

ECONOMIC IMPACT OF VISITORS IN IOWA 2022

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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. In 2022, tourism-supported jobs accounted for 5% 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 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 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.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Iowa. The model traces the flow of visitor-related expenditures through Iowa'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 overnight 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:

- 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

VISITOR SPENDING

Visitor spending grew \$791 million (13%) over the prior year to reach \$6.9 billion in 2022. Notably, visitor spending on accommodations grew 18% compared to 2021.

TOTAL ECONOMIC IMPACT

Direct visitor spending of \$6.9 billion generated a total economic impact of \$10.4 billion in Iowa in 2022 including indirect and induced impacts. This total economic impact sustained 68,607 jobs and generated \$1.1 billion in state and local tax revenues in 2022.



\$10.4 BILLION

Total Economic Impact of Tourism in Iowa in 2022



\$6.9B

Direct Visitor
Spending



\$10.4B

Total
Economic
Impact



68,607

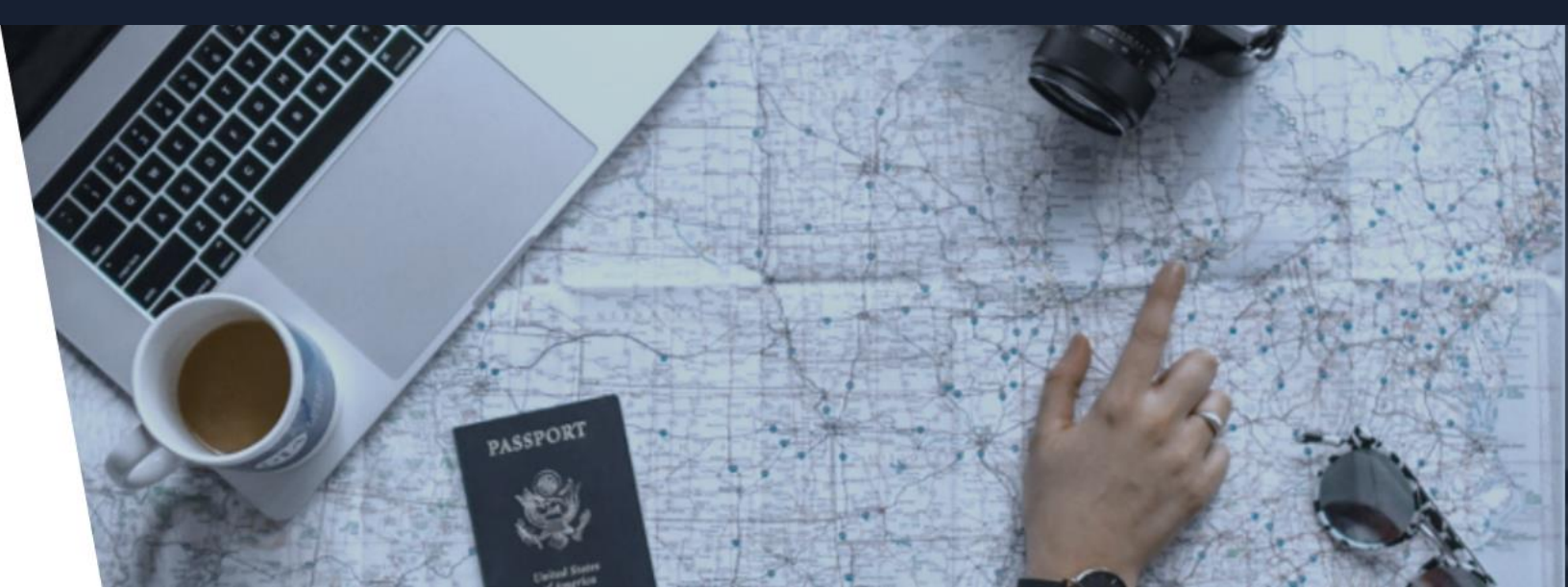
Total
Jobs
Generated



\$1.1B

State & Local
Taxes
Generated





VISITOR SPENDING

Driven by pent-up demand and price increases in key commodities, visitor spending increased 13% in 2022, growing across all sectors. Lodging demonstrated strong growth (18%) and came in at 111% of its 2019 level.

Similarly, visitor spending on recreation and entertainment grew 16% in 2022, surpassing pre-pandemic levels by 4%. Though air transportation and retail spending lagged in their recovery, returning to 92% and 99% of 2019 levels, respectively, overall spending reached 108% of the 2019 benchmark signaling a full recovery.

Iowa visitor spending

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

	2018	2019	2020	2021	2022	2022 Growth	% relative to 2019
Total visitor spending	\$6,251	\$6,449	\$4,565	\$6,148	\$6,939	12.9%	107.6%
Transportation**	\$1,601	\$1,636	\$1,142	\$1,615	\$1,834	13.6%	112.1%
Food & Beverage	\$1,328	\$1,395	\$1,084	\$1,369	\$1,530	11.7%	109.6%
Lodging*	\$1,140	\$1,209	\$740	\$1,137	\$1,337	17.6%	110.6%
Retail	\$1,140	\$1,135	\$876	\$1,067	\$1,124	5.3%	99.0%
Recreation & Entertainment	\$1,041	\$1,074	\$723	\$959	\$1,114	16.1%	103.7%

Source: Tourism Economics

* Lodging includes second home spending

** Transportation includes both ground and air transportation

VISITOR SPENDING

Visitors to Iowa spent \$6.9 billion across a range of sectors in 2022.

Visitor spending expanded 13% in 2022. Of the \$6.9 billion visitors spent in Iowa in 2022, transportation, including transportation within the destination and air transportation, registered \$1.8 billion, 26% of visitor spending.

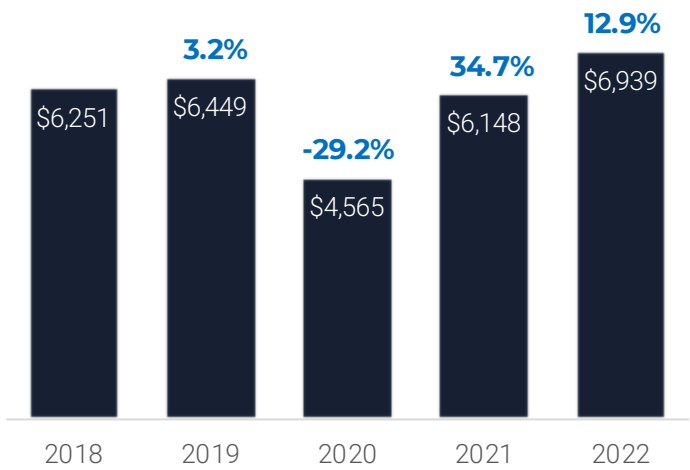
Food and beverage comprised 22% of visitor spending, reaching \$1.5 billion.

Spending on lodging, including the value of second homes and short-term rentals, accounted for \$1.3 billion, 19%, of visitor spending.

Retail and recreation and entertainment each captured 16%, \$1.1 billion, in visitor spending.

Iowa visitor spending

Amounts in \$ millions



Source: Tourism Economics

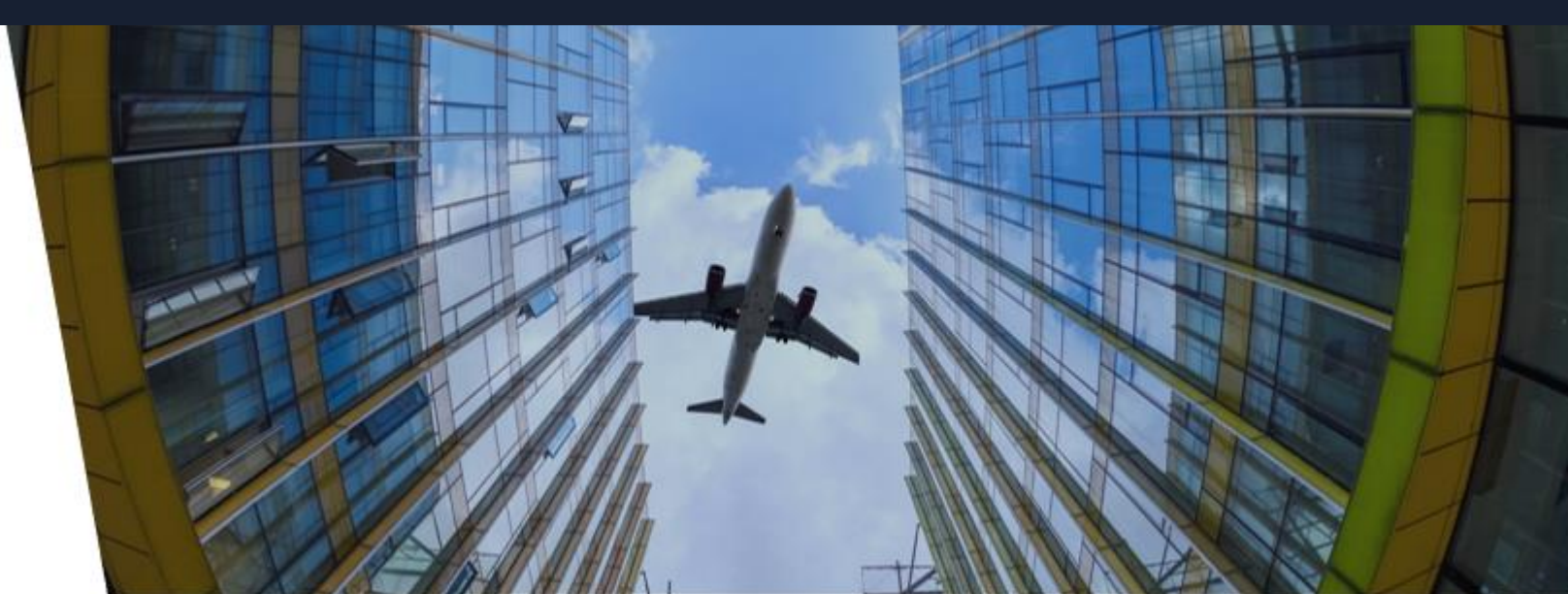
\$6.9 BILLION
Total Visitor Spending in 2022



Source: Tourism Economics

Note: Source: Tourism Economics

Note: Lodging spending includes dollars spent on second homes and short-term rentals. Transport includes both air and local transportation.



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.

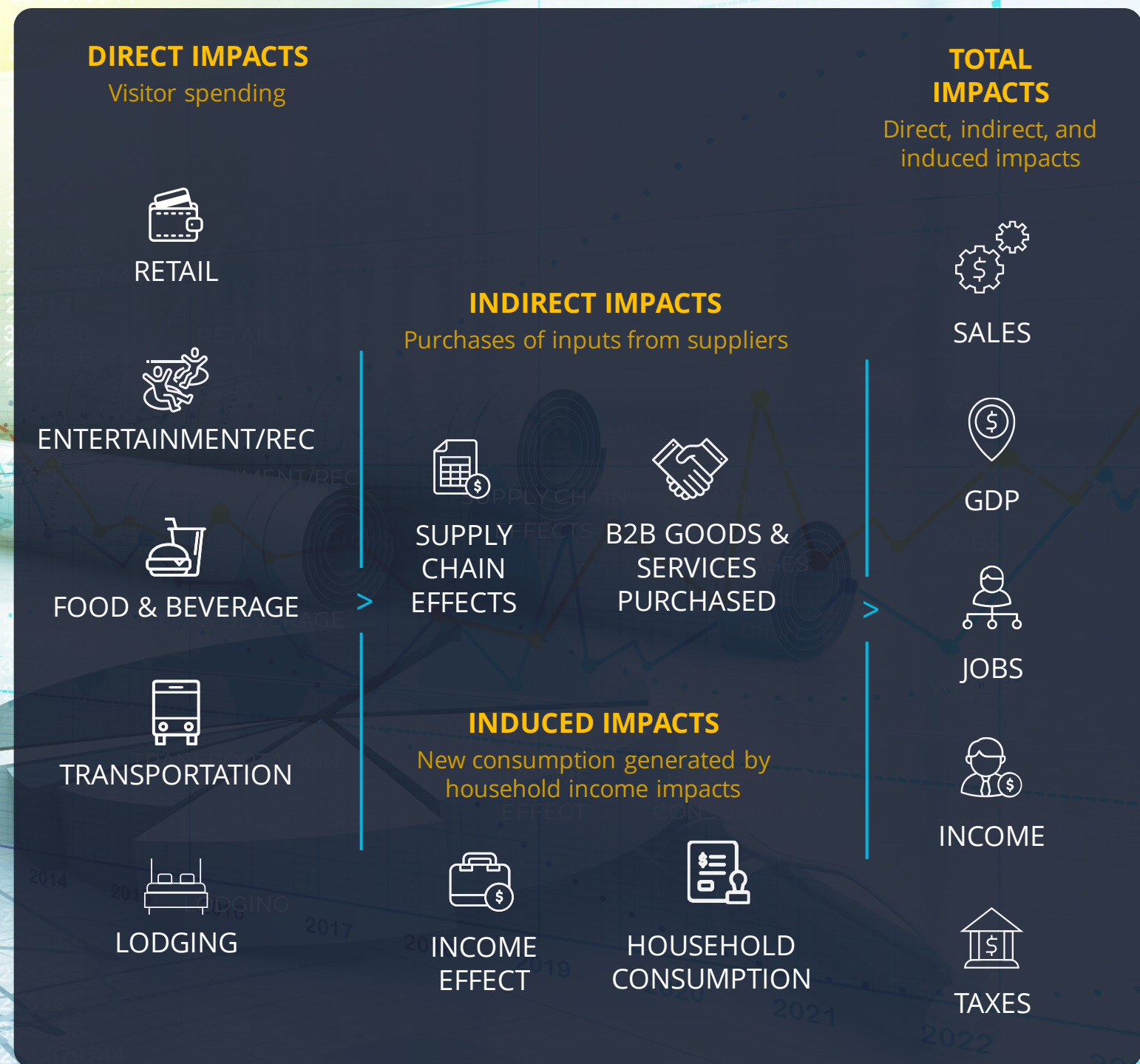
An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and quantifies three levels of impact:

- 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

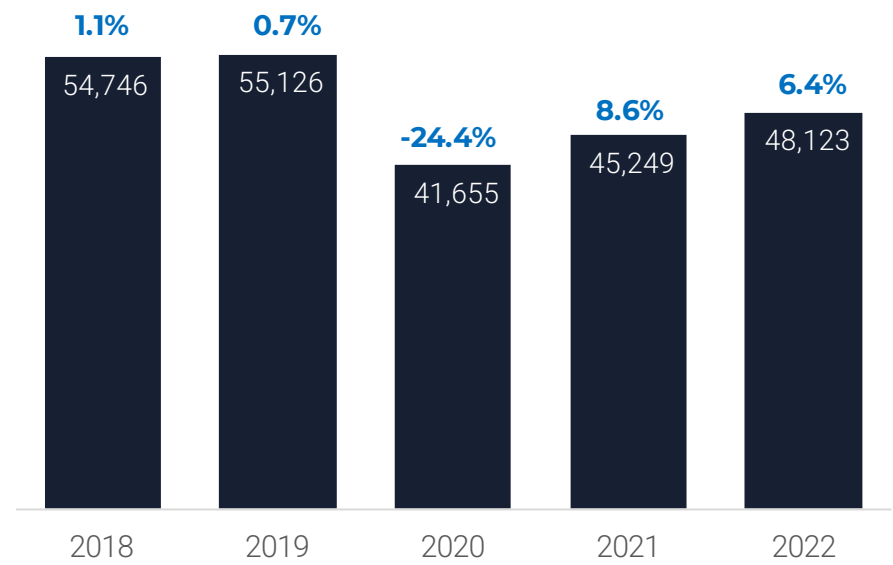
Visitor-supported employment rose 6.4% (2,870) in 2022, rebounding to 48,100 jobs. Employment directly supported by visitors came within striking distance of pre-pandemic levels at 87% (-7,000) of the 2019 benchmark.

In 2022, the job recovery in key industries was strong, with food and beverage employment reaching 98% of pre-pandemic levels, recreation and entertainment reaching 86%, and lodging 79%.

Visitor-supported employment recovery continues to lag that of spending, with employment levels coming in at 87% of pre-pandemic levels compared to spending levels which rose to 108%.

Visitor supported employment in Iowa

Amounts in number of jobs



Source: Tourism Economics





ECONOMIC IMPACT FINDINGS

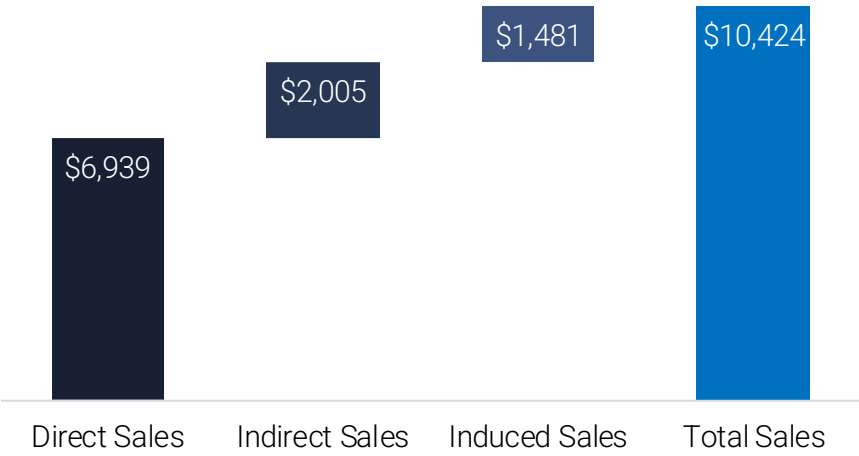
BUSINESS SALES IMPACTS

Visitors contributed a direct impact of \$6.9 billion in 2022. This direct impact generated \$3.5 billion in indirect and induced impacts. In total, visitors to Iowa generated \$10.4 billion in business sales.

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

Summary economic impacts (2022)

Amounts in \$ millions



Source: Tourism Economics

Business sales impacts by industry (2022)

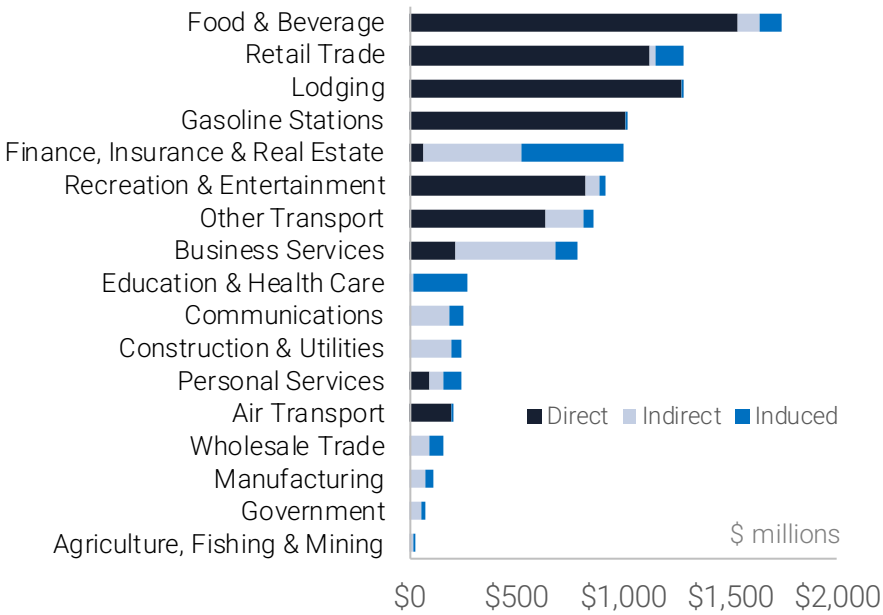
Amounts in \$ millions

	Direct Business Sales	Indirect Business Sales	Induced Business Sales	Total Business Sales
Total, all industries	\$6,939	\$2,005	\$1,481	\$10,424
Food & Beverage	\$1,530	\$105	\$106	\$1,740
Retail Trade	\$1,124	\$29	\$124	\$1,277
Lodging	\$1,273	\$0	\$0	\$1,274
Gasoline Stations	\$1,007	\$3	\$10	\$1,019
Finance, Insurance & Real Estate	\$64	\$460	\$475	\$999
Recreation & Entertainment	\$818	\$69	\$27	\$915
Other Transport	\$636	\$180	\$39	\$854
Business Services	\$208	\$469	\$108	\$785
Education & Health Care		\$13	\$255	\$268
Communications		\$182	\$67	\$249
Construction & Utilities		\$196	\$50	\$245
Personal Services	\$87	\$67	\$91	\$245
Air Transport	\$192	\$3	\$3	\$198
Wholesale Trade		\$89	\$67	\$156
Manufacturing		\$75	\$35	\$111
Government		\$52	\$17	\$69
Agriculture, Fishing & Mining		\$12	\$8	\$21

Source: Tourism Economics

Business sales impacts by industry (2022)

Amounts in \$ millions



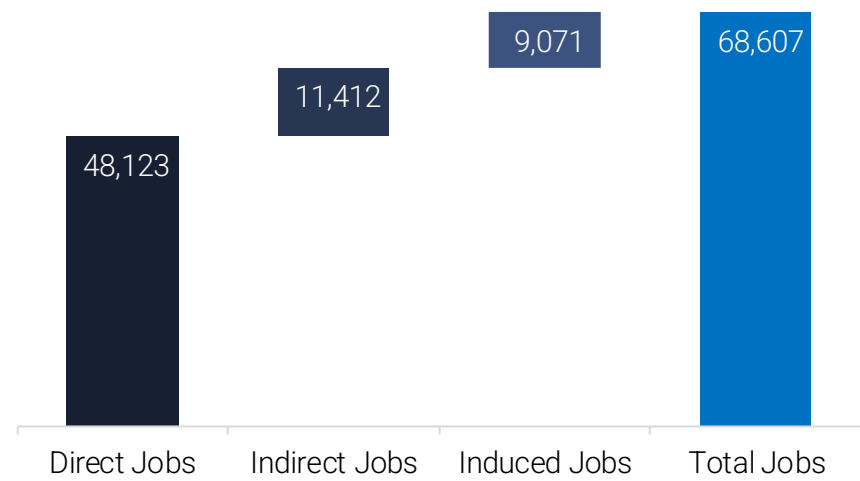
Source: Tourism Economics

EMPLOYMENT IMPACTS

Visitor activity sustained 48,123 direct jobs in 2022, with an additional 20,483 jobs supported from the indirect and induced impacts of visitor activity. The total jobs impact recovered to 68,607 in 2022, one of every 20 jobs in the state.

Summary employment impacts (2022)

Amounts in number of jobs



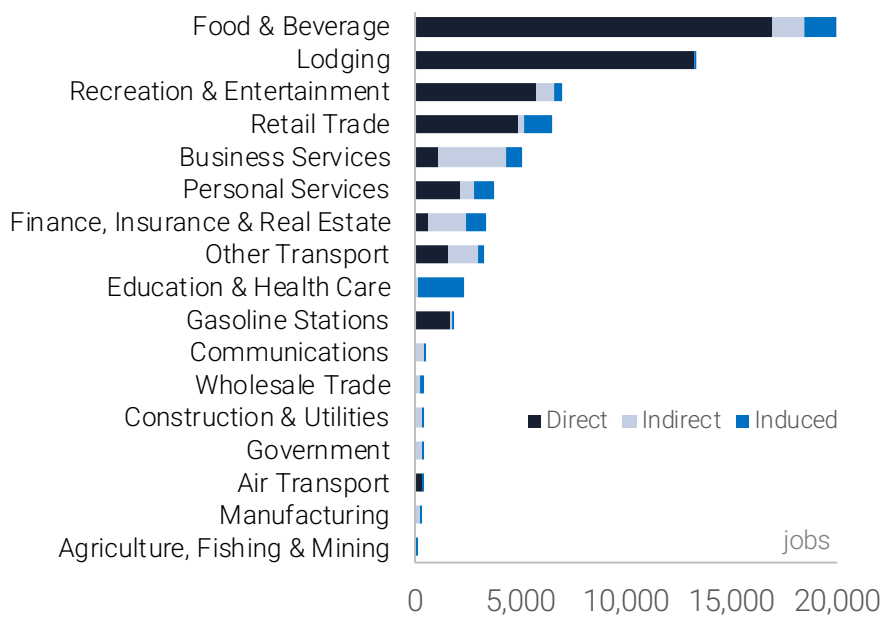
Source: Tourism Economics

Visitor spending supports the largest number of jobs in the food and beverage industry (19,944).

Spending by businesses directly impacted by visitor spending supports 3,168 jobs in the business services industry—in areas like accounting, advertising and building services.

Tourism job impacts by industry (2022)

Amounts in number of jobs



Source: Tourism Economics



Employment impacts by industry (2022)

Amounts in number of jobs

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Total, all industries	48,123	11,412	9,071	68,607
Food & Beverage	16,891	1,577	1,476	19,944
Lodging	13,205	2	3	13,209
Recreation and Entertainment	5,739	890	341	6,970
Retail Trade	4,866	286	1,353	6,505
Business Services	1,122	3,168	763	5,052
Personal Services	2,122	679	971	3,772
Finance, Insurance and Real Estate	622	1,754	973	3,348
Other Transport	1,553	1,414	301	3,268
Education and Health Care		134	2,211	2,345
Gasoline Stations	1,695	24	91	1,810
Communications		417	140	556
Wholesale Trade		254	176	429
Construction and Utilities		286	95	381
Government		288	70	358
Air Transport	308	7	7	323
Manufacturing		192	75	267
Agriculture, Fishing, Mining		41	27	69

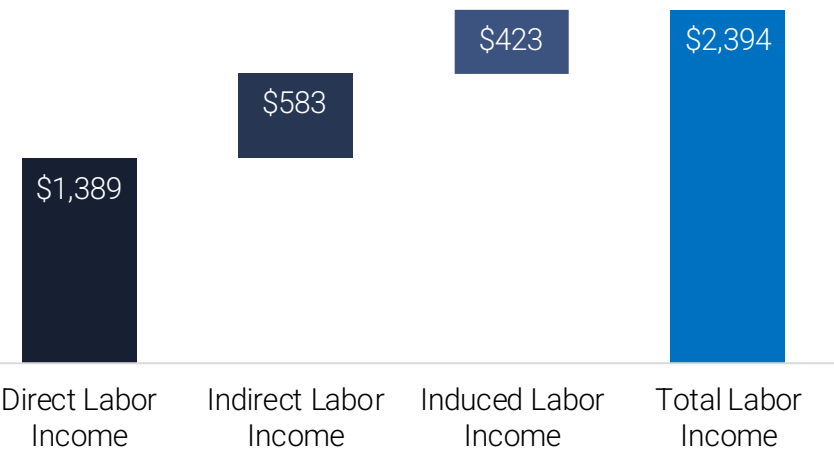
Source: Tourism Economics

LABOR INCOME IMPACTS

Visitor activity generated \$1.4 billion in direct labor income and a total of \$2.4 billion when including indirect and induced impacts.

Summary labor income impacts (2022)

Amounts in \$ millions

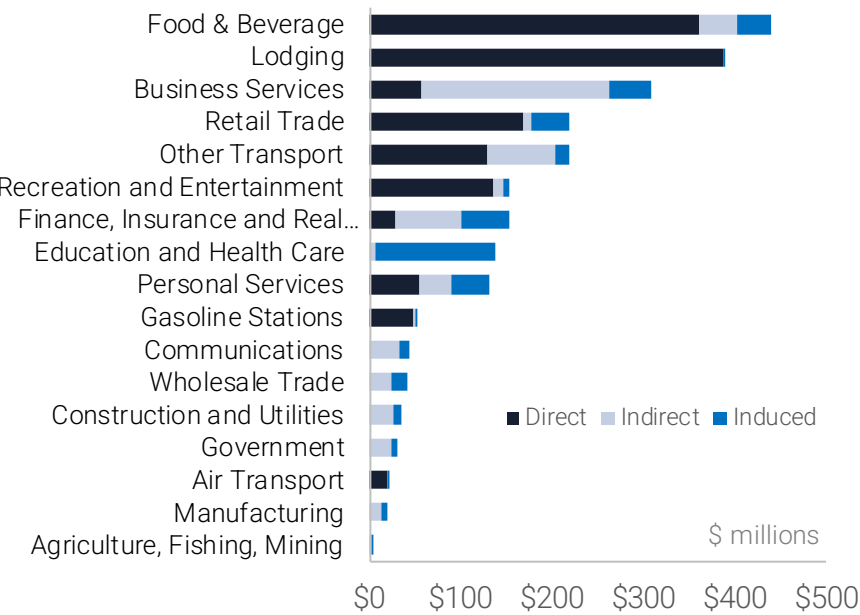


Source: Tourism Economics

There are nine industries in which visitor activity supports more than \$130 million in personal income. These range from the obvious—recreation, retail, and lodging, to the less obvious—business services and education and health care.

Tourism labor income Impacts by industry (2022)

Amounts in \$ millions



Source: Tourism Economics



Labor income impacts by industry (2022)

Amounts in \$ millions

	Direct Labor Income	Indirect Labor Income	Induced Labor Income	Total Labor Income
Total, all industries	\$1,389	\$583	\$423	\$2,394
Food & Beverage	\$360	\$43	\$38	\$440
Lodging	\$388	\$0	\$0	\$388
Business Services	\$58	\$204	\$46	\$308
Retail Trade	\$167	\$9	\$42	\$219
Other Transport	\$130	\$74	\$15	\$218
Recreation and Entertainment	\$135	\$12	\$7	\$154
Finance, Insurance and Real Estate	\$29	\$73	\$51	\$152
Education and Health Care		\$6	\$132	\$138
Personal Services	\$54	\$37	\$40	\$131
Gasoline Stations	\$49	\$1	\$3	\$52
Communications		\$32	\$12	\$44
Wholesale Trade		\$24	\$17	\$41
Construction and Utilities		\$27	\$8	\$35
Government		\$24	\$6	\$30
Air Transport	\$20	\$0	\$0	\$21
Manufacturing		\$13	\$5	\$19
Agriculture, Fishing, Mining		\$2	\$1	\$3

Source: Tourism Economics

ECONOMIC IMPACT FINDINGS

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$1.9 billion in government revenues.

State and local taxes alone neared \$1.1 billion in 2022.

Each household in Iowa would need to be taxed an additional \$847 to replace the visitor-generated taxes received by Iowa state and local governments in 2022.

Fiscal (tax) impacts

Amounts in \$ millions

	2021	2022	2022 Growth
Total Tax Revenues	\$1,756	\$1,875	6.8%
Federal Taxes	\$754	\$809	7.2%
Personal Income	\$234	\$257	10.1%
Corporate	\$57	\$63	10.7%
Indirect Business	\$48	\$50	5.1%
Social Insurance	\$417	\$439	5.3%
State Taxes	\$532	\$572	7.5%
Sales	\$338	\$353	4.6%
Bed Tax	\$52	\$63	21.3%
Personal Income	\$82	\$90	9.9%
Corporate	\$15	\$16	9.4%
Excise and Fees	\$46	\$49	8.1%
Local Taxes	\$469	\$494	5.3%
Sales	\$42	\$43	3.2%
Bed Tax	\$60	\$75	26.3%
Personal Income	\$2	\$2	9.2%
Excise and Fees	\$8	\$9	8.1%
Property	\$357	\$364	2.0%

Source: Tourism Economics



ECONOMIC IMPACTS

JOB & LABOR INCOME IMPACTS

Direct visitor spending of \$6.9 billion generated tourism's total economic impact of \$10.4 billion, including 68,607 total jobs (including full-time and part-time jobs) with associated labor income of \$2.4 billion in 2022.



 **\$10.4B**
Total Economic Impact

 **\$6.9B**
Direct Visitor Spending

 **\$2.4B**
Total Labor Income Impact

 **68,607**
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 \$1.1 billion in state and local tax revenues in 2022.

 **\$1.1B**
Total State & Local Tax Revenues

 **\$501M**
Local Tax Revenues

 **\$580M**
State Sales Tax Revenues

 **\$397M**
State & Local Sales Tax Revenues

ECONOMIC IMPACTS IN CONTEXT



\$6.9B
VISITOR
SPENDING

The \$6.9 billion in visitor spending means that approximately \$19 million was spent every day by visitors to Iowa.



\$2.4B
LABOR
INCOME

The \$2.4 billion in total income generated by tourism is the equivalent of \$1,876 for every household in Iowa.



68,607
TOTAL
JOBS

The number of jobs sustained by tourism (68,607) supports 5% of all jobs in Iowa.



\$1.1B
STATE & LOCAL
TAXES

The \$1.1 billion in state and local taxes generated by tourism would cover the average salaries of 19,645 public school teachers in Iowa.

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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