

The Douglas County, Kansas Visitor Industry, 2022

December 2023

Prepared for: Explore Lawrence



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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Douglas County, Kansas economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of the county's economy. In 2022, tourism-supported jobs accounted for 7% of all jobs in the county.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs.

This is particularly true for Douglas County as its visitor economy recovers. By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the significance of the visitor economy in Douglas County, Tourism Economics developed a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the visitor economy in terms of direct visitor spending, along with total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Douglas County, Kansas. The model traces the flow of visitor-related expenditures through the county's economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

Visitors included those who stayed in overnight accommodations or traveled more than 50 miles to the destination.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), maintained by the Bureau of Economic Analysis.

This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following data sources:

- Kansas Department of Revenue: tax collections by industry, including bed and sales tax receipts
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: lodging performance data, including room demand, room rates, occupancy, and room revenue
- Douglas County: guest tax receipts

ECONOMIC IMPACTS

KEY FINDINGS

VISITOR SPENDING

Driven by pent up demand and price increases of key commodities, visitor spending in Douglas County increased nearly \$34 million to reach \$279 million in 2022, surpassing pre-pandemic levels.

TOTAL ECONOMIC IMPACT

The \$279 million visitors spent in Douglas County sustained 3,515 jobs and generated \$30.5 million in state and local tax revenues in 2022.



\$279M

Visitor
Spending



3,515

Total
Jobs
Generated



\$30.5M

State & Local
Taxes
Generated



VISITOR INDICATOR TRENDS

SALES TAXES

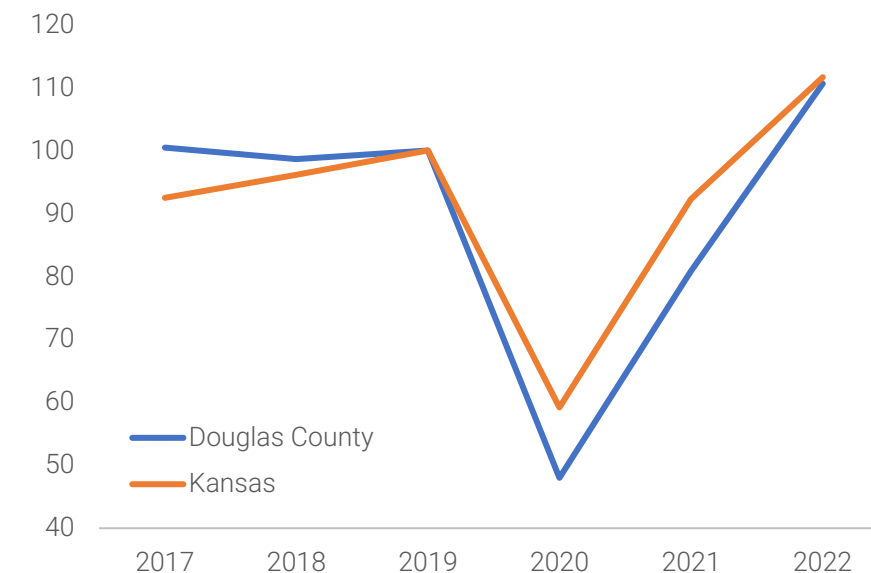
Understanding and comparing performance in local industries impacted by tourism at both the county and state level plays a key role in this analysis.

Lodging sales tax collections in Douglas County reached \$2.2 million in 2022, exceeding 2019’s total by 11% and setting a record for collections.

Sales tax collections from food & beverage businesses in 2022 totaled \$15.5 million, and at 14% higher than 2019 raised the bar for the industry’s collections for the second year in a row.

Taxable lodging sales

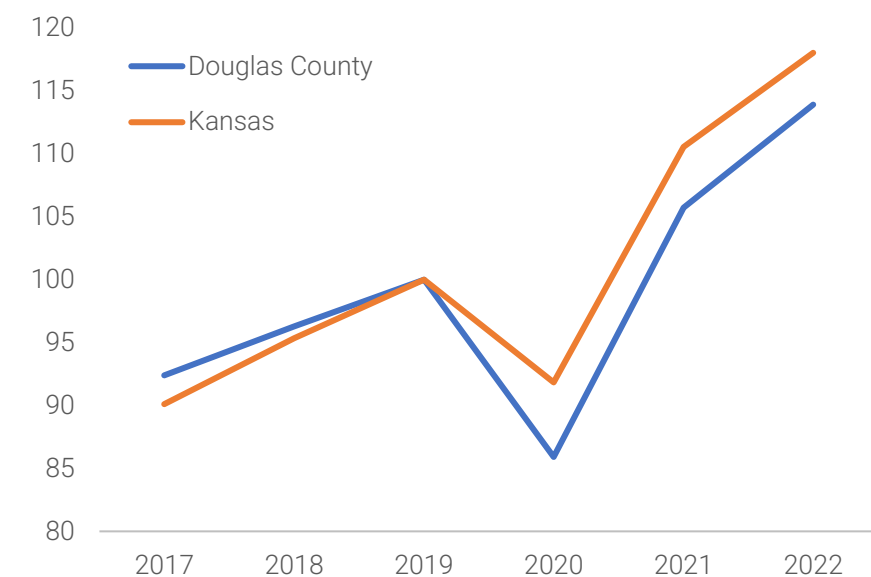
Indexed 2019=100



Source: Kansas Department of Revenue

Taxable food & beverage sales

Indexed 2019=100



Source: Kansas Department of Revenue

EMPLOYMENT MEASURES

As with sales taxes, employment growth provides insight into the impact of tourism within the economy.

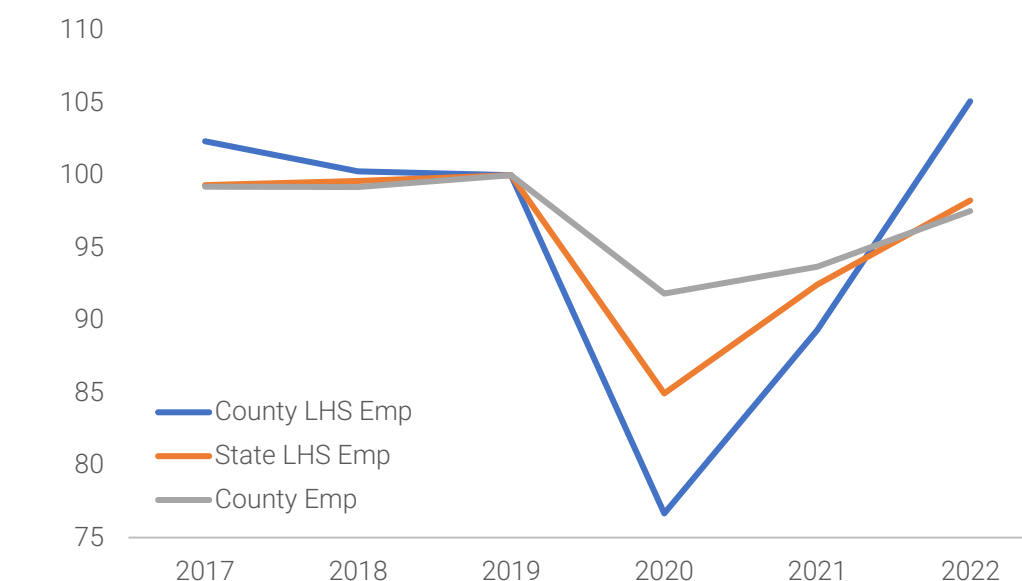
Employment in Douglas County’s leisure and hospitality services (LHS) grew 18% in 2022 and brought the sector to 5% above 2019 levels.

The sharp decline in LHS employment in 2020 dropped the sector’s employment index significantly below the county’s total employment index, a result of significant closures and restrictions during the pandemic. The county’s LHS employment rebounded in 2021 and 2022 as restrictions were lifted and both residents and visitors returned to eating out and enjoying recreational services.

The timelines of sales and employment indicate the severity of the pandemic but also the strength in the recovery once confidence in travel rebounded.

Employment growth

Indexed 2019=100



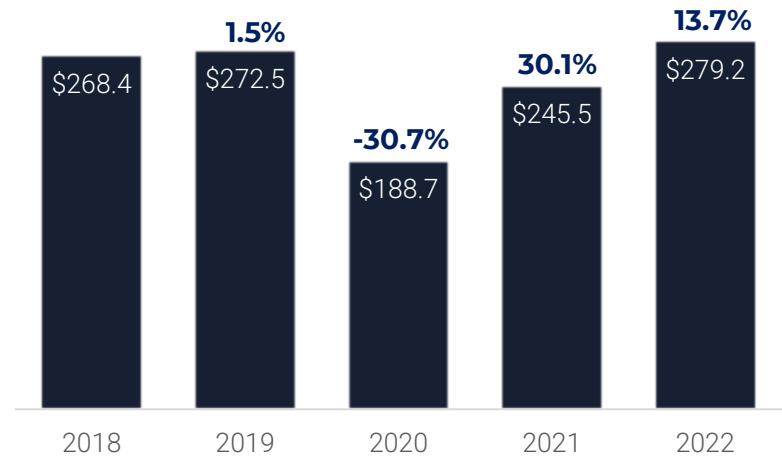
Source: BLS



VISITOR SPENDING

Visitor spending in Douglas County grew 14% in 2022, expanding to \$279 million. Strong growth in visitor spending on lodging and recreation and entertainment drove overall visitor spending levels above pre-pandemic levels.

Douglas County visitor spending
Amounts in \$ millions



Source: Tourism Economics

VISITOR SPENDING

Visitors to Douglas County, Kansas spent \$279 million across a range of sectors in 2022.

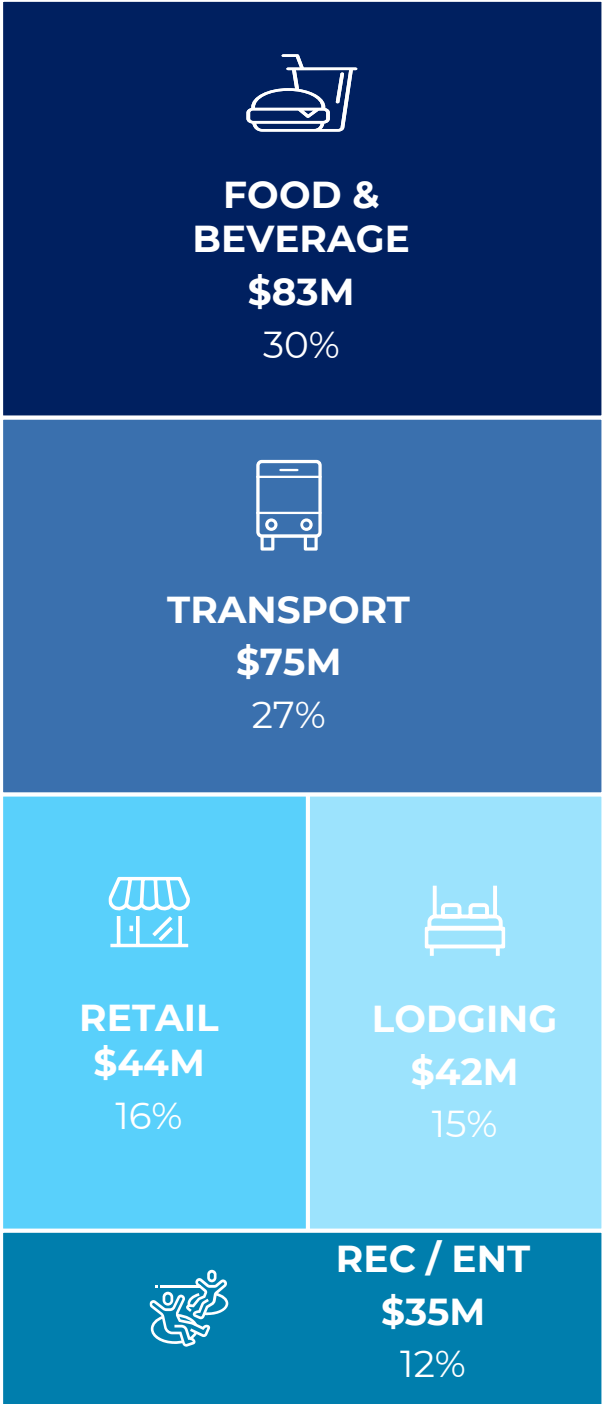
Visitor spending expanded 14% in 2022. Of the \$279 million visitors spent in Douglas County in 2022, spending on food & beverage registered \$83 million, 30% of visitor spending.

Transportation spending came in at 27% of overall spending, totaling more than \$75 million.

Spending on retail comprised 16% of visitor spending and reached \$44 million, while lodging spending, including the value of second homes and spending on short-term rentals, captured \$42 million, or 15% of visitor purchases.

Visitor spending on recreation and entertainment accounted for \$35 million, 12% of the total.

\$279 MILLION
Visitor Spending in 2022



Source: Tourism Economics
Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes and short-term rentals.

VISITOR SPENDING TRENDS

Visitor spending saw a second year of double-digit growth in all spending categories except for retail which fell just shy of that mark at 9%. With its sizeable growth of 26%, lodging recovered to within 8% of 2019 levels.

Douglas County visitor spending and annual growth

Amounts in \$ millions, 2022 % change, and % recovered relative to 2019

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Visitor spending	\$268.4	\$272.5	\$188.7	\$245.5	\$279.2	13.7%	102.5%
Food & beverage	\$76.7	\$79.1	\$61.4	\$74.5	\$82.9	11.3%	104.8%
Transportation	\$71.4	\$71.8	\$53.4	\$67.0	\$74.9	11.8%	104.3%
Retail	\$42.4	\$41.8	\$30.3	\$40.6	\$44.2	8.7%	105.8%
Lodging*	\$46.1	\$46.3	\$21.9	\$33.6	\$42.4	26.3%	91.7%
Recreation	\$31.8	\$33.5	\$21.7	\$29.8	\$34.8	16.5%	103.7%

Source: Tourism Economics

*Lodging includes dollars spent on second homes and short-term rentals

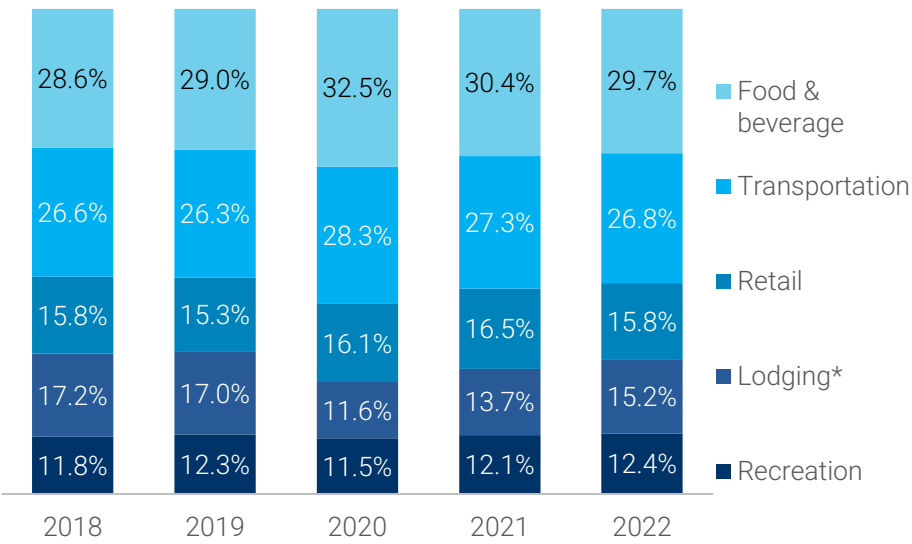
SPENDING SHARES

Shares in 2022

The categories of food & beverage and transportation continued to hold the two largest shares of visitors spending in 2022. Food & beverage spending in 2022 recorded the strongest growth in share at 0.7 percentage points higher than 2019’s level. Lodging experienced a significant decline in share in 2020 due to the pandemic but rebounded to 15.2 by 2022.

Douglas County Spending Shares, 2018-2022

By category, %



Source: Tourism Economics



ECONOMIC IMPACT METHODOLOGY

Our analysis of the Douglas County, Kansas visitor economy begins with direct visitor spending and analyzes the downstream effects of this spending on the broader economy. To determine total economic impact, we input direct spending into a model of the Douglas County, Kansas economy, constructed using an IMPLAN input-output (I-O) model. The model traces the full extent of industry impacts as dollars flow through the local economy.

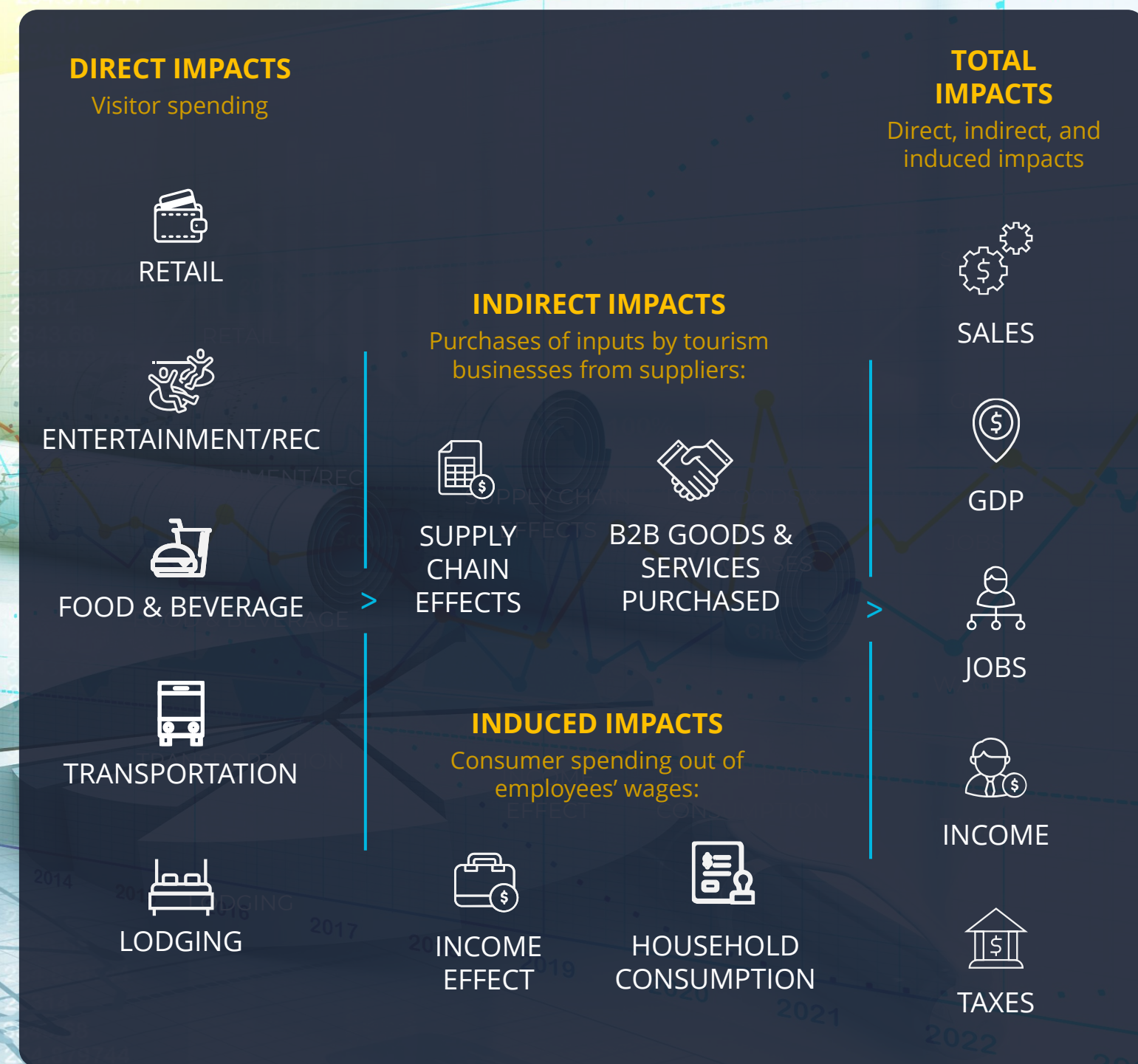
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

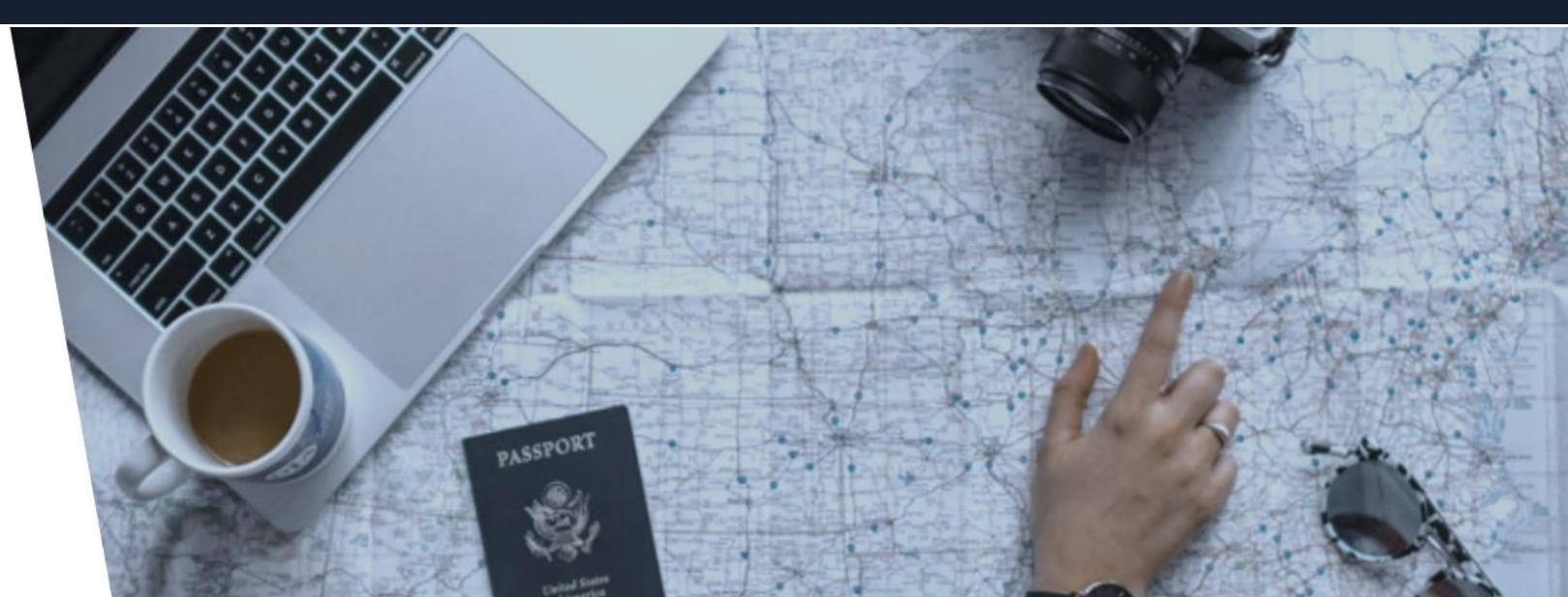
- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

ECONOMIC IMPACT FRAMEWORK





ECONOMIC IMPACT FINDINGS

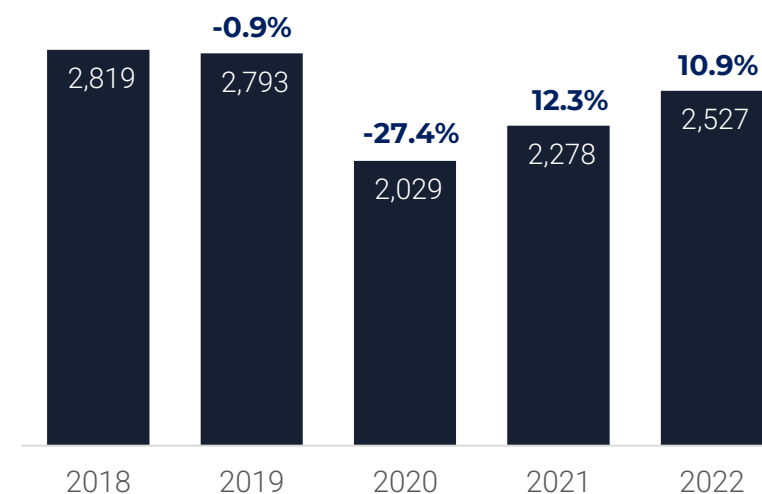
DIRECT IMPACTS

Employment supported by visitor activity rose 11% in 2022, reaching 2,527 jobs. The number of jobs increased by 249, rising to within 266 jobs of pre-pandemic levels, signaling a recovery of two-thirds of all pandemic job losses. The rebound of visitor-supported jobs lagged spending, with visitor-supported employment levels at 90% of pre-pandemic levels compared to 102% of spending in 2022.

The evaluation of the direct impact of visitor activity allows for comparisons and rankings against other industries. Based on employment levels, direct visitor-associated (tourism) employment ranked 6th in the county against other industries.

Direct employment in Douglas County

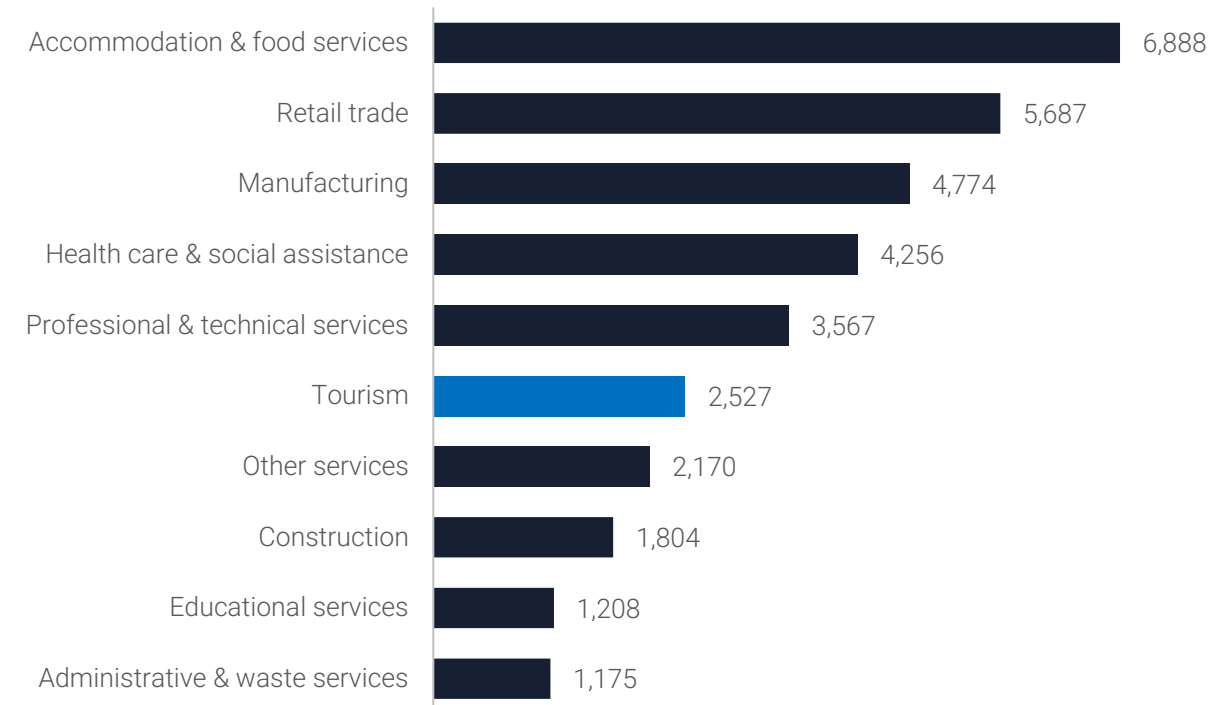
Amounts in number of jobs



Source: Tourism Economics

Direct employment in Douglas County, by major industry

Amounts in number of jobs



Source: BEA, BLS, Tourism Economics

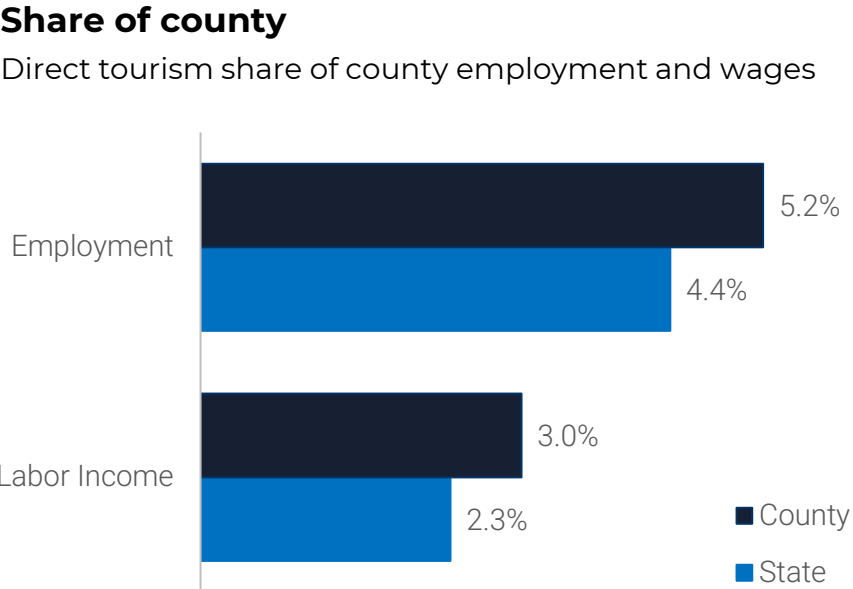


ECONOMIC IMPACT FINDINGS

IMPACTS

Visitor activity in Douglas County directly supported 2,527 jobs within the county. When including indirect and induced impacts, total employment registered 3,515 jobs, or 7% of all jobs in Douglas County. Total labor income associated with this level of employment reached \$109 million in 2022.

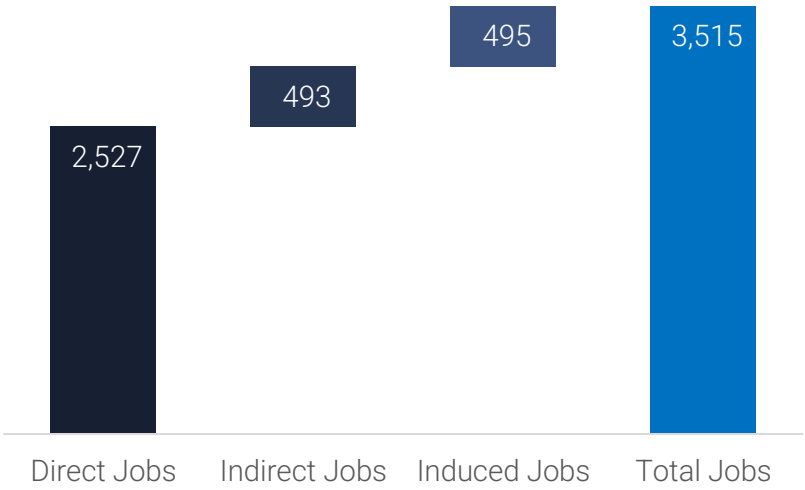
Visitor activity supports a larger share of direct jobs and labor income in Douglas County than the statewide share. The Douglas County economy's reliance on tourism outpaces the statewide average.



Source: BLS, Tourism Economics

Summary employment impacts (2022)

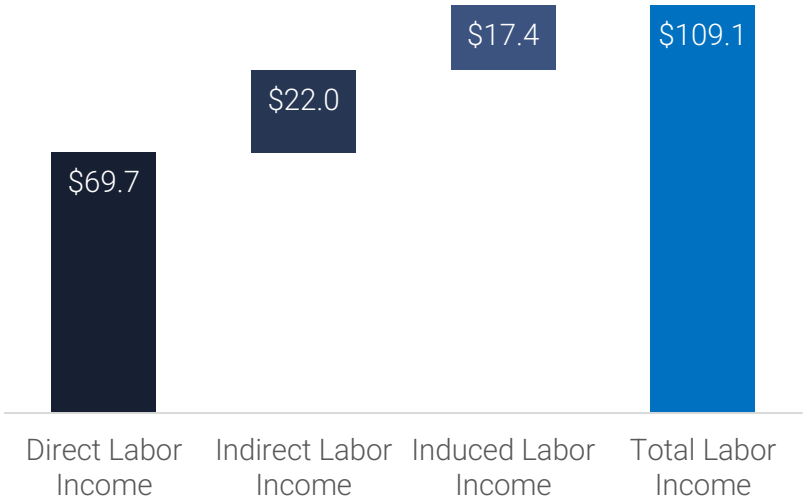
Amounts in number of jobs



Source: Tourism Economics

Summary labor income impacts (2022)

Amounts in \$ millions



Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

DIRECT IMPACTS

Douglas County’s \$279 million in visitor spending represented 3.6% of all visitor spending in Kansas. Douglas County’s share of visitor spending rose in 2022 as visitor spending growth in the county was stronger than that of the state.

Of all jobs directly supporting visitor activity in Kansas, 4.2% exist in Douglas County.

Local employees whose jobs directly rely on visitor activity earned \$70 million in wages and other income.

Direct impacts

Employment in jobs, spending and income in \$ millions

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Visitor Spending							
Douglas County	\$268.4	\$272.5	\$188.7	\$245.5	\$279.2	13.7%	102.5%
Kansas	\$7,106.6	\$7,326.6	\$5,445.7	\$6,960.3	\$7,676.8	10.3%	104.8%
Share	3.78%	3.72%	3.47%	3.53%	3.64%		
Employment							
Douglas County	2,819	2,793	2,029	2,278	2,527	10.9%	90.5%
Kansas	65,352	66,007	53,084	57,051	60,655	6.3%	91.9%
Share	4.31%	4.23%	3.82%	3.99%	4.17%		
Labor Income							
Douglas County	\$68.3	\$69.2	\$54.7	\$63.2	\$69.7	10.3%	100.7%
Kansas	\$1,746	\$1,801	\$1,517	\$1,721	\$1,905	10.6%	105.7%
Share	3.91%	3.84%	3.61%	3.67%	3.66%		

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

TOTAL IMPACTS

Visitors supported 3,515 jobs in Douglas County or 1-in-14 jobs.

Douglas County job holders supported by visitor activity earned \$109 million in wages and benefits from their work.

Visitor activity supported \$30.5 million in state and local governmental revenues in 2022.

Total impacts

Employment in jobs, income and taxes in \$ millions

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Employment							
Douglas County	3,810	3,784	2,915	3,260	3,515	7.8%	92.9%
Kansas	96,590	97,234	80,152	84,431	88,509	4.8%	91.0%
Share	3.94%	3.89%	3.64%	3.86%	3.97%		
Labor Income							
Douglas County	\$ 106.2	\$ 107.8	\$ 88.3	\$ 100.4	\$ 109.1	8.6%	101.2%
Kansas	\$ 3,182	\$ 3,264	\$ 2,822	\$ 3,112	\$ 3,388	8.9%	103.8%
Share	3.34%	3.30%	3.13%	3.23%	3.22%		
State & Local Taxes							
Douglas County	\$24.7	\$26.6	\$21.5	\$25.5	\$30.5	19.7%	114.7%
Kansas	\$617.9	\$673.7	\$589.3	\$700.5	\$759.6	8.4%	112.7%
Share	3.99%	3.95%	3.64%	3.64%	4.01%		

Source: Tourism Economics

Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels, rentals and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
Recreation	Includes visitor spending within the arts, entertainment and recreation sub-sector.
Shopping	Includes visitor spending in all retail sub-sectors within the local economy.
Local transport	Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, buses, and the local share of air transportation spending.
Service stations	Visitor spending on gasoline.
Second homes	Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau.

Glossary – Economic Impact Definitions

Term	Description
Direct Impact	Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discreet group of tourism-related sectors (e.g. recreation, transportation, lodging).
Indirect Impact	Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
Employment	Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year.
Labor income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Value Added (GDP)	The economic enhancement a company gives its products or services before offering them to customers.
Local Taxes	City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses and other revenues streams of local governmental authorities – from transportation to sanitation to general government.
State Taxes	State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees and other assessments of state governments.

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, state, and city coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, London, Frankfurt, Ontario, and Sydney.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 600 full-time staff, including 300 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

admin@tourismeconomics.com