

ECONOMIC IMPACT OF TOURISM IN NORTH DAKOTA 2020

Prepared for:
North Dakota Department of Tourism

NORTH
Dakota

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INTRODUCTION

The travel sector is an integral part of the North Dakota economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of North Dakota's future. How critical? Tourism represents 3.3% of North Dakota's economy and supports 6.7% of all jobs in the state.

By monitoring the visitor economy, policymakers can inform decisions regarding the funding and prioritization of the sector's development. They can also carefully monitor its successes and future needs. This is particularly true for North Dakota as it builds upon its tourism economy. By establishing a baseline of economic impacts, the industry can track its progress over time.

To quantify the economic significance of the tourism sector in North Dakota, Tourism Economics has prepared a comprehensive model detailing the wide-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, personal income, and fiscal (tax) impacts in the broader economy.

The analysis draws on the following data sources:

- Survey data, including spending and visitor profile characteristics for visitors to North Dakota
- Bureau of Economic Analysis and Bureau of Labor Statistics: employment and wage data, by industry
- STR: Lodging performance data, including room demand, room rates, occupancy, and room revenue
- US Census: business sales by industry and seasonal second homes inventory
- North Dakota Department of Revenue – sales tax data by industry and other data points
- Bed tax revenues – local sources
- National and State park attendance levels

KEY FINDINGS

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The pandemic affected 2020 visitor activity



Visitor Spending

In 2020, 18.7 million visitors spent \$2.1 billion in North Dakota.



Employment Supporter

Employment supported by visitor spending tallied 34,559 jobs in the state.



Pandemic affects results

Visitation declined 21% and visitor spending dropped 32% as the pandemic affects travel.



Fiscal Contributions

Visitors generated \$219 million in state and local taxes, which is equivalent to \$675 in tax savings for every household in North Dakota.

VISITATION AND SPENDING

VISITOR SPENDING HIGHLIGHTS

Pandemic affects visitor activity in 2020

Shutdowns cut spending...but the recovery progresses

The 2020 visitor and visitor spending results have been significantly impacted by the pandemic. Both the limitations and restrictions to mobility, as well as economic disruptions, hit travel hard.

While the annual numbers are poor, indicators in the latter part of 2020 are not as bad as earlier in the year. The shutdowns in the spring cut travel by three-quarters at the worst point. However, once North Dakota began re-opening and the weather warmed up, losses shrank as North Dakota welcomed visitors from areas with more restrictions.



Despite declines, North Dakota still welcomed 18.7 million visitors in 2020

Visitation declines were smaller for in-state travelers versus those coming from outside the state.



Visitors spent \$2.1 billion in North Dakota in 2019

The Covid-19 pandemic cut 32% from 2019 visitor spending levels.



Retail spending holds its own

While both prices and spending opportunities fell in other sectors as a result of the pandemic, in-state residents demand for retail goods helped retail spending lose less.

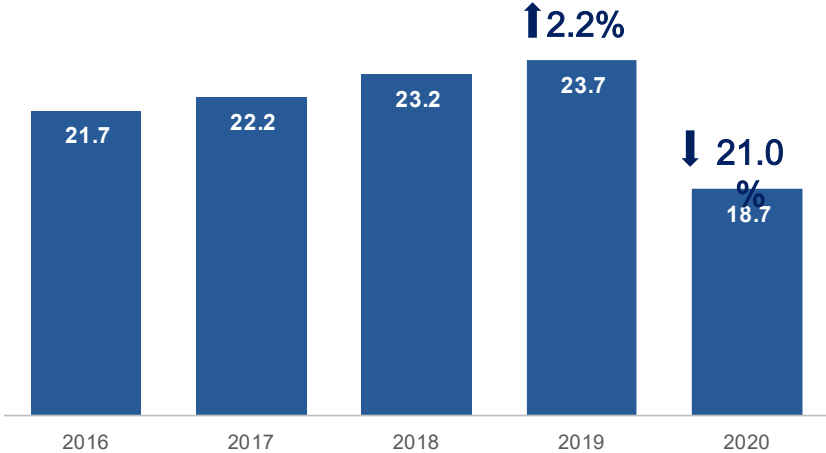
VISITATION TRENDS

Total visitor count

Visitation fell by 5 million visitors in 2020, a decline of 21%. Even with the decline, North Dakota welcomed 18.7 million person-trips during the year.

Visitation losses were higher for international and out-of-state residents than for in-state travelers.

North Dakota visitation levels (millions)



Source: Tourism Economics

VISITOR SPENDING TRENDS

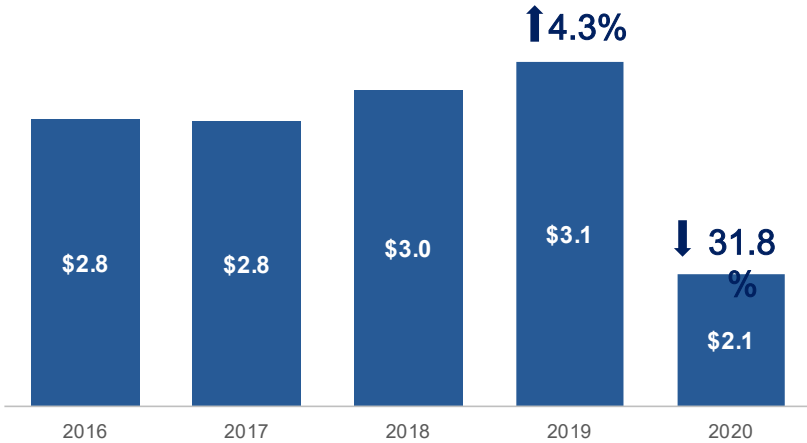
Total visitor spending

Visitor spending in North Dakota declined 32% in 2020, falling to \$2.1 billion.

The pandemic and its various travel restrictions cut \$1 billion from 2019 visitor spending levels.

Prices in key traveler sectors—gasoline and lodging, fell, exacerbating the decline in spending.

North Dakota visitor spending (\$ billions)



Source: Tourism Economics

INDICATORS

Sales tax collections

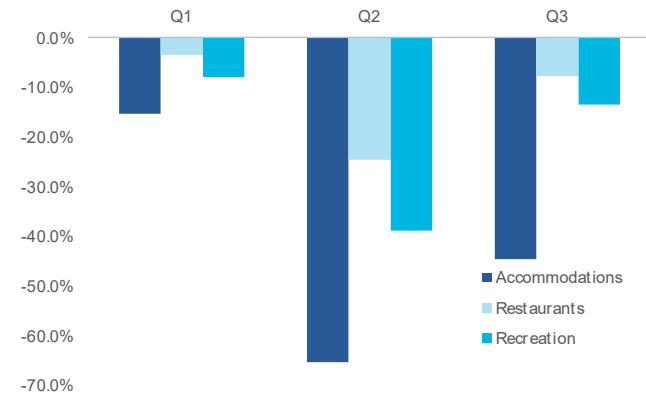
Sales tax data helps show likely visitor activity by examining sectors key to the visitor.

Sales tax collections fell significantly in all the leisure and hospitality sectors in the spring as much of the country shut down. As North Dakota reopened and the summer travel season began, there were smaller losses in restaurants. As travel shifted to more leisure and outdoor activities in 2020, lodging sales remain depressed.

Examining sectors within the retail industry help show changes in spending patterns. Retail is a key spending sector for in-state travelers, as the size of North Dakota means many rural residents travel to find retail opportunities. As a portion of those sales will be in general merchandise stores like Wal-Marts and Targets, the data is showing that type of spending continued throughout the year. But more discretionary travel lagged, evidenced by the slow recovery in apparel stores.

North Dakota sales tax collections – leisure & hospitality

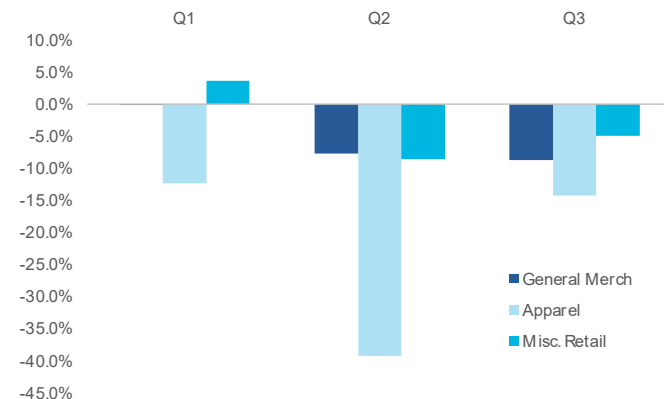
Y-o-y growth, by quarter, 2020



Source: Tourism Economics, North Dakota Department of Revenue

North Dakota sales tax collections – retail

Y-o-y growth, by quarter, 2020



Source: Tourism Economics, North Dakota Department of Revenue

SPENDING DETAILS

Spending by category, 2020

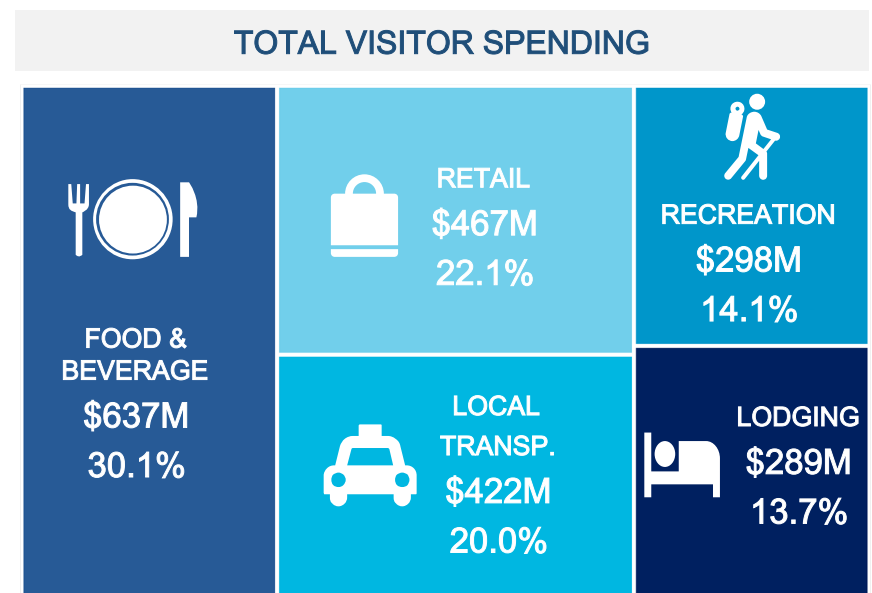
Food & beverage and retail spending are the top spending categories by visitors in 2020.

Of the \$2.1 billion spent in North Dakota in 2020 by visitors, food & beverage spending captured \$637 million—30% of the average visitor dollar.

Retail is a key spending sector for North Dakota travelers, capturing 22 cents of each visitor dollar, a total of \$467 million.

Lodging captured 13.7% of each visitor dollar. The \$289 million in lodging spending includes both room rentals as well as 2nd home rental income.

Visitors spent 14.1% on recreational activities in 2020.



Source: Tourism Economics

SPENDING TIMELINE

Visitor spending time line

Visitor spending fell by \$1 billion in 2020.

As 2020 saw more in-state and leisure travel in North Dakota, spending sectors with more reliance on those segments declined less. For example, retail spending declined just 27%.

Lodging spending was hit hard by the pandemic. With fewer rooms rented coupled with lower prices, lodging spending in 2020 fell by 38%. Gas prices fell along with less spending on car rentals, driving transportation spending lower.

Visitor Spending in North Dakota, 2016 -2020

Amounts in millions of dollars

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2020 Growth | 2016-2020 CAGR |
|--|----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| Total visitor spending | \$2,834 | \$2,823 | \$2,972 | \$3,101 | \$2,114 | -31.8% | -7.1% |
|  Lodging* | \$437 | \$428 | \$442 | \$467 | \$289 | -38.1% | -9.9% |
|  Food & beverages | \$822 | \$819 | \$848 | \$892 | \$637 | -28.6% | -6.2% |
|  Retail | \$601 | \$593 | \$619 | \$640 | \$467 | -27.0% | -6.1% |
|  Recreation | \$425 | \$426 | \$471 | \$492 | \$298 | -39.4% | -8.5% |
|  Transportation** | \$548 | \$556 | \$591 | \$610 | \$422 | -30.8% | -6.3% |

Lodging includes 2nd home spending

Transportation includes both local and air transportation spending

Source: Tourism Economics

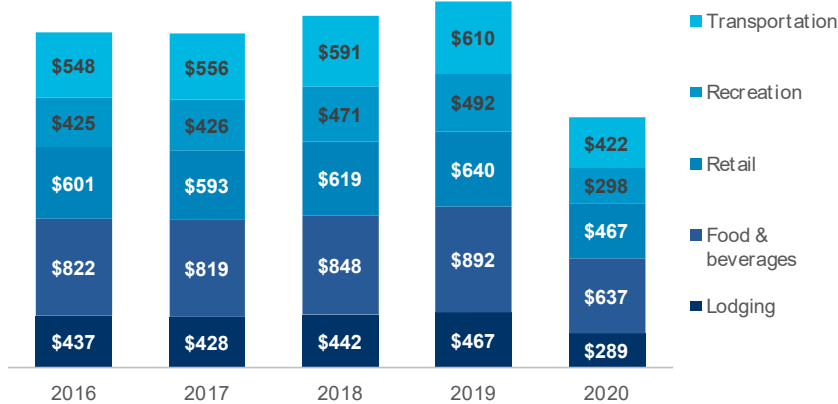
SPENDING DISTRIBUTION

Spending by category

Visitors spent \$637 million on food and beverages in 2020; restaurants and grocery stores saw \$255 million less spent by visitors than 2019. Food & beverage spending remains the largest spending category for visitors in North Dakota.

The smallest dollar declines in visitor spending in 2020 were in retail and lodging. Retail was supported by its importance to in-state travelers and lodging losses were smaller numerically due to its overall size in North Dakota.

North Dakota visitor spending (\$ billions)



Source: Tourism Economics

SPENDING DISTRIBUTION

Visitor spending shares

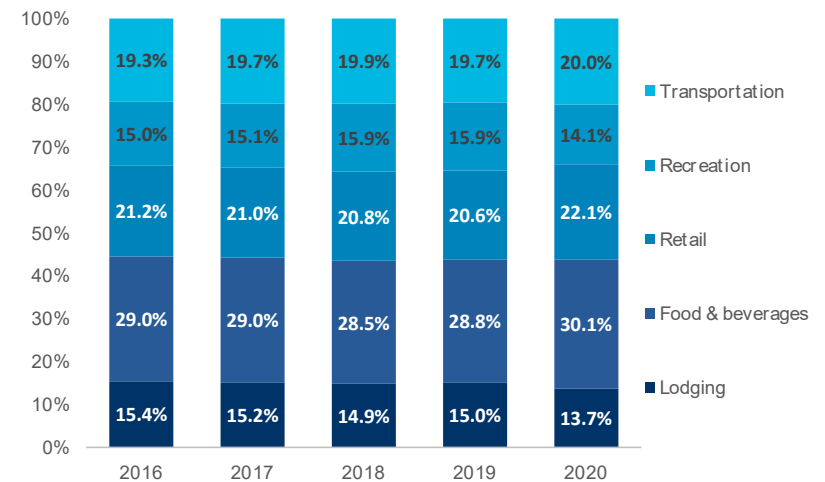
Closures and safety issues affected where the traveler spent in 2020.

With stadiums and museums closed in 2020, opportunities to spend on recreational activities were limited. With that, the share of the visitor dollar spent on recreational activities dropped nearly two percentage points.

As retail is a key spending area for in-state travelers, the retail share grew in 2020.

Visitor spending on commercial lodging options dropped as a share of each dollar spent in North Dakota to 13.7 cents of each dollar.

North Dakota visitor spending (shares)



Source: Tourism Economics

VISITATION AND SPENDING

Day/overnight splits

Each traveler spends \$114, on average, on their trip to North Dakota.

Despite the decline in visitation and visitor spending, per-traveler spending had a much smaller decline. Per-trip spending fell to \$134 from \$114 in 2019.

Trips and spending, 2016 -2020

Amounts in nominal dollars and number of visitors

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------|---------|---------|---------|---------|---------|
| Total visitors (millions) | 21.7 | 22.2 | 23.2 | 23.7 | 18.7 |
| Total traveler spending (\$ millions) | \$2,834 | \$2,823 | \$2,972 | \$3,101 | \$2,114 |
| Per traveler spending | \$130 | \$127 | \$128 | \$131 | \$113 |

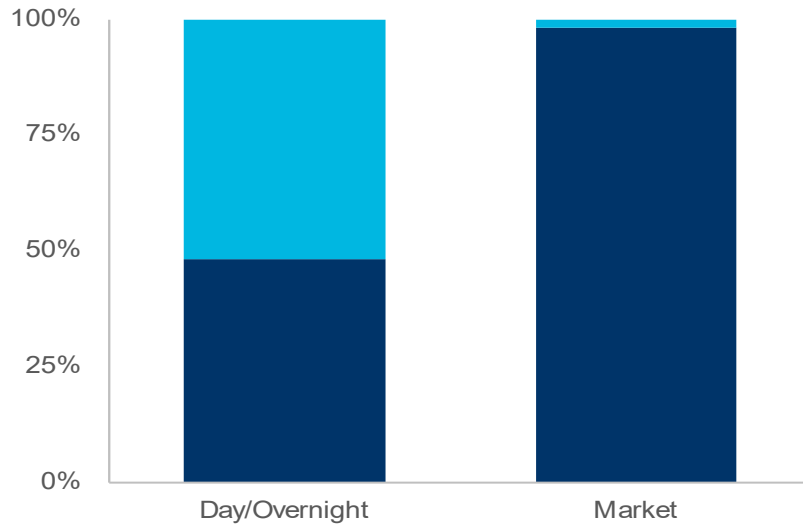
Source: Tourism Economics

SPENDING

Visitor spending by market

Spending share by market, 2020

Expressed as a percentage of total expenditure per market



Source: Tourism Economics

North Dakota spending by market

Amounts in millions of nominal dollars and percent of total

| | Spending | % of total |
|---------------|----------------|------------|
| Stay | \$2,114 | |
| Day | \$1,097 | 52% |
| Overnight | \$1,017 | 48% |
| Market | \$2,114 | |
| Domestic | \$2,074 | 98% |
| International | \$40 | 2% |

Source: Tourism Economics

TOURISM ECONOMY

TOURISM SATELLITE ACCOUNT

Investment

\$179 million was spent on construction costs in support of the tourism industry in North Dakota.

Spending on machinery & equipment still registered \$88 million in 2020 despite the pandemic cutting sales.

As many new construction projects are planned months and years in advance, new construction showed minimal declines in 2020, falling 2%.

The continued investment in new tourism facilities and modernization of current visitor-focused businesses will support growth in the industry as it recovers from the pandemic.

Tourism capital investment, 2016 -2020
Amounts in millions of dollars

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2020 Growth | 2016-2020 CAGR |
|-----------------------|--------------|--------------|--------------|--------------|--------------|---------------|----------------|
| Construction | \$160 | \$58 | \$89 | \$93 | \$91 | -1.9% | -13.2% |
| Machinery & Equipment | \$159 | \$150 | \$152 | \$127 | \$88 | -30.7% | -13.8% |
| Total | \$320 | \$209 | \$241 | \$219 | \$179 | -18.5% | -13.5% |

Source: Dodge Construction; Tourism Economics

TOURISM SATELLITE ACCOUNT

Category contributions, 2020

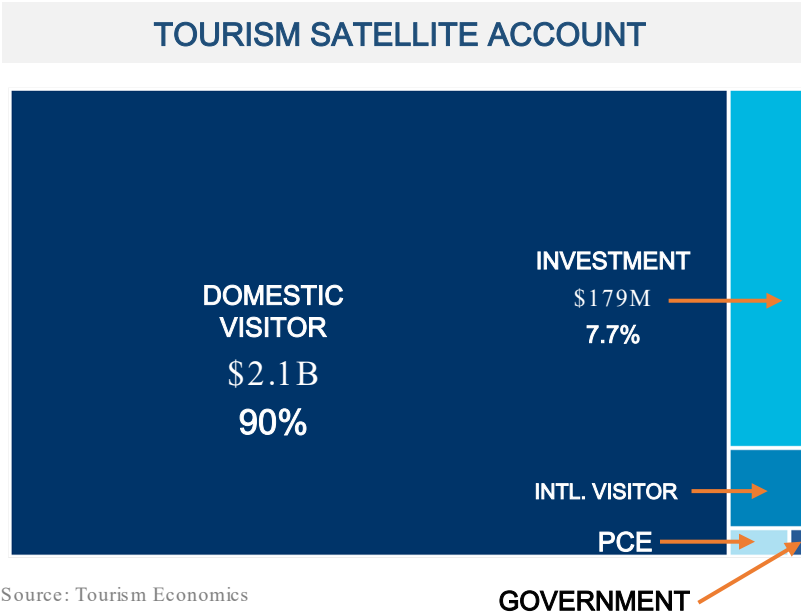
The direct contributions of tourism consumption to the North Dakota economy reached \$2.3 billion in 2020

The direct contribution of tourism includes visitor spending, investment in tourism facilities, governmental spending in support of visitors, and other tourism consumption.

Domestic visitors provided the majority of tourism economy spending at \$2.1 billion, 90% of the total.

Investment spending contributed 7.7% with personal consumption spending in support of tourism adding \$11 million. Governmental support of tourism contributed \$4 million or 0.2% of the total.

With most borders closed for much of 2020, international visitors and their \$40 million in spending accounted for 1.7% of the total. In 2019, international visitors accounted for 5.8% of spending.



Source: Tourism Economics

TOURISM SATELLITE ACCOUNT

Tourism economy in North Dakota

Non-visitor private consumption expenditures (PCE) represent tourism consumer durables such as an RV, boat, or furniture for a vacation home.

Government support for tourism includes the budgets for destination marketing and other budget items in broad support of tourism.

Capital investment (CAPEX) includes construction of hotels and attractions, as well as tourism equipment and infrastructure.

Tourism economy spending, 2016 -2020
Amounts in millions of dollars

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2020 Growth | 2016-2020 CAGR |
|-----------------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| Domestic Visitor | \$2,591 | \$2,594 | \$2,746 | \$2,905 | \$2,074 | -28.6% | -5.4% |
| International Visitor | \$243 | \$229 | \$226 | \$196 | \$40 | -79.6% | -36.3% |
| Non-Visitor PCE | \$28 | \$31 | \$33 | \$33 | \$11 | -67.5% | -21.8% |
| Gov't Support | \$7 | \$5 | \$5 | \$6 | \$4 | -38.3% | -15.4% |
| Investment | \$320 | \$209 | \$241 | \$219 | \$179 | -18.5% | -13.5% |
| Total | \$3,189 | \$3,067 | \$3,252 | \$3,359 | \$2,307 | -31.3% | -7.8% |

Source: Tourism Economics

DIRECT IMPACTS

TOURISM INDUSTRY IMPACTS

The tourism industry consists of visitor spending and its direct impacts on the state economy.

Tourism GDP is the value added of those sectors directly interacting with travelers.

The narrow definition of the tourism industry counts only tourism industry sales, which excludes capital investment and general government support of tourism. This also excludes indirect and induced effects. This definition is consistent with economic accounts.

On this basis, tourism industry GDP tallied \$840 million in 2020, and tourism industry employment tallied 23,497, accounting for 4.2% of all North Dakota employment.

Core tourism

Amounts in number of jobs and millions of nominal dollars

| | Employment | GDP (millions) |
|------------------------------------|---------------|----------------|
| Total | 23,497 | \$840 |
| Food & Beverage | 10,555 | \$291 |
| Lodging | 3,857 | \$169 |
| Retail Trade | 3,590 | \$140 |
| Recreation and Entertainment | 3,262 | \$144 |
| Gasoline Stations | 787 | \$34 |
| Other Transport | 598 | \$32 |
| Personal Services | 559 | \$10 |
| Business Services | 179 | \$8 |
| Air Transport | 84 | \$12 |
| Finance, Insurance and Real Estate | 27 | \$0 |

Source: Tourism Economics

DIRECT TOURISM INDUSTRY

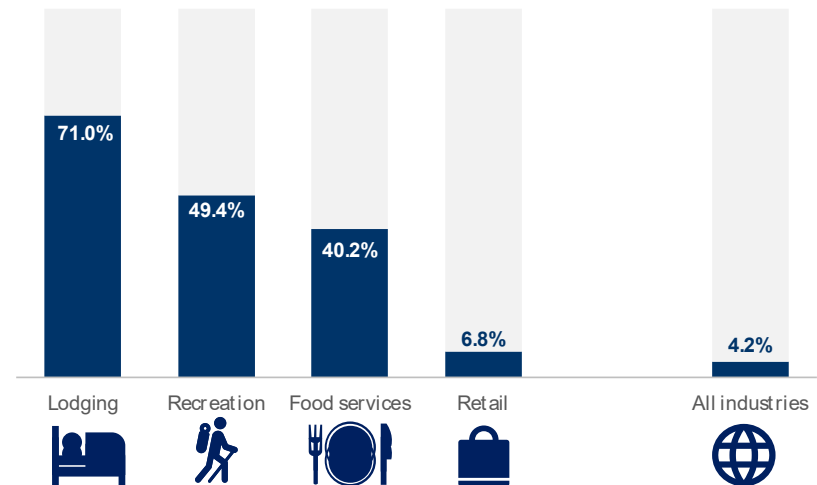
Tourism employment intensity

Tourism employment is a significant part of several industries—the majority of lodging employment, 49% of recreation, and 40% of food & beverage employment is supported by tourism spending.

Tourism shares fell slightly in 2020 with the decline in visitor spending. The share of food service jobs supported by visitor activity dropped two percentage points to 39.5% in 2020 as resident spending rose in importance to businesses.

Tourism employment intensity

Amounts in percentage of total industry employment



DIRECT INDUSTRY EMPLOYMENT

Tourism employment growth

Visitor spending directly supported 23,497 jobs

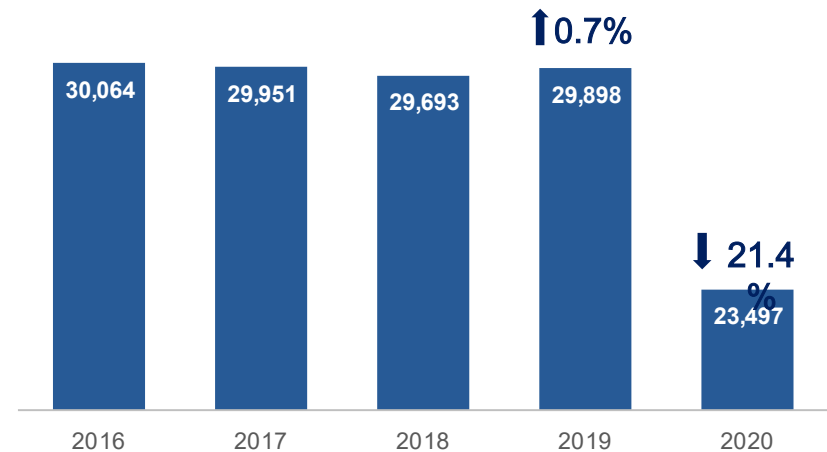
Employment fell by 6,400 jobs as many businesses were affected by both closures and changes in the types of travel that occurred.

Key visitor employment sectors are recreation and lodging. Employment in both fell by nearly 30%.

Despite these drops, the 23,497 jobs supported by visitor activity still represent 4.2% of all jobs in North Dakota. One out of every 24 jobs is directly supported by visitor spending.

Tourism supported employment in North Dakota

Amounts in number of jobs and year-on-year percentage growth



Source: Tourism Economics

MONTHLY EMPLOYMENT TRENDS

Tourism employment

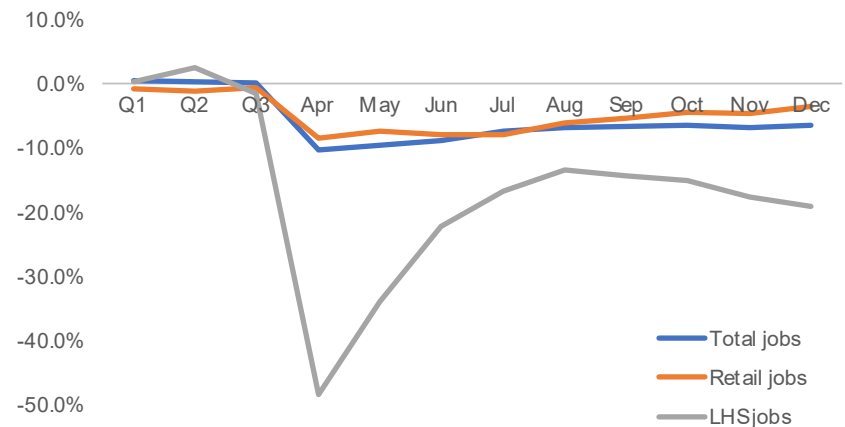
Leisure & hospitality jobs have seen the largest declines

Jobs losses from the pandemic reached 10% of all jobs in North Dakota in the spring and have leveled off at around 6.5% declines in the latter part of 2020. Leisure and hospitality job losses were down 50% at their nadir, recovered to within 14% of 2019 levels in the late summer and early fall, but fell back at the end of the year, registering -20% by the end of the year.

To complete the state's recovery from the pandemic job losses, tourism will need to recover. In the latter part of 2020, 27% of all North Dakota job losses were in the leisure and hospitality sector—losses of around 8,000 North Dakota jobs.

Employment in North Dakota, by major industry

Y-o-y growth, by month in 2020



Source: Tourism Economics, BLS

DIRECT INDUSTRY EMPLOYMENT

Tourism employment

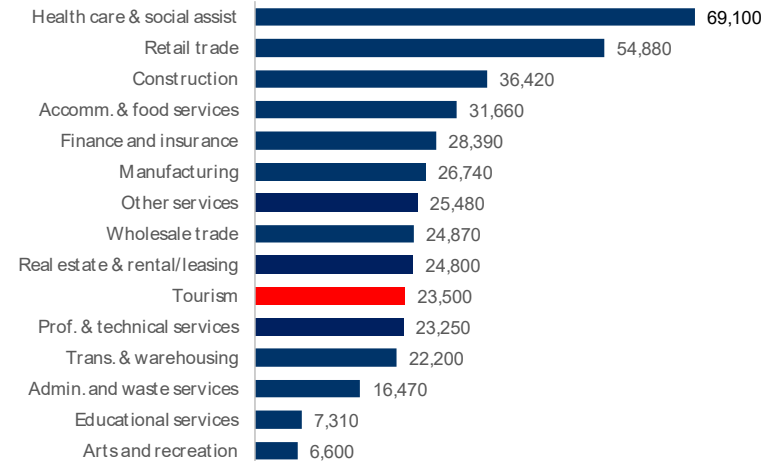
In 2020, tourism was the 10th largest employer in North Dakota

Visitor activity directly supported 23,500 jobs in North Dakota in 2020. Comparing this with the direct employment in other industry sectors, tourism would rank as the 10th largest industry.

In 2019, tourism ranked 5th.

Employment in North Dakota, by major industry

Amounts in number of jobs



Source: Tourism Economics, BEA

ECONOMIC IMPACTS



ECONOMIC IMPACTS

How visitor spending generates employment and income

Our analysis of tourism's impact on North Dakota begins with actual spending by visitors, but also considers the downstream effects of this injection of spending into the local economy. To determine the total economic impact of tourism in North Dakota, we input visitor spending into a model of the North Dakota economy created in IMPLAN. This model calculates three distinct types of impact: direct, indirect, and induced.

The impacts on business sales, jobs, wages, and taxes are calculated for all three levels of impact.

- 1. Direct Impacts** : Visitors create direct economic value within a discrete group of sectors (e.g. recreation, transportation). This supports a relative proportion of jobs, wages, taxes, and GDP within each sector.
- 2. Indirect 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.
- 3. Induced Impacts** : Lastly, the induced impact is generated when employees whose wages are generated wither directly or indirectly by visitors, spend those wages in the local economy.

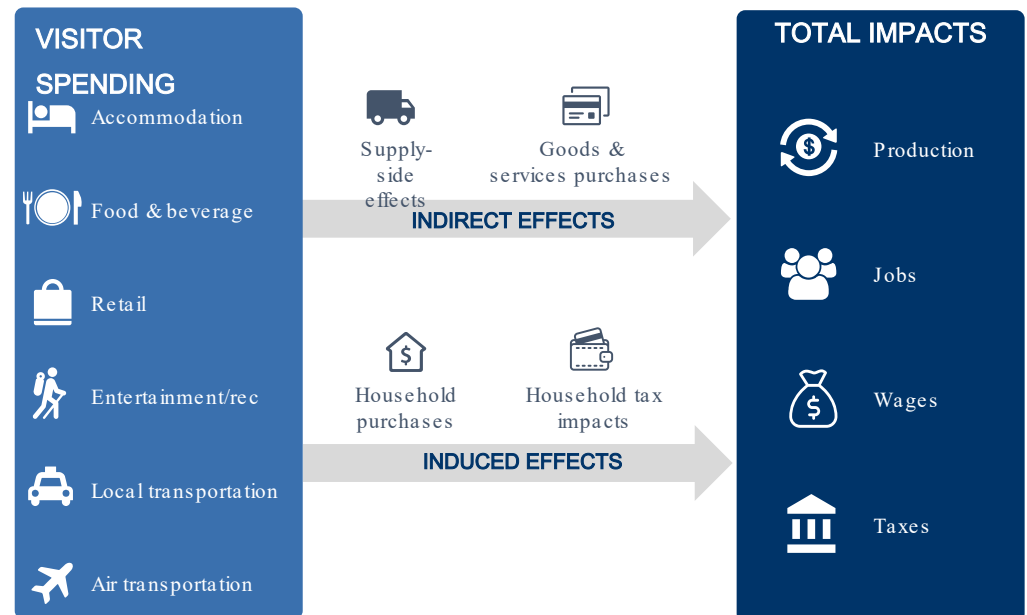
ECONOMIC IMPACTS

How visitor spending generates employment and income

Economic impact flowchart

IMPLAN calculates these three levels of impact – direct, indirect, and induced – for a broad set of indicators. These include the following:

- Spending
- Wages
- Employment
- Federal Taxes
- State Taxes
- Local Taxes



TOTAL BUSINESS SALES IMPACTS

Business sales by industry

Visitor influenced spending—direct spending coupled with construction and governmental spending in support of tourism—totaled \$2.3 billion in 2020. Including indirect and induced impacts, tourism activity supported \$3.7 billion in business sales in North Dakota.

Summary economic impacts (\$ billions)



Business sales impacts by industry

| Amounts in millions of current dollars | Direct sales | Indirect sales | Induced sales | Total sales |
|--|----------------|----------------|---------------|----------------|
| Total, all industries | \$2,341 | \$704 | \$609 | \$3,655 |
| By industry | | | | |
| Food & Beverage | \$637 | \$18 | \$40 | \$695 |
| Retail Trade | \$477 | \$19 | \$51 | \$547 |
| Finance, Insurance and Real Estate | \$39 | \$177 | \$190 | \$405 |
| Gasoline Stations | \$333 | \$1 | \$4 | \$338 |
| Construction and Utilities | \$179 | \$90 | \$29 | \$297 |
| Recreation and Entertainment | \$261 | \$11 | \$8 | \$280 |
| Lodging | \$269 | \$0 | \$0 | \$270 |
| Business Services | \$6 | \$149 | \$35 | \$191 |
| Education and Health Care | | \$1 | \$117 | \$118 |
| Other Transport | \$45 | \$44 | \$14 | \$103 |
| Personal Services | \$33 | \$22 | \$35 | \$90 |
| Wholesale Trade | | \$50 | \$32 | \$81 |
| Government | \$36 | \$24 | \$13 | \$72 |
| Communications | | \$43 | \$21 | \$64 |
| Manufacturing | \$1 | \$39 | \$15 | \$55 |
| Air Transport | \$26 | \$1 | \$1 | \$27 |
| Agriculture, Fishing, Mining | | \$14 | \$7 | \$21 |

Source: IMPLAN, Tourism Economics

TOTAL BUSINESS SALES IMPACTS

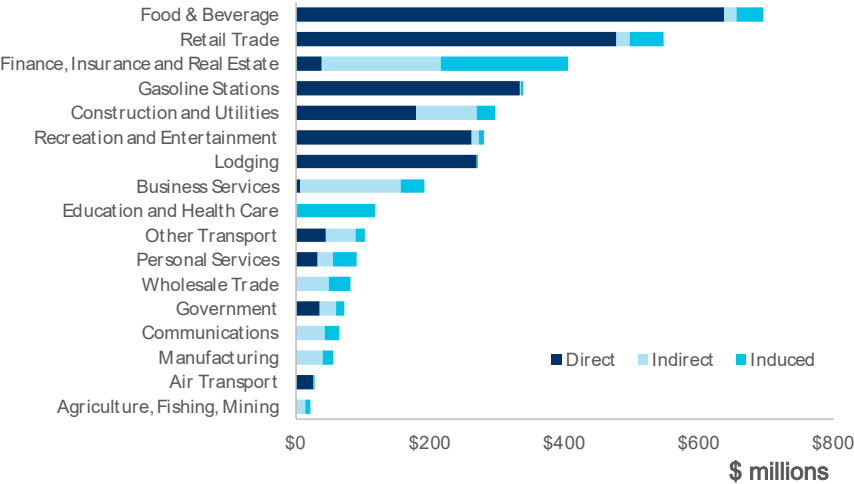
Business sales by industry

The indirect and induced effects add a total of \$1.3 billion in sales to businesses located in North Dakota. This includes \$370 million in sales supported by visitor activity but not by visitors to finance, insurance and real estate businesses.

Non-gas retail trade business sales directly from visitors provided \$477 million in sales. Adding in the \$70 million in retail sales from indirect and induced effects, and retail businesses received \$550 million in sales resulting from visitor activity in North Dakota.

Significant benefits also accrue in sectors like business services, education & health care, manufacturing, and communications from selling to tourism businesses and employees.

Business sales impacts by industry



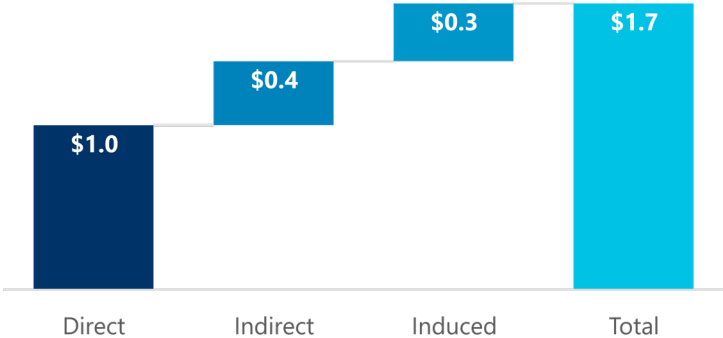
Source: IMPLAN, Tourism Economics

TOTAL VALUE-ADDED IMPACTS

GDP

Tourism generated \$1.7 billion in local GDP in 2020, or 3.2% of the North Dakota economy. This excludes all import leakages to arrive at the economic value generated by traveler activity in the state.

Summary GDP impacts (\$ billions)



GDP impacts by industry

| Amounts in millions of current dollars | Direct value | Indirect value | Induced value | Total value |
|--|--------------|----------------|---------------|----------------|
| Total, all industries | \$964 | \$375 | \$339 | \$1,679 |
| By industry | | | | |
| Food & Beverage | \$291 | \$6 | \$19 | \$316 |
| Finance, Ins. & Real Estate | | \$97 | \$114 | \$212 |
| Retail Trade | \$140 | \$14 | \$31 | \$184 |
| Construction and Utilities | \$129 | \$34 | \$11 | \$173 |
| Lodging | \$169 | \$0 | \$0 | \$169 |
| Recreation & Entertainment | \$144 | \$4 | \$3 | \$151 |
| Business Services | \$8 | \$92 | \$20 | \$121 |
| Education and Health Care | | \$1 | \$75 | \$75 |
| Other Transport | \$32 | \$23 | \$8 | \$62 |
| Wholesale Trade | | \$34 | \$19 | \$53 |
| Personal Services | \$10 | \$17 | \$19 | \$46 |
| Gasoline Stations | \$34 | \$1 | \$2 | \$37 |
| Communications | | \$19 | \$11 | \$30 |
| Manufacturing | \$4 | \$13 | \$3 | \$21 |
| Agriculture, Fishing, Mining | | \$11 | \$4 | \$15 |
| Air Transport | \$12 | \$0 | \$0 | \$13 |
| Government | -\$8 | \$9 | -\$1 | \$0 |

Source: IMPLAN, Tourism Economics

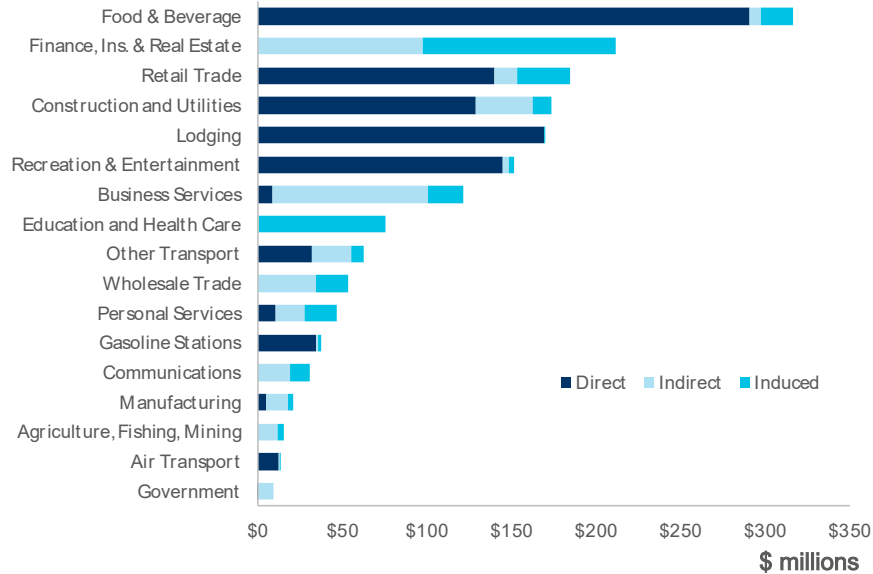
TOTAL VALUE-ADDED IMPACTS

GDP

In North Dakota, restaurant spending by visitors creates the most local value with the finance, insurance & real estate industry closely following.

The retail trade industry follows as an industry providing value to North Dakota's economy from visitor activity. Ranking 4th is the construction industry, just ahead of the lodging industry.

GDP impacts by industry



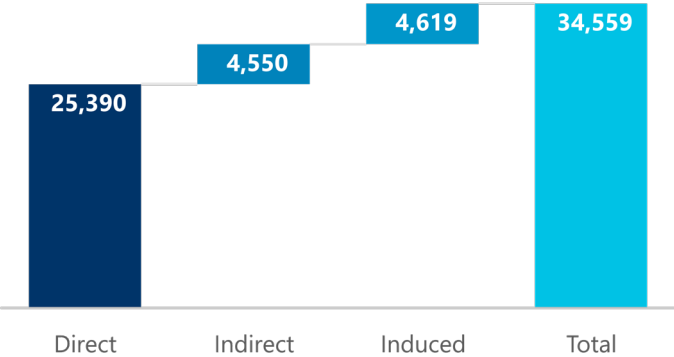
Source: IMPLAN, Tourism Economics

TOTAL EMPLOYMENT IMPACTS

Employment

Tourism supported a total of 34,559 jobs when indirect and induced impacts are considered. This represents 6.2% of all jobs in the state—or one out of every 16 jobs in North Dakota.

Summary employment impacts (number of jobs)



Employment Impacts

| Amounts in total employment | Direct jobs | Indirect jobs | Induced jobs | Total jobs |
|------------------------------|---------------|---------------|--------------|---------------|
| Total, all industries | 25,390 | 4,550 | 4,619 | 34,559 |
| By industry | | | | |
| Food & Beverage | 10,555 | 349 | 753 | 11,657 |
| Retail Trade | 3,709 | 262 | 637 | 4,608 |
| Lodging | 3,857 | 7 | 3 | 3,868 |
| Recreation and Entertainment | 3,262 | 239 | 102 | 3,603 |
| Business Services | 179 | 1,367 | 378 | 1,923 |
| Construction and Utilities | 1,657 | 179 | 73 | 1,909 |
| Finance, Ins. & Real Estate | 27 | 842 | 530 | 1,398 |
| Education and Health Care | | 35 | 1,244 | 1,279 |
| Personal Services | 559 | 231 | 466 | 1,256 |
| Other Transport | 598 | 326 | 106 | 1,031 |
| Gasoline Stations | 787 | 30 | 43 | 860 |
| Wholesale Trade | | 188 | 115 | 303 |
| Communications | | 187 | 61 | 247 |
| Government | 27 | 150 | 65 | 241 |
| Manufacturing | 89 | 93 | 19 | 201 |
| Air Transport | 84 | 2 | 2 | 88 |
| Agriculture, Fishing, Mining | | 62 | 23 | 85 |

Source: IMPLAN, Tourism Economics

TOTAL EMPLOYMENT IMPACTS

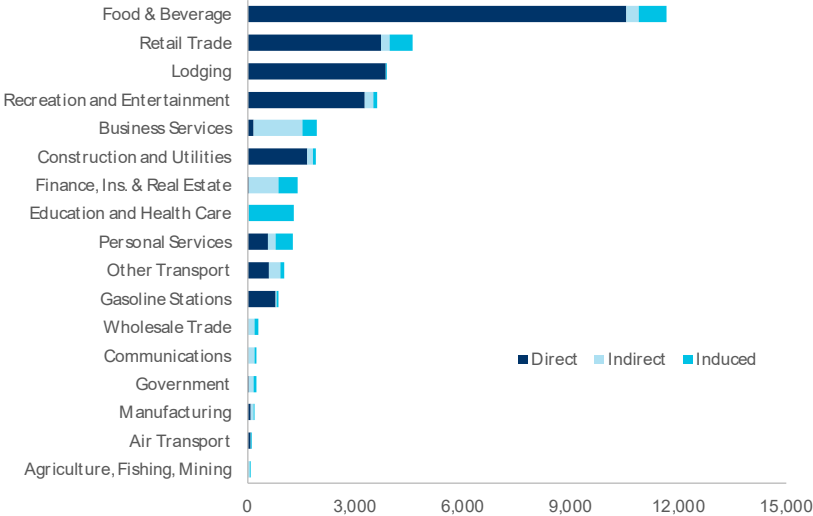
Employment

Visitor spending supports the largest number of jobs in the food & beverage industry—11,650. The majority of those jobs are directly supported by visitor activity.

Another 4,600 North Dakota jobs are supported by visitor spending in the retail trade industry with lodging employment providing 3,870 jobs in North Dakota.

More than 4,500 North Dakota-based jobs were indirectly supported by visitor activity in 2020.

Employment Impacts



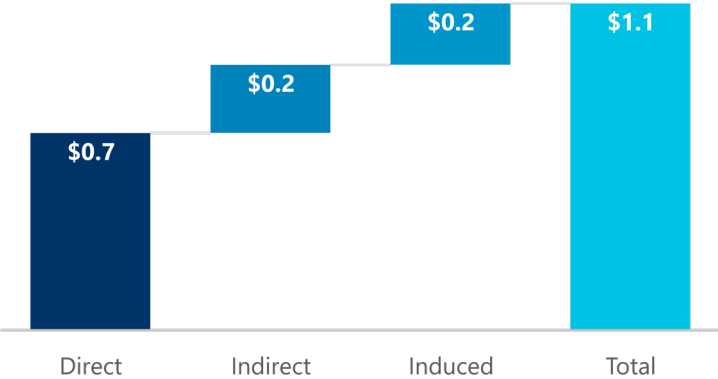
Source: IMPLAN, Tourism Economics

TOTAL INCOME IMPACTS

Personal income

Tourism generated \$675 million in direct income and \$1.1 billion when indirect and induced impacts are considered. These wages and benefits are paid to people whose jobs are located in North Dakota.

Summary personal income impacts (\$ billions)



Personal income impacts

| Amounts in millions of current dollars | Direct income | Indirect income | Induced income | Total income |
|--|---------------|-----------------|----------------|----------------|
| Total, all industries | \$675 | \$234 | \$210 | \$1,119 |
| By industry | | | | |
| Food & Beverage | \$210 | \$8 | \$17 | \$235 |
| Retail Trade | \$103 | \$9 | \$23 | \$134 |
| Construction and Utilities | \$103 | \$16 | \$6 | \$125 |
| Business Services | \$5 | \$75 | \$18 | \$98 |
| Lodging | \$94 | \$0 | \$0 | \$94 |
| Recreation and Entertainment | \$77 | \$3 | \$2 | \$82 |
| Education and Health Care | | \$1 | \$68 | \$69 |
| Finance, Insurance and Real Estate | \$3 | \$39 | \$25 | \$67 |
| Other Transport | \$25 | \$18 | \$6 | \$49 |
| Personal Services | \$16 | \$14 | \$19 | \$49 |
| Gasoline Stations | \$27 | \$1 | \$2 | \$30 |
| Wholesale Trade | | \$16 | \$11 | \$27 |
| Government | \$4 | \$12 | \$5 | \$21 |
| Communications | | \$11 | \$5 | \$16 |
| Manufacturing | \$3 | \$6 | \$1 | \$11 |
| Agriculture, Fishing, Mining | | \$5 | \$2 | \$7 |
| Air Transport | \$4 | \$0 | \$0 | \$4 |

Source: IMPLAN, Tourism Economics

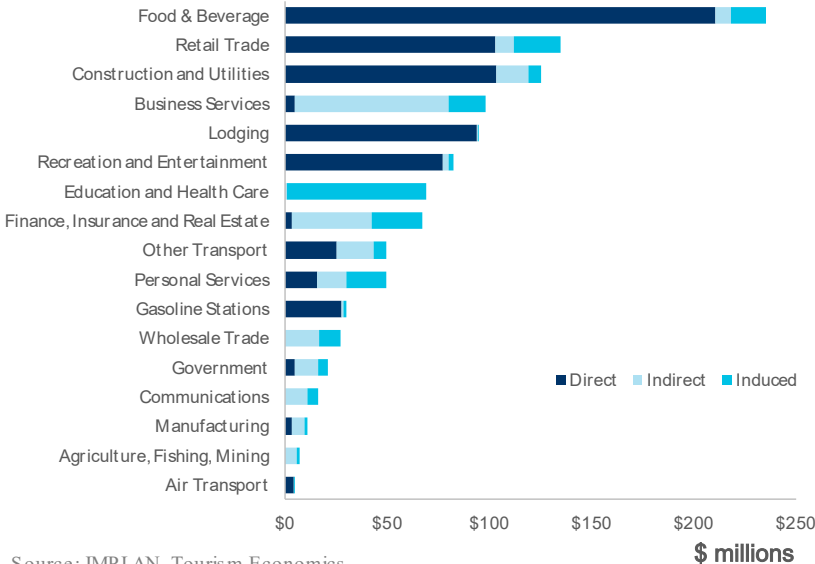
TOTAL INCOME IMPACTS

Personal income

There are eight industries in which visitor activity supports more than \$65 million in personal income. These range from the obvious—food & beverages and lodging, to the less obvious—business services and education & health care.

Despite ranking a distant fifth in terms of jobs supported, the higher wages in the business services industry supported by visitor activity provides \$98 million in income to North Dakota job holders, the fourth largest impact.

Personal income impacts



TOTAL TAX IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated \$446 million in governmental revenues.

State and local taxes alone tallied \$219 million in 2020.

Each household in North Dakota would need to be taxed an additional \$675 per year to replace the traveler taxes received by state and local governments.

Tax impacts

Amounts in millions of current dollars

| | 2018 | 2020 |
|------------------------|----------------|----------------|
| Total | \$600.0 | \$446.4 |
| Federal | \$299.5 | \$227.6 |
| Personal Income | \$86.5 | \$73.1 |
| Corporate | \$38.3 | \$20.1 |
| Indirect business | \$17.0 | \$10.2 |
| Social insurance | \$157.6 | \$124.1 |
| State and Local | \$300.5 | \$218.9 |
| Sales | \$146.8 | \$105.7 |
| Bed Tax | \$10.1 | \$6.2 |
| Personal Income | \$8.9 | \$7.6 |
| Corporate | \$5.3 | \$2.9 |
| Social insurance | \$10.1 | \$8.5 |
| Excise and Fees | \$85.3 | \$61.2 |
| Property | \$33.9 | \$26.7 |

Source: IMPLAN, Tourism Economics

TOTAL TAX IMPACTS

Fiscal (tax)

Visitor spending, visitor supported jobs, and business sales generated significant revenues for state and local governments alike.

Visitor activity supported \$159 million in state tax revenues in 2020. Local governments received \$60 million in revenue from economic activity associated with visitors.

For the state, sales tax receipts provide a large share of governmental revenues. For local governments, property taxes along with fees, bed, and sales taxes provide the majority of governmental revenues.

State & local tax impacts

Amounts in millions of nominal dollars

| | State | Local |
|---------------------|----------------|---------------|
| Tax Revenues | \$158.9 | \$60.0 |
| Sales | \$89.0 | \$16.7 |
| Bed tax | \$0.0 | \$6.2 |
| Personal income | \$7.6 | \$0.0 |
| Corporate | \$2.9 | \$0.0 |
| Social insurance | \$8.5 | \$0.0 |
| Excise and fees | \$50.9 | \$10.3 |
| Property | \$0.0 | \$26.7 |

Source: IMPLAN, Tourism Economics

ECONOMIC IMPACT IN CONTEXT

ECONOMIC IMPACTS IN CONTEXT

Figures in context



Visitor spending

Stacking \$2.1 billion worth of \$1 bills would reach 145 miles high—like having a stack of bills from Minot to Devils Lake, ND.



Total visitor business sales

The \$3.7 billion in total impact in 2020 is similar in size to what US consumers spent on chocolate in the first four months of the pandemic.



Employment

Tourism supports 34,559 North Dakota jobs in 2020—5.5 times the employment (military and civilian) at Minot Air Force Base.



Taxes

Visitor supported sales tax collections brought in \$219 million in state and local tax revenues in 2020. Were all tourism taxes dedicated to it, it would take just over two years to pay off the cost of replacing the Long X bridge.

APPENDIX

GLOSSARY – SPENDING

| Term | Description |
|--------------------------|---|
| Lodging | Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels and similar establishments. |
| Food and beverage | Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers. |
| Recreation | Includes visitors spending within the arts, entertainment and recreation sub-sector. |
| Shopping | Includes visitor spending in all retail sub-sectors within the local economy. |
| Local transport | Includes visitor spending on local transport services such as taxis, limos, trains, rental cars, and buses. |
| Service stations | Visitor spending on gasoline. |
| Second homes | Where applicable, spending associated with the upkeep of seasonal second homes for recreational use as defined by the Census Bureau. |

GLOSSARY - IMPACTS

| Term | Description |
|--------------------------|---|
| Direct Impact | Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discreet group of tourism-related sectors (e.g. recreation, transportation, lodging). |
| Indirect Impact | Impacts created from purchase of goods and services used as inputs (e.g. food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e. economic effects stemming from business-to-business purchases in the supply chain). |
| Induced Impact | Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending. |
| Employment | Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year. |
| Personal Income | Income (wages, salaries, proprietor income and benefits) supported by visitor spending. |
| Value Added (GDP) | The economic enhancement a company gives its products or services before offering them to customers. |
| Local Taxes | City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses and other revenues streams of local governmental authorities – from transportation to sanitation to general government. |
| State Taxes | State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees and other assessments of state governments. |

ABOUT TOURISM ECONOMICS

Tourism Economics is an Oxford Economics company with a singular objective: combine an understanding of the travel sector with proven economic tools to answer the most important questions facing our clients. More than 500 companies, associations, and destination work with Tourism Economics every year as a research partner. We bring decades of experience to every engagement to help our clients make better marketing, investment, and policy decisions. Our team of highly-specialized economists deliver:

- Global travel data-sets with the broadest set of country, city, and state coverage available
- Travel forecasts that are directly linked to the economic and demographic outlook for origins and destinations
- Economic impact analysis that highlights the value of visitors, events, developments, and industry segments
- Policy analysis that informs critical funding, taxation, and travel facilitation decisions
- Market assessments that define market allocation and investment decisions

Tourism Economics operates out of regional headquarters in Philadelphia and Oxford, with offices in Belfast, Buenos Aires, Dubai, Frankfurt, and Ontario.

Oxford Economics is one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on 200 countries, 100 industrial sectors and over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC, we employ over 250 full-time staff, including 150 professional economists, industry experts and business editors—one of the largest teams of macroeconomists and thought leadership specialists.

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