

STATE TRAVEL IMPACTS

The multi-billion dollar travel industry in California is a vital part of the state and local economies. The industry is represented primarily by retail and service firms, including lodging establishments, restaurants, retail stores, gasoline service stations, and other types of businesses that sell their products and services to travelers. The money that visitors spend on various goods and services while in California produces business receipts at these firms, which in turn employ California residents and pay their wages and salaries. State and local government units benefit from travel as well. The state government collects taxes on the gross receipts of businesses operating in the state, as well as sales and use taxes levied on the sale of goods and services to travelers. Local governments also collect sales and use taxes generated from traveler purchases.

IMPACTS OF TRAVEL IN CALIFORNIA: A SUMMARY

- Total direct travel spending in California was \$96.7 billion in 2007. Travel spending increased by 3.6 percent over the preceding year.
- A substantial share of the increase in travel spending was due to higher room rates and gasoline prices. Inflation-adjusted (constant dollar) travel spending increased by 0.4 percent from 2006 to 2007.
- During 2007, travel spending in California directly supported 924,100 jobs with earnings of \$30.0 billion. Travel spending generated the greatest number of jobs in arts, entertainment and recreation (226,500 jobs), and accommodation and food services (534,000).
- 31.9 million visitors traveled to and through California on U.S. carriers in 2007. Air travel on domestic flights increased by 3.5 percent over 2006.
- Over 17 percent of all travel spending in the state in 2007 was attributable to international travel. Overseas arrivals at Los Angeles and San Francisco increased by 7.5 percent (3.6 million arrivals) from 2006 to 2007.²
- Visitors that stayed overnight in paid accommodations spent \$51.0 billion in 2007, or 57 percent of all visitor spending in the state.
- Travel spending in 2007 generated \$2.2 billion in local taxes and \$3.6 billion in state taxes.
- In 2007, one hundred dollars (\$100) of travel spending generated \$31.05 of earnings, \$2.23 of local tax revenue, and \$3.74 of state tax revenue.
- In 2007, the amount of travel spending that supported one job in travel-related businesses was \$104,600.

² Note: Arrivals at first US port of entry do not necessarily indicate visitation within the state.

RECENT TRAVEL TRENDS IN CALIFORNIA

Total direct travel spending in California was \$96.7 billion in 2007. During the past year, travel spending increased by 3.6 percent. Earnings increased by 3.7 percent and employment by 0.7 percent.

California Direct Travel Impacts, 1992-2007p

	Spending (\$Billion)	Earnings (\$Billion)	Employment (Thousand)	Tax Receipts (\$Billion)			
				Local	State	Federal	Total
1992	52.1	16.4	771	0.9	1.9	2.9	5.8
1993	53.1	16.5	772	1.0	2.0	2.9	5.8
1994	54.0	16.9	795	1.0	2.0	2.9	5.9
1995	55.4	17.4	812	1.1	2.1	2.9	6.2
1996	60.2	18.7	848	1.2	2.3	3.1	6.6
1997	65.5	20.2	887	1.4	2.5	3.3	7.2
1998	67.8	21.6	892	1.5	2.6	3.4	7.5
1999	72.2	23.1	929	1.6	2.8	3.6	7.9
2000	78.0	24.9	942	1.7	2.9	3.9	8.6
2001	74.7	24.3	876	1.6	2.8	4.1	8.5
2002	74.0	24.6	858	1.6	2.8	4.2	8.7
2003	76.8	25.3	878	1.7	2.9	4.2	8.8
2004	81.9	26.6	895	1.7	3.2	4.4	9.3
2005	88.5	27.4	910	1.9	3.4	4.7	10.0
2006	93.4	29.0	918	2.0	3.5	5.0	10.6
2007p	96.7	30.0	924	2.2	3.6	5.2	11.0
<i>Annual Percentage Change</i>							
06-07p	3.6	3.7	0.7	5.4	2.6	3.8	3.7
92-07p	4.2	4.1	1.2	5.6	4.3	3.9	4.4

Estimates for 2007 are preliminary. Earnings include payroll, other earned income and proprietor income. Employment includes payroll employees and proprietors. *Annual Change for 1992-2007p is the average annual percentage change.

A substantial share of the increase in travel spending was due to higher room rates and gasoline prices. Inflation-adjusted (constant dollar) travel spending increased by 0.4 percent from 2006 to 2007 (see graph, following page). A preliminary estimate of air travel to and through California on U.S. air carriers indicates a 3.5 percent increase in volume. An estimated 31.9 million visitors traveled to and through California during 2007 on U.S. commercial airlines.