

Vermont's Tourism Industry: 2009

The economic impact of visitor spending on the Vermont economy during the Great Recession.



Vermont and the Great Recession

- ❖ This report addresses the impact of visitor spending, including that of Vermonters making discretionary trips in Vermont.
- ❖ Vermont's recreation and tourism infrastructure also serves the local resident population in their home communities, creating additional economic activity and revenue impacts over and above what is presented in this report.



Vermont and the Great Recession

- ❖ Despite the significant impact of the “Great Recession” on the Vermont’s visitor industry during 2009, it is important to remember that many destinations around the country saw declines of as much as 30 percent during this challenging year.
- ❖ Still, in comparison with the **2007 Benchmark Study**: Vermont hosted 4.7 percent fewer person trips in 2009 and estimated visitor spending declined by 11.8 percent.



2009 Overview

- ❖ Visitors made an estimated 13.7 million person trips to Vermont for leisure, business, or personal travel.
- ❖ Their expenditures for goods and services totaled \$1.42 billion. These numbers were down significantly from the 2007 benchmark study results, which corresponded to the period immediately before the onset of the so-called “Great Recession.”

The estimates reported here are based on a careful reconciliation of data from independent sources. For example, visitor survey data have been reconciled with the taxable room receipts collected by the Vermont Department of Taxes.



The Importance of Visitor Spending!

- ❖ This focus on **visitor spending** is important because the services and sales provided to visitors bring new dollars into Vermont. In that way, the industry serves to increase the size of the state's economy in a way similar to the state's goods producing, export industries.
- ❖ In preparing these estimates, Economic and Policy Resources, Inc. has **reconciled independent data sources to verify the accuracy** of the estimates.
- ❖ This high standard of impact analysis stands out by providing **clear and justifiable benchmark estimates** of visitor impact on the overall state economy, industry employment and output.



Tourism is an Export Industry

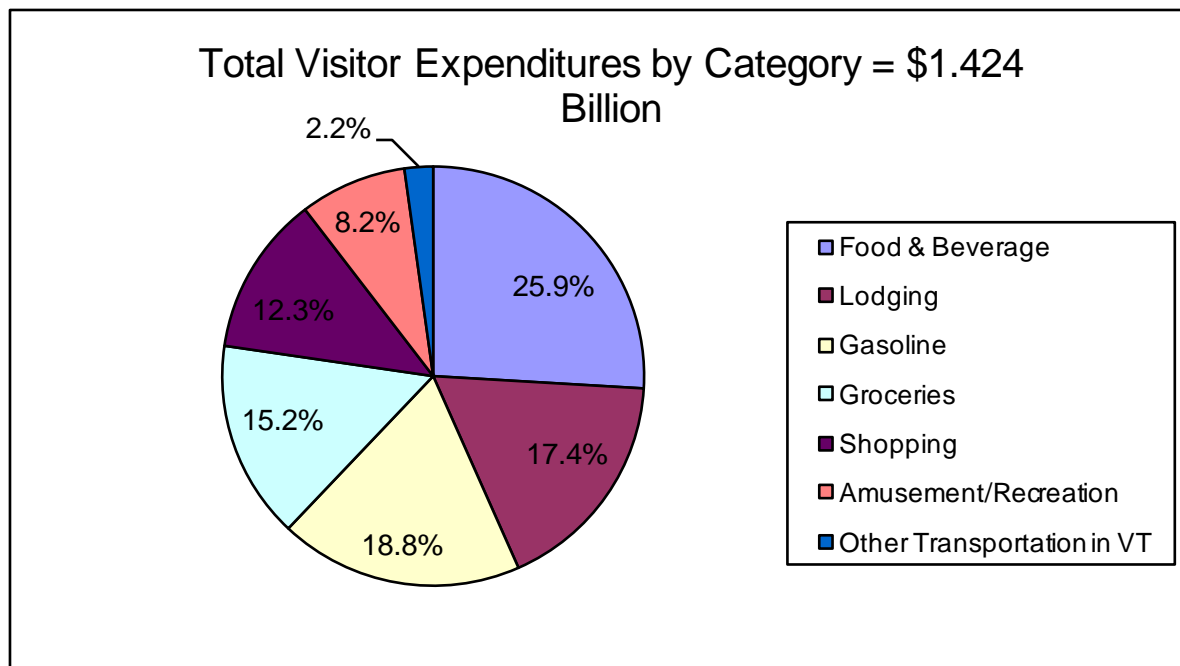
- ❖ When a visitor spends money in Vermont for activities, services or goods, the size of the state's economy grows.
- ❖ The economic impact is comparable to selling maple syrup, cheese, granite, furniture, or high-tech goods in out-of-state markets.
- ❖ Because of its dollar-importing capacity, **the tourism industry behaves like an export industry** by bringing new dollars into the Vermont economy from out-of-state visitors and/or by retaining those dollars that might otherwise be spent out-of-state by Vermonters.



Visitor Spending

Visitor spending on all items was estimated to total \$1.424 billion in calendar year 2009*, *not including* spending by second and vacation home owners on durable goods, or the initial purchase or construction of a second home.

**Both out-of-state and in-state day and overnight visitors to Vermont.*





Jobs for Vermonters

- ❖ A total of 33,500 jobs (or 11.5% percent of all Vermont jobs—including proprietors) are supported directly and indirectly by visitor spending.
- ❖ Direct and indirect wage and salary jobs (excluding proprietors) in the visitor sector accounted for 9.3 percent of the state's 292,370 wage and salary jobs in calendar year 2009.



Industry Jobs Supported by Tourism

Jobs & Proprietors Attributable to Visitor Spending

Direct Wage & Salary Jobs	18,569
Proprietors in the Industry	6,272
Indirect Jobs	8,689
Total Direct / Indirect Jobs including Proprietors*	33,530

- ❖ A total of **33,530 jobs were directly or indirectly supported** in the Vermont economy by visitor spending in the travel industry during calendar year 2009.
- ❖ At 18,569 direct wage and salary jobs, **the industry would rank as the 4th largest employment category** in the state.
- ❖ Indirect jobs total nearly 8,700, including employees and proprietors* in the lodging, entertainment, transportation, food and beverage, and retail sectors, as well as supporting sectors supplying the industry and its workers.

* Does not include second home construction and related expenditures such as property maintenance/management services.



Job Sectors: Vermont vs. U.S. Distribution

Share of Total Sector jobs Supported by Visitor Spending

- ❖ Eating and Drinking establishments in Vermont are nearly one and one half times more dependent on visitor spending than the national average.
- ❖ The retail sector in Vermont is also significantly more reliant on visitor spending relative to its U.S. industry counterpart, as is the Gasoline category.

Commodity Category-Sector	United States (% of Total Sector Jobs)	Vermont (% of Total Sector Jobs)
Hotels and Lodging	73.6%	85.4%
Eating and Drinking	20.1%	32.4%
Transportation [1]	34.7%	17.7%
Recreation/Entertainment	33.5%	36.1%
Gasoline and Oil	4.2%	19.6%
Retail/Retail-Related	4.5%	5.8%

Notes:

[1] Reflects the lack of a transportation hub in Vermont.

Prepared by: Economic & Policy Resources, Inc.



State Revenue from Visitor Spending

Tax & Fee Revenues from Visitors 2009

State Tax or Fee Source	State Totals (in millions)	Visitor Totals* (in millions)	Visitor Portion (as % of total)
General Fund	\$1,062.80	\$97.50	9.20%
Education Fund	\$909.50	\$87.60	9.60%
Transportation Fund	\$223.50	\$14.40	6.50%
Total All Funds	\$2,261.90	\$199.60	9.10%

Visitors in 2009 contributed an estimated **\$199.6 million in tax and fee revenues** to state coffers in the General, Transportation and Education Funds.



State Revenue from Visitor Spending

Top Four Visitor Contributions to State Revenue

State Tax or Fee Source	State Totals (in millions)	Visitor Totals* (in millions)	Visitor Portion (as % of total)
Rooms & Meals Tax	\$115.4	\$53.4	46.1%
Gasoline Tax	\$61.5	\$10.7	17.4%
State Education Property Tax	\$762.1	\$78.1	10.2%
Sales & Use Tax	\$312.3	\$26.6	8.5%

While the contribution of visitor spending to Rooms and Meals tax revenue (\$53.4 million) is widely recognized, the \$78.1 million contribution to the state's Education Fund provides 10.2 percent of the total State Education Property Tax collected in Vermont.



Visitors by Origin & Type of Trip

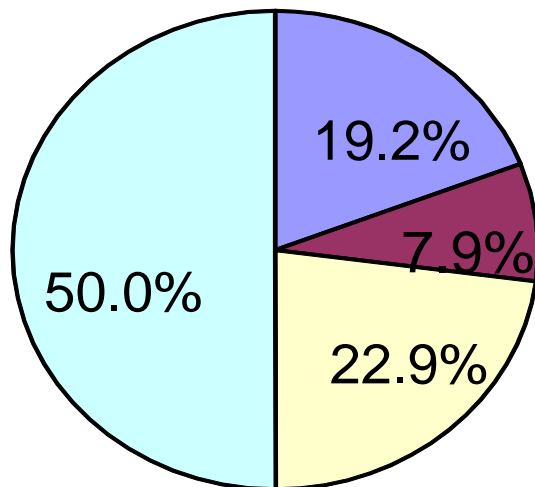
		Person Trips (thousands)
Domestic and International Overseas Origin*		
	Day	1,333.90
	Overnight	4,692.20
Second Home		1,410.80
Canadian Origin	Day	1,798.40
	Overnight	740.80
Vermont Origin	Day	2,619.90
	Overnight	696.5
Second Home		381.8
TOTAL PERSON TRIPS 2009:		13,674.30

**The current federal count for overseas visitors does not provide sufficient data for reliable estimates about small states like Vermont.*



Overnight and Day Visitors: 2009

Visitors Origin and Type of Trip



- In State Day = 2.62 million
- In State Overnight = 1.08 million
- Out of State Day = 3.13 million
- Out of State Overnight = 6.84 million

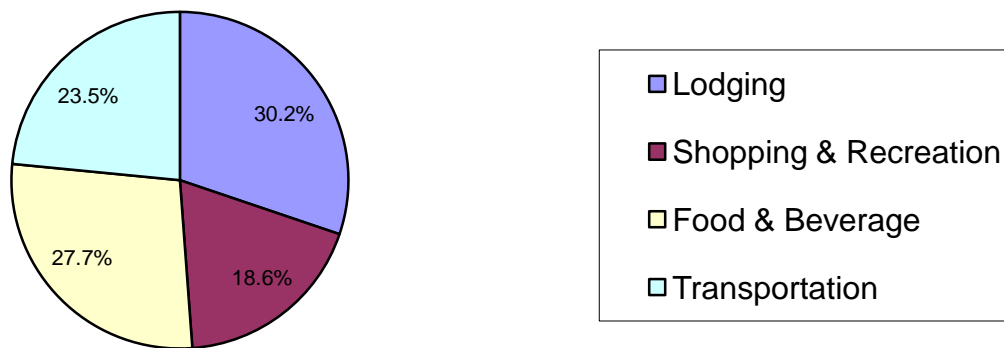
57.9 percent of all visitors, an estimated 7.72 million visitors, spent one or more nights in Vermont in calendar 2009. Of that total, **nearly 4.7 million domestic origin visitors were estimated to have stayed in commercial lodging** such as a motel, hotel, B&B, rental home or campground.



Visitors Staying in Commercial Lodging

Visitors staying in commercial lodging spent more per stay, than those staying with family and friends.

**Average Domestic Commercial Lodger Spending per Party
= \$424.72**



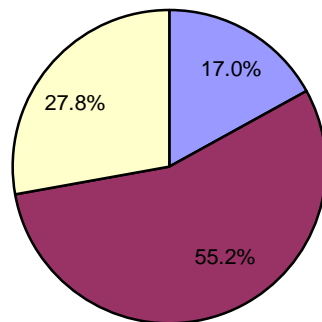


Visitors Staying with Family or Friends

But not much more. Overnight visitors staying with friends and family (2.32 persons per party) spent almost as much overall, and more on food and beverage, than those staying in commercial lodging (2.61 persons per party):

Staying in Commerical Lodging			Staying with Friends or Family		
Lodging	\$128.22	30.2%			
Shopping & Recreation	\$79.13	18.6%	Shopping & Recreation	\$65.56	17.0%
Food & Beverage	\$117.74	27.7%	Food & Beverage	\$213.06	55.2%
Transportation	\$99.62	23.5%	Transportation	\$107.45	27.8%
Total	\$424.72		Total	\$386.06	

Average Domestic Visitor Spending per Party Staying with Friends & Family = \$386.06



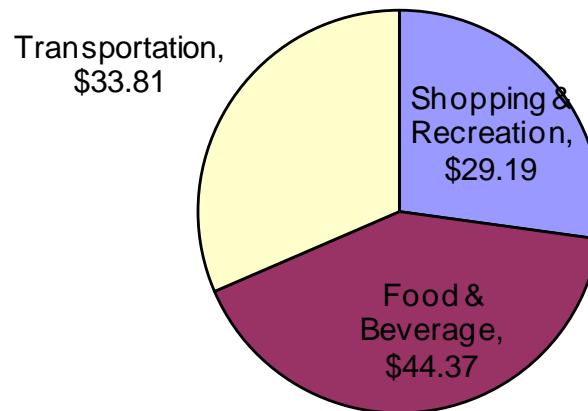
- Shopping & Recreation
- Food & Beverage
- Transportation



Day Visitor Spending

The average spending party (1.8 people) of day-visitors to Vermont spent \$107.37 per trip on transportation, food and beverage, and retail shopping items in calendar year 2009.

Average Domestic Day Visitor Spending
Per Party = \$107.37





Vermont Lodging Establishments

Small inns and bed and breakfast homes are a significant part of the Vermont Brand and make up well over half of the state's commercial lodging establishments.

- ❖ Nationally, a very small percentage of travelers stay in such lodging properties.
- ❖ By contrast, an estimated 8.7 percent of overnight visitors to Vermont elect to stay in these traditional and iconic properties that so clearly illustrate Vermont's culture of small towns and villages.

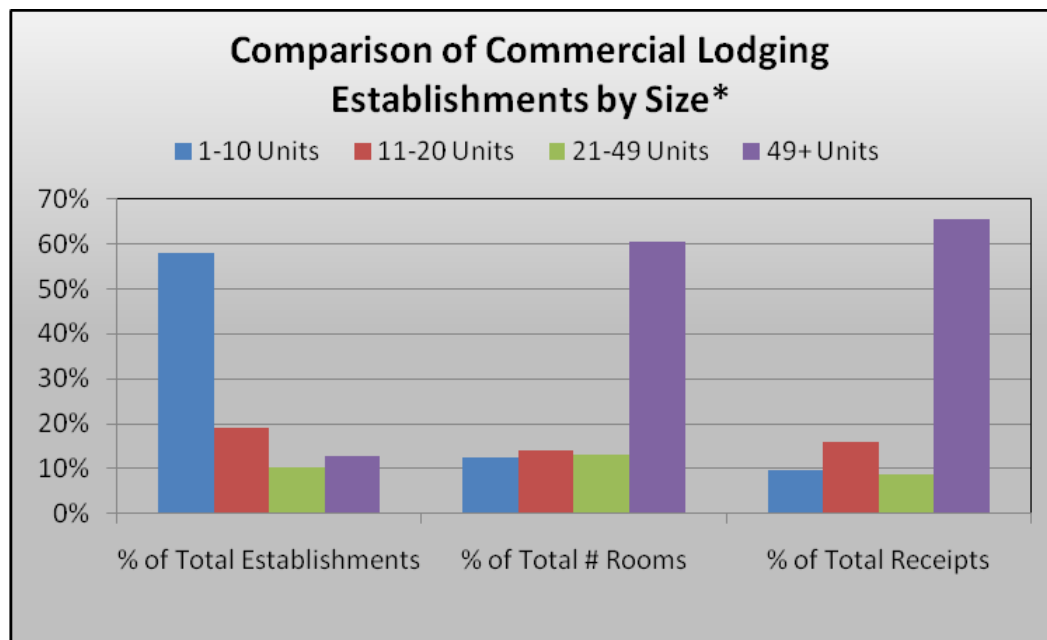
Comparison of Commercial Lodging Establishments by Size

<u># Units</u>	<u># Est.</u>	<u>% of Total</u>	<u># Rooms</u>	<u>% of Total</u>	<u>Receipts</u>	<u>% of Total</u>
1-10 Units	580	57.80%	2,699	12.50%	\$29.20	9.70%
11-20 Units	193	19.20%	3,024	14.00%	\$48.50	16.10%
21-49 Units	103	10.20%	2,837	13.00%	\$26.50	8.80%
49+ Units	129	12.80%	13,109	60.50%	\$197.10	65.40%
TOTAL	1,005	100.00%	21,668	100.00%	\$301.30	100.00%



Vermont Lodging Establishments

At the same time, the biggest properties do the greatest volume of business. The **129 largest establishments** offering 49 or more units **accounted for 12.8 percent of the total** number of establishments -- **but more than 65% of the total lodging receipts** during calendar year 2009.





Origin of Visitors Reported by Commercial Lodging

- ❖ A survey of lodging operators indicates that visitor origins were roughly consistent with previous years' surveys, with **just over 40 percent of overnight visitors coming from within New England** and just under one third of overnight visitors staying in commercial lodging coming from the Mid-Atlantic States of New York, New Jersey and Pennsylvania.
- ❖ According to establishment owners, **Canadians were more likely to stay in larger properties (over 20 units)** than smaller establishments (under 20 units).

Origin of Visitors as Reported by Responding Establishments

	B&B (1 to 10 units)	Inn (10 to 20 units)	Hotel (20 to 49 units)	Resort (49+ units)
From Vermont	7.2%	8.7%	11.3%	14.5%
From Other New England States	37.7%	36.3%	38.3%	41.8%
From Mid-Atlantic States	31.0%	32.9%	28.4%	22.9%
From Other US States	13.7%	13.4%	9.7%	9.2%
From Canada	5.5%	4.0%	8.1%	8.9%
From Other Foreign Countries	4.9%	4.7%	4.2%	2.7%



Average Room Rates 2009

Average room rates were highest during the foliage season and the winter season for all establishment size classes in calendar year 2009.

Average Room Rates by Establishment Size & Season

	Winter (Dec-Mar)	Spring (Apr-May)	Summer (Jun-Aug)	Fall (Sep-Nov)
1-10 Units	\$138.09	\$125.98	\$130.86	\$140.44
11-20 Units	\$163.78	\$142.30	\$163.43	\$159.72
21-49 Units	\$118.75	\$82.91	\$96.55	\$103.91
49+ Units	\$114.94	\$104.38	\$111,21	\$130.15



Average Occupancy 2009

Average room occupancy varied markedly by size of establishment and by season.

- ❖ Establishments with 49 or more units reported the highest occupancy rates.
- ❖ Generally, the **summer season had the highest occupancy levels**.
- ❖ The exceptions were the 1-10 Units category where the fall season had the highest levels of occupancy and 49+ Units category where the winter season had the highest level of occupancy.

Occupancy by Establishment Size & Season

	Winter (Dec-Mar)	Spring (Apr-May)	Summer (Jun-Aug)	Fall (Sep-Nov)	Total by Size
1-10 Units	18.40%	12.90%	35.70%	32.60%	25.40%
11-20 Units	24.30%	14.10%	35.70%	32.30%	27.50%
21-49 Units	29.20%	16.60%	35.40%	31.30%	29.20%
49+ Units	54.10%	28.60%	54.30%	35.70%	45.30%
Total by Season	41.40%	22.70%	46.50%	34.20%	

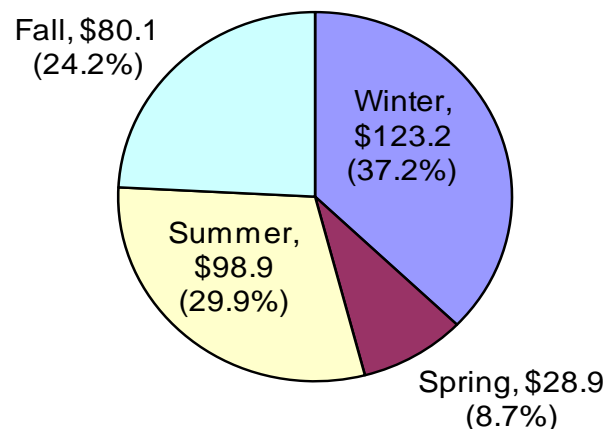
Note: Averages are weighted based on relative size of actual responses.



Room Receipts by Season

- ❖ A total of **37.2% of all commercial lodging receipts** in calendar year 2009 were **generated by winter visitor activity** (January, February, March and December of 2009).
- ❖ This was followed by a 29.9% share of total commercial lodging receipts during the summer season, a 24.2% share of the total for the fall, and an 8.7% share for the spring.

Taxable Rooms Receipts by Season - 2009
(in millions)





Visitor Length of Stay in Nights

Overnight visitors to Vermont stayed an average of 3.0 nights in calendar year 2009. While more than half of these overnight visitors average 2.6 nights per trip, it is significant that **non-resident second homeowners**, who visit frequently and make longer stays, **account for 26.7 percent of all visitor nights**.

Smaller visitor categories such as Canadian visitors and second home owners of domestic origin have longer average night stays at 2.9 and 4.4 nights per trip respectively.

Average Length of Stay by Overnight Visitors to Vermont by Origin

	Average Nights per Trip	# of Visitor Nights (millions)	% of Visitor Nights
Non-Second Home Owner			
Domestic Origin	2.6	12.2	53.00%
Canadian Origin	2.9	2.1	9.20%
Vermont Origin	1.6	1.1	4.80%
Second Home Owner			
Domestic Origin	4.4	6.2	26.70%
Vermont Origin	3.8	1.5	6.30%



Vermont State Parks Visitation 2009

Vermont State Parks are a significant part of the Vermont travel industry, providing opportunities for camping, hiking, swimming and fishing to both out of state visitors and Vermont residents. In 2009:

- ❖ Day visitation was up 6.8 percent from 2007
- ❖ Overnight camping visitation decreased 1.4 percent
- ❖ Total visitation was up by 2.6 percent.

Vermont State Park Attendance 2007 v. 2009

	2007	2009	Rate of Growth
Day Visitation	354,064	368,533	6.80%
Overnight Camping	367,079	362,056	-1.40%
Total	712,143	730,589	2.60%

Note: Totals are year-to-date through Oct 31 for each year.

Source: VT Department of Forest, Parks & Recreation



In Conclusion: Key points for 2009

- ❖ Direct spending by visitors adds \$1.424 billion to the Vermont economy.
- ❖ Visitor spending directly and indirectly supports 33,530 job opportunities for Vermonters (with the non-proprietor portion corresponding to 9.3% of the state's total wage and salary jobs).
- ❖ Five out of the six key sectors of the Vermont tourism economy are more dependent on visitor spending than the national average; with some as much as 1.5 times greater than the comparable sector nationally.
- ❖ Visitor spending in 2009 contributed an estimated \$199.6 million in tax and fee revenues to the State of Vermont



That's All!

Questions or Comments?

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