

Salem

Travel Impacts, 1991-2010p

June 2011

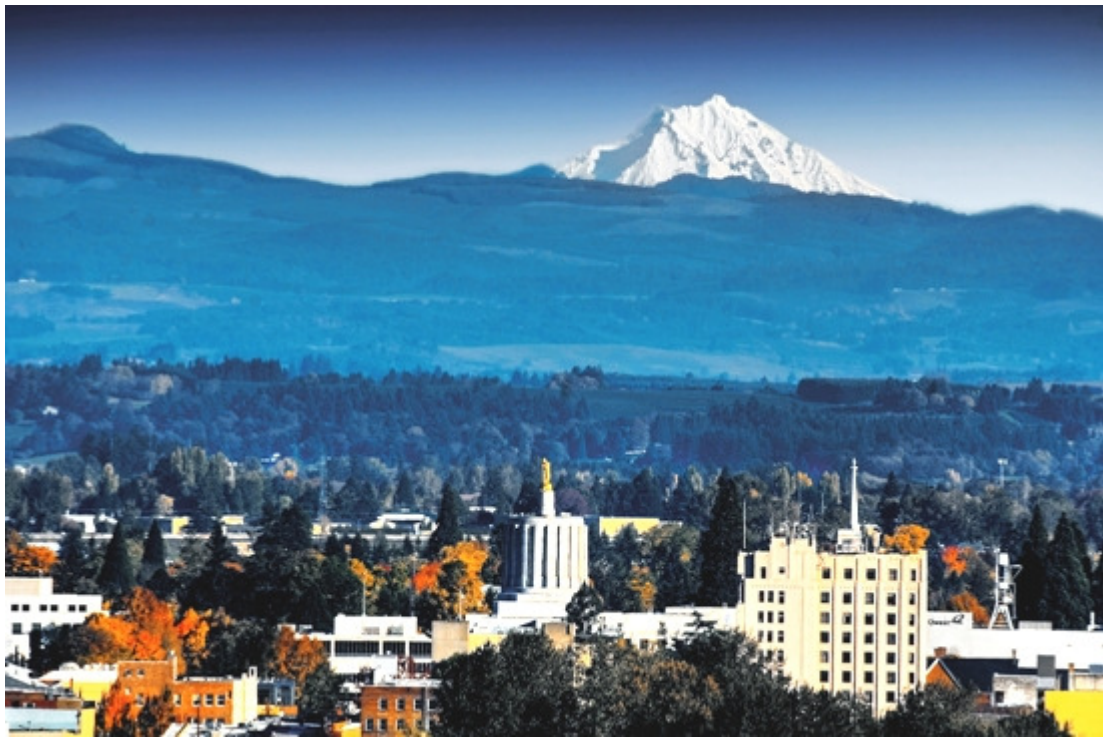


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Prepared for the

Travel Salem
Salem, Oregon



SALEM
TRAVEL IMPACTS, 1991-2010P

Prepared for

Travel Salem
181 High St. NE
Salem, Oregon 97301

Prepared by

Dean Runyan Associates
833 S.W. Eleventh Avenue, Suite 920
Portland, Oregon 97205
503.226.2973

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SALEM TRAVEL IMPACTS, 1991-2010P

This study, prepared for *Travel Salem*, documents the economic significance of the travel industry in Salem from 1991 through 2010. The principal aim of this study was to prepare preliminary estimates of travel spending during 2010 as well as to provide estimates of the earnings, employment and tax revenues generated by these expenditures. In addition, this year's report also provides estimates of overnight visitor volume and average spending.

The 2010 estimates contained in this report are *preliminary*. These estimates are based on the 2010p economic impact analysis for Oregon counties prepared for the Oregon Tourism Commission and updated with the most current information collected for Salem.

In interpreting the findings, it should be noted that:

- All estimates contained in this report supersede those previously published.
- The estimates in this report are expressed in *current* dollars. There is no adjustment for inflation.
- The economic impact measurements represent only direct economic impacts. Direct economic impacts include only the spending by travelers and the employment generated by that spending. Secondary effects related to the additional spending of businesses and employees are not included.
- The employment estimates in this report are estimates of the total number of full and part-time number of jobs directly generated by travel spending, rather than the number of individuals employed. Payroll and self-employment are included in these estimates.
- This year's report is based on a revised methodology and new source data. The economic impact estimates are similar to those reported in previous years. The time series reported here supersedes all earlier estimates. (See Appendix A, page 7, for an explanation of these revisions.)

TRAVEL TRENDS

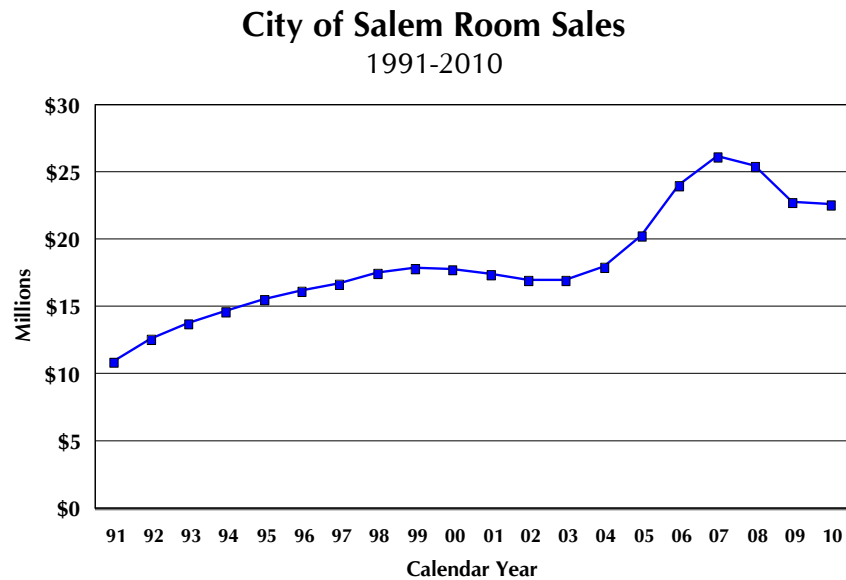
Total direct travel spending in Salem was \$224.9 million in 2010. This represents a 5.7 percent increase over the preceding year in current dollars. Employment was down over the preceding year, and down overall from 2007-2008 levels. It should be noted that the performance of the travel industry has been similar to that of Oregon in terms of both spending and employment.¹

Salem, Oregon Travel Trends, 1991-2010p

	Spending	Earnings	Employment	Tax Receipts (\$Thousand)		
	(\$Million)	(\$Million)		Local	State	Total
1991	108.5	26.9	2,370	682	3,795	4,477
1992	117.8	29.2	2,440	783	4,261	5,044
1993	124.9	31.0	2,510	855	4,583	5,439
1994	130.1	32.4	2,530	908	4,817	5,725
1995	136.2	34.0	2,550	965	4,963	5,928
1996	139.8	34.8	2,540	1,001	4,962	5,963
1997	144.4	36.2	2,510	1,036	5,038	6,074
1998	147.1	38.0	2,630	1,091	5,136	6,227
1999	153.1	38.8	2,510	1,395	5,247	6,642
2000	160.7	39.2	2,460	1,665	5,470	7,134
2001	163.6	40.0	2,490	1,649	5,523	7,172
2002	165.5	40.8	2,510	1,619	5,526	7,145
2003	172.2	41.5	2,510	1,614	5,692	7,307
2004	182.3	43.0	2,520	1,707	6,074	7,781
2005	202.3	46.5	2,630	1,923	6,520	8,443
2006	220.9	49.9	2,770	2,256	7,000	9,256
2007	229.7	53.5	2,920	2,464	7,263	9,727
2008	237.5	54.7	2,900	2,399	7,377	9,776
2009	212.8	52.8	2,770	2,160	7,118	9,279
2010p	224.9	52.2	2,700	2,147	7,286	9,432
<i>Annual Percentage Change</i>						
09-10p	5.7%	-1.1%	-2.6%	-0.6%	2.3%	1.7%
91-10p	3.9%	3.5%	0.7%	6.2%	3.5%	4.0%

¹ See *Oregon Travel Impacts, 1991-2010p* prepared for Oregon Tourism Commission by Dean Runyan Associates.

Travel impacts in Salem are largely driven by room sales. As shown in the graph below, room sales in Salem were relatively flat from 1999 through 2003 with a prolonged period of strong growth through 2007. During calendar year 2009, room sales declined from the peak of the previous years. This pattern is similar for the Willamette Valley region and the Portland metro area.



Source: City of Salem Finance Department.

Note: Room Sales calculated by dividing lodging tax receipts by tax rate. The tax rate was 6% for the 1991 through 1999 fiscal years, and 9% from July 1, 1999 to date. These estimates are in current dollars (not adjusted for inflation).

Detailed travel impacts for 2000-2010p are presented on the following page.

Salem, Oregon Travel Impacts, 2000-2010p

	2000	2002	2004	2006	2008	2009	2010p
Total Direct Travel Spending (\$Million)							
Destination Spending	136.1	142.3	151.6	178.5	185.7	176.2	180.8
Other Travel*	24.6	23.1	30.7	42.4	51.7	36.6	44.1
Total Direct Spending	160.7	165.5	182.3	220.9	237.5	212.8	224.9
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	21.2	20.8	22.2	29.2	31.1	28.0	27.9
Food Service	37.0	39.9	42.5	49.6	51.4	51.8	52.8
Food Stores	14.4	16.2	17.6	18.9	20.6	20.5	20.6
Local Tran. & Gas	12.1	11.3	15.1	21.3	25.3	19.3	22.2
Arts, Ent. & Rec.	22.4	23.8	24.6	27.0	26.5	26.0	26.0
Retail Sales	29.0	30.3	29.8	32.5	30.9	30.7	31.3
Destination Spending	136.1	142.3	151.6	178.5	185.7	176.2	180.8
Industry Earnings Generated by Travel Spending (\$Million)							
Accom. & Food Serv.	22.7	24.1	25.6	30.8	33.8	33.7	33.0
Arts, Ent. & Rec.	6.7	7.1	7.2	8.1	9.3	8.6	8.8
Retail***	5.3	5.4	5.8	6.4	6.9	6.6	6.5
Other Travel**	4.5	4.2	4.3	4.7	4.8	3.9	3.8
Total Direct Earnings	39.2	40.8	43.0	49.9	54.7	52.8	52.2
Industry Employment Generated by Travel Spending (Jobs)							
Accom. & Food Serv.	1,440	1,490	1,500	1,680	1,740	1,690	1,630
Arts, Ent. & Rec.	520	540	530	580	660	610	610
Retail***	270	270	290	300	310	300	290
Other Travel**	230	200	200	210	200	170	160
Total Direct Employment	2,460	2,510	2,520	2,770	2,900	2,770	2,700
Government Revenue Generated by Travel Spending (\$Million)							
Local Tax Receipts	1.7	1.6	1.7	2.3	2.4	2.2	2.1
State Tax Receipts	5.5	5.5	6.1	7.0	7.4	7.1	7.3
Total Local & State	7.1	7.1	7.8	9.3	9.8	9.3	9.4

Details may not add to totals due to rounding.

*Other Travel spending includes ground transportation spending and related impacts for travel to other Oregon visitor destinations, and travel agencies.

**Other Travel employment and earnings includes all ground transportation, except motor fuel, and travel agencies.

***Retail includes gasoline.

SALEM OVERNIGHT VISITOR VOLUME AND AVERAGE SPENDING

Visitor volume and average visitor spending estimates for Salem are shown below. The tables are mathematically related: The total visitor spending estimates in the first table are equivalent to the average spending estimates in the second table multiplied by the appropriate measure of visitor volume in the third table.

Visitor Spending by Type of Traveler Accommodation (\$Million), 2000-2010p

	2000	2002	2004	2006	2008	2009	2010
All Overnight	91.9	94.6	101.5	121.8	130.6	122.3	125.4
Hotel, Motel	48.0	46.0	49.4	64.7	69.2	61.7	62.3
Private Home	37.6	40.0	43.0	47.7	50.6	49.7	52.0
Other Overnight	6.4	8.6	9.1	9.4	10.8	10.9	11.1
Campground	5.9	8.0	8.5	8.8	10.1	10.2	10.4
Vacation Home	0.5	0.5	0.6	0.6	0.7	0.7	0.7
Day Travel	44.2	47.7	50.2	56.7	55.1	53.9	55.5
Spending at Destination	136.1	142.3	151.6	178.5	185.7	176.2	180.8

Average Expenditures for Overnight Visitors, 2010p

	Travel Party		Person		Party Size	Length of Stay (nights)
	Day	Trip	Day	Trip		
Hotel, Motel	\$245	\$464	\$104	\$196	2.4	1.9
Private Home	\$77	\$235	\$31	\$95	2.5	3.0
Other Overnight	\$141	\$452	\$41	\$131	3.5	3.2
All Overnight	\$125	\$330	\$50	\$132	2.5	2.6

Overnight Visitor Volume, 2008-2010p

	Person-Nights (000)			Party-Nights (000)		
	2008	2009	2010	2008	2009	2010
Hotel, Motel	653	611	601	276	258	254
Private Home	1,603	1,613	1,656	651	655	672
Other Overnight	266	273	273	77	79	79
All Overnight	2,522	2,497	2,530	1,004	992	1,005

	Person-Trips (000)			Party-Trips (000)		
	2008	2009	2010	2008	2009	2010
Hotel, Motel	345	323	318	146	136	134
Private Home	527	530	545	214	215	221
Other Overnight	83	85	85	24	25	25
All Overnight	955	938	947	384	376	380

APPENDICES

APPENDIX A. REVISIONS TO 2010 REPORT

APPENDIX B. REGIONAL TRAVEL IMPACT MODEL (RTIM) METHODOLOGY

Appendix C: Travel Impact Industries Matched to 2007 NAICS

REVISIONS TO 2010 REPORT

Substantial revisions were made to this year's report in order to incorporate new and more reliable source data and to permit consistent average overnight visitor spending and volume estimates for counties and regions throughout Oregon. The primary revisions were:

- Four year's of visitor survey data provided by TNS TravelsAmerica was utilized revised spending and visitation profiles.
- Smith Travel Research reports prepared for the Oregon Tourism Commission and other entities in the state were used to refine lodging expenditures and validate volume estimates in conjunction with lodging tax data.
- Estimates of spending on ground transportation for counties and regions were revised to more accurately reflect the origin and destination of the visitor. Only that portion of ground transportation spending that was estimated to occur at the destination was allocated to destination spending. The remaining portion was allocated to the "other travel" category based on the county distribution of population within the state.

As a consequence of these revisions in methodology and source data, all prior impact estimates have also been revised in order to maintain a consistent time series. Users of these estimates should note that:

- All county level impact estimates have been revised. However, the total spending estimates and related impacts for Salem are not substantially different from previous estimates.
- Salem now has a lower estimate of destination or visitor spending because of the new procedure for allocating a portion of ground transportation spending to the "other travel" category.
- The overnight visitor volume estimates for Salem are now greater than previous estimates. Concurrently, the average spending estimates per visitor are lower than previously estimated.

REGIONAL TRAVEL IMPACT MODEL (RTIM) TRAVEL IMPACT ESTIMATION PROCEDURES

TRAVEL SPENDING

Hotel, Motel, B&B. Spending on commercial accommodations by hotel and motel guests is estimated from transient lodging tax collections at the city/county jurisdictional level. Spending by hotel and motel guests in other business categories, such as food and transportation, is estimated using spending distributions reported in the visitor survey data. The spending distribution shows how travelers divide their spending between lodging and other purchases.

Campground. Spending by campers using commercial campgrounds is estimated from the number of commercial campsites, the average occupancy of these campsites and the average daily expenditures of visitor camp parties reported in survey data. Spending in other business categories is estimated in the same way as for hotel guests. Spending by campers using public campgrounds is estimated from visitor counts at national and state parks, national forests, and state and federally managed recreation areas and then multiplying the visitation by daily spending estimates from the visitor survey.

Private Home. Spending by private home guests is determined from visitor survey data estimating the number of visitors staying as guests of friends and relatives and applying these rates to the household population base in Salem.

Vacation Home. Estimated spending by vacation home renters and owners is based on housing data from the U.S. Bureau of the Census and visitor survey data.

Day Travel. The share of day visits as a percentage of total travel is estimated from visitor survey data and applied to average daily spending estimates to produce day visitor spending.

Travel Arrangement Services. This category consists of travel agents, tour operators, and other travel arrangement and reservation services. Employment and earnings are estimated from covered employment and wage data. Sales estimates are not included in this report.

RELATED TRAVEL IMPACTS

Spending by travelers generates jobs, payroll, and state and local tax revenue.

Earnings generated directly from traveler expenditures are estimated from a payroll-to-receipts ratio obtained from the 2007 Economic Census and earnings estimates from the Bureau of Economic Analysis.

Employment in each business category is calculated from county level wage data supplied by the U.S. Bureau of Labor Statistics and earnings estimates from the Bureau of Economic Analysis.

Local Taxes consist of local room taxes, or transient lodging taxes as well as local taxes applicable to traveler purchases in eating and drinking establishments and on automobile rentals.

State Taxes consist of the statewide lodging tax (beginning in 2004), corporate income taxes and gasoline taxes attributable to travel expenditures, and personal income taxes based on the associated travel-generated employment.

Personal income taxes are estimated by applying the average state personal income tax rate to payrolls resulting from traveler spending. Corporate income taxes are estimated by applying an implicit tax rate to the business receipts, or sales, generated from traveler spending.

TRAVEL IMPACT INDUSTRIES MATCHED TO 2007 NAICS

TRAVEL IMPACT INDUSTRY	NAICS INDUSTRIES* (code)
Accommodation & Food Services	Accommodation (721) Food Services and Drinking Places (722) Residential Property Managers (531311)
Arts, Entertainment & Recreation	Performing Arts, Spectator Sports (711) Museums (712) Amusement, Gambling (713) Scenic and Sightseeing Transportation (487) Miscellaneous Industries (see note**)
Retail	Food & Beverage Stores (445) Gasoline Stations (447) Clothing and Clothing Accessories Stores (448) Sporting Goods, Hobby, Book, and Music Stores (451) General Merchandise Stores (452) Miscellaneous Store Retailers (453)
Ground Transportation	Interurban and rural bus transportation (4852) Taxi and Limousine Service (4853) Charter Bus Industry (4855) Passenger Car Rental (532111) Parking Lots and Garages (812930)

Notes: *Government enterprises (e.g., park systems) are included in this classification.

**Includes parts of industries in other sectors (e.g., accommodation, charter bus).

A more detailed description of these industries can be found at <http://www.ntis.gov/naics>.