



TOURISM
ECONOMICS

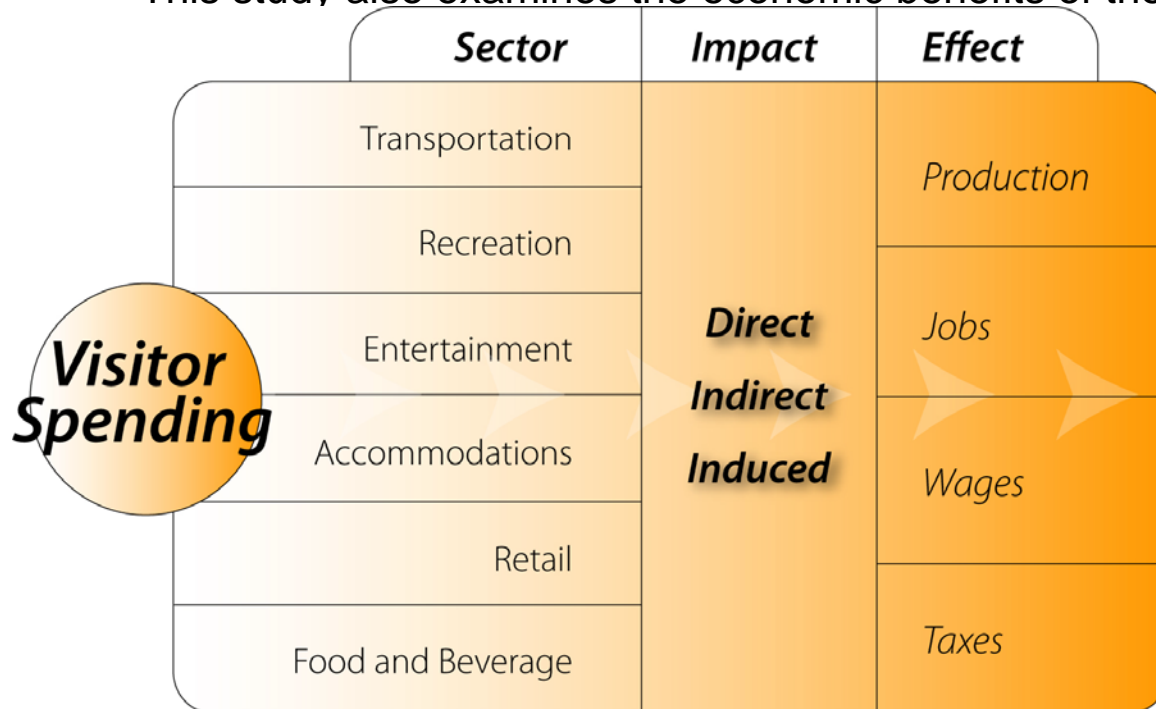
A DIVISION OF OXFORD ECONOMICS

The Economic Impact of
Travel & Tourism in New York State
And
Each of its Regions and Counties

September 2006

Objectives

- The economic activity generated by travel and tourism is complex. It spans various industrial sectors and represents only a part of most of these sectors. Therefore, the “tourism industry” is not identified in state or local economic accounts and must be measured separately.
- Tourism Economics, a division of Oxford Economics USA, was commissioned to quantify the economic impact of tourism for the state of New York and each of its counties.
- This study also examines the economic benefits of the I Love New York campaign.



- The analysis requires an examination of visitor spending (the demand side) and related industry sales, value added, wages, and employment (the supply side).
- An input-output model (IMPLAN) for New York State was employed to create the linkages between visitor spending and industries and among industries.

Economic Impact Levels

- Tourism Economics utilized the IMPLAN input-output model for New York State to track the flow of sales through the economy to the generation of GDP, employment, wages, and taxes.
- The impacts are measured on three levels:
 - **Direct impact:** The immediate benefit to persons and companies directly providing goods or services to travelers.
 - **Indirect impact:** The secondary benefit to suppliers of goods and services to the directly-involved companies. For example, a food wholesaler providing goods to a restaurant. The model is careful to exclude imports from the impact calculations.
 - **Induced impact:** The tertiary benefit to the local economy as incomes in the prior two levels of impact are spent on goods and services. For example, a restaurant employee spends his wages at a grocery store, generating addition economic output.

The Impact of Travel and Tourism on New York State

Tourism Sales

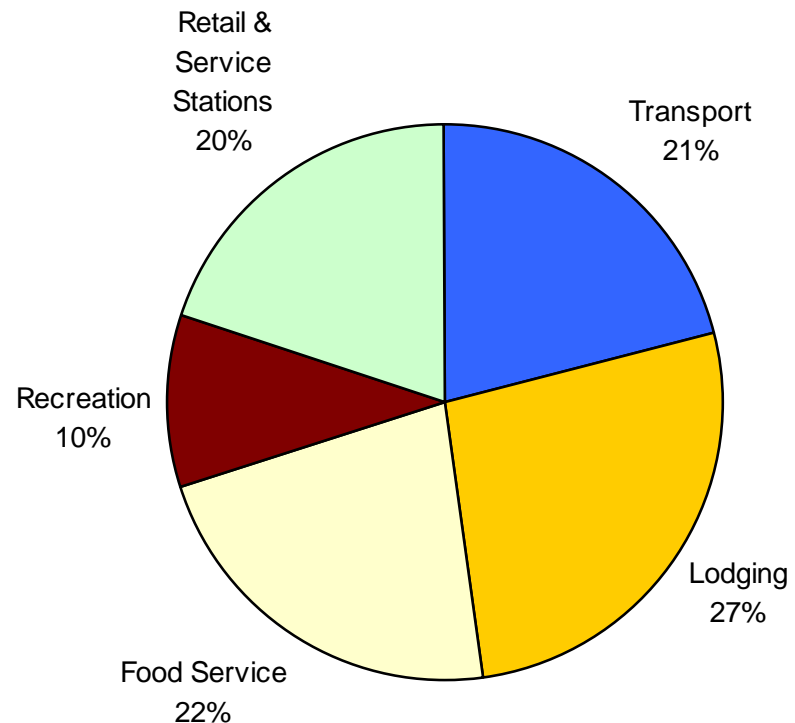
- Tourism sales, or visitor expenditures, grew 9% in 2005 to \$43.4 billion.
- This strong year of growth comes after an 10% expansion in tourism sales in 2004 and 3% in 2003.

| Tourism Direct Sales, 2005 | <i>Transport</i> | <i>Lodging</i> | <i>Food Service</i> | <i>Recreation</i> | <i>Retail & Service Stations</i> | TOTAL | Growth |
|-----------------------------------|------------------|----------------|---------------------|-------------------|--------------------------------------|--------------|---------------|
| 2002 | \$7,872 | \$9,073 | \$7,782 | \$3,420 | \$6,919 | \$35,065 | |
| 2003 | \$8,154 | \$9,200 | \$8,035 | \$3,540 | \$7,294 | \$36,223 | 3% |
| 2004 | \$8,790 | \$10,299 | \$8,715 | \$4,020 | \$8,182 | \$40,006 | 10% |
| 2005 | \$9,219 | \$11,576 | \$9,663 | \$4,259 | \$8,714 | \$43,431 | 9% |

Tourism Sales

- Tourism sales, or visitor expenditures, tallied \$43.4 billion in 2005.
- The largest component of tourism sales is in lodging,—which includes both hotels and second home rentals.
- Spending in restaurants represents 22% of tourism sales.

Tourism Direct Sales, 2005



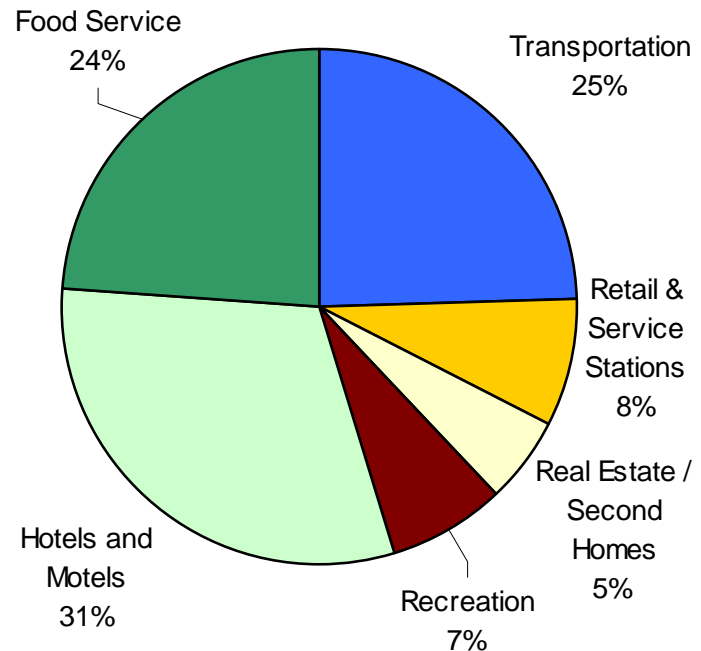
Tourism Gross State Product

| Tourism Direct Gross State Product, 2005 | |
|---|--------------------------|
| Transportation | \$ 5,107,087,360 |
| Retail & Service Stations | \$ 1,682,913,792 |
| Real Estate / Second Homes | \$ 1,136,828,416 |
| Recreation | \$ 1,499,744,256 |
| Hotels and Motels | \$ 6,419,700,224 |
| Food Service | \$ 4,970,532,864 |
| Total | \$ 20,816,806,912 |

Tourism Gross State Product

Tourism Direct GSP, 2005

- The largest share of tourism GSP is in Hotels and Motels (31%) followed by Transportation (25%).
- The Food Service sector represents 24% of tourism GSP.

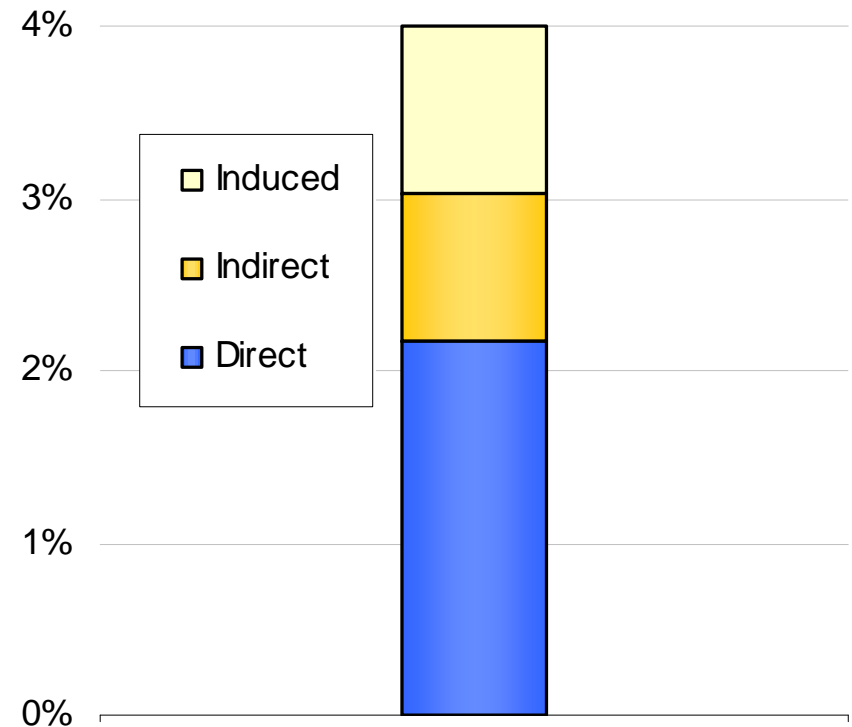


Tourism Gross State Product

- Tourism directly generates 2.2% of the state's GSP.
- With the inclusion of indirect and induced impacts, tourism is the catalyst for \$38.2 billion, or 4.0% of state GSP.

| Tourism Share of GSP, 2005 | | Share |
|----------------------------|---------------|-------------|
| Tourism Direct | 20,817 | 2.2% |
| Tourism Indirect | 8,098 | 0.8% |
| Tourism Induced | 9,307 | 1.0% |
| Total Tourism | 38,222 | 4.0% |
| | | |
| Total GSP | 963,466 | |

Tourism GSP Share of Total GSP, 2005



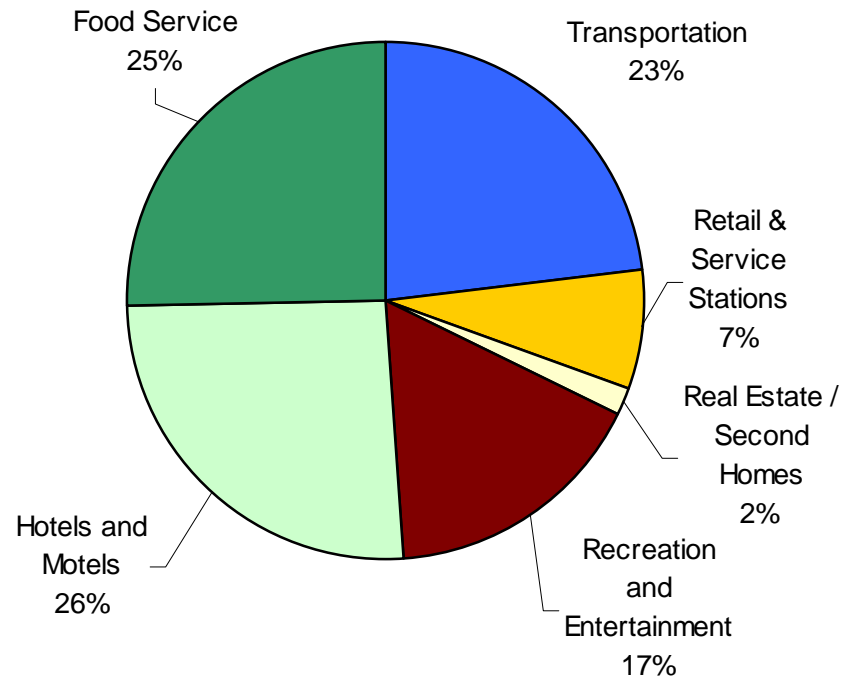
Tourism Labor Income

| Tourism Direct Labor Income, 2005 | |
|--|--------------------------|
| Transportation | \$ 3,241,062,912 |
| Retail & Service Stations | \$ 1,033,593,824 |
| Real Estate / Second Homes | \$ 261,071,504 |
| Recreation and Entertainment | \$ 2,323,174,912 |
| Hotels and Motels | \$ 3,751,349,760 |
| Food Service | \$ 3,539,445,504 |
| Total | \$ 14,149,698,416 |

Tourism Labor Income

Tourism Direct Labor Income, 2005

- The largest share of tourism labor income is in Hotels and Motels (26%) followed by Food Service (25%).
- Transportation sectors represent 23% of tourism GSP.
- Recreation and Entertainment comprise 17% of tourism labor income.

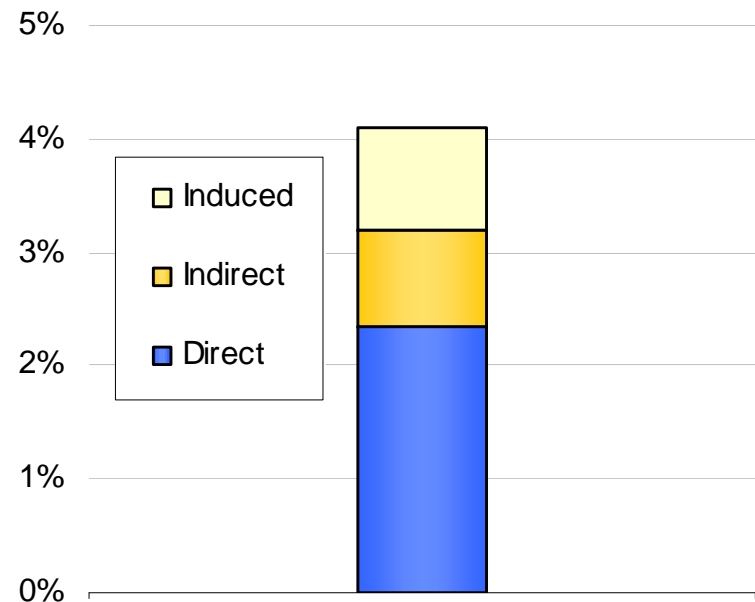


Tourism Labor Income

- Tourism directly generates 2.4% of the state's labor income base.
- With the inclusion of indirect and induced impacts, tourism is the catalyst for \$24.3 billion, or 4.1% of total labor income.

| Tourism Share of Labor Income, 2005 | | Share |
|-------------------------------------|---------------|-------------|
| Tourism Direct | 14,045 | 2.4% |
| Tourism Indirect | 5,063 | 0.8% |
| Tourism Induced | 5,280 | 0.9% |
| Total Tourism | 24,388 | 4.1% |
| Total Labor Income | 595,911 | |

Tourism Labor Income Share of Total Labor Income, 2005



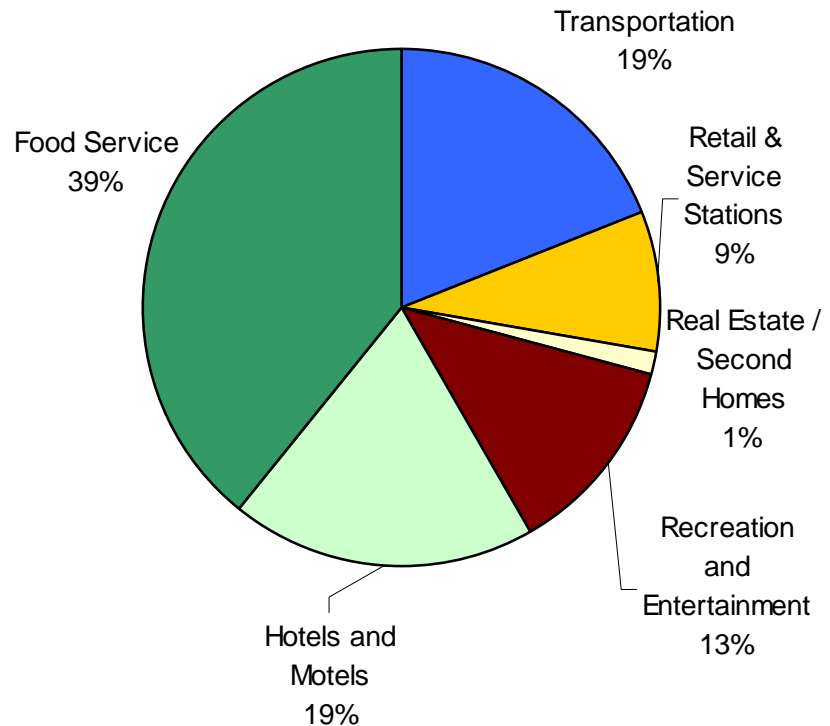
Tourism Employment

| Tourism Direct Employment, 2005 | |
|--|----------------|
| Transportation | 90,407 |
| Retail & Service Stations | 43,004 |
| Real Estate / Second Homes | 6,837 |
| Recreation and Entertainment | 59,864 |
| Hotels and Motels | 93,480 |
| Food Service | 187,769 |
| Total | 481,361 |

Tourism Employment

- The largest share of tourism employment is in Food Service (39%) followed by Hotels (19%).
- Transportation sectors represent 19% of tourism employment.

Tourism Direct Employment, 2005

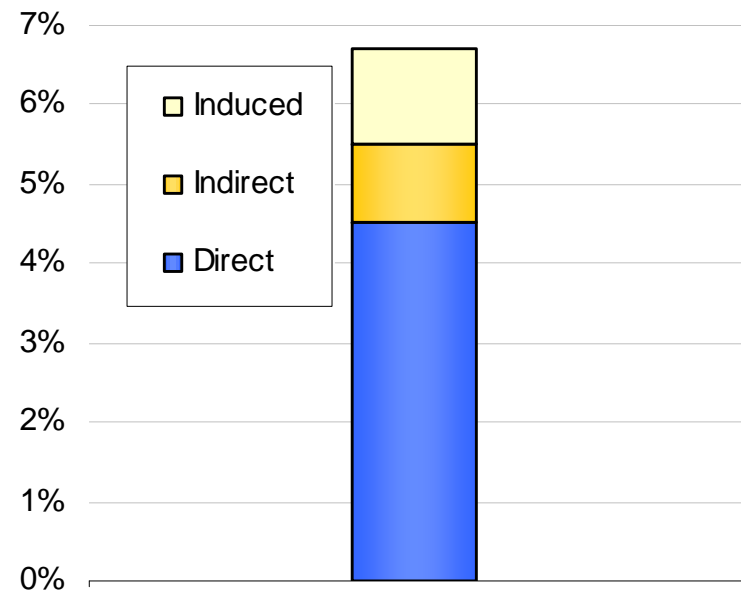


Tourism Employment

- Tourism directly generates 4.5% of the state's employment base.
- With the inclusion of indirect and induced impacts, tourism is the catalyst for 707,266 jobs, or 6.7% of all non-farm employment.

| Tourism Share of Employment, 2005 | | Share |
|-----------------------------------|----------------|-------------|
| Tourism Direct | 478,759 | 4.5% |
| Tourism Indirect | 101,317 | 1.0% |
| Tourism Induced | 127,190 | 1.2% |
| Total Tourism | 707,266 | 6.7% |
| | | |
| Total Employment | 10,564,487 | |

Tourism Employment Share of Total Non-Farm Employment, 2005

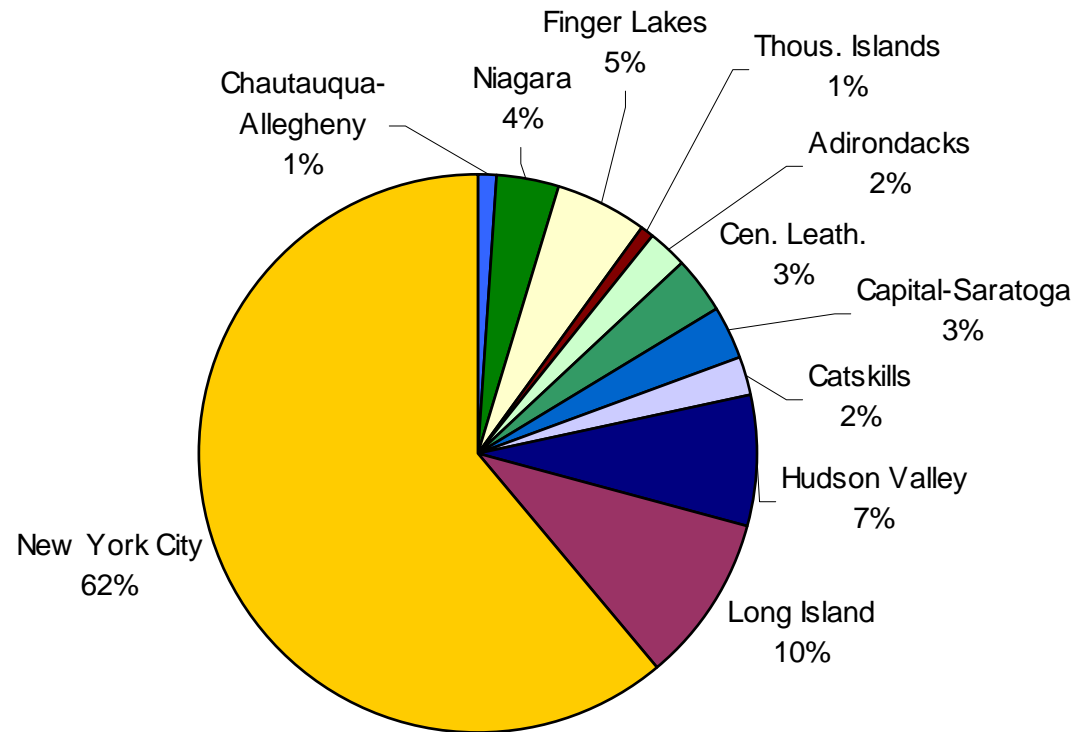


Regional Summary

Regional Tourism Sales

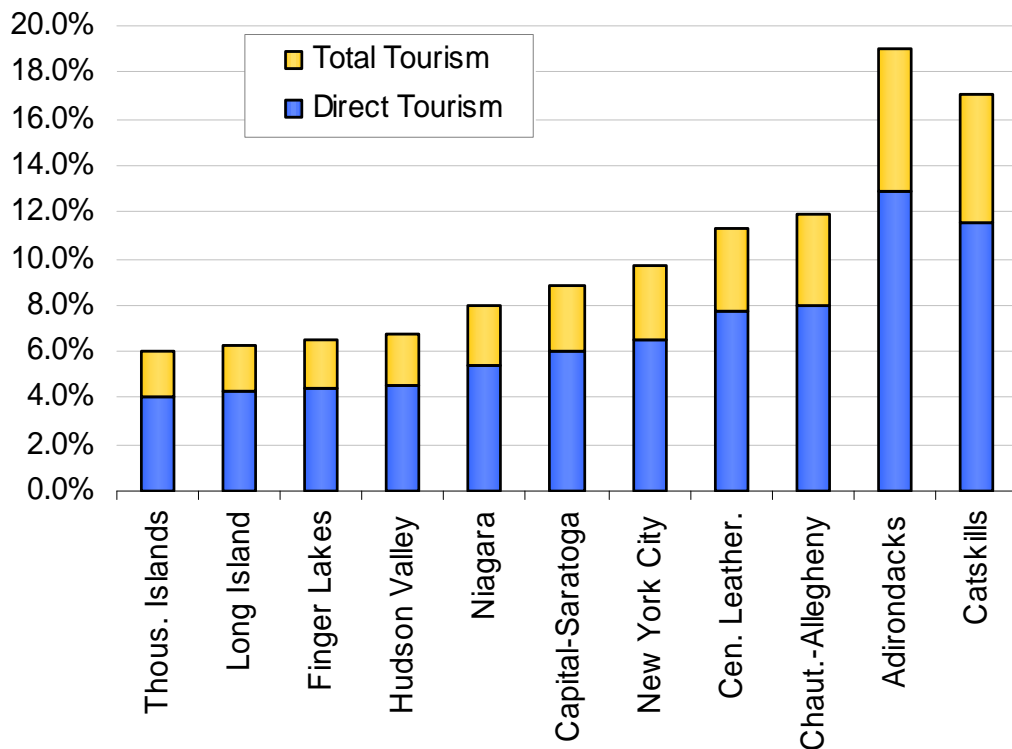
- New York State is divided into 11 economic regions.
- New York City is the largest single tourism region with 62% of state tourism sales.
- New York City, Long Island and Hudson Valley together comprise nearly 80% of New York State tourism sales.

Tourism Direct Sales, 2005



Relative Importance of Tourism

Tourism Share of Regional Employment 2005



- Tourism is an integral part of every region's economy, generating at least 6% of employment.
- Tourism is most important to the Catskills and Adirondacks, generating 19% and 17% of total employment, respectively.
- Tourism generates nearly 12% of employment in Central Leatherstocking and Chautauqua-Allegheny.

Tourism Impact Summary

| Tourism Economic Impact | Sales, '000s | Labor Income, '000s | Employment, Persons | Local Taxes, '000s | State Taxes, '000s |
|--------------------------------|-------------------------|--------------------------------|--------------------------------|-------------------------------|-------------------------------|
| 1. Chautauqua-Allegheny | \$ 763,885 | \$ 203,287 | 11,876 | \$ 40,858 | \$ 22,212 |
| 2. Greater Niagara | \$ 2,900,877 | \$ 895,422 | 46,187 | \$ 109,654 | \$ 84,352 |
| 3. Finger Lakes | \$ 3,995,049 | \$ 1,155,750 | 62,608 | \$ 190,178 | \$ 116,169 |
| 4. Thousand Islands | \$ 643,854 | \$ 155,761 | 8,845 | \$ 32,663 | \$ 18,722 |
| 5. Adirondacks | \$ 1,683,098 | \$ 431,523 | 21,507 | \$ 68,618 | \$ 48,941 |
| 6. Central Leatherstocking | \$ 2,565,633 | \$ 683,922 | 34,602 | \$ 101,704 | \$ 74,604 |
| 7. Capital-Saratoga | \$ 2,434,687 | \$ 719,376 | 34,184 | \$ 94,791 | \$ 70,796 |
| 8. Catskills | \$ 1,598,408 | \$ 394,576 | 20,155 | \$ 51,872 | \$ 46,479 |
| 9. Hudson Valley | \$ 5,754,362 | \$ 1,772,989 | 54,557 | \$ 184,511 | \$ 167,326 |
| 10. Long Island | \$ 7,630,402 | \$ 2,313,452 | 75,303 | \$ 223,182 | \$ 221,878 |
| 11. New York City | \$ 46,928,169 | \$ 14,392,370 | 337,432 | \$ 1,375,688 | \$ 1,364,583 |
| TOTAL | \$ 76,898,424 | \$ 23,118,427 | 707,257 | \$ 2,473,719 | \$ 2,236,062 |

Tourism Impact Distribution

| Tourism Distribution | Sales | Labor Income | Employment | Local Taxes | State Taxes |
|-----------------------------|--------------|---------------------|-------------------|--------------------|--------------------|
| 1. Chautauqua-Allegheny | 1% | 1% | 2% | 2% | 1% |
| 2. Greater Niagara | 4% | 4% | 7% | 4% | 4% |
| 3. Finger Lakes | 5% | 5% | 9% | 8% | 5% |
| 4. Thousand Islands | 1% | 1% | 1% | 1% | 1% |
| 5. Adirondacks | 2% | 2% | 3% | 3% | 2% |
| 6. Central Leatherstocking | 3% | 3% | 5% | 4% | 3% |
| 7. Capital-Saratoga | 3% | 3% | 5% | 4% | 3% |
| 8. Catskills | 2% | 2% | 3% | 2% | 2% |
| 9. Hudson Valley | 7% | 8% | 8% | 7% | 7% |
| 10. Long Island | 10% | 10% | 11% | 9% | 10% |
| 11. New York City | 61% | 62% | 48% | 56% | 61% |
| TOTAL | 100% | 100% | 100% | 100% | 100% |

Region Detail

Region 8: Catskills

Region 8: Catskills

Total Tourism Impact

- Tourism in the Catskills generated over \$51 million in local taxes and more than \$46 million in state taxes in 2005.
- Total visitor-driven expenditures in the Catskills were nearly \$1.6 billion in 2005.

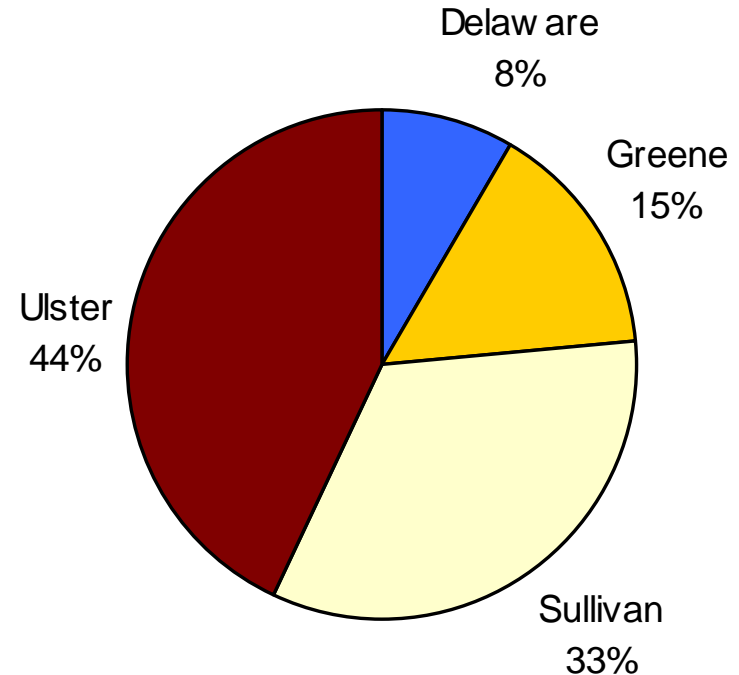
| Total Tourism Impact, 2005 '000s | | | | | |
|----------------------------------|--------------------|---------------------|-------------------|--------------------|--------------------|
| | <i>Sales</i> | <i>Labor Income</i> | <i>Employment</i> | <i>Local Taxes</i> | <i>State Taxes</i> |
| Delaware | \$132,254 | \$25,801 | \$1,082 | \$3,765 | \$3,846 |
| Greene | \$243,551 | \$61,348 | \$3,658 | \$6,933 | \$7,082 |
| Sullivan | \$533,830 | \$124,246 | \$6,369 | \$18,382 | \$15,523 |
| Ulster | \$688,773 | \$183,181 | \$9,046 | \$22,792 | \$20,028 |
| TOTAL | \$1,598,408 | \$394,576 | \$20,155 | \$51,872 | \$46,479 |

Region 8: Catskills

Total Tourism Impact

- Ulster county represents over 40% of the region's tourism sales with \$688 million in visitor-driven expenditures.
- Sullivan comes in with the second largest share, representing 33% of the region's total tourism sales with over \$533 million in visitor-driven expenditures.

Tourism Direct Sales



Region 8: Catskills

Tourism Sales

- Travelers spent \$902 million in the Catskills in 2005.
- Ulster county accounts for the largest share in the total direct visitor spending in the region, with \$388 million in direct visitor spending.

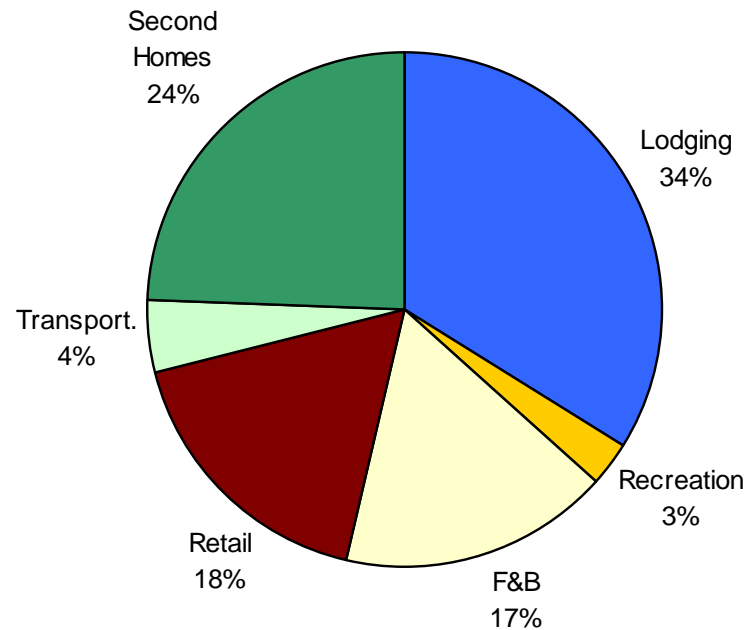
| 2005 Tourism Direct Sales, '000s | <i>Lodging</i> | <i>Recreation</i> | <i>F&B</i> | <i>Retail</i> | <i>Transportation</i> | <i>Second Homes</i> | <i>Direct</i> |
|---|------------------|-------------------|------------------|------------------|-----------------------|---------------------|------------------|
| Delaware | \$7,283 | \$1,334 | \$7,735 | \$5,659 | \$880 | \$51,781 | \$74,671 |
| Greene | \$32,394 | \$9,605 | \$22,869 | \$22,966 | \$8,376 | \$41,300 | \$137,510 |
| Sullivan | \$123,925 | \$5,590 | \$31,842 | \$50,764 | \$1,467 | \$87,815 | \$301,403 |
| Ulster | \$141,943 | \$9,705 | \$89,884 | \$79,348 | \$27,848 | \$40,157 | \$388,885 |
| TOTAL | \$305,546 | \$26,234 | \$152,329 | \$158,737 | \$38,571 | \$221,053 | \$902,469 |

Region 8: Catskills

Tourism Sales

- Spending related to Lodging comprised the largest share of sales at 34%.
- Spending related to Second Homes was the second largest category, at 24%.

Tourism Direct Sales



Region 8: Catskills

Tourism Labor Income

- Tourism in the Catskills generates nearly \$230 million in direct labor income and close to \$400 million including indirect and induced impacts.
- Ulster county represents approximately \$183 million of the region's total tourism labor income.

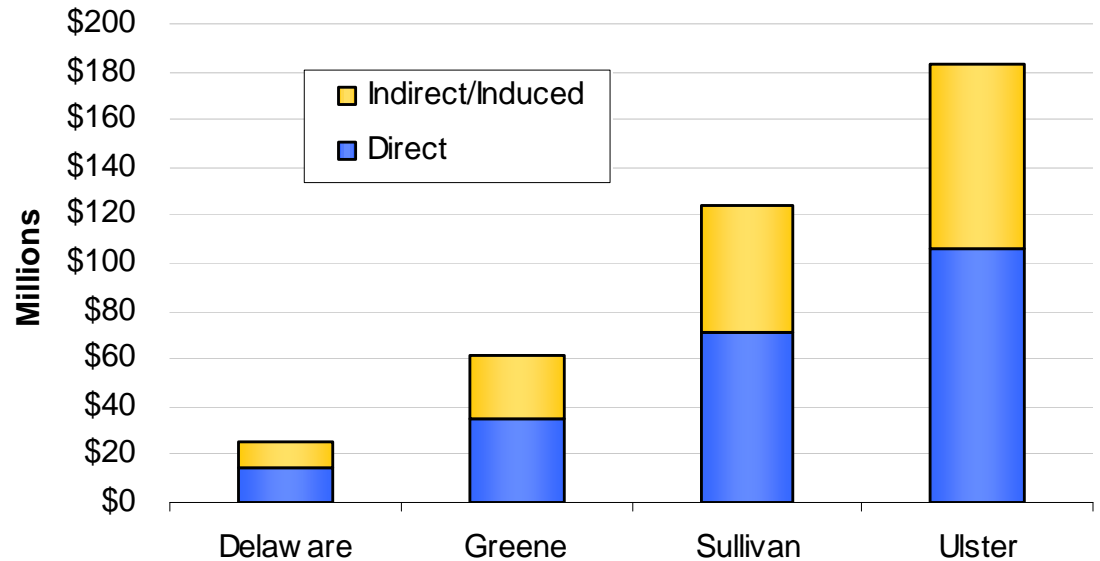
| Tourism Labor Income, 2005 '000s | Direct | Total (Direct, Indirect, Induced) | Share (Direct) | Share (Total) |
|--|------------------|--------------------------------------|----------------|---------------|
| | Delaware | \$14,859 | \$25,801 | 2.8% |
| Greene | \$35,331 | \$61,348 | 7.7% | 13.3% |
| Sullivan | \$71,556 | \$124,246 | 8.7% | 15.1% |
| Ulster | \$105,497 | \$183,181 | 5.6% | 9.7% |
| TOTAL | \$227,244 | \$394,576 | 6.1% | 10.6% |

Region 8: Catskills

Tourism Labor Income

- Ulster county represents over 46% of the Tourism-generated labor income in the region.

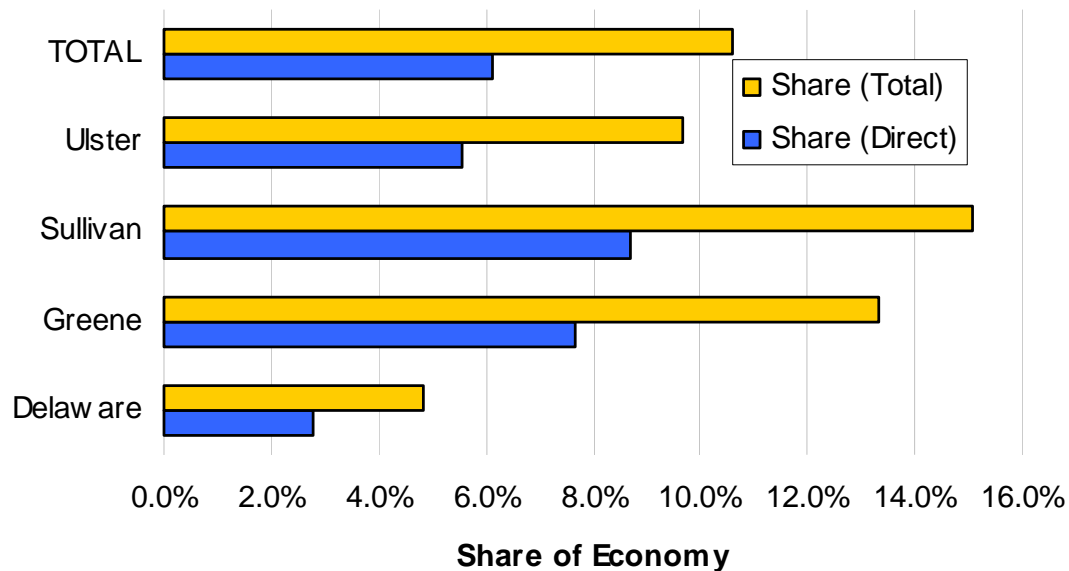
Tourism-Generated Labor Income



Region 8: Catskills

Tourism Labor Income

Tourism Labor Income Share of Total Economy Labor Income, 2005



- Over 10% of all labor income in the Catskills is generated by tourism.
- Sullivan county is the most dependent upon tourism with over 15% of all labor compensation generated by visitors.

Region 8: Catskills

Tourism Employment

- Tourism in the Catskills directly supports 13,644 jobs and a total of 20,155 jobs including indirect and induced impacts.

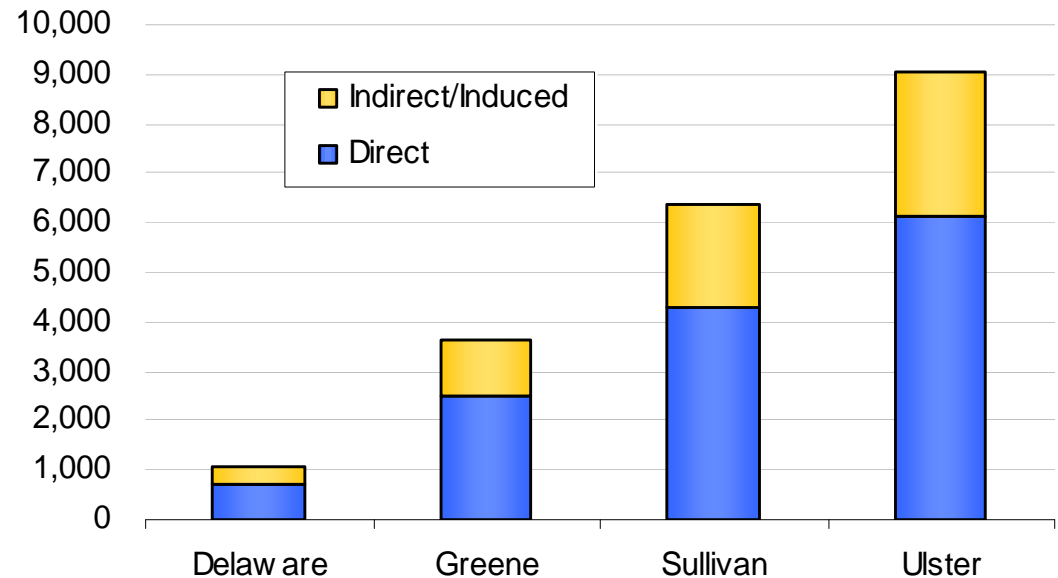
| Tourism Employment, 2005 | <i>Direct</i> | <i>Total (Direct, Indirect, Induced)</i> | <i>Share (Direct)</i> | <i>Share (Total)</i> |
|---------------------------------|---------------|--|-----------------------|----------------------|
| Delaware | 732 | 1,082 | 4.3% | 6.3% |
| Greene | 2,476 | 3,658 | 17.8% | 26.3% |
| Sullivan | 4,311 | 6,369 | 16.7% | 24.7% |
| Ulster | 6,124 | 9,046 | 9.9% | 14.7% |
| TOTAL | 13,644 | 20,155 | 11.5% | 17.0% |

Region 8: Catskills

Tourism Employment

- Ulster county represents nearly 45% of the region's tourism employment with 6,124 direct tourism jobs.
- Sullivan county represents over 30% of the region's tourism employment with 4,311 direct tourism jobs.

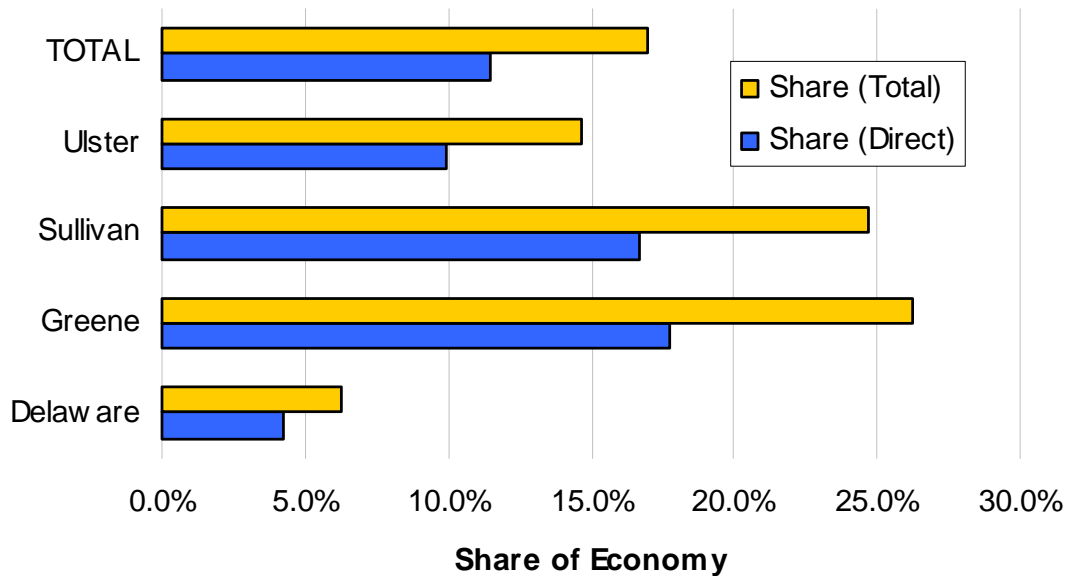
Tourism Employment, 2005



Region 8: Catskills

Tourism Employment

Tourism Employment Share of Total Employment, 2005



- About 17% of all employment in the Catskills is generated by tourism.
- Greene county is the most dependent upon tourism with over 25% of all employment generated by visitors.

Region 8: Catskills

Tourism Taxes

- Tourism in the Catskills generated over \$98 million in state and local taxes in 2005.
- Sales, property, and hotel bed taxes generated over \$51 million in local taxes.

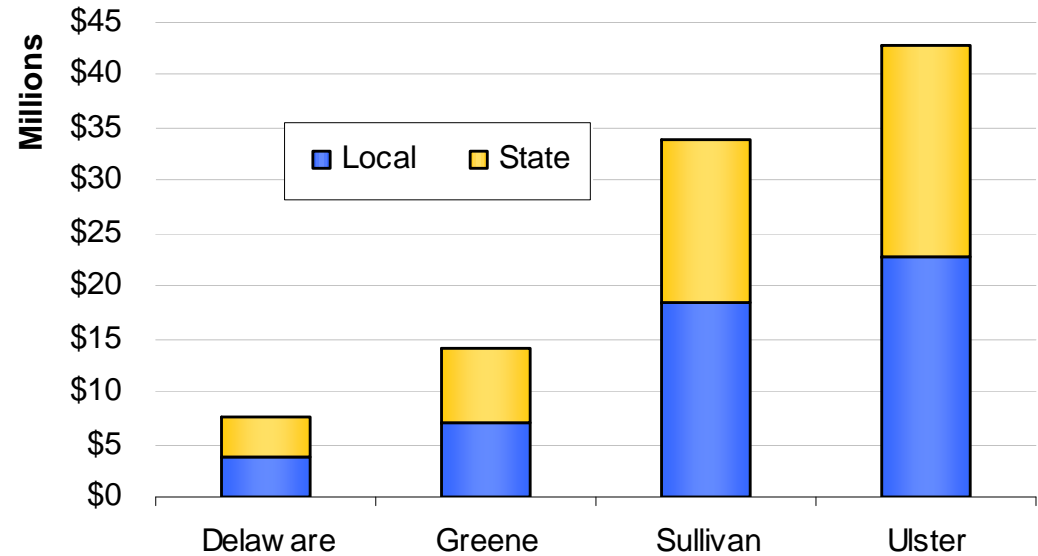
| Tourism-Generated Taxes, 2005 | <i>Local Taxes</i> | <i>State Taxes</i> | <i>Total</i> | <i>Region Share</i> |
|--------------------------------------|---------------------------|---------------------------|---------------------|----------------------------|
| Delaware | \$3,764,777 | \$3,845,702 | 7,610,479 | 7.7% |
| Greene | \$6,932,973 | \$7,081,998 | 14,014,971 | 14.3% |
| Sullivan | \$18,381,696 | \$15,522,775 | 33,904,471 | 34.5% |
| Ulster | \$22,792,354 | \$20,028,240 | 42,820,595 | 43.5% |
| TOTAL | \$51,871,801 | \$46,478,715 | 98,350,516 | 100.0% |

Region 8: Catskills

Tourism Taxes

- Ulster county produces over 43% of the region's tourism tax base.

Tourism Taxes, 2005



Methodological Notes

- Employment definitions. The basis of our data and modeling is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. This is different than the NYS Department of Labor data source (ES202/QCEW). The main definitional difference is that sole-proprietors, which do not require unemployment insurance and are not counted in the ES202 data. BEA data shows (for example) state accommodations employment at 89,124, compared with QCEW at 82,190. For total employment (across all sectors), the difference is 20%.
- International methodology. Our approach (through Travel Industry Association calculations) is based the estimates on direct survey responses to the Department of Commerce in-flight survey and Statistics Canada data – constrained to BEA international balance of payments data. The NY data are consistent with TIA's state-by-state distribution which ensures against overestimation.
- Bottom-up vs. top-down. We have based our research on tourism expenditure analysis from surveys and controls to known industry measurements for key tourism sectors.

Methodological Notes

- Local taxes are a build-up of individual categories (sales, occupancy, property). The model is not equipped to deal with individual exemptions such as Indian gaming.
- Second home expenditures are based on the stock of seasonal second home inventory. Annual average expenditures for housing are pro-rated to the season length to account for various levels of expenditures not accounted in visitor surveys.
- Lodging sector. Our models use survey information and constrains this to the value of the hotel sector in each county. This can vary from from certain bed tax estimates of total revenue for several reasons. One is that the bed tax may only be based on room revenue while total sales for the industry may include other revenue sources (room service, phone, etc.). Another is that certain smaller establishments may not fully report or be required to report their revenue.

About Tourism Economics

- Tourism Economics, headquartered in Philadelphia, is a distinct unit of Oxford Economics USA dedicated to providing high value, robust, and relevant analyses of the tourism sector that reflects the dynamics of local and global economies. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, project feasibility analysis, tourism forecasting models, tourism policy analysis, and economic impact studies.
- Oxford Economics USA is one of the world's leading providers of economic analysis, forecasts and consulting advice. Its services cover three main areas: economic forecasts, for around 200 countries globally and over 70 sectors; user-friendly economic models for scenario analysis and policy assessment; and economic consultancy, including detailed work for the tourism and aviation sectors.
- Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics has an excellent reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of 30 highly-experienced professional economists; a dedicated data analysis team; global modeling tools; close links with Oxford University, and a range of partner institutions in Europe, the US and in the United Nations Project Link.