

**Washington State**  
***Travel Impacts & Visitor Volume***  
***2010 - 2018p***

***May 2019***

*Prepared for the*

Washington Tourism Alliance

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# **Washington State Travel Impacts & Visitor Volume**

May 2019

*Prepared for*

Washington Tourism Alliance

*Prepared by*

Dean Runyan Associates  
833 SW Eleventh Avenue, Suite 920  
Portland, Oregon 97205  
503/226-2973  
[www.deanrunyan.com](http://www.deanrunyan.com)

## **Preface**

The purpose of this study is to document the economic significance of the travel industry in Washington from 2010 through 2018. These findings show the level of travel spending by those traveling to and through the state, and the impacts this spending has on statewide and local economies.

The 2018p estimates are preliminary and subject to revision. In compiling the 2010-2018p report, a number of historical revisions and methodology adjustments have been made based on new availability of revised source data for cities and counties across the state. These findings show the level of travel spending by those traveling to and through the state and the impact this spending has on the economy in terms of earnings, employment, and tax revenue. Other estimates provided in this report include overnight visitor volume, average daily spending by type of visitor, travel industry gross domestic product and comparisons with other export-oriented industries in Washington State.

The methodology used to compile this report will continue to evolve as advancements in data collection and reporting become available, which may affect historical trends. Future iterations of the report will be updated and improved accordingly.

This study was prepared for the Washington Tourism Alliance.

Dean Runyan Associates  
833 SW 11th Ave., Suite 920  
Portland, OR 97205

(503) 226-2973  
[info@deanrunyan.com](mailto:info@deanrunyan.com)  
[www.deanrunyan.com](http://www.deanrunyan.com)

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## Executive Summary

This report provides detailed statewide travel impact estimates for Washington from 2010 to 2018 and estimates of U.S. travel, derived primarily from the Bureau of Economic Analysis Travel and Tourism Satellite Accounts. All estimates for 2018 preliminary.[1]

The Washington State travel industry continued to grow in 2018. Spending, employment and tax revenue all grew at a rate that was similar to the preceding year.

- **Total Spending.** Travel spending in Washington State increased by 5.1 percent in current dollars and 3.5 percent in real (inflation-adjusted) dollars in 2018. Room rates increased by 3.0 percent (STR, Inc.) while motor fuel prices increased by 12 percent. Real travel spending has increased for nine consecutive years.
- **Visitation.** The total number of overnight person-trips (43 million) increased by 1.4 percent in 2018. The preliminary estimate of visitor air travel on domestic flights to Washington (8.3 million) increased by 6.5 percent. Room demand increased by 2.3 percent (STR, Inc.).
- **Tax Receipts.** State and local tax receipts were \$2.2 billion in 2018, an 2.9 percent increase over 2017. This is equivalent to \$737 for every resident household, or about 5 percent of state and local tax revenue. This includes \$1.5 billion in tax revenues directly related to the purchases of visitors (\$500 per household). An additional \$696 million in tax revenues is attributable to travel industry employees and businesses (\$237 per household).
- **Employment.** Travel-generated employment (188,400 in 2018) increased by 4.0 percent, the eighth consecutive year of employment growth. Since 2010, employment has increased by 2.9 percent per year.
- **Average Spending.** Overnight visitors to Washington State spent on average \$121 per person-day and \$363 per person-trip. Overnight visitors that stayed in hotels, motels, short term vacation rentals and other non-camping paid accommodations spent \$227 per person-day and \$557 per person-trip. These overnight guests accounted for one-half of all visitor spending in the state.

1. Estimates for 1991 through 2009 and other years not reported are available upon request.

## II. WASHINGTON TRAVEL IMPACTS



## Recent Travel Trends in Washington

### Direct Travel Impacts, 2010-2018p

							Ave. Annual %Chg.	
Spending (\$Billions)	2010	2012	2014	2016	2017	2018	17-18	10-18
Total (Current \$)	16,234	18,015	19,583	21,777	23,249	24,425	5.1%	5.2%
Other	3,009	3,549	3,943	4,564	4,919	5,077	3.2%	6.8%
Visitor	13,225	14,466	15,640	17,213	18,330	19,349	5.6%	4.9%
Non-transportation	9,538	10,396	11,491	13,151	13,896	14,560	4.8%	5.4%
Transportation	3,687	4,070	4,149	4,063	4,434	4,789	8.0%	3.3%
Earnings (\$Billions)								
Earnings (Current \$)	4,602	5,130	5,819	6,948	7,585	8,182	7.9%	7.5%
Employment (Thousands)								
Employment	150.1	154.4	163.6	177.1	181.3	188.4	4.0%	2.9%
Tax Revenue (\$Billions)								
Total (Current \$)	2,264	2,385	2,750	3,275	3,467	3,621	4.4%	6.0%
Local Tax Receipts	570	616	701	855	899	922	2.5%	6.2%
Visitor	352	387	445	536	579	601	3.9%	6.9%
Business or Employee	218	229	256	320	320	320	0.0%	4.9%
State Tax Receipts	802	876	964	1,151	1,205	1,243	3.2%	5.6%
Visitor	566	618	672	784	833	867	4.2%	5.5%
Business or Employee	236	258	292	368	372	376	1.1%	6.0%
Federal	893	893	1,085	1,268	1,364	1,456	6.7%	6.3%

**Other spending** includes resident air travel, travel arrangement and reservation services, and convention and trade show organizers. **Non-transportation visitor spending** includes accommodations, food services, retail, food stores, and arts, entertainment & recreation. **Visitor transportation spending** includes private auto, auto rental, other local ground transportation and one-way airfares.

**Earnings** include wages & salaries, earned benefits and proprietor income.

**Employment** includes all full- and part-time employment of payroll employees and proprietors.

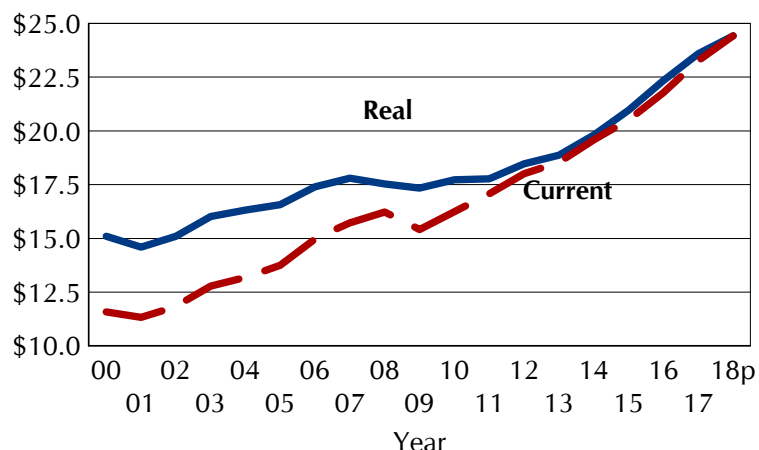
**Local tax revenue** includes lodging taxes, sales taxes, auto rental taxes and airport passenger facility charges paid by visitors, and the property tax payments and sales tax payments attributable to the travel industry income of employees and businesses.

**State tax revenue** includes lodging, sales and motor fuel tax payments of visitors, business & occupation tax and sales tax payments attributable to the travel industry income of businesses and employees.

**Federal tax revenue** includes motor fuel excise taxes and airline ticket taxes paid by visitors, and the payroll and income taxes attributable to the travel industry income of employees and businesses.



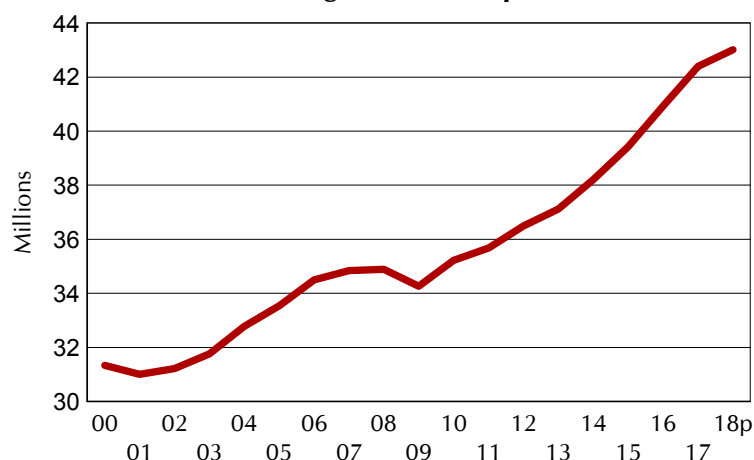
**Travel Spending (Millions)**



The top graph shows travel spending in current dollars (no inflation adjustment, red line) and real dollars (adjusted for inflation, blue line). In real dollars, travel spending increased by 3.5 percent from 2017 to 2018. In current dollars, spending increased by 5.1 percent.

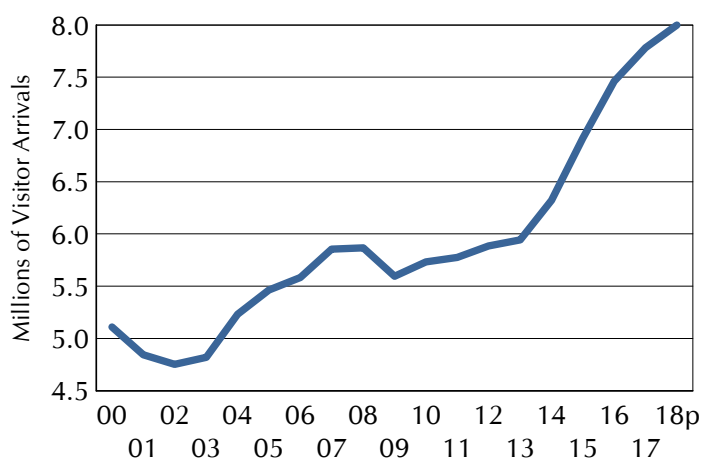
Sources: Bureau of Labor Statistics CPI, STR Inc., Energy Information Administration and Bureau of Transportation Origin and Destination Survey.

**Overnight Person Trips**



Overnight person trips increased 1.4 percent from 2017 to 2018p. Since 2010, overnight person trips have increased by 2.5 percent per year. *(A more detailed breakout of overnight visitor volume is shown on page 8)*

**Visitor Air Arrivals (Millions)**



Visitor air arrivals on domestic airlines are shown in the bottom graph for the years 2000 through 2018p. Visitor arrivals increased by 6.5 percent in the most recent year following a 4.3 percent increase from 2016 to 2017.

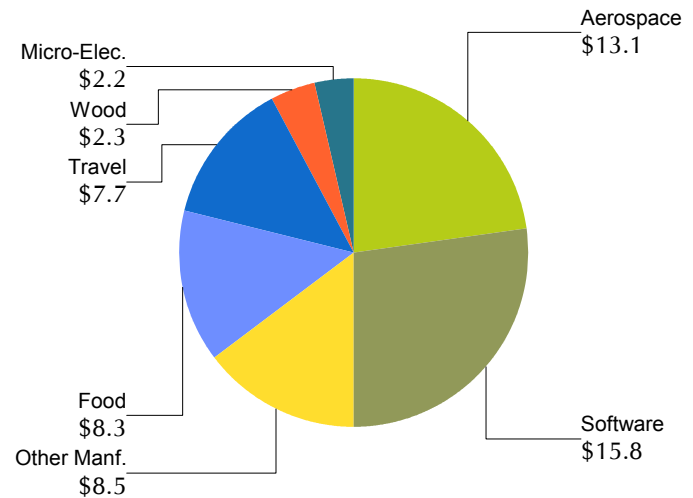
Source: Bureau of Transportation Origin and Destination Survey

## Washington State Export Industries

Export-oriented industries are those industries that primarily market their products and services to other regions, states or nations.

Agriculture, extractive industries (forestry, mining) and manufacturing are the best examples of export-oriented industries. In addition, professional and business services are often export-oriented. The travel industry is also an export-oriented industry because goods and services are sold to *visitors*, rather than residents. The travel industry injects money into the local economy, as do the exports of other industries.

### Earnings of Export-Oriented Industries (2017 \$Millions)

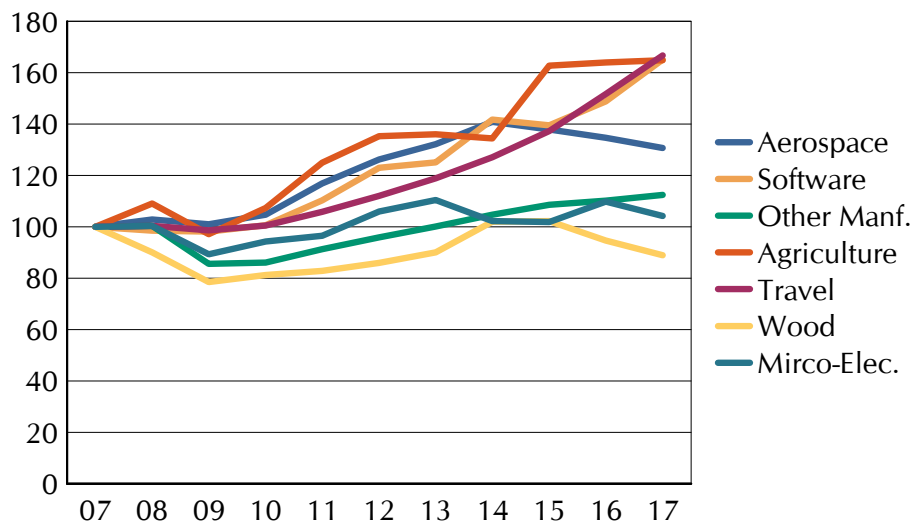


*Note: Data only available through 2017*

Exports are not necessarily more important than locally traded goods and services. However, diverse export-oriented industries in any economy are a source of strength - in part because they generate income that contributes to the development of other local services and amenities. Such industries characterize the “comparative advantage” of the local economy within larger regional, national, and global markets. As shown in the graph below, while the travel industry ranks in the middle with respect to earnings growth since 2007, it has been more stable than most other industries.

### Change in Earnings of Export-Oriented Industries

Year 2007 = 100



*Note: Data available through 2017*

Estimates calculated by Dean Runyan Associates from earnings and payroll data reported by Bureau of Economic Analysis and Bureau of Labor Statistics. \*Other Manufacturing includes all manufacturing industries not included in aerospace, agriculture/food, forestry & wood, and microelectronics. Food & beverage processing included in Agriculture/Food category. Wood and paper products included in Forestry & Wood category.

## Travel-Generated Government Revenue

Travel spending in Washington state generated \$3.6 billion in local, state, and federal tax collections in 2018. The estimated federal tax receipts are comprised of the motor fuel excise tax, airline ticket taxes, and payroll and income taxes.

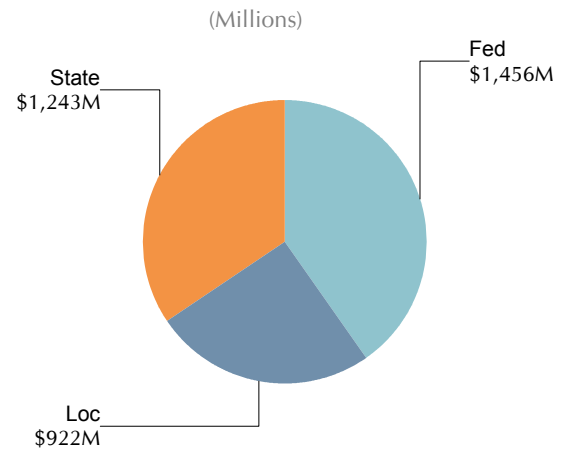
\$2.2 billion local and state tax revenues were collected in 2018. Sales, lodging, motor fuel and auto rental tax receipts attributable to visitor spending accounted for about two-thirds of all state and local tax revenue.

Travel-generated local and state tax revenues represent roughly five percent of all local and state tax revenues. Direct taxes on visitors generated \$500 for each Washington household in 2018. Taxes on residents (travel industry employees and businesses) generated an additional \$237 per household.

*Property taxes include the taxes paid by businesses and travel industry employees (households). State and local employee sales taxes are those taxes attributed to the earnings of travel industry employees.*

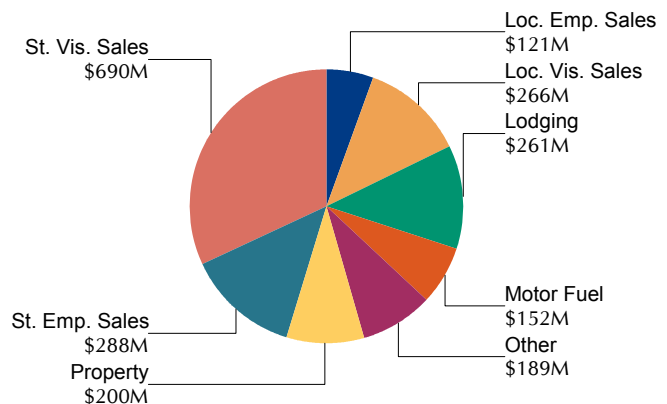
*Other taxes include passenger facility charges collected at airports, business and occupation taxes, and local, state, and airport auto rental taxes.*

### Local, State & Federal Revenue

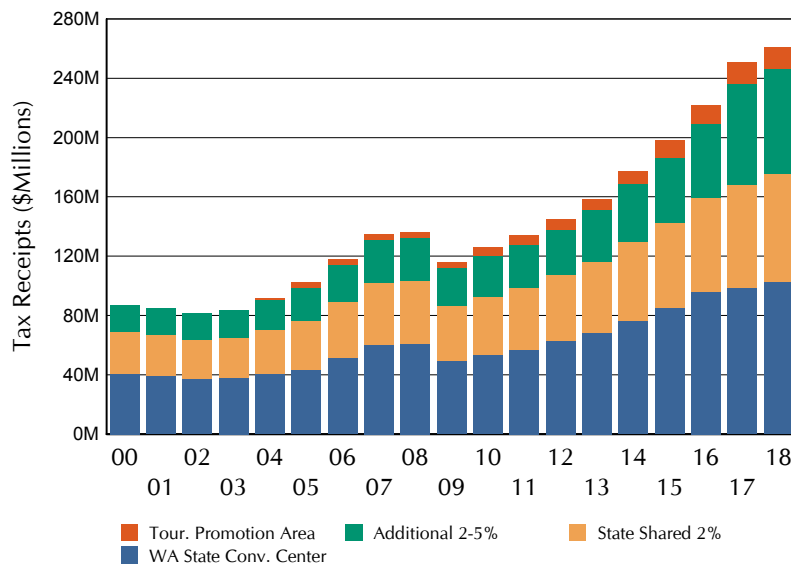


### Local, State Tax Revenue

by Tax Category (Millions)



## Transient Lodging Tax Receipts in Washington State



### Lodging Tax Revenues, 2018p

	2018
<b>Total</b>	<b>\$260.8</b>
WA State Conv. Center	\$103.1
State-Shared 2%	\$72.4
Additional 2-5%	\$70.7
Tour. Promotion Area	\$14.6

## Detailed Economic Impact

The detailed direct travel Impact estimates shown below do not include secondary (indirect and induced) impacts. An estimate of one-way airfare to Washington State is included for those visitors traveling to Washington by air.

### Washington State Travel Impacts, 2010-2018p

#### Total Direct Travel Spending (\$Million)

	2010	2012	2013	2014	2015	2016	2017	2018
Destination Spending	13,225	14,466	14,853	15,640	16,296	17,213	18,330	19,349
Other Travel*	3,009	3,549	3,654	3,943	4,187	4,564	4,919	5,077
<b>Total</b>	<b>16,234</b>	<b>18,015</b>	<b>18,507</b>	<b>19,583</b>	<b>20,483</b>	<b>21,777</b>	<b>23,249</b>	<b>24,425</b>

#### Visitor Spending by Commodity Purchased (\$Million)

	2010	2012	2013	2014	2015	2016	2017	2018
Accommodations	2,063	2,286	2,444	2,709	3,010	3,337	3,529	3,740
Food Service	3,286	3,621	3,785	4,026	4,312	4,668	5,026	5,325
Food Stores	964	1,065	1,088	1,148	1,204	1,223	1,258	1,291
Local Tran. & Gas	2,230	2,580	2,548	2,550	2,293	2,329	2,603	2,866
Arts, Ent. & Rec.	1,535	1,627	1,663	1,731	1,806	1,908	1,998	2,067
Retail Sales	1,690	1,796	1,826	1,878	1,943	2,014	2,085	2,136
Visitor Air Tran.	1,457	1,490	1,499	1,599	1,728	1,734	1,831	1,923
<b>Total</b>	<b>13,225</b>	<b>14,466</b>	<b>14,853</b>	<b>15,640</b>	<b>16,296</b>	<b>17,213</b>	<b>18,330</b>	<b>19,349</b>

#### Industry Earnings Generated by Travel Spending (\$Million)

	2010	2012	2013	2014	2015	2016	2017	2018
Accom. & Food Serv.	1,908	2,100	2,221	2,344	2,510	2,742	2,954	3,220
Arts, Ent. & Rec.	776	805	866	925	973	1,033	1,085	1,157
Retail**	396	421	444	468	503	515	554	585
Ground Tran.	255	260	266	283	302	324	354	400
Visitor Air Tran.	350	389	413	448	517	599	692	767
Other Travel*	916	1,156	1,232	1,350	1,485	1,735	1,944	2,053
<b>Total</b>	<b>4,602</b>	<b>5,130</b>	<b>5,442</b>	<b>5,819</b>	<b>6,290</b>	<b>6,948</b>	<b>7,585</b>	<b>8,182</b>

#### Industry Employment Generated by Travel Spending (Thousand Jobs)

	2010	2012	2013	2014	2015	2016	2017	2018
Accom. & Food Serv.	72	75	77	80	82	86	87	90
Arts, Ent. & Rec.	38	39	39	40	41	43	43	45
Retail**	15	16	16	17	17	17	17	18
Ground Tran.	9	9	9	9	9	9	10	10
Visitor Air Tran.	4	5	5	5	6	6	7	8
Other Travel*	11	12	13	13	14	16	17	18
<b>Total</b>	<b>150</b>	<b>154</b>	<b>159</b>	<b>164</b>	<b>169</b>	<b>177</b>	<b>181</b>	<b>188</b>

#### Tax Receipts Generated by Travel Spending (\$Million)

	2010	2012	2013	2014	2015	2016	2017	2018
Local Tax Receipts	570	616	650	701	771	855	899	922
Visitor	352	387	410	445	487	536	579	601
Business or Employee	218	229	241	256	284	320	320	320
State Tax Receipts	802	876	913	964	1,043	1,151	1,205	1,243
Visitor	566	618	640	672	719	784	833	867
Business or Employee	236	258	273	292	324	368	372	376
Federal Tax Receipts	893	893	1,015	1,085	1,168	1,268	1,364	1,456
<b>Total Direct Tax Receipts</b>	<b>2,264</b>	<b>2,385</b>	<b>2,579</b>	<b>2,750</b>	<b>2,983</b>	<b>3,275</b>	<b>3,467</b>	<b>3,621</b>

Details may not add to totals due to rounding. \*Other Travel includes resident air travel, travel arrangement & reservation services, and convention & trade show organizers. \*\*Retail includes gasoline.

## Overnight Visitor Volume and Average Spending

Overnight visitor volume figures for Washington are based on the economic findings of this report and other source data. Although volume estimates derived from different methodologies and source data will necessarily vary to some extent, it should be noted that the overnight volume estimates reported here are consistent with other data, such as room demand, visitor air travel and other visitor surveys.

### Visitor Spending by Type of Traveler Accommodation (\$Million), 2018p

	2000	2005	2010	2012	2016	2017	2018
<b>Destination Spending</b>	9,587	11,244	13,225	14,466	17,213	18,330	19,349
Hotel, Motel, STVR*	4,735	5,561	6,526	7,222	9,426	10,115	10,697
Private Home	2,301	2,671	3,221	3,429	3,679	3,867	4,076
Campground	386	434	497	559	557	584	612
Vacation Home	153	174	196	208	224	232	240
Day Travel	2,012	2,404	2,786	3,049	3,327	3,532	3,724

### Average Expenditures for Overnight Visitors, 2018p by Type of Accommodation and Mode of Transportation

	Travel Party		Person		Party Size	Length of Stay (nights)
	Day	Trip	Day	Trip		
<b>All Overnight</b>						
All Overnight	\$272	\$836	\$121	\$363	2.3	3.1
Other Overnight	\$163	\$544	\$59	\$198	2.8	3.3
Private Home	\$131	\$467	\$61	\$209	2.2	3.6
Hotel, Motel, STVR*	\$508	\$1,272	\$227	\$557	2.3	2.5
<b>Air Transportation</b>						
Private Home	\$199	\$1,183	\$115	\$679	1.7	5.9
Hotel, Motel, STVR*	\$546	\$1,745	\$296	\$945	1.8	3.2
<b>Other Transportation</b>						
Private Home	\$97	\$291	\$41	\$123	2.4	3.0
Hotel, Motel, STVR*	\$489	\$1,101	\$201	\$452	2.4	2.3

### Overnight Visitor Volume, 2016-2018p

	Person-Nights (Million)			Party-Nights (Million)		
	2016	2017	2018	2016	2017	2018
Hotel, Motel, STVR*	43.6	46.1	47.1	19.4	20.5	21.0
Private Home	65.6	66.7	67.1	30.0	30.6	31.2
Other Overnight	14.1	14.3	14.4	5.1	5.2	5.2
All Overnight	123.2	127.0	128.7	54.5	56.3	57.5

	Person-Trips (Million)			Party-Trips (Million)		
	2016	2017	2018	2016	2017	2018
Hotel, Motel, STVR*	17.7	18.7	19.2	7.7	8.2	8.4
Private Home	19.0	19.4	19.5	8.4	8.6	8.7
Other Overnight	4.2	4.3	4.3	1.5	1.5	1.6
All Overnight	40.9	42.4	43.0	17.7	18.3	18.7

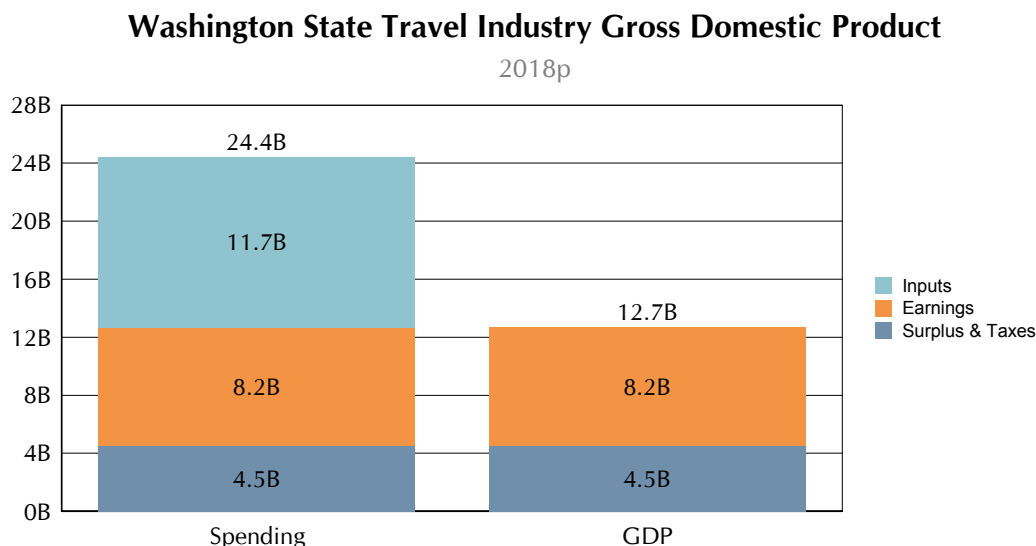
\*STVR is equivalent to short term vacation rentals

## Washington State Travel Industry Gross Domestic Product

Gross Domestic Product (GDP) is often used as a measure of an industry's economic size or value. In concept, industry GDP is equal to gross output (sales or receipts) minus intermediate inputs (the goods and services purchased from other industries). GDP is always smaller than output or sales because GDP measures only the "value added" of an industry and does not include the cost of the inputs that are also necessary to produce a good or service.

More than half of all travel spending in Washington can be attributed to intermediate inputs and goods resold at retail. Intermediate inputs cover a range of goods and services that are purchased by travel industry businesses for the purpose of creating a product or service for the traveler. For example, lodging establishments purchase cable television services. Restaurants purchase food and beverages from vendors. In both cases, these inputs are classified as the GDP of other industries. In addition, travel spending occurs at many retail establishments where the goods purchased from the retailer are purchased as finished goods from suppliers. These resold goods are also counted as products of other industries. This would include motor fuel, groceries, and most of the commodities sold at retail establishments.

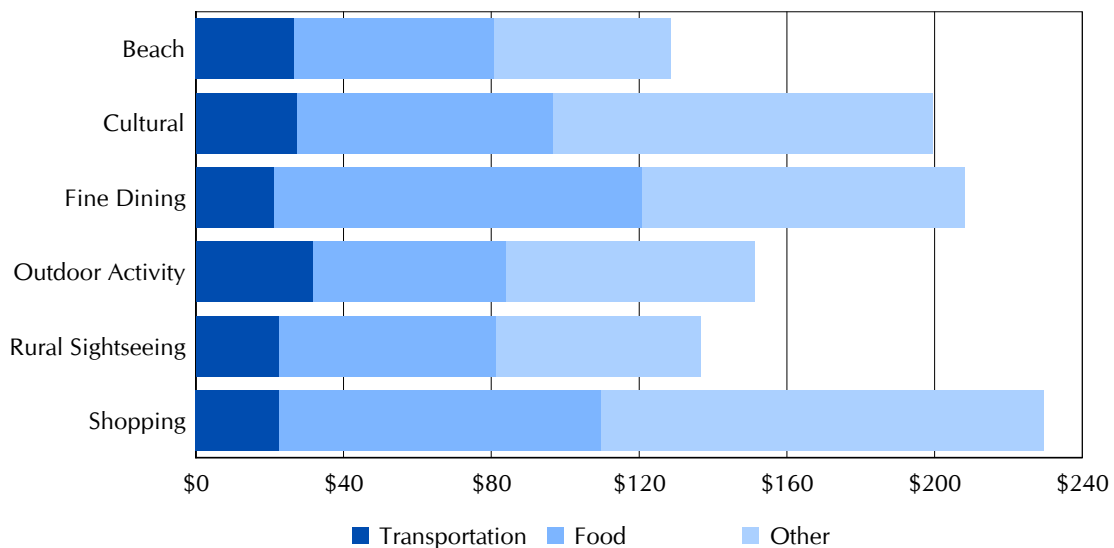
Estimates of travel spending and travel industry GDP are shown in the chart below. Washington travel industry GDP amounted to \$12.7 billion in 2018p. In recent years, the state travel industry GDP has represented more than two percent of total state GDP.



## Washington Day Travel, 2017

Visitor volume and average daily spending estimates for day travel to specific destinations within Washington are not provided in this report because of data limitations. Day travel often involves expenditures in multiple locations. For example, a day trip from Ellensburg to Seattle may entail expenditures on food and motor fuel in different intermediate locations on the trip. In addition, the magnitude and type of expenditures are very much related to the purpose of day travel and the activities engaged on the trip. Finally, it is difficult to provide meaningful estimates of day travel visitor volume relating to specific destinations because of the fact that day trips involve travel to and through multiple locations (e.g., counties).

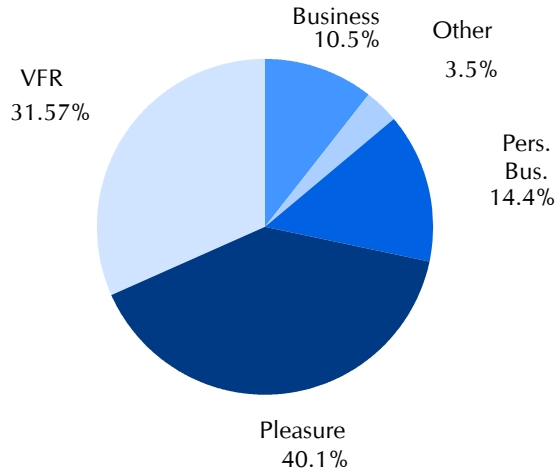
The following charts and tables provide information on day travel to destinations in Washington broken out by trip activity and trip purpose. Trip activities are shown below. In general, the greater levels of average daily spending for cultural, dining and shopping activities reflect day trips to urban areas. Many important day trip activities, such as visits to wineries and gaming, are not shown because of insufficient data.



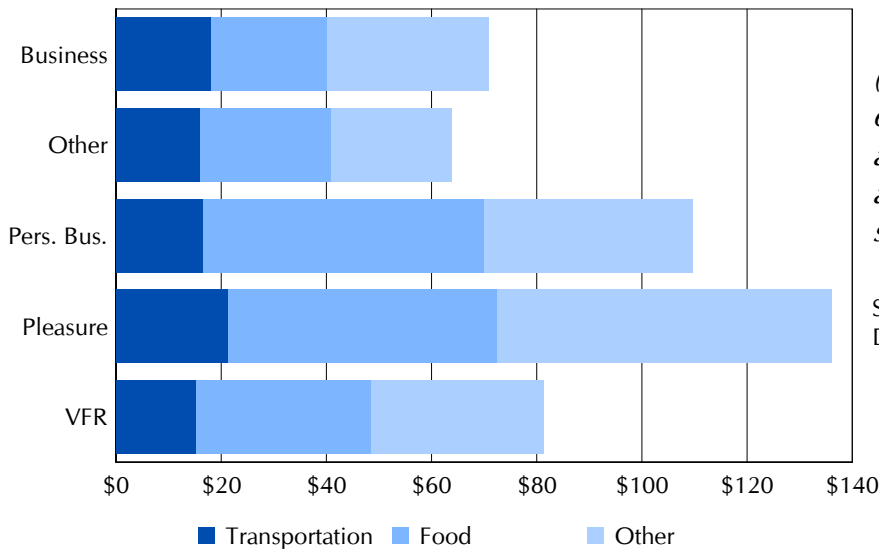
	Total	Transp.	Food	Other	Party Size
Beach	\$128.7	\$26.5	\$54.4	\$47.8	2.9
Cultural	\$199.4	\$27.4	\$69.4	\$102.7	2.8
Fine Dining	\$208.1	\$21.3	\$99.6	\$87.3	2.3
Outdoor Activity	\$151.4	\$31.8	\$52.3	\$67.3	2.6
Rural Sightseeing	\$136.8	\$22.7	\$58.7	\$55.4	2.8
Shopping	\$229.6	\$22.5	\$87.5	\$119.6	2.7

Sources: TNS Travels America and Dean Runyan Associates

## Purpose of Trip, 2017



Many day travelers, such as those visiting friends and relatives, do not report an activity on their trip. For this reason, spending by trip purpose is lower than the average spending shown for activities.



*(Because travelers may engage in more than one activity, or none at all, the activity distribution is not shown.)*

Sources: TNS TravelsAmerica and Dean Runyan Associates.

	Total	Transp.	Food	Other	Party Size
Business	\$70.8	\$18.1	\$22.0	\$30.6	1.6
Other	\$63.9	\$16.0	\$25.0	\$22.9	1.9
Pers. Bus.	\$109.6	\$16.6	\$53.4	\$39.6	2.2
Pleasure	\$136.1	\$21.2	\$51.3	\$63.6	2.7
VFR	\$81.3	\$15.2	\$33.2	\$32.9	2.5

Sources: TNS Travels America and Dean Runyan Associates