

# **Oregon Travel Impacts** ***1991-2014p***

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*Prepared for*

Oregon Tourism Commission  
Salem, Oregon

The multi-billion dollar travel industry in Oregon 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 Oregon produces business receipts at these firms, which in turn employ Oregon residents and pay their wages and salaries. State and local government units also benefit from the tax receipts that travel generates. The state government collects taxes on lodging, motor fuel and the income of travel industry employees. Local governments also collect taxes on lodging and auto rentals.

#### **IMPACTS OF TRAVEL IN OREGON: A SUMMARY**

- Visitation and spending increased for the fifth consecutive year. In real dollars (adjusted for inflation), spending has increased by 2.1 percent per year since 2010.
- Travel spending increased by 4.3 percent in current dollars from 2013 to 2014 to \$10.3 billion. In real dollars, spending increased by 3.5 percent.<sup>1</sup> An estimated 26.8 million overnight visitors traveled to Oregon destinations in 2014 (preliminary). This represents a 2.1 percent increase over 2013. Domestic visitor air arrivals to Oregon (3.2 million) increased by 6.2 percent for the year (preliminary).
- Total travel generated employment was 101,100 in 2014p. This represents a 3.1 percent increase over 2013, the fourth consecutive year of employment growth following the steep decline from 2008 to 2010. Employment has increased by 3.0 percent per year since 2011.
- The Gross Domestic Product of the travel industry was \$4.0 billion in 2014. Overall, the travel industry is one of the three largest export-oriented industries in rural Oregon counties (with agriculture/food processing and logging/wood products).
- The re-spending of travel-generated revenues by businesses and employees generates additional impacts. In 2014, these secondary impacts were equivalent to 52,500 jobs with earnings of \$2.2 billion.

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<sup>1</sup> All spending estimates in this report are expressed in current dollars except for the graph on page 8.

## ANNUAL TRAVEL TRENDS

Total direct travel spending in Oregon was \$10.3 billion in 2014. The increase from 2013 to 2014 (4.3 percent) followed a 3.5 percent increase in the preceding year. This is the fifth consecutive year of growth in travel spending, following the recession. Travel-generated employment increased for the fourth consecutive year (101,100 jobs in 2014). Employment has increased by 3.0 percent per year since 2011.

### Oregon Travel Trends, 1991-2014p

	Spending (\$Billion)	Earnings (\$Billion)	Employment (Thousand)	Tax Receipts (\$Million)		
				Local	State	Federal
1991	3.8	1.0	71.6	31	95	205
1992	4.0	1.1	71.4	36	104	223
1993	4.3	1.1	73.1	47	111	238
1994	4.5	1.2	74.2	51	117	248
1995	4.7	1.2	76.0	56	122	262
1996	5.0	1.3	77.5	61	125	275
1997	5.4	1.4	78.1	65	129	291
1998	5.5	1.4	80.8	68	133	303
1999	5.8	1.5	81.8	72	139	320
2000	6.2	1.6	83.5	82	148	340
2001	6.2	1.6	85.1	85	149	341
2002	6.4	1.7	86.6	89	150	353
2003	6.5	1.7	85.6	90	152	354
2004	6.9	1.7	85.8	95	165	371
2005	7.4	1.8	86.9	103	174	392
2006	8.2	2.0	92.0	117	190	426
2007	8.5	2.1	95.0	125	199	451
2008	8.8	2.2	96.4	127	204	460
2009	8.2	2.1	90.7	121	191	449
2010	8.7	2.1	89.9	122	197	459
2011	9.2	2.2	92.8	133	224	435
2012	9.6	2.3	95.1	141	231	453
2013	9.9	2.4	98.1	159	239	509
2014p	10.3	2.6	101.1	175	246	535
<i>Annual Percentage Change</i>						
13-14p	4.3	6.0	3.1	9.5	3.3	5.1
91-14p	4.5	4.3	1.5	7.9	4.2	4.3

Estimates for 2014p are preliminary. The percentage change for 1991-2014p refers to the average annual percentage change. These direct travel impacts do not include secondary (indirect and induced) impacts. One-way visitor 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 self-employed. All monetary values are expressed in current dollars.

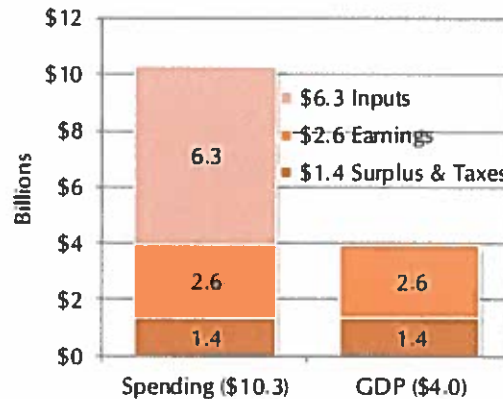
## OREGON TRAVEL INDUSTRY GROSS DOMESTIC PRODUCT

In concept, the Gross Domestic Product (GDP) of a particular industry is equal to gross output (sales or receipts) minus intermediate inputs (the goods and services purchased from other industries). GDP is always smaller than output or sales because GDP measures the “value added” of an industry and does not include the cost of the inputs that are also necessary to produce a good or service.

Alternatively, GDP can be thought of as the sum of earnings, indirect business taxes (primarily excise and property taxes) and other operating surplus (including profits, dividends, interest and other payments). Estimates of travel spending and travel industry GDP are shown in the chart below. Oregon travel industry GDP amounted to \$4.0 billion in 2014.

More than 60 percent of all travel spending in Oregon is attributed to intermediate inputs and goods resold at retail. Intermediate inputs cover a range of goods and services that are purchased by travel industry businesses for the purpose of creating a product or service for the traveler. For example, lodging establishments purchase cable television services. Restaurants purchase food and beverages from vendors. In both cases, these inputs are classified as the GDP of other industries. In addition, travel spending occurs at many retail establishments where the goods purchased from the retailer are purchased as finished goods from suppliers. These resold goods are also counted as products of other industries. This would include motor fuel, groceries and most of the commodities sold at retail establishments.<sup>2</sup>

**Oregon Travel Industry Gross Domestic Product, 2014p**



Sources: Dean Runyan Associates, Bureau of Economic Analysis, and Minnesota Implan Group. Details may not sum to totals due to rounding.

<sup>2</sup> Over 40 percent of these intermediate inputs are purchased from other Oregon businesses.

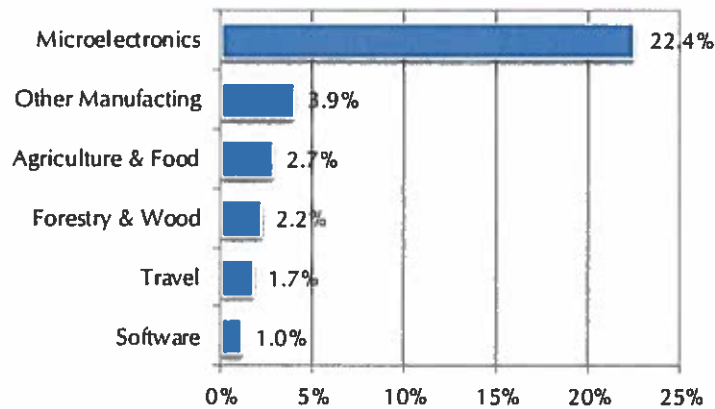
## A COMPARISON OF OREGON EXPORT-ORIENTED INDUSTRIES

Export-oriented industries are those industries that primarily market their products and services to other regions, states or nations.<sup>2</sup> Agriculture, extractive industries such as logging, and manufacturing are the best examples of goods producing export-oriented industries. In addition, many professional services have a significant export-orientation. The travel industry is also an export-oriented industry because goods and services are sold to *visitors*, rather than residents. The travel industry injects money into the local economy, as do the exports of other industries.

Exports are not necessarily more important than locally traded goods and services. However, diverse export-oriented industries in any economy are a source of strength – in part because they generate income that contributes to the development of other local services and amenities. Such industries characterize the “comparative advantage” of the local economy within larger regional, national and global markets.

A comparison of the GDP’s of the leading export-oriented industries in Oregon is shown below for 2013. It should be noted that the largest industry, microelectronics, is concentrated in the urbanized areas of Oregon, primarily Washington County. The primary export-oriented industries in most rural counties are agriculture & food processing, forestry & wood products, and the travel industry.

**Oregon Gross Domestic Product, 2013**  
Share of Selected Export-Oriented Industries



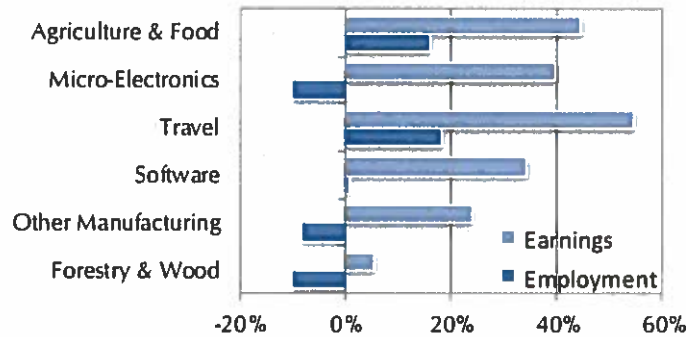
Source: Dean Runyan Associates and Bureau of Economic Analysis. \*Note: The “other manufacturing” category is not a distinct industry. It is shown for comparative purposes only. The most current data is for 2013. GDP estimates by Dean Runyan Associates.

<sup>2</sup> See also Appendices A and E.

## THE OREGON TRAVEL INDUSTRY IS A LEADING EXPORT-ORIENTED INDUSTRY

Travel and tourism is one of the most important “*export-oriented*” industries in Oregon. It is especially important in the non-metropolitan areas of the state, where manufacturing and traded services are less prevalent. Over the past decade, travel industry employment and earnings growth also compares favorably to other industries.

***Change in Earnings and Employment (2003-2013)***  
*Selected Export-Oriented Industries*

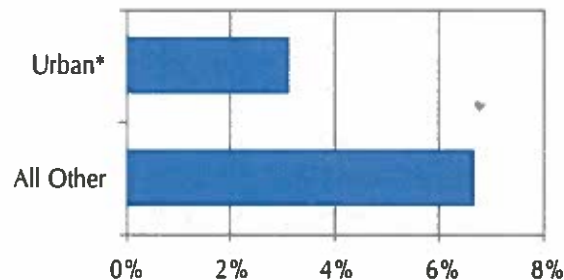


(Note: The most current data is for 2013.)

## THE TRAVEL INDUSTRY BENEFITS ALL REGIONS OF OREGON

Although most travel spending and related economic impacts occur within Oregon’s urban areas, the travel industry is important throughout the state. In general, more rural counties have a bigger share of travel-generated employment.

***Travel-Generated Employment as a Percent of Total Employment (2013)***



\*The urban counties are Clackamas, Lane, Marion, Multnomah and Washington. The most current data is for 2013.