



Economic Impact of Tourism in Maryland

Calendar Year 2017 analysis



TOURISM
ECONOMICS

AN OXFORD ECONOMICS COMPANY

1) Key findings

Growth continues in 2017 as travelers enjoy more Maryland activities and destinations per trip

Key facts about Maryland's tourism sector

Visitation of 42.5 million in 2017

Visitor spending rose 2.1% in 2017 to \$17.7 billion

Tourism spending supports 6.1% of all jobs in Maryland

Tourism in Maryland generated \$2.4 billion in state and local taxes in 2017

Key indicators in Maryland 2017

Dollar figures in millions

Tourism spending	\$17,682
Total business sales	\$28,890
Direct employment sustained by tourism	148,997
Income sustained by tourism (Direct)	\$6,318
Taxes sustained by tourism	\$4,546
Federal	\$2,126
State	\$1,544
Local	\$876

Source: Tourism Economics

Key findings

- 2017 marks eight straight years of visitor spending growth in Maryland.
- Visitor spending grew 2.1% in 2017 and has increased nearly 45% over 2009 results.
- Visitor spending increased by \$360 million in 2017 to reach \$17.7 billion; spending is up by nearly \$5.5 billion since 2009.
- 42.5 million visitors chose Maryland as their destination.
- Visitor spending growth was led by spending on food & beverages and lodging sectors as growing wages and strong consumer confidence meant growth in spending per trip.

- Visitor spending of \$17.7 billion generated nearly \$29.0 billion in total business sales in 2017 as traveler dollars flowed through the Maryland economy.
- Visitor activity sustained 224,170 jobs in 2017, both directly and indirectly.
- 1-in-16.5 jobs in the state is sustained by tourism activity – 6.1% of private non-farm employment in Maryland.
- Including indirect and induced impacts, tourism in Maryland generated \$2.4 billion in state and local taxes and \$2.1 billion in Federal taxes in 2017.
- In the absence of state and local taxes generated by tourism, each Maryland household would need to pay an additional \$1,100 to maintain the current level of government services. Each visitor adds \$57 to state and local coffers.

2) Visitation and Spending

Trends in Maryland tourism

1 Visitation

- 42.5 million visitors chose Maryland as their destination with leisure visitation growing.
- 41.5 million domestic visitors
- 1 million overseas and Canada

2 Visitor spending driven by growth in trip spend

- 2017 marks the eighth straight year of visitor spending growth with spending increasing 2.1% as those travelers to Maryland stayed longer and visited more destinations in the state.

3 Spending growth is stronger in key industry sectors

- Visitor spending growth was led by spending on food & beverages, with lodging also outpacing overall state spending growth – all key industries supporting state impacts.

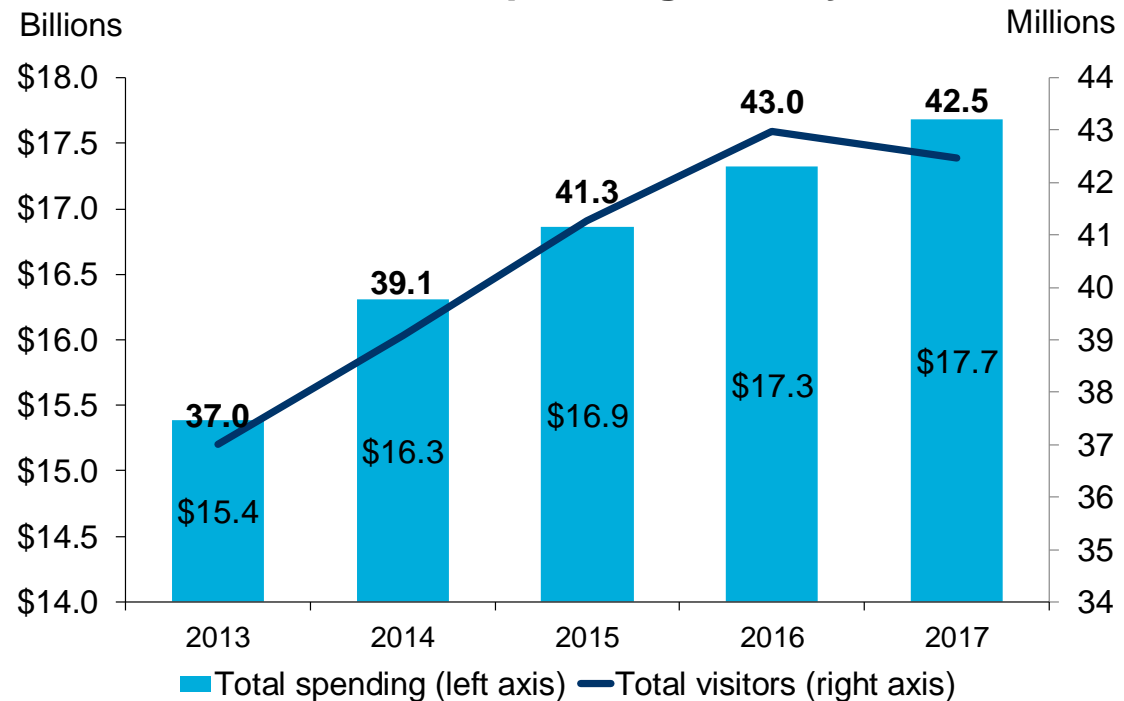
2017 results

Maryland was the destination for 42.5 million visitors in 2017. Those visitors spent \$17.7 billion in the state.

The steady climb of visitor spending continued in 2017 as increased per-trip spend supported more spending in a very low inflationary period.

While leisure visitation grew, a decline in business travel dropped overall visitation slightly.

Visitation and visitor spending in Maryland



Source: Tourism Economics

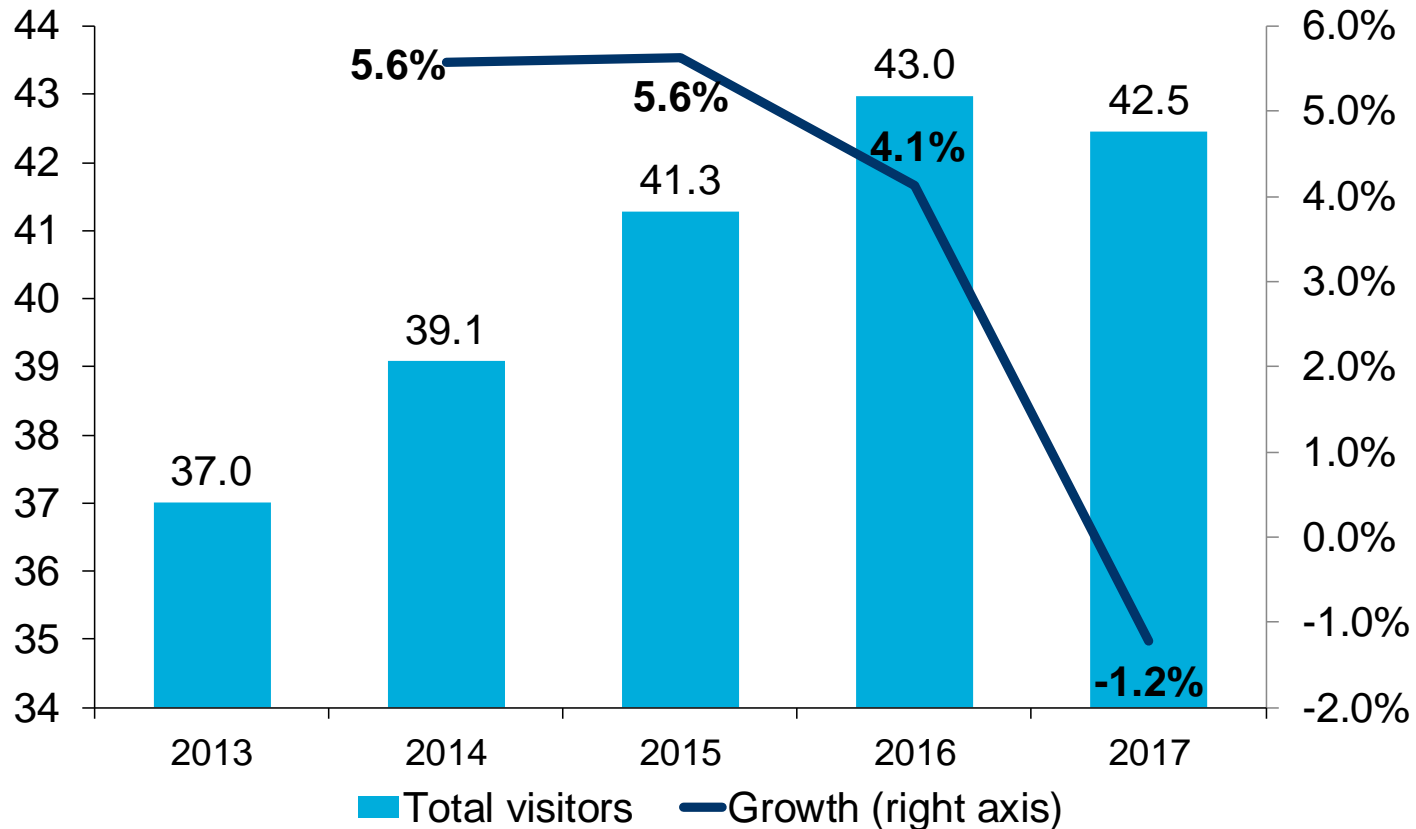
Visitation

While visitor trips to the state were slightly down, leisure trips were up in 2017. Business travel declines were behind the visitation losses.

Visitors to Maryland

Visitors, millions

Percent growth

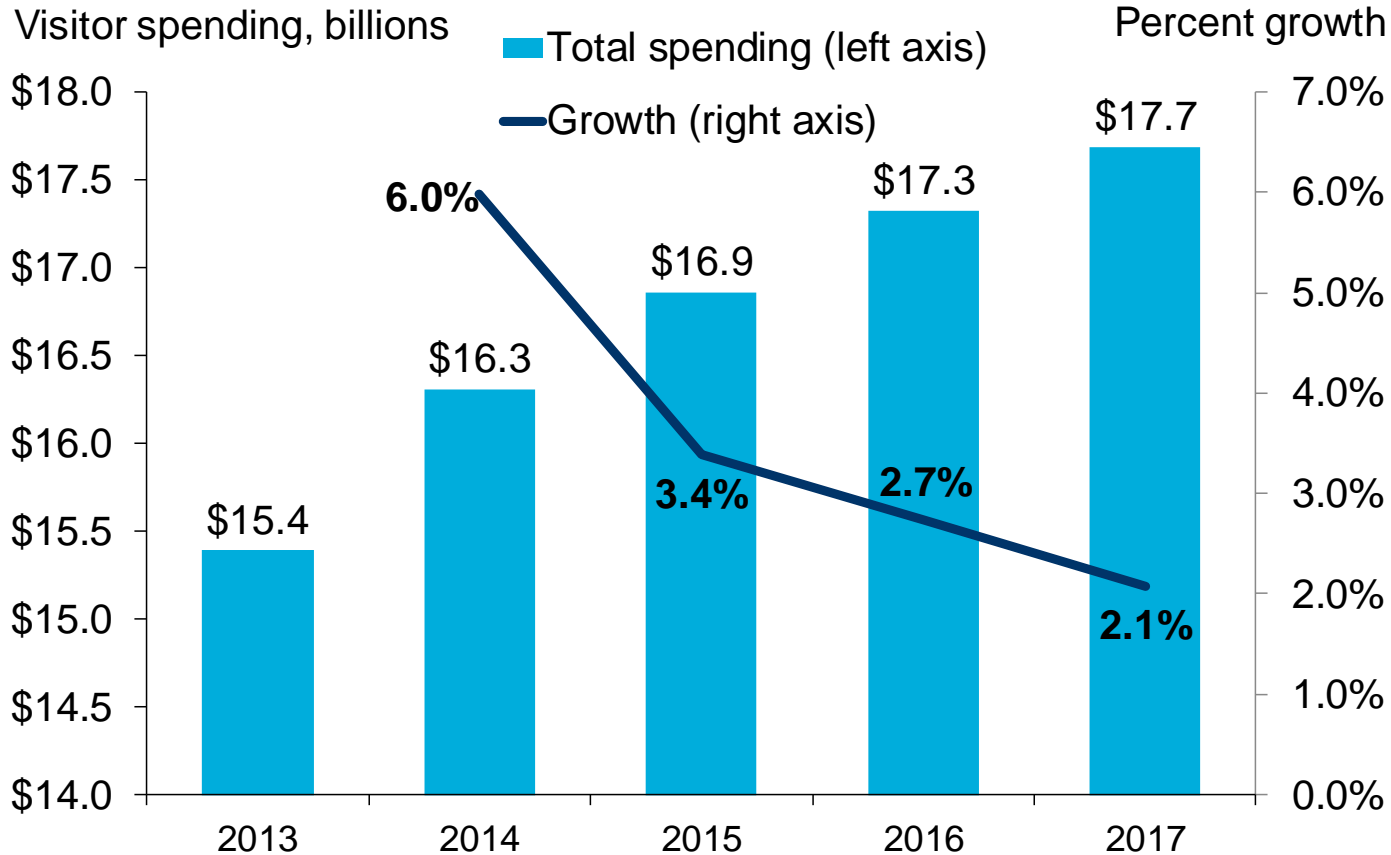


Source: Tourism Economics

Visitor spending growth

With minimal price inflation, spending gains were mainly driven by increases in per-trip spending as visitors stayed longer on their trips to Maryland destinations.

Tourism industry sales



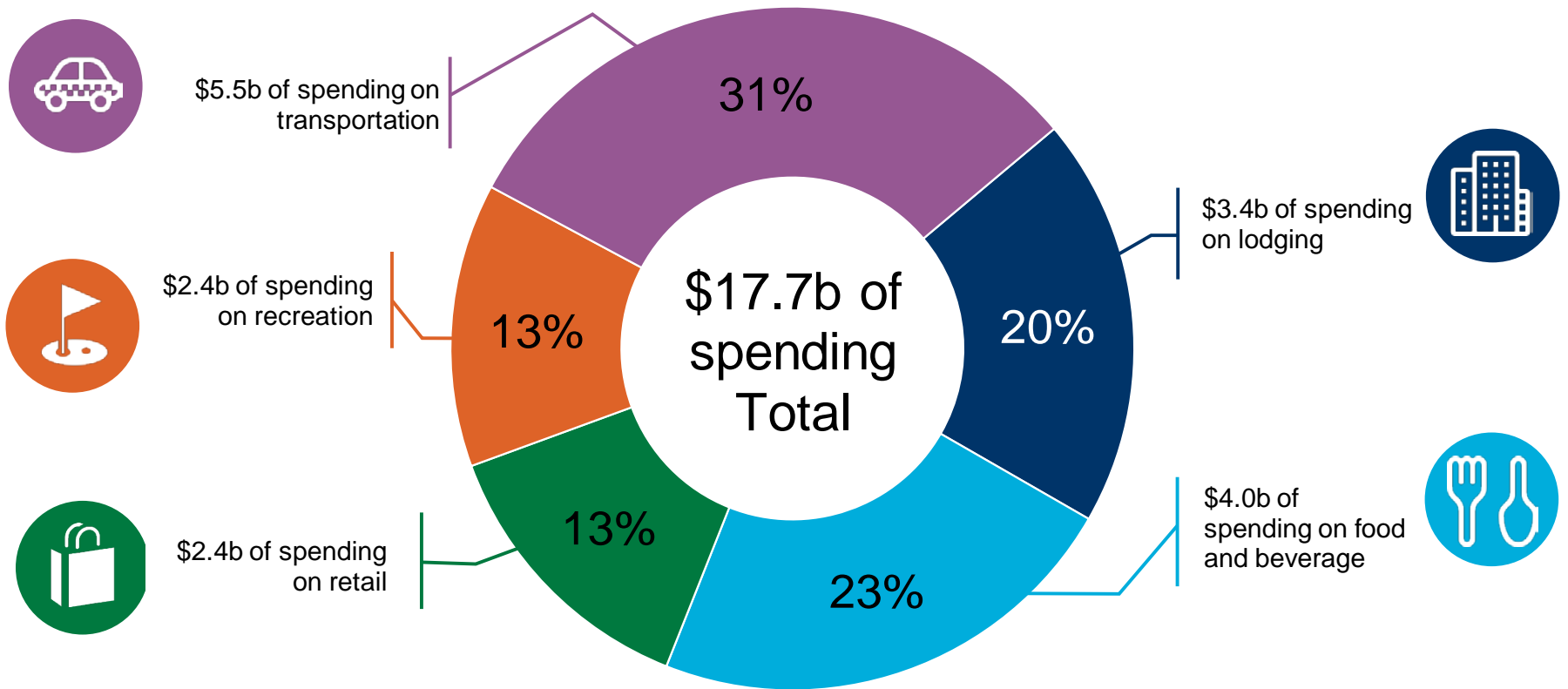
Source: Tourism Economics

Tourism industry sales in Maryland

Lodging and spending on food & beverages capture 43% of all visitor spending.

Tourism industry sales in Maryland, 2017

Dollars, billions and percent of total



Source: Tourism Economics

Tourism spending reached \$17.7 billion in 2017

Spending grew 2.1% in 2017, led by increases in spending at restaurants and grocery stores.

Visitor spending increased by 2.1% in 2017, supported by growth in spending on food & beverages.

Visitor spending at lodging businesses grew 2.5% to reach \$3.4 billion in 2017.

Food & beverage spending has increased by nearly \$800 million since 2013.

Tourism industry sales in Maryland

Nominal dollars, millions

	2013	2014	2015	2016	2017	2017 Growth	2013-2017 CAGR
Lodging	\$2,864.2	\$3,039.4	\$3,160.7	\$3,350.7	\$3,433.6	2.5%	3.7%
Food & beverages	\$3,220.2	\$3,458.4	\$3,673.6	\$3,852.7	\$4,014.2	4.2%	4.5%
Retail	\$2,298.0	\$2,424.8	\$2,401.0	\$2,383.0	\$2,370.4	-0.5%	0.6%
Recreation	\$2,007.6	\$2,156.6	\$2,251.9	\$2,390.9	\$2,372.6	-0.8%	3.4%
Local Transportation	\$3,414.4	\$3,594.0	\$3,682.4	\$3,596.2	\$3,682.7	2.4%	1.5%
Air Transportation	\$1,585.4	\$1,636.1	\$1,691.8	\$1,749.3	\$1,808.8	3.4%	2.7%
Total	\$15,389.8	\$16,309.4	\$16,861.4	\$17,322.8	\$17,682.3	2.1%	2.8%

* Lodging includes 2nd home spending

Source: Tourism Economics

Tourism spending is changing with prices

With transportation spending plateauing, spending increases have come from lodging and food & beverages.

Food & beverage spending surpassed \$4.0 billion in 2017, increasing by \$150 million.

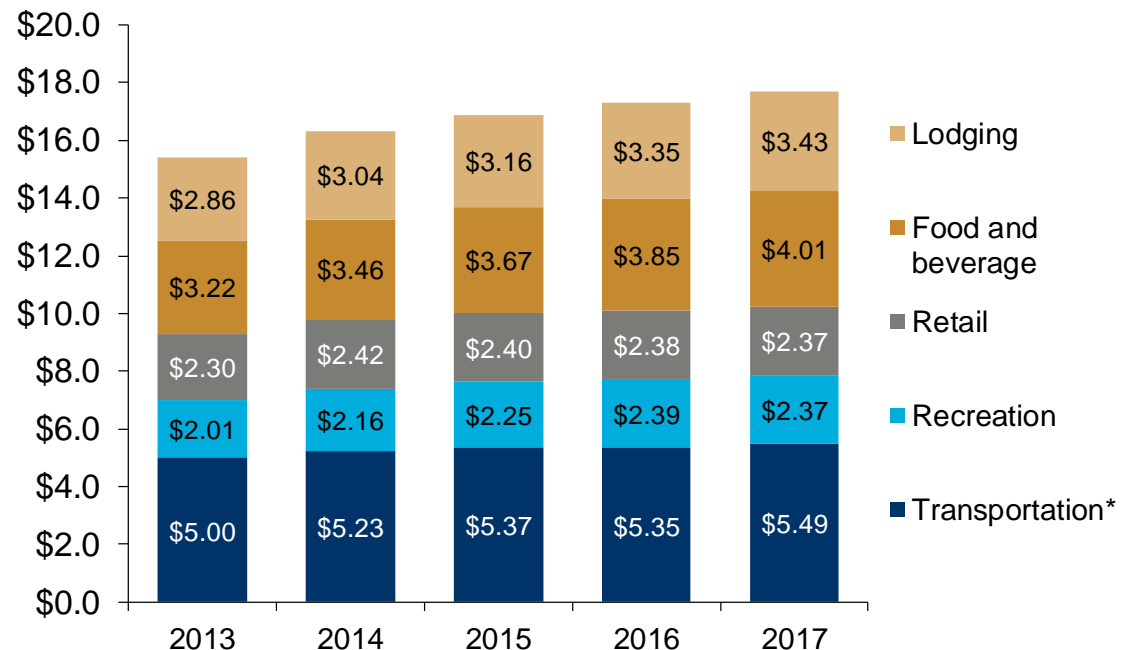
Lodging spending, including spending on 2nd homes, rose to \$3.4 billion in 2017.

Spending on food & beverages increased \$140 million in 2017, and has grown 20% since 2013, rising to \$3.3 billion.

Gasoline prices rose minimally for much of 2017, keeping the cost to travel down and supporting minimal overall transportation cost increases.

Maryland tourism industry sales by sector

Billions of \$



Source: Tourism Economics

* Transportation spending includes local transportation costs and airport spending in support of visitors in the state

Tourism spending is changing with prices

The share of the visitor dollar going to transportation is decreasing while the lodging and food & beverages shares are increasing.

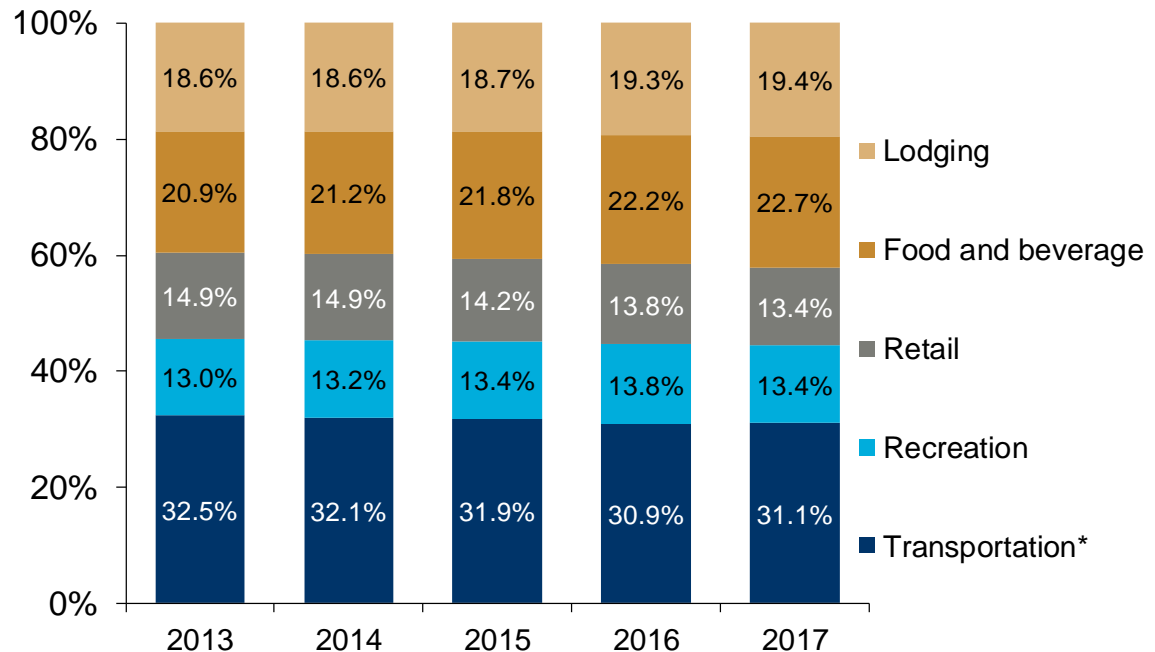
Low gasoline prices have reduced the share of spending on transportation to 31% of the total, down from 32.5% in 2013.

Increases in lodging spending have raised the share of the visitor dollar going to lodging costs by 0.8 percentage points, reaching 19.4% in 2017.

Recreational spending has rebounded in recent years to reach 13.4%.

Maryland tourism industry sales by sector

Share of total



Source: Tourism Economics

* Transportation spending includes local transportation costs and airport spending in support of visitors in the state

Visitor spending by travel sectors

In 2017, visitor spending growth was led by leisure visitors, day travelers, and overseas arrivals.

Leisure visitor spending supported state-wide traveler spending, increasing by 2.6% in 2017.

Lower gas prices in 2017 has spurred day travel visitation growth, helping support day visitor spending growth.

Overseas visitor spending led growth in 2017.

Tourism industry sales in Maryland, 2017

Nominal dollars, billions

	Purpose		Stay		Market
Leisure	\$12.92	Day	\$2.97	Domestic	\$16.00
Business	\$4.77	Overnight	\$14.71	Overseas	\$1.61
				Canada	\$0.07
Total	\$17.68	Total	\$17.68	Total	\$17.68
Growth Rates					
Leisure	2.6%	Day	5.5%	Domestic	1.9%
Business	0.7%	Overnight	1.4%	Overseas	3.4%
				Canada	2.0%
Total	2.1%	Total	2.1%	Total	2.1%
Share					
Leisure	73.0%	Day	16.8%	Domestic	90.5%
Business	27.0%	Overnight	83.2%	Overseas	9.1%
				Canada	0.4%

Source: Tourism Economics

Visitor spending by travel sectors

Visitor spending in Maryland is led by domestic, leisure, and overnight sectors.

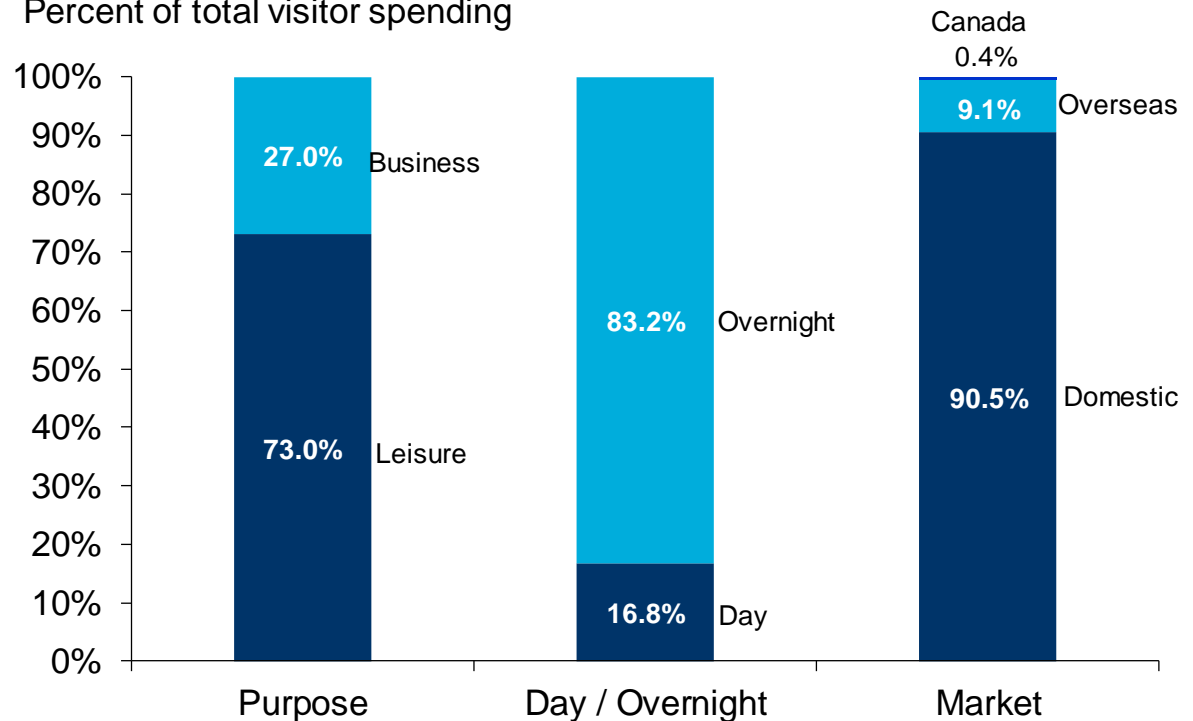
Leisure spending makes up 73% of all visitor spending in the state.

Despite being a smaller portion of overall visitation, overnight visitor spending is nearly 83% of all visitor spending.

International visitor spending comprised about 10% of all visitor spending in Maryland in 2017.

Tourism industry sales by market segment, 2017

Percent of total visitor spending



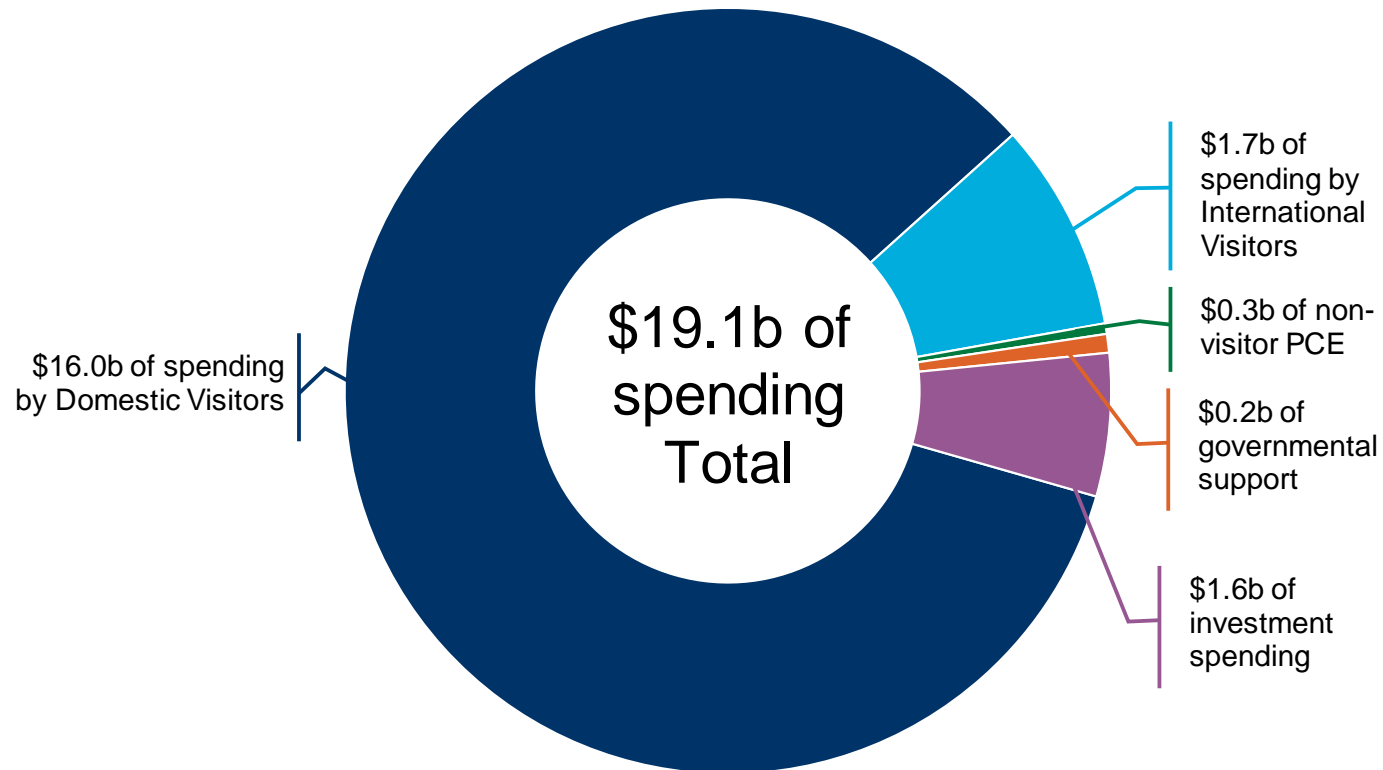
3) Tourism Economy

Tourism economy in Maryland

Visitor economy spending in Maryland reached \$19.1 billion in 2017, dominated by domestic visitor spending.

Tourism economy in Maryland, 2017

Dollars, billions



Source: Tourism Economics

Tourism economy sales

Non-visitor private consumption expenditures (PCE) represent tourism consumer durables such as an RV, boat, or furniture for a vacation home.

Government support for tourism includes the budgets for destination marketing and other budget items in broad support of tourism.

Capital investment (CAPEX) includes construction of hotels and attractions, as well as tourism equipment and infrastructure.

The Tourism Satellite Account looks at a broader range of tourism-related expenditures, tallying \$19.1 billion.

Tourism economy in Maryland

Nominal dollars, millions

	2013	2014	2015	2016	2017	2017 Growth	2013-2017 CAGR
Domestic Visitor	\$13,522.6	\$14,622.5	\$15,214.4	\$15,693.2	\$15,997.8	1.9%	3.4%
International Visitor	\$1,867.3	\$1,686.9	\$1,647.0	\$1,629.6	\$1,684.5	3.4%	-2.0%
Non-Visitor PCE	\$63.7	\$63.7	\$65.2	\$78.4	\$85.0	8.4%	5.9%
Govt Support	\$125.0	\$124.2	\$135.9	\$145.3	\$150.3	3.4%	3.8%
Investment	\$1,039.5	\$1,108.2	\$1,236.1	\$1,186.2	\$1,151.1	-3.0%	2.1%
Total	\$16,618.1	\$17,605.5	\$18,298.6	\$18,732.7	\$19,068.7	1.8%	2.8%

Source: Tourism Economics

Tourism industry and economy sales

The Tourism Satellite Account looks at a broader range of tourism-related expenditures, tallying \$19.1 billion.

The direct impact of tourism is driven by tourism industry sales only. This allows for apples-to-apples comparisons with other industries.

The total economic impact of tourism includes investment in support of tourism, government spending and non-visitor private consumption expenditures (PCE).

Tourism sales, 2017

Nominal dollars, millions

Category	Industry	Economy
Lodging	\$3,433.6	\$3,433.6
Food & beverages	\$4,014.2	\$4,014.2
Retail	\$2,370.4	\$2,370.4
Recreation	\$2,372.6	\$2,372.6
Local Transportation	\$3,682.7	\$3,682.7
Air Transportation	\$1,808.8	\$1,808.8
Non-Visitor PCE	\$0.0	\$85.0
Govt Support	\$0.0	\$150.3
Investment	\$0.0	\$1,151.1
Total	\$17,682.3	\$19,068.7

Source: Tourism Economics

Construction in support of tourism

\$1.15 billion was spent on construction costs in support of the tourism industry in Maryland.

Spending on machinery & equipment neared \$750 million in 2017.

Construction on new tourism-related facilities in the state fell in 2017.

Tourism capital investment in Maryland

Dollars are nominal, millions

	2013	2014	2015	2016	2017	2017 growth	2013-2017 CAGR
Construction	\$386.8	\$416.0	\$519.5	\$459.4	\$407.0	-11.4%	1.0%
Machinery & Equipment	\$652.7	\$692.2	\$716.6	\$726.9	\$744.1	2.4%	2.7%
Total	\$1,039.5	\$1,108.2	\$1,236.1	\$1,186.2	\$1,151.1	-3.0%	2.1%

Source: Tourism Economics

4) State Tourism Industry Impacts (Direct)

Tourism industry impacts

The Tourism Satellite Account looks at a broader range of tourism-related expenditures, tallying \$19.1 billion.

Tourism GDP is the value added of those sectors directly interacting with travelers.

The narrow definition of the tourism industry counts only tourism industry sales, which excludes capital investment and general government support of tourism. This definition is consistent with economic accounts.

On this basis, tourism industry GDP tallied \$8.4 billion in 2017, and tourism industry employment neared 149,000, or 4.0% of total Maryland employment.

Tourism industry impacts		
	Employment	GDP
Agriculture, Fishing, Mining	-	-
Construction and Utilities	-	-
Manufacturing	-	-
Wholesale Trade	-	-
Air Transport	3,971	\$650.4
Other Transport	13,219	\$919.7
Retail Trade	14,215	\$754.1
Gasoline Stations	4,478	\$258.0
Communications	-	-
Finance, Insurance and Real Estate	2,692	\$442.5
Business Services	1,060	\$102.5
Education and Health Care	-	-
Recreation and Entertainment	27,982	\$1,099.5
Lodging	27,377	\$2,008.8
Food & Beverage	51,493	\$2,025.0
Personal Services	2,510	\$127.8
Government	-	-
TOTAL	148,997	\$8,388.5

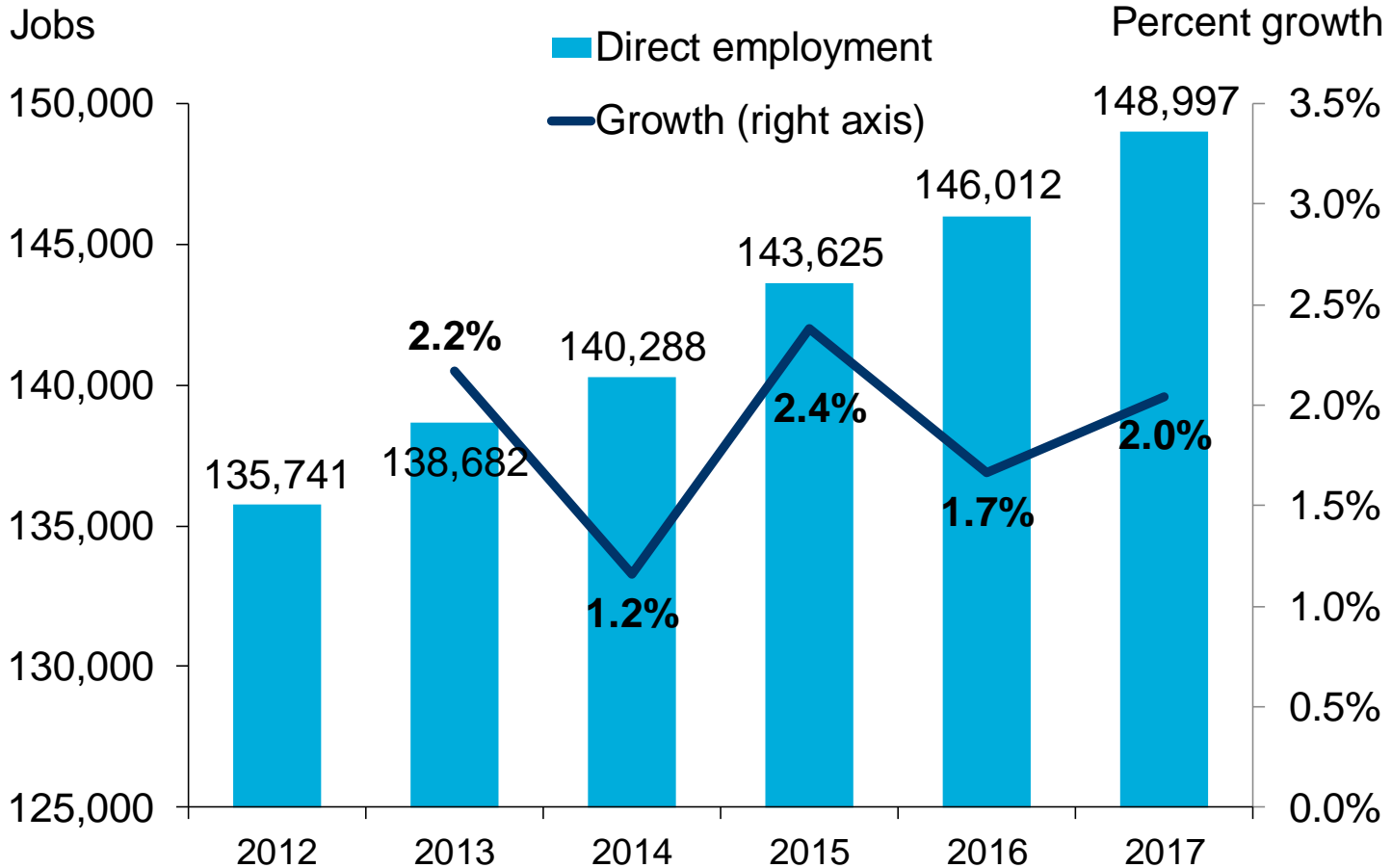
Why sales and GDP differ

- Tourism industry sales in Maryland equals \$17.7 billion while GDP measures \$8.4 billion
- GDP (Gross domestic product) is less than sales because it measures only the locally-produced value of goods and services consumed by visitors
 - This includes the local labor, capital depreciation, and the profits of tourism-related companies that are based in Maryland
 - The costs of imported goods (gasoline, food or retail goods) that come from out-of-state are excluded from the GDP calculation
 - In addition, business profits from out-of-state companies are also excluded. For example, Wal-Mart profits leave the state as Wal-Mart's corporate headquarters is in Arkansas.

Tourism employment growth

With spending growth concentrated in key tourism sectors, tourism businesses hired nearly 3,000 more employees in 2017.

Tourism supported employment in Maryland

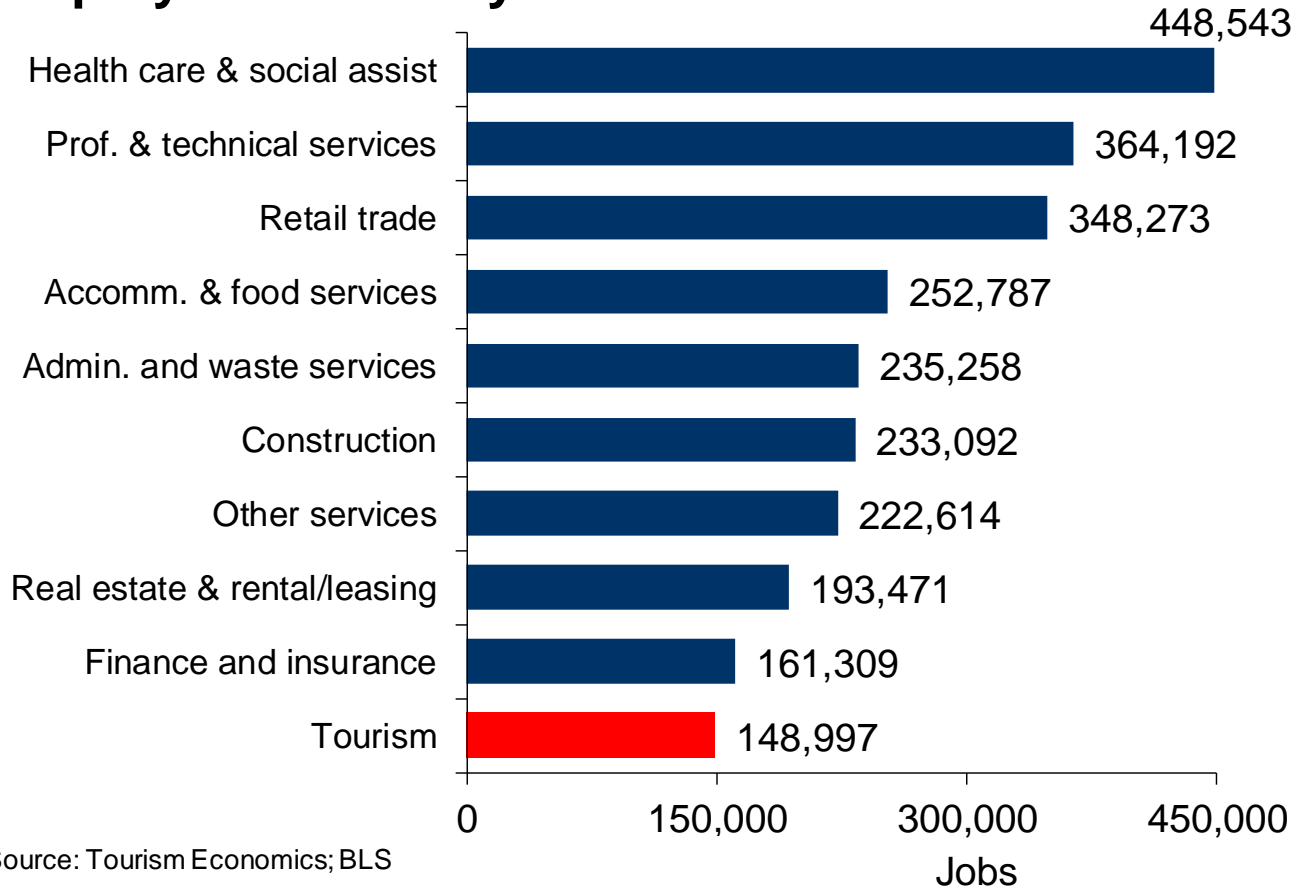


Source: Tourism Economics

Tourism employment rank

Examining the tourism industry against other private sector industries, tourism is the 10th largest employer in the State of Maryland.

Employment in Maryland

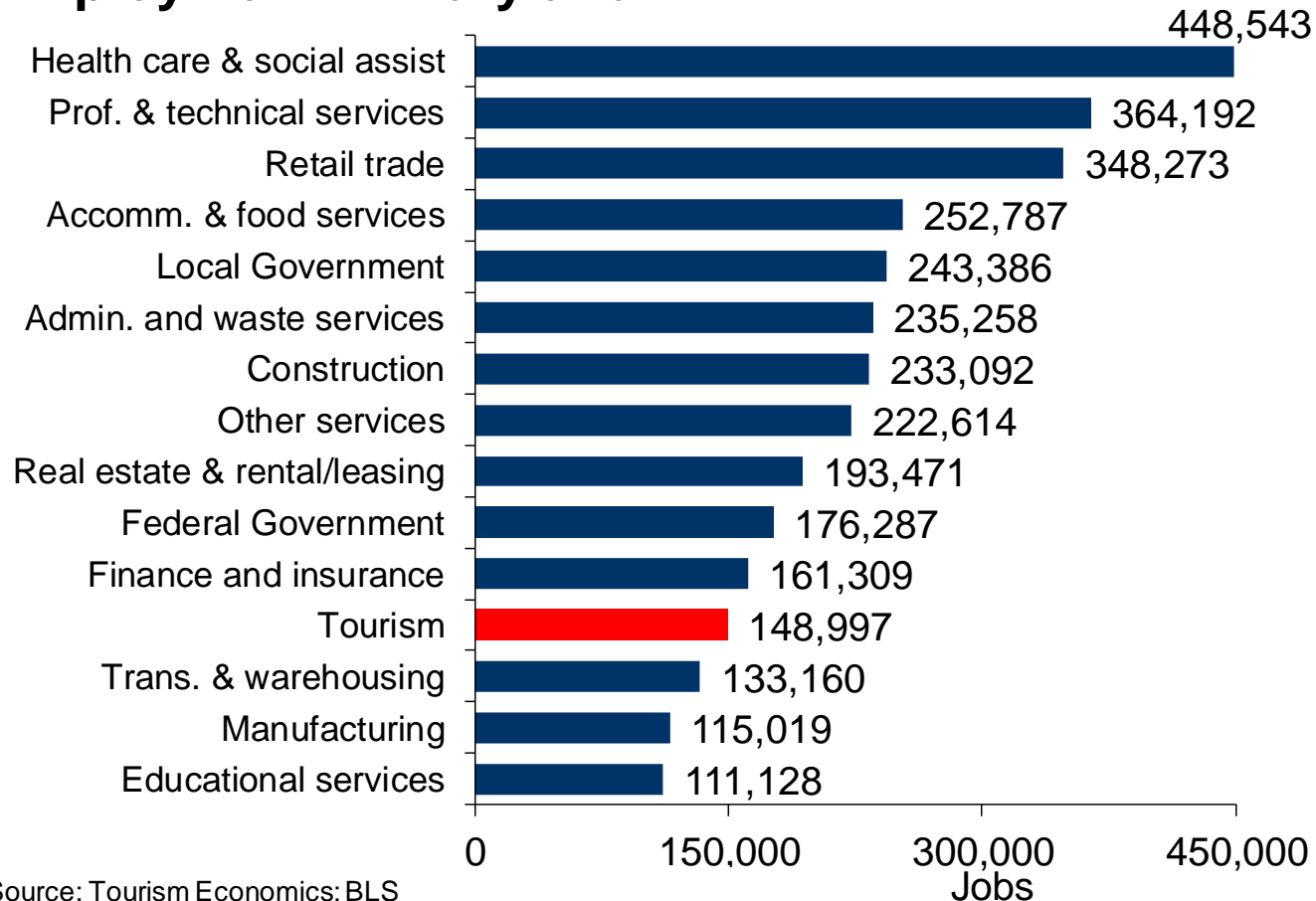


Source: Tourism Economics; BLS

Tourism employment rank

Tourism is the 12th largest employer in the State of Maryland, including governmental employment.

Employment in Maryland

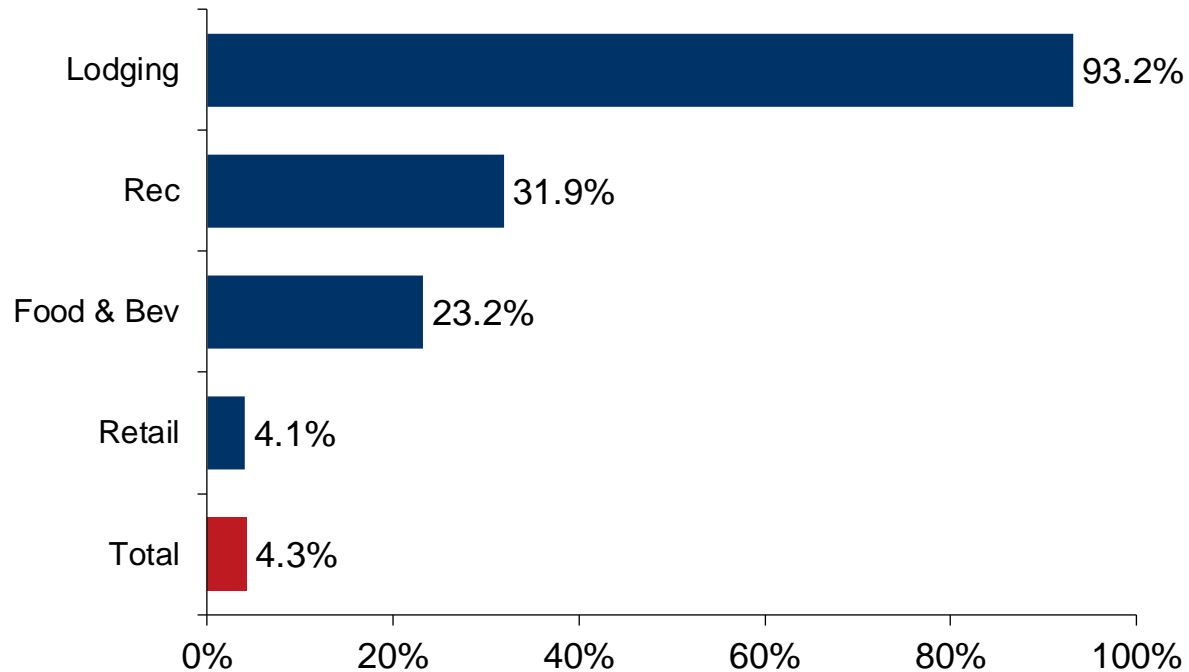


Source: Tourism Economics; BLS

Tourism employment intensity

Tourism employment is a significant part of several industries – 93.2% of lodging, 31.9% of recreation, and 23% of food & beverage employment is supported by tourism spending.

Tourism employment intensity



Source: Tourism Economics; BLS

Jobs

5) The Economic Impact of Tourism

How tourism generates impact

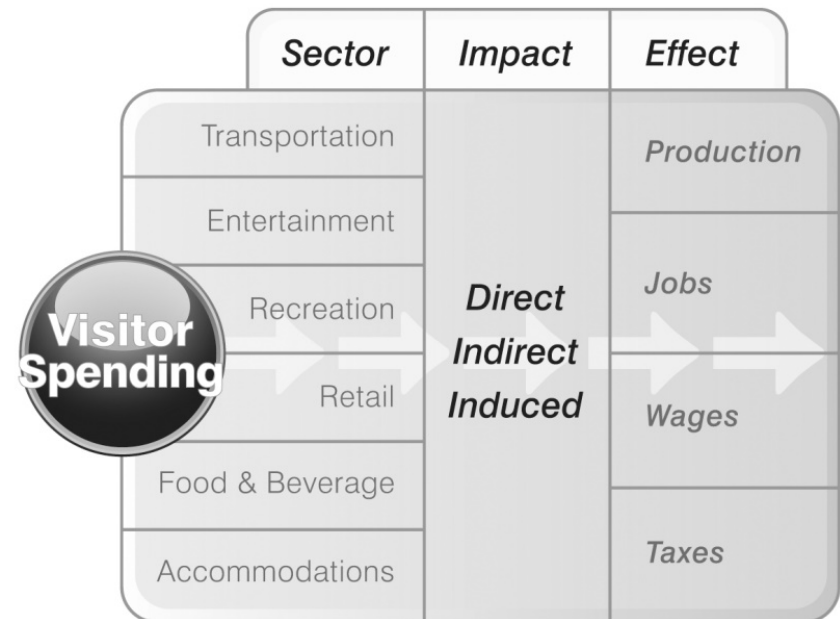
Our analysis of tourism's impact on Maryland starts with actual spending by tourists, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in Maryland, we input tourism spending into a model of the Maryland's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

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

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

Tourism spending flows through the economy and generates economic benefit through multiple channels.

How tourism spending flows through the economy and generates economic benefits



Tourism impact summary

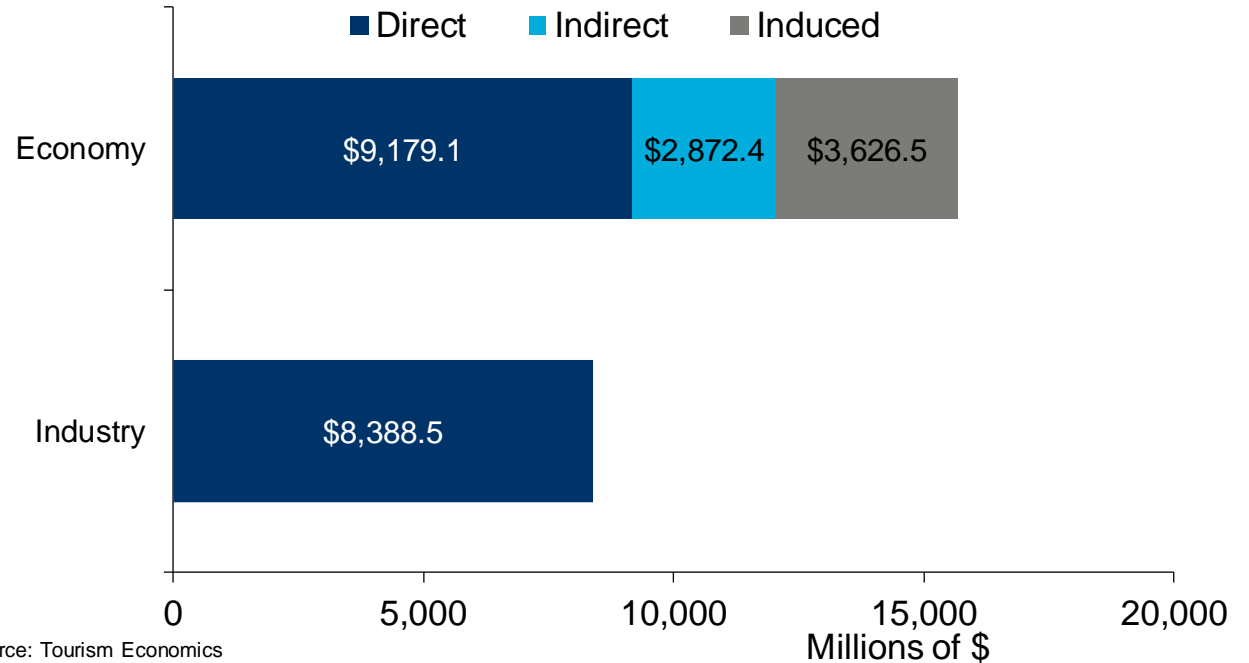
The tourism industry is the direct impacts of visitor spending. The tourism economy includes capital investment and other spending streams in support of tourism in its direct effect and adds in the indirect and induced impacts of that spending.

Tourism industry GDP directly generating \$8.4 billion of Maryland GDP in 2017..

The tourism economy, including direct, indirect and induced impacts, generated GDP of \$15.7 billion. This is 4.0% of the state economy.

Tourism GDP impact, 2017

Dollars, millions



Source: Tourism Economics

Tourism's impact on business sales (1 of 2)

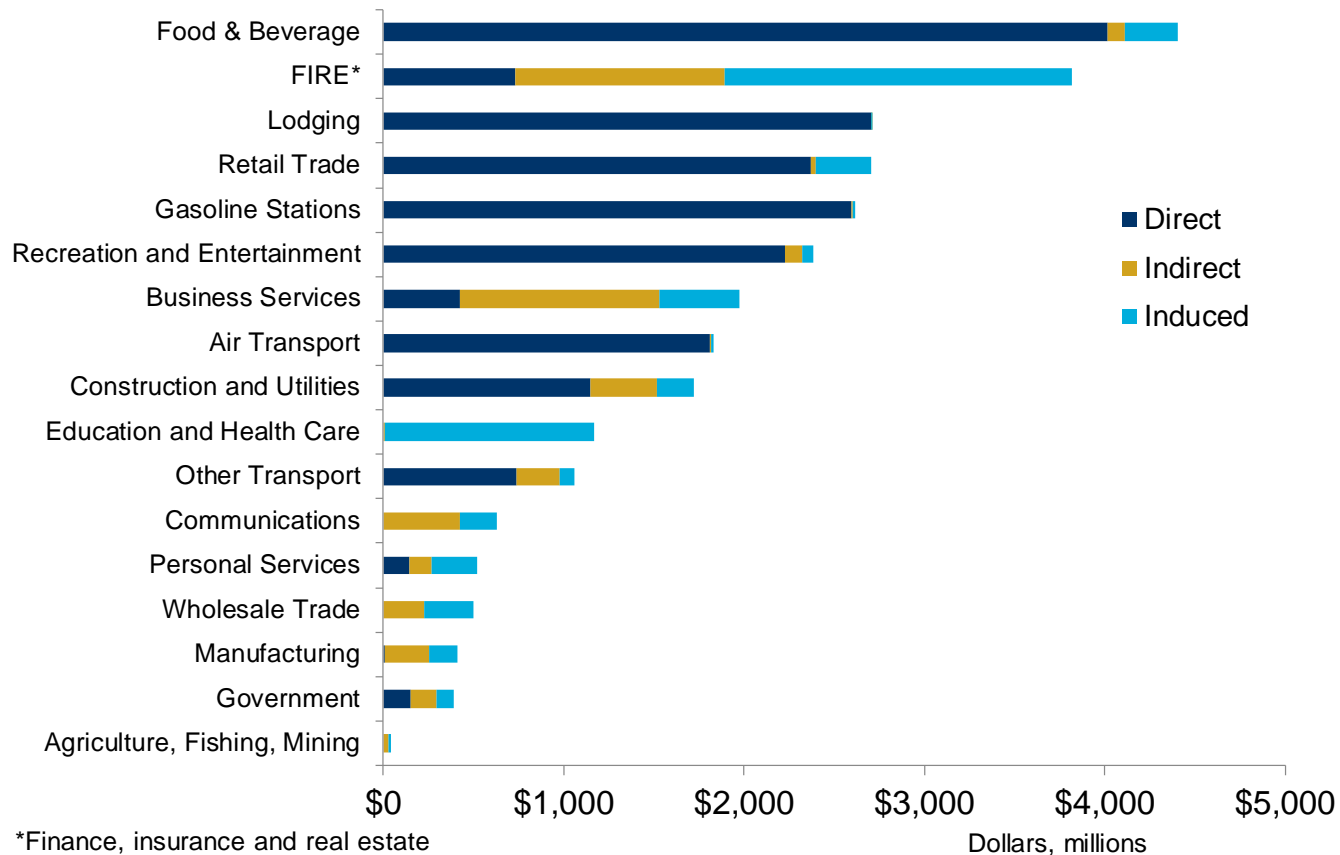
Visitors spent \$17.7 billion in Maryland in 2017. This supported a total of \$28.9 billion in business sales when indirect and induced impacts are considered.

Tourism economy business sales, 2017 (Millions)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	26.8	17.4	44.2
Construction and Utilities	1,151.1	366.0	206.9	1,724.0
Manufacturing	5.2	246.8	157.1	409.1
Wholesale Trade	-	225.7	270.7	496.4
Air Transport	1,808.8	7.0	12.9	1,828.7
Other Transport	741.1	236.1	79.2	1,056.5
Retail Trade	2,370.6	28.6	305.9	2,705.1
Gasoline Stations	2,598.5	1.2	14.2	2,613.9
Communications	-	425.5	206.3	631.8
Finance, Insurance and Real Estate	730.8	1,163.0	1,925.0	3,818.8
Business Services	425.5	1,103.5	448.9	1,977.9
Education and Health Care	-	8.1	1,159.2	1,167.3
Recreation and Entertainment	2,229.1	94.4	64.3	2,387.8
Lodging	2,702.2	3.9	4.3	2,710.4
Food & Beverage	4,014.2	100.9	291.0	4,406.1
Personal Services	141.3	126.3	254.1	521.7
Government	150.3	147.5	92.7	390.4
TOTAL	19,068.7	4,311.3	5,510.0	28,890.0
Growth Rate	2.2%	1.1%	2.3%	2.1%

Tourism's impact on business sales (2 of 2)

While the majority of sales are in industries directly serving visitors, more than \$1.1 billion in business sales is happening in business services and finance, insurance and real estate as a result of selling to tourism businesses.

Tourism economy generated business sales, 2017



Tourism's impact on GDP (Value Added) (1 of 2)

Travel generated \$15.7 billion in state GDP in 2017. This excludes all import leakages to arrive at the economic value generated by travel.

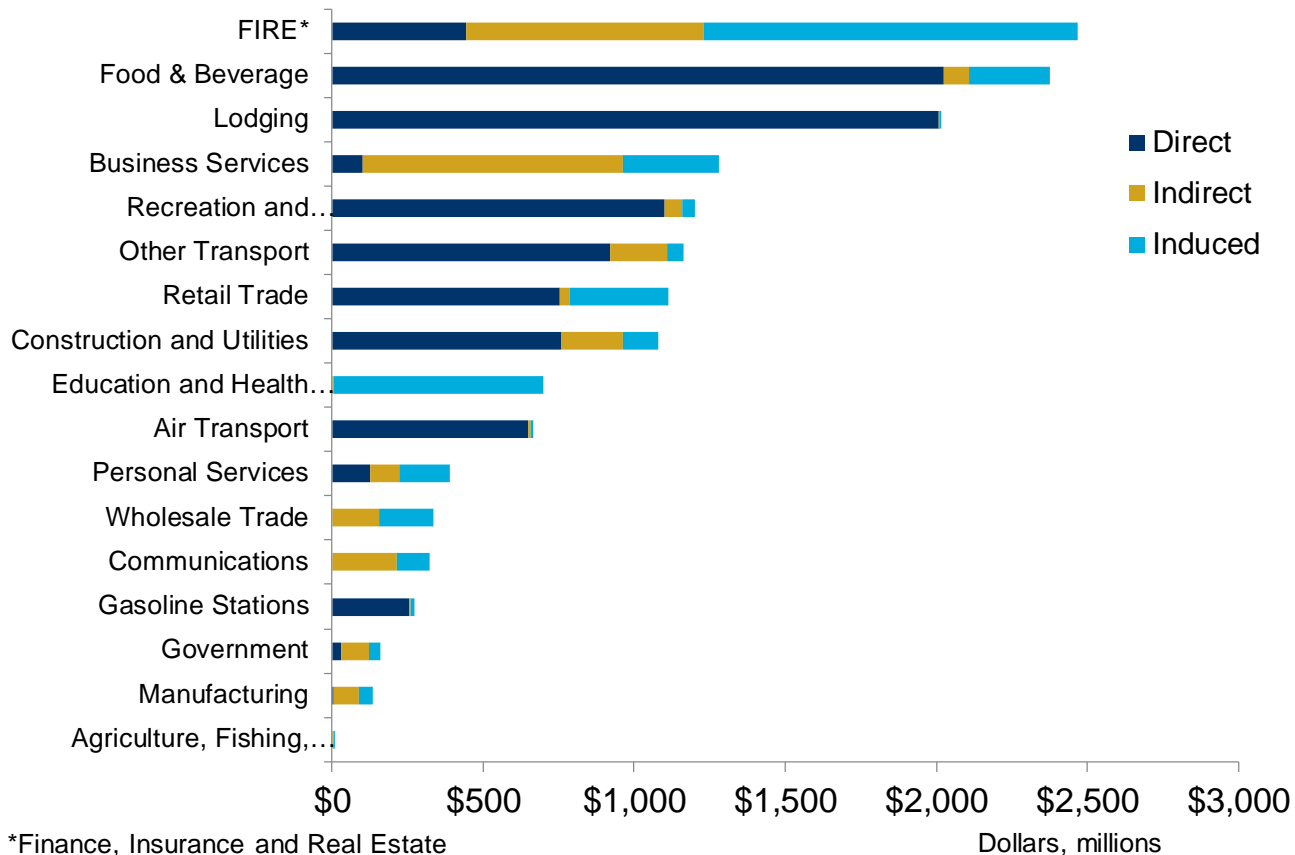
Tourism economy GDP Impact, 2017 (US Millions)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	3.2	2.1	5.4
Construction and Utilities	757.3	205.8	115.0	1,078.1
Manufacturing	3.6	85.9	43.4	132.9
Wholesale Trade	-	155.4	179.9	335.3
Air Transport	650.4	5.0	8.9	664.3
Other Transport	919.7	188.6	56.3	1,164.7
Retail Trade	754.1	31.2	326.5	1,111.9
Gasoline Stations	258.0	1.3	14.4	273.7
Communications	-	212.4	111.6	323.9
Finance, Insurance and Real Estate	442.5	787.5	1,236.0	2,466.0
Business Services	102.5	859.2	320.1	1,281.9
Education and Health Care	-	5.1	696.1	701.2
Recreation and Entertainment	1,099.5	58.1	43.6	1,201.2
Lodging	2,008.8	2.9	2.9	2,014.6
Food & Beverage	2,025.0	84.4	266.0	2,375.4
Personal Services	127.8	94.8	166.6	389.3
Government	29.7	91.4	37.2	158.2
TOTAL	9,179.1	2,872.4	3,626.5	15,678.0

Source: Tourism Economics

Tourism's impact on GDP (Value Added) (2 of 2)

The finance, insurance and real estate (FIRE). industry has the largest economic contribution from traveler spending, followed closely by the restaurant industry.

Tourism economy GDP total impact



*Finance, Insurance and Real Estate

Source: Tourism Economics

Tourism's impact on local employment (1 of 2)

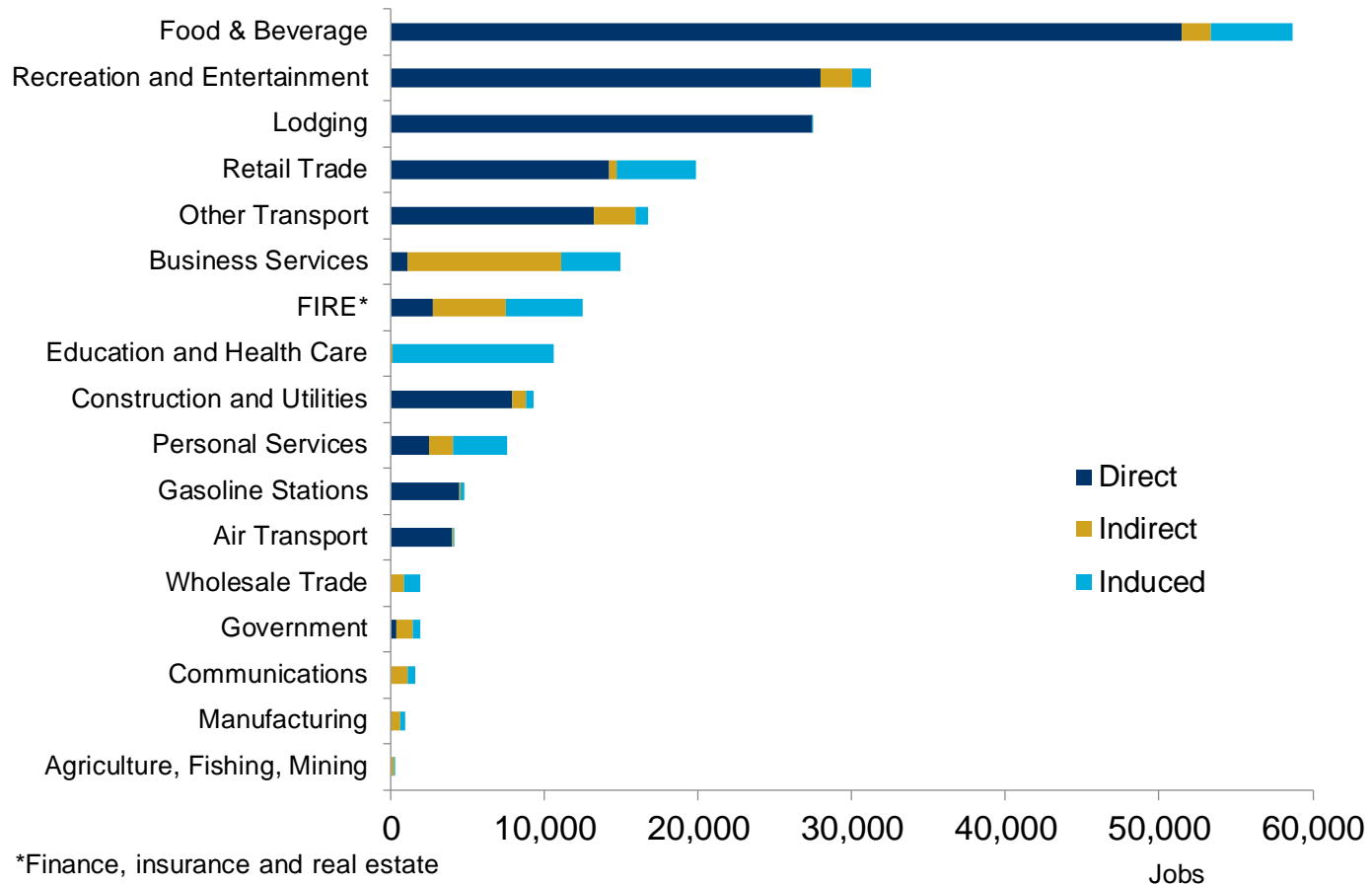
Tourism supported a total of 224,170 jobs when indirect and induced impacts are considered.

Tourism economy generated employment, 2017				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	140	100	240
Construction and Utilities	7,863	892	495	9,250
Manufacturing	41	578	292	911
Wholesale Trade	-	870	1,035	1,904
Air Transport	3,971	29	53	4,053
Other Transport	13,219	2,667	873	16,759
Retail Trade	14,215	489	5,171	19,874
Gasoline Stations	4,478	22	245	4,745
Communications	-	1,067	504	1,571
Finance, Insurance and Real Estate	2,692	4,803	4,952	12,447
Business Services	1,060	10,021	3,868	14,949
Education and Health Care	-	112	10,478	10,590
Recreation and Entertainment	27,982	2,024	1,257	31,263
Lodging	27,377	37	37	27,451
Food & Beverage	51,493	1,890	5,289	58,672
Personal Services	2,510	1,488	3,593	7,592
Government	380	1,050	468	1,897
TOTAL	157,280	28,179	38,710	224,170
Percent Change	1.5%	0.6%	0.2%	1.2%

Source: Tourism Economics

Tourism's impact on local employment (2 of 2)

Tourism economy generated employment, 2017



*Finance, insurance and real estate

Source: Tourism Economics

Tourism's impact on local income (1 of 2)

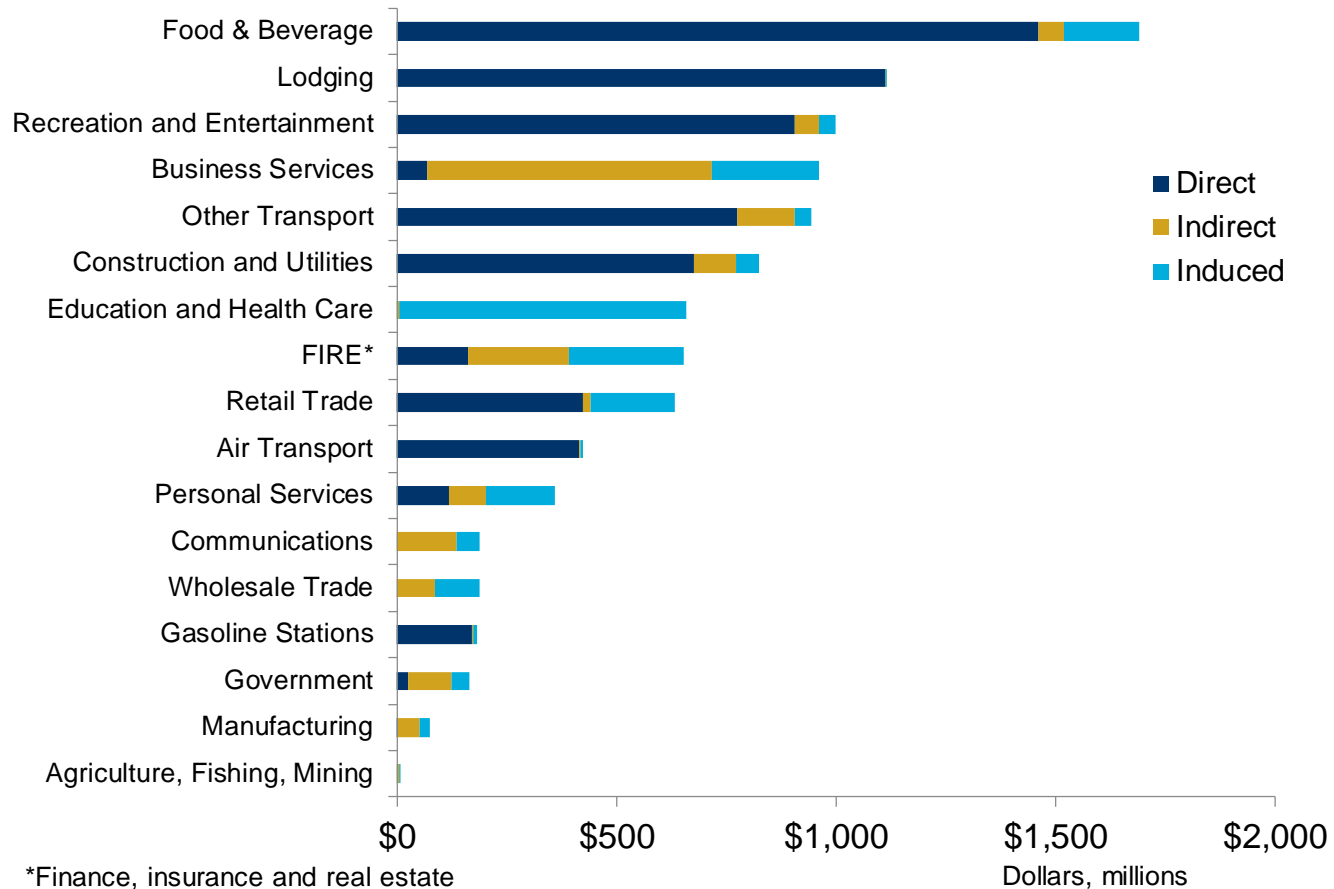
Tourism generated \$6.3 billion in direct income and more than \$10 billion when indirect and induced impacts are added.

Tourism labor income, 2017 (Millions) (Compensation)				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	4.7	3.6	8.3
Construction and Utilities	676.4	96.3	53.2	825.9
Manufacturing	2.6	47.8	23.6	74.0
Wholesale Trade	-	86.4	100.5	186.9
Air Transport	414.6	3.0	5.6	423.2
Other Transport	776.4	128.5	37.4	942.3
Retail Trade	423.1	19.0	191.1	633.2
Gasoline Stations	171.7	0.9	9.7	182.2
Communications	-	135.4	53.4	188.7
Finance, Insurance and Real Estate	161.6	230.3	260.9	652.8
Business Services	68.7	649.5	243.8	962.0
Education and Health Care	-	4.1	654.0	658.1
Recreation and Entertainment	906.1	54.8	36.6	997.5
Lodging	1,112.1	1.5	1.6	1,115.3
Food & Beverage	1,460.7	59.0	172.2	1,691.8
Personal Services	118.2	83.3	157.6	359.1
Government	25.8	97.8	40.3	163.9
TOTAL	6,318.0	1,702.4	2,044.9	10,065.2
Percent Change	4.0%	2.3%	2.8%	3.4%

Source: Tourism Economics

Tourism's impact on local income (2 of 2)

Tourism labor income by industry



Source: Tourism Economics

Tourism's impact on taxes

Tax revenue of \$4.6 billion was directly and indirectly generated by tourism in 2017.

State and local taxes alone tallied \$2.4 billion in 2017.

Each household in Maryland would need to be taxed an additional \$1,100 per year to replace the traveler taxes received by state and local governments.

Visitor spending, visitor supported jobs, and business sales generated \$4.6 billion in governmental revenues.

Traveler generated taxes						
Tax Type	2013	2014	2015	2016	2017	Pch Chnge
Millions of \$						
Federal Taxes Subtotal	<u>1,772.5</u>	<u>1,865.1</u>	<u>1,966.5</u>	<u>2,058.1</u>	<u>2,126.3</u>	<u>3.3%</u>
Corporate	123.1	129.2	136.4	142.2	148.2	4.2%
Indirect Business	181.8	188.0	193.3	197.0	200.4	1.7%
Personal Income	568.5	599.5	634.0	665.8	688.6	3.4%
Social Security	899.1	948.3	1,002.7	1,053.1	1,089.1	3.4%
State and Local Taxes Subtotal	<u>2,078.7</u>	<u>2,184.4</u>	<u>2,268.4</u>	<u>2,341.6</u>	<u>2,420.0</u>	<u>3.4%</u>
Corporate	191.9	201.5	212.7	221.7	231.1	4.2%
Personal Income	222.3	234.5	248.0	260.4	269.3	3.4%
Sales	886.1	937.4	969.1	998.0	1,027.3	2.9%
Lodging	<u>126.9</u>	<u>133.4</u>	<u>141.3</u>	<u>145.1</u>	<u>152.2</u>	<u>4.9%</u>
Local	126.9	133.4	141.3	145.1	152.2	4.9%
Property	389.6	400.6	410.4	420.5	435.4	3.5%
Excise and Fees	241.6	255.6	264.3	272.1	280.1	2.9%
State Unemployment	20.3	21.4	22.6	23.8	24.6	3.4%
TOTAL	3,851.2	4,049.5	4,234.8	4,399.7	4,546.4	3.3%

Tourism tax generation – state & local government

Of the \$2.4 billion collected by state and local governments from traveler activity, \$1.5 billion (64%) accrued to state government.

Local government revenues from visitor activity grew to \$875 million.

Traveler generated taxes			
Tax Type	2016	2017	Pch Chnge
	Millions of \$		
State Revenues	<u>1,496.5</u>	<u>1,544.4</u>	<u>3.2%</u>
Corporate	217.0	226.2	4.2%
Personal Income	165.3	170.9	3.4%
Sales	909.8	936.6	2.9%
Lodging	0.0	0.0	
Property	34.0	35.2	3.5%
Excise and Fees	148.6	153.0	2.9%
State Unemployment	21.8	22.6	3.4%
Local Revenues	<u>845.0</u>	<u>875.6</u>	<u>3.6%</u>
Corporate	4.7	4.9	4.2%
Personal Income	95.1	98.4	3.4%
Sales	88.1	90.7	2.9%
Lodging	145.1	152.2	4.9%
Property	386.5	400.2	3.5%
Excise and Fees	123.5	127.2	2.9%
State Unemployment	2.0	2.0	3.4%
TOTAL	2,341.6	2,420.0	3.4%

6) Economic Impact in Context

Figures in context

Tourism Spending

Stacking enough \$10 bills to equal \$17.7 billion would reach over 120 miles – or the length of Maryland from north to south.

Tourism Supported Sales

The \$28.9 billion in total impact in 2017 is similar in size to what people spend cooling their homes (\$29 billion).

Figures in context

Employment

The 148,997 jobs directly supported by visitor spending would be nearly enough for every resident of Charles County – the ninth largest county in Maryland.

Visitation

Maryland saw nearly 42.5 million person-trips in 2017 which is larger than the total attendance of BOTH the NBA and NFL.

Figures in context

Taxes

State tax revenue collected from tourism activity surpassed \$1.5 billion in 2017 – more than the corporate income tax collections (\$1.1 billion).

Taxes

To make up for the \$2.4 billion in state and local taxes generated by visitor activity, each household in the state would need to contribute \$1,100 to maintain the current level of government.

Methodology and Conceptual Overview



TOURISM
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Methods and data sources

- Domestic visitor expenditure estimates are provided by DK Shifflet representative survey of US travelers. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).
- Tourism Economics then adjusts these levels of spending based on a range of known measures of tourism activity:
 - Overseas visitor spending (source: NTTO, TE)
 - Canada visitor spending (source: Statistics Canada, TE)
 - Bed tax receipts
 - Sales tax by sector
 - Spending on air travel which accrues to all airports and locally-based airlines
 - Gasoline purchases by visitors (source: TE calculation)
 - Smith Travel Research data on hotel revenues
 - Construction Value by McGraw-Hill Construction
 - Industry data on employment, wages, GDP, and sales (source: BEA, BLS, Census)

Methods and data sources

- An IMPLAN model was compiled for the State of Maryland. This traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism.
- All results are benchmarked and cross-checked and adjusted based on the following:
 - US Bureau of Labor Statistics and Bureau of Economic Analysis (employment and wages by industry)
 - US Census (business sales by industry)
- The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. All employment rankings are based on Bureau of Labor Statistics (ES202/QCEW) data.

Why quantify the tourism economy?

- By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.
- It can also carefully monitor its successes and future needs.
- In order to do this, tourism must be measured in the same categories as other economic sectors – i.e. tax generation, employment, wages, and gross domestic product.

Why is this a challenge?

- Most economic sectors such as financial services, insurance, or construction are easily defined within a country's national accounts statistics.
- Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.
- Tourism spans nearly a dozen sectors including lodging, recreation, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents...

The Tourism Satellite Account

- The TSA was conceived by the UN World Tourism Organization and has since been ratified by the UN, Eurostat, and OECD.
- The standard has been adopted by over fifty countries around the world and a growing number of US States.
- The TSA deals with the challenge of measuring tourism in two important ways:
 - Defines the tourism economy
 - Provides methodology for calculating tourism GDP in a way that is consistent with economic accounts

Benefits of a TSA

- Enables comparisons of the importance of tourism to other sectors of the economy in terms of GDP, employment, and income.
- Allows for benchmarking to other destinations.
- Tracks the economic contribution of tourism over time.
- Monitors strength by tracking capital investment .
- Allows for extension analysis for of the full impact of tourism.

Important definitions

1. **Tourism Industry:** Measures the value of traveler activity within “tourism characteristic industries”. This concept measures only the direct impact of the travel industry.
2. **Tourism Economy:** Includes the tourism industry plus government spending and capital investment in support of tourism. This is the basis of the total economic impact analysis, including direct, indirect and induced impacts.

Illustrating the concepts

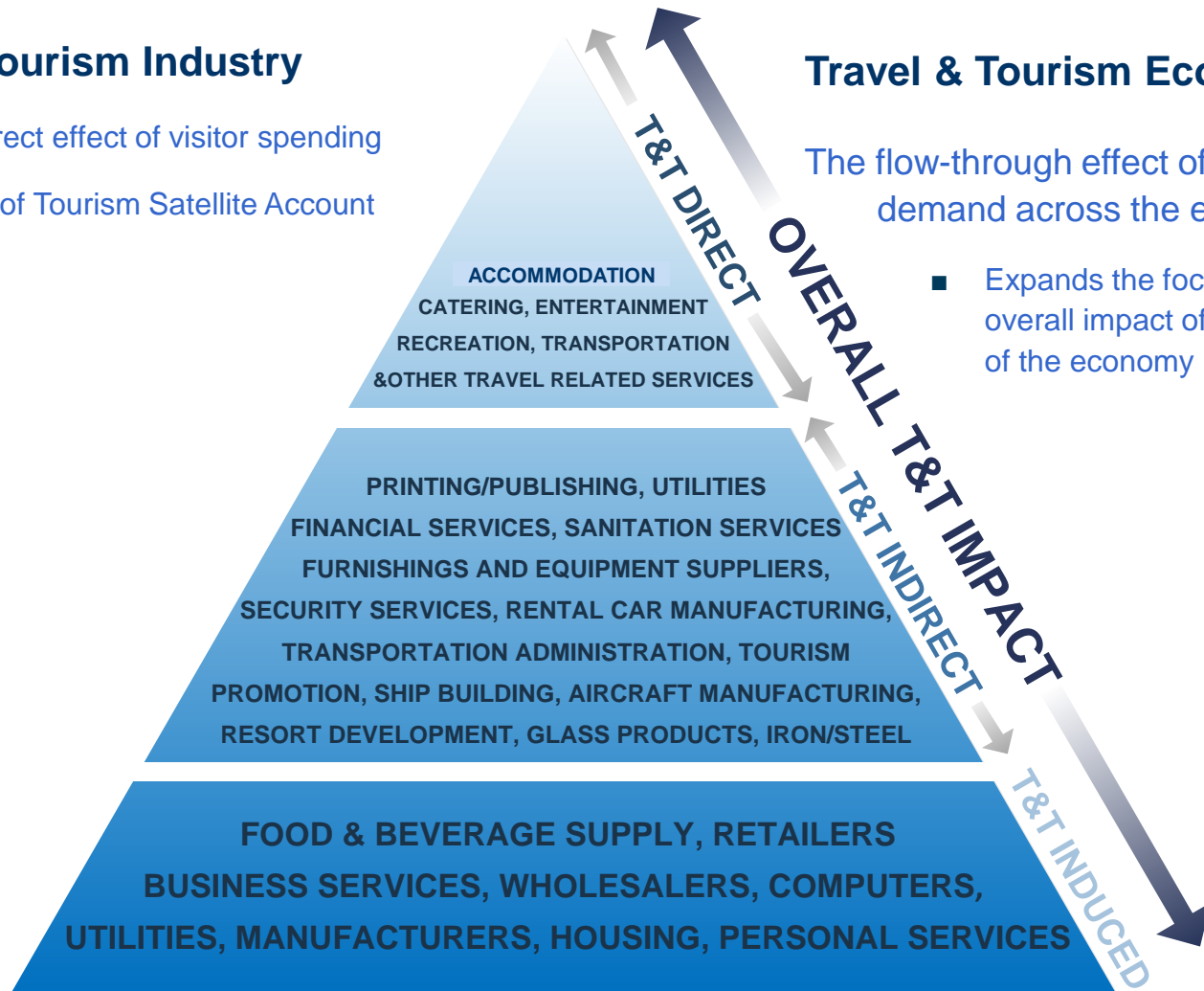
Travel & Tourism Industry

- The direct effect of visitor spending
- Focus of Tourism Satellite Account

Travel & Tourism Economy

The flow-through effect of all tourism demand across the economy

- Expands the focus to measure the overall impact of tourism on all sectors of the economy



About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.

With over four decades of experience of our principal consultants, it is our passion to work as partners with our clients to achieve a destination's full potential.

Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics enjoys a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of more than 200 professional economists; a dedicated data analysis team; global modeling tools, and a range of partner institutions in Europe, the US and in the United Nations Project Link. Oxford Economics has offices in London, Oxford, Dubai, Philadelphia, and Belfast.

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