

ECONOMIC IMPACT OF VISITORS IN IOWA 2020

Prepared for:
Iowa Economic Development Authority



WWW.TOURISMECONOMICS.COM

INTRODUCTION

The travel sector is an integral part of the Iowa economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Iowa's future. How critical? Even in 2020, tourism supported 4.8% of all jobs in Iowa.

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 Iowa as it continues to expand upon its visitor economy, and by establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in Iowa, Tourism Economics has prepared a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Iowa. The model 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. 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 those who came from a distance greater than 50 miles and deviated from their normal routine.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), 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:

- Spending and visitor profile characteristics for visitors to Iowa based on historical Iowa Welcome Center survey data
- 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
- Tax collections: Lodging and sales tax receipts
- US Census: business sales by industry and seasonal second homes inventory
- Tourism Economics: international travel data for overseas, Canadian, and Mexican travel to Iowa based on aviation, survey, and credit card information
- U.S. Energy Information Administration: gasoline price data

KEY FINDINGS

KEY FINDINGS

The pandemic affected 2020 visitor activity

Shutdowns significantly cut visitation and spending.

The 2020 visitor spending results have been significantly impacted by the pandemic. Business travel disappeared and both the limitations and restrictions to mobility, as well as economic disruptions, hit travel hard.

But travel did happen in 2020 – it was just a lot different than previous years. Travel leaned towards auto trips, and the widespread decline of business travel made leisure travel of paramount importance to the tourism industry.

While declines in 2020 were significant, the number of trips and associated spending that occurred in Iowa during the year was still noteworthy.



Pandemic affects results

Visitor spending declined 29%; however, visitors to Iowa still spent \$4.6 billion in 2020, which generated \$7.3 billion in total business sales, including indirect and induced impacts.



Employment Supporter

A total of 60,218 jobs were sustained by visitors to Iowa in 2020. This included 41,655 direct and 18,563 indirect and induced jobs.



Fiscal Contributions

Tourism in Iowa generated \$1.5 billion in tax revenues in 2020, with over \$860 million accruing to state and local governments.

VISITOR ECONOMY TRENDS

VISITOR SPENDING TRENDS

Visitor spending

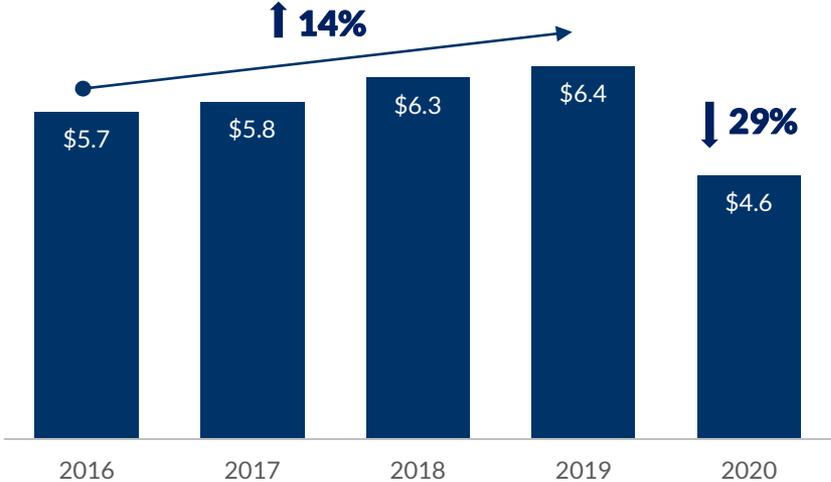
Visitor spending faced steep drop after years of steady growth.

Visitor spending in Iowa declined 29% in 2020, falling to \$4.6 billion.

The pandemic and its various travel restrictions and changes in traveler behavior cut nearly \$1.9 billion from 2019 visitor spending levels.

Prices in key traveler sectors – gasoline and lodging – fell, exacerbating the decline in spending.

Iowa Total Visitor Spending
Amounts in billions of nominal dollars



Source: Tourism Economics

SPENDING DETAILS

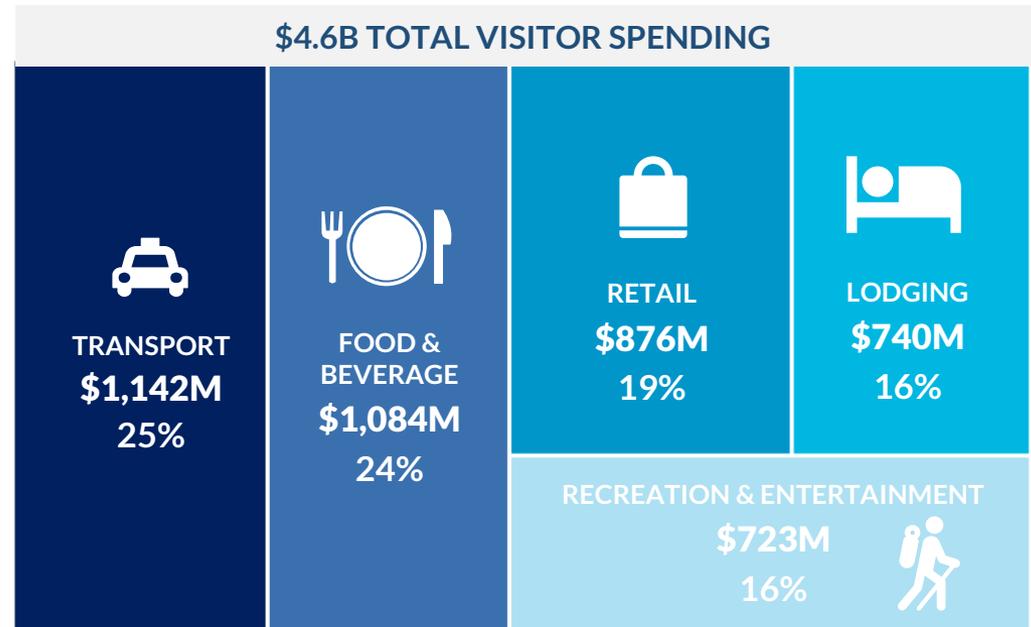
Spending by category, 2020

Visitors to Iowa spent \$4.6 billion across a wide range of sectors.

Of the \$4.6 billion spent in Iowa in 2020 by visitors, air and local transportation spending combined captured \$1.1 billion—25% of the average visitor dollar.

Food & beverage and retail spending by visitors were the next largest spending categories in 2020, accounting for 24% and 19%, respectively, of the average visitor dollar.

Lodging and recreational/entertainment activities' shares of the average visitor dollar dwindled in 2020. Recreational/entertainment activities captured 16 cents of each visitor dollar in 2020, down from 17 cents in 2019. Lodging's visitor spending share contracted more severely from 19 cents of the average visitor dollar to 16 cents.



Note: Lodging spending is calculated as an industry, including meetings, catering, etc..

Source: Tourism Economics

SPENDING TIMELINE

Visitor spending by industry

Visitor spending fell nearly \$1.9 billion in 2020, and still registered \$4.6 billion.

As 2020 travel became more leisure and family-oriented overall, spending sectors with more reliance on those segments declined less. For example, food and beverage spending declined 22% – the least of any category.

Lodging spending was hit hard by the pandemic. With fewer rooms rented coupled with lower prices, lodging spending in 2020 fell by 39%.

Demand for air travel plummeted and gas prices fell, as did spending on car rentals, driving combined local and air transportation 30% lower than in 2019.

Visitor Spending in Iowa

Amounts in billions of nominal dollars and growth rates

	2016	2017	2018	2019	2020	2020 Growth	CAGR 2016-2020
Total visitor spending	\$5.66	\$5.83	\$6.25	\$6.45	\$4.57	-29.2%	-5.3%
Food & beverages	\$1.21	\$1.24	\$1.33	\$1.40	\$1.08	-22.3%	-2.8%
Lodging*	\$1.05	\$1.07	\$1.14	\$1.21	\$0.74	-38.8%	-8.4%
Retail	\$1.09	\$1.09	\$1.14	\$1.13	\$0.88	-22.8%	-5.3%
Recreation	\$0.95	\$0.98	\$1.04	\$1.07	\$0.72	-32.7%	-6.7%
Transportation**	\$1.36	\$1.45	\$1.60	\$1.64	\$1.14	-30.2%	-4.2%

* Lodging includes 2nd home spending

** Transportation includes both ground and air transportation

Source: Iowa Economic Development Authority; Tourism Economics

SPENDING TIMELINE

Visitor spending by segment

Domestic visitor spending mitigated the losses experienced by Iowa in 2020. As international inbound travel was severely restricted in 2020, significant declines were felt across the state.

Visitor Spending by Market

Amounts in billions of nominal dollars

	2016	2017	2018	2019	2020	2020 Growth
Total visitor spending	\$5.66	\$5.83	\$6.25	\$6.45	\$4.57	-29.2%
Domestic	\$5.43	\$5.60	\$6.03	\$6.25	\$4.52	-27.6%
International	\$0.24	\$0.23	\$0.22	\$0.20	\$0.04	-80.2%

Source: Iowa Economic Development Authority; Tourism Economics

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

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

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

1. **Direct Impacts:** Visitors create direct economic value within a discrete group of sectors (e.g., recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP 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.
3. **Induced Impacts:** Lastly, the induced impact is generated when employees whose wages are generated, either directly or indirectly by visitors, spend those wages in the local economy.

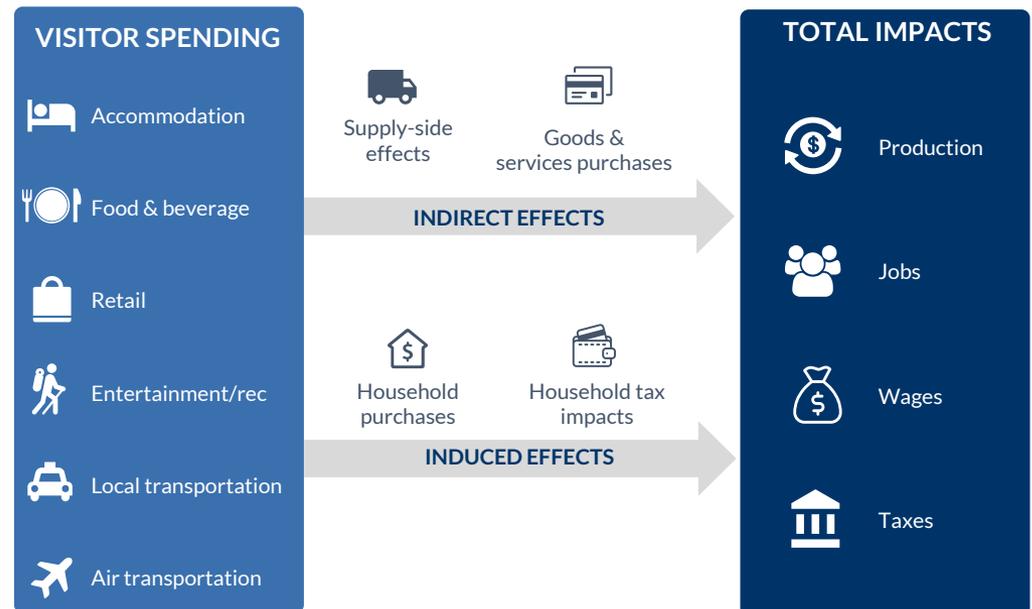
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

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

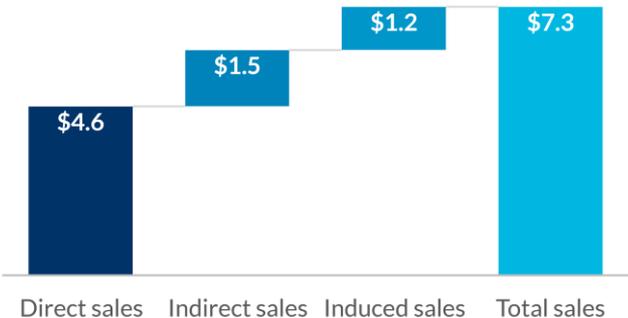


TOTAL BUSINESS SALES IMPACTS

Business sales impacts by industry

Visitors and tourism businesses spent \$4.6 billion in Iowa in 2020. This supported a total of \$7.3 billion in business sales when indirect and induced impacts are considered.

Summary Economic Impacts (\$ billions)



Business Sales Impacts by Industry

Amounts in millions of current dollars	Direct sales	Indirect sales	Induced sales	Total sales
Total, all industries	\$4,565	\$1,523	\$1,167	\$7,255
By industry				
Food & beverage	\$1,084	\$77	\$79	\$1,240
Retail trade	\$876	\$23	\$99	\$997
Finance, insurance, and real estate	\$54	\$375	\$393	\$822
Lodging	\$740	\$0	\$0	\$741
Gasoline stations	\$646	\$2	\$8	\$655
Recreation and entertainment	\$521	\$49	\$20	\$591
Business services	\$144	\$355	\$83	\$582
Other transport	\$377	\$123	\$27	\$527
Education and healthcare		\$10	\$199	\$209
Communications		\$136	\$51	\$187
Construction and utilities		\$147	\$38	\$185
Personal services	\$58	\$50	\$70	\$178
Wholesale trade		\$67	\$51	\$118
Manufacturing		\$57	\$27	\$84
Air transport	\$66	\$2	\$2	\$70
Government		\$41	\$13	\$54
Agriculture, fishing, mining		\$10	\$7	\$16

Source: Tourism Economics

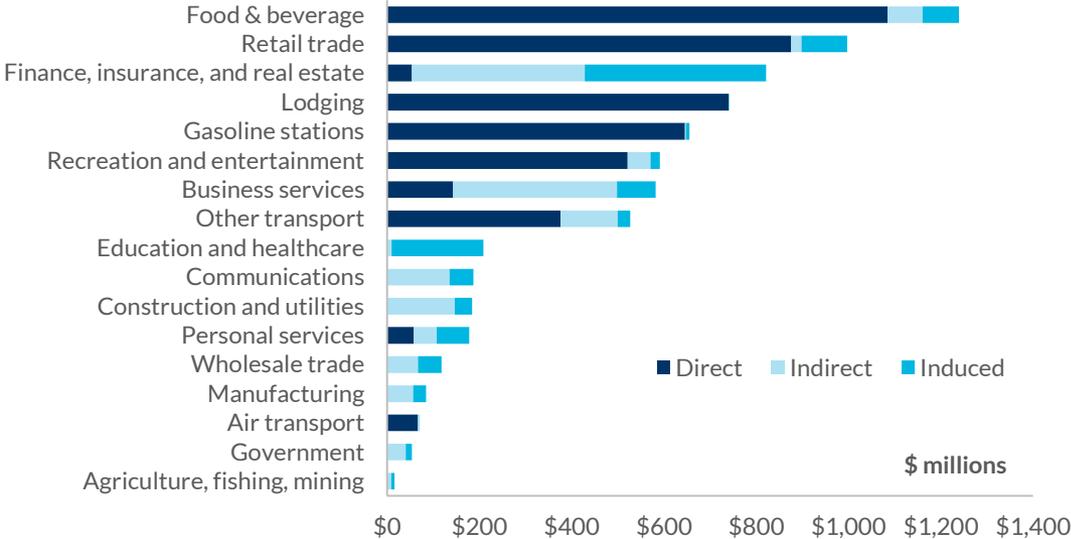
TOTAL BUSINESS SALES IMPACTS

Business sales impacts by industry

The indirect and induced effects add a total of \$2.7 billion in sales to businesses located in Iowa. This includes over \$760 million in sales supported by visitor activity but not by visitors to finance, insurance, and real estate businesses.

Significant benefits also accrue in sectors like business services, education & health care, and communications from selling to tourism businesses and employees.

Business Sales Impacts by Industry



Source: Tourism Economics

TOTAL INCOME IMPACTS

Personal income impacts by industry

Tourism generated \$1.1 billion in direct income and \$2.0 billion when indirect and induced impacts are considered.

Summary Personal Income Impacts (\$ billions)



Personal Income Impacts by Industry

Amounts in millions of current dollars	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$1,114	\$483	\$358	\$1,955
By industry				
Food & beverage	\$283	\$33	\$29	\$345
Lodging	\$306	\$0	\$0	\$306
Business services	\$48	\$170	\$39	\$258
Retail trade	\$148	\$8	\$35	\$190
Other transport	\$98	\$55	\$12	\$165
Finance, insurance, and real estate	\$27	\$66	\$46	\$139
Recreation and entertainment	\$107	\$10	\$5	\$122
Education and healthcare		\$5	\$113	\$118
Personal services	\$47	\$31	\$34	\$112
Gasoline stations	\$41	\$1	\$2	\$44
Communications		\$27	\$10	\$37
Wholesale trade		\$20	\$14	\$34
Construction and utilities		\$23	\$7	\$30
Government		\$21	\$5	\$26
Manufacturing		\$11	\$5	\$16
Air transport	\$10	\$0	\$0	\$11
Agriculture, fishing, mining		\$2	\$1	\$3

Source: Tourism Economics

TOTAL INCOME IMPACTS

Personal income impacts by industry

There are nine industries in which visitor activity supports more than \$100 million in personal income. These range from the obvious—food & beverages and lodging, to the less obvious—business services and education & health care.

Personal Income Impacts by Industry



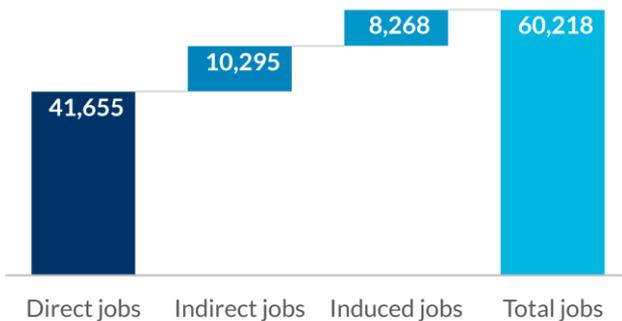
Source: Tourism Economics

TOTAL EMPLOYMENT IMPACTS

Employment impacts by industry

Tourism supported a total of 60,218 jobs, 4.8% of total employment, in Iowa when indirect and induced impacts are considered.

Summary Employment Impacts (number of jobs)



Employment Impacts by Industry

Amounts in number of jobs	Direct jobs	Indirect jobs	Induced jobs	Total jobs
Total, all industries	41,655	10,295	8,268	60,218
By industry				
Food & beverage	14,195	1,339	1,265	16,799
Lodging	11,660	2	2	11,664
Retail trade	4,496	261	1,223	5,980
Recreation and entertainment	4,792	753	290	5,836
Business services	1,012	2,925	704	4,641
Personal services	1,901	618	895	3,414
Finance, insurance, and real estate	598	1,689	939	3,227
Other transport	1,272	1,193	264	2,729
Education and healthcare		123	2,056	2,180
Gasoline stations	1,530	22	82	1,634
Communications		384	130	514
Wholesale trade		233	163	396
Construction and utilities		262	87	349
Government		270	66	337
Manufacturing		177	68	245
Air transport	199	5	5	210
Agriculture, fishing, mining		39	26	65

Source: Tourism Economics

TOTAL EMPLOYMENT IMPACTS

Employment impacts by industry

Visitor spending supports the largest number of jobs in the food & beverage industry—nearly 17,000. The majority of those jobs are directly supported by visitor activity.

Tourism-supported employment in lodging businesses provided nearly 12,000 jobs to Iowa job holders with retail and recreational/entertainment employment registering almost 7,000 jobs in the state in 2020.

More than 18,500 Iowa-based jobs were either supported indirectly or induced by visitor activity in 2020.

Employment Impacts by Industry



Source: Tourism Economics

TOTAL TAX IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$1.5 billion in governmental revenues.

State and local taxes alone tallied \$864 million in 2020.

Fiscal (Tax) Impacts

Amounts in millions of current dollars

Total tax revenues	\$1,537
Federal	\$674
Personal income	\$206
Corporate	\$47
Indirect business	\$41
Social security	\$379
State and Local	\$864
Personal Income	\$74
Sales	\$315
Lodging	\$74
Corporate	\$12
Excise and fees	\$47
Property	\$341

Source: Tourism Economics

TOTAL TAX IMPACTS

Fiscal (tax)

The visitor economy supported \$425 million in local tax revenues in Iowa.

Each local household would need to be taxed an additional \$682 to replace the traveler taxes received by state and local governments in 2020.

In Iowa, tourism supported taxes would fund:

- State appropriations for Department of Public Health (\$54 million)
- State appropriations for Department of Natural Resources (\$88 million)
- New broadband grant program (\$100 million)

Fiscal (Tax) Impacts

Amounts in millions of nominal dollars	State	Local
Total tourism taxes	\$439	\$425
Personal income	\$72	\$2
Sales	\$280	\$35
Lodging	\$34	\$39
Corporate	\$12	
Excise and fees	\$40	\$7
Property		\$341

Source: Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

DIRECT INDUSTRY EMPLOYMENT

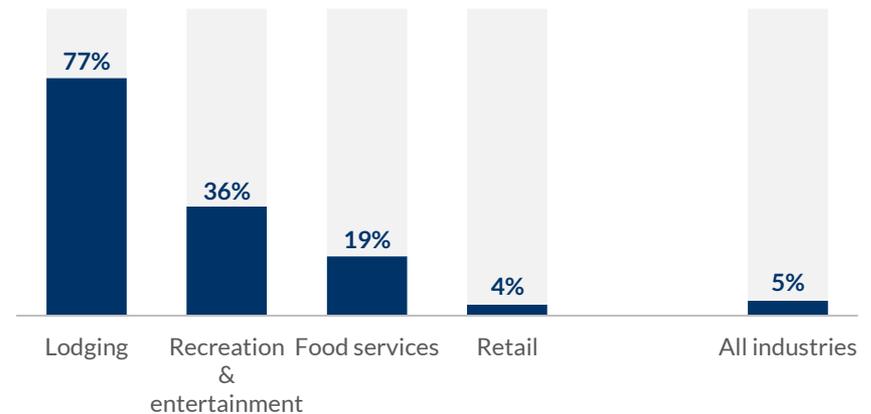
Tourism employment

Tourism employment is a significant part of several industries—the majority of lodging employment, over one-third of recreational/entertainment employment, and approximately one-fifth of food services employment is supported by tourism spending.

Tourism shares fell in 2020 with the decline in visitor spending. The share of total jobs supported by visitor activity dropped one percentage point to 5% in 2020 as resident spending – local demand – rose in importance to Iowa businesses.

Tourism Employment Intensity

Amounts in percentage of total industry employment



Source: BEA; BLS; Tourism Economics

DIRECT INDUSTRY EMPLOYMENT

Tourism employment

Visitor spending directly supported 41,655 jobs.

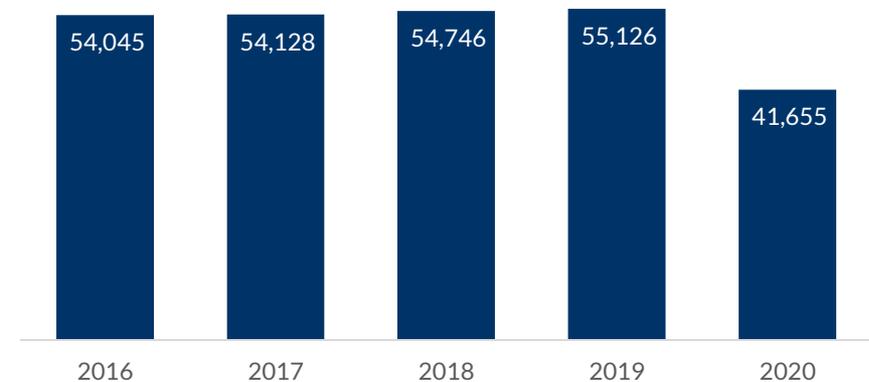
Employment fell by 13,471 jobs as businesses cut jobs due to the drop in visitor spending.

Lodging employment alone fell 30% with the number of jobs in the recreational/entertainment industry dropping by 28%.

Despite these drops, the 41,655 jobs supported by visitor activity still represent 3.4% of all jobs in Iowa. Even in a year with tourism nearly shut down, one out of every 30 Iowa jobs is directly supported by visitor spending.

Direct Tourism Employment in Iowa

Amounts in number of jobs



Source: BEA; BLS; Tourism Economics

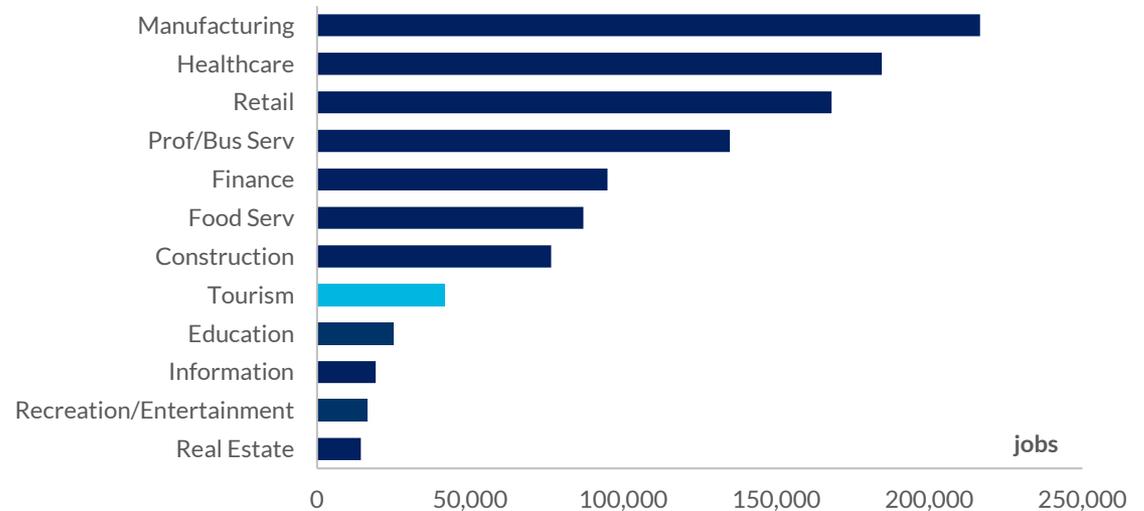
DIRECT INDUSTRY EMPLOYMENT

Tourism employment

In 2020, tourism was the 8th largest employer in Iowa, remaining even with its ranking in 2019.

However, tourism suffered the largest employment decline of any industry. To complete Iowa's recovery from the pandemic job losses, tourism will need to recover.

Iowa Jobs by Industry



Source: BEA; BLS; Tourism Economics

ECONOMIC IMPACTS IN CONTEXT

Spending, jobs, and income impacts in context



**\$4.6
BILLION**

VISITOR SPENDING

The \$4.6 billion in visitor spending means that \$12.5 million was spent EVERY DAY by visitors in Iowa.



**\$2.0
BILLION**

PERSONAL INCOME

The \$2.0 billion in total income generated by tourism is the equivalent of over \$1,500 for every household in Iowa.



**60,218
JOBS**

EMPLOYMENT

The number of total jobs sustained by tourism supports 4.8% of all jobs in Iowa.



**\$864
MILLION**

STATE AND LOCAL TAXES

The \$864 million in state and local taxes generated by tourism would cover the average salaries of over 15,000 public school teachers in Iowa.

APPENDIX

GLOSSARY – SPENDING

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
Recreation/entertainment	Includes visitors 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, and buses.

GLOSSARY – IMPACTS

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.
Personal 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 destinations 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, city, and state 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, Buenos Aires, Dubai, Frankfurt, and Ontario.

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 250 full-time staff, including 150 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

For more information:

info@tourismeconomics.com