	5.8	6.3	6.8
Food Stores	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Ground Tran. & Motor Fuel	1.3	1.0	1.2	1.4	1.4	1.4	1.5	1.3
Outdoor Recreation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Gaming	9.0	8.1	8.1	8.3	8.5	8.7	8.7	8.8
Entertainment	1.7	1.5	1.5	1.7	1.6	1.8	1.8	1.7
Other Recreation	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Retail Sales	2.5	2.3	2.3	2.6	2.6	2.7	2.8	2.9
Air Transportation (visitor only)	2.7	2.4	2.6	2.9	2.8	2.8	3.0	3.0
Total Visitor Spending	28.5	24.8	25.5	28.1	28.5	29.4	30.9	31.8
<b>Industry Earnings Generated by Direct Travel Spending (\$Billion)</b>								
Accommodation & Food Services	7.7	7.0	7.1	7.4	7.5	7.8	8.1	8.5
Arts, Entertainment & Recreation	1.5	1.4	1.4	1.5	1.5	1.6	1.6	1.5
Retail**	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Auto Rental & other ground tran.	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Air Transportation (visitor only)	0.3	0.4	0.4	0.5	0.5	0.5	0.5	0.5
Other Travel-Generated Earnings*	0.5	0.4	0.3	0.4	0.4	0.4	0.5	0.5
Total Direct Earnings	10.5	9.6	9.6	10.2	10.3	10.7	11.2	11.6
<b>Industry Employment Generated by Direct Travel Spending (Thousand jobs)</b>								
Accommodation & Food Services	207.5	189.0	189.6	192.7	194.1	197.4	207.0	211.8
Arts, Entertainment & Recreation	36.1	34.0	34.3	36.0	36.2	37.6	36.7	35.3
Retail**	10.8	10.1	10.2	10.3	10.6	10.7	11.1	11.4
Auto Rental & other ground tran.	6.0	5.4	5.4	5.3	5.5	5.6	5.8	6.0
Air Transportation (visitor only)	6.4	5.9	5.7	5.9	5.9	5.9	6.1	6.5
Other Travel-Generated Employment*	10.3	7.1	6.7	7.1	7.2	7.6	8.3	8.9
Total Direct Employment	277.1	251.5	251.9	257.2	259.6	264.9	274.9	279.9
<b>Government Revenue Generated by Direct Travel Spending (\$Billion)</b>								
Local Tax Receipts	1.6	1.5	1.5	1.6	1.6	1.6	1.7	1.8
State Tax Receipts	1.1	1.0	1.1	1.2	1.2	1.3	1.3	1.3
Federal Tax Receipts	2.2	2.0	2.0	2.0	2.0	2.2	2.3	2.4
Total Direct Gov't. Revenue	4.9	4.5	4.6	4.8	4.8	5.1	5.4	5.6

\*Other Travel includes convention and trade show impacts not attributed to visitor spending, resident air travel, and travel arrangement. \*\*Retail includes gasoline.

## IV. RURAL NEVADA TRAVEL IMPACTS, 2008-2015 DIRECT & TOTAL IMPACTS, GROSS DOMESTIC PRODUCT

This section of the report provides direct and total impacts for all counties in Nevada, *not* including Clark and Washoe counties. An estimate of the travel industry gross domestic product for rural Nevada is also included. In general, these estimates are comparable to the statewide estimates reported in the preceding section.

Unlike direct impacts, *the secondary impacts for distinct geographic units should not be aggregated to arrive at a summary total.* This is because, for example, some secondary impacts of direct travel spending in rural counties occur in Clark and Washoe counties. These particular secondary impacts are included in the statewide total impacts. However, they are *not* included in the secondary impacts for the rural counties, or for the secondary impacts specific to Clark or Washoe counties. (Analogously, the secondary impacts of direct travel spending in Clark County that occur in rural Nevada are not included in rural Nevada secondary impacts.)

Total travel impacts for rural Nevada are summarized in the table below. Detailed direct travel impacts are shown in the table on page 14. Detailed secondary impacts for employment and earnings are shown on page 15.

### Rural Nevada Total Travel Impacts, 2015

	Direct	*Secondary	Total
Spending (Millions)	\$1,317	\$1,025	\$2,342
GDP (Millions)	\$844	\$567	\$1,411
Earnings (Millions)	\$520	\$416	\$936
Employment (Jobs)	18,280	9,590	27,870

Rural Nevada includes all counties except Clark and Washoe.

Sources: Dean Runyan Associates, Bureau of Economic Analysis and Implan Group, LLC. \*Secondary includes indirect and induced impacts.

## Rural Nevada Travel Impacts, 2008-2015

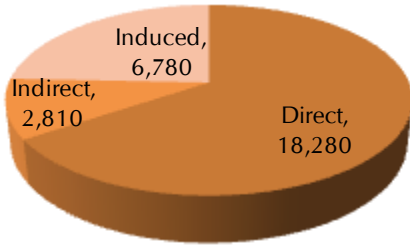
*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Direct Travel Spending (\$Million)</b>								
Direct Visitor Spending	1,469	1,254	1,366	1,387	1,398	1,394	1,376	1,312
Other Direct Travel Spending*	3	3	3	4	3	1	5	5
Total Direct Spending	1,472	1,257	1,369	1,390	1,401	1,395	1,381	1,317
<b>Direct Visitor Spending by Type of Traveler Accommodation (\$Million)</b>								
Casino Hotel	882	705	774	783	779	765	743	710
Hotel, Motel, B&B (not casino)	230	214	248	258	274	284	290	280
Campground	97	86	89	92	92	91	88	79
Private Home	153	152	154	152	151	151	153	148
Vacation Home	15	14	14	13	13	14	14	14
Day Travel	93	82	87	88	89	89	89	82
Total Visitor Spending	1,469	1,254	1,366	1,387	1,398	1,394	1,376	1,312
<b>Direct Visitor Spending by Commodity Purchased (\$Million)</b>								
Lodging	201	171	187	199	208	215	214	213
Food & Beverage Services	173	157	174	179	188	190	188	192
Food Stores	16	16	15	16	16	16	16	17
Ground Tran. & Motor Fuel	157	111	133	170	175	170	170	131
Outdoor Recreation	22	20	21	22	22	22	22	22
Gaming	736	637	688	656	642	632	619	596
Entertainment	70	59	56	50	50	50	52	50
Other Recreation	19	17	18	19	20	19	19	18
Retail Sales	72	65	71	74	75	74	72	71
Air Transportation (visitor only)	3	2	3	2	2	4	4	4
Total Visitor Spending	1,469	1,254	1,366	1,387	1,398	1,394	1,376	1,312
<b>Industry Earnings Generated by Direct Travel Spending (\$Million)</b>								
Accommodation & Food Services	432	391	388	396	395	411	421	429
Arts, Entertainment & Recreation	82	74	70	70	69	71	75	75
Retail**	15	14	14	14	14	14	14	15
Auto Rental & other ground tran.	0	0	0	0	0	0	0	0
Air Transportation (visitor only)	3	2	2	1	1	2	1	1
Other Earnings*	2	3	2	2	1	0	1	1
Total Direct Earnings	533	483	476	484	482	499	512	520
<b>Industry Employment Generated by Direct Travel Spending (jobs)</b>								
Accommodation & Food Services	17,060	15,200	14,770	14,880	14,640	14,900	14,830	15,050
Arts, Entertainment & Recreation	3,170	2,810	2,570	2,540	2,490	2,510	2,570	2,600
Retail**	650	600	610	590	600	590	580	590
Auto Rental & other ground tran.	0	0	0	0	0	0	0	0
Air Transportation (visitor only)	50	30	40	20	20	40	20	10
Other Employment*	40	50	30	40	30	10	30	20
Total Direct Employment	20,970	18,690	18,040	18,070	17,790	18,050	18,040	18,280
<b>Government Revenue Generated by Direct Travel Spending (\$Million)</b>								
Local Tax Receipts	67	63	65	64	64	65	65	65
State Tax Receipts	74	64	69	67	67	67	66	64
Total Direct Gov't Revenue	141	128	134	131	131	131	131	129

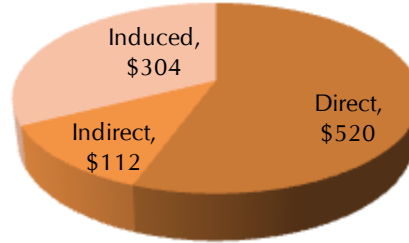
\*Other Travel includes convention and trade show impacts not attributed to visitor spending, resident air travel, and travel arrangement. \*\*Retail includes gasoline.

## Total Employment and Earnings Generated by Travel Spending in Rural Nevada, 2015

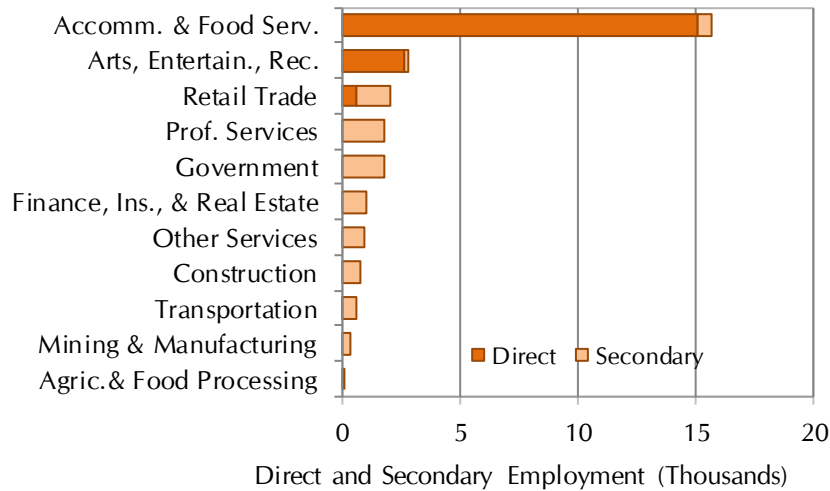
**Employment**  
(Total Employment = 26,840)



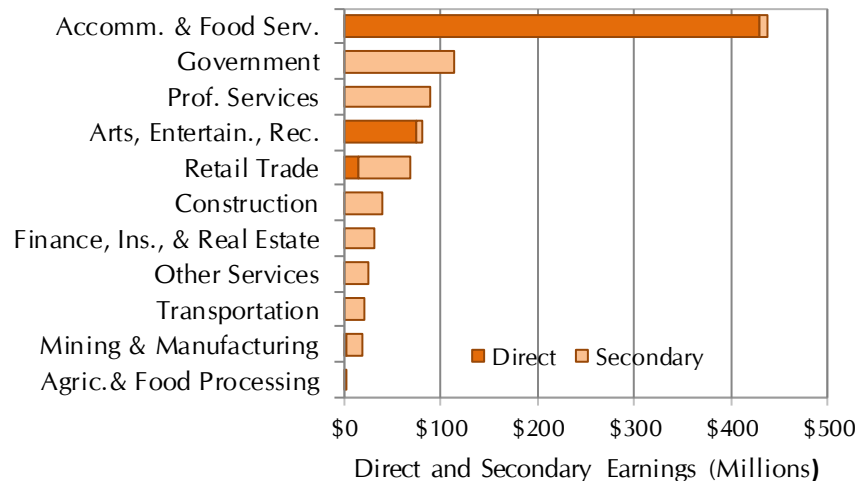
**Earnings (Millions)**  
(Total Earnings = \$849 million)



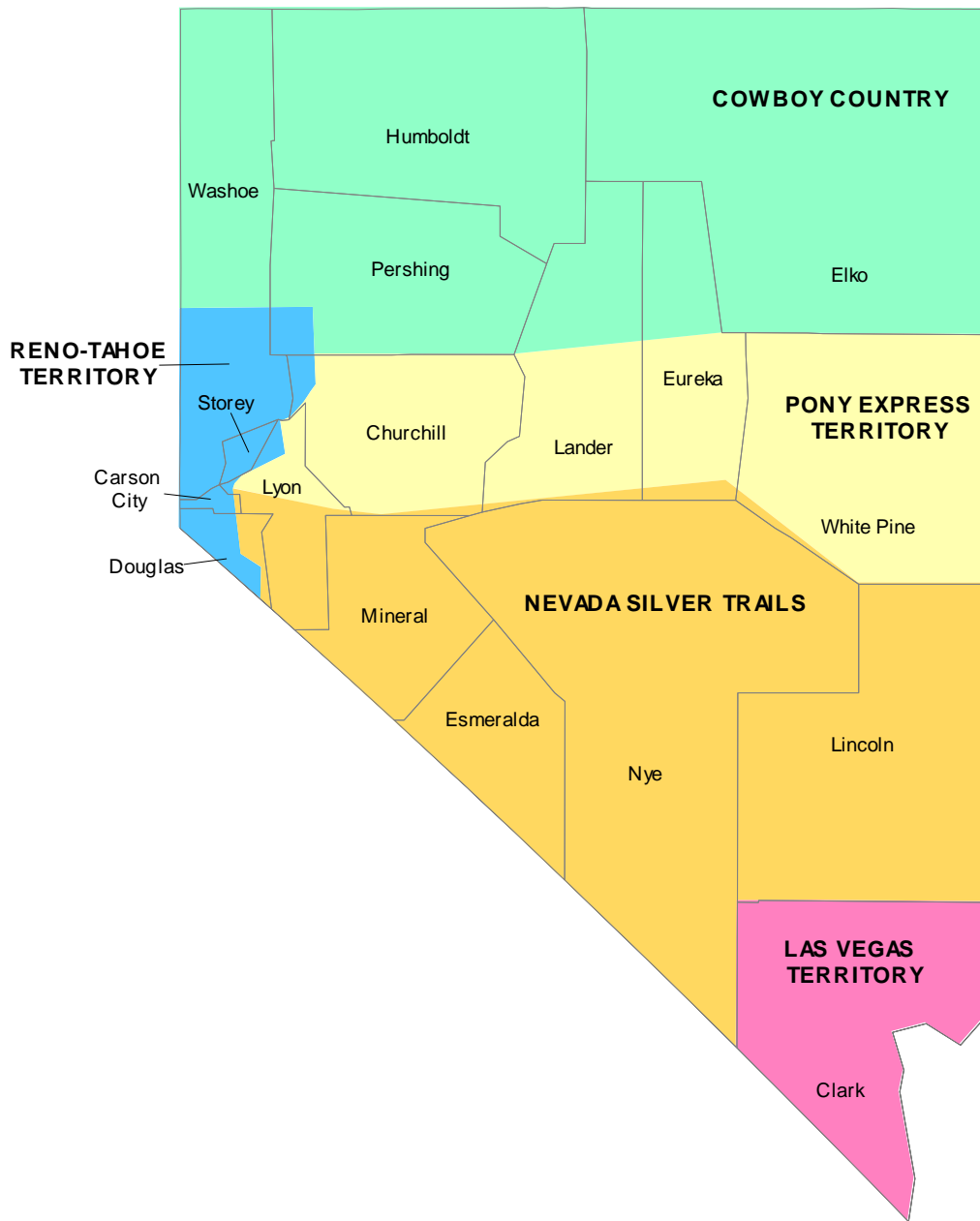
### Rural Nevada Direct and Total Travel-Generated Employment, 2015



### Rural Nevada Direct and Total Travel-Generated Earnings, 2015

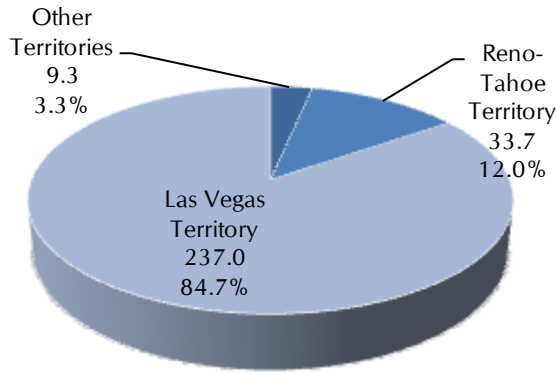


# V. NEVADA COUNTY AND REGIONAL DIRECT TRAVEL IMPACTS, 2008-2015



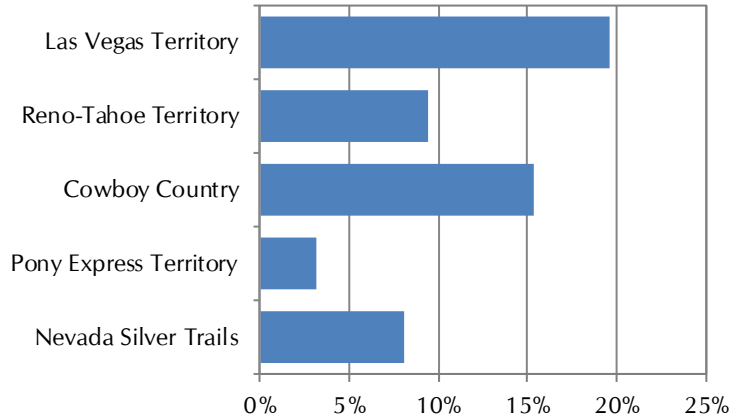
Nevada is unusual in that the major metropolitan area in the state, Clark County, is also the most tourism dependent region of the state. However, this should not mask the fact that tourism is also important throughout Nevada. Although almost 85 percent of all travel-related jobs are located in the Las Vegas Territory (see pie chart, below), travel-generated employment as a percentage of total employment is significant in other counties and regions of the state (see bar chart).

**Direct Travel-Generated Employment by Nevada Tourism Region, 2015**  
(Employment in thousands)



Direct travel-generated employment in Nevada was 279,900 in 2015. The Las Vegas Territory is Clark County. The Reno-Tahoe Territory includes Carson City and Douglas, Lyon, Storey and Washoe counties.

**Travel-Generated Employment as a Percent of Total Employment, 2015**  
Nevada Tourism Regions



Direct travel-generated employment was 16.8 percent of total employment in Nevada in 2015.

Travel impact estimates for Nevada’s tourism regions and counties follow.



**Total Employment and Earnings Compared to Direct  
Travel-Generated Employment and Earnings by Region, 2015**

<b>Region</b>	<b>Employment (thousands)</b>			<b>Earnings (Millions)</b>		
	<b>Total</b>	<b>Travel</b>	<b>Percent</b>	<b>Total</b>	<b>Travel</b>	<b>Percent</b>
Las Vegas Territory	1,211.7	237.0	19.6%	\$61,259	\$10,199	16.6%
Reno-Tahoe Territory	359.3	33.7	9.4%	\$17,874	\$1,145	6.4%
Cowboy Country	41.7	6.4	15.3%	\$2,416	\$179	7.4%
Pony Express Territory	36.2	1.1	3.1%	\$1,736	\$29	1.7%
Nevada Silver Trails	21.6	1.7	8.0%	\$1,018	\$43	4.2%
<b>Nevada Total</b>	<b>1,670.6</b>	<b>279.9</b>	<b>16.8%</b>	<b>\$84,302</b>	<b>\$11,595</b>	<b>13.8%</b>

See notes in following table.

**Total Employment and Earnings Compared to Direct  
Travel-Generated Employment and Earnings by County, 2015**

<b>County</b>	<b>Employment</b>			<b>Earnings (Millions)</b>		
	<b>Total</b>	<b>Travel</b>	<b>Percent</b>	<b>Total</b>	<b>Travel</b>	<b>Percent</b>
Carson City	37,610	1,990	5.3%	\$2,080	\$65	3.1%
Churchill	23,890	560	2.4%	\$794	\$16	2.1%
Clark	1,211,670	236,990	19.6%	\$61,259	\$10,199	16.6%
Douglas	29,400	6,050	20.6%	\$1,184	\$175	14.7%
Elko	25,860	5,440	21.0%	\$1,418	\$155	10.9%
Esmeralda	1,090	**	**	\$26	**	**
Eureka	5,310	10	0.3%	\$516	\$0	0.1%
Humboldt	10,380	760	7.3%	\$623	\$21	3.3%
Lander	4,230	120	2.7%	\$330	\$2	0.7%
Lincoln	2,600	60	2.4%	\$93	\$1	1.3%
Lyon	16,100	880	5.5%	\$676	\$26	3.9%
Mineral	2,130	80	3.7%	\$79	\$1	1.1%
Nye	15,800	1,590	10.1%	\$820	\$41	5.0%
Pershing	2,610	110	4.1%	\$154	\$2	1.2%
Storey	6,500	100	1.6%	\$326	\$3	0.9%
Washoe	269,730	24,630	9.1%	\$13,607	\$875	6.4%
White Pine	5,640	510	9.1%	\$318	\$12	3.7%
<b>Nevada Total</b>	<b>1,670,550</b>	<b>279,900</b>	<b>16.8%</b>	<b>\$84,302</b>	<b>\$11,595</b>	<b>13.8%</b>

Sources: Dean Runyan Associates, Bureau of Economic Analysis and Bureau of Labor Statistics. Total employment and earnings estimated by Dean Runyan Associates. \*\*Insufficient data.

## Las Vegas Territory Direct Travel Impacts, 2008-2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Direct Travel Spending (\$Million)</b>								
Direct Visitor Spending	24,827	21,646	22,192	24,646	25,096	25,964	27,464	28,434
Other Direct Travel Spending*	1,619	1,092	1,081	1,210	1,264	1,282	1,395	1,485
Total Direct Spending	26,446	22,739	23,273	25,856	26,360	27,245	28,858	29,919
<b>Direct Visitor Spending by Type of Traveler Accommodation (\$Million)</b>								
Casino Hotel	20,576	17,574	18,416	20,411	20,788	21,467	22,642	23,460
Hotel, Motel, B&B (not casino)	2,354	2,308	2,032	2,412	2,471	2,596	2,888	3,043
Campground	138	128	125	123	124	126	117	117
Private Home	1,054	1,015	1,007	1,032	1,035	1,068	1,088	1,082
Vacation Home	28	27	26	26	27	28	28	28
Day Travel	677	594	587	642	651	678	701	704
Total Visitor Spending	24,827	21,646	22,192	24,646	25,096	25,964	27,464	28,434
<b>Direct Visitor Spending by Commodity Purchased (\$Million)</b>								
Lodging	4,687	3,502	3,658	4,451	4,601	4,799	5,363	5,810
Food & Beverage Services	4,721	4,388	4,520	4,957	5,142	5,357	5,813	6,294
Food Stores	67	66	66	70	71	73	75	77
Ground Tran. & Motor Fuel	916	741	806	955	973	980	1,014	935
Outdoor Recreation	256	234	233	259	263	269	286	302
Gaming	7,467	6,731	6,665	6,951	7,128	7,352	7,424	7,507
Entertainment	1,546	1,341	1,354	1,579	1,525	1,672	1,688	1,604
Other Recreation	344	316	323	359	364	371	389	407
Retail Sales	2,321	2,103	2,168	2,418	2,455	2,498	2,629	2,758
Air Transportation (visitor only)	2,501	2,224	2,398	2,648	2,574	2,595	2,783	2,741
Total Visitor Spending	24,827	21,646	22,192	24,646	25,096	25,964	27,464	28,434
<b>Industry Earnings Generated by Direct Travel Spending (\$Million)</b>								
Accommodation & Food Services	6,696	6,044	6,113	6,429	6,532	6,732	7,084	7,387
Arts, Entertainment & Recreation	1,262	1,175	1,181	1,311	1,315	1,369	1,385	1,354
Retail**	242	221	226	233	244	249	262	273
Auto Rental & other ground tran.	156	143	147	151	155	159	166	181
Air Transportation (visitor only)	328	383	414	456	449	459	495	533
Other Earnings*	473	346	331	373	392	397	433	471
Total Direct Earnings	9,158	8,312	8,412	8,954	9,086	9,366	9,825	10,199
<b>Industry Employment Generated by Direct Travel Spending (Thousand jobs)</b>								
Accommodation & Food Services	149.6	156.5	157.4	160.4	162.1	164.6	174.1	178.0
Arts, Entertainment & Recreation	27.7	27.6	28.3	29.8	30.2	31.6	30.3	29.1
Retail**	9.2	8.8	9.0	9.1	9.3	9.4	9.8	10.1
Auto Rental & other ground tran.	4.8	4.5	4.5	4.4	4.6	4.6	4.8	5.0
Air Transportation (visitor only)	3.8	5.5	5.4	5.5	5.7	5.7	5.9	6.3
Other Employment*	9.4	6.7	6.4	6.7	6.8	7.3	7.9	8.6
Total Direct Employment	204.4	209.7	210.9	215.9	218.6	223.3	232.8	237.0
<b>Government Revenue Generated by Direct Travel Spending (\$Million)</b>								
Local Tax Receipts	1,427	1,302	1,328	1,400	1,420	1,459	1,553	1,647
State Tax Receipts	946	892	950	1,041	1,067	1,111	1,154	1,188
Total Direct Gov't Revenue	2,373	2,195	2,278	2,441	2,487	2,569	2,708	2,835

\*Other Travel includes convention and trade show impacts not attributed to visitor spending, resident air travel, and travel arrangement. \*\*Retail includes gasoline.

## Reno-Tahoe Territory Direct Travel Impacts, 2008-2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Direct Travel Spending (\$Million)</b>								
Direct Visitor Spending	2,902	2,540	2,608	2,658	2,598	2,698	2,707	2,693
Other Direct Travel Spending*	152	145	149	161	162	164	175	184
Total Direct Spending	3,054	2,685	2,757	2,818	2,760	2,862	2,881	2,876
<b>Direct Visitor Spending by Type of Traveler Accommodation (\$Million)</b>								
Casino Hotel	1,969	1,675	1,759	1,790	1,737	1,805	1,778	1,754
Hotel, Motel, B&B (not casino)	360	327	305	309	302	330	356	388
Campground	56	50	52	54	55	54	52	49
Private Home	309	303	307	312	312	314	322	314
Vacation Home	15	15	14	15	15	15	16	15
Day Travel	193	170	173	178	178	181	183	173
Total Visitor Spending	2,902	2,540	2,608	2,658	2,598	2,698	2,707	2,693
<b>Direct Visitor Spending by Commodity Purchased (\$Million)</b>								
Lodging	401	339	343	354	344	382	388	426
Food & Beverage Services	376	349	358	358	365	387	388	411
Food Stores	23	23	23	24	25	25	26	27
Ground Tran. & Motor Fuel	302	232	262	320	327	325	332	286
Outdoor Recreation	51	46	46	47	47	48	48	50
Gaming	1,227	1,070	1,090	1,050	1,013	1,034	1,018	996
Entertainment	99	94	88	90	89	89	109	90
Other Recreation	37	33	34	35	35	36	35	36
Retail Sales	147	135	138	141	141	145	141	144
Air Transportation (visitor only)	238	217	226	240	212	228	223	227
Total Visitor Spending	2,902	2,540	2,608	2,658	2,598	2,698	2,707	2,693
<b>Industry Earnings Generated by Direct Travel Spending (\$Million)</b>								
Accommodation & Food Services	855	785	779	807	788	826	852	898
Arts, Entertainment & Recreation	151	144	139	150	143	145	160	155
Retail**	25	23	23	23	23	24	24	25
Auto Rental & other ground tran.	31	28	29	30	31	32	33	36
Air Transportation (visitor only)	18	17	14	17	13	11	11	12
Other Earnings*	17	17	16	18	17	16	17	19
Total Direct Earnings	1,096	1,014	1,000	1,044	1,015	1,053	1,098	1,145
<b>Industry Employment Generated by Direct Travel Spending (jobs)</b>								
Accommodation & Food Services	27,510	24,990	24,650	24,770	24,540	25,210	25,310	26,370
Arts, Entertainment & Recreation	5,020	4,760	4,550	4,770	4,680	4,650	5,070	4,810
Retail**	970	910	920	890	900	910	890	900
Auto Rental & other ground tran.	990	900	890	870	910	920	950	990
Air Transportation (visitor only)	490	360	290	290	240	220	220	230
Other Employment*	440	370	320	350	330	300	320	350
Total Direct Employment	35,420	32,290	31,630	31,950	31,600	32,210	32,770	33,650
<b>Government Revenue Generated by Direct Travel Spending (\$Million)</b>								
Local Tax Receipts	146	140	140	137	132	139	140	148
State Tax Receipts	128	114	117	118	115	119	119	119
Total Direct Gov't Revenue	274	254	257	254	247	257	259	267

\*Other Travel includes convention and trade show impacts not attributed to visitor spending, resident air travel, and travel arrangement. \*\*Retail includes gasoline.

## Cowboy Country Direct Travel Impacts, 2008-2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Direct Travel Spending (\$Million)</b>								
Direct Visitor Spending	524.8	453.8	504.8	528.6	543.8	517.3	492.0	472.2
Other Direct Travel Spending*	1.9	2.0	1.6	2.7	2.0	0.1	3.6	3.6
Total Direct Spending	526.6	455.8	506.4	531.3	545.9	517.4	495.6	475.8
<b>Direct Visitor Spending by Type of Traveler Accommodation (\$Million)</b>								
Casino Hotel	406.5	349.7	385.2	399.1	408.1	381.4	366.3	354.6
Hotel, Motel, B&B (not casino)	49.7	42.6	55.8	63.6	69.4	69.3	60.0	56.9
Campground	24.7	21.3	21.7	22.5	22.6	22.6	21.4	19.0
Private Home	21.0	20.4	20.6	20.6	20.7	21.5	22.2	21.4
Vacation Home	4.3	4.2	4.2	4.1	4.1	4.3	4.4	4.3
Day Travel	18.6	15.6	17.3	18.6	18.9	18.3	17.7	16.0
Total Visitor Spending	524.8	453.8	504.8	528.6	543.8	517.3	492.0	472.2
<b>Direct Visitor Spending by Commodity Purchased (\$Million)</b>								
Lodging	74.3	65.8	74.0	82.1	88.9	87.0	79.9	78.7
Food & Beverage Services	56.1	51.7	60.0	64.8	69.4	67.7	65.3	65.9
Food Stores	2.9	2.9	2.9	3.0	3.1	3.1	3.1	3.1
Ground Tran. & Motor Fuel	63.7	45.1	54.0	69.0	70.8	69.1	69.1	53.0
Outdoor Recreation	5.0	4.6	5.1	5.5	5.8	5.7	5.3	5.3
Gaming	250.8	222.1	244.6	240.1	240.0	222.0	212.5	205.8
Entertainment	37.4	31.6	29.3	26.3	26.7	23.9	19.5	24.1
Other Recreation	6.7	6.1	7.0	7.6	8.0	7.6	7.2	7.1
Retail Sales	24.6	22.1	25.2	27.6	28.8	27.4	26.1	25.6
Air Transportation (visitor only)	3.2	1.8	2.8	2.5	2.5	3.7	4.0	3.7
Total Visitor Spending	524.8	453.8	504.8	528.6	543.8	517.3	492.0	472.2
<b>Industry Earnings Generated by Direct Travel Spending (\$Million)</b>								
Accommodation & Food Services	138.7	129.6	130.7	137.2	140.7	144.5	149.9	144.8
Arts, Entertainment & Recreation	31.5	28.7	26.5	26.9	27.2	26.7	26.1	27.6
Retail**	5.0	4.7	4.9	4.9	5.2	5.0	5.0	5.1
Auto Rental & other ground tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Air Transportation (visitor only)	2.7	1.9	2.3	1.4	1.1	1.9	1.1	0.8
Other Earnings*	1.5	2.0	1.3	1.5	0.9	0.0	0.9	0.7
Total Direct Earnings	179.5	166.9	165.8	171.9	175.1	178.1	183.0	179.0
<b>Industry Employment Generated by Direct Travel Spending (jobs)</b>								
Accommodation & Food Services	5,840	5,260	5,230	5,320	5,300	5,330	5,280	5,110
Arts, Entertainment & Recreation	1,350	1,180	1,080	1,050	1,040	1,010	960	1,050
Retail**	230	210	220	220	220	210	210	210
Auto Rental & other ground tran.	0	0	0	0	0	0	0	0
Air Transportation (visitor only)	50	30	40	20	20	40	20	10
Other Employment*	30	40	20	30	20	0	20	10
Total Direct Employment	7,500	6,730	6,600	6,640	6,610	6,590	6,490	6,390
<b>Government Revenue Generated by Direct Travel Spending (\$Million)</b>								
Local Tax Receipts	23.8	23.0	24.2	24.4	25.1	24.8	24.1	23.6
State Tax Receipts	25.8	23.0	24.9	25.0	25.3	24.0	23.3	22.8
Total Direct Gov't Revenue	49.5	45.9	49.1	49.4	50.4	48.8	47.4	46.4

\*Other Travel includes convention and trade show impacts not attributed to visitor spending, resident air travel, and travel arrangement. \*\*Retail includes gasoline.

## Pony Express Territory Direct Travel Impacts, 2008-2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Direct Travel Spending (\$Million)</b>								
Direct Visitor Spending	86.1	79.9	91.8	96.4	101.7	101.4	104.5	98.1
Other Direct Travel Spending*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Spending	86.1	79.9	91.8	96.4	101.7	101.4	104.5	98.1
<b>Direct Visitor Spending by Type of Traveler Accommodation (\$Million)</b>								
Casino Hotel	17.7	15.9	18.7	19.4	20.8	21.4	22.7	20.7
Hotel, Motel, B&B (not casino)	44.1	40.9	49.0	52.9	56.8	56.0	58.3	55.3
Campground	8.8	7.8	8.0	8.1	8.2	8.1	7.8	7.1
Private Home	10.4	10.4	10.7	10.5	10.5	10.4	10.2	10.0
Vacation Home	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Day Travel	4.1	3.9	4.4	4.5	4.5	4.4	4.5	4.0
Total Visitor Spending	86.1	79.9	91.8	96.4	101.7	101.4	104.5	98.1
<b>Direct Visitor Spending by Commodity Purchased (\$Million)</b>								
Lodging	16.8	14.9	17.6	19.5	20.3	20.0	21.1	21.0
Food & Beverage Services	12.9	12.7	14.7	15.8	16.5	16.4	17.3	17.3
Food Stores	1.3	1.2	1.2	1.3	1.3	1.3	1.3	1.3
Ground Tran. & Motor Fuel	16.4	11.6	13.9	17.8	18.3	17.8	17.8	13.7
Outdoor Recreation	1.9	1.8	2.0	2.1	2.2	2.1	2.2	2.1
Gaming	26.2	27.3	30.8	28.5	31.7	32.5	34.0	31.4
Entertainment	4.6	4.4	4.7	4.2	4.1	3.9	3.4	4.2
Other Recreation	1.4	1.4	1.6	1.7	1.7	1.7	1.7	1.7
Retail Sales	4.7	4.6	5.2	5.6	5.6	5.5	5.6	5.4
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Visitor Spending	86.1	79.9	91.8	96.4	101.7	101.4	104.5	98.1
<b>Industry Earnings Generated by Direct Travel Spending (\$Million)</b>								
Accommodation & Food Services	19.7	20.5	21.3	21.4	22.7	22.8	23.1	23.2
Arts, Entertainment & Recreation	4.5	4.7	4.6	4.5	4.6	4.5	4.2	4.6
Retail**	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.3
Auto Rental & other ground tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Earnings*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Earnings	25.4	26.3	27.1	27.1	28.5	28.5	28.6	29.1
<b>Industry Employment Generated by Direct Travel Spending (jobs)</b>								
Accommodation & Food Services	900	900	900	930	950	960	960	940
Arts, Entertainment & Recreation	150	150	140	140	140	140	130	130
Retail**	60	60	60	50	60	50	50	50
Auto Rental & other ground tran.	0	0	0	0	0	0	0	0
Air Transportation (visitor only)	0	0	0	0	0	0	0	0
Other Employment*	0	0	0	0	0	0	0	0
Total Direct Employment	1,110	1,110	1,100	1,120	1,150	1,150	1,140	1,130
<b>Government Revenue Generated by Direct Travel Spending (\$Million)</b>								
Local Tax Receipts	4.2	4.3	4.7	4.8	4.9	4.9	5.0	5.0
State Tax Receipts	3.4	3.4	3.8	3.7	4.0	4.0	4.2	4.0
Total Direct Gov't Revenue	7.6	7.7	8.5	8.4	8.9	8.9	9.1	8.9

\*Other Travel includes convention and trade show impacts not attributed to visitor spending, resident air travel, and travel arrangement. \*\*Retail includes gasoline.

## Nevada Silver Trails Direct Travel Impacts, 2008-2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Direct Travel Spending (\$Million)</b>								
Direct Visitor Spending	121.5	111.6	121.8	127.3	130.1	137.0	137.1	128.6
Other Direct Travel Spending*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Spending	121.5	111.6	121.8	127.3	130.1	137.0	137.1	128.6
<b>Direct Visitor Spending by Type of Traveler Accommodation (\$Million)</b>								
Casino Hotel	20.3	16.6	19.3	20.9	21.3	23.4	23.7	21.8
Hotel, Motel, B&B (not casino)	45.4	41.6	46.8	51.4	53.9	59.3	60.6	57.0
Campground	28.1	25.8	27.1	27.0	27.0	26.5	25.5	23.5
Private Home	16.4	16.7	17.1	16.4	16.1	15.9	15.6	15.3
Vacation Home	3.7	3.7	3.8	3.7	3.7	3.6	3.6	3.5
Day Travel	7.5	7.1	7.7	7.9	8.0	8.2	8.1	7.4
Total Visitor Spending	121.5	111.6	121.8	127.3	130.1	137.0	137.1	128.6
<b>Direct Visitor Spending by Commodity Purchased (\$Million)</b>								
Lodging	18.1	16.0	17.0	18.8	20.1	21.9	22.7	22.2
Food & Beverage Services	14.9	14.5	15.5	16.3	17.4	18.9	19.5	19.2
Food Stores	3.3	3.2	3.2	3.3	3.3	3.4	3.3	3.3
Ground Tran. & Motor Fuel	20.5	14.5	17.4	22.2	22.8	22.2	22.2	17.0
Outdoor Recreation	2.2	2.1	2.1	2.2	2.3	2.4	2.5	2.4
Gaming	49.4	48.6	53.6	51.7	51.1	54.6	54.2	51.2
Entertainment	5.5	5.3	5.3	4.6	4.6	4.7	4.0	4.9
Other Recreation	1.7	1.6	1.7	1.8	1.9	2.0	2.0	1.9
Retail Sales	6.0	5.7	6.0	6.4	6.6	6.8	6.8	6.6
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Visitor Spending	121.5	111.6	121.8	127.3	130.1	137.0	137.1	128.6
<b>Industry Earnings Generated by Direct Travel Spending (\$Million)</b>								
Accommodation & Food Services	30.0	30.2	31.4	31.5	32.3	32.9	33.6	34.7
Arts, Entertainment & Recreation	6.0	6.1	6.1	5.9	5.9	6.0	5.7	6.3
Retail**	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8
Auto Rental & other ground tran.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Air Transportation (visitor only)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Earnings*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Direct Earnings	37.7	37.9	39.2	39.1	40.0	40.6	41.0	42.8
<b>Industry Employment Generated by Direct Travel Spending (jobs)</b>								
Accommodation & Food Services	1,340	1,340	1,330	1,310	1,280	1,360	1,410	1,420
Arts, Entertainment & Recreation	260	260	250	250	240	240	230	250
Retail**	80	80	70	70	70	70	70	70
Auto Rental & other ground tran.	0	0	0	0	0	0	0	0
Air Transportation (visitor only)	0	0	0	0	0	0	0	0
Other Employment*	0	0	0	0	0	0	0	0
Total Direct Employment	1,670	1,680	1,660	1,630	1,590	1,670	1,710	1,740
<b>Government Revenue Generated by Direct Travel Spending (\$Million)</b>								
Local Tax Receipts	5.0	5.1	5.4	5.3	5.4	5.6	5.7	5.7
State Tax Receipts	5.5	5.4	5.8	5.8	5.8	6.1	6.1	5.9
Total Direct Gov't Revenue	10.6	10.5	11.2	11.0	11.2	11.7	11.8	11.6

\*Other Travel includes convention and trade show impacts not attributed to visitor spending, resident air travel, and travel arrangement. \*\*Retail includes gasoline.

## Nevada County Direct Travel Impacts, 2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	Direct Spending (\$M)	Earnings (\$M)	Employment (jobs)	Local & State Tax Revenue (\$M)
Carson City	154.7	65.4	1,990	15.6
Churchill	43.0	16.3	560	4.0
Clark	29,919.1	10,199.3	236,990	2,834.9
Douglas	376.3	174.6	6,050	39.1
Elko	367.0	154.7	5,440	37.2
Esmeralda	0.3	0.1	*	*
Eureka	3.7	0.3	10	0.3
Humboldt	89.3	20.9	760	7.8
Lander	12.7	2.2	120	1.0
Lincoln	8.7	1.2	60	0.5
Lyon	76.9	26.4	880	6.9
Mineral	5.2	0.9	80	0.4
Nye	114.4	40.6	1,590	10.6
Pershing	10.9	1.9	110	0.9
Storey	6.7	3.0	100	0.7
Washoe	2,261.5	875.3	24,630	204.7
White Pine	47.2	11.7	510	4.3
Nevada	33,497.7	11,594.9	279,900	3,168.7

\*Insufficient data.

## County Direct Travel Impacts, 2008-2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Carson City</b>								
Direct Spending (\$Million)	168.8	157.1	159.1	151.5	151.0	152.5	152.4	154.3
Earnings (\$Million)	60.5	60.5	60.2	59.4	58.8	60.2	60.7	65.4
Employment (jobs)	1,990	1,960	1,910	1,860	1,870	1,890	1,900	1,990
Local & State Taxes (\$Million)	16.4	16.2	16.2	14.9	14.7	14.9	14.9	15.6
<b>Churchill</b>								
Direct Spending (\$Million)	44.5	43.5	48.0	46.2	45.9	45.6	48.5	43.0
Earnings (\$Million)	14.3	15.5	16.1	15.6	15.7	15.6	15.8	16.3
Employment (jobs)	570	600	580	570	540	550	550	560
Local & State Taxes (\$Million)	4.0	4.2	4.5	4.2	4.1	4.1	4.3	4.0
<b>Clark</b>								
Direct Spending (\$Million)	24,827	21,646	22,192	24,646	25,096	25,964	27,464	28,434
Earnings (\$Million)	9,158	8,312	8,412	8,954	9,086	9,366	9,825	10,199
Employment (thousand jobs)	231.3	209.7	210.9	215.9	218.6	223.3	232.8	237.0
Local & State Taxes (\$Million)	2,373	2,195	2,278	2,441	2,487	2,569	2,708	2,835
<b>Douglas</b>								
Direct Spending (\$Million)	482.6	371.0	395.3	394.4	380.3	392.6	398.3	375.7
Earnings (\$Million)	205.6	165.5	158.2	160.4	153.1	164.5	169.9	174.6
Employment (jobs)	7,770	6,250	5,850	5,900	5,660	5,820	5,800	6,050
Local & State Taxes (\$Million)	49.5	40.1	41.0	39.6	37.8	39.4	39.6	39.1
<b>Elko</b>								
Direct Spending (\$Million)	423.8	368.9	394.3	404.8	412.3	386.6	373.9	363.4
Earnings (\$Million)	155.5	144.2	143.1	148.3	150.4	153.4	158.2	154.7
Employment (jobs)	6,410	5,720	5,640	5,690	5,630	5,610	5,500	5,440
Local & State Taxes (\$Million)	41.1	38.2	39.7	39.5	40.1	38.4	37.8	37.2
<b>Esmeralda</b>								
Direct Spending (\$Million)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Earnings (\$Million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Employment (jobs)	*	*	*	*	*	*	*	*
Local & State Taxes (\$Million)	*	*	*	*	*	*	*	*
<b>Eureka</b>								
Direct Spending (\$Million)	3.8	2.4	4.1	4.0	4.1	3.8	3.1	3.7
Earnings (\$Million)	0.8	0.5	0.5	0.5	0.5	0.5	0.4	0.3
Employment (jobs)	40	20	20	20	20	20	20	10
Local & State Taxes (\$Million)	0.3	0.2	0.3	0.3	0.3	0.3	0.2	0.3

\*Insufficient data.



## County Direct Travel Impacts, 2008-2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Humboldt</b>								
Direct Spending (\$Million)	79.4	66.9	91.2	100.8	106.6	107.0	95.8	89.3
Earnings (\$Million)	20.8	19.4	19.5	20.4	21.2	21.2	21.4	20.9
Employment (jobs)	880	800	770	770	790	780	800	760
Local & State Taxes (\$Million)	6.9	6.3	7.9	8.3	8.7	8.7	8.0	7.8
<b>Lander</b>								
Direct Spending (\$Million)	13.2	11.3	11.8	14.9	17.4	15.6	14.2	12.7
Earnings (\$Million)	2.1	2.0	2.1	2.4	2.7	2.5	2.4	2.2
Employment (jobs)	120	110	100	120	130	120	120	120
Local & State Taxes (\$Million)	0.9	0.9	0.9	1.1	1.2	1.1	1.0	1.0
<b>Lincoln</b>								
Direct Spending (\$Million)	9.2	7.9	8.4	9.3	9.6	9.7	9.6	8.7
Earnings (\$Million)	1.2	1.1	1.2	1.3	1.3	1.3	1.2	1.2
Employment (jobs)	70	70	70	70	60	60	60	60
Local & State Taxes (\$Million)	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.5
<b>Lyon</b>								
Direct Spending (\$Million)	78.2	72.5	85.6	81.4	84.0	85.2	84.6	76.9
Earnings (\$Million)	21.7	23.1	23.1	23.4	23.6	24.4	26.1	26.4
Employment (jobs)	840	850	820	830	820	840	880	880
Local & State Taxes (\$Million)	6.5	6.7	7.5	6.8	6.9	7.0	7.1	6.9
<b>Mineral</b>								
Direct Spending (\$Million)	6.5	6.6	6.4	6.8	6.5	6.1	5.8	5.2
Earnings (\$Million)	1.2	1.4	1.3	1.1	1.0	0.9	0.9	0.9
Employment (jobs)	110	120	90	90	80	80	70	80
Local & State Taxes (\$Million)	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
<b>Nye</b>								
Direct Spending (\$Million)	105.4	96.9	106.7	110.9	113.7	121.0	121.4	114.4
Earnings (\$Million)	35.2	35.3	36.6	36.7	37.6	38.3	39.0	40.6
Employment (jobs)	1,490	1,490	1,500	1,470	1,430	1,530	1,580	1,590
Local & State Taxes (\$Million)	9.5	9.4	10.1	10.0	10.1	10.7	10.8	10.6
<b>Pershing</b>								
Direct Spending (\$Million)	12.7	10.5	11.4	13.0	13.3	13.3	12.8	10.9
Earnings (\$Million)	1.8	1.9	1.8	1.6	1.7	1.9	1.9	1.9
Employment (jobs)	130	140	120	100	100	110	110	110
Local & State Taxes (\$Million)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9

## County Direct Travel Impacts, 2008-2015

*NOTE: All spending estimates below reflect Direct spending only.  
Broader impacts of Secondary (indirect & induced) spending are not included.*

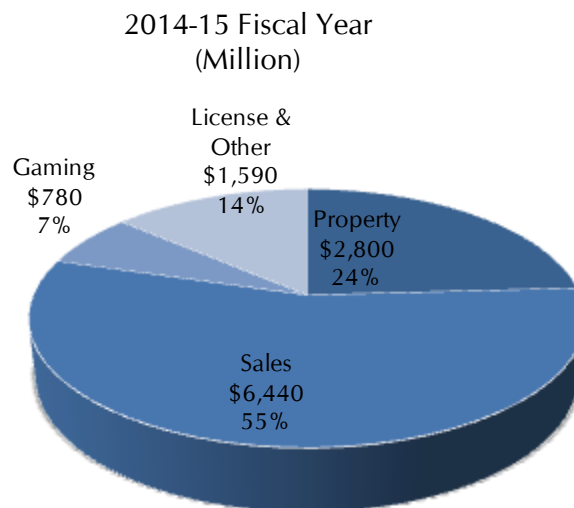
	2008	2009	2010	2011	2012	2013	2014	2015
<b>Storey</b>								
Direct Spending (\$Million)	7.4	7.7	7.6	7.0	7.2	7.7	7.7	6.7
Earnings (\$Million)	2.5	2.8	2.6	2.6	2.7	2.7	3.1	3.0
Employment (jobs)	100	110	100	100	100	100	110	100
Local & State Taxes (\$Million)	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7
<b>Washoe</b>								
Direct Spending (\$Million)	2,165	1,932	1,961	2,023	1,976	2,060	2,064	2,079
Earnings (\$Million)	805	762	756	799	777	801	838	875
Employment (jobs)	24,730	23,120	22,950	23,260	23,150	23,570	24,080	24,630
Local & State Taxes (\$Million)	201	190	192	192	187	195	197	205
<b>White Pine</b>								
Direct Spending (\$Million)	33.4	30.3	35.9	41.4	46.0	46.9	48.2	47.2
Earnings (\$Million)	9.7	9.7	9.8	10.2	11.5	11.6	11.6	11.7
Employment (jobs)	470	460	460	490	540	530	530	510
Local & State Taxes (\$Million)	3.0	3.0	3.4	3.7	4.1	4.2	4.3	4.3

## VI. STATE AND LOCAL TAXES, 2014-15 FISCAL YEAR

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, gaming, property and income taxes are included. The tax revenues attributable to the travel industry are equivalent to the state and local taxes reported statewide in section II of this report. However, in this section the data presented is for the 2014-15 fiscal year, the period for which the most recent finance data is available from the Bureau of the Census. (The tax data shown elsewhere in this document is reported on a calendar year basis.)

The pie chart below, adapted from the Bureau of the Census' State and Local Government Finance and the Nevada Gaming Abstract, show the main categories of tax revenue in Nevada for the 2014-15 fiscal year. Slightly more than one-half of all state and local tax revenue in Nevada was derived from sales or gross receipts taxes. The next largest category was property taxes – paid primarily by homeowners and businesses to local governments.<sup>6</sup>

### Nevada State and Local Government Tax Revenues



Source: Estimates by Dean Runyan Associates based on data published by the Bureau of the Census (State and Local Government Finance), the Nevada Gaming Commission, the Nevada Department of Taxation, the Bureau of Economic Analysis and selected local financial reports. Sales taxes include all state and local sales, motor fuel, lodging, entertainment and other selective sales or gross receipts taxes.

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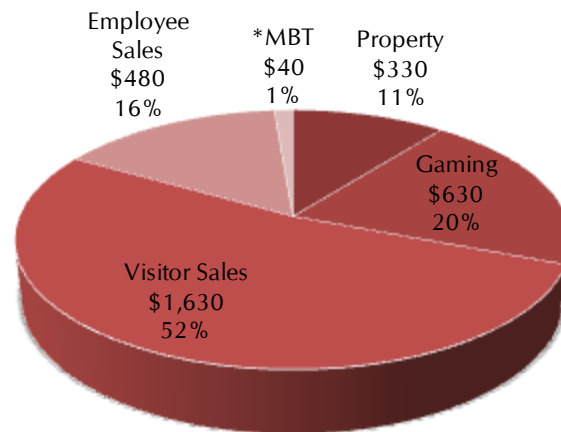
<sup>6</sup> Businesses pay 52 percent of all property taxes in Nevada based on calculations by Dean Runyan Associates, Inc from data reported by the Bureau of the Census, State and Local Government Finance and *Property Taxes on Business Capital*, Ernst and Young (March 2006).

The primary sources of travel industry tax revenue are:

- Sales and gaming tax receipts generated by **visitor spending**. This includes local and state sales taxes, lodging taxes and motor fuel taxes. Other selective sales taxes (e.g., cigarettes, liquor) were not estimated separately from the general sales tax.
- Taxes paid by **travel industry employees** attributable to travel generated earnings (sales and property 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 (primarily property taxes). The estimates for these taxes were based on the tax payments reported in the Nevada Gaming Abstract for casinos with at least \$1 million in revenue. The fact that a portion of the casino revenue is not associated with visitors is counter-balanced by not including an estimate of the property taxes paid by other businesses that receive travel-related revenue. Other business taxes, such as licenses and payroll taxes, were also not included.

The distribution of taxes generated by the travel industry for the 2014-15 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.

**Nevada Travel Industry State and Local Government Tax Revenues (Millions)**  
2014-15 Fiscal Year



Source: Dean Runyan Associates. MBT refers to the Modified Business Tax.

Whereas 62 percent of all state and local tax revenue in Nevada was attributable to gaming (7%) and sales tax collections (55%) in the 2014-15 fiscal year (see pie chart, page 28), about 87 percent of all travel industry tax revenue was attributable

to gaming and sales tax receipts (pie chart, page 29). Almost three-fourths of all tax revenue generated by the travel industry was directly related to visitor spending on gaming and other goods and services.

Travel industry state and local tax revenues are compared to total Nevada state and local tax revenues in the following table. Because the travel industry generates a relatively high proportion of gaming and 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. The state and local tax revenues attributable to the travel industry accounted for 26.7 percent of all state and local tax receipts in the 2015 fiscal year – more than double the travel industry share of total state GDP (13.1 percent in 2015, see pie chart on page 1).

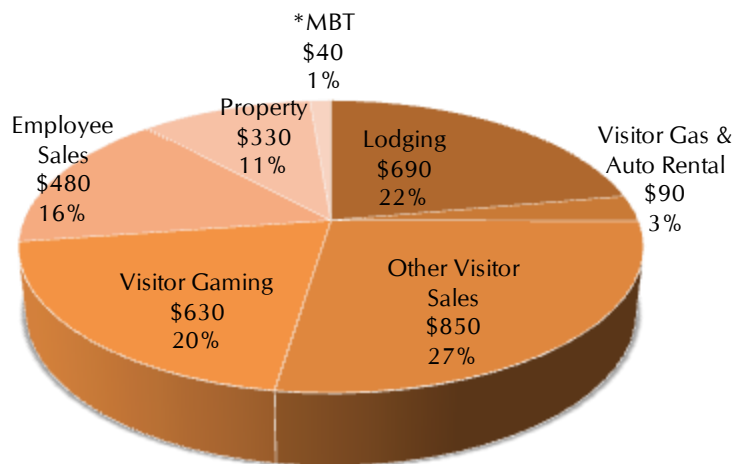
**Nevada State and Local Tax Revenues (Millions)**  
2014-15 Fiscal Year

	Total	Travel	Percent
Property	\$2,800	\$330	11.8%
Sales	\$6,440	\$2,100	32.6%
Gaming	\$780	\$630	80.8%
License & Other	\$1,590	\$40	2.5%
<b>Total</b>	<b>\$11,610</b>	<b>\$3,100</b>	<b>26.7%</b>

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

A more detailed breakout of the state and local tax revenues related to the Nevada travel industry is shown below.

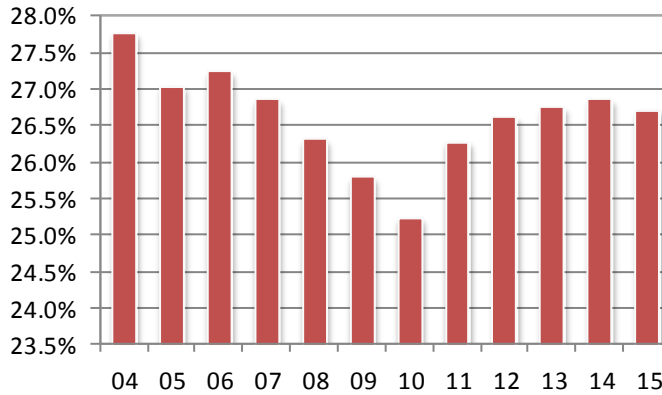
**Nevada Travel Industry State and Local Government  
Detailed Tax Revenues (Millions)**  
2014-15 Fiscal Year



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

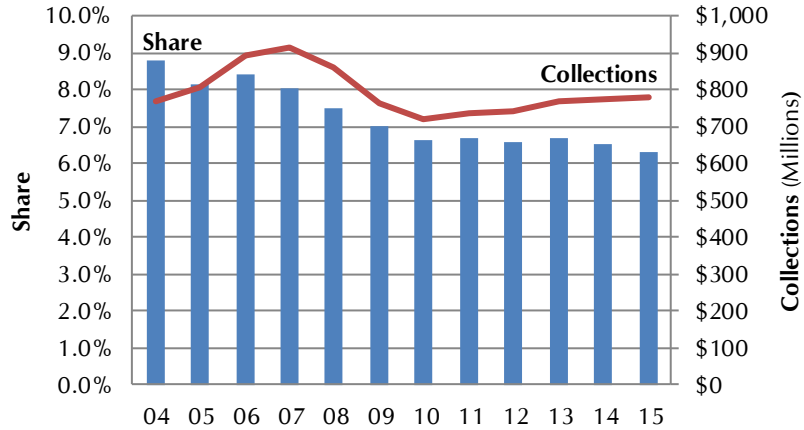
The travel-generated share of Nevada state and local tax revenues has been between 26 and 27 percent since 2011. But despite the recovery from the recession, the current travel share remains somewhat below the pre-recessionary levels (2004 through 2007). This is most likely due to gaming revenue – the vast majority of which are collected from visitors.<sup>7</sup> In absolute dollar amounts, gaming tax collections are still below the 2007 peak (see line, bottom chart). As a share of all state and local tax and gaming revenue, gaming tax collections have generally declined (see bar, bottom graph).

**Percent State and Local Government Tax Revenues Generated by Travel**



**Gaming Revenue**

Collections and Share of Total State & Local Government Revenue



Sources: Dean Runyan Associates, Bureau of the Census, State and Local Government Finance, and Nevada Gaming Commission. Collections do not include entertainment tax.

<sup>7</sup> About 80 percent of all gaming revenues in Nevada are attributable to visitors. See Bernard Malamud, "Nevada's Gaming Tax: Estimating Resident Burden and Incidence," Department of Economics, University of Nevada Las Vegas, April 2006.

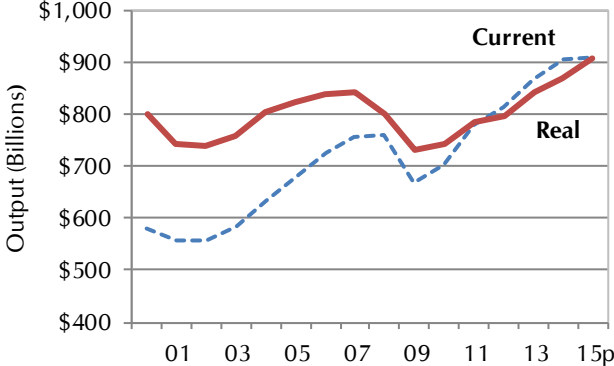
## VII. U.S. TRAVEL IMPACTS



The national level data in this section focuses on visitor spending trends in current and real dollars, resident and foreign visitor spending in 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.<sup>8</sup> Both graphs show direct tourism output for the United States – spending by resident and foreign visitors. The 2015 values are preliminary.

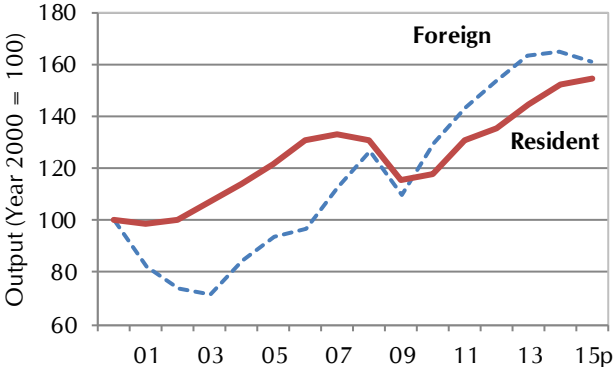
**Annual Direct Travel Spending in U.S., 2000-15p**



Spending by resident and foreign visitors was \$909 billion in 2015 in current dollars. This reflects virtually no increase over 2014, largely due to lower prices for motor fuel. When adjusted for changes in prices (real dollars), spending increased by 4.4 percent from 2014 to 2015 – compared to a 3.1 for the preceding year.

**Spending by Foreign\* and Resident Travelers in U.S.**

(Current Dollars; Year 2000 = 100)



\*Note: Foreign visitor spending does not include expenditures on health and educational services or expenditures by short term seasonal workers.

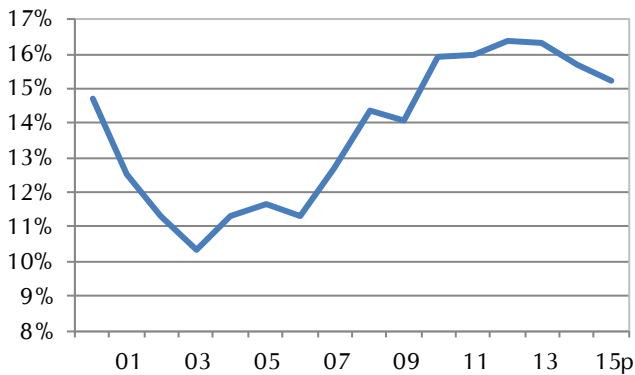
The bottom chart compares the change in current dollar spending by resident and foreign visitors since 2000. In 2015, the increase in spending by resident visitors (1.4 percent) exceeded the increase in foreign visitor spending (-2.2 percent). This is the second consecutive year that resident spending growth was greater than foreign.

<sup>8</sup> See <http://www.bea.gov/industry/index.htm#satellite>.

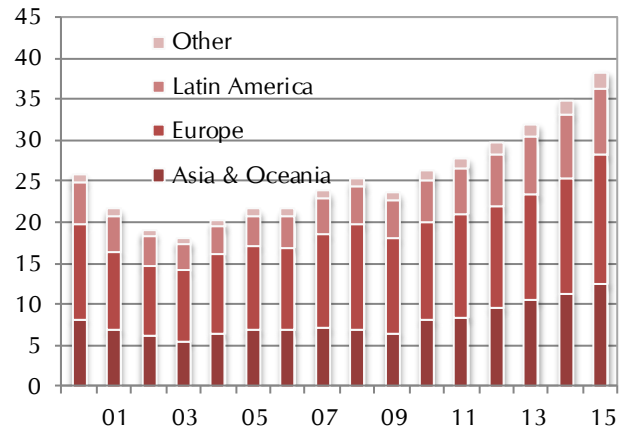


The top left chart shows that the foreign share of U.S. internal travel has declined over the past two years because of the lower rate of growth of foreign visitor spending (shown in preceding chart).<sup>9</sup> However, as the graph on the right indicates, overseas arrivals to the U.S. have been increasing. Much of the explanation for the declining foreign share of internal travel in the U.S. is due to the increasing value of U.S. currency (see bottom left chart). As the value of foreign currencies fall relative to the U.S. dollar, foreign visitors have less money to spend on U.S. goods and services.

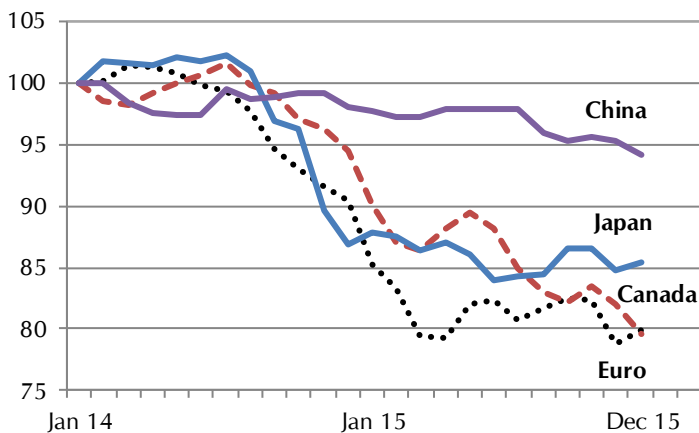
**Foreign Share of U.S. Internal Travel Spending**



**Overseas Arrivals (Millions)**



**Relative Value of Selected Foreign Currencies compared to U.S. Dollar**  
Monthly Averages, 2014 through 2015



Sources:

Foreign Share of U.S Internal Travel: Bureau of Economic Analysis Travel & Tourism Satellite Accounts and International Transactions.

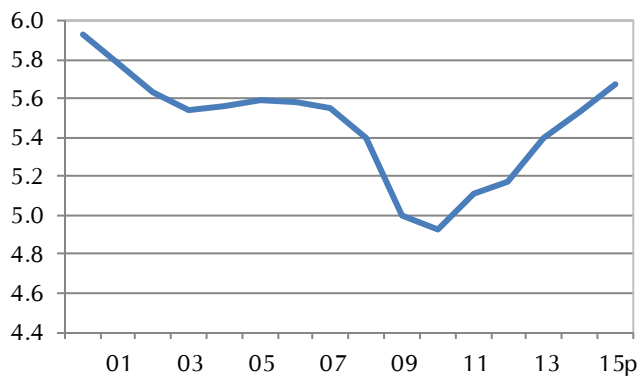
Overseas Arrivals: Office of Travel and Tourism Industries, U.S. Department of Commerce. Note: Arrivals for 2014 and 2015 are somewhat greater than preceding years due to a change in processing methodology.

Relative Value of Selected Foreign Currencies: USForex, Inc. ([www.usforex.com](http://www.usforex.com))

<sup>9</sup> Internal travel does not include spending on international airfares to U.S carriers.

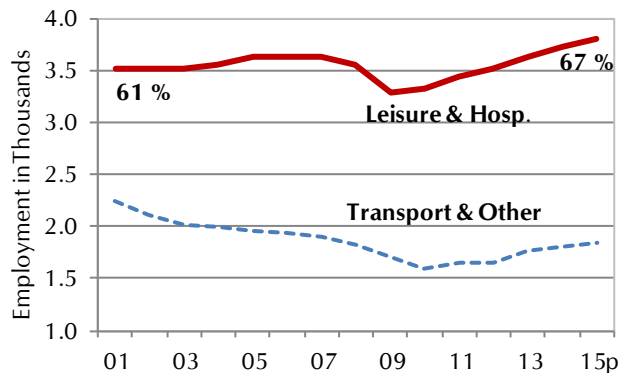
The following two graphs show employment trends since 2000. The first graph shows that travel-generated employment has increased at a steady rate since 2010. Travel industry employment has now recovered to the level immediately preceding the 2008-09 recession, although it is still below its peak earlier in that decade. Part of the reason for this is shown in the second graph. Leisure and hospitality employment was 3.8 million in 2015 or 67 percent of total travel industry employment, compared to 3.6 million in 2000 or 61 percent of the total. Most of this growth was due to food services employment. However, employment in transportation and other industries declined over the same period from 2.3 million to 1.8 million, mostly due to decreased employment in the airline and related transportation industries.

### U.S. Travel Industry Employment



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

### Components of U.S. Travel Industry Employment



Source: See above graph. Leisure & hospitality includes accommodations, food services, and arts, entertainment & recreation. Transportation and other includes retail and all other industries.

## APPENDICES

*Appendix A. Regional Travel Impact Model*

*Appendix B. Nevada Travel Impact Model*

*Appendix C. Travel Industry Accounts*

*Appendix D. Industry Groups*

## REGIONAL TRAVEL IMPACT MODEL

This appendix provides a brief overview of methodology, terminology and limitations of the Regional Travel Impact Model. Other appendices in this report provide greater detail for many of these topics.

### **DIRECT IMPACTS**

The estimates of the direct impacts associated with traveler spending in Nevada 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 Nevada travel industry were gathered from various local, state and federal sources.

Travel impacts consist of estimates of travel spending and the employment, earnings and tax receipts generated by this spending. These estimates are also broken out by type of traveler accommodation and by the type of business in which the expenditures occur.

### **SECONDARY (INDIRECT AND INDUCED) IMPACTS**

Direct impacts are reported for all counties within Nevada. Secondary employment and earnings impacts over and above direct impacts are reported at the state level only. These indirect and induced impacts are generated from the direct impacts produced by the RTIM, discussed above, and an input-output model of the Nevada economy prepared by the IMPLAN Group, LLC. 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.

### **NEVADA TRAVEL INDUSTRY GROSS DOMESTIC PRODUCT**

An estimate of the Gross Domestic Product (GDP) of the Nevada 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.

## **TYPES OF TRAVEL IMPACTS INCLUDED**

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

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

## **TRANSPORTATION IMPACTS**

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

## **CONVENTION AND TRADE SHOW IMPACTS**

Visitor spending does not include the payments made by the organizational sponsors of conferences, conventions and trade shows. The expenditures of exhibitors at trade shows are also not included. These convention and trade show impacts are reported in the "other" category and so is a component of the direct travel impacts. The impact estimates are based on data provided by the Las Vegas Convention and Visitors Authority, delegate counts reported by the Nevada Tourism Commission and other survey and employment data.

## IMPACT CATEGORIES

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

Impact Category	Description
Expenditures	Purchases by travelers during their trip, including lodging taxes and other applicable local and state taxes, paid by the traveler at the point of sale.
Earnings	The earnings (wage and salary disbursements, earned benefits and proprietor income) of employees and owners of businesses that are attributable to travel expenditures.
Employment	Employment associated with the above earnings; this includes both full- and part-time positions of wage and salary workers and proprietors.
Local Tax Receipts	Tax receipts collected by counties and municipalities, as levied on applicable travel-related purchases, including lodging, food and beverage service, retail goods and motor fuel. The local share of the state sales tax is also included in this category. Property taxes and the sales tax receipts attributed to the purchases of travel industry employees are also reported.
State Tax Receipts	The state share of the state sales tax, state lodging and motor fuel taxes, auto rental taxes, entertainment taxes and gaming taxes levied on applicable travel-related purchases are included in state tax receipts. Modified business taxes are also included. The sales tax receipts attributed to the purchases of travel industry employees are also reported.

## VISITOR CATEGORIES

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

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

## REPORTING FORMAT

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

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

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

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

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

- *Tax Revenues Generated by Travel Spending* provides a breakout of local and state tax receipts. The specific taxes are listed on the preceding page.

## INTERPRETATION OF IMPACT ESTIMATES

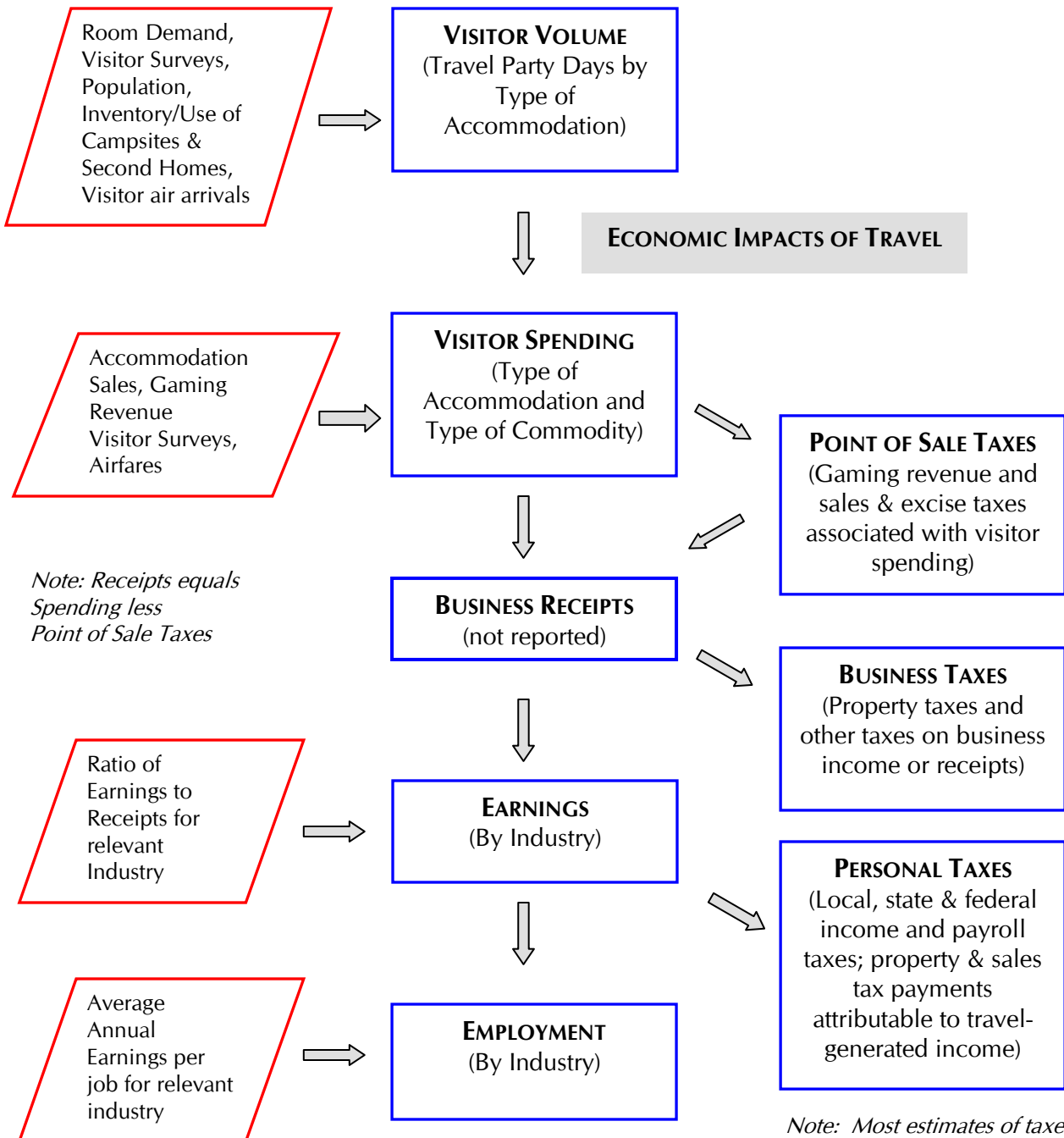
Users of this report should be aware of several issues regarding the interpretation of the impact estimates contained herein.

- 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 jobs and self-employment are included in these estimates. Caution should therefore be used in comparing these estimates with other employment data series.
- In general, estimates of small geographic areas (e.g., rural counties) are less reliable than estimates for regions or metropolitan counties. Trend analysis and comparisons of counties with relatively low levels of travel-related economic activity should therefore be interpreted cautiously.
- The estimates of travel impacts published in this report will necessarily differ somewhat from estimates generated from different models, methodologies and data sources. Nonetheless, it should be emphasized that all credible estimates of direct travel impacts at the state level, including those of Dean Runyan Associates, are of similar magnitude.
- In some cases, revisions in source data necessitate revised impact estimates for previously reported years. Unless otherwise noted, these revisions are not significant. The estimates in this report supersede all previously published estimates.



NEVADA TRAVEL IMPACT MODEL

PRIMARY DATA SOURCES



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## 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.”<sup>1</sup> Similarly, the RTIM has been developed by Dean Runyan Associates, Inc. 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.

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<sup>1</sup> 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 appendix will discuss these three types of information in terms of their conceptual foundations, the data requirements, and some of the more salient issues of which users of this information should be aware. 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.<sup>2</sup> 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.<sup>3</sup> Firms in other industries (retail, recreation, transportation) provide goods and services to both travelers and other types of consumers.

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

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

<sup>3</sup> 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 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.<sup>4</sup>

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 Nevada. How should the purchase of a round trip airline ticket by a Chicago resident traveling to Las Vegas be treated in that only some of the economic impact of this spending will occur in Nevada? A reasonable approach would be to allocate only a portion of this spending (and related payroll, taxes, etc.) to Nevada and ignore the remainder for the purpose of creating a travel industry account for Nevada. 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 Nevada can be divided between three groups of travelers: inbound, outbound and pass-through. Only that employment attributable to inbound travel is part of the Nevada *visitor industry*. Employment attributable to outbound and pass-through travelers is included with the larger *travel industry*.<sup>5</sup>

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<sup>4</sup> 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.

<sup>5</sup> 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.<sup>6</sup>

**Bureau of Economic Analysis Tourism Industries  
Distribution of Travel-Generated Compensation  
in United States, 2013**

<b>Accommodation &amp; food services</b>	<b>37.9%</b>
Traveler accommodations	21.8%
Vacation home rentals	0.3%
Food services & drinking places	15.8%
<b>Transportation</b>	<b>23.3%</b>
Air transportation services	15.9%
Rail transportation services	0.4%
Water transportation services	1.0%
Interurban bus transportation	0.3%
Interurban charter bus transportation	0.3%
Urban transit systems & other transportation	1.3%
Taxi service	0.1%
Automotive equipment rental & leasing	2.2%
Automotive repair services	1.2%
Parking lots and garages	0.3%
Toll highways	0.2%
<b>Arts, entertainment &amp; recreation</b>	<b>14.0%</b>
Scenic and sightseeing transportation services	0.2%
Motion pictures and performing arts	1.6%
Spectator sports	2.5%
Participant sports	2.3%
Gambling	6.0%
All other recreation & entertainment	1.4%
<b>Retail &amp; Nondurable Goods Production</b>	<b>17.0%</b>
Petroleum refineries	0.7%
Industries producing nondurable PCE commodities, excluding petroleum refineries	3.8%
Wholesale trade and transportation services	5.2%
Gasoline service stations	2.0%
Retail trade services, excluding gasoline service stations	5.3%
<b>Travel arrangement and reservation services</b>	<b>5.9%</b>
<b>All other industries</b>	<b>1.9%</b>
<b>Total Tourism Compensation</b>	<b>100.0%</b>

Source: Adapted from Benjamin J. Hobbs, "U.S. Travel and Tourism Satellite Accounts for 1998-2014," Survey of Current Business (June 2015) Table 6.

<sup>6</sup> 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

<b>Travel Impact Industry</b>	<b>NAICS Industry (code)</b>
<b>Accommodation &amp; Food Services</b>	Accommodation (721) Food Services and Drinking Places (722)
<b>Arts, Entertainment &amp; Recreation</b>	Performing Arts, Spectator Sports (711) Museums (712) Amusement, Gambling (713) Scenic and Sightseeing Transportation (487)
<b>Retail</b>	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)
<b>Ground Transportation</b>	Interurban and Rural Bus Transportation (4852) Taxi and Limousine Service (4853) Charter Bus Industry (4855) Passenger Car Rental (532111) Parking Lots and Garages (812930)
<b>Air Transportation</b>	Scheduled Air Passenger Transportation (481111) Support Activities for Air Transportation (4881)
<b>Travel Arrangement Services</b>	Travel Agencies (56151) Tour Operators (56152)

Source: Dean Runyan Associates, Inc.

## 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 due to the fact that 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.<sup>7</sup> 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.<sup>8</sup> 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,

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

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

reason for this distinction. In the case of travel and tourism, the evaluation of the tax impacts of resident versus nonresident travel might also be important.<sup>9</sup>

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.<sup>10</sup> 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.

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<sup>9</sup> 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.

<sup>10</sup> 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).



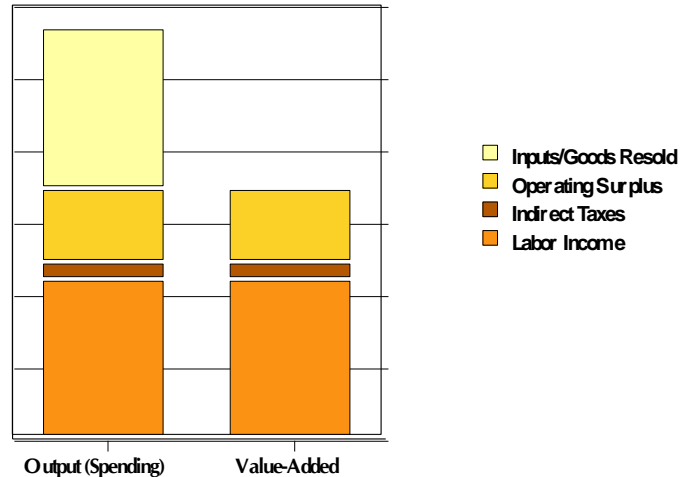
## COMPONENTS OF INDUSTRY OUTPUT

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:<sup>11</sup>

- 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

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<sup>11</sup> 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.

different regions or states. The economic impact of air passenger travel in the state of Hawaii should not include the purchase of airplanes manufactured in other parts of the world. Travel industry value-added is a more meaningful measure of the true economic impact visitor spending in Hawaii because some of economic impact of that spending will occur elsewhere.<sup>12</sup>

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.<sup>13</sup> The remainder leaves gross operating surplus. Out of gross operating surplus various payments are made in the form of dividends, interest and other payments, or retained by the firm. The sum of these three broad categories of payments is equal to travel industry value-added. To summarize:

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

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

The RTIM is similar to the TTSA in that it also provides estimates of these components of economic output. Travel spending, earnings and tax impacts are generally provided at the state or regional level. Value-added is generally reported at the state-level only (sometimes referred to as Travel Industry Gross Domestic Product). At the level of the state, travel industry value-added or GDP is an important measure – more economically meaningful than travel spending.<sup>14</sup> 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.

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<sup>12</sup> 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.

<sup>13</sup> 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.

<sup>14</sup> 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.<sup>15</sup> As with indirect effects, the induced effects will also tend to be lower for smaller economic areas and the reliability of the estimates will be less.

Secondary effects should be interpreted cautiously. These effects describe the relationship of economic transactions at a point in time. These relationships will not

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<sup>15</sup> The induced effects can be estimated with the Implan model maintained by the Minnesota Implan Group.

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, Inc. 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.

## 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