



**Rhode Island House of Representatives**

**Special Legislative Commission to Study Methods for Growing Tourism in the  
State of Rhode Island**

**Final Report**

**Submitted April 17, 2019**

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**Commission Members**

**Chairwoman Lauren H. Carson**

District 75- Newport

**Representative Kathleen A. Fogarty**

District 35- South Kingstown

**Representative Kenneth A. Marshall**

District 68 – Bristol and Warren

**Representative Camille Vella-Wilkinson**

District 21 - Warwick

**Representative Blake A. Filippi**  
District 36 – Block Island, Charlestown,  
Westerly and South Kingstown

**Representative Robert J. Quattrocchi**  
District 41 – Scituate and Cranston

**Alan Andrade**  
RI Airport Corporation

**Dr. Robert Billington**  
Blackstone Valley Tourism Council

**Louise Bishop**  
South County Tourism Council

**Sarah Bratko**  
RI Hospitality Association

**Trudy Coxe**  
Newport Preservation Society

**Larry Fish**  
South Kingstown Economic Development

**Burnell Goldman**  
Omni Providence Hotel

**Alex Gorriaran**  
Providence Tourism Council

**Paul Grimaldi**  
Department of Revenue

**Martha Sheridan**  
Greater Providence Warwick Convention  
and Visitors Bureau

**Evan Smith**  
Discover Newport

**Karen Jedson**  
City of Warwick Department of Tourism

**Jessica Willi**  
Block Island Tourism Council



Representative Lauren H. Carson

District 75

Dear Speaker Mattiello;

I am pleased to summarize the findings of the "Growing Tourism in the State of Rhode Island" commission (hereinafter referred to as the "*Commission*").

This nineteen (19) member Commission, which consisted of dedicated professionals with experience and background in the tourism industry, was convened to examine, evaluate and provide recommendations to manage and grow Rhode Island's tourism economy.

In particular, the Commission was to examine and focus on:

- Creating and promoting policies which enhance a coordinated tourism and visitor industry within the state;
- Utilizing a statewide coordination of efforts and information to evaluate modifying the state's tourism management and oversight structure;
- Exploring the economic impact of environmental quality on the tourism industry;
- Developing a comprehensive and unified metrics framework for the state and local regions in order to make evaluations for all future state government tourism investments;
- Re-evaluating the formula used for the distribution of the Hotel and Lodging tax in order to reflect a 21st century tourism model that strategically fits the state's tourism management structures and provides equitably;
- Analyzing and evaluating the impact, sustainability, and expansion of international tourism on Rhode Island's tourism economy.

This final report is the culmination of eight hearings that began in January 2018 and ended in January 2019. It contains information presented by various witnesses who testified before the Commission, as well as presentations made, which the Commission has studied.

Sincerely,

Lauren H. Carson

Chairwoman

## **Executive Summary**

In the 2017 legislative session, House Resolution H 6278 Substitute was passed by the Rhode Island House of Representatives creating this Commission.

The Commission, chaired by Representative Lauren Carson, was authorized to make a study of Rhode Island's tourism economy.

The Commission consisted of the following nineteen (19) members:

- Six of whom shall be members of the Rhode Island House of Representatives.
- One of whom shall be the Director of the Rhode Island Department of Revenue.
- One of whom shall be the President of the Rhode Island Hospitality Association.
- One of whom shall be the President and CEO of the Providence Warwick Convention and Visitors Bureau.
- One of whom shall be the President and CEO of Discover Newport.
- One of whom shall be the Executive Director of the Block Island Tourism Council.
- One of whom shall be the President and CEO of the South County Tourism Council.
- One of whom shall be the President and CEO of the Blackstone Valley Tourism Council.
- One of whom shall be the Director of the Warwick Department of Tourism, Culture and Development.
- One of whom shall be the Chair of the Providence Tourism Council.
- Three of whom shall be representatives of Providence, South 8 County, and Newport private sector tourism.
- One of whom shall be the Chair of the Board of Directors of the Rhode Island Airport Corporation.

The Commission met eight times over the course of twelve months and was charged with presenting its findings and recommendations to the Speaker of the House. The Commission process was collaborative, with input and support from all members and presenters.

This document represents the final report of the Commission.

## **Presentations**

- **Metrics Report** (Please see Attachment #1)
- **Final Report on State Tourism Structure** (Please see Attachment #2)
- **The Economic Impact of Tourism in Rhode Island\*\*** (Please see Attachment #3)

**\*\*Note** – According to this report:

- Rhode Island hosted 24.1 million visitors in 2015 and that year the tourism economy reached \$6 billion.
- One in eight jobs are sustained by the tourism economy and over 80,000 direct and indirect jobs are supported by the industry.
- The tax revenues generated by tourism offset the average Rhode Island household burden by \$1,750.00 and every 500 visitors to Rhode Island supports the education of one Rhode Island student for one year.
- Visitor spending has increased 21% cumulatively since 2010, and the lodging and recreation sectors have exhibited the strongest growth with 39% and 29% growth, respectively, since 2010.

## **Recommendations**

The Commission makes the following recommendations:

1. With respect to the hotel tax distribution formula:
  - a. Re-evaluate the formula given the impact of third-party hosting platforms (e.g., Airbnb)
  - b. Coordinate with the Rhode Island Division of Taxation with respect to a hotel tax collection transparency system to reconcile tax payments from third-party hosting platforms.
  - c. Discuss and evaluate a stable formula that supports both state and regional marketing efforts.
2. Deliberate focus on the impact of third-party hosting platforms on our state with an emphasis on zoning compliance, safety compliance, and policy recommendations to Rhode Island municipalities faced with a rapid expansion of Airbnb properties.
3. Begin a discussion on a long-range plan for the Rhode Island tourism industry.
4. Begin examining the medical tourism economy.
5. Begin examining the role of Rhode Island vocational schools and the tourism industry.
6. Begin planning and growing a sustainable tourism economy and studying the impact of climate change on the tourism industry.
7. Evaluate the impact of expansion at T.F. Green Airport.

**Appendix A – Resolution**



2017 -- H 6278 SUBSTITUTE A

LC002782/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

HOUSE RESOLUTION

CREATING A SPECIAL LEGISLATIVE COMMISSION TO BE KNOWN AS "GROWING  
TOURISM IN THE STATE OF RHODE ISLAND"

Introduced By: Representatives Carson, Fogarty, Marshall, Filippi, and Quattrocchi

Date Introduced: June 02, 2017

Referred To: House Small Business

1 WHEREAS, Rhode Island hosted 24.1 million visitors in 2015, and that year, the tourism  
2 economy reached \$6 billion dollars in our state, and

3 WHEREAS, One in eight Rhode Island jobs were sustained by the tourism economy and  
4 over 80,000 direct and indirect jobs were supported by the industry; and

5 WHEREAS, The tax revenues generated by tourism offset the average Rhode Island  
6 household burden by \$1750 per household and every 500 visitors to Rhode Island supported the  
7 education of one Rhode Island student for one year; and

8 WHEREAS, Visitor spending has increased 21 percent cumulatively since 2010, and the  
9 lodging and recreation sectors have exhibited the strongest growth with 39 percent and 29 percent  
10 growth respectively since 2010; and

11 WHEREAS, Tourism is and continues to be an essential component to the economic  
12 stability, success, and growth of our state, now, therefore be it

13 RESOLVED, That the special legislative commission to be known as "Growing Tourism  
14 in the State of Rhode Island" be and the same is hereby created consisting of nineteen (19)  
15 members: six (6) of whom shall be members of the Rhode Island House of Representatives, not  
16 more than four (4) from the same political party, to be appointed by the Speaker of the House;  
17 one of whom shall be the Director of the Rhode Island Department of Revenue, or designee; one  
18 of whom shall be the President of the Rhode Island Hospitality Association, or designee; one of  
19 whom shall be the President and CEO of the Providence Warwick Convention and Visitors

1 Bureau, or designee; one of whom shall be the President and CEO of Discover Newport, or  
2 designee; one of whom shall be the Executive Director of the Block Island Tourism Council, or  
3 designee; one of whom shall be the President and CEO of the South County Tourism Council, or  
4 designee; one of whom shall be the President and CEO of the Blackstone Valley Tourism  
5 Council, or designee; one of whom shall be the Director of the Warwick Department of Tourism,  
6 Culture and Development, or designee; one of whom shall be the Chair of the Providence  
7 Tourism Council, or designee; three (3) of whom shall be representatives of Providence, South  
8 County, and Newport private sector tourism, to be appointed by the Speaker of the House; and  
9 one of whom shall be the Chair of the Board of Directors of the Rhode Island Airport Corporation  
10 (RIAC), or designee.

11 In lieu of any appointment of a member of the legislature to a permanent advisory  
12 commission, a legislative study commission, or any commission created by a General Assembly  
13 resolution, the appointing authority may appoint a member of the general public to serve in lieu  
14 of a legislator, provided that the Majority Leader or the Minority Leader of the political party  
15 which is entitled to the appointment, consents to the member of the general public.

16 The purpose of said commission shall be to examine and focus on:

- 17 • Creating and promoting policies which enhance a coordinated tourism and visitor  
18 industry within the state;
- 19 • Utilizing a statewide coordination of efforts and information to evaluate modifying the  
20 state's tourism management and oversight structure;
- 21 • Exploring the economic impact of environmental quality on the tourism industry;
- 22 • Developing a comprehensive and unified metrics framework for the state and local  
23 regions in order to make evaluations for all future state government tourism investments;
- 24 • Re-evaluating the formula used for the distribution of the Hotel and Lodging tax in  
25 order to reflect a 21<sup>st</sup> century tourism model that strategically fits the state's tourism management  
26 structures and provides equitably;
- 27 • Analyzing and evaluating the impact, sustainability, and expansion of international  
28 tourism on Rhode Island's tourism economy.

29 Forthwith upon passage of this resolution, the members of the commission shall meet at  
30 the call of the Speaker of the House and organize and shall select a chairperson.

31 Vacancies in said commission shall be filled in like manner as the original appointment.

32 The membership of said commission shall receive no compensation for their services.

33 All departments and agencies of the state shall furnish such advice and information,  
34 documentary and otherwise, to said commission and its agents as is deemed necessary or

1 desirable by the commission to facilitate the purposes of this resolution.

2 The Speaker of the House is hereby authorized and directed to provide suitable quarters  
3 for said commission; and be it further

4 RESOLVED, That the commission shall report its findings and recommendations to the  
5 House of Representatives no later than January 5, 2019, and said commission shall expire on  
6 March 5, 2019.

LC002782/SUB A

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

HOUSE RESOLUTION

CREATING A SPECIAL LEGISLATIVE COMMISSION TO BE KNOWN AS "GROWING  
TOURISM IN THE STATE OF RHODE ISLAND"

\*\*\*

1 This resolution would create a nineteen (19) member "Growing Tourism in the State of  
2 Rhode Island" commission whose purpose it would be to examine, evaluate and provide  
3 recommendations to manage and grow Rhode Island's tourism economy, and who would report  
4 back to the House no later than January 5, 2019, and whose life would expire on March 5, 2019.

LC002782/SUB A

**Attachment #1**

**Goal #1. Analyze measurable data points that can be directly attributed to the marketing and promotional efforts of the state and regional tourism offices for both leisure and business travel.**

Special footnote: This data does not include the efforts of the many private sector businesses that promote inbound tourism directly including but not limited hotels, attractions, retail shopping, restaurants, recreation, transportation and event companies.

A. Summary of Leisure travel measurements for the state and regional tourism offices:

Web site traffic stats

Social media stats (Facebook, Twitter, Instagram etc.).

Number of Media inquiries generated

Number of earned media stores and \$\$\$ equivalency

Number of Visitor Guides requested

Number of destination inquiries by phone.

Hotel and airline bookings as measured by Adara

B. Summary of business travel ( Meetings & conference bookings):

Group Leads generated by sales force –

# of group sales leads

# of group lead room nights

Group leads by geographic origin

Group leads by source (trade show, client event etc.)

Group leads by market segment (Corporate, Assn, Incentive etc.)

Conversion to Definite leads (booked business) – Same categories posted above

**Goal #2. – Identify categories of statistical data that indicates how multiple sectors within the states travel industry are performing.**

State lodging tax	Beach parking Revenue	Ferry tickets sold
State meals tax	City parking revenue (public & private)	
State sales tax	Parking violation fees	
State gas tax	Marina and mooring fees (public and private)	
Airport arrival stats	Bridge vehicle stats	
Amtrak arrival stats	Gaming revenue generated at Casino's	
Museum attendance	Special event attendance	
Number of Cruise pax	Number of Wedding receptions	

**Attachment #2**

# State Tourism Offices

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## ADVISORY BOARD STRUCTURES




### Oregon

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**Budget:** \$18 million  
**Structure:** Stand Alone

**Advisory Board Structure: 9 Members**

Commission members are appointed by the Governor and confirmed by the Senate. Five of the nine members represent the lodging sector, three represent the tourism industry at large (not including lodging) and one represents the public at large. Approves budget and strategic plan and oversees the director of the agency.




## Colorado

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**Budget:** \$14.5 million  
**Structure:** Part of Governor's Office Staff

**Advisory Board Structure:** 15 members

11 gubernatorial appointees and 4 legislators, each representing a caucus of the General Assembly. Of the 11 gubernatorial appointees, two are at-large and the other nine represent industry sectors such as hotel, restaurant, destinations, transportation, outdoor recreation, tourism-related retail industry, private cultural attraction/casino, groups, etc.




## South Dakota

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**Budget:** \$14 million  
**Structure:** Cabinet Level

**Advisory Board Structure:** 11 members

Appointed by the Governor for four-year terms. The 11-member board includes visitor industry and citizen representatives from across the state. Board members serve as liaisons between businesses in their area, the South Dakota Department of Tourism and the Governor. Members offer input on marketing strategies and make recommendations to the Governor on annual tourism award nominations and applications.





# South Carolina

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Budget: \$32 million

Structure: Cabinet Level

Advisory Board Structure: Does not have one



# South Carolina

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Budget: \$32 million

Structure: Cabinet Level

Advisory Board Structure: Does not have one



# Wyoming

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Budget: \$14 million  
Structure: Quasi-government

Advisory Board Structure: 9 members

Appointed by the Governor and approved/with consent by the Senate.

The Wyoming Tourism Board is the leading proponent of the state's tourism and hospitality industry; providing governance and policy oversight for the Wyoming Office of Tourism.




# Kentucky

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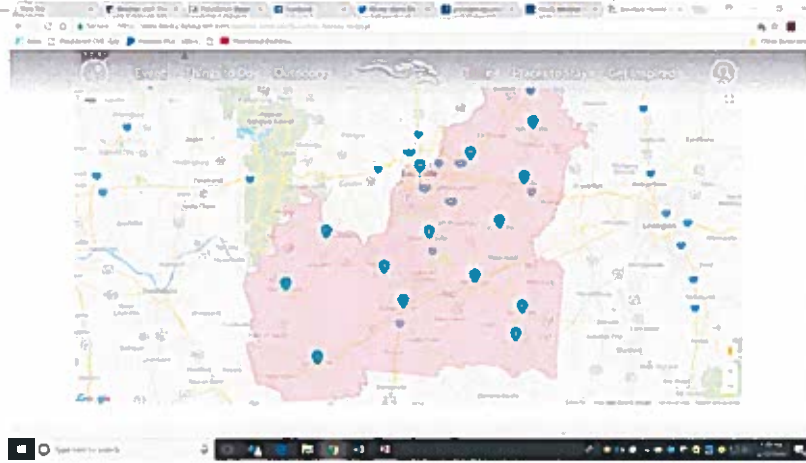
Budget: \$12.5 million  
Structure: Reports to the Governor

Advisory Board Structure: 9 members, one from each "region."

Markets Kentucky through nine (9) tourism regions, all of which have a regional rep determined by the DMOs in that region. KDT has a Tourism Advisory Committee made up of the regional rep from each of the nine regions. Meetings are informal and held approximately once a quarter. KDT goes through items that are happening at the time and the committee gives their opinions, suggestions, etc. and KDT uses this group as a sounding board for new ideas, issues. They do not "dictate" the actions of KDT.



## Kentucky (cont'd)



## Maryland

Budget: \$12 million

Structure: Within the Department of Commerc

Advisory Board Structure: 22 members (16 private/DMO, 6 legislators)

The work of the Office of Tourism is guided and supported by hospitality industry leadership under the gubernatorially appointed board of executives representing lodging, retail, transportation, food service and attractions, and six members of Maryland's General Assembly. By General Assembly authority, the Board has broad policy powers to guide the direction of all activities necessary to develop and market the State as a destination.

## Maryland (cont'd)

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Executive Directors Council: 15 members

Representing the following sectors:

Restaurant

Marine Trade

Wineries

Brewers

Beverages

Retail



## Delaware


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Budget: \$2.4 million

Structure: Part of the Division of Economic Development

Advisory Board Structure: 7 Members Appointed by the Governor

The Tourism Advisory Board shall serve in an advisory capacity to the Director and shall consider matters relating to the promotion of the State as a destination for tourists and other travelers and such other matters as may be referred to it, by the Governor, or by the Director. The Board may study, research, plan and advise the Director, and the Governor, on matters it deems appropriate to enable the Office to function in the best possible manner.



**Attachment #3**

**The Economic Impact of Tourism in Rhode Island**

# The Economic Impact of Tourism in Rhode Island

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2017 Analysis



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# Headline results

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- Rhode Island hosted 24.8 million visitors in 2017, including 7.8 million overnight visitors
- The total traveler economy reached \$6.5 billion in 2017, including visitor spending, tourism-related construction, and supporting industries.
- This represents growth of 5.4% in 2017 and cumulative growth of 23% over the past five years.
- This supported 83,913 jobs, including direct, indirect and induced impacts. This equates to one job for every 293 visitors.
- 13.1% of all jobs in the state (1-in-7.6) are sustained by the travel economy.
- Total traveler economy employment increased 4.3% from 2015 to 2017. The compares to just 1.9% employment growth for the total Rhode Island economy.
- Tourism in Rhode Island generated \$775 million in state and local taxes in 2017. Each household in Rhode Island would need to pay \$1,890 in additional taxes in the absence of the visitor economy.

# Summary of impacts

- Tourism impacts in Rhode Island are measured on two levels:
  - Visitor industry: this includes only the spending of visitors to Rhode Island who spent the night or traveled at least 50 miles for a day trip. For comparisons with other industries, only the direct impacts are considered.
  - Traveler economy: this includes the spending of all travelers, including non-commuters from within 50 miles as well as the impact of tourism-related construction, and industries providing services to resident travelers. All levels of impact (direct, indirect, and induced) are considered.

RI Tourism Impact Summary, 2017			
	Visitor Industry	Traveler economy	
Expenditures (millions)	\$ 4,364	\$ 6,500	
GDP (millions)	\$ 2,120	\$ 5,491	Direct impacts
Employment	37,403	83,913	Total impacts**
Share of total employment	5.9%	13.1%	
Personal Income (millions)	\$ 1,171	\$ 3,131	
State taxes (millions)	\$ 280	\$ 387	
Local taxes (millions)	\$ 283	\$ 388	

\*\* Includes direct, indirect, and induced impacts



# Visits and Spending

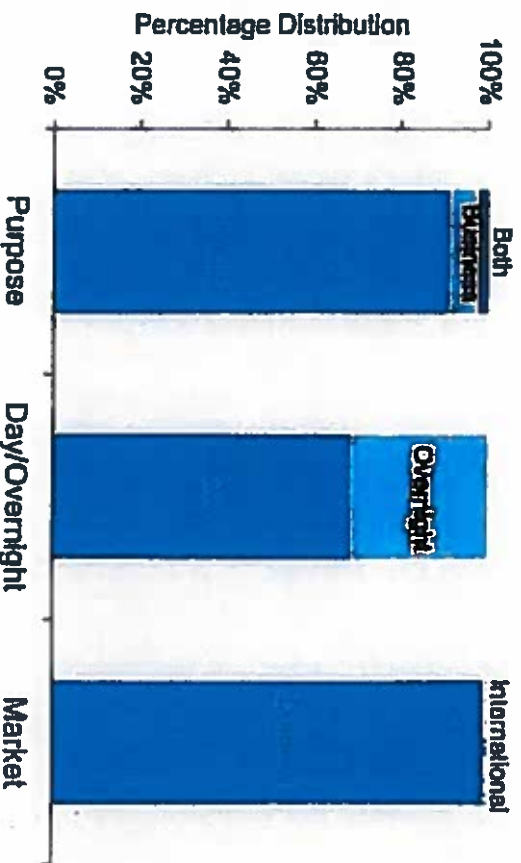


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# Visits by market

- Rhode Island hosted 24.8 million visitors in 2018. The vast majority were from domestic markets (99%) and came for leisure alone (91%).
- Visits grew 3% since 2005 with notable growth from international markets (12%).

Rhode Island Visitors by Market



Source: Tourism Economics, Longwoods International

RI Visitors By Market (2017)		Visitors (mms)	% of total
<b>Total by Purpose</b>		<b>24.8</b>	
Leisure		22.5	90.8%
Business		1.8	7.1%
Both		0.5	2.0%
<b>Stay (Day/Overnight)</b>		<b>24.8</b>	
Day		17.0	68.4%
Overnight		7.8	31.6%
<b>Total by Market</b>		<b>24.8</b>	
Domestic		24.6	99.2%
International		0.2	0.8%

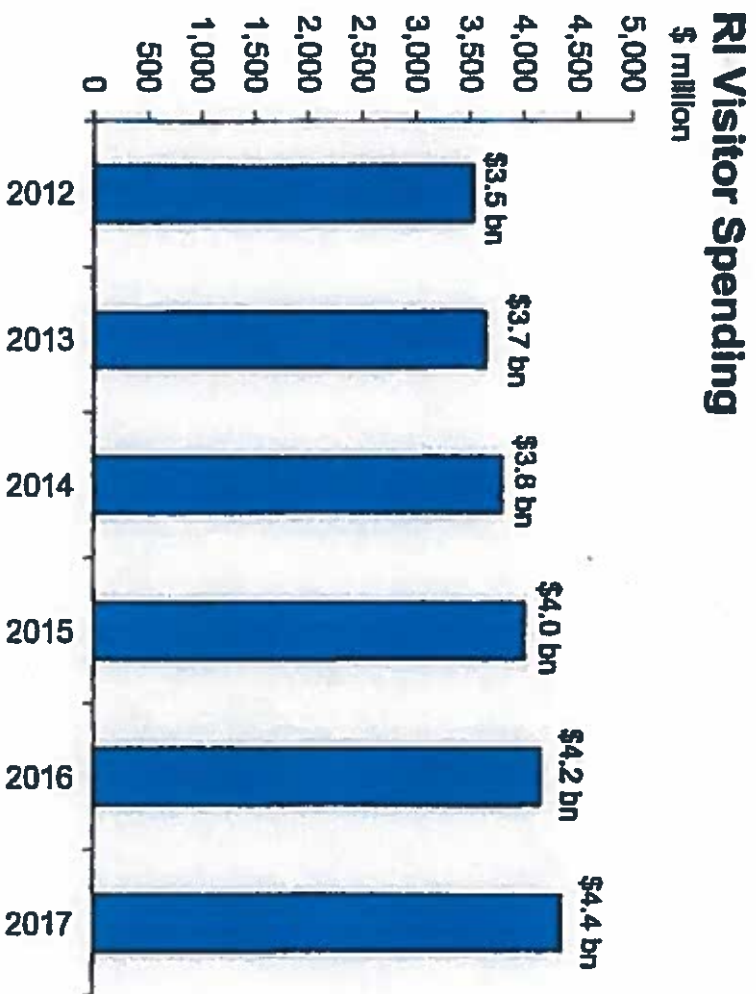
# Visitor spending trends

- Visitor spending in Rhode Island increased 4.5% in 2017, reaching \$4.4 billion. This includes overnight visitors and day visitors from at least 50 miles away.
- Visitor spending has increased 23% cumulatively since 2012, averaging 4.3% growth per year over the past five years.
- The lodging and recreation sectors have exhibited the strongest growth with 35% and 25% growth, respectively, since 2012.

RI Visitor Spending (mns)						
	2012	2013	2014	2015	2016	2017
Lodging sector	589	597	639	713	745	770
Seasonal homes	162	169	171	170	171	177
Local transport	280	287	293	311	292	328
Air transport	279	270	265	286	285	298
Other travel services	80	82	84	89	91	98
Food & beverage	886	888	908	964	1028	1067
Shopping	595	610	624	663	707	735
Recreation	712	752	824	830	865	893
<b>TOTAL</b>	<b>3,541</b>	<b>3,655</b>	<b>3,808</b>	<b>4,027</b>	<b>4,175</b>	<b>4,364</b>
% change	2.9%	3.2%	4.2%	5.8%	3.7%	4.5%

# Visitor spending reached a new peak in 2017

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# Distribution of RI visitor spending in 2017

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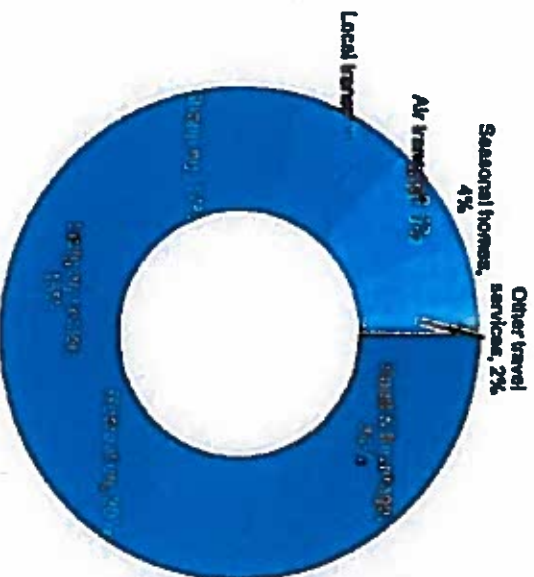


# Visitor spending by sector

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## RI Visitor Spending

2017

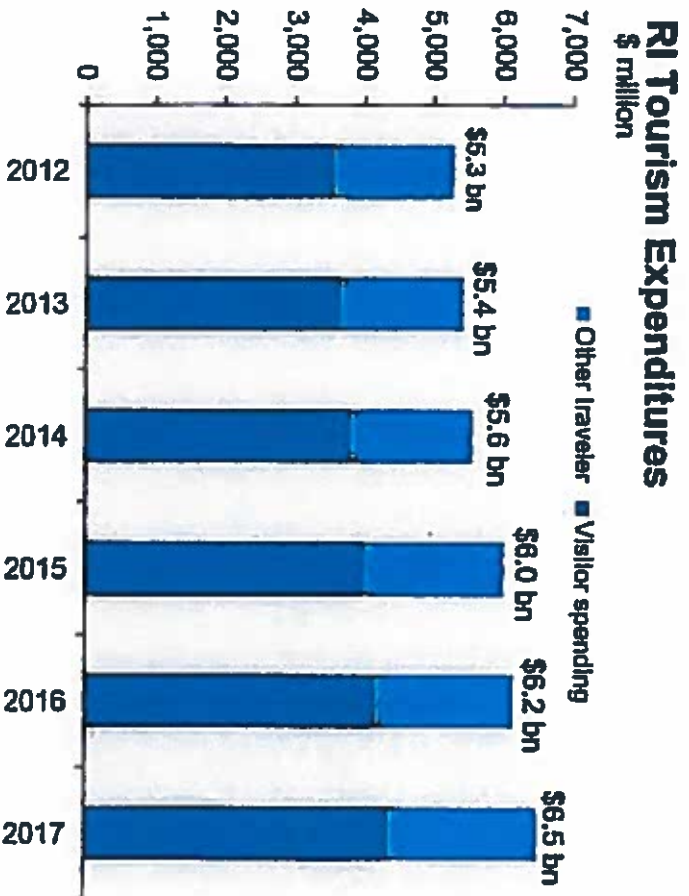


- 24% of each visitor dollar is spent on food and beverages.
- The recreation sector, including casino gaming, is the second largest recipient of visitor spending at 20%.
- The lodging sector accounts for 18% of all visitor spending.

# The Rhode Island traveler economy

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- Including all traveler-related expenditures, the Rhode Island travel economy tallied a new high of \$6.5 billion in 2017.
- This includes tourism-related construction, non-commuting travelers within 50 miles, and travel service industries.



# The Rhode Island traveler economy: details

- The Rhode Island travel economy expanded 5.4% 2017, with growth across all spending categories.
- Over the past five years, traveler economy has grown 25% - an average of 4.3% per annum.

RI Traveler Economy (mns)						
	2012	2013	2014	2015	2016	2017
Lodging sector	589	587	639	713	745	770
Seasonal homes	162	169	171	170	171	177
Local transport	288	286	302	321	291	337
Air transport	450	445	444	476	476	486
Other travel services	284	280	276	298	303	322
Food & beverage	1,525	1,584	1,599	1,889	1,806	1,872
Shopping	908	931	952	1,012	1,077	1,118
Recreation	991	1,039	1,116	1,141	1,186	1,222
Construction	88	103	63	193	113	185
<b>TOTAL</b>	<b>6,275</b>	<b>5,424</b>	<b>5,866</b>	<b>6,023</b>	<b>6,167</b>	<b>6,500</b>
<b>% change</b>	<b>2.8%</b>	<b>2.8%</b>	<b>2.6%</b>	<b>8.2%</b>	<b>2.4%</b>	<b>5.4%</b>



# State Tourism Impacts



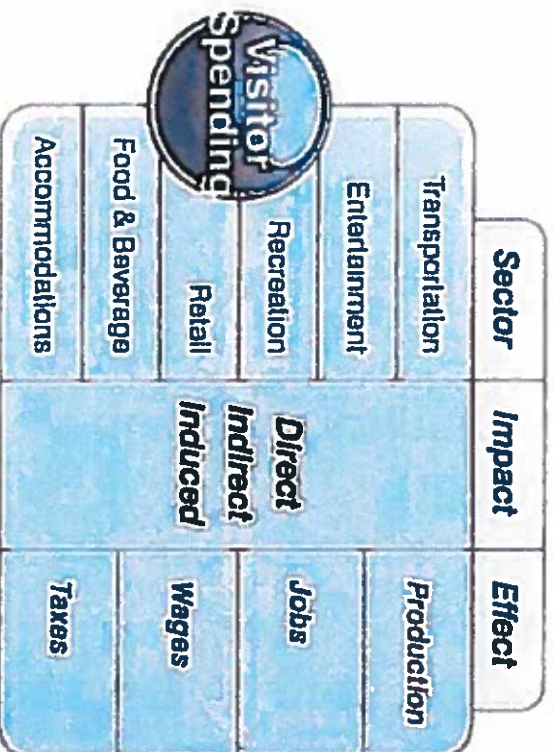
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# Modeling economic impact

- Travelers spend money within a defined group of industries (e.g. lodging, recreation, retail, transportation). This supports a relative proportion of jobs, income, taxes, and GDP within each sector. These are called direct impacts.

- Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts.



- Lastly, induced impacts are generated when employees whose incomes are generated either directly or indirectly by travel, spend those incomes in the local economy.

# Two measures of impact

- Two separate impact analyses were run using the IMPLAN model for Rhode Island:
  - Visitor industry: this includes only the spending of visitors to Rhode Island who spent the night or traveled at least 50 miles for a day trip. For comparisons with other industries, only the direct impacts are considered.
  - Traveler economy: this includes the spending of all travelers, including non-commuters from within 50 miles as well as the impact of tourism-related construction, and industries providing services to resident travelers. All levels of impact (direct, indirect, and induced) are considered.

	RI Tourism Expenditures, 2017 (mns)		
	Visitor spending	Other traveler impacts	Traveler economy
Lodging sector	\$ 770	\$ -	\$ 770
Seasonal homes	\$ 177	\$ -	\$ 177
Local transport	\$ 328	\$ 10	\$ 337
Air transport	\$ 298	\$ 198	\$ 496
Other travel services	\$ 98	\$ 225	\$ 322
Food & beverage	\$ 1,087	\$ 805	\$ 1,892
Shopping	\$ 736	\$ 383	\$ 1,118
Recreation	\$ 893	\$ 329	\$ 1,222
Construction	\$ -	\$ 185	\$ 185
<b>TOTAL</b>	<b>\$ 4,364</b>	<b>\$ 2,135</b>	<b>\$ 6,500</b>

# Summary of impacts

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- \$4.4 billion in visitor spending sustained direct employment of 37,403 within the narrow “visitor industry”, representing 5.9% of all employment in 2017. This compares to 5.7% of employment in 2015 as the visitor economy expanded at a faster rate than the rest of the Rhode Island economy.
- The \$6.5 billion travel economy sustained employment of 83,913 including direct, indirect, and induced impacts. This represented 13.1% of all employment in 2017.

RI Tourism Impact Summary, 2017			
	Visitor Industry	Traveler economy	
Expenditures (millions)	\$ 4,384	\$ 6,500	
	Direct Impacts	Total Impacts**	
GDP (millions)	\$ 2,120	\$ 5,491	
Employment	37,403	83,913	
Share of total employment	5.9%	13.1%	
Personal Income (millions)	\$ 1,171	\$ 3,131	
State taxes (millions)	\$ 280	\$ 387	
Local taxes (millions)	\$ 283	\$ 389	

\*\* Includes direct, indirect, and induced impacts

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## **Visitor industry impact details**

# Visitor industry impacts by sector

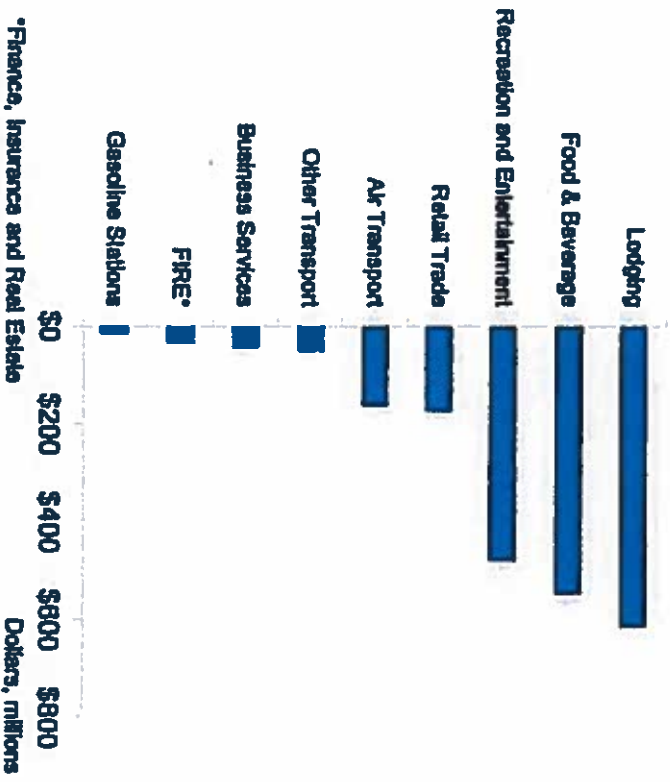
- Visitor spending of \$4.4 billion generated a total of \$2.1 billion in direct state-wide GDP in 2017. This excludes all import leakages to measure the economic value generated by visitors and represents 3.6% of the state economy.
- The visitor industry also directly supported 37,403 jobs (5.9% of all employment) with income of \$1.2 billion in 2017.

Visitor Industry Impacts, 2017 (Direct)			
	GDP (mns)	Employment	Personal Income (mns)
Agriculture, Fishing, Mining	\$ -	-	\$ -
Construction and Utilities	\$ -	-	\$ -
Manufacturing	\$ -	-	\$ -
Wholesale Trade	\$ -	-	\$ -
Air Transport	\$ 182	618	\$ 39
Other Transport	\$ 49	803	\$ 39
Retail Trade	\$ 175	3,731	\$ 107
Gasoline Stations	\$ 15	181	\$ 15
Communications	\$ -	-	\$ -
Finance, Insurance and Real Estate	\$ 35	239	\$ 11
Business Services	\$ 43	498	\$ 28
Education and Health Care	\$ -	-	\$ -
Recreation and Entertainment	\$ 480	9,920	\$ 264
Lodging	\$ 614	8,876	\$ 300
Food & Beverage	\$ 547	14,758	\$ 389
Personal Services	\$ -	-	\$ -
Government	\$ -	-	\$ -
<b>TOTAL</b>	<b>\$ 2,120</b>	<b>37,403</b>	<b>\$ 1,171</b>
Share of RI Economy	<b>3.6%</b>	<b>5.9%</b>	<b>3.5%</b>

# Visitor industry GDP

- Direct visitor industry GDP is comprised of all sectors that provide goods and services to visitors.
- GDP excludes all suppliers and counts only the value added (labor income, profits, sales taxes, and depreciation) of those businesses directly serving visitors.
- The lodging, food & beverage, and recreation & entertainment industries together represent 77% of visitor industry GDP.

Visitor industry direct GDP by sector, 2017

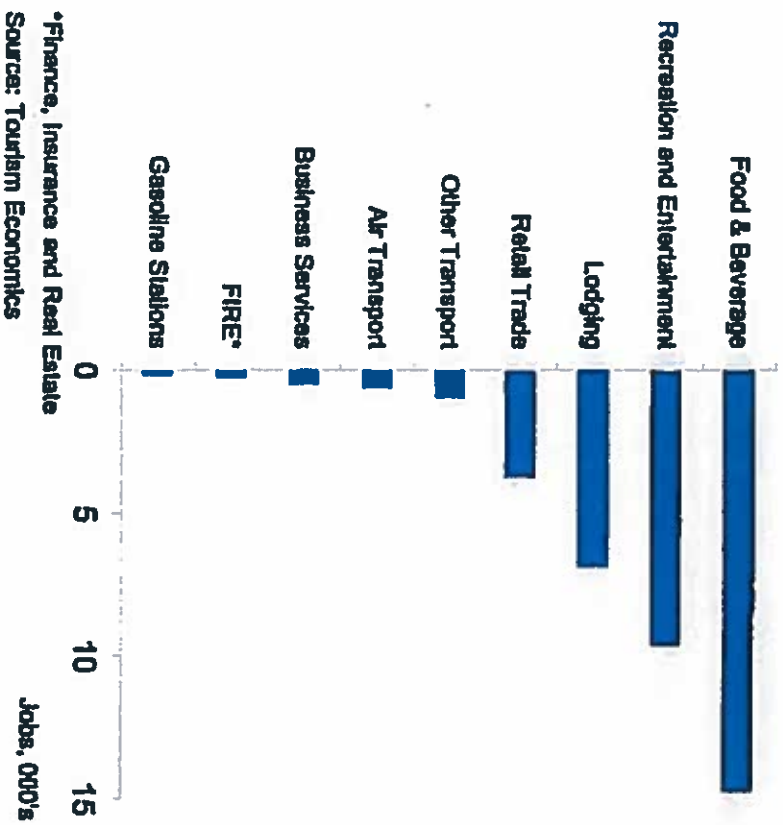


\*Finance, Insurance and Real Estate  
Source: Tourism Economics

# Visitor industry employment

- In terms of employment, the food & beverage sector represents the largest component of the visitor industry with 14,756 jobs supported.
- The recreation & entertainment industry, including casino gaming and outdoor recreation, represents the second largest component with 9,620 jobs supported by the visitor industry.

Visitor Industry direct employment, 2017





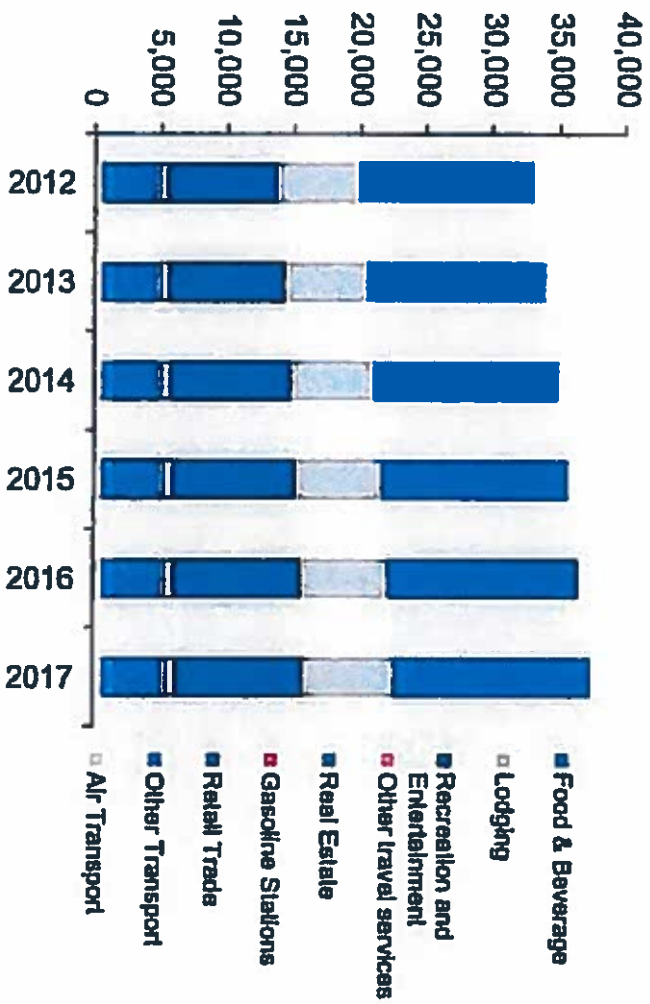
# Tourism continues to produce job growth

- Direct visitor industry employment reached 37,403 in 2017, expanding 2.6% and marking the seventh consecutive year of growth.
- Direct visitor industry employment growth has grown 13% since 2012 and averaged 2.6% growth per year over the past five years.
- This compares with just 1.5% annual average employment growth in the total state economy since 2012.

Visitor Industry Employment, (direct)						
	2012	2013	2014	2015	2016	2017
Air Transport	548	523	518	585	612	618
Other Transport	821	847	873	892	895	903
Retail Trade	3,337	3,390	3,486	3,544	3,593	3,731
Gasoline Stations	153	151	153	157	159	161
Real Estate	222	223	228	235	237	239
Other travel services	443	457	471	482	490	498
Recreation and Entertainment	8,262	8,787	9,104	9,290	9,560	9,620
Lodging	6,161	6,184	6,319	6,514	6,564	6,878
Food & Beverage	13,030	13,345	13,775	14,042	14,344	14,788
<b>Total</b>	<b>32,977</b>	<b>33,898</b>	<b>34,906</b>	<b>35,720</b>	<b>36,473</b>	<b>37,403</b>
<b>% change</b>	<b>2.6%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>2.3%</b>	<b>2.1%</b>	<b>2.8%</b>

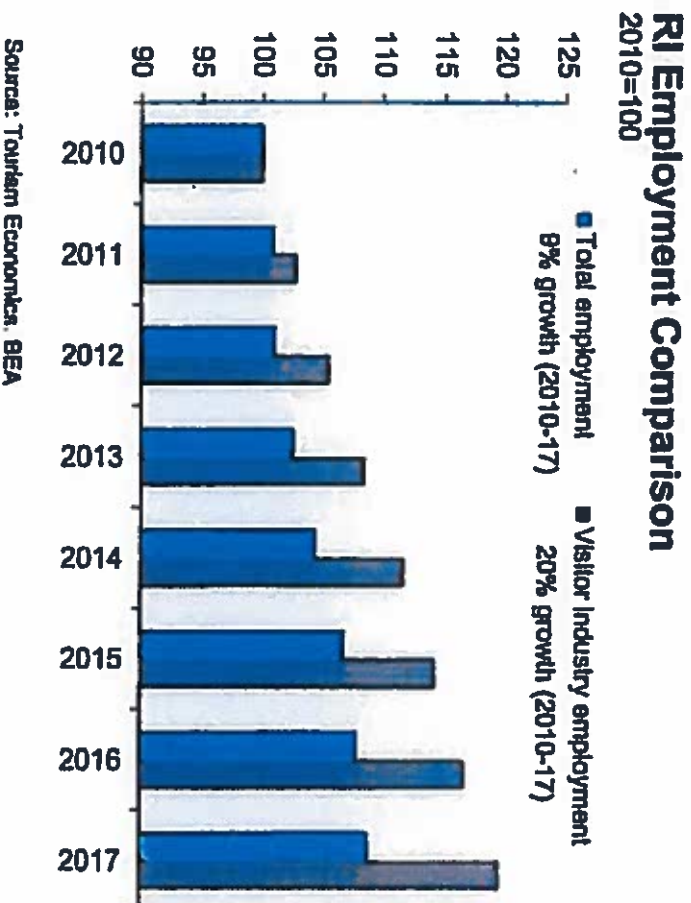
# Tourism employment trends

RI Direct Tourism Industry Employment



# Tourism is driving job growth in the state

- Direct visitor industry employment has led employment growth in Rhode Island.
- Direct visitor industry employment has expanded 20% since 2010 compared with 9% growth for total RI employment (BEA).
- Direct visitor industry employment has increased its share of total state employment to 5.9% in 2017 from 5.4% in 2010.



# Tourism is the 5<sup>th</sup> largest employer in RI

Rhode Island Employment Ranking		
1	Health care and social assistance	89,271
2	Retail trade	57,650
3	Manufacturing	42,912
4	Professional, scientific, and technical services	42,046
5	Information	37,488
6	Administrative and support and waste management and remediation services	35,714
7	Finance and insurance	35,537
8	Other services (except public administration)	35,020
9	Local government	32,494
10	Educational services	31,280
11	Construction	30,289
12	Accommodation and food services**	29,694
13	Real estate and rental and leasing	29,489
14	State government	21,915
15	Wholesale trade	19,656
16	Arts, entertainment, and recreation	17,093
17	Transportation and warehousing	15,249
18	Management of companies and enterprises	14,184
19	Federal, civilian	10,755
20	Information	9,708

Sources: Bureau of Economic Analysis, Tourism Economics  
 BEA data as available for 2016. Latest tourism employment data is shown for 2017.  
 \*\* net of tourism-generated employment

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## **Travel economy impact details**

# Travel economy impacts by sector

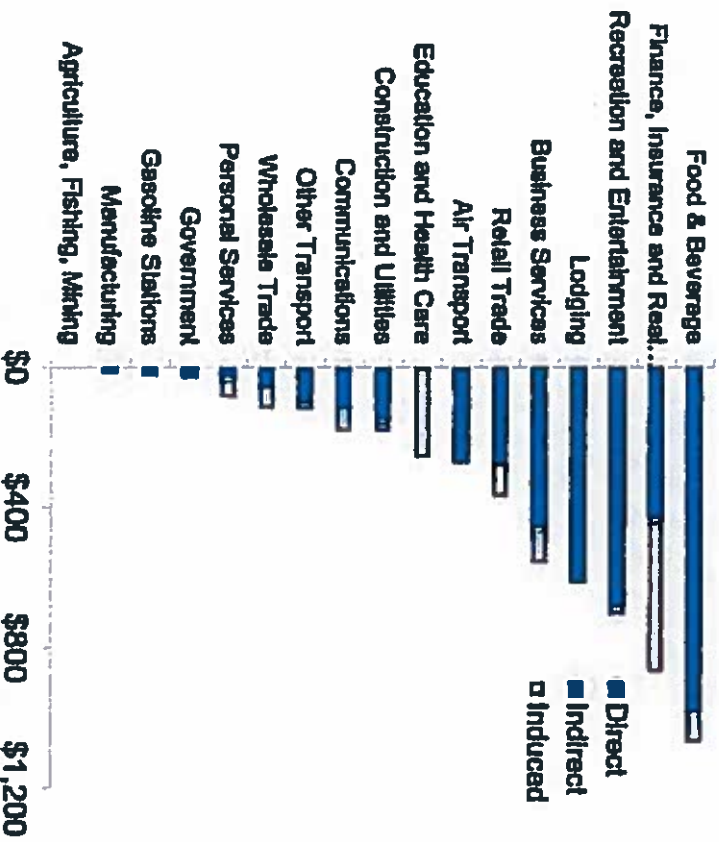
- Travel economy expenditures of \$6.5 billion generated a total of \$5.5 billion in state-wide GDP in 2017 (after netting out imports). This includes indirect and induced impacts and represents 9.2% of the state economy.
- The visitor industry also directly supported 83,913 jobs (13.1% of all RI employment) with income of \$3.1 billion in 2017.

Travel Economy Impacts, 2017 (Total)			
	GDP (mns)	Employment	Personal Income (mns)
Agriculture, Fishing, Mining	\$ 2	83	\$ 1
Construction and Utilities	\$ 183	1,798	\$ 107
Manufacturing	\$ 20	224	\$ 14
Wholesale Trade	\$ 118	707	\$ 60
Air Transport	\$ 274	1,047	\$ 88
Other Transport	\$ 120	2,076	\$ 94
Retail Trade	\$ 370	7,575	\$ 230
Gasoline Stations	\$ 24	265	\$ 23
Communications	\$ 181	528	\$ 104
Finance, Insurance and Real Estate	\$ 670	4,118	\$ 216
Business Services	\$ 558	7,217	\$ 430
Education and Health Care	\$ 259	3,963	\$ 232
Recreation and Entertainment	\$ 708	18,182	\$ 412
Lodging	\$ 816	6,900	\$ 301
Food & Beverage	\$ 1,071	28,986	\$ 725
Personal Services	\$ 87	1,920	\$ 82
Government	\$ 31	364	\$ 34
<b>TOTAL</b>	<b>\$ 5,491</b>	<b>83,913</b>	<b>\$ 3,131</b>
Share of RI Economy	9.2%	13.1%	5.7%

# Travel economy GDP

- Total travel economy GDP includes the direct and downstream impacts of visitor spending, tourism construction, and travel service companies.
- The food & beverage sector comprises the largest share of travel economy GDP.
- This is followed by the finance, insurance & real estate sector. While the direct portion of impacts is relatively small, the travel economy generates substantial business in this sector through the supply chain (indirect) and household spending (induced).

Travel economy GDP by sector, 2017



\*Finance, Insurance and Real Estate

Source: Tourism Economics

Dollars, millions

# Travel economy GDP by industry

Travel Economy GDP, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$1.16	\$0.59	\$1.7
Construction and Utilities	\$99.40	\$63.23	\$29.88	\$192.5
Manufacturing		\$12.09	\$7.62	\$19.7
Wholesale Trade		\$58.23	\$69.90	\$118.1
Air Transport	\$269.61	\$2.14	\$2.55	\$274.3
Other Transport	\$60.63	\$53.20	\$16.52	\$120.4
Retail Trade	\$265.72	\$14.91	\$89.99	\$369.6
Gasoline Stations	\$16.66	\$1.76	\$8.83	\$24.2
Communications		\$116.34	\$64.87	\$181.2
Finance, Insurance and Real Estate	\$35.73	\$382.27	\$442.13	\$870.1
Business Services	\$142.92	\$311.31	\$103.93	\$558.2
Education and Health Care		\$3.67	\$264.95	\$268.6
Recreation and Entertainment	\$651.61	\$34.63	\$21.64	\$707.9
Lodging	\$613.73	\$1.54	\$0.80	\$616.1
Food & Beverage	\$859.86	\$24.05	\$68.95	\$1,070.9
Personal Services		\$27.53	\$69.24	\$96.8
Government		\$23.29	\$7.48	\$30.8
<b>TOTAL</b>	<b>\$3,184.8</b>	<b>\$1,131.5</b>	<b>\$1,254.9</b>	<b>\$5,491.2</b>

Source: Tourism Economics

- At \$5.5 billion, the travel economy represented 9.3% of the RI economy in 2017.



# Travel economy employment by industry

Travel economy employment, 2017

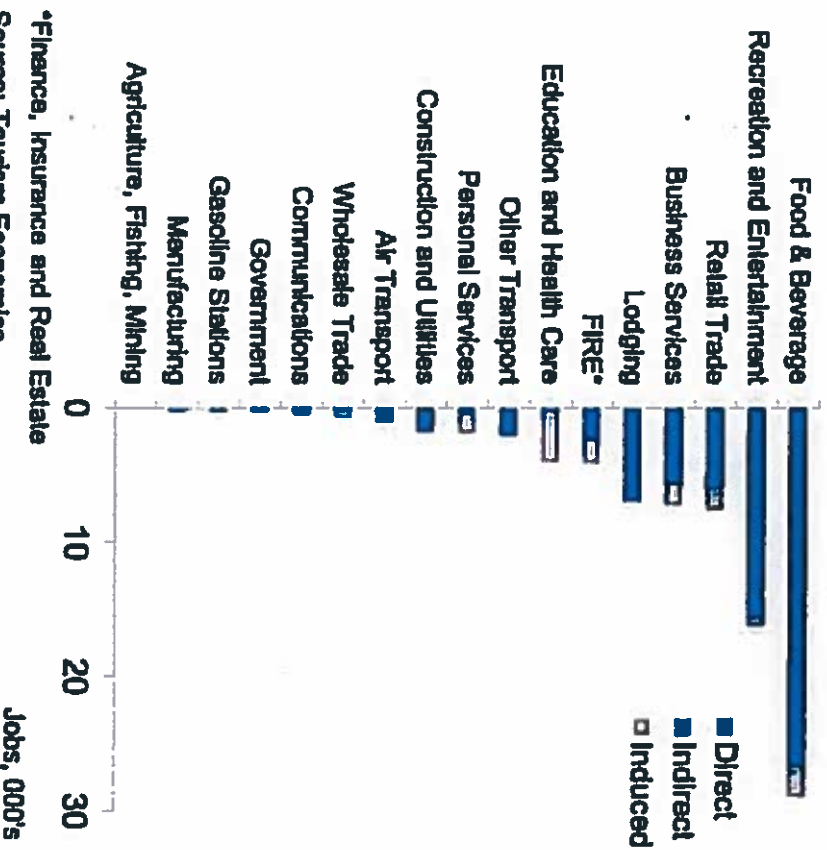
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		40	22	63
Construction and Utilities	1,296	317	161	1,796
Manufacturing		186	65	224
Wholesale Trade		348	388	707
Air Transport	1,030	8	9	1,047
Other Transport	930	867	276	2,076
Retail Trade	5,696	293	1,586	7,575
Gasoline Stations	166	16	71	285
Communications		341	186	526
Finance, Insurance and Real Estate	246	2,191	1,679	4,116
Business Services	1,661	4,030	1,696	7,217
Education and Health Care		140	3,843	3,983
Recreation and Entertainment	13,464	2,197	501	16,162
Lodging	6,876	16	8	6,900
Food & Beverage	25,996	759	2,230	28,985
Personal Services		482	1,468	1,926
Government		267	97	364
<b>TOTAL</b>	<b>57,363</b>	<b>12,462</b>	<b>14,068</b>	<b>83,913</b>

- 13.1% (1-in-7.6 jobs) of total employment in RI (BEA definition) is sustained by the travel economy.
- This equates to one job for every 293 visitors.

# Travel economy employment

- In terms of employment, the food & beverage sector represents the largest component of the travel economy with 28,985 jobs supported by the travel economy.
- The recreation & entertainment industry, including casino gaming and outdoor recreation, represents the second largest component with 16,162 jobs supported by the travel economy.

Travel economy employment by sector, 2017



\*Finance, Insurance and Real Estate

Source: Tourism Economics

# Tourism personal income

Travel economy personal income, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining		\$0.9	\$0.4	\$1.3
Construction and Utilities	\$71.0	\$23.1	\$13.3	\$107.4
Manufacturing		\$9.2	\$4.6	\$13.7
Wholesale Trade		\$29.6	\$30.5	\$60.1
Ar Transport	\$64.8	\$0.4	\$0.5	\$65.6
Other Transport	\$40.3	\$41.1	\$12.7	\$94.2
Retail Trade	\$162.9	\$10.6	\$58.7	\$230.1
Gasoline Stations	\$15.1	\$1.7	\$8.6	\$23.4
Communications		\$78.8	\$25.3	\$104.1
Finance, Insurance and Real Estate	\$11.0	\$103.3	\$101.2	\$215.6
Business Services	\$92.5	\$252.7	\$84.8	\$429.8
Education and Health Care		\$3.7	\$228.1	\$231.8
Recreation and Entertainment	\$371.5	\$28.4	\$12.4	\$412.3
Lodging	\$300.1	\$0.7	\$0.3	\$301.1
Food & Beverage	\$849.4	\$19.3	\$58.5	\$725.3
Personal Services		\$23.8	\$57.8	\$81.6
Government		\$25.1	\$8.7	\$33.9
<b>TOTAL</b>	<b>\$1,778.5</b>	<b>\$652.6</b>	<b>\$760.2</b>	<b>\$3,131.3</b>
Two-year % change (2017/2015)	9.2%	7.1%	7.5%	8.4%

- The RI travel economy generated personal income of \$3.1 billion in 2017 with growth of 8.4% since 2015.

# Travel economy taxes

- The travel economy generated \$1.6 billion in taxes and fees in 2017.
- State and local tax collections alone tallied \$775 million.
- These tax revenues offset the average household tax burden by \$1,890 per household. That is, were it not for visitors, each RI household would need to pay these additional taxes in order to maintain the same level of government revenue.

Travel economy tax generation, millions			
	Direct	Indirect/ Induced	Total
Federal	\$467.5	\$341.6	\$809.0
Personal Income	\$131.3	\$100.8	\$232.1
Corporate	\$84.6	\$88.4	\$173.0
Indirect business	\$62.9	\$30.5	\$93.4
Social Security	\$208.6	\$143.9	\$352.5
State and Local	\$657.9	\$217.4	\$875.3
Sales	\$188.0	\$67.6	\$255.7
Bed Tax	\$24.0	\$0.0	\$24.0
Personal Income	\$33.7	\$25.9	\$59.6
Corporate	\$9.3	\$8.6	\$18.9
Social Security	\$3.9	\$2.7	\$6.7
Excise and Fees	\$28.0	\$14.2	\$42.3
Property	\$270.8	\$97.4	\$368.2
<b>TOTAL</b>	<b>\$1,025.3</b>	<b>\$659.0</b>	<b>\$1,684.3</b>
Two-year % change (2017/2016)	8.4%	7.3%	8.0%

# Travel economy taxes (state and local detail)

- \$774 million in state and local taxes would be enough to pay the cost of public education for 49,914 students for a year\*.
- For every 496 visitors, enough state and local tax revenue is generated to support one Rhode Island student.

Visitor supported tax revenues, millions		Total
<b>State Revenues</b>		
Sales	\$388.7	
Bad Tax	\$255.7	
Personal Income	\$20.1	
Corporate	\$50.6	
Social Security	\$18.9	
Excise and Fees	\$6.20	
Property	\$25.85	
	\$0.36	
<b>Local Govt. Revenues</b>		
Sales	\$388.5	
Bad Tax	\$0.0	
Personal Income	\$3.9	
Corporate	\$0.0	
Social Security	\$0.0	
Excise and Fees	\$0.5	
Property	\$16.4	
	\$397.8	
<b>TOTAL</b>	<b>\$776.3</b>	

SOURCE: U.S. Census Bureau, Annual Survey of School System Finances

# Methodology and Background



**TOURISM  
ECONOMICS**

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## **Why quantify the tourism economy?**

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- **By monitoring tourism's economic impact, policy makers can make informed decisions regarding the funding and prioritization of tourism development.**
- **It can also carefully monitor its successes and future needs.**
- **In order to do this, tourism must be measured in the same categories as other economic sectors – i.e. tax generation, employment, wages, and gross domestic product.**

## **Why is this a challenge?**

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- **Most economic sectors such as financial services, insurance, or construction are easily defined within a country's national accounts statistics.**
- **Tourism is not so easily measured because it is not a single industry. It is a demand-side activity which affects multiple sectors to various degrees.**
- **Tourism spans nearly a dozen sectors including lodging, retail, real estate, air passenger transport, food & beverage, car rental, taxi services, travel agents, and recreation (including museums, theme parks, sports events and others).**



# Methods and data sources

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- Domestic visitor expenditure estimates are provided by Longwoods International's representative survey of US visitors. These are broken out by sectors (lodging, transport at destination, food & beverage, retail, and recreation), by purpose (business and leisure), and by length of stay (day and overnight).
- Tourism Economics (TE) then supplements this data with the following:
  - Overseas visitor spending (source: NTTO, TE)
  - Canada visitor spending (source: Statistics Canada, TE)
  - Spending on air travel which accrues to RI airports and locally-based airlines
  - Gasoline purchases by visitors (source: TE calculation)
  - Recreational second home expenditures (source: US Census)
  - Gaming revenue (source: RI Lottery)
  - Lodging performance (source: STR)
  - County level bed tax data
  - Sales tax by Industry (RI Department of Revenue)
  - Industry-by-industry GDP, employment and personal income (Bureau of Economic Analysis)

## Methods and data sources

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- An IMPLAN model was utilized for the state of Rhode Island. This traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism.
- Tourism Economics then cross-checks these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.
- The source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis, U.S. Department of Commerce. This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data. The main definitional difference is that sole-proprietors, which do not require unemployment insurance and are not counted in the ES202 data.

# Description of spending categories

Spend Category	Description
Lodging	Includes visitor spending in accommodation sector. This includes food and other services provided by hotels and similar establishments.
Recreation	Includes visitors spending within the arts, entertainment and recreation supersector.
Air transport	Includes the local economic activity generated by visitors within the air transport (airline) and support services (on air-port) sectors.
Other transport	Includes all forms of local transport services such as taxis, limos, trains, rental cars, and buses.
Shopping	Includes visitor spending within all retail sectors within the New Mexico economy.
Service stations	Visitor spending on gasoline. Only the margin counts as local economic impact.
Second homes	Spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Department.
Food and beverage	Includes all spending at restaurants and bars.

# About Tourism Economics

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- **Tourism Economics, headquartered in Philadelphia, is an Oxford Economics company dedicated to providing high value, robust, and relevant analyses of the tourism sector that reflects the dynamics of local and global economies. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, project feasibility analysis, tourism forecasting models, tourism policy analysis, and economic impact studies.**
- **Our staff have worked with over 250 destinations to quantify the economic value of tourism, forecast demand, guide strategy, or evaluate tourism policies.**
- **Oxford Economics is one of the world's leading providers of economic analysis, forecasts and consulting advice. Founded in 1981 as a joint venture with Oxford University's business college, Oxford Economics is founded on a reputation for high quality, quantitative analysis and evidence-based advice. For this, it draws on its own staff of 200 highly-experienced professional economists; a dedicated data analysis team; global modeling tools; close links with Oxford University, and a range of partner institutions in Europe, the US and in the United Nations Project Link.**
- **For more information: [info@tourismconomics.com](mailto:info@tourismconomics.com).**



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