ECONOMIC IMPACT OF TRAVEL ON GEORGIA 2003 PROFILE

A Study Prepared for the
Georgia Department of Industry, Trade and Tourism
By the
Travel Industry Association of America
Washington, D.C.
May 2004

Travel Industry Association of America

PREFACE

This study was conducted by the research department of the Travel Industry Association of America (TIA) for the **Georgia Department of Industry, Trade & Tourism**. The report presents state-level estimates of travel economic impact on Georgia in 2003. Quarterly and annual data on visitor volume, trip characteristics, and demographics of U.S. visitors to Georgia in 2003, travelers' expenditures, travel-generated employment and payroll income, as well as tax revenues for state and local government are included in this report. Detailed estimates of travel spending by category and traveler type are also provided. Annual 2002 travel economic impact estimates are displayed for comparison purposes.

The report focuses on U.S. domestic travel in Georgia only. Estimates of international travelers' impact on Georgia will be provided once the data become available.

All data and estimates covered in this report are on a calendar year basis.

Research Department
Travel Industry Association of America
Washington, D.C.
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INTRODUCTION

Section 1 of this report provides information on U.S. travelers visiting Georgia during 2003. Information presented in this section is captured via TravelScope®, a national consumer survey conducted monthly, using National Family Opinion's (NFO) consumer panel of U.S. households. TravelScope is a cooperative research effort, funded by states, cities and other participants and managed by the Research Department of the Travel Industry Association. Since 1994, TravelScope has collected visitor volume, market share, trip characteristics, and demographics for all U.S. domestic travel. See *Appendix A* for more information on TravelScope methodology.

Section 1 takes a comprehensive look at the unique travel characteristics of Georgia visitors. Travel as measured in this report is based on trips of 50 miles or more, one way, away from home or trips including one or more nights' stay. Respondent households are instructed to not include trips commuting to/from work or school or trips taken as a flight attendant or vehicle operator. Travel volume estimates for Georgia are based either on the number of households traveling (household trips) or the number of persons traveling (person-trips). See Appendix G for a copy of the survey questionnaire.

For purposes of this report, analysis of trip characteristics and traveler demographics focuses on destination/overnight visitors to Georgia. Destination/overnight person-trips are trips taken by travelers who spent one or more nights in the state OR indicated that Georgia was a specific trip destination whether or not they stayed overnight (i.e. they were not just passing through). These are visitors traveling specifically to Georgia for leisure, business or other purposes.

National figures in this report are based on total domestic travel, that is person-trips originating in the 48 contiguous states and traveling to any of the 50 states.

Section 2 of the report presents economic impact estimates of U.S. domestic travelers in Georgia during 2003. These estimates are produced via TIA's Travel Economic Impact Model (TEIM), a computerized economic model producing estimates of travel spending and its impact on employment, wage and salary (payroll) income, state and local tax revenues.

The TEIM, initially developed in 1975 for the U.S. Department of the Interior, measures the economic value of travel and tourism to states and counties. The original model has since been extensively revised using more accurate and targeted input data available from governments and the private sector. The TEIM is based upon national travel surveys conducted by TIA and other data developed by the Bureau of the Census, TIA, various federal agencies and national travel organizations each year. A description of the TEIM is provided in *Appendix B*. Estimates of travel economic impact in Georgia are based on the most recent version of the TEIM. The most current TravelScope® data and data provided by Georgia Department of Industry, Trade and Tourism and other sources are employed in the model.

U.S. domestic travel data includes both state residents and out-of-state visitors to Georgia traveling away from home overnight in paid accommodations, or on day trips to places 50 miles or more, one way, away from home during 2003. Travel commuting to and from work; travel by those operating an airplane, bus, truck, train or other form of common carrier transportation;

military travel on active duty; and travel by students away at school, are all excluded from the model. In addition, the payroll and employment estimates represent impact generated in the private sector and exclude public-supported payroll and employment.

Important note concerning TravelScope® data: Due to the change in the TravelScope® survey card in 2003, it was necessary to revise preliminary 2002 estimates. This resulted in an overall increase in traveler volume, spending and other impacts for 2002. The 2003 estimates are, in turn, based on this set of higher, adjusted 2002 figures. **Because of these changes, only the 2002 updated estimates in this report should be used for trend analysis purposes, not the estimates in the preliminary 2002 report.**

Since additional data relating to travel and its economic impact in 2003 will become available subsequent to this study, TIA reserves the right to revise these estimates in the future.

EXECUTIVE SUMMARY

U.S. Travelers in Georgia

Georgia hosted a total of 48 million visitors in 2003, an increase of 2.9 percent over 2002. By comparison, total U.S. domestic travel volume increased (+1.2%) in 2003 over 2002.

Of the approximately 48 million domestic person-trips to Georgia, 74 percent (35.7 million) are destination/overnight visitors. Destination/overnight visitor volume increased 3.4 percent in 2003 over 2002. Destination/ overnight person-trips are trips taken by travelers who spent one or more nights in the state and/or indicated that Georgia was a specific trip destination (i.e. they were not just passing through). Two in three destination/overnight visitors to Georgia are non-residents of Georgia (69%).

Seventy-seven percent of destination/overnight travelers in Georgia stayed at least one night in the state. Thus, 23 percent of Georgia person-trips were just for the day. Fifty-eight percent of overnight visitors used hotels, motels or B&Bs for their overnight accommodations.

The majority (78%) of destination/overnight person-trips in Georgia were taken for the primary purpose of leisure. Visiting friends and relatives was the most common purpose for leisure travel (44% of all destination/overnight person-trips). Business travel accounted for 22 percent of destination/overnight person-trips in Georgia (7.8 million visitors).

Most Georgia destination/overnight visitors in 2003 (81%) used their own auto, truck, RV, or a rental car as the primary mode of transportation. Fifteen percent used air transportation.

Direct Economic Impact of Domestic Travel

Domestic travelers directly spent more than $14.5 billion in Georgia in 2003, up 2.8 percent from 2002. These expenditures generated 209.5 thousand jobs within Georgia and brought nearly $6.0 billion payroll income for the employees. Travel-generated jobs declined 0.4 percent from 2002.

On average, every $69,324 spent in Georgia by U.S. travelers generated one job in 2003.

Direct domestic travel expenditures in Georgia generated over $1.1 billion in tax revenue for state and local governments in 2003, up 2.1 percent from 2002.

In addition to spending on air, rail and bus transportation, U.S. travelers spent an average of $81.88 per day in Georgia, which includes day trip travelers. Each overnight traveler spent an average of $102.33 per day. Day-trip travelers spent an average of $59.47 in Georgia.

The following table summarizes Georgia travel and tourism in 2003.

SUMMARY OF GEORGIA TRAVEL AND TOURISM, 2003

U.S. Domestic Visitors	Total	Destination/Overnight
Leisure	38,174,000	27,809,000
Business	9,843,000	7,843,000
Total	48,017,000	35,652,000

Direct Economic Impact of Domestic Travel	
Expenditures ($ Millions)	$14,523.8
Employment (Thousands)	209.5
Payroll ($ Millions)	$5,955.5
State and Local Tax Revenue ($ Millions)	$1,145.6

2003 TRAVEL IMPACT ON U.S. ECONOMY

The U.S. economy in 2003 began to improve after experiencing an economic recession and the 2001 terrorist attacks. Real GDP recovered greatly in the third quarter, climbing 8.2 percent, the largest quarterly increase since the first quarter of 1984. Overall, this led real GDP to increase 3.1 percent for the year. Real disposable income grew 2.6 percent and real personal consumption expenditures were up 3.1 percent in 2003. The strengthening economy, however, failed to improve the U.S. employment situation in 2003. Although employment showed signs of recovery in November and December, the national unemployment rate hit 6.0 percent in 2003. The Consumer Confidence Index decreased to 79.8 (1985=100) from the 2002 level of 96.6. On the other hand, the Consumer Price Index (CPI), an indicator of the level of price inflation, remained relatively low—up only 2.3 percent in 2003.

Domestic travel volume increased moderately in 2003, while domestic travel expenditures began to grow after declining in 2002 and 2003. International travel to the U.S. continued to decline in 2003.

U.S. Travel Volume in 2003

Driven mostly by leisure travel, total person-trips were up 1.2 percent over 2002, according to TIA's TravelScope® survey. Leisure person-trips grew by 1.9 percent in 2003. Following the change in travel preferences after 9/11, leisure travelers continued to take trips closer to home, using highways and going to rural destinations, rather than traveling to major cities and using air transportation. Business travel, however, declined 2.9 percent, marking the fifth consecutive year of decline.

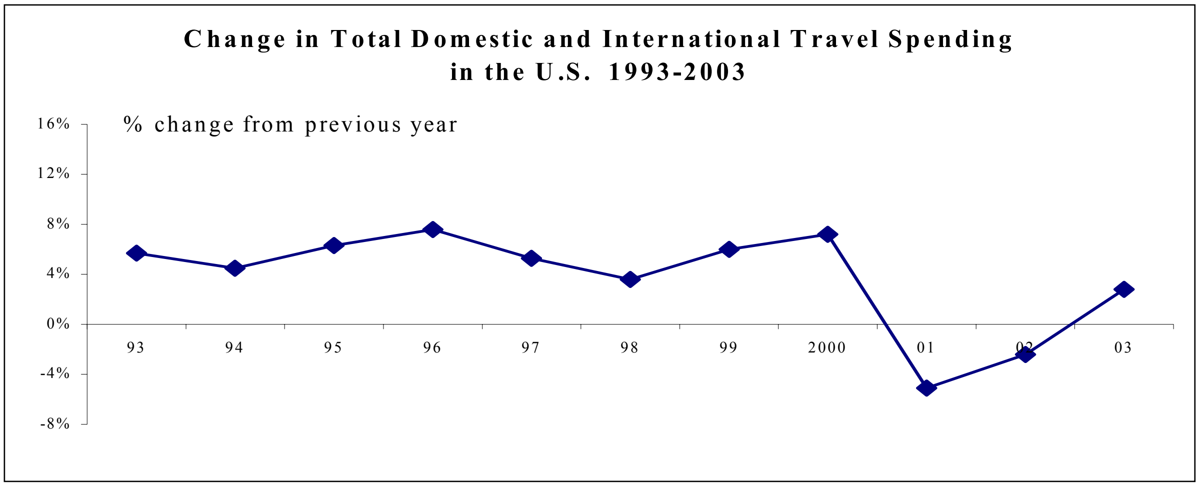
International visitors to the U.S. dropped another 3.7 percent in 2003 after a substantial decline in both 2001 and 2002.

Travel Expenditures in 2003

Domestic travel expenditures in the U.S. grew in 2003 after two consecutive years of decline. Domestic travelers spent $487 billion in the U.S. during their 2003 travels, an increase of 3.5 percent from 2002. However, international traveler expenditures in the U.S., excluding spending on international airfares purchased outside the U.S., fell 2.2 percent in 2003 after undergoing a 7.4 decline in 2002.

Combined domestic and international travel expenditures were up an estimated 2.8 percent in 2003 over 2002. Compared to 2001, the most challenging year in travel industry history, this represents a 5.2 percent increase in total travel expenditures.

Leisure travel played a significant part in the growth of domestic travel spending. Total domestic leisure travel spending reached $318.6 billion, up 5.1 percent from 2002. Spending by domestic business travelers remained unaltered in 2003 due to the decline in business travel volume. As a result, the market shares of business and leisure travel spending have varied greatly since 2000.



Sources: TIA, OTTI

Table A: 2002-03 U.S. Domestic Travel Expenditures by Primary Purpose of Trip

	2003 Travel Spending In the U.S. ($ Billions)	2002 Travel Spending in the U.S. ($ Billions)	2003 Percent Change Over 2002 (%)
Leisure Travelers	$334.7	$318.6	5.1%
Business Travelers	$152.3	$152.1	0.1%
Total	$487.0	$470.7	3.5%

Source: TIA, OTTI

Travel spending on auto transportation jumped 10.1 percent from 2002, to $83.3 billion. This was mainly due to the dramatic increase in gasoline prices during 2003 and the shift from air to auto and other modes of transportation.

Air travel continued to decline in 2003. Total domestic passenger enplanements were down 2.8 percent from 2002 and international passenger enplanements decreased by 1.8 percent in 2003, according to the Air Transport Association (ATA). On the other hand, Amtrak reported a 5.7 percent increase in ridership during 2003. The cruise line industry exhibited strong growth in 2003 as well.

Domestic travel spending on lodging increased 2.3 percent over 2002. According to Smith Travel Research, hotel room demand (hotel room nights sold) grew 1.6 percent and room supply rose 1.2 percent in 2003. Reflecting the increase in total travel volume, spending on food services and other categories also showed positive growth in 2003.

Table B: Travel Expenditures in the U.S. 2002-2003

Industry Sector*	2003 Travel Spending in The U.S. ($ Billions)	2002 Travel Spending in The U.S. ($ Billions)	2003 Percent Change Over 2002 (%)
Public Transportation	$92.4	$91.7	0.7%
Auto Transportation	83.3	75.6	10.1%
Lodging	87.7	85.7	2.3%
Foodservice	122.6	119.0	3.0%
Entertainment	59.8	57.8	3.5%
General Retail	41.2	40.7	1.2%
Domestic Travelers	$487.0	$470.7	3.5%
International Travelers**	$65.1	$66.5	-2.2%
Total	$552.0	$537.2	2.8%

Source: TIA

** Total international traveler spending does not include international passenger fare payments, international traveler spending in the U.S. territories, and Canadian traveler spending not allocated to states.*

Travel Employment in 2003

The upturned U.S. economy did not lead private industry to hire more workers. Employment in the private sector continued to decline in 2003. The national unemployment rate hit 6.0 percent in 2003. About 2 million jobs were lost between September 2001 and December 2003, according to the Bureau of Labor Statistics (BLS). Total employment generated by domestic travel in the U.S. fell by 1.4 percent in 2003. Employment generated by declining international travel in the U.S. was down 6.5 percent in 2003. As a result, total travel-generated employment fell 2.0 percent in 2003.

Employment generated by domestic travel on public transportation (composed mainly of the airline industry) declined by 6.5 percent in 2003, the most severe decrease among all travel industry sectors. Employment in travel planning (i.e., the travel agent and travel arrangement industry) continued to decline as well, down 4.9 percent from 2002. In addition, lodging industry employment decreased 1.2 percent.

Employment in the entertainment (i.e., amusement/recreation) sector increased 3.4 percent in 2003 after widespread downsizing in 2002.

Table C: Travel-Generated Employment in the U.S. 2002-2003

Industry Sector*	2003 Travel-Generated Employment (Thousands)	2002 Travel-Generated Employment (Thousands)	2003 Percent Change Over 2002 (%)
Public Transportation	$931.0	$995.8	-6.5%
Auto Transportation	255.6	259.0	-1.3%
Lodging	1,153.1	1,167.0	-1.2%
Foodservice	2,369.1	2,394.5	-1.1%
Entertainment	1,045.8	1,011.8	3.4%
General Retail	341.5	347.4	-1.8%
Travel Planning	174.4	183.3	-4.9%
Domestic Travelers	6,270.1	6,358.8	-1.4%
International Travelers	839.3	897.3	-6.5%
Total	$7,109.5	$7,256.0	-2.0%

Sources: TIA, BLS

Table D: Overall U.S. Economic Developments, 2001-2003

Sector	2001	2002	2003
Nominal gross domestic product ($ billions)	$10,100.8	$10,480.8	$10,987.9
Real gross domestic product ($ billions)*	$9,866.6	$10,083.0	$10,398.0
Total retail sales ($ billions)	$3,156.8	$3,230.1	$3,399.5
Real disposable personal income ($ billions)*	$7,320.2	$7,596.7	$7,797.8
Real personal consumption expenditures ($ billions)*	$6,904.6	$7,140.4	$7,365.2
Consumer price index**	177.1	179.9	184.0
Travel Price Index**	196.9	196.3	201.1
Non-farm payroll employment (millions)	131.8	130.3	129.9
Unemployment rate (%)	4.7	5.8	6.0
Percentage change from previous year			
Nominal gross domestic product	2.9%	3.8%	4.8%
Real gross domestic product	0.5%	2.2%	3.1%
Total retail sales	2.8%	2.3%	5.2%
Real disposable personal income	1.8%	3.8%	2.6%
Real personal consumption expenditures	2.5%	3.4%	3.1%
Consumer price index	2.8%	1.6%	2.3%
Travel Price Index	1.1%	-0.3%	2.4%
Non-farm payroll employment	0.0%	-1.1%	-0.3%

Sources: U.S. Dept. of Commerce, U.S. Dept. of Labor, U.S. Census Bureau, TIA
** Chained 2000 dollars*
*** Base period: 1982-84=100*

Table E: Travel Trends, 1999-2003

Category	1999	2000	2001	2002	2003
Total U.S. resident person-trips (millions)	1,089.5	1,100.8	1,123.1	1,127.0	1,140.0
Total international visitors (millions)	48.5	50.9	44.9	41.9	40.4
U.S. travel expenditures ($ billions)	$466.3	$497.5	$478.3	$470.7	$487.0
International travel expenditures in the U.S. * ($ billions)	$74.8	$82.4	$71.9	$66.5	$65.1
Travel price index	183.6	194.8	196.9	196.3	201.1
Travel-generated employment** (thousands)	7,467	7,256	7,256	7,256	7,110
Percentage change from previous year					
Total U.S. resident person-trips	-1.7%	1.0%	2.0%	0.4%	1.2%
Total international visitors	4.5%	5.1%	-11.9%	-6.7%	-3.7%
U.S. travel expenditures	6.2%	6.7%	-3.9%	-1.6%	3.5%
International travel expenditures in the U.S. *	4.9%	10.2%	-12.8%	-7.4%	-2.2%
Travel price index	3.7%	6.1%	1.1%	-0.3%	2.4%
Travel-generated employment**	2.7%	-2.8%	0.0%	0.0%	-2.0%

Sources: TIA, Office of Travel and Tourism Industries(OTTI)/International Trade Administration
*Note: * Includes international traveler spending within the U.S. only. ** The most current estimates by OTTI*
*** *Includes employment generated by both domestic and international traveler expenditures*

SECTION 1

DOMESTIC TRAVEL IN THE STATE OF GEORGIA - 2003

TOTAL VISITATION

Person-trip volumes as measured in this report are based on trips of 50 miles or more, one way, away from home or trips including one or more nights' stay. Trips commuting to/from work or school, or trips taken as a flight attendant or vehicle operator, are not included. Total travel volume measures all trips mentioned by respondents as including Georgia in their itinerary and projects results to the U.S. population of households. (Note: Georgia may not be the final destination for some of these traveling households.)

Georgia hosted just over 48 million visitors (person-trips) in 2003, an increase of 2.9 percent from 2002. By comparison, total U.S. domestic travel volume increased 1.2 percent in 2003 over 2002.

Of the 48 million domestic person-trips to Georgia in 2003, 74 percent (35.7 million) were destination/ overnight visitors. Destination/overnight visitors are those travelers who spent one or more nights in Georgia and/or indicated that Georgia was a specific trip destination (i.e. they were not just passing through for one day).

For purposes of this report, analysis of trip characteristics and visitor demographics focuses on destination/overnight visitors to Georgia.

Table 1.1: Travel to and within the state of GEORGIA by U.S. residents - 2003

Category	Annual	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Total Georgia person-trips (in thousands)	48,017	9,354	12,289	13,468	12,907
Share of total person-trips (in thousands)		19%	26%	28%	27%
Destination/Overnight person trips (in thousands)	35,652	6,817	9,001	10,233	9,501
Share of destination/overnight person-trips (in thousands)		19%	25%	29%	27%

DESTINATION/OVERNIGHT VISITATION

Destination/Overnight person-trips are trips taken by travelers who spent one or more nights in the state and/or indicated that Georgia was a specific trip destination (i.e. they were not just passing through for one day). These are visitors traveling specifically to Georgia for leisure, business or other purposes. **The remainder of Section I of this report focuses on destination/overnight visitors to Georgia.**

Georgia hosted 35.7 million destination/overnight visitors in 2003, an increase of 3.4 percent from 2002. January through March were the slowest travel months in Georgia, with 19 percent of destination/overnight person-trips (6.8 million) occurring in these months. The highest travel volumes were seen in the third quarter (July - September), with 29 percent of destination/overnight person-trips (10.3 million).

Overnight visitors accounted for 77 percent of destination overnight travel. Day-trip visitors, who were not just passing through, accounted for 23 percent of destination/overnight person-trips in Georgia. This is the same share of day-trip travel seen nationally (23%).

Non-resident visitors accounted for 69 percent of all destination/overnight person-trips in Georgia. This is much higher than the national average (49%).

Table 1.2: Travel Volume in GEORGIA - 2003

Category	2003 Person-Trips	Percent (of total)
Destination/overnight person-trips in Georgia (in thousands)	35,652	100%
Overnight	27,360	77%
Day Trips	8,292	23%
In-state (residents)	11,180	31%
Out-of-state (non-residents)	24,472	69%

Data are based to destination/overnight travel

Table 1.3: Share of Travel Volume in GEORGIA by quarter - 2003

Category	2003 Person-Trips	Q1	Q2	Q3	Q4
Destination/overnight person-trips in Georgia (in thousands)	35,652	6,817	9,001	10,233	9,501
Overnight	27,360	76%	76%	78%	77%
Day Trip	8,292	24%	24%	22%	23%
In-state (residents)	11,180	34%	31%	29%	32%
Out-of-state (non-residents)	24,472	66%	69%	71%	68%

All data are based to destination/overnight travel

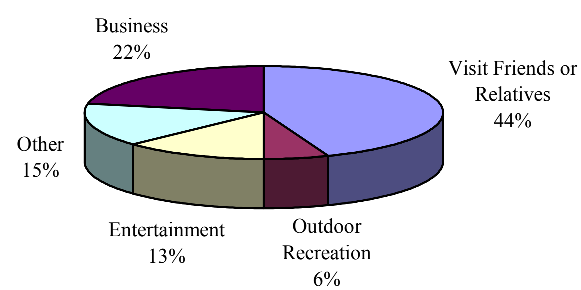
VISITATION BY PURPOSE AND MODE

Primary Purpose of Trip

The majority (78%) of destination/overnight person-trips in Georgia (27.8 million) were taken for leisure purposes. The share of leisure travel was slightly higher in the second and the fourth quarters of the year (81% of destination/overnight person-trips each). The lowest volume of leisure travel occurred in the first quarter (71% of destination/overnight person-trips).

Leisure travel includes trips taken to visit friends or relatives, for entertainment, for outdoor recreation purposes, or for other pleasure/personal purposes. Visiting friends and relatives was the most common purpose for leisure travel (44% of all destination/ overnight person-trips). Fifteen percent of person-trips in Georgia were for other pleasure/personal purposes, 13 percent were for entertainment purposes, and 6 percent were for outdoor recreation.

Purpose of Trip of Georgia Visitors-2003



Based to destination/overnight travel.

Business travel includes trips taken for business, conventions/seminars, and combined business/pleasure purposes. Business travel accounted for 22 percent of destination/overnight person-trips in Georgia (7.8 million visitors). The majority (12% of all destination/overnight person-trips) of business travel was for general business purposes. Contrary to leisure travel, the highest share of business travel was in the first quarter (29%) and lowest in the fourth quarter (19%).

Table 1.4: Travel Volume in GEORGIA by Purpose of Trip - 2003

Category	2003 Person-Trips	Q1	Q2	Q3	Q4
Destination/overnight person-trips in Georgia (in thousands)	35,652	6,817	9,001	10,333	9,501
Leisure	78%	71%	81%	77%	81%
Business	22%	29%	19%	23%	19%

Primary Mode of Transportation

Georgia destination/overnight visitors traveled primarily by auto (82%). Fifteen percent of destination/overnight person-trips in Georgia included air as the primary mode of transportation. Three percent of destination/overnight person-trips in the state involved other forms of transportation (including bus and rail).

Table 1.5: Travel Volume in GEORGIA by Mode of Transportation - 2003

Category	2003 Person-Trips	Q1	Q2	Q3	Q4
Destination/overnight person-trips in Georgia (in thousands)	35,652	6,817	9,001	10,333	9,501
Own Auto/truck/RV/rental car	82%	81%	82%	81%	84%
Air	15%	17%	14%	15%	14%
Other	3%	2%	4%	4%	2%

OVERNIGHT VISITATION BY LODGING TYPE

Seventy-seven percent of destination/overnight travelers in Georgia stayed at least one night in the state. The average in-state trip duration for overnight visitors was 3.1 nights.

Fifty-four percent of these overnight visitors used hotels, motels or B&Bs for their overnight accommodations. Nationally, 52 percent of overnight person-trips involved nights spent in a hotel, motel or B&B. Hotel use by overnight visitors in Georgia was highest in the first quarter (60%) and lowest in the fourth quarter (43%). Georgia visitors who stayed in a hotel, motel or B&B spent, on average, 2.4 nights in the state. The average length of stay for hotel, motel, B&B visitors did not vary significantly from quarter to quarter.

Over a third (39%) of overnight travelers in Georgia stayed in a private home while in the state, while 8 percent used other lodging types (such as rental properties, including condos and timeshares). Private home stays were highest in the fourth quarter (51%), while other lodging was used most frequently in the third quarter (10%).

Four percent of overnight visitors used RVs or tents for their accommodations. Travelers using RV or tent accommodations spent an average of 2.9 nights in the state. The average trip duration for RV/Tent users was much higher in the second quarter of the year (3.7 nights per trip) than in the first quarter (1.9 nights per trip).

Table 1.6: Overnight Travel in GEORGIA by Accommodation Type* - 2003

Category	Annual	Q1	Q2	Q3	Q4
OVERNIGHT person-trips in Georgia (in thousands)	27,360	5,169	6,812	8,083	7,295
Hotel/Motel/B&B	54%	60%	57%	57%	43%
Private Home	39%	34%	34%	35%	51%
RV/Tent	4%	4%	4%	3%	4%
Other Lodging	8%	8%	8%	10%	8%
Avg. Hotel. Motel. B&B trip duration in-state	2.4	2.2	2.6	2.3	2.4
Avg. RV/Tent trip duration in-state	2.9	1.9	3.7	3.0	2.7

** Multiple responses allowed.*

Table 1.7: Trip Characteristics of Travel in GEORGIA – 2003

Category	Total U.S. Domestic	Destination/ Overnight Georgia
Total person-trips (in millions)	1,140.0	35.7
Overnight	76%	77%
Day-Trip	24%	23%
In-state (residents)	51%	31%
Out-of-state (non-residents)	49%	69%
Purpose of Trip		
Leisure	82%	78%
Business	18%	22%
Mode of Transportation		
Own auto/Truck/RV/rental car	81%	82%
Air	16%	15%
Other	3%	3%
Lodging Type* (overnight person-trips)		
Hotel/Motel/B&B	52%	54%
Private Home	40%	39%
RV/Tent	7%	4%
Other Lodging	13%	8%

** Multiple responses allowed*

DEMOGRAPHIC PROFILE OF GEORGIA VISITORS

Demographic information is based on the head of the traveling household. (Note: Someone other than the head of household may have also been in the travel party.)

Demographic Profile of Destination/Overnight visitors in Georgia in 2003:

- The average Georgia visitor was 46 years old. Forty percent of destination/overnight visitors to Georgia were between 35 and 54 years of age.
- Fifty-four percent of Georgia destination/overnight visitors came from households with two or three members.
- There were no children under 18 in 67 percent of Georgia visitor households.
- Over one-third (36%) of households visiting Georgia had incomes of $75,000 or more. The mean income was $71,100.

When compared to all domestic U.S. travelers, Georgia visitors were slightly younger between 18 and 34 years of age (31% GA vs. 28% U.S.) and had slightly higher average annual household incomes ($71,100 GA vs. $69,500 U.S.).

Table 1.8: Demographic Characteristics of Visitors in GEORGIA - 2003

Category	Total U.S. Domestic	Destination/ Overnight Georgia
Total household trips (in millions)	643.5	20.9
Age of Household Head		
18-34	28%	31%
35-54	42%	40%
55+	30%	29%
Average Age	47	46
Household Size		
One person	23%	23%
Two-three persons	52%	54%
Four or more persons	25%	23%
Presence of Children		
None	66%	67%
One	16%	17%
Two	12%	12%
Three or more	6%	4%
Annual Household Income		
Less than $50,000	43%	44%
$50,000-$74,999	21%	19%
$75,000 or more	36%	37%
Mean	$ 69,500	$ 71,100

SECTION 2

ECONOMIC IMPACT OF TRAVEL ON THE STATE OF GEORGIA - 2003

DOMESTIC TRAVEL EXPENDITURES

Travel expenditures are assumed to take place whenever a traveler exchanges money for an activity considered part of his/her trip. Travel expenditures can be separated into 16 categories representing traveler purchases of goods and services at the retail level. One category, travel agents, receives no travel expenditures as these purchases are allocated to the category (i.e. air transportation) actually providing the final good or service to the traveler. Travel expenditures are allocated among states by simulating where the exchange of money for goods or services actually took place. By their nature, some travel expenditures are assumed to occur at the traveler's origin, some at his/her destination and some en route. With the exception of expenses for air, interstate rail and bus transportation, other travelers' expenditures estimated in this study represent only spending that occurred in Georgia.

Direct and Total Domestic Travel Expenditures in Georgia – 2003

Domestic travelers in Georgia directly spent more than $14.5 billion during 2003 on transportation, lodging, food, entertainment and recreation, and incidentals. In addition to direct spending on travel, travelers in Georgia produced more than $10.2 billion in indirect and induced expenditures. Total travel expenditures in Georgia exceeded $24.7 billion in 2003.

The output multiplier, a ratio of total expenditures to the initial travel spending, is 1.70. This indicates that one travel dollar generated an additional 70 cents in secondary sales, for a total impact of $1.70.

Indirect impact occurs as travel industry business operators, such as restaurateurs, purchase goods, such as food and beverages, and services, such as electricity and building maintenance, from local suppliers. These purchases indirectly generate additional output or sales. Induced impact occurs when employees of businesses and their suppliers spend part of their earnings in an area. This spending generates sales in addition to the indirect impact.

Table 2.1 summarizes the direct, indirect and induced, and total domestic travel expenditures in Georgia during 2003.

Table 2.1: Direct and Total Domestic Travel Expenditures in Georgia – 2003

	Direct Spending	Indirect & Induced Spending	Total Spending
Domestic Traveler Spending ($ Millions)	$14,523.8	$10,205.6	$24,729.4

Direct Domestic Travel Expenditures by Category

For purposes of this study, direct domestic travel expenditures are grouped into six categories – public transportation, auto transportation, lodging, foodservices, entertainment/recreation and general retail trade.

Foodservice was the largest expenditure category for travelers in Georgia during 2003, totaling nearly \$4.5 billion, 30.7 percent of total domestic travel expenditures in Georgia. Spending in this sector grew 3.2 percent over 2002.

Public transportation ranked second in domestic travel expenditures during 2003 with nearly \$3.4 billion, 23.1 percent of the state total, up 3.3 percent from 2002. This may be attributed to the improved situation in 2003 for the airline industry.

Domestic visitor spending on lodging declined 0.4 percent from 2002 to \$2.2 billion. In 2003, hotel room demand in Georgia was relatively static and the average room rate continued to decline. Spending on lodging accounted for 15.4 percent of the state's total domestic expenditures.

Expenditures on auto transportation, the most popular travel mode in Georgia, jumped 8.7 percent from 2002. This was largely due to increased gasoline prices during 2003.

The general retail trade sector received almost \$1.5 billion from domestic travelers in 2003, 10.4 percent of the state total. Spending on entertainment and recreation activities and services rose 1.8 percent from 2002.

Domestic Travel Spending in Georgia by Category, 2003

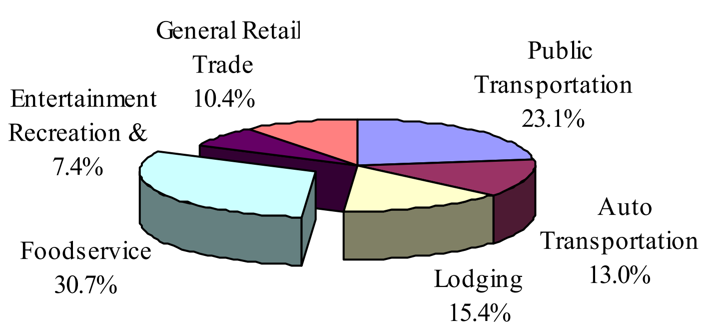


Table 2.2: Domestic Travel Expenditures in Georgia by Industry Sector, 2002-2003

2003 Expenditures	Total ($ Millions)	% of Total
Public Transportation	$3,352.3	23.1%
Auto Transportation	1,886.1	13.0%
Lodging	2,242.4	15.4%
Foodservice	4,457.8	30.7%
Entertainment & Recreation	1,069.2	7.4%
General Retail Trade	1,515.9	10.4%
Total	$14,523.8	100.0%
2002 Expenditures		
Public Transportation	$3,243.9	23.0%
Auto Transportation	1,735.9	12.3%
Lodging	2,250.7	15.9%
Foodservice	4,319.4	30.6%
Entertainment & Recreation	1,084.8	7.7%
General Retail Trade	1,489.2	10.5%
Total	$14,123.9	100.0%
Percentage Change 2003 over 2002		
Public Transportation	3.3%	
Auto Transportation	8.7%	
Lodging	-0.4%	
Foodservice	3.2%	
Entertainment & Recreation	-1.4%	
General Retail Trade	1.8%	
Total	2.8%	

Source: TIA

Notes:

1. Public transportation sector comprises air, intercity bus, rail, boat or ship, and taxicab or limousine service.

2. Auto transportation sector includes privately owned cars that are used for trips (i.e.: automobiles, trucks, campers or other recreational vehicles), gasoline service stations, and automotive rental.

3. Lodging sector consists of hotels and motels, campgrounds, and ownership or rental of vacation or second homes.

4. Foodservice sector includes restaurants, grocery stores and other eating and drinking establishments.

5. Entertainment and recreation sector includes such items as golf, skiing and gaming.

6. General retail trade sector includes gifts, clothes, souvenirs and other incidental retail purchases.

Direct Domestic Travel Expenditures by Traveler Type

The analysis of travel expenditures by traveler type will focus on spending occurring within the state. Thus, spending on air transportation, interstate rail and bus are excluded from total expenditures. Direct travel spending within Georgia by U.S. travelers, excluding these categories, totaled nearly $11.4 billion in 2003. Of this total, non-Georgia residents (out-of-state travelers) spent nearly $9.4 billion in Georgia, while Georgia residents (in-state travelers) spent $2.0 billion in 2003.

Related to travel volumes being highest in July, more expenditures occurred in Q3 2003. The first quarter of 2003 was the slowest travel season in Georgia.

Table 2.3: Domestic Travel Expenditures in Georgia by Quarter, 2003 ($ Millions)
(Excludes Spending on Air, Rail and Bus Transportation)

Impact	Annual	Q1	Q2	Q3	Q4
Travel Expenditures	$11,381.2	$2,140.4	$2,945.3	$3,394.3	$2,901.2
In-State Travelers' Expenditures	$2,003.5	$411.9	$508.1	$553.8	$529.7
Out-of-State Travelers' Expenditures	$9,377.7	$1,728.5	$2,437.2	$2,840.6	$2,371.5

The following table provides detailed estimates of direct expenditures occurring in the state and the average levels for overnight travelers vs. day-trippers, in-state travelers vs. out-of-state travelers, as well as pleasure travelers vs. business travelers.

Table 2.4: Total and Average Domestic Travel Expenditures in Georgia, 2003
(Excludes Spending on Air, Rail and Bus Transportation)

	Total Expenditures ($ Millions)	% of Total Expenditures (Percent)	Person/Daily Average Spending ($)
Total	$11,381.2	100.0%	$81.88
Overnight Travelers	$10,162.4	89.3%	$102.33
Day-Trippers	$1,218.8	10.7%	$59.47
In-state Travelers	$2,003.5	17.6%	$76.99
Out-of-state Travelers	$9,377.7	82.4%	$81.50
Leisure	$7,001.3	61.5%	$64.08
Business	$4,379.9	38.5%	$150.44

Source: TIA

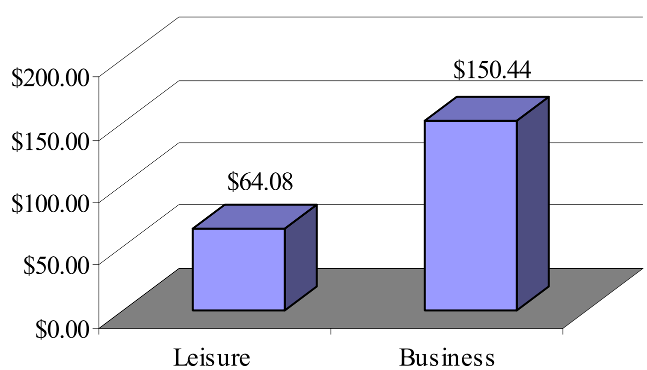
Overnight travelers spent nearly $10.2 billion in Georgia in 2003, accounting for 89.3 percent of total direct travel expenditures in Georgia. Average spending per person per night by overnight travelers was $102.33, while day-trippers spent an average of $59.47 per person. Lodging played a major part in this differential.

Total spending by out-of-state travelers was nearly 4.7 times total spending by in-state travelers in Georgia during 2003. Average spending per person per day by out-of-state travelers was $81.50. Close to the average spending level of out-of-state travelers, in-state travelers spent $76.99.

Leisure travelers in Georgia spent $7.0 billion in 2003, 61.5 percent of total spending in the state. Compared to business travelers, leisure travelers spent far less on average, $64.08 per person per night.

Business travelers in Georgia accounted for 20.5 percent of travel volume. Their spending, however, accounted for 38.5 percent of total expenditures in the state. On average, each business traveler spent $150.44, more than double the level of leisure travelers. Business travelers are typically less budget-conscious than leisure travelers, especially in terms of lodging and foodservice choices.

Average Spending Per Person/Night for Domestic Travelers in Georgia by Purpose of Trip, 2003



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DOMESTIC TRAVEL-GENERATED EMPLOYMENT

The most impressive contribution that travel and tourism makes to the Georgia economy is the number of businesses and jobs it supports. Due to the diversity of the travel industry in Georgia, a wide variety of multi-level jobs are supported. These jobs include various executive and managerial positions, as well as a large number of service-oriented occupations.

During 2003, domestic traveler spending in Georgia generated 209.5 thousand jobs, including full-time and seasonal/part-time positions in the state. These jobs generated by Georgia travelers comprised 5.4 percent of the state's total non-farm employment in 2003. On average, every $69,324 spent by domestic travelers in Georgia directly supported one job in 2003. Travel generated employment in the state fell 0.4 percent from 2002.

Related to high seasonal travel volume and expenditures, travel generated employment in Georgia reached its highest levels in Quarters 2 and 3. The highest employment level was reached in the third quarter of 2003. The first quarter of 2003 had the lowest level of travel industry employment in Georgia.

Table 2.5: Domestic Travel-Generated Employment in Georgia by Quarter, 2003 (Thousands)

Impact	Annual	Q1	Q2	Q3	Q4
Travel-Generated Employment (Thousands)	209.5	206.3	210.8	212.2	208.7

Travel-Generated Employment by Category

Although the U.S. economy started to improve in 2003, travel-related employment continued to decline in 2003 in the United States. Travel employment in Georgia experienced a minor decrease as well. During 2003, total employment generated by direct travel spending in Georgia declined 0.4 percent from 2002. Most of the job losses occurred in the airline industry.

The foodservice sector provided more jobs than any other industry sector in Georgia during 2003, generating 82.6 thousand jobs, or 39.4 percent of the state total. The labor-intensiveness of these businesses and the large proportion of travel expenditures spent on foodservice contribute to the importance of this sector. Employment in this industry increased 1.0 percent from 2002.

The public transportation sector ranked second in travel-generated employment in Georgia with 45.7 thousand jobs, 21.8 percent of the state total. It remained an important source of the state's travel jobs, in spite of ongoing airline industry layoffs. The lodging industry provided 33.7 thousand jobs to local residents, 16.1 percent of the state total. Employment in the lodging industry was up 1.8 percent from 2002.

Table 2.6: Domestic Travel-Generated Employment in Georgia by Industry Sector, 2002-2003

2003 Employment	Total (Thousands)	% of Total
Public Transportation	45.7	21.8%
Auto Transportation	5.4	2.6%
Lodging	33.7	16.1%
Foodservice	82.6	39.4%
Entertainment & Recreation	22.7	10.8%
General Retail Trade	13.0	6.2%
Travel Planning	6.4	3.0%
Total	209.5	100.0%
2002 Employment		
Public Transportation	47.3	22.5%
Auto Transportation	5.5	2.6%
Lodging	33.1	15.7%
Foodservice	81.7	38.9%
Entertainment & Recreation	22.8	10.8%
General Retail Trade	13.2	6.3%
Travel Planning	6.7	3.2%
Total	210.3	100.0%
Percentage Change 2003 over 2002		
Public Transportation	-3.3%	
Auto Transportation	-1.5%	
Lodging	1.8%	
Foodservice	1.0%	
Entertainment & Recreation	-0.4%	
General Retail Trade	-1.1%	
Travel Planning	-4.9%	
Total	-0.4%	

Source: TIA
*Note: * Refers to employment in travel agents, tour operators, and other travel service who arrange passenger transportation, lodging, tours and other related services.*

DOMESTIC TRAVEL-GENERATED PAYROLL

Travel-generated payroll is the wage and salary income paid to employees directly serving the traveler within the industry sectors from which travelers purchase goods and services. One dollar of travel spending generates different amounts of payroll income within the various travel industry sectors depending on the labor content and the wage structure of each sector.

Payroll (wages and salaries) paid by Georgia travel-related firms and directly attributable to domestic traveler spending totaled nearly $6.0 billion in 2003, up 0.9 percent from 2002.

On average, every dollar spent by travelers produced nearly 41 cents in wage and salary income for Georgia residents in 2003.

The highest level of payroll income for the travel industry in Georgia fell in the third quarter, relating to more jobs and longer average work hours and wages in this quarter, especially in July and August.

Table 2.7: Seasonal Index of Domestic Travel-Generated Payroll in Georgia by Quarter, 2003

Impact	Annual	Q1	Q2	Q3	Q4
Seasonal Index (%)	100.0%	98.5%	100.6%	101.3%	99.6%

Travel-Generated Payroll by Industry Category

Public transportation in Georgia posted the largest payroll generated by travel spending in 2003 at nearly $2.8 billion, 46.5 percent of the state total. This high proportion of payroll reflects the high wage structure of the air transportation sector within the travel industry. The payroll income in this sector declined slightly from 2002, 0.3 percent.

Payroll in the foodservice sector ranked second with nearly $1.2 billion in 2003, up 3.1 percent from 2002. The $1.2 billon payroll in foodservice industry represented 19.7 percent of the state total.

As employment recovered in the Georgia hotel industry, payroll income in this industry increased 2.4 percent in 2003.

Table 2.8: Domestic Travel-Generated Payroll in Georgia by Industry Sector, 2002-2003

2003 Payroll	Total ($ Millions)	% of Total
Public Transportation	$2,768.8	46.5%
Auto Transportation	118.9	2.0%
Lodging	703.6	11.8%
Foodservice	1,176.1	19.7%
Entertainment & Recreation	639.4	10.7%
General Retail Trade	270.0	4.5%
Travel Planning*	278.6	4.7%
Total	$5,955.5	100.0%
2002 Payroll		
Public Transportation	$2,775.8	47.0%
Auto Transportation	118.6	2.0%
Lodging	687.1	11.6%
Foodservice	1,141.1	19.3%
Entertainment & Recreation	633.3	10.7%
General Retail Trade	268.7	4.6%
Travel Planning*	278.3	4.7%
Total	$5,902.9	100.0%
Percentage Change 2003 over 2002		
Public Transportation	-0.3%	
Auto Transportation	0.2%	
Lodging	2.4%	
Foodservice	3.1%	
Entertainment & Recreation	1.0%	
General Retail Trade	0.5%	
Travel Planning	0.1%	
Total	0.9%	

Source: TIA

*Note: * Refers to payroll income that goes to travel agents, tour operators, and other travel service employees who arrange passenger transportation, lodging, tours and other related services.*

DOMESTIC TRAVEL-GENERATED TAX REVENUE

Travel tax receipts are tax revenues attributable to travel spending in Georgia. Travel-generated tax revenue is a significant economic benefit, as governments use these funds to support the travel infrastructure as well as a variety of public programs.

In 2003, total tax revenue, including state and local, generated by domestic travelers in Georgia was more than $1.1 billion, up 2.1 percent from 2002.

Travel-Generated Tax Revenue by Level of Government

Domestic travelers' spending in Georgia generated $708.5 million in tax revenue in 2003 for the state treasury, up 1.9 percent over 2002. On average, each travel dollar produced 4.9 cents in state tax receipts. The state sales tax was the largest source of state travel-related revenue.

Local governments in Georgia also directly benefited from travel. During 2003, direct travel spending generated $437.1 million in sales and property tax revenue for local governments, up 2.4 percent from 2002. Each domestic travel dollar produced 3 cents for local tax coffers.

Table 2.9: Domestic Travel Generated Tax Revenue in Georgia by Level of Government, 2002-2003

2003 Tax Revenue	Total ($ Millions)	% of Total
State	$708.5	61.8%
Local	$437.1	38.2%
Total	$1,145.6	100.0%
2002 Tax Revenue		
State	$695.3	62.0%
Local	$426.7	38.0%
Total	$1,121.9	100.0%
Percentage Change 2003 over 2002		
State	1.9%	
Local	2.4%	
Total	2.1%	

Source: TIA

Travel-Generated State Tax Revenues by Category

Travel spending in Georgia generated a total of $708.5 million for the state government. Of this total, state sales tax accounted for $344.0 million, accounting for 48.6 percent of the state total. Personal income tax revenue generated from travel industry employees reached $318.7 million in 2003, or 45 percent of total travel-generated tax revenues for the state.

Table 2.10: Domestic Travel-Generated State Tax Revenue in Georgia by Quarter, 2003 ($ Millions)

Impact	Annual	Q1	Q2	Q3	Q4
Travel-Generated State Tax Revenues	$708.5	$153.2	$180.7	$194.9	$179.6
State Sales Tax	$344.0	$64.7	$89.0	$102.6	$87.7
State Corporate Income Tax	$15.2	$3.7	$3.8	$3.9	$3.8
State Personal Income Tax	$318.7	$78.5	$80.2	$80.7	$79.4
Gasoline Tax	$29.6	$6.1	$7.5	$7.5	$8.5
Other Tax	$0.9	$0.2	$0.3	$0.2	$0.2

Source: TIA

LODGING PROFILE: GEORGIA, 2003

The 2003 Georgia hotel/motel sector continued to be affected by weak demand. Compared to 2002, the average room rate was down 1.5 percent and average occupancy was off by 1.0 percent. The average length of hotel/motel stays (domestic visitors) was 2.4 nights in 2003.

The average campground occupancy rate was down from 34.97 percent in 2002 to 29.1 percent in 2003. The campground average daily rental rate was up almost 4 percent from 2002.

Table 2.11: 2003 Lodging Profile

	Annual	Q1	Q2	Q3	Q4
Hotel/Motel					
Hotel ADR	$68.56	$68.96	$69.50	$67.82	$67.42
Average Hotel Occupancy Rate (%)	55.7%	54.8%	57.8%	58.7%	51.7%
Total Room Nights Available (millions)	59.3	4.9	4.9	5.0	5.0
Total Room Nights Occupied (millions)	33.1	2.7	2.8	2.9	2.6
Average Hotel/Motel/B&B Party Size (Persons)*	1.9	1.7	2.1	1.9	1.8
Average Hotel/Motel/B&B Length of Stay (Nights)**	2.4	2.2	2.6	2.3	2.4
Campground					
Campground Rental Rate (Average Daily)***	$15.00	na	na	na	na
Average Campground Occupancy Rate (%) ****	29.1%	33.7%	24.9%	16.3%	41.4%
Total Site Nights Available (000)	891.5	226.0	225.3	218.9	221.3
Total Site Nights Occupied (000)	259.7	76.3	56.1	35.7	91.6
Average RV/Tent Party Size (Persons)*	2.5	2.4	2.5	2.6	2.1
Average RV/Tent Length of Stay (Nights)**	2.9	1.9	3.7	3.0	2.7

Sources: Smith Travel Research, TravelScope, and GDITT.
Note: Occupancy rate, room/site nights available and room/site nights occupied include both domestic and international travelers. Party size and length of stay estimates for hotel and RV/tent reflect domestic travelers only.
**Based on household-trips.*
*** Based on person-trips.*
****Campsites only. No quarterly data available.*
*****Includes camping, cottage and lodge accommodations.*

APPENDICES

APPENDIX A: TRAVELSCOPE® METHODOLOGY

TravelScope is a cooperative research effort, funded by states, cities and other participants and managed by the research department of the Travel Industry Association. Since 1994, TravelScope has collected visitor volume, market share, trip characteristics, and demographics for all U.S. domestic travel.

To collect these data, TravelScope uses a mail panel of U.S. households operated by National Family Opinion (NFO) Research, Inc. Each month, a representative sample of 25,000 households is mailed a questionnaire that asks the total number of trips of 50 miles or more away from home and/or overnight trips taken in the previous month by all members of the household. On average, TIA obtains responses from 5,000 traveling households each month.

The panel has more than 550,000 households representing over 1.2 million people nationwide (or one in every 182 U.S. households) – the largest consumer panel in the industry. So that samples are representative of all U.S. households, the panel is selected to match the U.S. census population on five variables: census region of residence, market size of residence, age of household head, household income, and household size.

Respondents are asked to record details of up to three trips taken in the previous month. Specifically, the survey collects information on:

- primary and secondary purpose of trip,
- primary and secondary mode of transportation,
- the number of household members traveling (adults and children),
- whether the trip was a group tour,
- up to three states or countries visited on each trip,
- key cities/places visited in each state/country,
- the number of nights in each type of accommodation,
- trip expenditures, and
- activities.

TravelScope demographic information is collected from each responding household head via the NFO Research mail panel. The demographics reflect the profile of heads of household, although it is possible that someone else in the household is the traveler. Responses are sample-balanced to match the U.S. population.

The margin of sampling error for this survey (at the 95 percent confidence level) is plus or minus approximately 0.5 percentage points for the entire sample. Subgroups will have larger margins of error, depending on the number of households in the group. The sample size and margin of sampling error for Gerogia is listed below. For example, if you have a confidence interval of 2 and 50% percent of your sample chooses a particular answer for a survey question, you can be 95 percent confident that if you had asked the question of the entire relevant population between 48% and 52% would have chosen that particular answer.

Estimate of Sampling Error

	Sample Size	**95 Percent Confidence Level**
Total Households	80,516	+/- 0.4%
Georgia	2,430	+/- 2.0%

APPENDIX B: TRAVEL ECONOMIC IMPACT MODEL

Introduction

The Travel Economic Impact Model (TEIM) was developed by the research department at TIA (formerly known as the U.S. Travel Data Center) to provide annual estimates of the impact of the travel activity of U.S. residents on national, state and county economies in this country. It is a disaggregated model comprised of 16 travel categories. The TEIM estimates travel expenditures and the resulting business receipts, employment, personal income, and tax receipts generated by these expenditures.

The TEIM has the capability of estimating the economic impact of various types of travel, such as business and vacation, by transport mode and type of accommodations used, and other trip and traveler characteristics.

The revised TEIM has been used to develop estimates of 1987 and subsequent year travel expenditures and the effect of these expenditures on employment, payroll and tax revenue in each of the 50 states and the District of Columbia. TIA has also produced a time series of estimates for the years 1977-87 through the revised TEIM. The County Impact Component of the TEIM allows estimates of the economic impact of travel at the county and city level.

Definition of Terms

There is no commonly accepted definition of travel in use at this time. For the purposes of the estimates herein, ***travel*** is defined as activities associated with all overnight trips away from home in paid accommodations, and day trips to places 50 miles or more, one way, from the traveler's origin. The TEIM definition includes all overnight trips regardless of distance away from home, but excludes day trips to places less than 50 miles away from home.

The word ***tourism*** is avoided in this report because of its vague meaning. Some define tourism as all travel away from home while others use the dictionary definition that limits tourism to personal or pleasure travel.

The ***travel industry***, as used herein, refers to the collection of 16 types of businesses that provide goods and services to the traveler or potential traveler at the retail level (see *Appendix C,* Glossary of Terms). With the exception of Amtrak and second home ownership and rental, these business types are defined by the Office of Management and Budget in the 1997 North American Industry Classification System (NAICS). In each case, the relevant NAICS and SIC codes are included.

A ***travel expenditure*** is assumed to take place whenever a traveler exchanges money for an activity considered part of his/her trip. Total travel expenditures are separated into 16 categories representing traveler purchases of goods and services at the retail level. One category, travel agents, receives no travel expenditures as these purchases are allocated to the category (i.e. air transportation) actually providing the final good or service to the traveler. Travel expenditures are allocated among states by simulating where the exchange of money for goods or services actually took place. By their nature, some travel expenditures are assumed to occur at the traveler's origin, some at his/her destination, and some en route.

Economic impact is represented by measures of spending, employment, payroll, business receipts and tax revenues generated by traveler spending. ***Payroll*** includes all forms of compensation, such as salaries, wages, commissions, bonuses, vacation allowances, sick leave pay and the value of payments in kind paid during the year to all employees. Payroll is reported before deductions for social security, income tax, insurance, union dues, etc. This definition follows that used by the U.S. Census Bureau in the quinquennial Census of Service Industries.

Employment represents the number of jobs generated by traveler spending, both full and part-time. As such, it is consistent with the U.S. Department of Labor series on nonagricultural payroll employment. ***Tax revenues*** include corporate income, individual income, sales and gross receipts, and excise taxes by level of government. ***Business receipts*** reflect travel expenditures less the sales and excise taxes imposed on those expenditures.

Description of the Model

The basic data on travel activity levels (e.g., number of miles traveled by mode of transportation, the number of nights spent away from home spent by type of accommodation) are available from TIA’s travel surveys and Smith Travel Research's Hotel and Motel Survey. Generally, the TEIM combines the activity levels for trips to places within the United States with the appropriate average costs of each unit of travel activity, (e.g., cost per mile by mode of transport, cost per night by type of accommodation), to produce estimates of the total amount spent on each of 16 categories of travel-related goods and services by state. For example, the number of nights spent by travel parties in campgrounds in an area is multiplied by the average cost per night per travel party of staying in a campground facility in an area to obtain the estimate of traveler expenditures for camping accommodations.

The Economic Impact Component of the TEIM estimates travel generated business receipts, employment, and payroll. Basically, the 16 travel categories are associated with a type of travel-related business. For example, traveler spending on commercial lodging in a state is related to the business receipts, employment and payroll of hotels, motels and motor hotels (SIC 701; NAICS 7211) in the state. It is assumed that travel spending in each category, less sales and excise taxes, equals business receipts for the related business type as defined by the U.S. Census Bureau.

It is assumed that each job in a specific type of business in a state is supported by some amount of business receipts and that each dollar of wages and salaries is similarly supported by some dollar volume of business receipts. The ratios of employment to business receipts are computed for each industry in each state. These ratios are then multiplied by the total amount of business receipts generated by traveler spending in a particular type of business to obtain the measures of travel generated employment and payroll of each type of business in each state. For example, the ratio of employees to business receipts in area commercial lodging establishments is multiplied by travel generated business receipts of these establishments to obtain traveler-generated employment in commercial lodging. A similar process is used for the payroll estimates.

The Fiscal Impact Component of the TEIM is used to estimate traveler generated tax revenues of federal, state and local governments. The yield of each type of tax is related to the best measure of the relevant tax base available for each state consistent with the output of the Economic Impact Component. The ratios of yield to base for each type of tax in each state is then applied to the appropriate primary level output to obtain estimates of tax receipts generated by travel. For example, the ratio of state personal income tax collections to payroll in the state is applied to total travel generated payroll to obtain the estimate of state personal income tax receipts attributable to traveler spending in that state.

The 1987 benchmark estimates of travel expenditures, and travel-generated employment, payroll and federal, state and local tax revenue, are updated for each successive year. Data from the U.S. Bureau of the Census, Smith Travel Research, Enos Foundation, Runzheimer International, Cruise Lines International Association, Prentice-Hall, U.S. Department of Labor's Consumer Expenditure Survey and ES-202, American Society of Travel Agents, the Federal Aviation Administration, the Department of Transportation, Amtrak, the Federal Highway Administration, state revenue departments, TIA's surveys and other sources are used for this purpose. These data indicate the change in travel spending for each of the expenditure categories for each state over the previous year, as well as changes in the relationship of travel spending to employment, payroll and tax revenue.

Limitations of the Study

This study is designed to indicate the impact of U.S. traveler expenditures on employment, payroll, business receipts and tax revenue in each of the states. These impact estimates reflect the limitations inherent in the definition of travel expenditures. Two important classes of travel-related expenses have not been estimated due to various reasons. Consumers purchase certain goods and services in anticipation of a trip away from home. These include sports equipment (tennis racquet, skis, scuba gear, etc.), travel books and guides, and services such as language lessons and lessons for participatory sports (tennis, skiing, underwater diving, etc.). The magnitude of these purchases in preparation for a trip cannot be quantified due to lack of sound, relevant data.

The second type of spending not covered due to lack of sufficient data is the purchase of major consumer durables generally related to outdoor recreation on trips. Further research is required in this area to determine to what extent pre-trip spending on consumer durable products can justifiably be included within a travel economic impact study.

APPENDIX C: GLOSSARY OF TERMS – TEIM

Automobile Transportation Expenditures. This category includes a prorated share of the fixed costs of owning an automobile, truck, camper, or other recreational vehicle, such as insurance, license fees, tax, and depreciation costs. Also included are the variable costs of operating an automobile, truck, camper, or other recreational vehicle on a trip, such as gasoline, oil, tires, and repairs. The costs of renting an automobile or other motor vehicle are included in this category as well.

Entertainment/Recreation Expenditures. Traveler spending on recreation facility user fees, admissions at amusement parks and attractions, attendance at nightclubs, movies, legitimate shows, sports events, and other forms of entertainment and recreation while traveling.

Food Expenditures. Traveler spending in commercial eating facilities and grocery stores or carryouts, as well as on food purchased for off-premise consumption.

Incidental Purchase Expenditures. Traveler spending on retail trade purchases including gifts for others, medicine, cosmetics, clothing, personal services, souvenirs, and other items of this nature.

Lodging Expenditures. Traveler spending on hotels and motels, campgrounds and trailer parks, rental of vacation homes and other types of lodging.

Public Transportation Expenditures. This includes traveler spending on air, bus, rail and boat/ship transportation, and taxicab or limousine service between airports and central cities. Also included are expenditures on "other transportation" as indicated in the National Travel Survey.

Tourism. Generally avoided in this study, this can be used to refer to pleasure or personal travel, a subset of travel.

Travel. The act of taking a "trip".

Traveler. Person taking a "trip".

Travel Expenditure. The exchange of money or the promise of money for goods or services while traveling, including any advance purchase of public transportation tickets, lodging or other items normally considered incidental to travel, but which may be purchased in advance of the trip. In addition, certain of the "fixed" or capital costs of owning a motor vehicle (including campers, motor homes, etc.) or a vacation or second home are included as associated with taking a trip.

Generally, expenditures are assumed to take place at the point where the good or service is bought while traveling. The two exceptions to this rule are that the fixed costs of operating a motor vehicle while on a trip are allocated to the traveler's area of residence, and the "imputed rent" of spending nights in the traveler's own vacation home is allocated to the area visited.

Travel-generated Employment. The number of jobs attributable to travel expenditures in an area. These estimates of employment follow the "establishment payroll survey definition" rather than the "household survey definition." Consequently, the TEIM estimates are more closely related to the number of jobs than to the number of employees. For a detailed description of the household and establishment survey differences, please refer to http://www.bls.gov/lau/lauhvse.htm.

Travel-generated Payroll. This is the payroll, or wage and salary income, attributable to travel expenditures in an area. Payroll includes all forms of compensation, such as salaries, wages, commissions, bonuses, vacation allowances, sick leave pay, and the value of payments in kind (such as free meals and lodging) paid during the year to all employees. Tips and gratuities received by employees from patrons and reported to employers are included. For corporations, it includes amounts paid to officers and executives; for unincorporated businesses, it does not include profit or other compensation of proprietors or partners. Payroll is reported before deductions for social security, income tax, insurance, union dues, etc.

Travel-generated Tax Receipts. Those federal, state and local tax revenues attributable to travel in an area. For a given state locality, all or some of the taxes may apply. "Local" includes county, city or municipality, and township units of government actually collecting the receipts and not the level that may end up receiving it through intergovernmental transfers.

Federal. These receipts include corporate income taxes, individual income taxes, employment taxes, gasoline excise taxes, and airline ticket taxes.

State. These receipts include corporate income taxes, individual income taxes, sales and gross receipts taxes, and excise taxes.

Local. These include county and city receipts from individual and corporate income taxes, sales, excise and gross receipts taxes, and property taxes.

Travel-generated Wage and Salary Income. The same as "travel-generated payroll."

Trip. A trip occurs, for the purpose of the model, every time one or more persons goes to a place 50 miles or more, each way, from home in one day, or is out of town one or more nights in paid accommodations, and returns to his/her origin. Specifically excluded from this definition are: (1) travel as part of an operating crew on a train, plane, bus, truck or ship; (2) commuting to a place of work; (3) student trips to school or those taken while in school.

APPENDIX D: GLOSSARY OF TERMS - TRAVELSCOPE

Activities. TravelScope gathers information on 11 different activity categories: (1) visits to historical places or museums; (2) visits to national or state parks; (3) attending cultural events or festivals; (4) going to theme or amusement parks; (5) outdoor activities (e.g., hunting, fishing, hiking); (6) shopping; (7) night life or dancing; (8) going to the beach; (9) playing golf, tennis or going skiing; (10) attending sports events; and (11) gambling.

Annual Household Income. The total combined annual income of the household before taxes.

Business Trip**.** Any trip where the primary purpose of the trip is given as "business," "convention/seminar," or "combined business/pleasure."

Census Region of Origin/Destination. Regional breakdowns as defined by the U.S. Bureau of Census:

Northeast	New England: Connecticut, Maine, Massachusetts, New Hampshire, Georgia and Vermont.
	Mid-Atlantic: New Jersey, New York and Pennsylvania
South	South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia and West Virginia.
	East South Central: Alabama, Kentucky, Mississippi and Tennessee.
	West South Central: Arkansas, Louisiana, Oklahoma and Texas.
Midwest	East North Central: Illinois, Indiana, Michigan, Ohio and Wisconsin
	West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota.
West	Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming.
	Pacific: California, Oregon and Washington. (Alaska and Hawaii as destinations only)

Designated Market Area (DMA). Designated Marketing Areas (DMAs) are areas of television coverage defined by counties that are based on surveys conducted by Nielsen Media Research. A DMA is often larger than a Metropolitan Statistical Area (MSA).

Household. Comprises all persons who occupy a "housing unit", that is, a house, an apartment, or other group of rooms, or a room that constitutes separate living quarters.

Pleasure Trip. Any trip where the primary purpose of the trip is given as "visit friends or relatives, outdoor recreation, or entertainment (e.g., sightseeing, sports)."

Length of Stay. The number of nights spent on entire trip.

Lifestage. Lifestage groups are based on household size and composition (e.g. number of members, marital status, presence of children), age of household head, and employment of household head.

Lodging. Information is gathered on five lodging categories: (1) hotel/motel/b&b; (2) private home; (3) condominium/time share; (4) recreational vehicle/tent; and (5) other.

Mode of Transportation. Each trip is classified according to the respondent's answer to the question, "Primary and secondary transportation (mode)." See air mode and auto mode.

Nights Away from home. The number of nights spent away from home on one trip, including nights spent at the destination and en route. It is possible for a trip not to involve an overnight stay if the traveler took at trip of 50 miles or more, one-way, and returned home the same day.

Number of Household Members on Trip. Number of household members on a trip, including the respondent.

Person-Trip. A person on a trip. If three persons from a household go together on one trip, their travel counts as one trip and three person-trips. If three persons from this household take two trips, they account for six person-trips. (A trip is counted each time one or more members of a household travel 50 miles or more, one-way, away from home or spends one or more overnights and returns.)

Pleasure Trip. Any trip where the primary purpose of the trip is given as "visit friends or relatives, outdoor recreation, or entertainment (e.g., sightseeing, sports)."

Purpose of Trip. Each trip is classified according to the respondent's answer to the questions "primary and secondary purpose" with these categories: (1) visit friends or relatives, (2) outdoor recreation, (3) entertainment (e.g., sightseeing, sports), (4) combined business/pleasure, (5) convention/seminar, (6) business, (7) personal, (8) other.

Trip. A household trip. The term "household trips" counts the number of trips taken by U.S. households in a year. To qualify, a "household trip" must be 50 miles or more, one-way, away from home or include one or more overnights. Respondents are instructed to not include trips commuting to/from work or school or trips taken as a flight attendant or vehicle operator.

APPENDIX E: SOURCES OF DATA

This appendix presents the sources of data used in this report.

Sources

Air Transport Association
American Automobile Association
Amtrak
American Society of Travel Agents
Bureau of the Census, U.S. Department of Commerce
Bureau of Economic Analysis, U.S. Department of Commerce
Bureau of Labor Statistics, U.S. Department of Labor
Federal Aviation Administration, U.S. Department of Transportation
Federal Highway Administration, U.S. Department of Transportation
National Park Service
Georgia Department of Industry, Trade and Tourism
Georgia Department of Revenue
Georgia Department of Labor
Peterson, Howell & Heather, Inc.
Runzheimer International Ltd.
Smith Travel Research
The Office of Travel and Tourism Industries (OTTI)/ITA, U.S. Department of Commerce
Travel Industry Association of America

APPENDIX F:

RIMS II

REGIONAL INPUT-OUTPUT MODELING SYSTEM

A BRIEF DESCRIPTION

Regional Economic Analysis Division
Bureau of Economic Analysis
U.S. Department of Commerce
Washington, D.C. 20230
(202) 523-0594

RIMS II

Many types of public sector and private sector decisions require an evaluation of probable regional effects. For example, Federal requirements for environmental impact statements and the urban impact of Federal policies necessitate regional impact analyses. A growing concern, therefore, about the effects of public and private decisions has created a demand for regional economic models.

As a result of this demand, economic impact models have been developed for many States and regions. These models vary considerably in terms of structure, reliability, sectoral and geographical detail, flexibility in application, and cost of development and use. In general, the models that provide the most reliable and industrially-detailed secondary impact estimates are the most expensive to construct, while the less costly models that can be used in numerous small-area studies often provide less accurate estimates.

In response to the growing need for improved techniques for regional impact analysis, the Regional Economic Analysis Division of the Bureau of Economic Analysis (BEA) developed the Regional Industrial Multiplier System (RIMS) in the mid-1970's. RIMS was designed to estimate input-output type multipliers for use in estimating the secondary regional impacts of public and private economic development policies. RIMS was capable of estimating multipliers for any region composed of one or more contiguous counties and for any of the 478 industrial sectors in the 1967 BEA national input-output (I-O) table. A significant improvement over the more summary measures often used in regional impact analysis, RIMS was capable of providing reliable multiplier estimates without the high cost of gathering survey data.

The Regional Input-Output Modeling System (RIMS II) is a major revision of RIMS. The basic differences between RIMS II and RIMS are the use of more recent national I-O tables (1987), the use of more detailed and more current data for regionalizing the national I-O tables, and greater flexibility in the derivation of regional impact estimates through the use of a matrix inversion technique that provides industrially-disaggregated impacts. RIMS II developmental research is focused currently on estimating regional transaction tables, and comparing RIMS II estimates of state-specific imports and exports with survey-based estimates from the Census Bureau's Commodity Transportation Survey. RIMS II is also being adapted to analyze the regional and industrial impacts of defense procurement.

RIMS II Methodology

In order to estimate impacts such as those presented above, RIMS II uses the BEA national I-O tables that show the input and output structure of 500 industries. Since firms in all national industries are not found in each region, some direct requirements that are not produced in a study region are identified, using Bureau of Economic Analysis (BEA) 4-digit Standard Industrial Classification (SIC) county earnings data. The earnings data are used as proxies for the industry-specific input and output data which are seldom available at the small-area level. Using the same earning data, the resulting regional I-O table then can be aggregated to the level of industrial detail appropriate for the impact study. More specifically, the RIMS II approach can be viewed as three-step process. In the first step, the national I-O matrix is made region-specific by using corresponding 4- digit SIC location quotients (LQ's). The LQ's are used to estimate the extent to which requirements are supplied by firms within the region. For this purpose, RIMS II employs LQ's based on two types of data. According to this mixed- LQ Approch, BEA county personal income data, by place of residence, are used for the calculation of LQ's in the service sectors, while BEA earnings data, by place of work, are used for he LQ's in the nonservice sectors.

The second step involves estimations of the household row and the household column of the matrix. The household-row coefficients are estimated based on value- added gross-output ratios from the national I-O table and introduced into each industry's coefficient column. A household column is constructed, based on national consumption and savings rate data and national and regional tax rate data.

The last step in the RIMS II estimating procedure is to calculate the multipliers. Since it is most often necessary to trace the impact of changes in final demand on numerous individual directly-and indirectly-affected industries, RIMS II applications employ the Leontief inversion approach for obtaining multipliers. This inversion process produces output and earnings multipliers for all additionally affected industries.

ACCURACY OF RIMS II

Empirical test of the accuracy of RIMS II multipliers indicates that RIMS II yields estimates that are not substantially different from those generated by regional I-O models based on the costly gathering of survey data. For example, a comparison of 224 industry-specific multipliers from survey based tables for Illinois, Washington, and West Virginia indicate that the RIMS II average multipliers overestimate the average multipliers from the survey based tables by approximately 5 percent, and, for the majority of individual industry-specific multipliers is less than 10 percent. In addition, RIMS II and survey multipliers show a statistically-similar distribution of affected industries.

ADVANTAGES OF RIMS II

There are numerous advantages to RIMS II. First, it is possible to provide estimates of economic impact without building a complete survey I-O model for each region under study, since RIMS II produces multipliers that are derived from secondary data sources. Second, the RIMS II multipliers are derived from a limited number of secondary data sources, thus eliminating the costs associated with the compilation of data from a wide variety of these sources. Third, because of the disaggregated sectoring plan employed by RIMS II, analysis may be performed at a detailed industrial level, thereby avoiding aggregation errors that often occur when different industries are combined. Fourth, the RIMS II multipliers are based on a consistent set of procedures across areas, thus making comparisons among areas more meaningful than would be the case if the results were obtained from incompatible impact models designed only for an individual area. Fifth, the multipliers can be updated to reflect the most recent local area earning and personal income data.

The industrial output and personal earnings impacts estimated by RIMS II can be crucial for estimating effects not directly specified by RIMS II itself. For example, the estimation of regional, fiscal, labor migration, and environmental effects often depends on the estimation of the regional output and earnings impact of the initial stimulus.   Since many of these important effects are often best analyzed on a case-by-case basis, one of the major advantages of using RIMS II is that valuable research resources can be spent on the analysis of these effects, rather than on the construction of an impact model. Therefore, when using RIMS II, a cost-effective impact study might devote most of its research budget to specifying initial impacts in industry specific detail, and analyzing the implications for other important aspects of regional economic activity of the RIMS II estimates impacts.

This overview briefly describes RIMS II multiplier, the multiplier-estimation procedures, and some of the advantages and uses for RIMS II. For additional information, see Regional Multipliers, A User Handbook for the Regional Input-Output Modeling System (RIMS II), third edition. This handbook is produced by the U.S. Department of Commerce and available from the U.S. Government Printing Office.

APPENDIX G: TRAVELSCOPE® SURVEY CARD

Front

33919

Please complete for each **pleasure or business trip** taken in the month of **SEPTEMBER** — where you and/or other members of your household (HH) traveled **50 miles or more, one-way, away from home** or **spent one or more overnights. DO NOT** include trips commuting to/from work or school or trips taken as a flight attendant or vehicle operator. **# OF TRIPS:** ___ If you **DID NOT TRAVEL** for business or pleasure, X here ☐, and return card.
(If more than 3 trips were taken, please record the information for your 3 most recent trips. Record Trips #2 and #3 on Side 2.)

ANSWER THIS SIDE FIRST

SEPTEMBER Trip #1 Purpose (See Codes)	Trans-portation (See Codes)	# HH Members Traveling Age 0-17 #___ Age 18+ #___	List States/ Countries Visited (X if passed through only)	Key Cities & Places Visited In That State/ Country	# Nights In Each State/Country In: Hotel/ Motel/ B&B	Pri-vate Home	Condo/ Time Share	RV/ Tent	Other	Total $ Spent Per State/ Country	Activities In State/Country (See Codes)
Primary: ___	Primary: ___	Group Tour	☐ 1. ________	________	#___	#___	#___	#___	#___	$______	________
		1 ☐ Yes	☐ 2. ________	________	#___	#___	#___	#___	#___	$______	________
Secondary: ___	Secondary: ___	2 ☐ No	☐ 3. ________	________	#___	#___	#___	#___	#___	$______	________

PURPOSE CODES		TRANSPORTATION CODES		ACTIVITY CODES	
1=Visit friends or relatives	5=Convention/seminar	1=Own Auto/ Truck	5=Airplane	01=Historical places/Museums	06=Shopping
2=Outdoor recreation	6=Business	2=Rental car	6=Bus	02=National/State Park	07=Nightlife/Dancing
3=Entertainment (e.g., sightseeing, sports)	7=Personal	3=Camper/RV	7=Train	03=Cultural events/Festivals	08=Beaches
4=Combined business/pleasure	8=Other	4=Ship/Boat	8=Other	04=Theme/Amusement Park	09=Golf/Tennis/Skiing
				05=Outdoor (e.g., hunt, fish, hike)	10=Sports event
					11=Gambling

CONTINUE ⇨

Back

33919

ANSWER OTHER SIDE FIRST

SEPTEMBER Trip #2 Purpose (See Codes)	Trans-portation (See Codes)	# HH Members Traveling Age 0-17 #___ Age 18+ #___	List States/ Countries Visited (X if passed through only)	Key Cities & Places Visited In That State/ Country	# Nights In Each State/Country In: Hotel/ Motel/ B&B	Pri-vate Home	Condo/ Time Share	RV/ Tent	Other	Total $ Spent Per State/ Country	Activities In State/Country (See Codes)
Primary: ___	Primary: ___	Group Tour	☐ 1. ________	________	#___	#___	#___	#___	#___	$______	________
		1 ☐ Yes	☐ 2. ________	________	#___	#___	#___	#___	#___	$______	________
Secondary: ___	Secondary: ___	2 ☐ No	☐ 3. ________	________	#___	#___	#___	#___	#___	$______	________
Trip #3	(See Codes)	Age 0-17 #___									
Primary: ___	Primary: ___	Age 18+ #___	☐ 1. ________	________	#___	#___	#___	#___	#___	$______	________
		Group Tour	☐ 2. ________	________	#___	#___	#___	#___	#___	$______	________
Secondary: ___	Secondary: ___	1 ☐ Yes 2 ☐ No	☐ 3. ________	________	#___	#___	#___	#___	#___	$______	________

PURPOSE CODES		TRANSPORTATION CODES		ACTIVITY CODES	
1=Visit friends or relatives	5=Convention/seminar	1=Own Auto/ Truck	5=Airplane	01=Historical places/Museums	06=Shopping
2=Outdoor recreation	6=Business	2=Rental car	6=Bus	02=National/State Park	07=Nightlife/Dancing
3=Entertainment (e.g., sightseeing, sports)	7=Personal	3=Camper/RV	7=Train	03=Cultural events/Festivals	08=Beaches
4=Combined business/pleasure	8=Other	4=Ship/Boat	8=Other	04=Theme/Amusement Park	09=Golf/Tennis/Skiing
				05=Outdoor (e.g., hunt, fish, hike)	10=Sports event
					11=Gambling