

2019 Economic Contribution of Tourism in Hamilton Region

Methodology, Metrics and Evaluation



ROCKPORT
ANALYTICS

Indiana Office of Tourism Development

- 2018 Tourism Economic Impact Study
- Tourism Support/Promo Spending
- <http://www.in.gov/visitindiana/about-iotd/>

Longwoods International

- Visitor Volume & Spending
- Panel survey of 600,000 households per year, weighted to U.S. household demographics
- <http://www.longwoods-intl.com/>

Government Sources

- Bureau of Labor Statistics
- Bureau of Economic Analysis
- IN Gaming Commission
- Indiana Office of Fiscal & Management Analysis

Private Data Sources

- STR (Formerly Smith Travel Research)

IMPLAN Model

- Local economic model
- Defacto standard for most economic impact work
- www.implan.com

Hamilton Tourism Economic Impact

Value-Added (GDP)

Wages &
Income

Jobs

Taxes

Study Overview

A research cooperative was formed in 2018 by the Indiana Office of Tourism Development (now part of the Indiana Destination Development Corporation) and Tourism Tomorrow to make this county-level economic impact study possible. The research cooperative engages leading and nationally recognized tourism research and economics experts. It was established to align the state of Indiana, its counties and largest cities around common research methodologies and industry best practices. This 2018 Economic Impact Study of Tourism in Hamilton was conducted by Rockport Analytics, an independent market & economic research firm.

Methodology

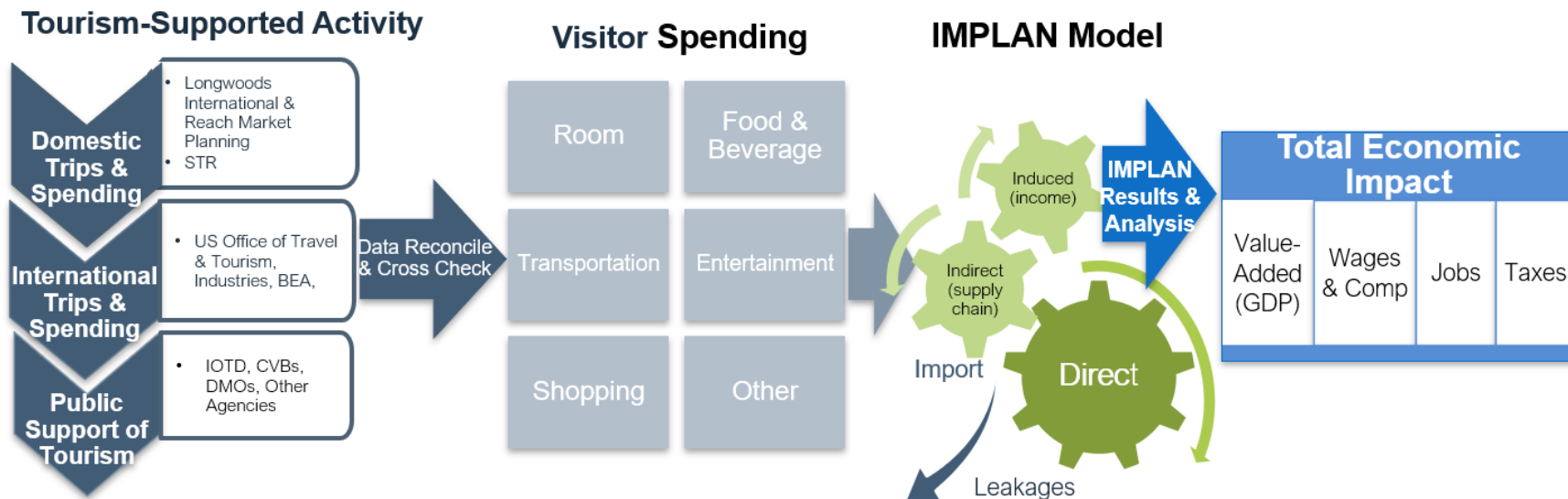
The total economic impact of travelers is separated into three distinct effects: direct, indirect, and induced. The direct impacts represent the value-added of those sectors that interact directly with, or touch, the visitor. The indirect impact represents the benefit to local suppliers to those direct sectors. This would include, for example, Hamilton-based food suppliers to restaurants. The induced impact adds the impact of tourism-generated wages as they are spent throughout the local economy on an array of goods & services.

The economic impacts reported in this study are based on traveler spending as reported in the 2018 Economic Impact of Tourism in Indiana Study, augmented by other data from Longwoods International (<http://www.Longwoods-Intl.com/>), Reach Market Planning, and Office of Travel & Tourism Industries data on international visitation and spending (<http://tinet.ita.doc.gov>). These traveler data are reconciled with Bureau of Labor Statistics (BLS) reported employment data, Bureau of Economic Analysis (BEA) reported earnings data, and reported county tax collections to derive spending levels that are representative at the county level. >>

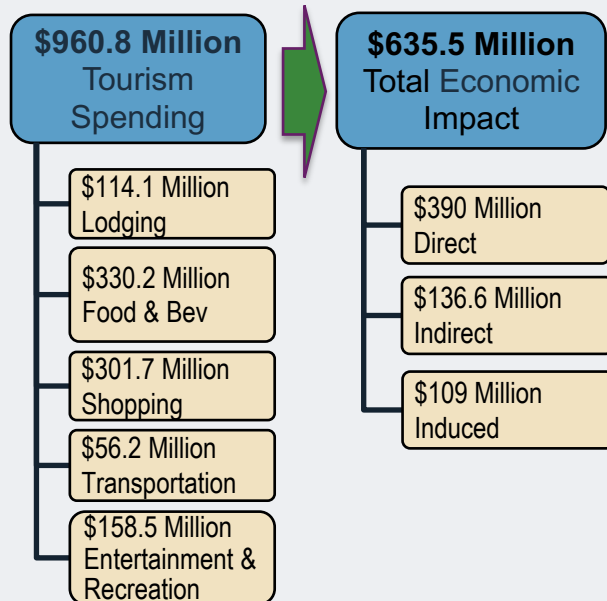
Methodology Cont.

An economic model of Indiana is also critical to estimating how traveler spending resounds through the state and county-level economies. Rockport Analytics has chosen the IMPLAN model for Hamilton (www.implan.com), a non-proprietary economic model that is the defacto standard for most economic impact assessments in the United States. This model is critical to measuring the direct, indirect, and induced impacts of visitation to the state.

IMPLAN also to measure how much of each tourism dollar remains in the local economy. Total traveler spending generally exceeds the direct impact of tourism. This is because not all goods and services purchased by travelers are supplied by firms located in the local area. The IMPLAN model accounts for these import “leakages” to suppliers located outside of the county. Many economic impact studies do not account for these leakages and, therefore, overestimate the actual impact of an industry. Generally, the more diversified a county’s economy, the lower are import leakages and the higher the retention and multiplier of visitor spending.



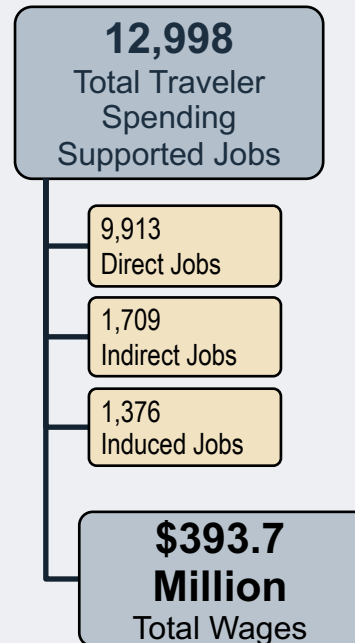
Tourism and Impact



Tourism spending is considered an export from the local area since visitors bring monies from outside and spend locally. Unlike other local industries, Tourism cannot be “offshored”.

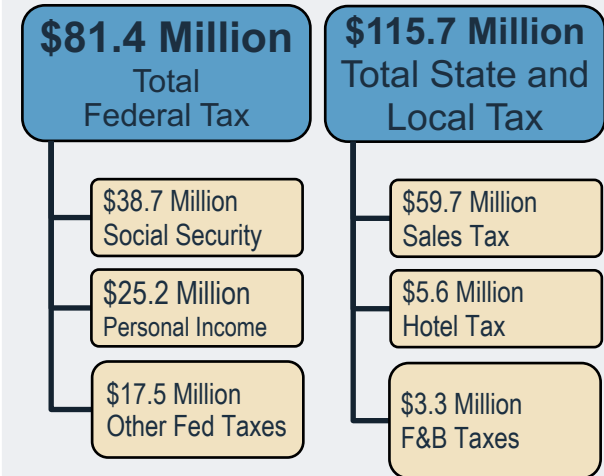
For every dollar spent by Hamilton visitors in 2019, **66 cents** ‘stayed’ local and contributed directly to the gross county product of Hamilton. This includes impact on the **direct** (tourism-oriented), **indirect** (supply chain) and **induced** (income) industries. The remaining **34 cents** of every dollar is ‘leaked’ to the supply chain outside of Hamilton.

Jobs and Wages



Every **\$73,922** spent by people visiting Hamilton in 2019 supported a job, resulting in an average of **\$30,286** in gross wages. This includes jobs in the industries directly supporting the visitor such as the arts and retail trade but also in supply chain sectors like transportation. The income of direct and indirect workers also goes to support industries like arts, retail trade, and transportation.

Tax Revenue Generated

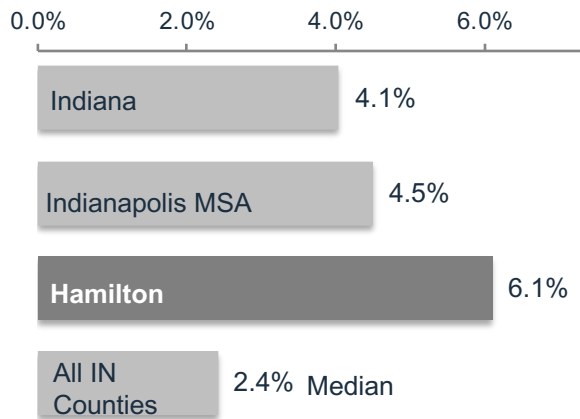


For every **\$1.00** spent by Hamilton visitors in 2019, **8 cents** goes to federal taxes and **12 cents** goes to state and local taxes. Federal tax collections include corporate & personal income taxes, excise taxes and social security collections. State and local tourism-derived taxes include sales taxes, property taxes and lodging taxes.

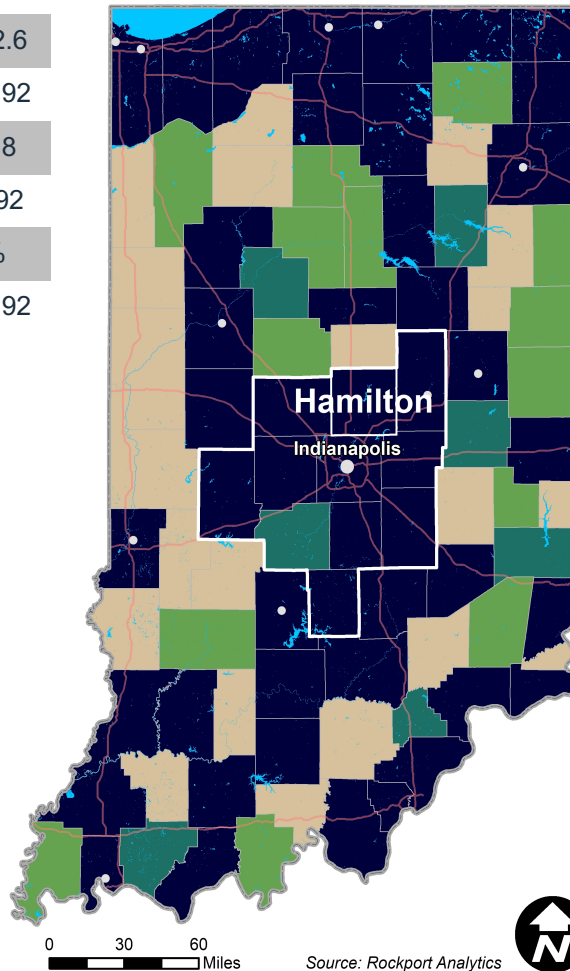
Hamilton 2019 Tourism Report Card

| | |
|--------------------------------------|-----------|
| Tourism Sales Per Capita | \$2,842.6 |
| Tourism Spend Per Capita Ranking | #10 of 92 |
| 2018 Spending by Visitors (Millions) | \$960.8 |
| County Ranking of Tourism Spend | #3 of 92 |
| 2018 Tourism Spending Growth | 6.1% |
| 2018 Tourism Growth Ranking | #23 of 92 |

Annual Growth in 2019 Tourism Spending

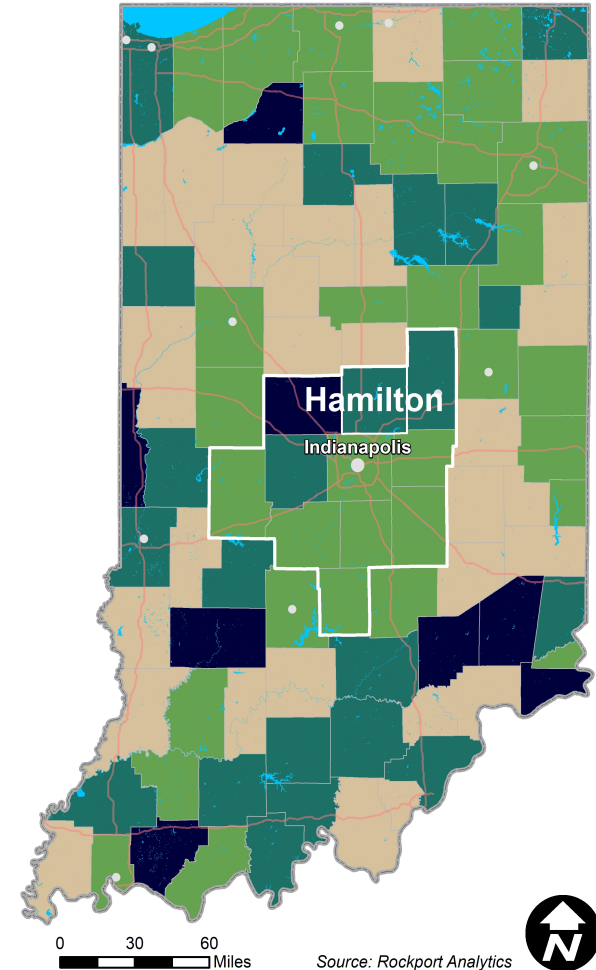


Total Spending by County, 2019



Source: Rockport Analytics

Spending Growth by County, 2019



Source: Rockport Analytics

Tourism's Economic Progression in Hamilton

Hamilton Visitor Expenditures



2019
\$960.8 million



Expenditures include:

- Visitor spending on hotel, F&B, rental homes, shopping, recreation, etc.
- From visitors from Indiana, other U.S., & international
- On leisure & business trips
- Overnight or day trips

Tourism Contribution to Hamilton's Economy



Retained in Indiana Economy
\$635.5 million

Minus Import Leakages
-\$325.3 million

Leakages refer to goods & services that are imported into Indiana from outside due to insufficient local supply. Examples include: retail goods, food, cleaning supplies, computer equipment, and raw materials

Value to Hamilton Businesses

Direct Tourism Industry GDP
\$390 million

Indirect & Induced Tourism Industry GDP
\$245.5 million

Total Local Workers Supported by Tourism*
12,998

Direct Tourism refers to businesses that serve Indiana visitors (e.g. hotels, restaurants, retail, entertainment)

Indirect & Induced Tourism includes construction, business services, wholesale trade, personal services, etc.

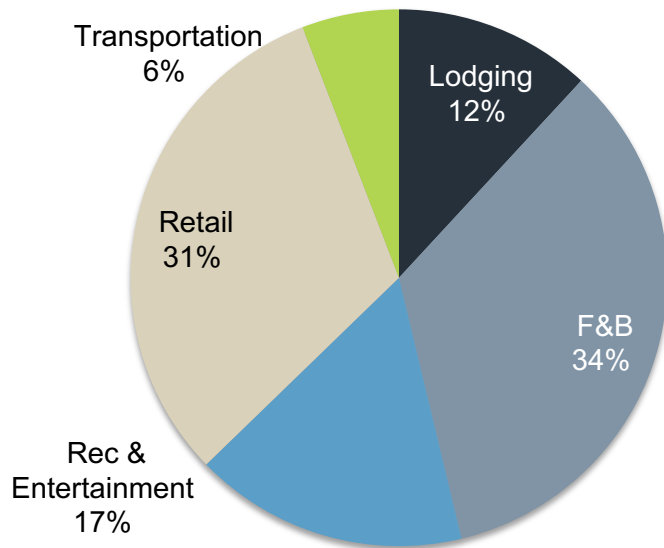


*Full & part time jobs

Visitor Spending By Category

Food & Beverage accounts for the largest share of tourism spend in Hamilton, totaling **34% of visitor expenditures**.

Distribution of Tourism Spending
\$341.5 Million USD



Source: Longwoods International, NTT, Reach Market Planning, Smith Travel Research, Rockport Analytics

Note: Spending estimation methodology was changed slightly in 2018 to account for the addition of Madison County to the Indianapolis MSA.

| Expenditure Category | 2019 | 2018-19 Growth |
|----------------------|----------------|----------------|
| Lodging | \$ 114,151,285 | 6.2% |
| Food & Beverage | \$ 330,235,632 | 6.9% |
| Rec & Entertainment | \$ 158,539,365 | 5.6% |
| Retail | \$ 301,706,613 | 5.8% |
| Transportation | \$ 56,191,012 | 3.9% |
| Total | \$ 960,823,908 | 6.1% |

Categorical Spending Shares: State Comparisons

| Category | Hamilton | Indiana |
|---------------------|----------|---------|
| Lodging | 12% | 16% |
| Food & Beverage | 34% | 28% |
| Rec & Entertainment | 17% | 18% |
| Retail | 31% | 22% |
| Transportation | 6% | 15% |
| Total | 100% | 100% |

2019 Economic Contribution Summary (Compared to 2018)

| 2019 Metric | Direct | Indirect | Induced | Total |
|-----------------------|---------------|---------------|---------------|---------------|
| Total Spending | | | | \$960,823,908 |
| 2019 Y/Y Growth | | | | 6.1% |
| Economic Impact (GDP) | \$389,999,381 | \$136,580,182 | \$108,965,202 | \$635,544,765 |
| 2019 Y/Y Growth | 5.4% | 5.4% | 5.5% | 5.4% |
| Wages | \$250,739,472 | \$82,064,922 | \$60,853,862 | \$393,658,256 |
| 2019 Y/Y Growth | 5.5% | 5.4% | 5.5% | 5.5% |
| Jobs | 9,913 | 1,709 | 1,376 | 12,998 |
| 2019 Y/Y Growth | 3.8% | 3.6% | 3.7% | 3.8% |
| Tax Receipts | | | | \$197,105,626 |
| 2019 Y/Y Growth | | | | 5.7% |

Impact Glossary

Direct: These impacts represent the value added of those sectors that interact directly, or “touch”, the visitor.

Indirect: These impacts represents the benefit to local suppliers to those direct sectors. This would include, for example, local based food suppliers to restaurants.

Induced: These impacts are derived from tourism-generated wages as they are spent throughout the local economy.

Source: Rockport Analytics, Longwoods International, STR, BLS, BEA, Indiana Office of Fiscal & Management Analysis, IMPLAN

Tourism Supports Sales in a Multitude of Local Industries

Hamilton Tourism: 2019 Economic Contribution (Value Added/GDP)

Thousands of \$s

| Industry (NAICS) | Direct | Indirect | Induced | Total |
|----------------------------------|------------------|------------------|------------------|------------------|
| Food services & drinking places | \$166,037 | \$4,729 | \$5,351 | \$176,117 |
| Retail trade | \$66,130 | \$1,692 | \$14,342 | \$82,164 |
| Accommodations | \$85,175 | \$3,436 | \$1,639 | \$90,250 |
| Arts- entertainment & recreation | \$51,754 | \$27 | \$13 | \$51,794 |
| Real estate & rental | \$- | \$12,931 | \$3,147 | \$16,078 |
| Transportation & Warehousing | \$- | \$54 | \$16,997 | \$17,051 |
| Professional services | \$- | \$5,497 | \$4,828 | \$10,325 |
| Finance & insurance | \$7,779 | \$26,041 | \$26,105 | \$59,925 |
| Administrative & waste services | \$- | \$25,325 | \$5,739 | \$31,064 |
| Health & social services | \$- | \$11,729 | \$10,997 | \$22,726 |
| Utilities | \$- | \$3,757 | \$1,052 | \$4,809 |
| Other services | \$- | \$4,339 | \$1,227 | \$5,566 |
| Government & non NAICSs | \$- | \$6,325 | \$7,371 | \$13,696 |
| Wholesale Trade | \$- | \$7,421 | \$3,826 | \$11,246 |
| Manufacturing | \$13,124 | \$2,104 | \$750 | \$15,978 |
| Construction | \$- | \$9,740 | \$3,117 | \$12,857 |
| Information | \$- | \$253 | \$1,270 | \$1,523 |
| Management of companies | \$- | \$1,743 | \$263 | \$2,006 |
| Educational services | \$- | \$134 | \$83 | \$217 |
| Mining | \$- | \$9,145 | \$790 | \$9,935 |
| Ag, Forestry, Fish & Hunting | \$- | \$161 | \$57 | \$217 |
| Total - 2019 | \$389,999 | \$136,580 | \$108,965 | \$635,545 |
| Total - 2018 | \$369,917 | \$129,542 | \$103,307 | \$602,766 |
| % change | 5.4% | 5.4% | 5.5% | 5.4% |

Source: Rockport Analytics, IMPLAN

Hamilton Citizens Work in a Wide Array of Jobs Supported by Area Visitors

Hamilton Tourism: 2019 Economic Impact (Employment)

| Industry (NAICS) | Direct | Indirect | Induced | Total |
|----------------------------------|--------------|--------------|--------------|---------------|
| Food services & drinking places | 5,058 | 144 | 163 | 5,365 |
| Retail trade | 2,033 | 228 | 55 | 2,316 |
| Transportation & Warehousing | 1,467 | 35 | 295 | 1,797 |
| Arts- entertainment & recreation | 871 | - | - | 872 |
| Accommodations | 454 | 32 | 11 | 497 |
| Administrative & waste services | 29 | 234 | 115 | 377 |
| Professional services | - | 268 | 63 | 331 |
| Real estate & rental | - | 264 | 63 | 327 |
| Health & social services | - | - | 244 | 245 |
| Other services | - | 102 | 112 | 214 |
| Finance & insurance | - | 101 | 101 | 202 |
| Construction | - | 42 | 50 | 92 |
| Government & non NAICS | - | 71 | 6 | 77 |
| Manufacturing | - | 55 | 13 | 68 |
| Wholesale Trade | - | 44 | 19 | 63 |
| Information | - | 44 | 14 | 58 |
| Educational services | - | 8 | 43 | 51 |
| Management of companies | - | 17 | 6 | 23 |
| Utilities | - | 14 | 3 | 17 |
| Ag, Forestry, Fish & Hunting | - | 4 | 1 | 5 |
| Mining | - | 1 | - | 1 |
| Total - 2019 | 9,913 | 1,709 | 1,376 | 12,998 |
| Total - 2018 | 9,548 | 1,650 | 1,327 | 12,525 |
| % change | 3.8% | 3.6% | 3.7% | 3.8% |

Source: Rockport Analytics, IMPLAN

Tourism is the 7th Largest Industry in Hamilton

2019 Tourism in Hamilton: Ranking of Major Industries By Total Employment

| Rank | Industry | 2019 Reported | 2019 Tourism Extracted | % of Total Employment | 18-19 Growth Rate |
|----------|--|----------------|------------------------|-----------------------|-------------------|
| 1 | Health & Social Services | 18,342 | 18,342 | 11.7% | 3.7% |
| 2 | Finance & Insurance | 17,416 | 17,416 | 11.1% | 2.9% |
| 3 | Government | 15,330 | 15,330 | 9.8% | 2.6% |
| 4 | Retail trade | 16,306 | 14,839 | 9.5% | -0.4% |
| 5 | Professional Services | 13,017 | 13,017 | 8.3% | 3.9% |
| 6 | Administrative & Waste Services | 12,708 | 12,708 | 8.1% | 0.5% |
| 7 | Tourism | 156,778 | 9,913 | 6.3% | 3.8% |
| 8 | Construction | 9,589 | 9,589 | 6.1% | 7.2% |
| 9 | Accommodation & Food Services | 15,297 | 9,367 | 6.0% | 2.4% |
| 10 | Wholesale Trade | 8,035 | 8,035 | 5.1% | 4.2% |
| 11 | Manufacturing | 6,814 | 6,814 | 4.3% | 4.0% |
| 12 | Other Services | 6,396 | 6,396 | 4.1% | 2.4% |
| 13 | Real Estate | 4,387 | 4,358 | 2.8% | 4.6% |
| 14 | Management of Companies | 3,205 | 3,205 | 2.0% | -3.2% |
| 15 | Information | 2,514 | 2,514 | 1.6% | 0.8% |
| 16 | Educational Services | 2,050 | 2,050 | 1.3% | 4.4% |
| 17 | Arts, Entertainment & Recreation | 3,058 | 1,025 | 0.7% | 7.5% |
| 18 | Transportation & Warehousing | 1,428 | 974 | 0.6% | 5.3% |
| 19 | Utilities | 648 | 648 | 0.4% | 3.1% |
| 20 | Mining | 238 | 238 | 0.2% | 1.2% |
| | Total County Employment | 156,778 | 156,778 | 100% | 2.8% |

Source: Rockport Analytics, BLS, Moody's Analytics, IMPLAN

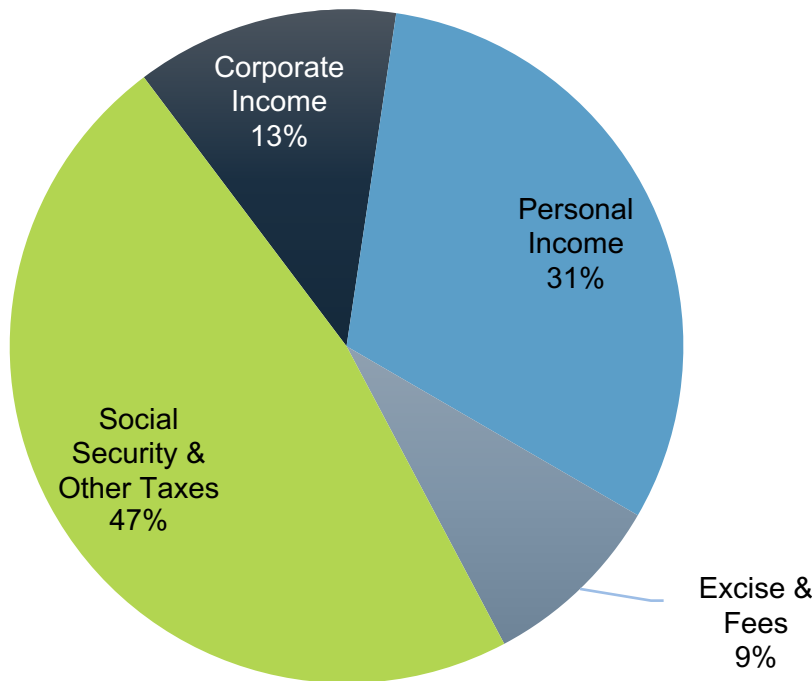
Reported: As released by the Bureau of Labor Statistics and the Indiana Department of Labor

Tourism Extracted: Tourism's contribution to jobs in each industry is removed and placed in Hamilton's Tourism Industry"

Hamilton Visitors Pay and Otherwise Support Many Types of Taxes

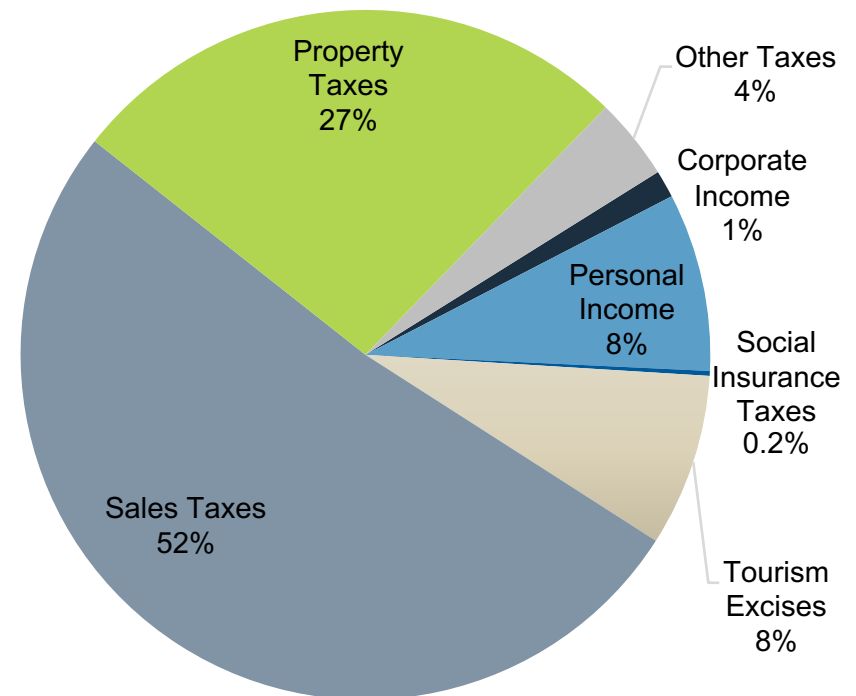
Federal Taxes

2019 Tax Total: **\$81.4 Million**



State & Local Taxes

2019 Tax Total: **\$115.7 Million**



2019 Total County Tourism-Initiated Taxes: **\$197.1 Million**

Tourism-Initiated Tax Revenue

2018–2019 Tourism Tax Revenue Collections

| | 2018 | 2019 | % Change |
|---|--------------------|--------------------|-------------|
| | <i>Thousands</i> | | |
| Federal: US | | | |
| Corporate Income | \$9,760.2 | \$10,287.3 | 5.4% |
| Personal Income | \$23,934.7 | \$25,243.6 | 5.5% |
| Excise & Fees | \$6,858.4 | \$7,225.0 | 5.3% |
| Social Security & Other Taxes | \$36,633.1 | \$38,650.7 | 5.5% |
| Federal Total | \$77,186.4 | \$81,406.6 | 5.5% |
| State & Local | | | |
| Corporate Income | \$1,412.5 | \$471.1 | 7.0% |
| Personal Income | \$9,160.2 | \$2,428.1 | 7.4% |
| Social Insurance Taxes | \$249.9 | \$133.8 | 7.6% |
| Tourism Excises | | | |
| Hotel Tax | \$5,208.4 | \$5,621.8 | 7.9% |
| Food & Beverage | \$3,088.4 | \$3,302.4 | 6.9% |
| Rental Car Excise | \$354.1 | \$436.2 | 3.9% |
| Sales Taxes | \$56,161.0 | \$59,660.0 | 6.2% |
| Property Taxes | \$29,252.3 | \$30,816.4 | 5.3% |
| Other Taxes | \$4,327.2 | \$4,448.7 | 4.4% |
| State & Local Tax Total | \$109,214.0 | \$115,699.0 | 5.9% |
| | | | |
| Total County Tourism-Initiated Taxes | \$186,400.4 | \$197,105.6 | 5.7% |

- Hamilton visitors supported more than \$197 million in total taxes in 2019, up 5.7% over 2018.
- Federal tax collections resulting from tourism in Hamilton include income taxes and social security and exceeded \$81.4 million in 2019.
- State & local tax collections totaled almost \$115.7 million, including nearly \$59.7 million in sales taxes and more than \$30.8 million in local property taxes.

Source: Rockport Analytics, IMPLAN, Indiana Department of Revenue

How Does Tourism Benefit Hamilton?



Promoting a Healthy Job Market*

- Approximately 6.3% of all people working in Hamilton are supported by visitors to the region.
- Hamilton families with an individual working in Tourism averaged \$30,286 in wages during 2019. This included both full and part-time workers.
- Tourism is the 7th largest industry (6th not including Government) in Hamilton (by jobs).



Contributing to Public Education & Other Government Services

- State & local (S&L) tax revenue collected from tourism in Hamilton is sufficient to fund 11,535 Indiana public school students.**
- S&L tax collections were enough to fund roughly 2,263 Indiana public school teachers.**

* Moody's Analytics, IMPLAN, Rockport Analytics

** Estimate based on the average cost per student of \$10,030 and the average salary of a teacher of \$51,119 in Indiana. Education figures reported by NEA's 2019 State Rankings.

*** Household estimate generated by the US Census
Indiana Department of Revenue

Helping to Relieve the Tax Burden of County Households



- About 12 cents of each visitor dollar went towards the payment of state and local taxes (S&L).
- If tourism did not exist, each of the 132,345 families in Hamilton would have to pay an additional \$874 per year in taxes to maintain current levels of state & local government services.

Benefiting County Businesses



- Visitors generated top-line sales totaling more than \$960.8 million benefiting a broad array of local businesses.
- Businesses that directly served visitors saw value-added of roughly \$390 million in 2019, up 5.4% over 2018.
- In 2019, tourism supply chain businesses received value-added of nearly \$137 million.

Capturing & Retaining Dollars Spent by Visitors



- Of every dollar spent by visitors to Hamilton, 66¢ in economic impact is returned to the local area.
- Of every dollar spent by visitors to Hamilton, 41¢ went towards paying the salaries of 12,998 area citizens.



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