

Hoosier Tourism Performance Continues to Excel

The 2016 Contribution of Travel & Tourism to the Indiana Economy

2016 Indiana Tourism Highlights

Background & Methodology

2015 – 2016 Indiana Tourism Performance

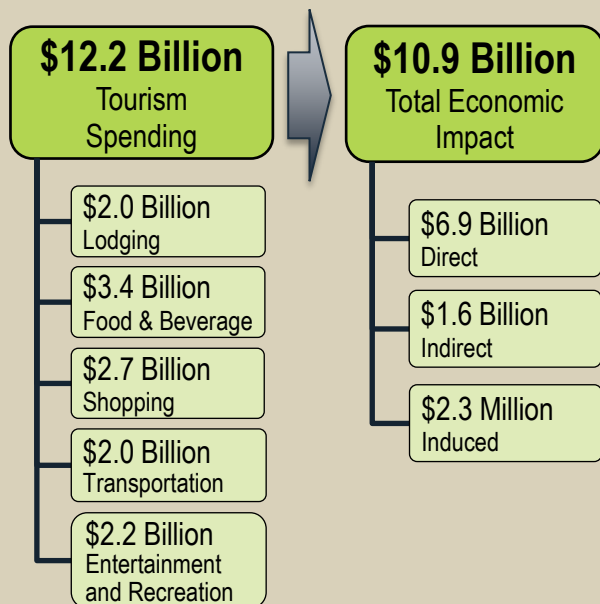
2016 Tourism's Contribution to the Indiana Economy

2015 – 2016 Indiana Tourism by County

How Does Tourism Benefit Indiana?

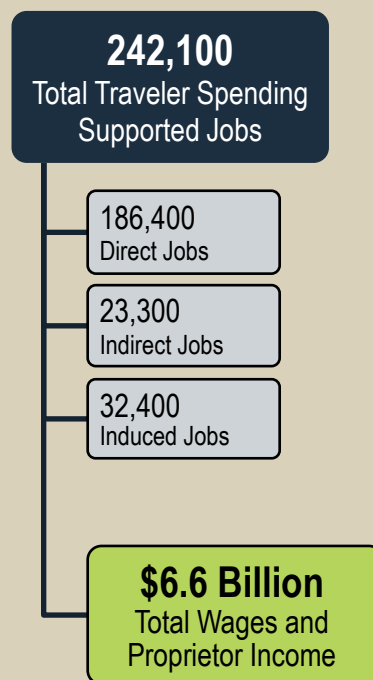


Tourism and Impact



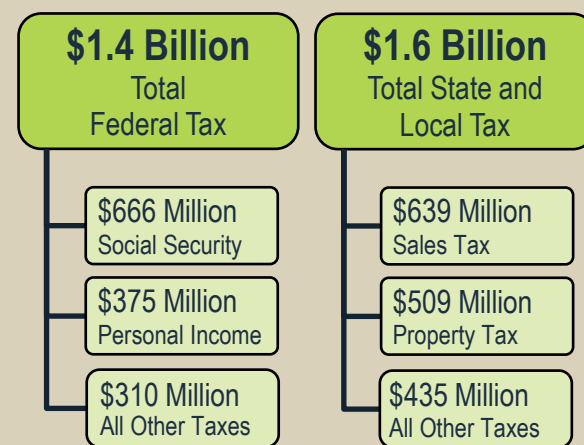
For every tourism dollar spent in Indiana in 2015, **89 cents** 'stayed' local and contributed directly to the gross state product of Indiana. This includes the **direct** (tourism-oriented), **indirect** (supply chain) and **induced** (income) impacts. The remaining **11 cents** of every dollar 'leaked' to areas outside of Indiana.

Jobs and Wages



Every **\$50,000** spent on tourism in Indiana in 2015 supported one job, which paid an average of **\$27,350/year** in gross wages. This includes jobs in the industries directly supporting the visitor such as **hotels** but also in supply chain sectors like **wholesale trade and accounting services**. The wages of direct and indirect workers also goes to support industries like **consumer goods, healthcare and real estate**.

Tax Revenue Generated



For every **\$1.00** spent on tourism in Indiana in 2016, **11 cents** goes to federal taxes and **13 cents** goes to state and local taxes. **Federal tax collections** include corporate & personal income, excise and social security tax collections. **State and local tourism-derived taxes** include sales and hotel taxes, excises on rental cars and F&B purchases, as well as property taxes.

2016 Economic Impact of Tourism in Indiana

Background & Methodology



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Study Overview

The economic impact of tourism in the state of Indiana was commissioned by the Indiana Office of Tourism Development. Covering the 2016 calendar year, the analysis seeks to translate the contribution made by visitors to Indiana GDP, jobs, wages, and tax receipts. The research was conducted by Rockport Analytics and Reach Market Planning, both independent market research & consulting companies, using a time-tested approach that has been applied to many state and city destinations across the United States. The goal of the study was to measure and analyze the full economic contribution that visitors make to the Indiana economy.

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, Indiana-based food suppliers to restaurants. The induced impact adds the effect of tourism-generated wages as they are spent throughout Indiana's economy.

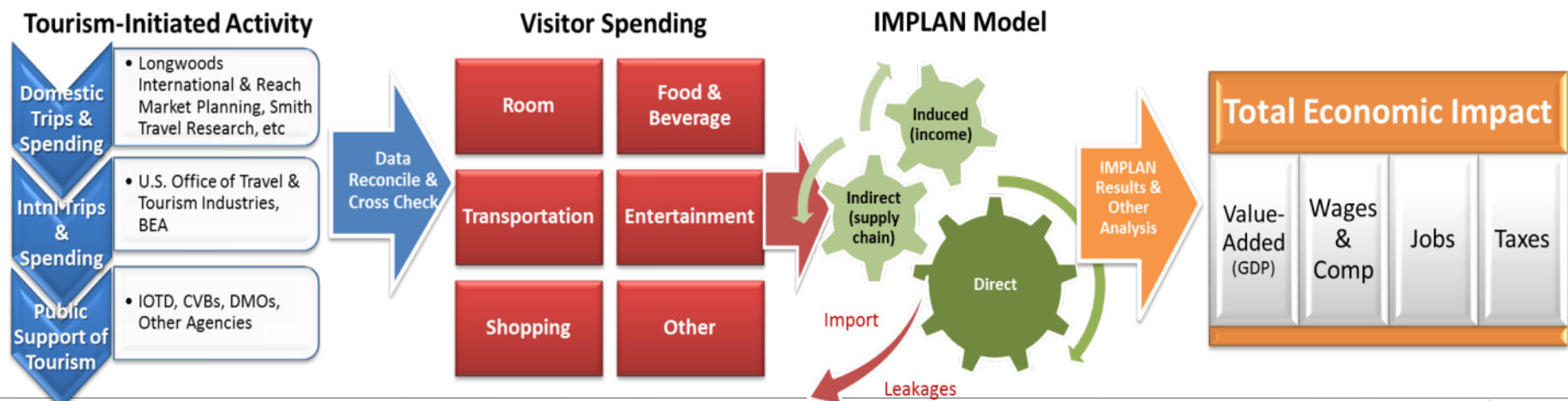
The economic impacts reported in this study are based on Indiana visitor spending as reported by Longwoods International (www.longwoods-intl.com), Reach Market Planning (www.reachmp.com) and the National Travel & Tourism Office of the Bureau of Commerce (<http://tinet.ita.doc.gov>). This traveler data is then reconciled with Bureau of Labor Statistics (BLS) reported employment data, reported tax receipts from the Indiana Department of Revenue, and other secondary sources such as Smith Travel Research, Dun & Bradstreet, and McGraw-Hill Construction. >>

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 Indiana (www.implan.com), a non-proprietary economic model that has become the 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 measures how much of each tourism dollar remains in the state 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 Indiana. The IMPLAN model accounts for these import “leakages”² to suppliers located outside of the state. Generally, the more diversified a state economy, the lower are import leakages and the higher the retention and multiplier of visitor spending.

² Leakages refer to goods and services that must be imported into the state due to insufficient in-state capacity.



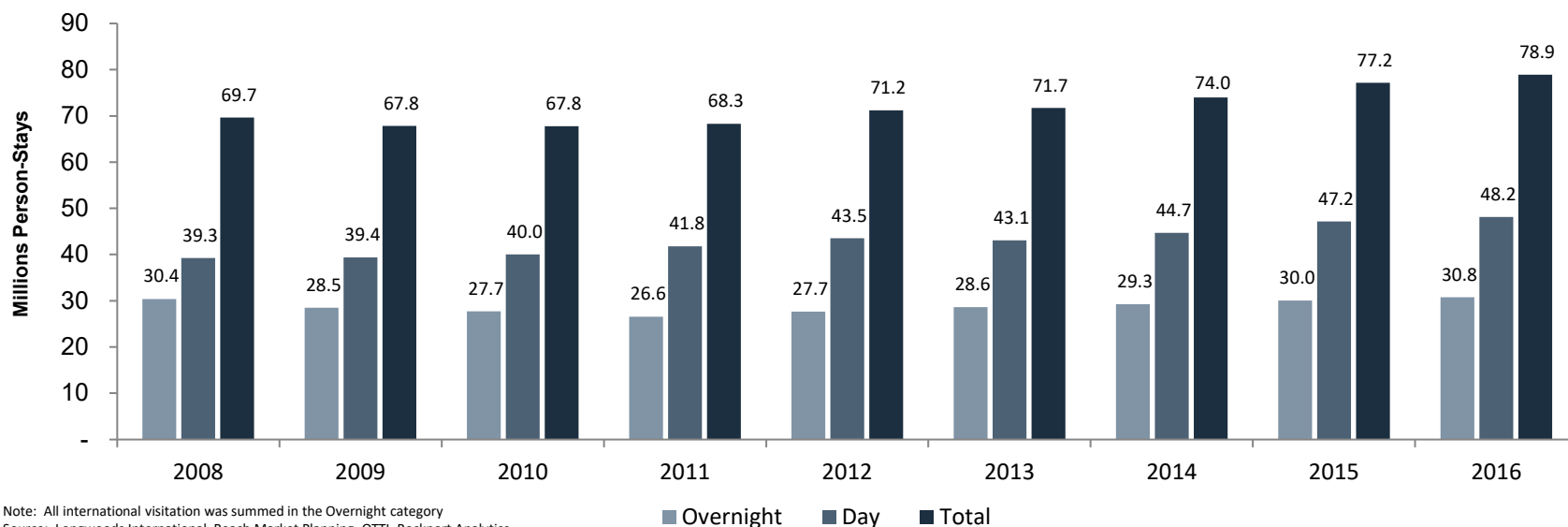
2016 Economic Impact of Tourism in Indiana

Indiana Tourism Performance



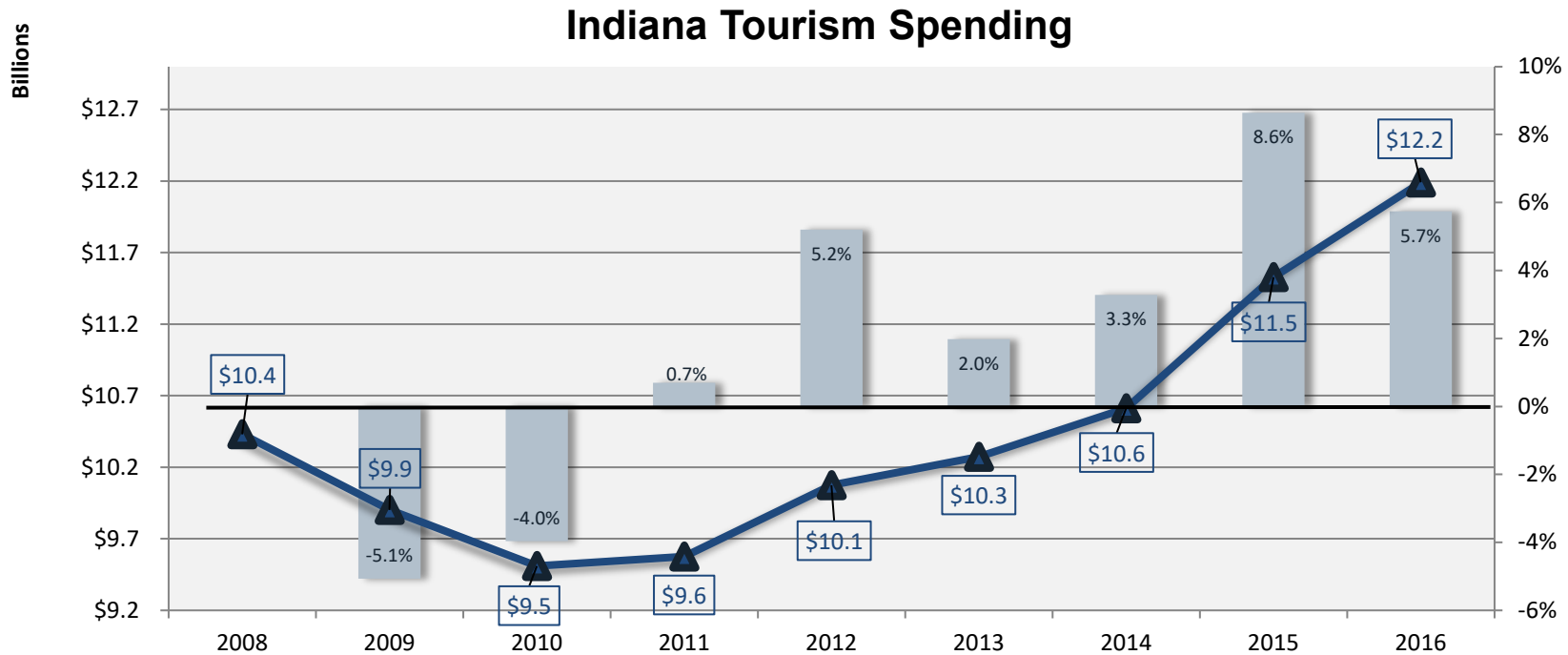
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Indiana Visitor Volume: 2008 - 2016



- ✓ Indiana trip volume neared 79 million Person-trips (P-trips) level in 2016, representing the sixth consecutive year of gains. Total trip volume advanced by 2.3% versus 2015 levels.
- ✓ Daytrips reached 48.2 million in 2016, an increase of a million trips (2.1%) over 2015. Daytrips are measured as anyone who has traveled more than 50 miles one way to visit an Indiana destination but has not stayed overnight. They include both out-of-state and in-state visitors. Daytrips comprised over 61% of total visitation highlighting Indiana's position as a strong drive destination.
- ✓ Meanwhile, overnight visits expanded even faster than day trips in 2016 growing 2.7% to almost 31 million Person-Stays. This level represents a new all-time high in overnight visits to Indiana.
- ✓ International trips are the most difficult to estimate given a lack of detailed data. Rockport estimates Indiana trip volume from outside the U.S. fell -4.7% from the year before. Declines were driven by a rising dollar which made international travel to the United States relatively more expensive to foreign visitors. Inbound traffic from Mexico represented one bright spot for international traffic, as volume increased 1.9% over 2015 levels.

More Visitors, Larger Trip Budgets, Rising Travel Prices Lead to Record Tourism Spending



Source: Longwoods International, Reach Market Planning, BEA, STR, Rockport Analytics

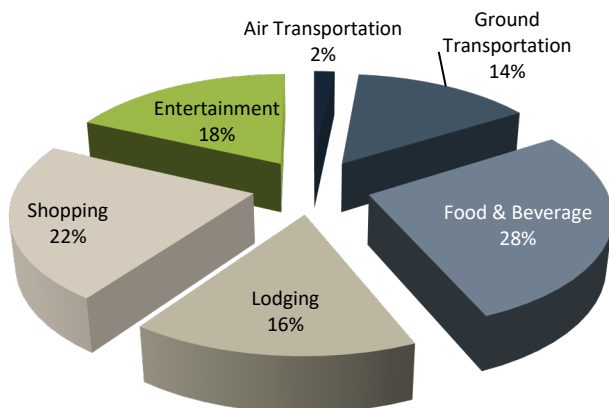
- ✓ Statewide visitor spending also set another new record in 2016 reaching \$12.2 billion, a 5.7% gain versus 2015. This represents the sixth consecutive year of spending gains.
- ✓ Spend-Per-Visitor rose to \$154.50 in 2016, up \$5.00 from 2015 levels. Average domestic spend-per-visitor was \$149 in 2016, while international visitors spent \$1,147 on average.
- ✓ By contrast, 2016 visitor spending¹ advanced 5.1% in Kentucky, 3.7% in Tennessee, 2.4% in Ohio, 1.8% in Illinois and 0.7% in Texas.

¹as reported by their respective tourism development offices

Visitor Spending Growth Was Led by Lodging & Shopping in 2016

2016 Tourism Spending by Category

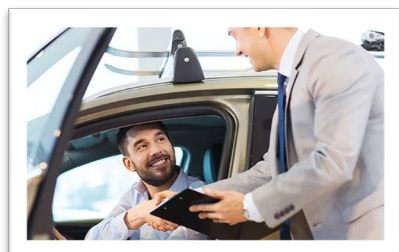
\$12.2 billion



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

Lodging, Shopping, and Restaurant spend all register solid gains in 2016

Hoteliers had another strong year as total room demand, occupancy and rates all improved and overnight volume grew 1.4%. More discretionary visitor spending on items like shopping, restaurants and entertainment were also up significantly in 2016. Spending on air transportation declined in 2016 despite rising air volume, as average fares in the state fell by ~7%.



Expenditure Category	2015	2016	Growth
	<i>In Millions USD</i>		%
Air Transportation	\$205	\$202	-1.9%
Ground Transportation	\$1,696	\$1,756	3.5%
Food & Beverage	\$3,185	\$3,372	5.8%
Hotel	\$1,838	\$1,958	6.5%
Shopping	\$2,492	\$2,712	8.8%
Entertainment	\$2,111	\$2,191	3.8%
Total	\$11,529	\$12,190	5.7%

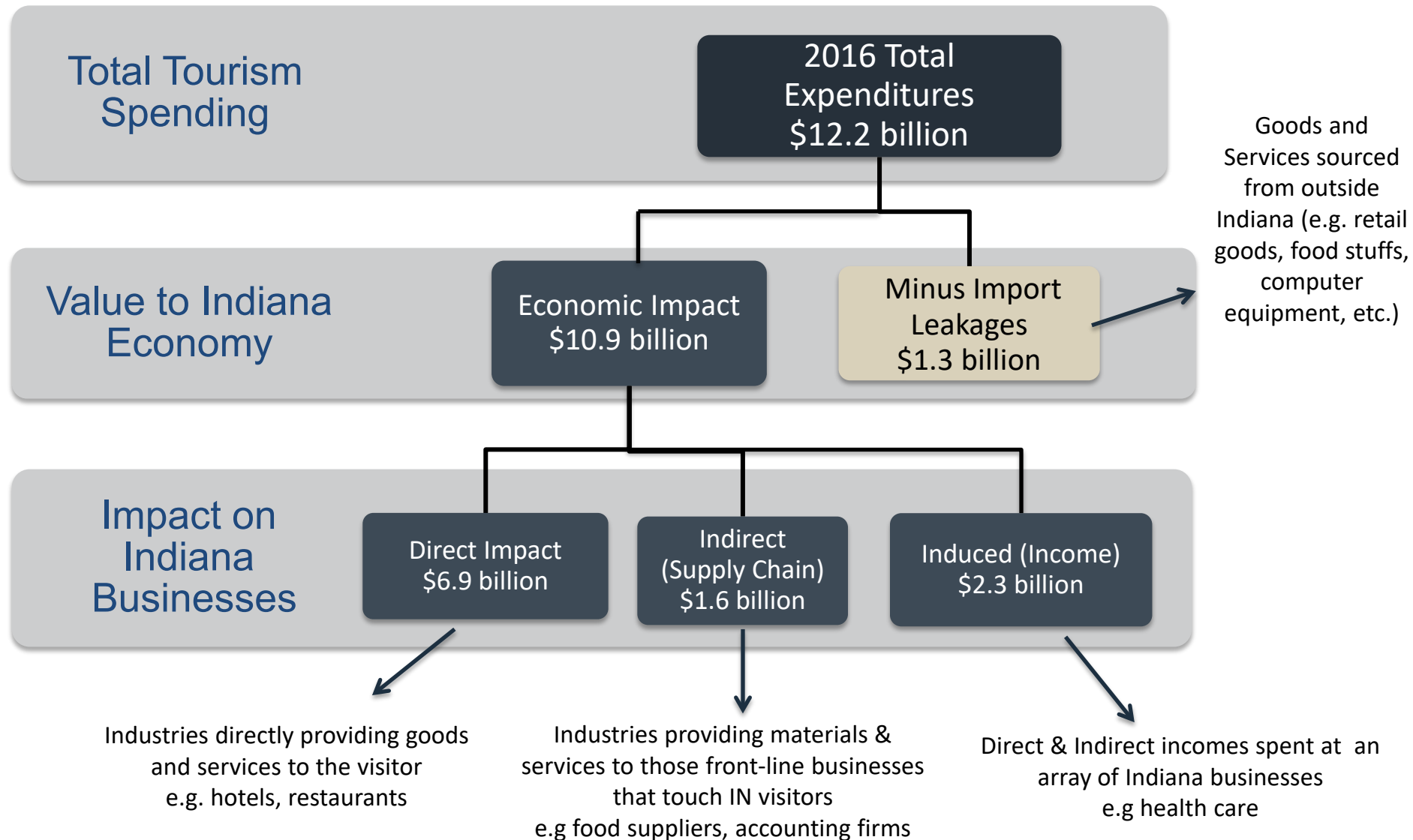
2016 Economic Impact of Tourism in Indiana

Tourism's Contribution to the Indiana Economy



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Indiana Tourism Impact Flows



2016 Economic Impact Summary

2016 Metric	Direct	Indirect	Induced	Total	% Vs. 2015	Difference from 2015
Total Visitor Volume (<i>millions of Person-Trips</i>)				78.9M	2.3%	1.7M
Total Tourism Spending (<i>in millions of current \$</i>)				\$12.2B	5.7%	\$662M
Economic Impact (GDP) (<i>in millions of current \$</i>)	\$6.9B	\$1.6B	\$2.3B	\$10.9B	5.2%	\$538M
Wages (<i>in millions of current \$</i>)	\$4.3B	\$995M	\$1.3B	\$6.6B	5.2%	\$325M
Jobs	186,400	23,300	32,400	242,100	3.5%	8,200
Tax Receipts (<i>in millions of current \$</i>)				\$2,938	5.6%	+\$154
Federal				\$1,351	5.2%	+\$67
State & Local				\$1,587	5.8%	+\$87

Highlights:

- Indiana welcomed more than 79 million visitors in 2016, an increase of 1.7 million visitors versus 2015. This is another new record for the Hoosier state.
- Total tourism spending surpassed \$12 billion, an increase of more than \$600 million or +5.7% versus the year before.
- Tourism contributed nearly \$11 billion to Indiana GDP in 2016 and supported more than 240,000 jobs. Based upon employment, Tourism now ranks as Indiana's 9th largest industry (up one spot from 2015).
- Visitor commerce contributed more than \$1.6 billion in 2016 tax receipts to Indiana state and local governments.

Tourism Supports Sales in a Multitude of Industries Across the State

Indiana Tourism: 2016 Economic Impact (Value Added/GDP)

Industry (NAICS)*	Direct	Indirect	Induced	Total
	<i>in millions of dollars</i>			
Accommodations & food services	\$2,494.5	\$63.2	\$113.6	\$2,671.3
Retail trade	\$2,350.5	\$21.3	\$304.2	\$2,675.9
Arts- entertainment & recreation	\$1,171.2	\$42.6	\$38.5	\$1,252.3
Transportation & Warehousing	\$796.6	\$73.5	\$47.4	\$917.5
Real estate & rental	\$86.8	\$224.6	\$506.5	\$818.0
Professional services	\$13.6	\$227.7	\$89.1	\$330.5
Government & non NAICS	\$12.6	\$78.7	\$29.0	\$120.3
Ag, Forestry, Fish & Hunting	\$-	\$8.8	\$7.4	\$16.2
Mining	\$-	\$4.0	\$1.9	\$5.9
Utilities	\$-	\$113.9	\$56.7	\$170.7
Construction	\$-	\$63.8	\$25.4	\$89.2
Manufacturing	\$-	\$101.7	\$63.9	\$165.6
Wholesale Trade	\$-	\$59.4	\$123.5	\$182.9
Information	\$-	\$94.1	\$62.0	\$156.1
Finance & insurance	\$-	\$137.4	\$200.3	\$337.8
Management of companies	\$-	\$54.6	\$10.2	\$64.8
Administrative & waste services	\$-	\$183.4	\$63.9	\$247.4
Educational services	\$-	\$4.3	\$41.0	\$45.2
Health & social services	\$-	\$0.3	\$439.4	\$439.7
Other services	\$-	\$73.4	\$101.3	\$174.6
Total 2016	\$6,925.9	\$1,630.7	\$2,325.5	\$10,882.1
Total 2015	\$6,570.7	\$1,561.9	\$2,211.4	\$10,344.0
% Change	5.4%	4.4%	5.2%	5.2%

Direct

Businesses that serve Indiana visitors

Indirect

Supply Chain businesses that often do not fully appreciate the benefits visitors bring to Indiana

Induced

Tourism-supported workers spend much of their wages locally creating benefits to virtually all local businesses

* North American Industrial Classification System (NAICS). For specific industry definitions, see www.census.gov

Tourism Supports a Broad Array of Jobs in Indiana

Indiana Tourism: 2016 Economic Impact (Employment)

Industry (NAICS)*	Direct	Indirect	Induced	Total
Accommodations & food services	76,411	2,264	4,086	82,761
Retail trade	53,424	478	6,750	60,651
Arts- entertainment & recreation	30,245	1,668	892	32,806
Transportation & Warehousing	25,288	1,175	709	27,172
Real estate & rental	654	2,253	1,702	4,608
Government & non NAICs	209	925	370	1,504
Professional services	182	2,841	1,131	4,155
Ag, Forestry, Fish & Hunting	0	162	113	275
Mining	0	42	21	63
Utilities	0	237	129	366
Construction	0	1,007	325	1,332
Manufacturing	0	928	441	1,369
Wholesale Trade	0	483	1,005	1,488
Information	0	955	422	1,377
Finance & insurance	0	1,159	1,758	2,917
Management of companies	0	476	89	566
Administrative & waste services	0	4,637	1,595	6,233
Educational services	0	122	1,206	1,328
Health & social services	0	3	7,036	7,039
Other services	0	1,517	2,624	4,141
Total 2016	186,413	23,332	32,406	242,151
Total 2015	179,919	22,741	31,340	234,000
% Change	3.6%	2.6%	3.4%	3.5%

- ✓ Over 186,000 jobs were directly supported by tourism in 2016. Another 23k jobs were supported by the tourism supply chain and 32k through the income spent by tourism workers and business owners.
- ✓ Direct tourism employment expanded by 3.6% in 2016. Meanwhile, total Indiana job growth was only 2.5%
- ✓ It is not only jobs on the front-line of visitor service that are supported by tourism, many supply chain workers owe their jobs to tourism (e.g. Real Estate, Admin Support).

* North American Industrial Classification System (NAICS). For specific industry definitions, see www.census.gov

Tourism Is Indiana's 9th Largest Industry

2016 Tourism in Indiana: Ranking of Major Industries By Total Employment

Rank	Industry	2016 Tourism-Initiated Jobs	2016 Reported*	2016 Tourism-Extracted**	% of Total Employment	16-v-15 Growth Rate
1	Manufacturing	-	537,950	537,950	14.2%	3.3%
2	Government & non NAICs	209	444,143	443,934	11.7%	1.9%
3	Health & social services	-	435,907	435,907	11.5%	3.7%
4	Retail trade	53,424	404,719	351,295	9.3%	1.6%
5	Other services	-	230,840	230,840	6.1%	4.1%
6	Administrative & waste services	-	230,354	230,354	6.1%	-1.7%
7	Accommodation & food services	76,411	279,657	203,246	5.4%	-4.9%
8	Construction	-	194,535	194,535	5.1%	2.2%
9	Tourism Industry	186,413	N/A	186,413	4.9%	3.6%
10	Professional services	182	176,021	175,839	4.6%	-4.5%
11	Finance & insurance	-	147,882	147,882	3.9%	1.6%
12	Real estate & rental	654	142,430	141,776	3.7%	-0.7%
13	Transportation & Warehousing	25,288	164,208	138,920	3.7%	0.8%
14	Wholesale Trade	-	134,750	134,750	3.5%	3.3%
15	Educational services	-	87,401	87,401	2.3%	-1.4%
16	Information	-	40,975	40,975	1.1%	0.7%
17	Arts- entertainment & recreation	30,245	70,387	40,142	1.1%	4.0%
18	Management of companies	-	37,934	37,934	1.0%	-0.6%
19	Utilities	-	14,427	14,427	0.4%	-0.6%
20	Mining	-	12,952	12,952	0.3%	-4.3%
21	Ag, Forestry, Fish & Hunting	-	9,549	9,549	0.3%	0.1%
Total Indiana Employment		186,413	3,858,235	3,858,235	100%	2.5%

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

* 2016 Reported: As released by the **Bureau of Economic Analysis** and the Indiana Department of Labor. Includes both Full & Part-Time Jobs.

** 2016 Tourism Extracted: Tourism's contribution to jobs in each industry is removed and placed in "Indiana's **Tourism Industry**"

Indiana Tourism-Initiated Tax Revenue

2016 Vs. 2015 Tourism Tax Revenue Collections

	2015	2016	% Change
Federal:	<i>in thousands of dollars</i>		
Corporate Income	\$175,317	\$184,235	5.1%
Personal Income	\$356,531	\$374,932	5.2%
Excise & Fees	\$119,312	\$126,008	5.6%
Social Security & Other Taxes	\$632,605	\$665,721	5.2%
Federal Total	\$1,283,765	\$1,350,895	5.2%
State:			
Corporate Income	\$24,783	\$26,044	5.1%
Personal Income	\$119,394	\$125,556	5.2%
Social Insurance Taxes	\$6,466	\$6,807	5.3%
Other Business Taxes	\$44,055	\$46,497	5.5%
Excise & Fees	\$59,308	\$62,828	5.9%
Rental Car Excise	\$5,279	\$5,389	2.1%
Sales Taxes	\$602,199	\$639,112	6.1%
Indiana Total	\$862,064	\$912,826	5.9%
Local:			
Personal Income	\$17,056	\$17,937	5.2%
Hotel Tax	\$104,294	\$110,405	5.9%
Admission Taxes	\$1,364	\$1,344	-1.4%
Property Taxes	\$481,890	\$508,922	5.6%
Rental Car	\$3,071	\$3,135	2.1%
Food & Beverage	\$24,587	\$25,988	5.7%
Other Licenses, Fines & Fees	\$6,611	\$6,969	5.4%
Local Total	\$638,873	\$674,699	5.6%
Total Indiana Tourism-Initiated Taxes	\$2,784,702	\$2,938,420	5.5%

State & Local Tourism-Initiated Taxes Reach \$1.6 billion in 2016

- ✓ Tourism-initiated taxes reached \$2.9 billion in 2016, up 5.5% from the year before. Stronger sales (+6.1%), F&B excise (+5.7%), hotel (+5.9%), and income taxes drove 2016 gains.
- ✓ Indiana hotel tax rates range from a low of 3.5% in Cass County to a high of 10% in Marion County. The weighted average for all of Indiana is just over 7%. Innkeepers Tax collections reached \$110 million in 2016, up nearly 6% over year-earlier levels.
- ✓ Tourism contributed nearly \$640 million in Indiana sales tax receipts. This constituted nearly 9% of all 2016 sales tax collections in the state.
- ✓ If tourism did not exist in Indiana, taxing authorities around the state would need to generate an average of \$635 in additional state & local taxes from each of Indiana's 2.5 million households to maintain current levels of tax receipts.
- ✓ Tourism provides about 2% of Indiana's GDP but contributes 4% of state & local tax collections.
- ✓ Hoosier tourism has an effective tax rate of 24%, well below the national average of 30%.

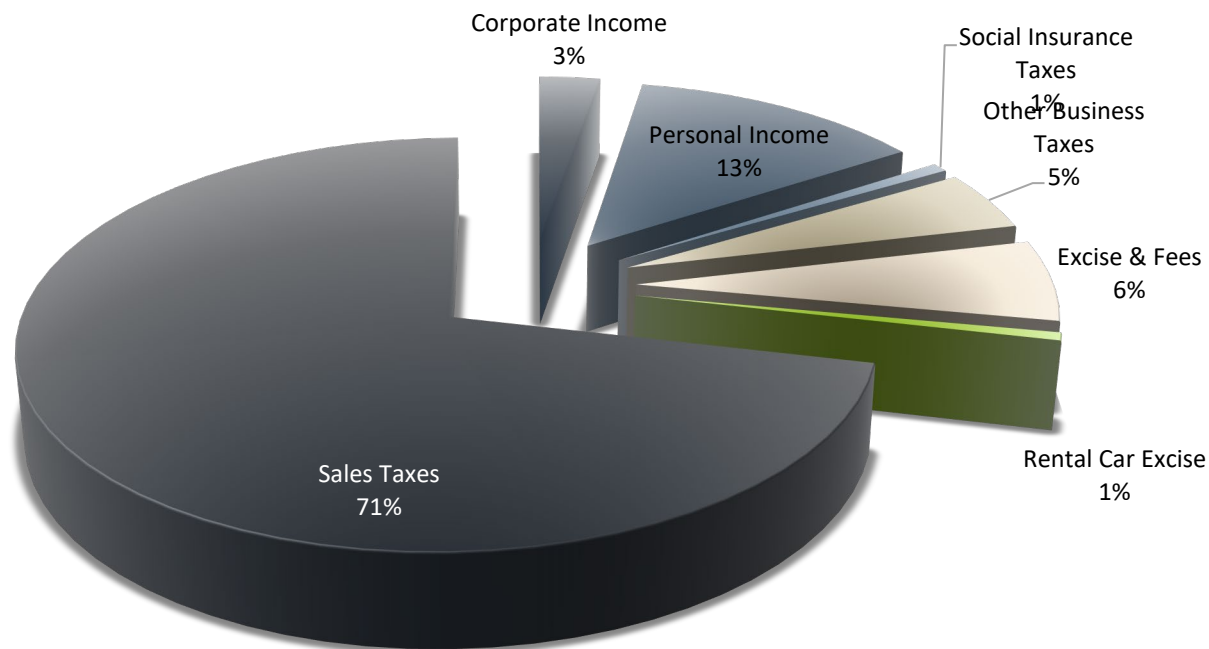
Sales tax receipts still dominate state tourism-initiated tax sources

Nearly every dollar of visitor spending is subject to the 7% Indiana sales tax. Tourism-initiated sales tax collections totaled \$639 million in 2016, up over 6% from year-earlier levels. Sales taxes comprise almost three quarters of all tourism-initiated state taxes. Tourism funds about 9% of all Indiana sales tax collections.

State income taxes paid by tourism workers and companies reached \$152 million in 2016, over 17% of total Hoosier tourism tax receipts. This represented a 4.9% gain versus 2015.

2016 State Tax Sources

Total = \$912 million



Source: Rockport Analytics, IMPLAN, Indiana Department of Revenue

Hotel taxes rise to over \$110 million in 2016

Strong demand and rising daily rates contributed to a 5.9% increase in Innkeepers tax collections across the state. Hotel taxes comprise nearly 16% of all local tourism-initiated taxes.

Food & Beverage excise receipts expanded by 5.7% in 2016

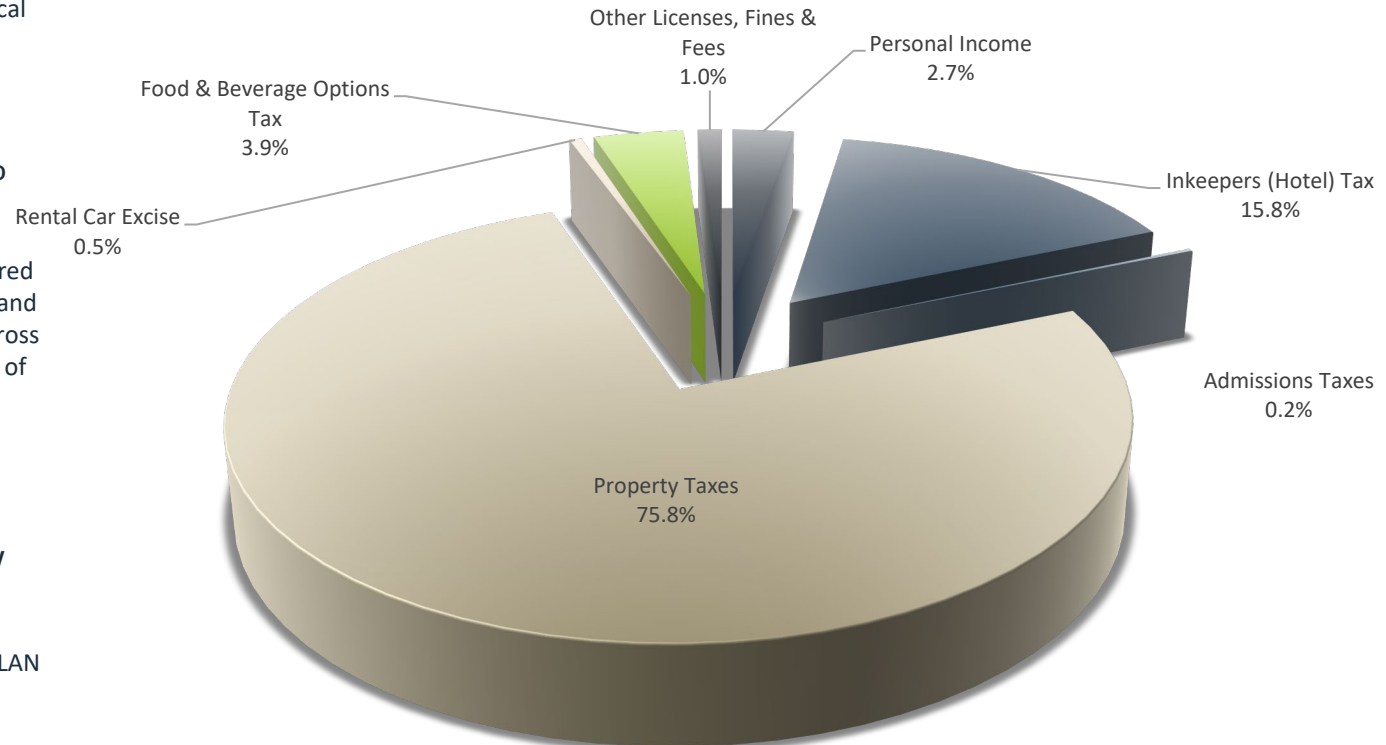
F&B receipts paid by visitors were bolstered by rising demand and a strong meetings and conventions year to reach \$26 million across the state. F&B excises now comprise 4% of all local tourism taxes.

Tourism's contribution to Indiana property taxes now over \$500 million

Property taxes are calculated by the IMPLAN model. The model allocates a portion of total property tax receipts based upon tourism's contribution to residential wages for residential property and commercial revenue for commercial property.

2016 Local Tax Sources

Total = \$675 million



Source: Rockport Analytics, IMPLAN, Indiana Department of Revenue, CIB

Indiana Tourism: Economic Impact in Perspective

How Does Tourism Benefit the Indiana Economy?

By Promoting a Healthy Job Market

1 in 16 Indiana workers owes his/her job to tourism activity. Tourism was responsible for nearly 14% of net new IN jobs in 2016. It takes only 326 visitors to support one new job in Indiana. That's only 6 tour buses, 2 Boeing 737s, or 55 minivan trips more.

Contributing to the Health of Public Education and Safety

Tourism-initiated state & local tax revenue was sufficient to educate 202,000 IN public school students. That is 19% of the state's entire K-12 enrollment. It takes only about 1,000 visitors to pay the annual salary of an Indiana public school teacher. Tourism tax revenue was sufficient to pay 53% of Indiana's Police & Fire spending in 2016.

Playing a Significant Role in the Indiana Economy's Industrial Composition

Tourism is the 9th largest industry (8th not including Government) in Indiana (by jobs). Tourism contributed 16% of net new Indiana jobs in 2016.

Directly Benefiting Area Businesses

Each Indiana visitor spent an average of \$154 locally on transportation, hotel, F&B, shopping, and entertainment.

Providing Tax Revenue to Support Local State & Local Government

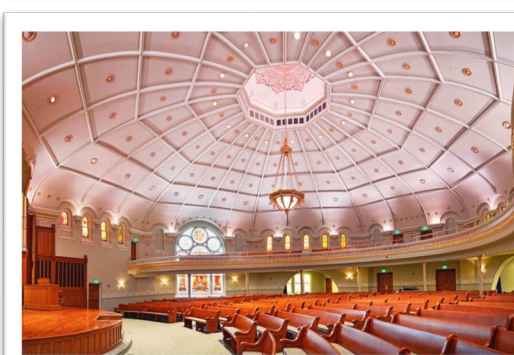
Each visitor generated roughly \$38 in tax receipts, \$21 of which went to state and local authorities. IN tourism contributed more than \$1.6 billion in tax revenue to state and local coffers in 2016. While the tourism industry comprises about 2% of Indiana's Gross State Product, visitor commerce contributes more than 4% of its tax revenues.

Helping to Relieve the Tax Burden of Indiana Households

If visitors stopped coming to Indiana each of its 2.5 million households would have to pay an additional \$635 in state & local taxes in order to maintain current levels of tax receipts.

Capturing and Retaining the Expenditures Made By Visitors

For every \$1 spent by IN visitors in 2016, the state economy retained about 89 cents. About 54 cents of that retained benefit went towards paying IN workers a total of \$6.6 billion in wages and salaries. And 13 cents of each visitor dollar went towards the payment of state and local taxes.





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