

CITY TOURISM IMPACT

THE ECONOMIC IMPACT OF TRAVEL & TOURISM IN
CITY OF DALLAS, TEXAS
2006 UPDATE

A Comprehensive Analysis

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I. Methodology Overview

The purpose of this study is to estimate the economic benefits of travel & tourism to the City of Dallas, Texas. Travelers are defined as those who made an overnight trip or traveled in excess of 50 miles for a day-trip. The spending of visitors from both domestic and international markets has been included.

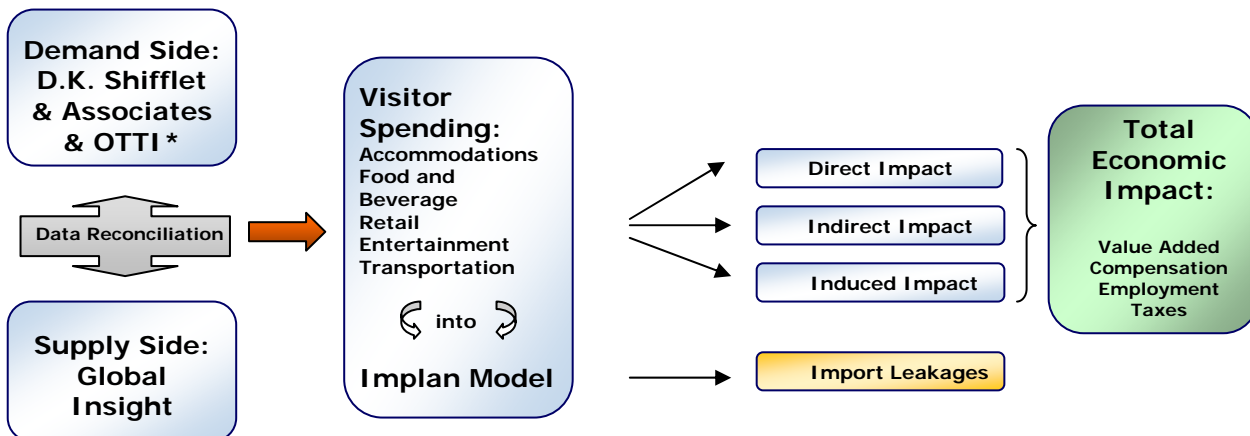
The total economic impact of travelers is separated into three distinct parts: direct, indirect, and induced. The *direct* impacts represent the value added¹ of those sectors that interact directly with the visitor. The *indirect* impact represents the benefit to suppliers to those direct sectors. This would include, for example, Dallas-based food suppliers to a restaurant. The *induced* impact adds the impact of tourism-generated wages as they are spent in the Dallas economy. The image of the iceberg represents the various impacts of tourism. Those industries that are part of the direct tourism sector represent the impact that is visible, i.e., above the surface of the water. But below the surface, traveler spending generates wages, employment, and taxes in a host of supporting industries. Although these are not seen, they are critical to understanding the full economic impact of tourism in Dallas.



The economic impacts reported in this study are based on traveler spending as reported in D.K. Shifflet & Associates' *PERFORMANCE/Monitor*SM travel survey and Office of Travel and Tourism Industries data on international visitation. Global Insight cross-checked and augmented these data with its own detailed NAICS database on sales and employment by sector. The IMPLAN Input-Output economic impact model for Dallas was used to estimate the direct, indirect, and induced impacts.

Traveler spending exceeds the direct impact. This is because not all goods and services purchased by travelers are supplied by firms located in Dallas. The IMPLAN model accounts for import leakages to suppliers located outside of Dallas.

The economic benefits here apply to the City of Dallas and the City limits only. All data for Dallas is based upon the predefined City limits.



*OTTI: Office of Travel and Tourism Industries, U.S. Department of Commerce

¹ Value added of an industry is equal to the sum of wages, taxes, profits, and capital depreciation.

II. Executive Summary

A. Background and Purpose

This study provides a comprehensive and detailed account of the economic and tax impacts generated by visitors in the City of Dallas in calendar year 2006 with comparisons to 2005. In this report, the terms 'City of Dallas' and 'Dallas' are used interchangeably and stand for the geographic boundaries of the City of Dallas.

B. Key Findings

Figure II-1

Key Findings: City of Dallas				
2006	Direct	Indirect	Induced	Total
Total Spending	-	-	-	\$3.27 billion
Economic Impact	\$1.64 billion	\$577 million	\$484 million	\$2.70 billion
Wages	\$1.08 billion	\$351 million	\$302 million	\$1.73 billion
Jobs	37,343	7,034	6,607	50,984
Tax Receipts	-	-	-	\$744 million
2005	Direct	Indirect	Induced	Total
Total Spending	-	-	-	\$3.16 billion
Economic Impact	\$1.60 billion	\$541 million	\$465 million	\$2.60 billion
Wages	\$1.05 billion	\$343 million	\$294 million	\$1.69 billion
Jobs	37,225	7,022	6,593	50,840
Tax Receipts				\$704 million

Source: Global Insight, D.K. Shifflet & Associates

Spending by Travelers in Dallas Totaled \$3.27 billion in 2006, growing 3.6% over 2005 visitor spending.

- Travelers spent \$632 million on lodging, \$780 million at restaurants, \$536 million for entertainment, and \$1.32 billion on a broad range of goods and services including transportation and shopping.
- The economic impact of these expenditures (after import leakages) totaled \$2.70 billion. This includes \$1.64 billion in direct economic impact, \$577 million in indirect economic impact (supplier effect), and \$484 million in induced economic impact (income effect).
- Of every dollar spent in Dallas in 2006, 82.5% 'stayed' local and led directly to Dallas's gross city product.

Traveler Spending Supported 50,984 Jobs and \$1.73 billion in Wages in 2006

- Traveler spending supported 50,984 jobs in Dallas in 2006. Of these, 37,343 were directly employed by tourism sectors like hotels and restaurants. Travel & tourism spending generated an additional 7,034 indirect jobs and 6,607 induced jobs.
- Employment grew 0.3% between 2005 and 2006. Labor Income grew at 2.6%.

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- Total tourism generated employment comprises 10.8% of all private non-farm jobs in the City of Dallas. Almost one in nine non-farm workers in the City of Dallas are supported by the tourism industry.
 - Direct travel & tourism employment grew to over 50,000 jobs in Dallas. As a percentage of overall employment, travel & tourism as an industry employed 7.9% of the private labor force in 2006.
 - \$1.73 billion in total wages were earned in by workers employed in the travel & tourism industry in Dallas. \$1.08 billion in wages was supported directly by tourism spending in 2006.

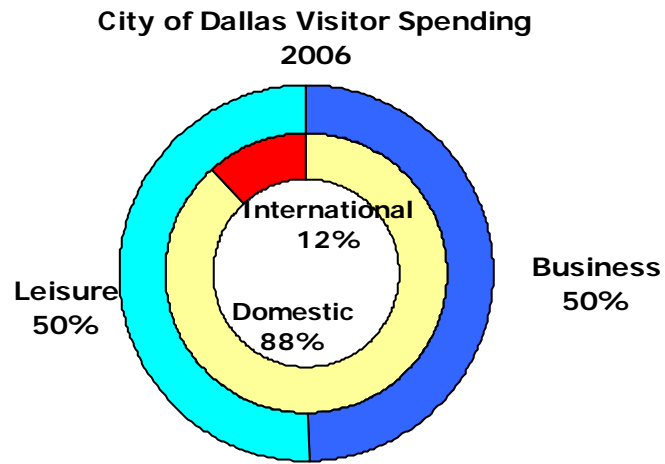
Travelers Generated Federal, State, and Local Tax Revenue totaling \$744 million in 2006

- In 2006, spending by travelers in Dallas generated \$389 million in state and local taxes, and \$355 million in federal taxes.
- Local taxing authorities in the City of Dallas generated almost \$200 million in revenue as the result of tourism activities in 2006.
- State and local tax receipts grew by 11% between 2005 and 2006.

Domestic markets represent 88% of total visitor spending in Dallas with international markets comprising the remaining 12%. Leisure travel and business travel spending to the City is split evenly.

- Domestic spending reached \$2.9 billion in 2006 and International spending totaled \$379 million.
- Leisure and Business spending totaled \$1.65 billion and \$1.63 billion in Dallas in 2006, respectively. Both business and leisure spending were up around 3.0% for the year.

Figure II-2



Source: Global Insight, D.K. Shifflet & Associates

III. Detailed Results

A. Total Spending by Travelers

Travelers spent \$3.27 billion in Dallas in 2006. These expenditures included \$860.8 million on all transportation, \$632 million on lodging, \$780 million on food and beverages, and \$1.00 billion on shopping and entertainment. Figure III-1 lists the total expenditures by travelers in Dallas in 2006 with comparisons to 2005.

Overall, tourism spending growth in Dallas was up 3.6% between 2005 and 2006. Accommodations spending growth was highest, with spending up 6.7%. Traveler spending on food and beverages was up 4.1% while entertainment expenditures had the lowest growth at 1.1% between 2005 and 2006. Shopping and non-air transportation were each up around 2.8%.

Figure III-1

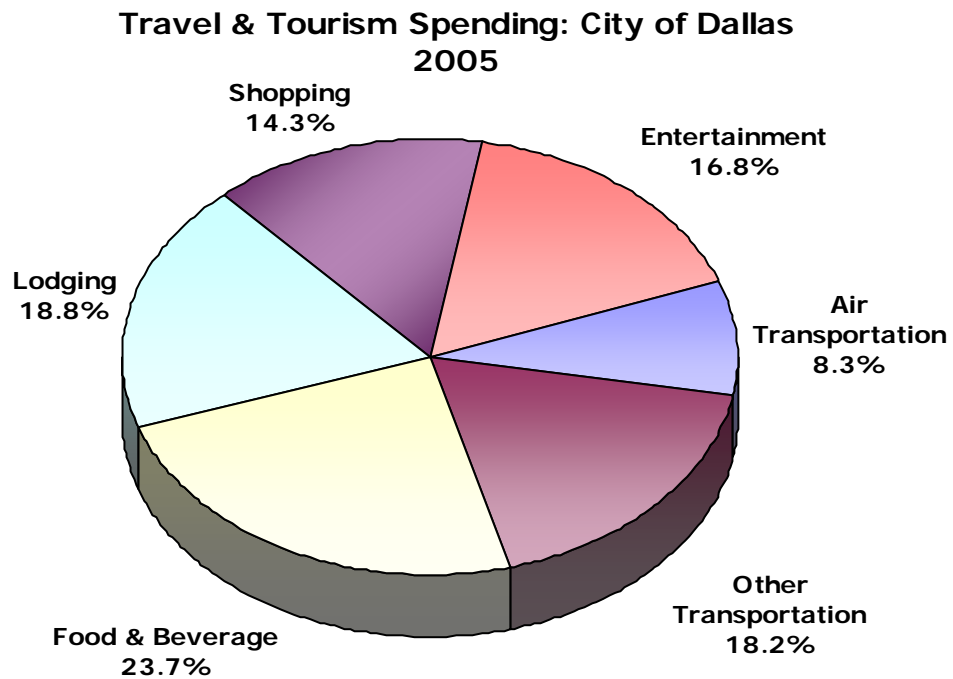
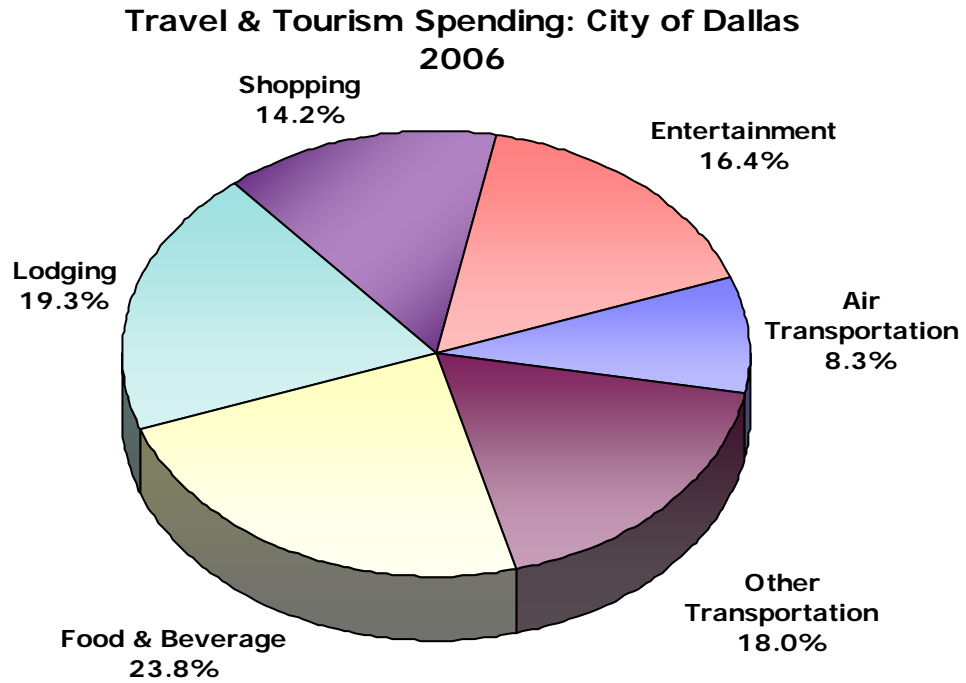
Expenditure Category	2005 (million \$)	2006 (million \$)
Air Transportation	261.0	271.7
Other Transportation	573.9	589.2
Lodging	592.2	632.0
Food & Beverage	749.4	779.9
Shopping	451.1	464.1
Entertainment	529.9	535.7
Total	3,157.5	3,272.5

Source: Global Insight, D.K. Shifflet & Associates

With business travel being a significant percentage of total visitor expenditure, it is no surprise that Food and Beverage spending, lodging expenses and transportation costs make up a significant portion of the visitor dollar. On average, visitors to Dallas spend almost 24 cents of each dollar on Food and Beverages. About 19 cents go to lodging costs with a total of 26 cents going to all transportation expenses within the City of Dallas. This leaves 30 cents for shopping and entertainment, with entertainment getting about 16 cents in 2006.

The largest increase in spending share was seen, not surprisingly since it was the category with the highest growth rate, in the lodging sector. Travelers spent 19.3% of their Dallas spending on lodging in 2006, an increase of 0.5 percentage points over 2005. The share of spending on food and beverage also rose while the share of the traveler dollar spent on entertainment and shopping fell. Entertainment spending lost the biggest share of the traveler dollar, its share fell 0.4 percentage points while retail stores and other venues fell 0.1 percentage points. Figure III-2 shows the major spending categories and their percentage of all dollars spent from visitors to Dallas.

Figure III-2



Source: Global Insight, DK Shifflet & Associates

B. Economic Impact (Value Added) of Tourism

As shown in Figure III-3, travel & tourism consists of many different standard industries as defined by the North American Industry Classification System (NAICS). A share of the retail, transportation, restaurant, lodging, and entertainment industries directly contributes to the travel sector.

In 2006, Dallas tourism directly generated \$1.64 billion of economic value in sectors “touching” the visitor.

Additional sectors benefited as suppliers to direct tourism industries, with an indirect tourism-generated economic impact of \$577 million. The induced impact of tourism reached \$484 million as tourism wages were spent within the Dallas area.

In total, travelers to Dallas generated \$2.7 billion of economic value, up 3.8% over the total from 2005.

Figure III-3

Dallas Travel & Tourism: 2006 Economic Impact (Value Added)				
Industry (NAICS)	Direct (million \$)	Indirect (million \$)	Induced (million \$)	Total (million \$)
Food & Beverage	432.5	14.3	23.5	470.3
Lodging	397.0	3.0	4.3	404.3
Entertainment	350.6	31.2	8.1	389.8
Finance, Insurance & Real Estate (FIRE)	135.0	110.7	69.5	315.2
Retail Trade	129.3	21.1	58.4	208.8
Prof. & Business Services	0.0	156.1	37.8	193.8
Air Transportation	120.2	1.6	1.7	123.4
Wholesale Trade & Utilities	0.0	64.3	47.0	111.3
Public Administration	0.2	13.2	83.8	97.1
Other Transportation	72.6	13.5	5.5	91.7
Manufacturing	0.0	48.6	22.6	71.1
Other Services	0.0	39.3	31.5	70.8
Education & Health Services	0.0	0.7	67.2	67.9
Information	0.0	29.2	14.0	43.2
Natural Resources & Mining	0.0	22.6	8.0	30.5
Construction	0.0	7.6	1.6	9.2
Agriculture, Forestry & Fishing	0.0	0.2	0.1	0.4
Total	1,637.3	577.1	484.4	2,698.8
Total - 2005	1,595.5	541.0	465.1	2,601.1
% Change	2.6%	6.7%	4.2%	3.8%

Source: Global Insight

The food and beverage, lodging and entertainment sectors provide the largest direct economic impact, adding close to \$1.2 billion in value added to the City economy. The Finance and Insurance, retail trade and air transportation sector add in another \$390 million to the gross city product of Dallas.

While the largest economic impacts will be to the core tourism businesses like hotels and restaurants, Figure III-4 illustrates the fact that certain industries not directly involved in travel and tourism see significant economic benefits because of tourism in Dallas. As can be

noticed by the plum colored sections (or the darker middle sections if viewing in black and white) of the bars in Figure III-4, the Professional and Business Services sector (denoted by Bus. Services in the table below) and Finance, Insurance & Real Estate (denoted by FIRE) receive significant economic benefits as suppliers to the tourism industry.

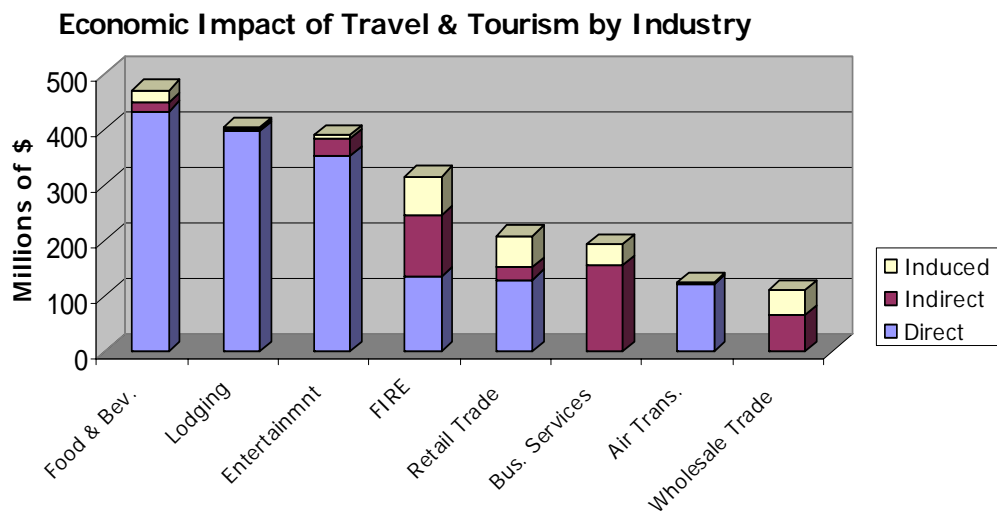
The Professional and Business Services sector gains \$156 million in indirect economic impact as a supplier to the tourism industries hotels and restaurants. Advertising services, accounting, graphic design and locksmiths are just a couple examples of professional and business services demanded by the tourism industry. In the City of Dallas, sales of these companies to tourism providers led to \$156 million in value added for those companies in 2006.

Add in the \$37 million in induced impacts gained and the total impact in Business Services of \$194 million is larger than the total impact of the retail trade sector. This shows not only the linkages between the tourism industry and the rest of the economy in Dallas but the importance of tourism to businesses not directly impacted by tourism spending.

Tourism spending creates a significant economic impact in several other industries, including wholesale trade, manufacturing and other services.

Tourism's impact is significant to the suppliers of goods and services to businesses that directly touch the visitor.

Figure III-4



Source: Global Insight

C. Wages Supported by Tourism

Wages and salaries generated by visitors to Dallas are shown in Figure III-5. In 2006, directly paid wages and salaries to tourism sectors reached \$1.07 billion; indirect production generated \$351 million in compensation; and induced wages tallied \$302 million. In total, workers received \$1.73 billion in wages and benefits as a result of Dallas tourism activity.

Overall, wages paid to employees supported by tourists grew 2.6%. Wage growth to the direct employees of tourism-related businesses -- the hotels, restaurants, and others -- also showed growth of 2.6%.

Figure III-5

Dallas Travel & Tourism: 2006 Wages				
Industry (NAICS)	Direct (million \$)	Indirect (million \$)	Induced (million \$)	Total (million \$)
Food & Beverage	303.9	10.0	16.5	330.4
Entertainment	260.7	26.4	5.8	292.9
Lodging	218.0	1.6	2.4	221.9
Finance, Insurance & Real Estate (FIRE)	86.2	41.9	32.2	160.2
Prof. & Business Services	0.0	127.2	31.0	158.2
Retail Trade	80.6	12.5	37.1	130.2
Air Transportation	84.3	1.1	1.2	86.5
Education & Health Services	0.0	0.6	58.3	58.9
Other Transportation	42.5	10.6	3.1	56.2
Other Services	0.0	27.3	24.1	51.4
Public Administration	0.1	6.9	43.6	50.6
Wholesale Trade & Utilities	0.0	28.5	22.0	50.6
Manufacturing	0.0	28.1	13.5	41.6
Information	0.0	13.7	6.3	20.0
Natural Resources & Mining	0.0	8.4	3.0	11.4
Construction	0.0	6.4	1.3	7.8
Agriculture, Forestry & Fishing	0.0	0.2	0.1	0.3
Total	1,076.2	351.4	301.6	1,729.2
Total - 2005	1,048.6	342.6	294.0	1,685.2
% Change	2.6%	2.6%	2.6%	2.6%

Source: Global Insight

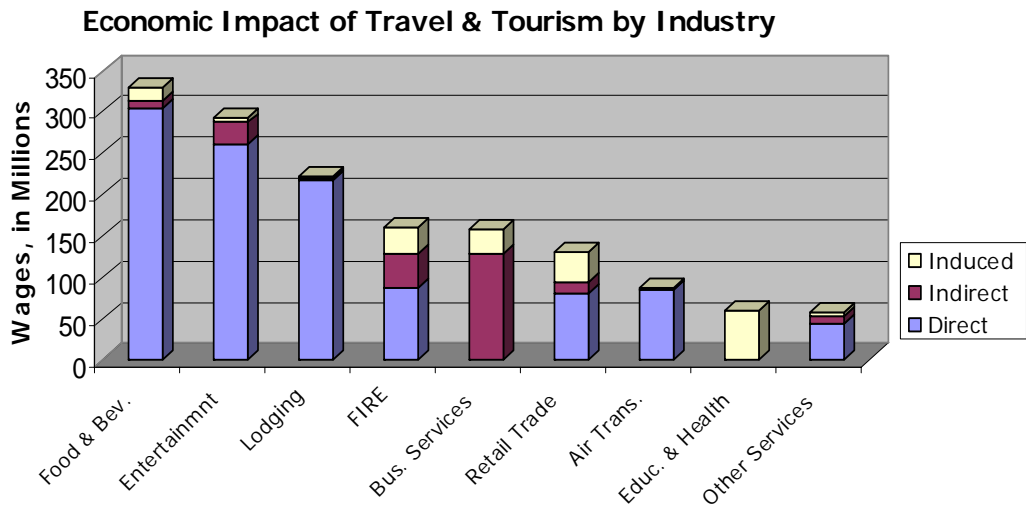
Wages and proprietor income from tourism in the food and beverage, entertainment and lodging sectors adds almost \$750 million in income to employees and owners of businesses in the City of Dallas. The majority of this compensation is businesses that directly touch the visitor.

While the sectors above bring in the largest percentage of compensation from tourism, notice the benefit to the professional services sector as denoted by 'Bus. Services' in Figure III-6 below. Even though this sector does not benefit directly from tourism spending and has less total employment impact than those same sectors, wages and benefits paid to its employees are higher than in an industry like Retail Trade. The strong compensation numbers in the professional services sector mean \$158 million was paid to employees in that industry as a result of tourism spending in Dallas.

Another sector not usually associated with tourism spending is the education and health sector. Employees of the tourism industry – the hotel workers, the airport workers and

more, who are also residents of Dallas – make use of Dallas based doctors, hospitals and their children attend schools in the region. Their spending results in \$59 million in compensation to workers in the Education and Health Services sector. This induced effect – the spending of the employees of the tourism industry – is another manner in which tourism spending flows through the local economy.

Figure III-6



Source: Global Insight

D. Employment Supported by Tourism

Figure III-7 shows the total employment by industry supported by Dallas traveler spending. Tourism directly supported 37,343 full-time and part-time jobs throughout the City in 2006 — primarily in lodging, restaurants, transportation, and entertainment. The indirect impact of travelers' dollars supports another 7,034 jobs. An additional 6,607 jobs are generated by the spent wages of direct and indirect tourism employees.

Figure III-7

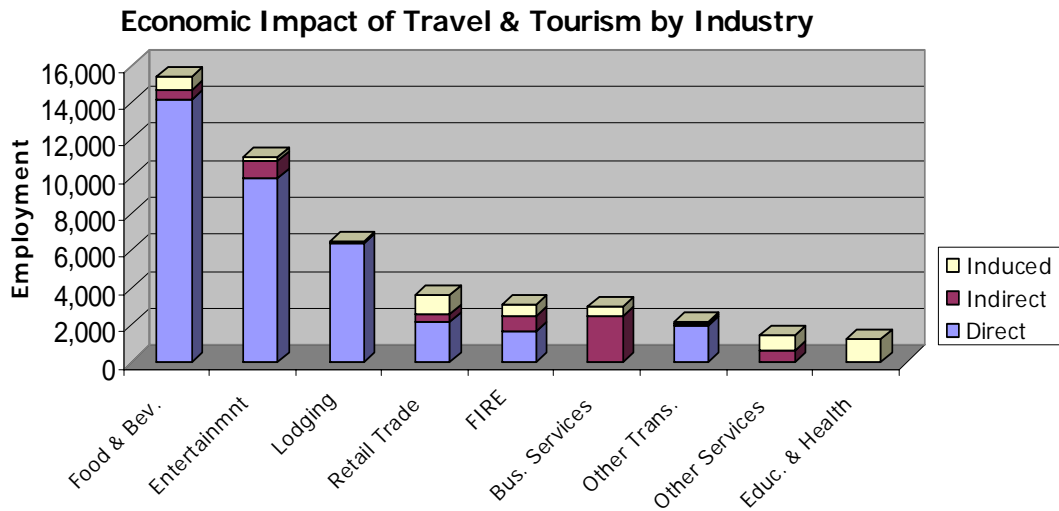
Dallas Travel & Tourism: 2006 Employment					
Industry (NAICS)	Direct	Indirect	Induced	Total	% of Total
Food & Beverage	14,181	469	771	15,420	30.2%
Entertainment	9,922	925	222	11,069	21.7%
Lodging	6,381	48	69	6,498	12.7%
Retail Trade	2,180	362	1,028	3,570	7.0%
Finance, Insurance & Real Estate (FIRE)	1,682	830	580	3,091	6.1%
Prof. & Business Services	0	2,441	529	2,969	5.8%
Other Transportation	1,907	174	80	2,161	4.2%
Other Services	0	652	778	1,431	2.8%
Education & Health Services	0	18	1,223	1,241	2.4%
Air Transportation	1,088	14	15	1,118	2.2%
Public Administration	2	124	791	917	1.8%
Manufacturing	0	378	187	565	1.1%
Wholesale Trade & Utilities	0	252	214	466	0.9%
Information	0	150	69	219	0.4%
Construction	0	133	28	161	0.3%
Natural Resources & Mining	0	56	20	75	0.1%
Agriculture, Forestry & Fishing	0	9	4	13	0.0%
Total	37,343	7,034	6,607	50,984	100.0%
Total – 2005	37,225	7,022	6,593	50,840	
% Change	0.3%	0.2%	0.2%	0.3%	

Source: Global Insight

The Professional & Business Services industry realizes the highest number of tourism-generated jobs that are not directly related to travelers—2,969, while there are other industries that also see a significant number of tourism generated jobs that do not touch the traveler, such as the 'Other Services' category, with over 1,430 tourism created jobs.

As is shown in the following graph, the majority of the employment from visitor spending is highest in industries that directly touch the visitor. This is a bit different from our other graphs, where we saw certain industries not directly involved in the visitor experience benefited more than industries directly related to tourism.

Figure III-8



Source: Global Insight

After seeing how much tourism spending impacts other industries, it is also important to look at tourism employment against other industries in Dallas. Direct tourism employment is the appropriate employment number to use to create this comparison. As shown in Figure III-9, employment from travel and tourism is the tenth largest source of private jobs in Dallas. Tourism as an industry comprises 7.6% of all 2006 private employment in Dallas.

Note that, in Figure III-9, tourism employs 37,343 people in 2006. These jobs are not netted out of the other categories. The Retail Trade industry employs 59,809 people in 2006 and some of those people are also in the travel and tourism industry. One way of reading this table is to say that "Tourism as an industry employs 37,343 people. The retail trade industry, in total, including tourism related jobs, employs 59,809 people."

Figure III-9

Primary Industries in Dallas 2006				
Rank	Industry	2005	2006	% of Total
1	Professional & Business Services	139,499	149,847	30.5%
2	Financial Activities	85,138	89,222	18.1%
3	Education & Health Services	83,366	87,396	17.8%
4	Leisure & Hospitality	67,527	70,249	14.3%
5	Manufacturing	58,974	60,101	12.2%
6	Retail Trade	59,042	59,809	12.2%
7	Wholesale Trade	44,433	45,903	9.3%
8	Construction, Natural Resources, & Mining	41,460	43,648	8.9%
9	Transportation, Warehousing, & Utilities	38,598	39,226	8.0%
10	Tourism	37,225	37,343	7.6%
11	Information	30,876	30,937	6.3%
12	Other Services	21,472	22,010	4.5%
	Total	473,893	491,596	100.0%

Source: Global Insight, Bureau of Labor Statistics

E. Federal, State and Local Taxes Paid

The federal government, as well as the state and local governments, derive significant taxes from companies, households, and the travelers themselves. Businesses and households pay income, sales, and excise taxes. Travelers pay tourism-specific taxes along with general sales taxes. Figure III-10 lists 2006 and 2005 Federal and State and Local taxes.

Tourism in Dallas generated \$744 million in federal, state, and local taxes in 2006. This is a 5.7% increase over 2005. State tax receipts related to Dallas tourism were \$189 million. Local taxing authorities in the City of Dallas gained \$200 million in tax receipts from traveler spending in 2006. State and local tax receipts were up 11.4% between 2005 and 2006 with the largest increases in the lodging and sales tax collections.

Figure III-10

City of Dallas Tourism: 2006 & 2005 Tax Revenue Generation		
Tax	2005 (\$)	2006 (\$)
Federal: US		
Corporate Income	46,392,293	46,458,571
Personal Income	80,727,743	80,896,222
Excise & Fees	58,939,625	59,009,304
Social Security & Other Taxes	168,733,554	169,115,592
Federal Total	354,793,215	355,479,689
State: Texas		
Corporate Income	10,301,279	10,315,995
Personal Income	0	0
Social Security & Other Taxes	2,464,600	2,470,362
Hotel Tax	25,423,450	30,872,925
Car Rental Tax	6,792,800	6,500,000
Excise & Fees	10,003,426	10,014,370
Sales Taxes	109,161,289	129,072,598
Texas Total	164,146,843	189,246,252
Local: Dallas		
Corporate Income	0	0
Hotel Tax - City Portion	29,660,692	36,018,413
Hotel Tax - Stadium Portion	8,474,483	10,290,975
Car Rental Tax	3,396,400	3,250,000
Property Taxes	101,316,294	101,436,756
Excise & Fees	7,209,082	7,222,657
Sales Taxes	34,931,612	41,303,231
Dallas Total	184,988,563	199,522,033
Grand Total	703,928,621	744,247,974

Source: Global Insight

Dallas Household Savings

If tourism did not exist in the City of Dallas, taxing authorities in the City would need to generate an average of \$844 in State & Local taxes from each of the 460,749 households in Dallas, in order to maintain the current level of tax receipts. This is up from \$766 per household in 2005.

