



STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT

Washington State Statewide Travel Impacts & Visitor Volume 1991-2004p

December 2004

Prepared by:

Dean Runyan Associates
833 SW 11th Avenue, Suite 920
Portland, Oregon 97205
(503) 226-2973
www.deanrunyan.com

Prepared for:

Washington State Office of Trade and
Economic Development
Business & Tourism Development
www.experiencewashington.com/industry

Juli Wilkerson
Director

TABLE OF CONTENTS

I.	INTRODUCTION	1
	REVISIONS TO IMPACT ESTIMATES	1
	TYPES OF TRAVEL INCLUDED	2
	TRANSPORTATION IMPACTS	2
	DIRECT AND SECONDARY IMPACTS	2
	IMPACT CATEGORIES	3
	VISITOR CATEGORIES	3
	PRELIMINARY ESTIMATES	4
	INTERPRETATION OF IMPACT ESTIMATES	4
II.	NATIONAL TRAVEL TRENDS	5
	TRAVEL SPENDING IN U.S., 1998-2004E	5
	U.S. DOMESTIC PASSENGER AIR ENPLANEMENTS, 1996-2004E	6
	U.S. PAYROLL EMPLOYMENT, ACCOMMODATIONS & AIR TRANSPORTATION, 1994-2004E	7
	U.S. DOMESTIC TRAVEL-GENERATED EMPLOYMENT, 2003	7
III	WASHINGTON STATE	8
	SUMMARY	9
	WASHINGTON STATE TRAVEL IMPACTS, 1991-1997	10
	WASHINGTON STATE TRAVEL IMPACTS, 1998-2004P	11
	WASHINGTON STATE TRAVEL IMPACTS, 1991-2004P (SUMMARY TABLE)	12
	TRAVEL SPENDING IN WASHINGTON ADJUSTED FOR INFLATION, 1991-2004P	13
	DOMESTIC AIR PASSENGER VISITOR ARRIVALS TO WASHINGTON STATE, 1997-2004P	13
	WASHINGTON TRAVEL IMPACTS, ORIGIN OF VISITOR, 2004P	14
	VISITOR SPENDING IN WASHINGTON STATE BY ORIGIN OF VISITOR, 2004P	14
	VISITOR VOLUME IN WASHINGTON STATE, 2004P	15
	AVERAGE DAILY SPENDING IN WASHINGTON STATE, 2004P	15
	VISITOR-DAYS IN WASHINGTON STATE BY ORIGIN OF VISITOR, 2004P	16
	MILLIONS OF VISITOR NIGHTS IN PAID ACCOMMODATIONS, 1991-2004P	16
	TAX REVENUES ATTRIBUTABLE TO TRAVEL SPENDING, 2004P	17
	TRANSIENT LODGING TAX RECEIPTS IN WASHINGTON STATE, 1991-2004P	18
	DETAILED TRAVEL-GENERATED EARNINGS AND EMPLOYMENT, 2003P	19
III.	THE REGIONS	20
	DIRECT COASTAL REGION TRAVEL IMPACTS, 1991-2003	22
	DIRECT WESTERN REGION TRAVEL IMPACTS, 1991-2003	23
	DIRECT KING COUNTY TRAVEL IMPACTS, 1991-2003	24
	DIRECT EASTERN TRAVEL IMPACTS, 1991-2003	25
	WASHINGTON STATE REGIONS, DIRECT TRAVEL IMPACTS, 2003	26
IV.	THE COUNTIES	27
	WASHINGTON STATE TRAVEL IMPACTS BY COUNTY, 2003	29
	WASHINGTON STATE TRAVEL SPENDING BY COUNTY, 1991-1997	30
	WASHINGTON STATE TRAVEL SPENDING BY COUNTY, 1998-2003	31
	TRAVEL GENERATED EARNINGS AS A PERCENTAGE OF TOTAL EARNINGS, 2003	32
	APPENDICES	
	APPENDIX A. REGIONAL TRAVEL IMPACT MODEL (RTIM) METHODOLOGY	34
	APPENDIX B. DEFINITION OF TERMS	37
	APPENDIX C. TRAVEL IMPACT INDUSTRIES MATCHED TO NAICS	39

PREFACE

The purpose of this study is to document the economic significance of the travel industry in the thirty-nine counties of Washington State from 1991-2004. The estimates for 2004 are preliminary and subject to revision. 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.

This study was prepared for the Washington State Tourism Office of the Department of Community, Trade and Economic Development (CTED). Among the other Washington State agencies that contributed to this effort were Employment Security, Parks and Recreation Commission, and Department of Revenue. Special thanks are due to Betsy Gabel, Consumer Marketing Manager and the liaison for this project, and Peter McMillin, Managing Director of Tourism and Film, for their support and assistance.

EXECUTIVE SUMMARY

- Total direct travel spending in Washington state was \$11.6 billion in 2004. This represents a 7.4 percent increase over the preceding year. This is the second straight year of positive growth and the greatest increase since 2000.
- There were 5.4 million domestic air passenger visitor arrivals to Washington State in 2004, an increase of 8 percent over 2003.
- International visitors accounted for 10 percent of all visitor spending in the state in 2004. Residents from other states accounted for 47 percent of all travel spending.
- Local and state tax revenues directly generated by travel spending were \$838 million in 2004. Almost half of these tax receipts were attributable to the state sales tax (\$408 million). Local sales tax receipts (\$120 million) were the second highest category. Receipts from the state fuel tax on gasoline purchases (\$146 million) and room taxes (\$91 million) were also significant sources of tax revenue. Travel spending generated an additional \$691 million in federal tax receipts.
- Total room tax collections in Washington state are estimated at \$91.3 million for the 2004 calendar year. This is an increase of 9.0 percent over 2003. King county convention center taxes comprise almost 46 percent of the total room tax collections in the state.
- Visitors who stayed overnight in commercial lodging (hotels, motels, resorts, bed & breakfasts) spent \$5.0 billion in 2004. This represents nearly one-half of all visitor spending.
- Visitors spent \$1.7 billion on food and beverage services, \$1.3 billion on retail purchases, \$1.3 billion on accommodations, \$1.2 billion on ground transportation and motor fuel, and \$1.0 billion on arts, entertainment and recreation.
- During 2004, travel spending in Washington state directly supported 140,200 jobs with earnings of \$3.7 billion. Travel spending generated the greatest number of jobs in arts, entertainment and recreation (36,500 jobs), food services (33,600) and accommodations (28,700).
- In 2004, visitors to and through Washington made over 50 million trips and stayed 119 million days.
- In general, rural counties are more dependent on travel and tourism than urban counties. The top ten counties with the highest proportion of travel-generated earnings are rural.

I. INTRODUCTION

This report describes the economic impacts of travel to and through the state of Washington from 1991 to 2004. The estimates for 2004 are preliminary and subject to revision. These estimates of the direct impacts associated with traveler spending in Washington were produced using the Regional Travel Impact Model (RTIM) developed by Dean Runyan Associates. The input data used to detail the economic impacts of the Washington travel industry were derived from various local, state, and federal sources. A primary objective of this research is to provide reliable, detailed figures that allow comparisons from year-to-year at the state and county levels. A description of the RTIM methodology is included in Appendix A.

REVISIONS TO IMPACT ESTIMATES

There are two primary revisions to the impact estimates in this year's report. The first is a result of new visitor survey data collected by Longwoods International during 2003. The second concerns the treatment of air transportation impacts.

2003 Survey of Visitors to Washington State

Longwoods International conducted a survey of domestic visitors to and through Washington State during 2003. This survey was used to update various expenditure estimates and travel patterns in the Regional Travel Impact Model. In most cases, county travel impacts are not substantially different from those previously reported. All county estimates for previous years have been revised to take account of the new survey results. The findings in this report supersede all previously published estimates.

Air Transportation

Previous estimates of air transportation did not distinguish among air impacts related to visitor arrivals to Washington State, return trips of Washington State residents, and pass-through or connecting travelers. In this report, a distinction is made between visitor arrivals and resident and connecting travel. The visitor portion of air transportation is now included in the visitor impacts for a particular destination. The remaining air impacts (primarily resident travel) and spending on travel arrangement services are now included in the "Other Travel" category. These changes in the treatment of air transportation and travel arrangement services are primarily significant for King County. At the state level also, visitor spending is greater than previously reported because of the inclusion of the visitor portion of airfares.

TYPES OF TRAVEL IMPACTS INCLUDED

Most of the travel that occurs in Washington is included in the scope of this analysis. The purpose of such travel can be for business, pleasure, shopping, to attend meetings, or for personal, medical, or educational purposes. All trips to Washington State by U.S. residents and foreign visitors are included. The travel of Washington residents to other destinations within Washington is included, provided that it is neither commuting nor other routine travel. Travel to non-Washington destinations by Washington residents is not included as a component of visitor spending. Outbound air travel impacts and spending on travel arrangement services are included in the "Other Travel" category.

The impacts associated with both overnight and day travel are included if the travelers remain at the destination overnight or the destination is over 50 miles, one-way, from the traveler's home. These definitions are used to screen and, if necessary, to interpret and adjust local data used for travel impact measurements. The most conservative interpretation is employed where data limitations cause deviations from the above definition.

TRANSPORTATION IMPACTS

The focus of this analysis is on the destination-specific impacts of visitors. This is straightforward with respect to the spending on commodities such as accommodations, food services, recreation and retail purchases. It is less obvious with respect to ground and air transportation services, in that transportation provides a link between an origin and destination. In this report, the impacts related to spending on transportation are allocated to the location (i.e., county) in which those spending impacts occur, regardless of whether that location is the ultimate destination of the visitor. For this reason, urban counties will tend to have relatively greater transportation impacts even though some of that spending on transportation will be related to visits at other destinations. Such is the interdependency of the visitor industry.

DIRECT AND SECONDARY IMPACTS

Economic impact measurements reported herein 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.¹

¹ Secondary Impacts for Washington state can be found in THE ECONOMIC SIGNIFICANCE OF THE WASHINGTON TRAVEL INDUSTRY (November 2004) prepared by Dean Runyan Associates for the State of Washington Department of Community, Trade and Economic Development.

IMPACT CATEGORIES

The specific categories of travel impacts included in this analysis are as follows:

Impact Category	Description
Expenditures	Purchases by travelers during their trip, including lodging taxes and other applicable local and state taxes, paid by the traveler at the point of sale.
Total Earnings	The earnings (wage and salary disbursements, earned benefits, and proprietor income) of employees and owners of businesses that receive travel expenditures. Only the earnings attributable to travel expenditures are included; this typically is only a portion of all business receipts.
Employment	Employment associated with the above earnings; this includes both full- and part-time positions of wage and salary workers and proprietors.
Local Tax Receipts	Tax receipts collected by counties and municipalities, as levied on applicable travel-related purchases. Includes local sales taxes, auto rental taxes, and all transient occupancy taxes, including the 2% state shared tax, additional hotel/motel taxes, and the King County Convention Center tax (which is technically a state tax).
State Tax Receipts	State excise taxes such as sales, auto rental, and gasoline taxes attributable to travel expenditures, and business taxes levied on travel industry firms (i.e., B&O taxes).

VISITOR CATEGORIES

Travelers are classified according to the type of accommodation in which they stay. The types of visitors are as follows:

Type of Visitor	Description
Hotel/Motel/B&B Guest	Travelers staying in hotels, motels, resorts, bed & breakfast establishments, and other commercial accommodations, excluding campgrounds, where a transient lodging tax is collected.
Private Camper	Travelers staying in a privately owned (i.e., commercial) campground.
Public Camper	Travelers staying in a publicly managed campground such as those managed by the Washington State Parks and Recreation Commission, the U.S. Forest Service, or the National Park Service.
Private Home Visitor	Travelers staying as guests with friends or relatives.
Vacation Home Visitor	Travelers using their own vacation home or timeshare and those borrowing or renting a vacation home where transient lodging tax is not collected.
Day Visitor	Both in-state and out-of-state residents whose trip does not include an overnight stay at a destination in Washington.

PRELIMINARY ESTIMATES

Preliminary estimates for 2004 were prepared at the state level only. These estimates take advantage of the most current state level data for Washington and provide the timeliest measure of travel spending and the associated impacts in the state. While based on a consistent methodology and comparable data sources, full-year data was not available from all sources. In these cases, projections of state-level travel activity were made based on partial-year data.

The statewide preliminary estimates are revised annually as more complete information relating to travel and the economy becomes available. The final estimates (which also include detailed county estimates) are generally close, but not identical to the preliminary estimates. The revised estimates supercede all previous preliminary estimates.

INTERPRETATION OF IMPACT ESTIMATES

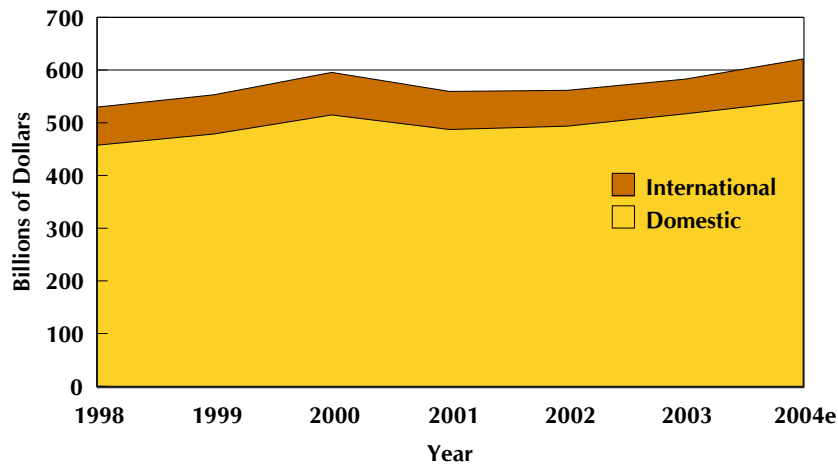
Users of this report should be aware of several issues regarding the interpretation of the impact estimates contained herein.

- The estimates contained in this report are based on the most current data available and supersede all previous estimates of travel impacts.
- The monetary estimates in this report are expressed in *current* dollars. There is no adjustment for inflation, with the exception of the graph on page 13.
- The employment estimates in this report are estimates of the total number of full- and part-time jobs directly generated by travel spending, rather than the number of individuals employed. Both payroll and self-employment is included in these estimates. Caution should therefore be used in comparing these estimates with other employment data series.
- In general, estimates of small geographic areas (e.g., rural counties) are less reliable than estimates for regions or metropolitan counties. Trend analysis and comparisons of counties with relatively low levels of travel related economic activity should therefore be interpreted cautiously.
- The estimates of travel impacts published in this report will necessarily differ somewhat from estimates generated from different models, methodologies and data sources. Nonetheless, it should be emphasized that all credible estimates of direct travel impacts at the state level, including those of Dean Runyan Associates, are of similar magnitude.

II. NATIONAL TRAVEL TRENDS

Projected travel spending by domestic and international visitors in 2004 will exceed \$620 billion, based on estimates prepared by the Bureau of Economic Analysis and Dean Runyan Associates. This represents a 6.5 percent increase over 2003. Spending by international visitors in the United States will increase by more than 20 percent over the preceding year. The recent decline in the value of the American dollar should provide an additional impetus to spending by foreign visitors in the United States. Conversely, it may well discourage foreign travel by American residents.

Travel Spending in U.S.
(\$Billions)

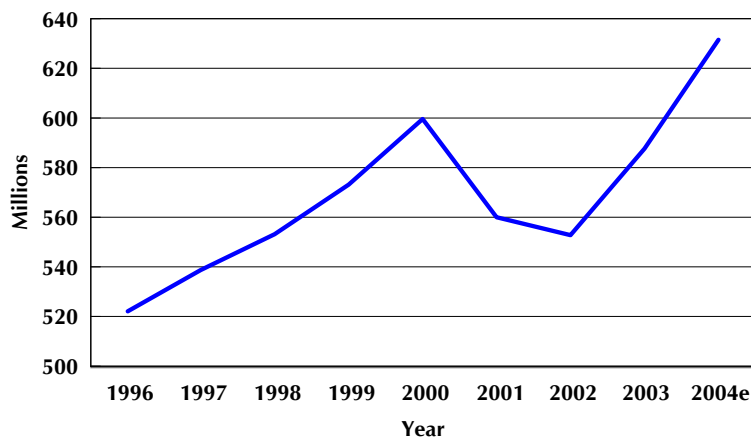


	Domestic	International	Total
1998	459	71	530
1999	480	75	555
2000	515	82	598
2001	488	72	560
2002	495	67	562
2003	518	65	583
2004e	543	79	621
Average Annual Percentage Change			
98-04e	2.8	1.6	2.7
03-04e	4.7	20.8	6.5

Source: Bureau of Economic Analysis Travel and Tourism Satellite Accounts, International Trade Administration (U.S. Department of Commerce) and Dean Runyan Associates. Domestic spending estimates for 2004 based on first 2 quarters of year. International spending estimates for 2004 based on first 3 quarters of 2004.

The increase in travel spending is reflected in U.S. domestic passenger air enplanements. Nationally, visitors that travel to their destination by air currently account for about one-fourth of all visitor-days, not including day trips. These visitors also tend to spend more than other visitors, because of both the cost of air fares and because air travelers tend to spend more on other travel-related purchases, such as accommodations, food, and entertainment. To a considerable extent, the rebound in travel spending is a consequence of the recent increase in passenger air traffic.

U.S. Domestic Passenger Air Enplanements



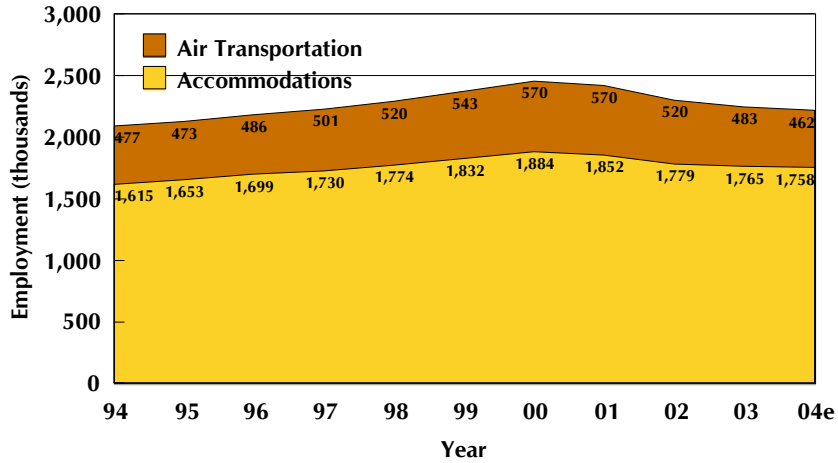
Source: Bureau of Transportation Statistics (U.S. Department of Transportation). T-100 domestic market data. Estimate for 2004 based on first 8 months.

Unfortunately, the increase in overall visitor spending has not yet resulted in an equivalent increase in travel-generated employment. First, the structure of the airline industry is changing as low cost carriers are continuing to capture more market share. Even though domestic air passenger traffic increased by 7.5 percent over the first 8 months of 2004, employment in the Scheduled Air Transportation industry actually declined by 4.5 percent. Secondly, many employers are likely to increase the hours of existing workers rather than add new employees. This is true in the lodging industry, where excess capacity in the first years of this decade resulted in both declining occupancy rates and lower room rates.

Recent employment trends in the two most travel-intensive industries, accommodations and air transportation, are shown on page 7. Together, these two industries currently comprise over one-third of all travel-generated employment in the United States²

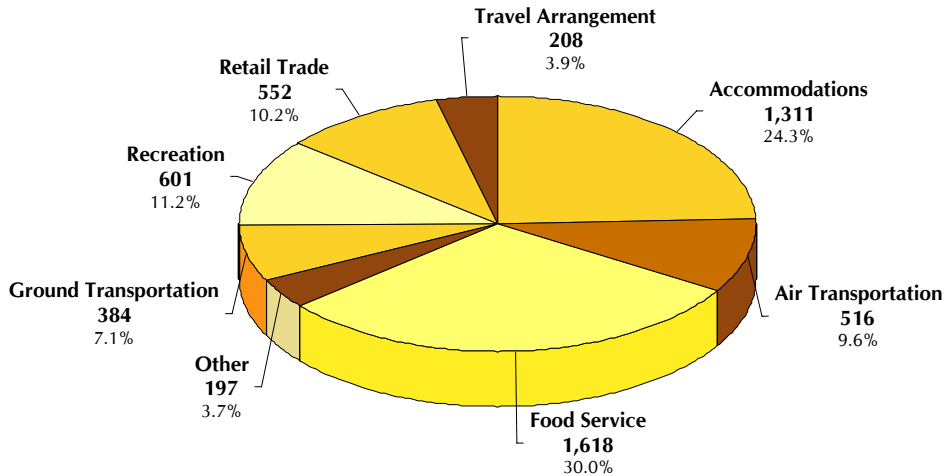
² Total travel-generated employment estimates are not shown here, as the 2004 estimates are available only for the first quarter of that year.

U.S. Payroll Employment Accommodations and Scheduled Air Transportation



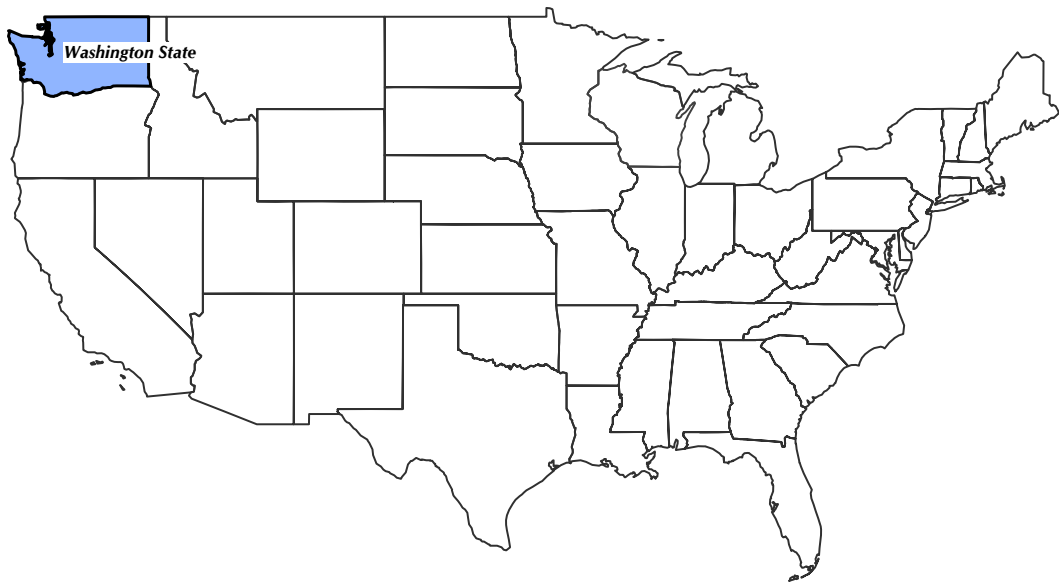
Source: U.S. Bureau of Labor Statistics, Current Employment Survey. Estimates for 2004 based on January through September.

U.S. Domestic Travel-Generated Employment, 2003 (thousands)



Source: Bureau of Economic Analysis Travel and Tourism Satellite Accounts (U.S. Department of Commerce).

II. WASHINGTON STATE



The multi-billion dollar travel industry in Washington is a vital part of the state and local economies. The industry is represented primarily by retail and service firms, including lodging establishments, restaurants, retail stores, gasoline service stations, and other types of businesses that sell their products and services to travelers. The money that visitors spend on various goods and services while in Washington produces business receipts at these firms, which in turn employ Washington residents and pay their wages and salaries. State and local government units benefit from travel as well. The state government collects taxes on the gross receipts of businesses operating in the state, as well as sales and use taxes levied on the sale of goods and services to travelers. Local governments also collect sales and use taxes generated from traveler purchases.

IMPACTS OF TRAVEL IN WASHINGTON STATE: A SUMMARY

- Total direct travel spending in Washington state was \$11.6 billion in 2004. This represents a 7.4 percent increase over the preceding year. This is the second straight year of positive growth and the greatest increase since 2000.
- There were 5.4 million domestic air passenger visitor arrivals to Washington State in 2004, an increase of 8 percent over 2003.
- International visitors accounted for 10 percent of all visitor spending in the state in 2004. Residents from other states accounted for 47 percent of all travel spending.
- Local and state tax revenues directly generated by travel spending were \$838 million in 2004. Almost half of these tax receipts were attributable to the state sales tax (\$408 million). Local sales tax receipts (\$120 million) were the second highest category. Receipts from the state fuel tax on gasoline purchases (\$146 million) and room taxes (\$91 million) were also significant sources of tax revenue. Travel spending generated an additional \$691 million in federal tax receipts.
- Total room tax collections in Washington state are estimated at \$91.3 billion for the 2004 calendar year. This is an increase of 9.0 percent over 2003. King county convention center taxes comprise almost 46 percent of the total room tax collections in the state.
- Visitors who stayed overnight in commercial lodging (hotels, motels, resorts, bed & breakfasts) spent \$5.0 billion in 2004. This represents nearly one-half of all visitor spending.
- During 2004, travel spending in Washington state directly supported 140,200 jobs with earnings of \$3.7 billion. Travel spending generated the greatest number of jobs in arts, entertainment and recreation (36,500 jobs), food services (33,600) and accommodations (28,700).
- In 2004, visitors to and through Washington made over 50 million trips and stayed 119 million days.

Washington State Travel Impacts, 1991-1997

	1991	1992	1993	1994	1995	1996	1997
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	5,686	5,884	6,087	6,273	6,605	7,038	7,402
Other Travel*	1,144	1,186	1,219	1,206	1,220	1,286	1,348
Total Direct Spending	6,830	7,070	7,306	7,479	7,825	8,324	8,750
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	2,520	2,578	2,692	2,829	3,046	3,290	3,456
Private Campground	261	260	251	223	229	245	295
Public Campground	111	119	116	118	120	120	128
Private Home	1,454	1,538	1,605	1,648	1,693	1,790	1,856
Vacation Home	115	120	123	126	130	134	138
Day Travel	1,225	1,269	1,301	1,329	1,387	1,457	1,529
Spending at Destination	5,686	5,884	6,087	6,273	6,605	7,038	7,402
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	861	882	921	971	1,059	1,147	1,227
Food & Beverage Services	1,367	1,394	1,442	1,492	1,578	1,662	1,770
Food Stores	288	291	300	309	329	349	376
Ground Tran. & Motor Fuel	935	992	1,020	1,044	1,093	1,168	1,213
Arts, Entertainment & Recreation	800	823	851	878	926	973	1,012
Retail Sales	1,024	1,066	1,094	1,120	1,172	1,237	1,283
Air Transportation (visitor only)	411	436	460	458	449	502	520
Spending at Destination	5,686	5,884	6,087	6,273	6,605	7,038	7,402
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodations & Food Service	794	810	839	875	938	1,002	1,056
Arts, Entertainment & Recreation	394	406	419	432	456	480	499
Retail**	196	205	210	215	225	236	247
Auto Rental & other ground tran.	47	49	51	55	60	65	68
Air Transportation (visitor only)	139	148	149	152	150	163	167
Other Travel*	452	465	463	463	475	484	504
Total Direct Earnings	2,022	2,084	2,131	2,191	2,304	2,430	2,540
Industry Employment Generated by Travel Spending (Thousand jobs)							
Accommodations & Food Service	59.2	58.6	59.5	59.5	61.5	61.5	62.6
Arts, Entertainment & Recreation	35.6	35.2	35.9	36.1	35.9	33.7	34.2
Retail**	13.9	13.7	13.8	13.5	13.9	14.1	14.0
Auto Rental & other ground tran.	2.9	2.8	2.9	3.1	3.3	3.4	3.6
Air Transportation (visitor only)	3.2	3.3	3.2	3.2	3.3	3.5	3.5
Other Travel*	10.4	10.0	9.8	10.1	9.9	10.6	10.8
Total Direct Employment	125.2	123.7	125.0	125.5	127.7	126.8	128.6
Tax Receipts Generated by Travel Spending (\$Million)							
Local Tax Receipts	89	91	99	106	115	129	148
State Tax Receipts	363	371	395	402	432	450	472
Federal Tax Receipts	390	402	416	419	440	464	484
Total Direct Tax Receipts	841	865	910	927	987	1,043	1,104

Details may not add to totals due to rounding.

*Other Travel includes resident air travel and travel agency services. **Retail includes gasoline.

Washington State Travel Impacts, 1998-2004p

	1998	1999	2000	2001	2002	2003	2004p
Total Direct Travel Spending (\$Million)							
Visitor Spending at Destination	7,678	8,197	8,951	8,986	8,937	9,449	10,173
Other Travel*	1,385	1,401	1,544	1,486	1,419	1,396	1,477
Total Direct Spending	9,063	9,599	10,495	10,472	10,356	10,845	11,649
Visitor Spending by Type of Traveler Accommodation (\$Million)							
Hotel, Motel	3,661	3,950	4,340	4,323	4,278	4,539	4,964
Private Campground	297	313	342	337	330	346	363
Public Campground	127	129	142	137	138	144	151
Private Home	1,899	2,015	2,187	2,225	2,225	2,336	2,472
Vacation Home	140	145	152	157	158	165	172
Day Travel	1,553	1,645	1,787	1,807	1,808	1,918	2,052
Spending at Destination	7,678	8,197	8,951	8,986	8,937	9,449	10,173
Visitor Spending by Commodity Purchased (\$Million)							
Accommodations	1,325	1,423	1,523	1,514	1,469	1,501	1,628
Food & Beverage Services	1,886	1,990	2,118	2,178	2,264	2,371	2,544
Food Stores	398	416	439	456	468	489	524
Ground Tran. & Motor Fuel	1,165	1,310	1,622	1,603	1,510	1,813	2,071
Arts, Entertainment & Recreation	1,057	1,099	1,166	1,182	1,206	1,251	1,313
Retail Sales	1,289	1,371	1,441	1,455	1,445	1,466	1,491
Air Transportation (visitor only)	559	588	642	598	575	557	602
Spending at Destination	7,678	8,197	8,951	8,986	8,937	9,449	10,173
Industry Earnings Generated by Travel Spending (\$Million)							
Accommodations & Food Service	1,131	1,239	1,318	1,357	1,397	1,472	1,546
Arts, Entertainment & Recreation	521	553	626	633	614	653	668
Retail**	246	271	294	293	304	321	332
Auto Rental & other ground tran.	71	81	95	97	100	108	114
Air Transportation (visitor only)	185	196	217	251	248	263	284
Other Travel*	524	523	584	658	637	669	707
Total Direct Earnings	2,677	2,863	3,135	3,289	3,300	3,485	3,652
Industry Employment Generated by Travel Spending (Thousand jobs)							
Accommodations & Food Service	62.8	65.3	65.0	66.6	66.5	68.0	69.3
Arts, Entertainment & Recreation	34.7	35.2	37.0	37.8	35.6	36.8	36.5
Retail**	13.4	14.1	14.6	14.2	14.2	14.5	14.7
Auto Rental & other ground tran.	3.5	3.8	4.2	4.5	4.3	4.7	4.8
Air Transportation (visitor only)	3.7	4.0	4.2	4.4	4.0	4.1	4.1
Other Travel*	11.1	11.6	12.5	12.2	10.9	10.9	10.9
Total Direct Employment	129.3	134.0	137.5	139.7	135.5	139.1	140.2
Tax Receipts Generated by Travel Spending (\$Million)							
Local Tax Receipts	162	177	200	199	199	207	221
State Tax Receipts	493	517	550	552	564	583	617
Federal Tax Receipts	511	541	591	616	642	655	691
Total Direct Tax Receipts	1,166	1,236	1,341	1,367	1,404	1,445	1,530

Details may not add to totals due to rounding.

*Other Travel includes resident air travel and travel agency services. **Retail includes gasoline.

TRAVEL TRENDS

Visitor spending in Washington State increased by 7.4 percent in 2004 on an annual basis. This is the second straight year of positive growth and the strongest since 2000. In both current and constant (inflation-adjusted) dollars, travel spending in the state is at its highest level ever. (See graph on page 13.) Earnings and employment growth continue to lag, however, as many businesses in the travel industry have been operating below capacity. In addition, most of the increase in spending on airfares is due to the lower cost airlines as well as higher ticket taxes and fees.

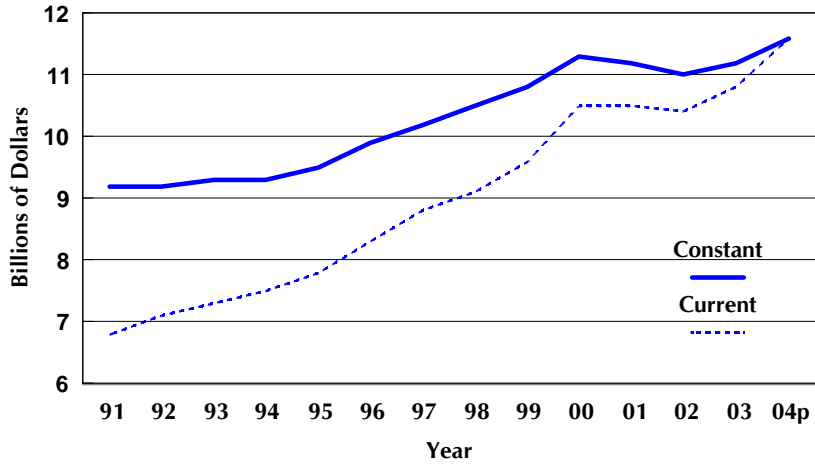
Washington State Travel Impacts, 1991-2004p

	Spending (\$Billion)	Earnings (\$Billion)	Employment (Thousand)	Tax Receipts (\$Million)		
				Local	State	Federal
1991	6.8	2.0	125	89	363	390
1992	7.1	2.1	124	91	371	402
1993	7.3	2.1	125	99	395	416
1994	7.5	2.2	125	106	402	419
1995	7.8	2.3	128	115	432	440
1996	8.3	2.4	127	129	450	464
1997	8.8	2.5	129	148	472	484
1998	9.1	2.7	129	162	493	511
1999	9.6	2.9	134	177	517	541
2000	10.5	3.1	137	200	550	591
2001	10.5	3.3	140	199	552	616
2002	10.4	3.3	135	199	564	642
2003	10.8	3.5	139	207	583	655
2004p	11.6	3.7	140	221	617	691
<i>Annual Percentage Change</i>						
03-04p	7.4	4.8	0.8	7.1	5.9	5.5
91-04p	4.2	4.7	0.9	7.3	4.2	4.5

Note: p = preliminary. The percent change for 1991-2003p refers to the average annual percentage change. Direct Travel Impacts do not include secondary (indirect and induced) impacts. Airfares are included. Total Earnings include wage and salary disbursements, other earned income, and proprietor income. Employment includes full- and part-time payroll employees and proprietors.

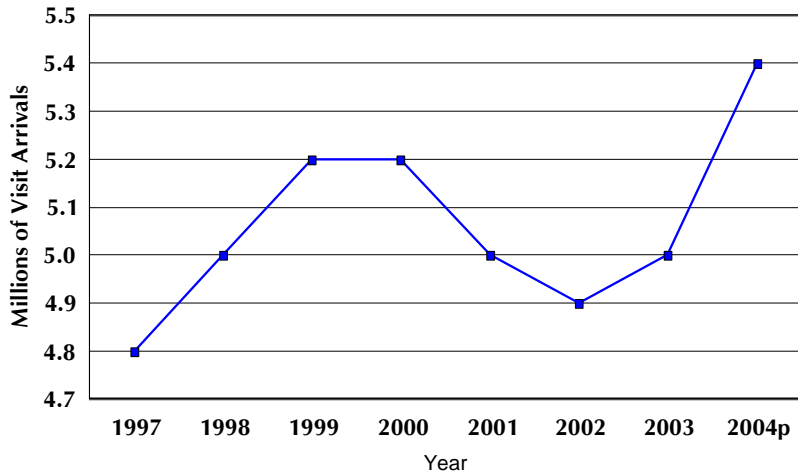
As is the case with the larger United States, much of the increased travel activity has been fueled by increased passenger air travel. The number of domestic air passenger arrivals to Washington State is shown on page 13. Approximately 5.4 million visitors traveled to Washington by air in 2004. This represents an 8 percent increase over the preceding year.

Travel Spending in Washington Adjusted for Inflation 1991-2004p



Note: Travel spending was deflated by a composite of price indices for the West Urban CPI and room rates reported by Smith Travel Research. The average annual increase in constant dollars for 1991-2004p is 1.9 percent.

Domestic Air Passenger Visitor Arrivals to Washington State 1997-2004p



Source: Dean Runyan Associates and Bureau of Transportation Statistics (U.S. Dept. of Transportation).
 Note: These estimates are for visitor arrivals only. They do not include return travel of Washington residents or connecting flights normally reported in air passenger statistics. Preliminary estimates for 2004 based on January through September data.

VISITOR ORIGIN

Less than half (about 43 percent) of all visitor spending in Washington state is generated by Washington residents traveling within the state on either a day trip of 50 miles or more away from home or an overnight stay. Visitors from other states generated almost one-half (47 percent) of the spending impacts in Washington. These out-of-state visitors are comprised primarily of visitors that stay overnight in Washington, although there are day travelers from Oregon and Idaho. Almost all of the 5.4 million visitors that traveled by air (see graph on page 13) are out-of-state visitors. International visitors generate the remaining 10 percent of travel spending. Most of this spending is generated by visitors from overseas, although most of the visitors (many on day visits) are from Canada.

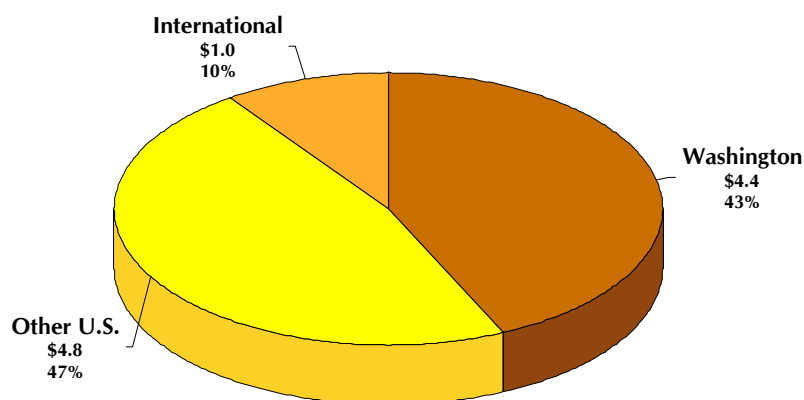
Washington Travel Impacts, 2004p

Origin of Visitor

Origin	Spending (\$ Billion)	Earnings (\$ Billion)	Employment (Thousand)	Tax Receipts (\$ Million)		
				Local	State	Federal
Washington	4.4	1.1	54	81	276	180
Other U.S.	4.8	1.5	62	113	280	273
International	1.0	0.3	13	27	59	39
All Visitors	10.2	2.9	129	221	615	493
Other Travel	1.5	0.7	11	0	2	199
Total Travel	11.6	3.7	140	221	617	691

Note: Other travel includes non-visitor passenger air travel and travel arrangement services.

Visitor Spending in Washington State by Origin of Visitor, 2004p



Sources: Dean Runyan Associates, Longwoods International, International Trade Administration and Bureau of Economic Analysis (U.S. Dept. of Commerce).

VISITOR VOLUME

The number of visitors to a state provides a useful measure of the success of the state as a visitor attraction. Visitor volume figures for Washington are estimated from the economic findings of this report and rely on visitor profile data collected for Washington State Business and Tourism Development Office by Longwoods International in 2003 for domestic visitors, and Statistics Canada, and the International Trade Administration of the U.S. Department of Commerce for international visitors. *(Note: These estimates of visitor volume should not be compared to those previously published as they are based on new survey data and a different methodology. The volume estimates for day travel in particular are lower than previous estimates although the overall economic impact of day travel in the state is similar to previous estimates.)*

Visitor Volume in Washington State, 2004p

(Persons)

	Visitor Days (Million)	Average Stay (Days)	Visits or Trips (Million)	Repeat Visits (per year)	Visitors (Million)
Hotel, Motel, B&B	35.0	4.0	8.7	2.5	3.5
Campground	14.7	4.5	3.3	4.0	0.8
Private Home	42.8	4.5	9.5	5.0	1.9
Vacation Home	4.1	5.0	0.8	4.0	0.2
Day	22.5	0.8	28.1	5.0	5.6
Total	119.1	2.4	50.5	4.2	12.0

Sources: Dean Runyan Associates, Longwoods International, International Trade Administration (U.S. Dept. of Commerce), and Statistics Canada.

Statewide estimates of average daily spending by type of accommodation for 2004 for travel parties and individuals are shown below. It should be noted that these estimates include passenger airfares to Washington state. (Estimates for previous years did not.)

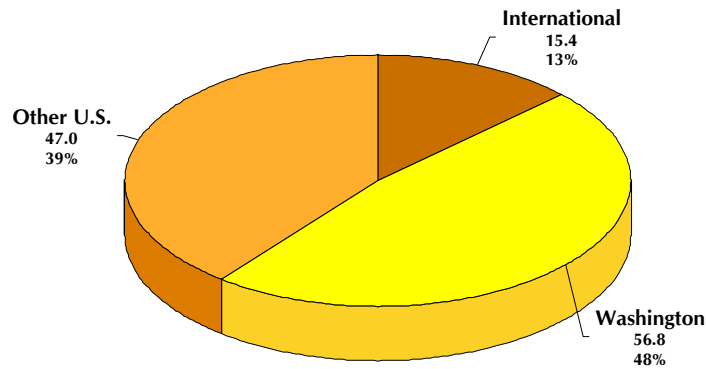
Average Daily Spending in Washington State, 2004p

	Total Visitor Spending (Million)	Visitor-Days (Million)	Ave. Daily Spending (per person)	Ave. Travel Party Size (adults)	Ave. Daily Spending (per party)
Hotel, Motel, B&B	\$4,964	35.0	\$142	2.7	\$383
Campground	\$513	14.7	\$35	3.5	\$122
Private Home	\$2,472	42.8	\$58	2.8	\$162
Vacation Home	\$172	4.1	\$42	3.5	\$146
Day	\$2,052	22.5	\$91	2.9	\$265
Total	\$10,173	119.1	\$85	2.9	\$246

Sources: Dean Runyan Associates, Longwoods International, International Trade Administration (U.S. Dept. of Commerce), and Statistics Canada. Spending estimates include airfares.

The breakout of the number of visitor days by origin of visitor is shown below. As expected, the proportion of visitor days attributable to Washington residents (48 percent) is greater than their spending proportion (43 percent, see graph on page 14). Washington residents that travel in the state are less likely to purchase lodging and airline tickets. On the other hand, the proportion of visitor days attributable to international visitors (13 percent) is actually greater than their spending proportion (10 percent, see graph on page 14). This is due to the fact that most international visitor-days are associated with Canadian travelers, many of whom are day visitors, campers and visiting overnight in private homes.

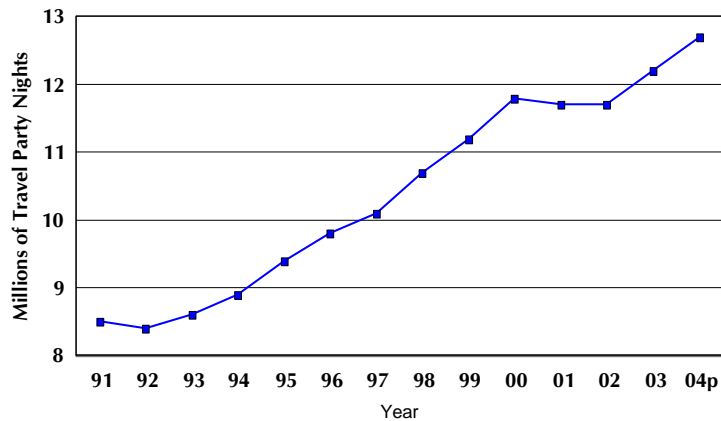
Visitor-Days in Washington State by Origin of Visitor, 2004p



Sources: Dean Runyan Associates, Longwoods International, International Trade Administration (U.S. Dept. of Commerce), and Statistics Canada.

The methodology used to estimate visitor volume in this report does not permit trend estimates, as this requires more frequent visitor surveys. However, the graph of visitors staying in paid accommodations shown below does show the trend for an important segment of the visitor market. The visitor trend is consistent with both travel spending trends in Washington and passenger air travel to the state (see graph, page 13).

Millions of Visitor Nights in Paid Accommodations Washington State, 1991-2004p

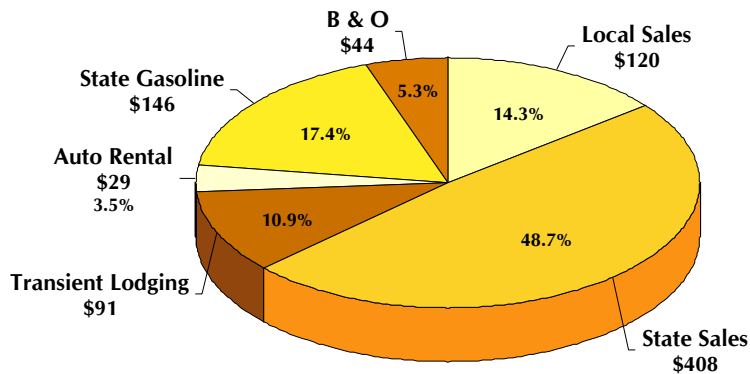


Source: Dean Runyan Associates and Washington State Department of Revenue.

LOCAL AND STATE TAX REVENUES GENERATED BY TRAVEL SPENDING

Local and state tax receipts generated from travel spending totaled \$838 million in 2004. Almost half of these tax receipts were attributable to the state sales tax (\$408 million). Local sales tax receipts (\$120 million) were the second highest category. Receipts from the state fuel tax on gasoline purchases (\$146 million) and room taxes (\$91 million) were also significant sources of tax revenue.

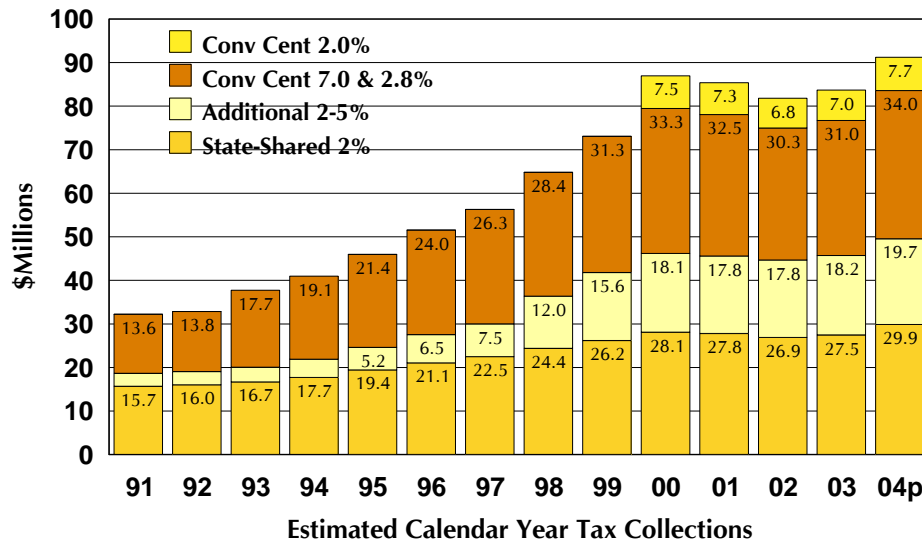
Tax Revenues Attributable to Travel Spending, 2004p
(\$ Million)



Tax collections on lodging are shown in the following graph. The state-shared 2 percent Hotel/Motel tax comprised about one-third of all room tax receipts in the state in 2004. The greatest portion of room tax receipts can be attributed to King County Convention Center taxes (46 percent). However, the special or additional room taxes levied by cities and counties have increased by the greatest amount in recent years.³

³ A detailed breakout of room tax receipts by city and county can be found in the WASHINGTON STATE 1991-2003 COUNTY TRAVEL IMPACTS report.

Transient Lodging Tax Receipts in Washington State (1991-2004p Calendar Years)



Source: Washington State Department of Revenue and Dean Runyan Associates.

EMPLOYMENT AND EARNINGS

Detailed earnings and employment estimates are shown in the table on page 19. The industry categories correspond to the NAICS scheme (see Appendix C). The industry estimates provided here generally correspond to the employment and earnings series reported by the U.S. Bureau of Economic Analysis' Regional Economic Information System (REIS), with some exceptions. Government employment is included in the industry categories listed here, whereas it is reported separately under REIS. This is particularly important for the arts, entertainment and recreation category. In addition, the accommodation and food services industry, as defined here, includes real estate management services associated with commercial lodging and vacation home rentals. Finally, because the estimates of travel-generated earnings and employment are derived from the *spending* reported by visitors on *commodities*, there will necessarily be some divergence from earnings and employment as reported by *industry*.

Detailed Travel-Generated Earnings and Employment Washington State, 2004p

Industry	Earnings (Millions)	Employment (Thousands)	Ave. Annual Earnings
Accommodations & Food Service	\$1,546.3	69.3	\$22,320
Accommodations	\$743.6	28.7	\$25,870
Food Service	\$648.1	33.6	\$19,290
Other Accom & Food Serv*	\$154.6	6.9	\$22,320
Arts, Entertainment & Recreation	\$667.6	36.5	\$18,290
Performing Arts, Spectator Sports	\$189.5	12.2	\$15,480
Museums	\$26.5	0.7	\$36,560
Amusement, Gambling	\$251.3	12.6	\$19,980
Other Entertain & Rec**	\$200.3	10.9	\$18,290
Retail	\$332.2	14.7	\$22,670
Food & Beverage Stores	\$63.0	1.8	\$35,010
Gasoline Stations	\$47.2	1.4	\$34,300
Other Retail***	\$222.0	11.5	\$19,340
Air Transportation	\$799.2	11.5	\$69,480
Travel Arrangement	\$192.1	3.5	\$55,420
Local Transportation	\$114.2	4.8	\$23,590
Auto Rental	\$41.8	1.5	\$27,220
Other Local Transportation	\$72.4	3.3	\$21,900
Total	\$3,651.7	140.2	\$26,040

Note: *Other Accommodations & Food Services includes real estate management services and government.

**Other Entertainment & Recreation includes government.

***Other Retail includes general merchandise stores; clothing stores; sporting goods stores; hobby, book and music stores; and miscellaneous retail stores.

