

Tourism Satellite Account Results Spring 2003

presented by

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The Delaware Tourism Satellite Account

A Comprehensive Understanding
of the Economic Contribution of
Travel and Tourism in the State
of Delaware

Prepared by Global Insight

Spring 2003

What is a Tourism Satellite Account (TSA)?

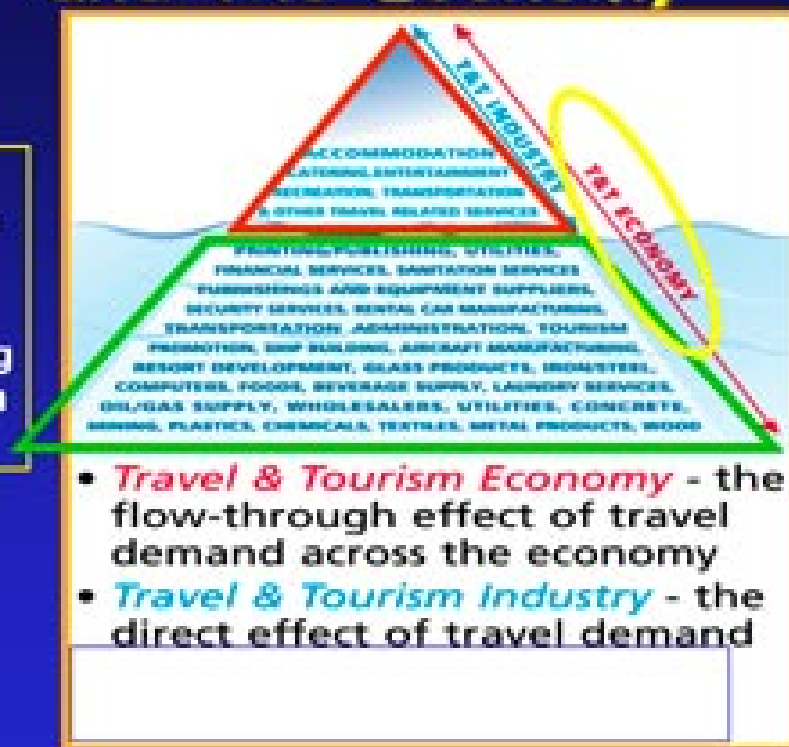
- More accurately measures the impact of the travel/tourism industries on the U.S. economy
- Links tourism spending on goods and services (**DEMAND**) to the output of the industries that produce those goods and services (**SUPPLY**).
- Separates travelers versus local resident spending.
- Measures the value added economic contribution that the industries provide to the gross state product (GSP); provides ability to compare travel/tourism to other industries.

Why Does DE need a Tourism Satellite Account?

- Lack of solid, comprehensive and uniform information base on economic repercussions of tourism.
- Expenditures on travel and tourism cut across many types of industries that do not fit neatly into a single product SIC code from which most economic sectors are measured.
- The economic activity of tourism is not easily identifiable in the same way as many other conventional industries.

Travel & Tourism Industry and the Economy

The TSA provides both a narrow and a broad understanding of the tourism "industry"



The Impact of Travel and Tourism To Delaware (2002)

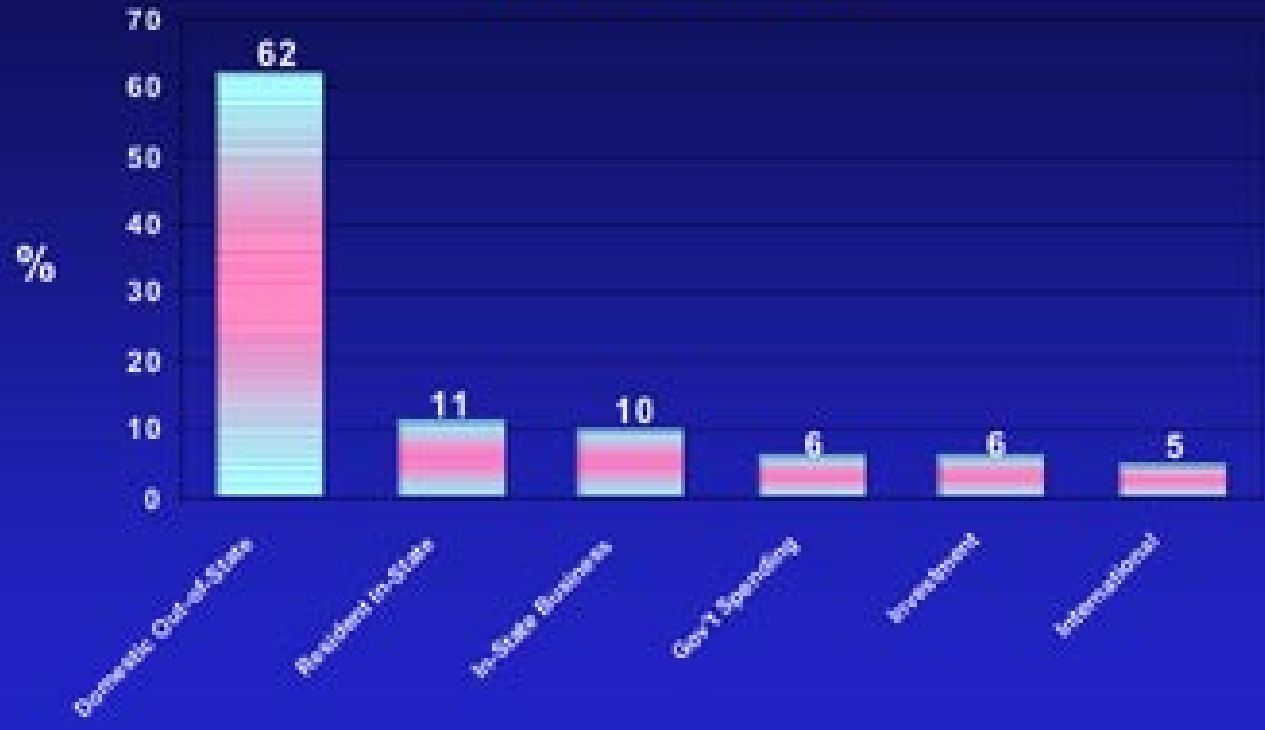
Tourism Sales: Starting point of the TSA. Spending by visitors and on behalf of visitors; All spending in DE related to tourism.

Core Tourism Industry: Includes only the direct value added of the sectors touching the visitor (e.g. hotels, restaurants, attractions). It generated \$696 million in value added production in 2002. Ranking tourism as the 9th largest industry in the state in terms of value added.

Tourism's Economic Contribution: Takes into account imports into the state, counting only the value of goods and services generated in the state. The total economic contribution includes both *direct* and *indirect* spending, however no "multiplier effects" are included.

State Government Revenues: Tourism is a valuable source of state revenues. In 2002 \$137 million was generated. Govt. revenues have increased 34% since 1998

Distribution of Travel and Tourism Sales* (\$1.6 Billion)



*Travel and Tourism Sales in 2002

Delaware Value Added (GSP) Ranking*

1. Finance	10,026,000,000
2. Government	3,336,000,000
3. Real Estate	3,282,000,000
4. Chemicals	2,210,000,000
5. Health Services	1,754,000,000
6. Construction	1,578,000,000
7. Motor Vehicles (Manufacturing)	891,000,000
8. Electric, Gas, & Sanitary	733,000,000
9. Tourism	696,000,000
10. Insurance	690,000,000
Total	\$36,336,000,000

* Comparative Data: Bureau of Economic Analysis, USDOC

Core Tourism Industry Composition Gross State Product -- 2002

	\$	%
Eating & Drinking		26
Hotels & Lodging Places	178,353,209	17
Real Estate	115,811,351	14
Racing & Track Operation	96,285,794	10
Amusement/Services (incl. gaming)	66,591,540	9
Railroads/Related Services	59,655,436	5
Air Transportation	37,217,950	4
Transportation Services	26,846,481	3
Automobile Rental and Leasing	22,379,193	2
Local Interurban Passenger Transit	14,018,663	2
Automotive Dealers & Service Stations	13,186,784	1
Apparel & Accessory Stores	10,224,247	1
Food Stores	8,408,039	1
Furniture and Home Furnishings	7,633,790	1
General Merchandise Stores	5,905,736	1
All Other	5,724,808	4
Total	27,999,541	100

> 43%

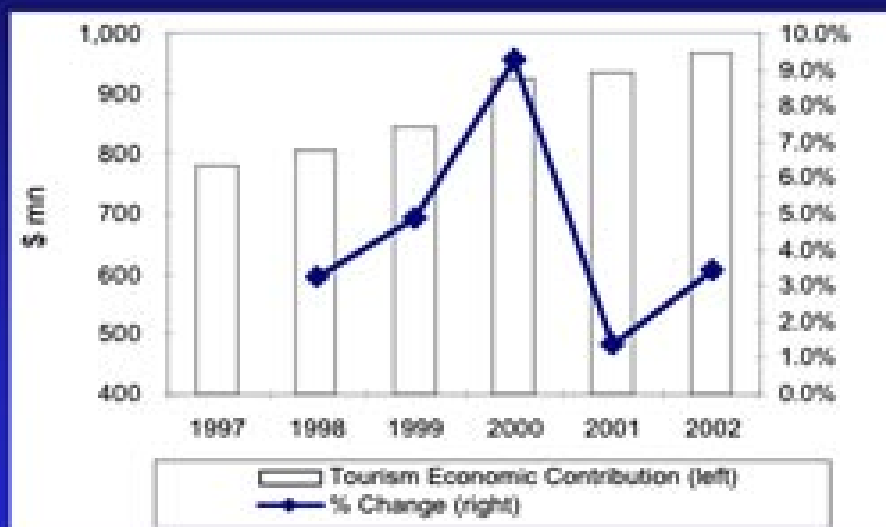


Tourism's Economic Contribution

- In 2002, travel and tourism sales produced \$968 million in economic contribution (2.5% of Gross State Product).
- The ratio of the total economic contribution to total sales reveals that 61% of each tourism dollar spent in DE is retained in the state.
- Over 28,000 jobs - direct and indirect - were created by travel & tourism economic activity. This accounts for 6.6% of total employment in the state.

Tourism Economic Contribution

Tourism's economic contribution has increased 25% since 1997 from \$780 million to its current contribution of \$968 million.



Top Industry Employers in Delaware* (1,000)

	1997	1998	1999	2000	2001	2002
1. Total Government	53.15	54.39	55.10	56.63	56.87	55.79
2. Finance	36.45	37.38	37.73	38.75	40.45	40.12
3. Health Services	27.93	28.91	29.48	30.43	31.61	32.19
4. Construction	23.80	24.00	24.50	24.39	24.03	24.24
5. Tourism	19.73	20.17	20.96	21.52	21.76	22.24
6. Chemicals/Allied Products	22.48	22.48	22.32	21.35	20.58	19.48
7. Eating/Drinking (non-tourism)	18.07	18.32	18.59	19.03	19.31	19.11
8. Other Business Services	15.72	17.46	18.77	19.24	18.95	18.08
9. Transportation & Public Utilities	15.73	16.23	17.14	17.43	17.24	16.71
10. Furniture & Misc. Retail	14.28	14.54	15.29	15.62	15.35	15.46
Total Employment (in thousands)	398	411	422	430	430	427
Tourism Share	4.95%	4.91%	4.97%	5.01%	5.06%	5.20%

State Government Revenue (Million \$)

Revenue Category	1998	1999	2000	2001	2002
Video Lottery	42.98	56.66	59.43	64.51	69.32
Individual Income Tax	22.84	23.12	21.98	21.55	21.98
Franchise Tax	9.90	10.64	11.79	13.34	14.25
Accommodations Tax	8.77	10.09	11.22	11.85	12.82
Tolls	4.96	5.46	6.80	7.39	7.65
Business/Occupancy Gross Receipts	3.19	3.27	3.38	3.49	3.56
Cigarette Taxes	1.17	1.24	1.33	1.37	1.38
Corporate Income Tax	2.12	2.34	2.65	1.55	1.29
Corporation Fees	0.91	0.98	1.19	1.13	1.05
Insurance Taxes	0.78	0.89	0.94	1.01	1.03
Realty Transfer Tax	0.94	0.99	0.96	0.98	1.03
Public Utility	0.54	0.57	0.66	0.76	0.77
Alcohol Beverage Tax	0.49	0.56	0.55	0.58	0.58
Total	99.57	116.80	122.85	129.49	136.69

State Government Return on Investment (2002)

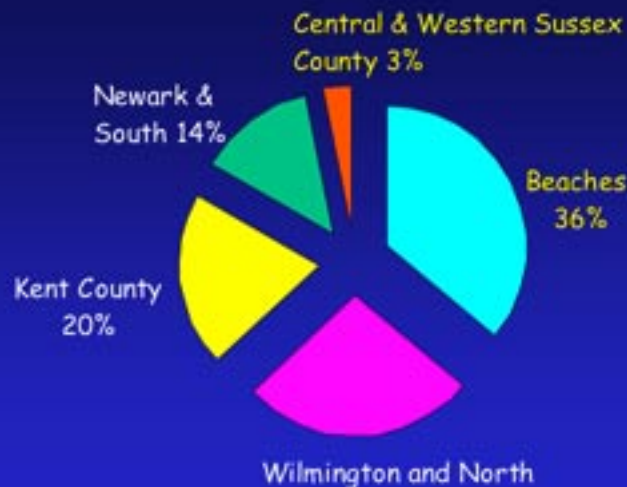
Government Spending on Tourism = \$98 Million

Government Revenues Generated from Tourism = \$137 Million

Return on Investment = 40%

Regional Distribution of Tourism: Impact on Sussex County

Sales and employment analysis was conducted at the zip code level and tourism impact allocations were made across five separate regions.



Regional Distribution of Tourism Economic Contribution in DE

Regional Tourism Impact (2002)	% of Total Regional Sales	Tourism Sales	Economic Contribution	Core Industry
Wilmington & North	1.6%	428,471,894	259,225,496	186,385,274
Newark and South	0.8%	219,397,037	132,735,207	95,437,711
Kent County	2.9%	315,357,695	190,791,405	137,180,597
Beaches	17.9%	588,344,407	355,948,366	255,929,496
Central/West Sussex County	0.8%	48,428,547	29,299,528	21,088,400
Total		1,600,000,000	968,000,000	696,000,000

Regional Distribution of Tourism

	Core Tourism Employment*	Percent of Total Employment
Beaches	7,174	35.9
Wilmington and North	6,230	3.6
Kent County	5,207	7.0
Newark and South	3,072	2.1
Central and Western Sussex County	563	1.4
Total	22,244	5.2

*Full-time equivalent basis

Summary Findings

- Engine of growth in DE economy, expanding 25% from 1997 - 2002.
- Sales (total expenditures) = \$1.6 billion in 2002.
- Economic Contribution reached \$968 in 2002 (2.5% of Delaware GSP).
- Core Industry generated \$696 million in local value added in 2002.
- 5th largest employer in State (22,235 FTEs 2002).
- Jobs provided \$690 million in labor income (benefits and salaries) in 2002.