

# ECONOMIC IMPACT OF VISITORS IN IOWA 2021

November 2022

Prepared for: Iowa Economic Development Authority





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## INTRODUCTION

# PROJECT BACKGROUND

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 the state's future. How critical? In 2021, tourism-supported jobs accounted for 5.1% 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 builds upon its tourism 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 state'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 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), 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.

By establishing a timeline of economic impacts, the industry can track its progress.

To quantify the significance of the visitor economy in Iowa, 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.

The analysis draws on the following data sources:

- Travel Iowa: spending and visitor profile characteristics for visitors to Iowa based on historical Iowa Welcome Center survey data
- Arrivalist: mobile device geolocation 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: sales and lodging 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.



# ECONOMIC IMPACTS

## KEY FINDINGS

### DIRECT VISITOR SPENDING IMPACT

In 2021, visitors spent over \$6.1 billion across the Iowa economy. The Iowa visitor economy spans multiple industries. Visitors spend directly on accommodations, food and beverage, recreation, retail shopping, local transportation, and air travel.

### TOTAL ECONOMIC IMPACT

The direct visitor spending impact of \$6.1 billion generated a total economic impact of \$9.4 billion in Iowa in 2021 including indirect and induced impacts. This total economic impact sustained nearly 65,000 jobs and generated \$1.0 billion in state and local tax revenues in 2021.



**\$9.4 BILLION**

Total Economic Impact of Tourism in Iowa in 2021



**\$6.1B**

Direct Visitor  
Spending



**\$9.4B**

Total  
Economic  
Impact



**65,000**

Total  
Jobs  
Generated



**\$1.0B**

State & Local  
Taxes  
Generated







## VISITOR SPENDING & SPENDING TRENDS

Visitor spending increased by 35% in 2021, a bounce back after the significant decline in 2020. Spending grew across all sectors, driven by both pent-up demand as well as increases in prices of key commodities, especially in lodging and transportation. Indeed, average room rates at hotels in the state increased 14%.

Strong growth was seen in lodging, one of the most impacted sectors during the pandemic. Lodging spending improved 54% after a fall of 39% in 2020. This rebound led to lodging spending registering just 6% short of its 2019 level.

Recreational spending grew 33% in 2021 but still registered 11% below pre-pandemic levels. While air transportation remains at 63% of pre-pandemic levels, transportation within the destination rose to 4% above 2019 spending.

### Iowa visitor spending

Amounts in \$ millions, 2021 percent change and percent recovered relative to 2019

|                               | 2017           | 2018           | 2019           | 2020           | 2021           | 2021 Growth  | % relative to 2019 |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|--------------|--------------------|
| <b>Total visitor spending</b> | <b>\$5,829</b> | <b>\$6,251</b> | <b>\$6,449</b> | <b>\$4,565</b> | <b>\$6,148</b> | <b>34.7%</b> | <b>95.3%</b>       |
| Transportation**              | \$1,445        | \$1,601        | \$1,636        | \$1,142        | \$1,615        | 41.4%        | 98.7%              |
| F&B                           | \$1,241        | \$1,328        | \$1,395        | \$1,084        | \$1,369        | 26.3%        | 98.1%              |
| Lodging*                      | \$1,068        | \$1,140        | \$1,209        | \$740          | \$1,137        | 53.7%        | 94.1%              |
| Retail                        | \$1,093        | \$1,140        | \$1,135        | \$876          | \$1,067        | 21.9%        | 94.1%              |
| Ent/Rec                       | \$982          | \$1,041        | \$1,074        | \$723          | \$959          | 32.6%        | 89.3%              |

Source: Tourism Economics

\* Lodging includes second home spending

\*\* Transportation includes both ground and air transportation

## VISITOR SPENDING

**Visitors to Iowa spent \$6.1 billion across a range of sectors in 2021.**

Visitor spending expanded 35% in 2021, within 5% of a full recovery to pre-pandemic levels.

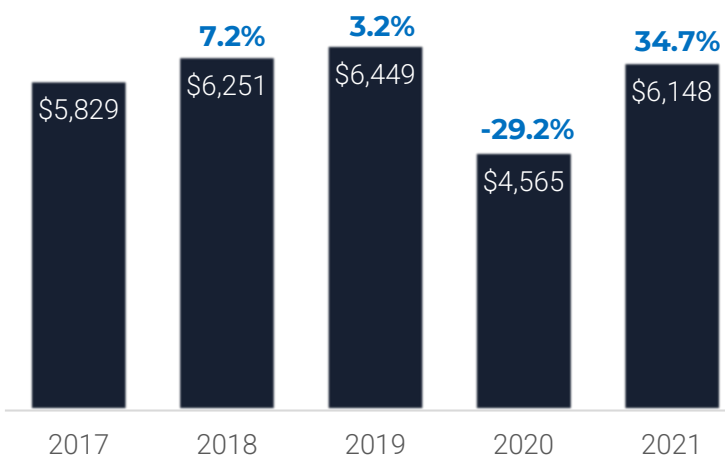
Of the \$6.1 billion spent in Iowa in 2021 by visitors, lodging, including the value of second homes, accounted for \$1.6 billion, 26% of the average visitor dollar. Transportation, including both air and transportation within the destination, resulted in \$1.4 billion.

Retail captured 19%, a total of \$1.1 billion.

Food and beverage comprised 17%, with recreation registering 16% of each visitor dollar as well.

### Iowa visitor spending

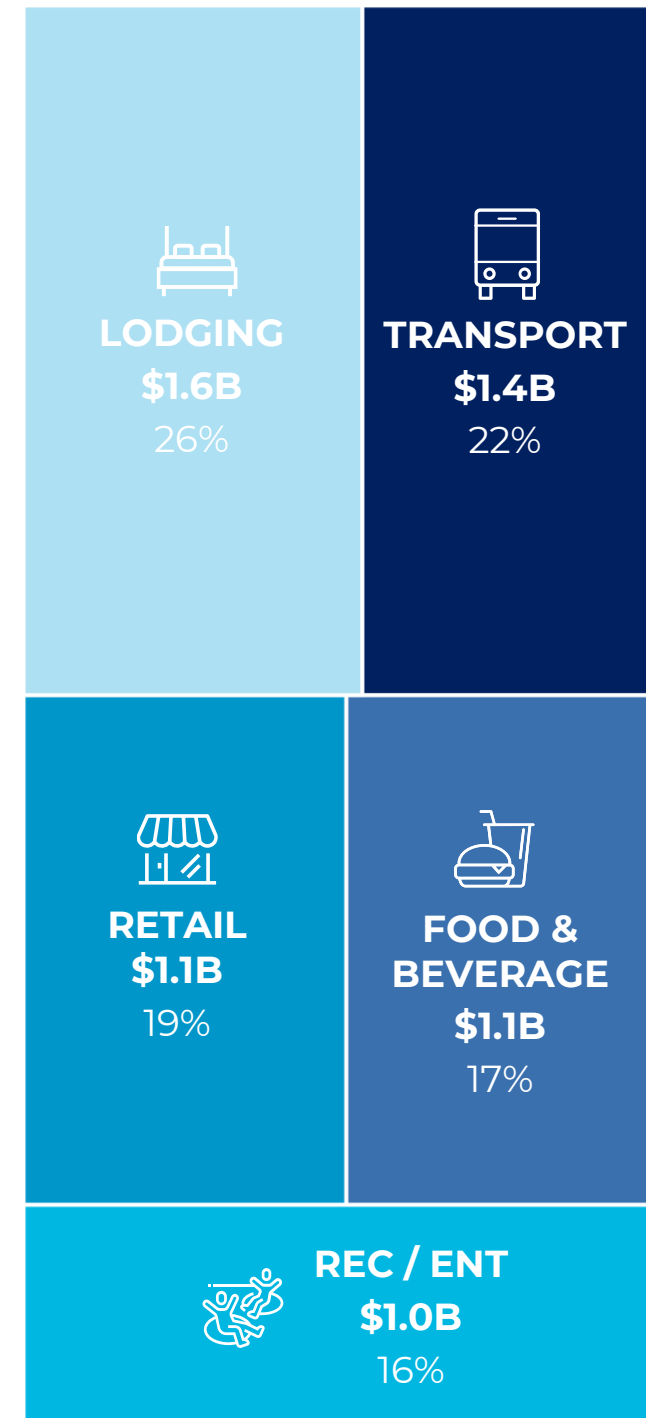
Amounts in \$ millions



Source: Tourism Economics

**\$6.1 BILLION**

Total Visitor Spending in 2021



Source: Tourism Economics

Note: Lodging spending is calculated as an industry. Spending also includes dollars spent on second homes. Transport includes both air and local transportation.



# VISITOR ECONOMY TRENDS

## Visitor Spending by Market

International visitor spending faced another difficult year in 2021 as travel restrictions continued to hamper international travel, resulting in a second consecutive year of decline, receding to 22% of its 2019 level. Domestic travel spending, on the other hand, was able to improve 35% from 2020 and reach within 5% of its 2019 benchmark.

### Iowa visitor spending by market

Amounts in \$ millions

|                               | 2017           | 2018           | 2019           | 2020           | 2021           |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total visitor spending</b> | <b>\$5,829</b> | <b>\$6,251</b> | <b>\$6,449</b> | <b>\$4,565</b> | <b>\$6,148</b> |
| Domestic                      | \$5,602        | \$6,028        | \$6,247        | \$4,520        | \$6,104        |
| International                 | \$226          | \$223          | \$202          | \$45           | \$44           |

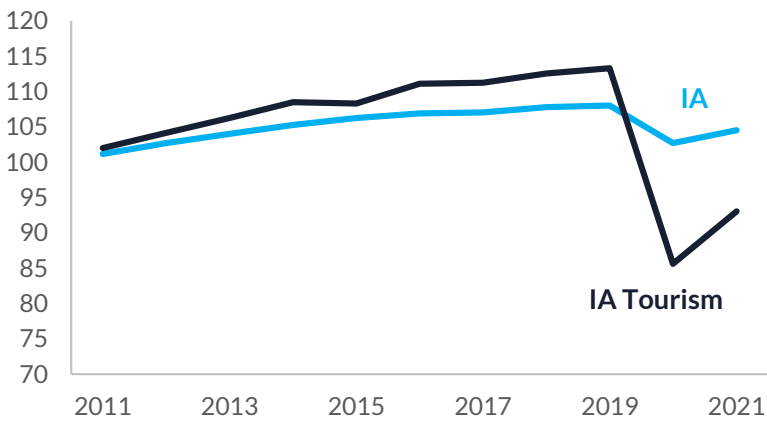
Source: Tourism Economics

## Labor Market

Within Iowa, tourism employment had consistently outpaced overall state employment, increasing 13.3% between 2010 and 2019 compared to overall state employment growth of 8.0%.

However, nearly one-in-four (24%) of Iowa tourism jobs were lost in 2020. The travel recovery in 2021 welcomed a return of tourism jobs, which rose to 82% of its 2019 level.

Tourism employment in Iowa  
Index (2010=100)



Source: BEA, BLS, Tourism Economics







# ECONOMIC IMPACT METHODOLOGY

Our analysis of the Iowa 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 Iowa 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.

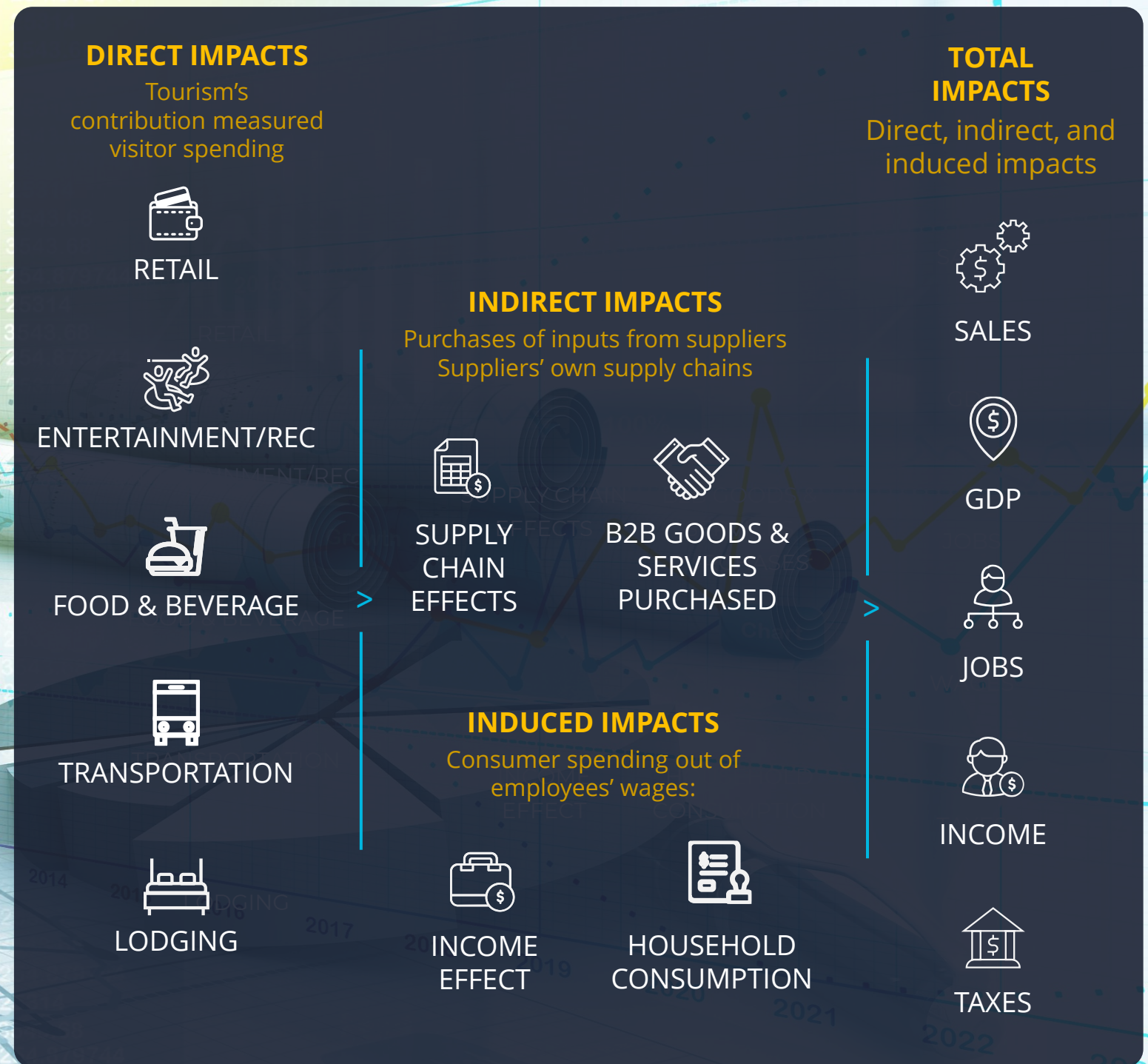
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 1. Direct impacts:** Visitor spending creates direct economic value within a 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

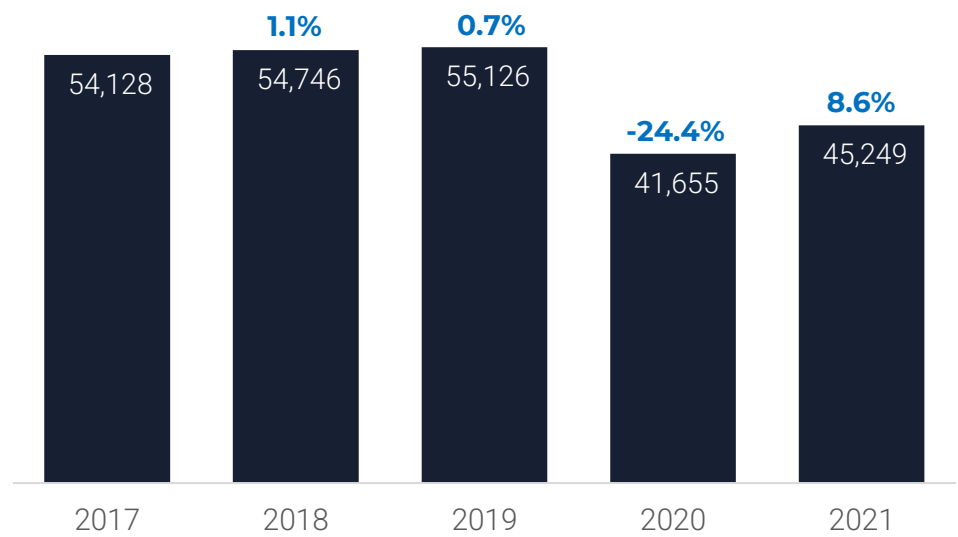
Employment supported by visitor activity rose 8.6% in 2021, rebounding to over 45,200 jobs. The number of jobs jumped by almost 3,600 in 2021. Despite the increase, the number of jobs directly supported by visitors remains nearly 10,000 jobs below pre-pandemic levels.

The job recovery in key industries in 2021 was strong, reaching 92% of pre-pandemic in the restaurant industry, 79% in recreational businesses, and 74% in lodging.

Recovery in visitor-supported jobs has been slower than spending, with visitor-supported employment levels at 82% of pre-pandemic levels compared to 95% of spending.

### Visitor supported employment in Iowa

Amounts in number of jobs



Source: Tourism Economics







# ECONOMIC IMPACT FINDINGS

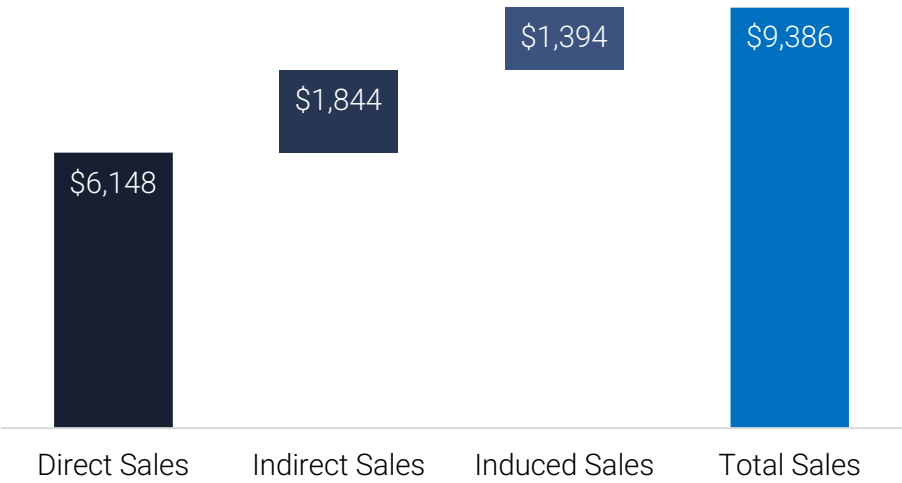
## BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$6.1 billion in 2021. This direct impact of \$6.1 billion generated \$3.2 billion in indirect and induced impacts, resulting in a total economic impact of \$9.4 billion in the Iowa economy.

Outside of direct impacts, significant benefits accrue in sectors like finance, insurance, and real estate, and business services.

Summary economic impacts (2021)

Amounts in \$ millions



Source: Tourism Economics

## Business sales impacts by industry (2021)

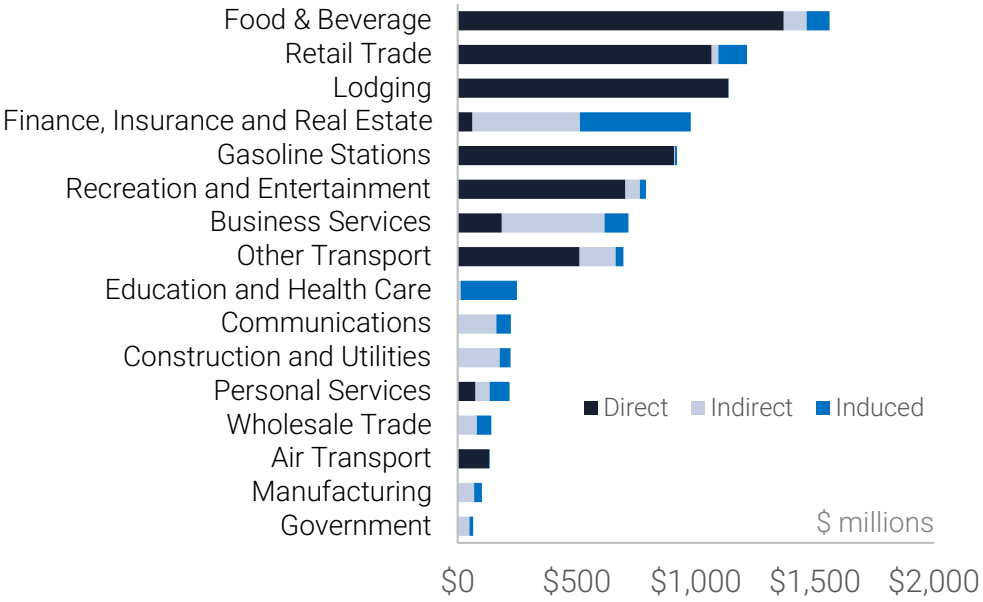
Amounts in \$ millions

|                                    | Direct Business Sales | Indirect Business Sales | Induced Business Sales | Total Business Sales |
|------------------------------------|-----------------------|-------------------------|------------------------|----------------------|
| Total, all industries              | \$6,148               | \$1,844                 | \$1,394                | \$9,386              |
| Food & Beverage                    | \$1,369               | \$96                    | \$97                   | \$1,562              |
| Retail Trade                       | \$1,067               | \$28                    | \$120                  | \$1,215              |
| Lodging                            | \$1,137               | \$0                     | \$0                    | \$1,138              |
| Finance, Insurance and Real Estate | \$62                  | \$451                   | \$466                  | \$979                |
| Gasoline Stations                  | \$910                 | \$2                     | \$9                    | \$921                |
| Recreation and Entertainment       | \$705                 | \$61                    | \$25                   | \$791                |
| Business Services                  | \$179                 | \$431                   | \$100                  | \$711                |
| Other Transport                    | \$512                 | \$151                   | \$33                   | \$696                |
| Education and Health Care          |                       | \$12                    | \$236                  | \$248                |
| Communications                     |                       | \$163                   | \$60                   | \$224                |
| Construction and Utilities         |                       | \$177                   | \$45                   | \$222                |
| Personal Services                  | \$75                  | \$60                    | \$83                   | \$218                |
| Wholesale Trade                    |                       | \$80                    | \$61                   | \$141                |
| Air Transport                      | \$131                 | \$2                     | \$2                    | \$135                |
| Manufacturing                      |                       | \$69                    | \$32                   | \$101                |
| Government                         |                       | \$49                    | \$16                   | \$65                 |
| Agriculture, Fishing, Mining       |                       | \$11                    | \$8                    | \$19                 |

Source: Tourism Economics

## Visitor economy business sales impacts by industry (2021)

Amounts in \$ millions



Source: Tourism Economics



# EMPLOYMENT IMPACTS

Visitor activity sustained 45,249 direct jobs in 2021, with an additional 19,740 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 64,989 in 2021, one of every 20 jobs in the state.

## Summary employment impacts (2021)

Amounts in number of jobs



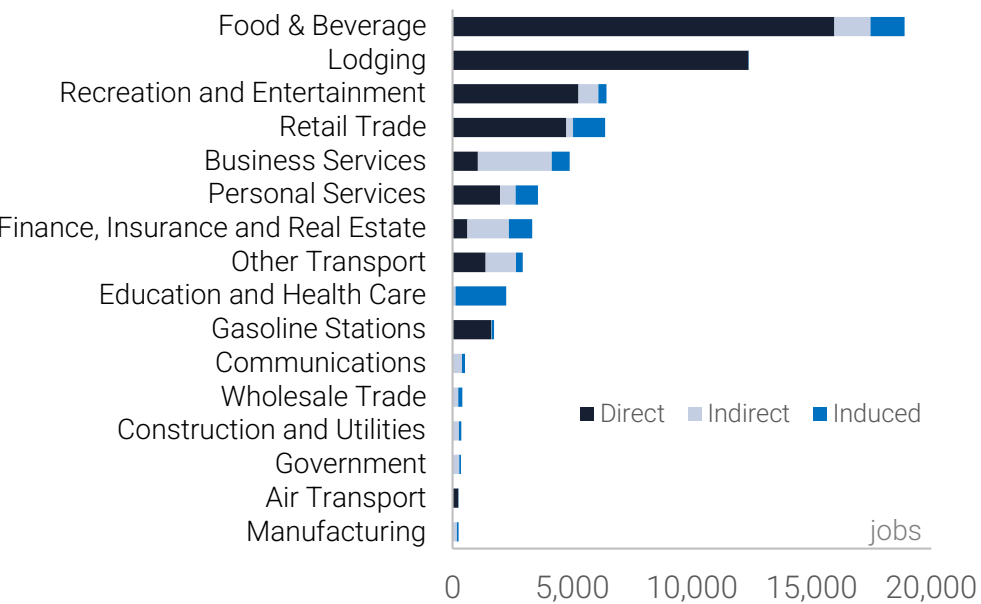
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food & beverage industry (18,888).

Spending by businesses directly impacted by visitor spending supports 3,088 jobs in the business services industry – in areas like accounting, advertising, and building services.

## Tourism job impacts by industry (2021)

Amounts in number of jobs



Source: Tourism Economics



## Employment impacts by industry (2021)

Amounts in number of jobs

|                                    | Direct Jobs | Indirect Jobs | Induced Jobs | Total Jobs |
|------------------------------------|-------------|---------------|--------------|------------|
| Total, all industries              | 45,249      | 10,951        | 8,789        | 64,989     |
| Food & Beverage                    | 15,952      | 1,506         | 1,430        | 18,888     |
| Lodging                            | 12,373      | 2             | 2            | 12,377     |
| Recreation and Entertainment       | 5,258       | 843           | 326          | 6,426      |
| Retail Trade                       | 4,757       | 283           | 1,332        | 6,373      |
| Business Services                  | 1,059       | 3,088         | 744          | 4,891      |
| Personal Services                  | 1,993       | 642           | 930          | 3,565      |
| Finance, Insurance and Real Estate | 617         | 1,744         | 969          | 3,329      |
| Other Transport                    | 1,376       | 1,275         | 283          | 2,933      |
| Education and Health Care          |             | 128           | 2,121        | 2,249      |
| Gasoline Stations                  | 1,619       | 24            | 89           | 1,732      |
| Communications                     |             | 394           | 133          | 527        |
| Wholesale Trade                    |             | 240           | 168          | 409        |
| Construction and Utilities         |             | 273           | 90           | 364        |
| Government                         |             | 280           | 69           | 349        |
| Air Transport                      | 245         | 6             | 6            | 257        |
| Manufacturing                      |             | 183           | 70           | 254        |
| Agriculture, Fishing, Mining       |             | 39            | 26           | 66         |

Source: Tourism Economics



# LABOR INCOME IMPACTS

Visitor activity generated \$1.3 billion in direct labor income and a total of \$2.2 billion when including indirect and induced impacts. Total tourism-generated income in Iowa in 2021 rose to 90% of its 2019 level.

## Summary labor income impacts (2021)

Amounts in \$ millions

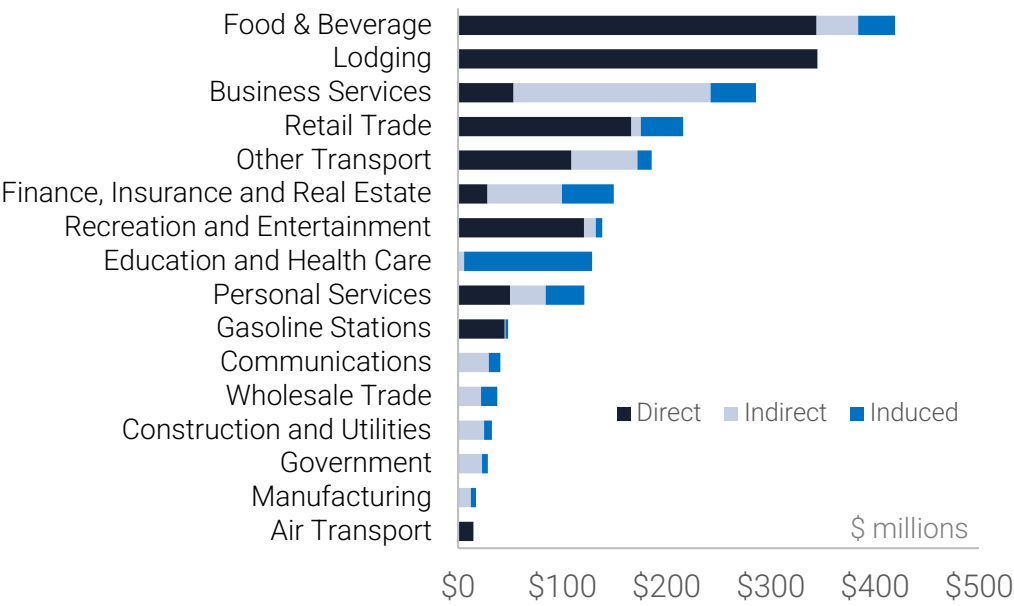


Source: Tourism Economics

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

## Tourism labor income Impacts by industry (2021)

Amounts in \$ millions



Source: Tourism Economics



## Labor income impacts by industry (2021)

Amounts in \$ millions

|                                    | Direct Labor Income | Indirect Labor Income | Induced Labor Income | Total Labor Income |
|------------------------------------|---------------------|-----------------------|----------------------|--------------------|
| Total, all industries              | \$1,276             | \$539                 | \$398                | \$2,213            |
| Food & Beverage                    | \$344               | \$40                  | \$35                 | \$419              |
| Lodging                            | \$345               | \$0                   | \$0                  | \$345              |
| Business Services                  | \$53                | \$189                 | \$44                 | \$286              |
| Retail Trade                       | \$166               | \$9                   | \$41                 | \$216              |
| Other Transport                    | \$109               | \$63                  | \$14                 | \$186              |
| Finance, Insurance and Real Estate | \$28                | \$72                  | \$50                 | \$149              |
| Recreation and Entertainment       | \$121               | \$11                  | \$6                  | \$138              |
| Education and Health Care          |                     | \$6                   | \$123                | \$129              |
| Personal Services                  | \$50                | \$34                  | \$37                 | \$121              |
| Gasoline Stations                  | \$45                | \$1                   | \$2                  | \$48               |
| Communications                     |                     | \$30                  | \$11                 | \$41               |
| Wholesale Trade                    |                     | \$22                  | \$16                 | \$38               |
| Construction and Utilities         |                     | \$25                  | \$7                  | \$32               |
| Government                         |                     | \$23                  | \$5                  | \$29               |
| Manufacturing                      |                     | \$12                  | \$5                  | \$17               |
| Air Transport                      | \$15                | \$0                   | \$0                  | \$15               |
| Agriculture, Fishing, Mining       |                     | \$2                   | \$1                  | \$3                |

Source: Tourism Economics



ECONOMIC IMPACT FINDINGS

**FISCAL (TAX) IMPACTS**

Visitor spending, visitor supported jobs, and business sales generated \$1.8 billion in government revenues.

State and local taxes alone topped \$1.0 million in 2021.

Each household in Iowa would need to be taxed an additional \$786 to replace the visitor-generated taxes received by Iowa state and local governments in 2021.

**Fiscal (tax) impacts**

Amounts in millions of nominal dollars

|                           | Tax<br>Revenue |
|---------------------------|----------------|
| <b>Total Tax Revenues</b> | <b>\$1,756</b> |
| <b>Federal Taxes</b>      | <b>\$754</b>   |
| Personal Income           | \$234          |
| Corporate                 | \$56           |
| Indirect Business         | \$48           |
| Social Insurance          | \$417          |
| <b>State Taxes</b>        | <b>\$480</b>   |
| Sales                     | \$338          |
| Personal Income           | \$82           |
| Corporate                 | \$15           |
| Excise and Fees           | \$46           |
| <b>Local Taxes</b>        | <b>\$521</b>   |
| Sales                     | \$42           |
| Lodging                   | \$112          |
| Personal Income           | \$2            |
| Excise and Fees           | \$8            |
| Property                  | \$357          |

Source: Tourism Economics





# ECONOMIC IMPACTS

## JOB & LABOR INCOME IMPACTS

Direct visitor spending of \$6.1 billion generated tourism's total economic impact of \$9.4 billion, including almost 65,000 total jobs (including full-time and part-time jobs) with associated labor income of \$2.2 billion in 2021.



**\$9.4B**

Total Economic Impact



**\$6.1B**

Direct Visitor Spending



**\$2.2B**

Total Labor Income Impact



**65,000**

Total Jobs Impact

# FISCAL IMPACTS

## TAX REVENUES

The economic impacts attributable to visitors generate significant fiscal (tax) impacts as they ripple through the regional economy. Visitor activity generated \$1.0 billion in state and local tax revenues in 2021.



**\$1.0B**

Total State & Local Tax Revenues



**\$521M**

Local Tax Revenues



**\$380M**

State & Local Sales Tax Revenues



**\$357M**

Property Tax Revenues



# ECONOMIC IMPACTS IN CONTEXT



## **\$6.1B VISITOR SPENDING**

The \$6.1 billion in visitor spending means that nearly \$16.7 million was spent EVERY DAY by visitors in Iowa.



## **\$2.2B LABOR INCOME**

The \$2.2 billion in total income generated by tourism is the equivalent of \$1,737 for every household in Iowa.



## **65,000 TOTAL JOBS**

The number of jobs sustained by tourism (65,000) supports 5.1% of all jobs in Iowa.



## **\$1.0B STATE & LOCAL TAXES**

Each household in Iowa would need to be taxed an additional \$786 to replace the visitor taxes received by the state and local governments in 2021.



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 discrete 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 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, 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 400 full-time staff, including 300 professional economists, industry experts, and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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