

G
155
.U6
T73
1973

TRAVEL IN IOWA
DURING 1973

T R A V E L I N I O W A
D U R I N G 1 9 7 3

AN ECONOMIC ANALYSIS OF
TOURISTS AND THE MAJOR TRAVEL-SERVING BUSINESSES

Prepared By

Lewis and Leona Copeland
Department of Statistics
College of Business Administration
The University of Tennessee
in Knoxville

For the
Tourism and Recreational
Development Division

IOWA DEVELOPMENT COMMISSION
STATE OF IOWA

1974

HIGHLIGHTS ON IOWA'S 1973 TOURIST SEASON

Expenditures by Out-of-State Travelers	\$408 Million
Vacation and recreation travel	\$290 Million
Business travel	\$118 Million
Proportion of Iowa retail business, 5 per cent	
Expenditures for all in-State and Out-of-State Travel . .	\$724 Million
Proportion of retail business, 8 per cent	
Cut-of-State Travel Party-Trips or Visits to or Passing through Iowa for Business or Pleasure . . .	17.6 Million
Cut-of-State Person-Trips or Visits to Iowa	35.3 Million
Intercity Passenger-Miles Traffic, In-state and Interstate, by all Modes of Transport	18.5 Billion
Passenger-Miles Traveled by Out-of-State Tourists. .	3.7 Billion
<u>Travelers on Trips of 100 miles & Over in Iowa, 1972:</u>	
Major Long Person-Trips in and through State	6.4 Million
Proportion of national total, 1.46 per cent	
Person-Nights in Travel Status on Long Trips Spent in Iowa	16.7 Million
Proportion of national total, 1.05 per cent	
Spending Only on Long Trips in and through State	\$332.4 Million
Proportion of national total, 0.92 per cent	

Sources: Based on National Travel Survey; U. S. Censuses of Transportation and Business; surveys of tourist travel and spending; research on the travel market and outdoor recreation; highway and transportation surveys; and studies of family spending for travel. See detail in later tables.

ECONOMIC CONTRIBUTION OF TOURISTS TO IOWA - -
 Showing Where the Tourist Dollar Goes

Total Expenditures by Out-of-State Tourists, 1973 \$408,000,000

Personal Income to People in Iowa . . . \$136,300,000

Proportion of Tourist Dollar, 33 cents

Market for Goods and Services . . . \$210,500,000

Proportion of Tourist Dollar, 52 cents

Contribution of Tourists to State and Local Finance:

State Taxes Collected from Tourists . . . \$ 37,900,000

Proportion of Tourist Dollar, 9 cents

Proportion of All State Taxes, 5 per cent

Local Taxes Collected from Tourists . . . \$ 9,000,000

Proportion of Tourist Dollar, 2 cents

Federal Taxes Collected from Tourists . . . \$ 14,300,000

Proportion of Tourist Dollar, 4 cents

Sources: Based on U. S. Censuses of National Travel, Transportation, and Business; surveys of tourist travel and spending; research on the travel market and outdoor recreation; highway and transportation surveys; studies of family spending for travel; and detail in later tables.

TOURIST TRADE IS EVERYBODY'S BUSINESS - -

Showing that Many Lines of Iowa Business Benefit

Original Tourist Dollar Spent in Wide Range of Business - -

Retail Stores & Commercial Services	\$0.09
Hotels, Motels, & Inns . . . . .	.15
Restaurants & Other Food Services . . . . .	.39
Auto Garages & Gasoline Stations . . . . .	.20
Recreation & Tourist Attractions . . . . .	.11
Other Businesses & Services . . . . .	.06
<hr/>	
Tourist Dollar	\$1.00

Dollar in Tourist Trade Circulates to Other Businesses - -

Taxes to State Government	\$0.09
Taxes to Local Governments . . . . .	.02
Personal Income & Payrolls . . . . .	.33
Purchases from Suppliers & Other Industries . .	.36
Business Services -- Power, Fuel, Advertising, Insurance, Laundry . . . . .	.16
Federal Taxes on Goods & Services . .	.04
<hr/>	
Iowa Dollar	\$1.00

Sources: Based on data in U. S. Censuses of National Travel and Business; Travel Market Yearbook; surveys of tourist travel and spending; research on the travel market and outdoor recreation; highway and transportation surveys; studies of family spending for travel; surveys of consumer expenditures; and detail in complete report.

TRAVEL-RELATED BUSINESS IN IOWA DURING 1973

Summary Data on Major Business Groups Engaged in
Serving and Transporting Travelers along with Local Customers

Total Receipts from Major Travel-Serving Business . . .	\$1,696 Million*
Proportion of retail trade and service receipts, 19 per cent	
Ratio of Sales to: Out-of-state travelers, 24 per cent	
In-state and out-of-state travelers, 43 per cent	
Number of Iowa Firms Serving and Transporting Travelers	17,620
Proportion of 105,550 total business firms in state, 17 per cent	
Number Employed in Travel Business	96,890
Proportion of 446,800 workers in commerce, 17 per cent	

Contribution to Iowa Economy:

Personal income derived from travel business . . .	\$510 Million
Proportion of travel business sales, 30 per cent	
Market for goods and services	\$871 Million
Proportion of travel business sales, 51 per cent	

Contribution of Travel Business to Government Finance:

State taxes collected from travel business . .	\$207 Million
Proportion of travel business sales, 12 per cent	
Proportion of state taxes, 22 per cent	
Local taxes from travel business	\$ 34 Million
Federal taxes from travel business	\$ 73 Million

* Includes sales and services to local and traveling customers.

Sources: Based on U. S. Census of Business, Survey of Retail Trade and Selected Services (New Sample), state business data, and reports of firms to state and federal agencies. Details are shown in text tables.

GROWTH OF THE IOWA TOURIST TRADE BETWEEN 1954 AND 1973

1954	NINETEEN - YEAR	INCREASE	1973
\$134,000,000	Expenditures of Tourists from Other States		\$408,000,000
7,040,000	Number of Out-of-State Tourist Parties		17,600,000
1,640,000,000	. . Out-of-State Tourist Passenger Miles. .		3,700,000,000
\$245,000,000	. . . Expenditures by All Travelers. . .		\$724,000,000
\$558,000,000	. . Sales by Firms Serving Travelers* .		\$1,696,000,000
56,100	. . . Employment in Travel Service* . .		96,890
\$150,660,000	. . . Income from Travel Service* . .		\$510,320,000
\$3,365,000,000	. . . All Retail Trade and Service. . .		\$9,122,000,000
\$4,525,000,000	. . . . Total Personal Income		\$14,300,000,000
2,626,000	. . . Total Resident Population		2,884,000

* Includes sales and services to both local and traveling customers.

Sources: Based on U. S. Censuses of National Travel, Transportation, Business, and Consumer Expenditures; Travel Market Yearbook; surveys of tourist trade and spending; research on the travel market and outdoor recreation; highway and transportation surveys; and studies of family spending for travel. These estimates are comparable to those in reports prepared by Copeland for the nation, regions, and other states. See "Travel in Illinois," "Tourists and the Travel Business in Oklahoma," and "Tourists and the Southern Travel Business, 1973."

TRAVEL IN IOWA DURING 1973

HIGHLIGHTS AND SUMMARY - - - - - IOWA TOURISTS, 1973

THIS TENTH REPORT ON TOURISTS AND THE IOWA TRAVEL BUSINESS shows that visitors from other states spent \$408 million in Iowa during 1973. This was the spending of eighteen million travel parties who toured the state or passed through en route to other destinations. The parties include persons who traveled for business, pleasure, vacations, or for personal reasons.

All travelers spent \$724 million in Iowa on travel trips during 1973. This includes the expenditures by residents while traveling within their own state as well as the spending of visitors from other states. One-day trips outside the local trade area are included along with overnight stays and journeys of a hundred miles or more.

The figures on travel expenditures include only the money spent on trips away from home outside the daily commuting zone. They do not include sizeable outlays made at home in preparation for trips and large outlays at destinations in other states.

Highlights and Summary - - - - - Iowa Tourists, 1973

These travel expenditures represent Iowa's share of the national travel market. Domestic nationwide expenditures were \$53 billion, with an additional \$8 billion spent abroad. The nation's travelers took 446 million major domestic person-trips, and they were away from home 1,680 million person-nights during 1973. About 6.8 million of these person-trips had destinations in Iowa, and Iowa was the destination or stopover for 17.7 million person-nights.

Domestic trips, including overnight stays, day outings, and shorter journeys beyond the local trade area generated 1.3 trillion passenger miles of travel traffic in the nation. The journeys of all travelers generated 18.5 billion passenger miles on Iowa highways, railways, and airways. This volume of traffic includes only intercity passenger miles, or the movement of passengers in travel status outside their daily commuting zone. The very large volume of transit movement within the local community is not included in these figures.

Out-of-state travelers generated 3.7 billion passenger miles during their tours in or through Iowa. This visitor traffic accounts for a fifth of the 18.5 billion passenger miles traveled by all persons in the state.

Iowa businessmen have a large stake in this transient consumer traffic moving through the state. Persons away from home are quite dependent upon commercial establishments to fill their personal needs

6.8 person trips
17.7 person nights
2.6 nites / trip
\$23 = \$8.4 / Party
23 / 2.6 = 8.4

and their requirements for transportation. Out-of-state tourists and Iowa travelers are the primary customers for the \$1.7 billion travel service and transport business in the state. Their purchases amount to nearly half of the combined sales of the major travel-related service industries. These comprise the special types of business enterprises and utilities which have arisen to meet the needs of persons away from home. While serving local customers, these merchants can look to a large market from beyond the local trade area.

The \$1.7 billion receipts in the travel-related services and transportation industries comprise a fifth of the \$9.1 billion retail trade and service enterprise. The purchases by out-of-state tourists account for five per cent of all retail business. The spending by all travelers away from home adds up to eight per cent of all retail business.

There are now 17,620 active commercial concerns serving and transporting travelers in Iowa. These firms comprise one in six of the 105,550 nonfarm business firms in the state. Among the 79,190 firms in private commerce alone one in five operate travel accommodations or related services.

The travel business concerns provide jobs for 96,890 proprietors and employed workers. One in six of employees in private commerce are serving the traveling public. The additional

trade brought into the state by tourists is sufficient to provide jobs for 25,500 Iowa workers. All travel spending in the state creates jobs for 44,500 persons.

Personal income derived from serving and transporting travelers amounted to \$510 million last year. Travel business firms distribute 30 cents from each dollar of sales to employees, proprietors, and others who share in the business. About a fourth of all personal income derived from retail business is paid out by firms allied with travel activities. About \$136 million of this income can be traced to the out-of-state tourist trade.

Expanding types of business such as the tourist trade stimulate several lines of commerce and they create growing markets for other enterprises. Business operating ratios show that firms in the travel business purchased \$625 million worth of goods from other industries during 1973. These outlays add up to 37 cents from each sales dollar. Another 14 cents out of each dollar, or \$246 million, were passed on to other industries for a wide range of services, such as power, fuel, advertising, laundry, and other expenses in operating travel accommodations. Total purchases of the travel business from other industries was \$871 million-- or 51 cents from each dollar of sales.

Highlights and Summary - - - - - Iowa Tourists, 1973

The economic benefits from trading with travelers are not confined to private business. The travel business also makes a significant contribution to the revenue of state and local governments. The State of Iowa collected \$207 million from the travel-related industry last year. This contribution adds up to a fifth of state tax revenue collections.

This is due to the fact that 12 cents from each dollar of travel-related sales are collected as some form of state taxes. In addition to state taxes, the travel business paid \$34 million in property and other local taxes. Municipal and county governments collect two cents from each tourist dollar for some form of tax levy.

Out-of-state tourists pay taxes on their purchases at the same rate as other customers. Nine cents out of each tourist dollar are collected as some form of state tax. Total state revenue of \$37.9 million can be traced to tourists or the trade they brought into the state in 1973. These taxes amounted to five cents in each dollar of state tax collections last year.

About \$9.0 million in local taxes can be traced to out-of-state tourist spending. Tourists paid about \$46.9 million in state and local taxes combined-- or 11 cents out of each tourist dollar spent in the state. Each party of visitors from other states pays about \$2.63 in state and local taxes during its tour of the state.

LIST OF SUBJECTS AND TABLES

TRAVEL IN IOWA DURING 1973

PART I. TRAVEL EXPENDITURES AND TOURIST TRAFFIC

Expenditures for All Travel,	2
Out-of-State Travelers and Their Spending,	3
Iowa's Share of Nation's Long Trips,	4
Iowa's Share of Travel Traffic,	5
Volume of Traffic from Other States,	6
Share of the National Travel Market,	7
Iowa's Share of Interstate Tourist Market,	8
Tourist Spending Pattern,	9
How Tourists Spend Their Money, Table,	10
Tourist's Share of Travel Business,	11
Where Tourists Spend Their Money, Table,	12
What Tourist Spending Contributes to the Economy,	13
Circulation of Tourist Expenditures in the Iowa Economy, Table,	14
Growth of Expenditures by Travelers,	15
Trend of Travel Expenditures in Iowa, Table,	16
Commercial Importance of Travel,	17

PART II. THE TRAVEL SERVICE AND TRANSPORT BUSINESS

The Business Side of Travel, 1

Accommodations Used by Travelers, 3
Summary on the Travel Business during 1973, Table, 4

Share of Regional and National Travel Business, 5
Iowa's Share of National Travel, Table, 6

Contribution of Travel Business to Retail Business, Table, 7
Firms Engaged in Serving Travelers, 8

Commercial Concerns Allied with Travel, Table, 9
Travel-Related Activities in Business Population, Table, 10

Employment in Travel-Related Activities, 11
Employment in Travel-Related Business, Table, 12

Travel-Related Jobs and the Iowa Labor Force, Table, 13
Income Derived from Travel Business, 14

Income Payments from Business Allied with Travel, Table, 15
Sources of Income from Travel Activities, Table, 16

Contribution of Travel Business to Iowa Income, Table, 17
Taxes Paid by Travel-Related Business and Tourists, 18

Tax Collections from Travel Business, Table, 19
Sources of State Taxes from Travel Business, Table, 20

Economic Impact of Travel Trade on Other Business, 21
Impact of Travel Business on Other Business, Table, 22

DEFINITIONS AND SOURCES, 23

TRAVEL IN IOWA DURING 1973

PART I. TRAVEL EXPENDITURES AND TOURIST TRAFFIC

The domestic travel market arises from the fact that on the average day about eight per cent of the nation's people are away from home outside their usual trading area on trips for business, pleasure, or personal affairs. Domestic travelers took 465 million long overnight person-trips during 1973. All domestic journeys, including overnight stays, day outings, and shorter journeys beyond the local trade area, generated 1.3 trillion passenger miles of traffic. The away-from-home expenditures of these trips were \$53 billion for personal expenses and travel accommodations. The volume of these purchases was equal to nine per cent of the nation's retail business.

All regions of the nation originate trips; the traffic of travelers flows along all interstate routes; and every state receives a portion of the market created by the interstate passenger movement. The twelve states in the North Central region report nearly a third of the nation's intercity traffic, with expenditures of \$14 billion. The seven Plains states received 115 billion passenger miles of traffic, or eight per cent of the nation's total, which brought travel expenditures of \$4.0 billion to the region.

Expenditures for All Travel

All travelers spent \$724 million in Iowa during 1973. About \$366 million, or a half of the total, were spent on long trips of a hundred miles or more in and through Iowa. Two-thirds of the total, or \$510 million, were spent on vacation or pleasure trips. Businessmen spent \$214 million. These combined expenditures covered the away-from-home costs of traveling eighteen billion passenger miles by all modes of transport on highways, airways, and railways. The North Central region provides the primary market for Iowa businessmen who are catering to the traveling public. Three-quarters of the travelers to Iowa originate in this twelve-state region. The expenditures of Iowa people on trips within their state are included in the total, along with the spending by out-of-state tourists. Trips for all purposes -- business, pleasure, and personal affairs -- are included in the estimates of the volume of travel and the amount spent.

Expenditures for all travel away from home . . .	\$724 Million
Proportion of Plains states total, 18 per cent	
Pleasure and personal trips . .	\$510 Million
Business trips	\$214 Million
Spending Only on Long Trips in and through State . .	\$366 Million
Intercity passenger miles traveled by all modes of transportation away from home in Iowa	18.5 Billion

Out-of-State Travelers and Their Spending

Tourist travel between states generates a fifth of the intercity passenger traffic on main rural roads and carriers. Interstate traffic accounts for the major portion of spending for trips away from home. Eighteen million interstate tourist parties visited or passed through Iowa during 1973. They spent \$408 million on trips for pleasure, business, or personal affairs. The interstate parties brought thirty-five million visitors who traveled 3.7 billion passenger miles on trips in Iowa. Travelers are defined as persons on journeys outside their regular commuting zone. People who take outings and return home the same day are counted along with those who spend the night away from home. Seasonal residents are not treated as travelers. Journeys by all modes of transportation are included. One-day trips are counted along with overnight stays and extended vacations.

Expenditures by Out-of-State Travelers	\$408 Million
Proportion of Plains states total, 16 per cent	
Out-of-State Party-Trips to or Passing through Iowa for Business or Pleasure	17.6 Million
Out-of-State Person-Trips or Visits to Iowa . .	35.3 Million
Passenger Miles Traveled on Interstate Trips . .	3.7 Billion
Proportion of intercity traffic, 20 per cent	

Iowa's Share of Nation's Long Trips

Long trips of a 100 miles or more are very important in the travel market since they account for three-fourths of the nation's domestic travel expenditures. These trips are of special significance for Iowa since half of them involve travel between regions. The 1972 National Travel Survey covered trips to places at least a hundred miles or more from home. Characteristics of travelers were reported to show the share of states in the nationwide market.

Travel on Trips of a 100 Miles and Over, 1972:

Major Long Person-Trips with Destinations in the Nation	440	Million
Person-Trips with Destinations in Iowa	6.4	Million
Proportion of national total, 1.46%		
Person-Nights in Travel Status in the Nation	1,584	Million
Person-Nights Spent in Iowa	16.7	Million
Proportion of national total, 1.05%		
Spending on Long Trips in the Nation	\$36,170	Million
Spending on Long Trips in Iowa	\$ 332.4	Million
Proportion of national total, 0.92%		

The \$332 million expenditures on long trips in Iowa was 51% of the \$658 million spent on all trips in the state during 1972. The figures for long trips include the journeys of both Iowa residents and out-of-state visitors on business and pleasure trips. Half of the visitors to Iowa pass through the state without stopping overnight. Their expenditures are not included in the above figures unless the destination or an overnight stop was in the state.

Iowa's Share of Travel Traffic

American travelers made about 230 million major trips of a hundred miles or more from home in 1973. With an average of two persons each, the passenger movement involved 465 million person-trips away from home outside the commuting area. These long trips, along with day outings and shorter trips, generated 1,375 billion passenger miles of travel in the nation. The away-from-home expenditures were \$53 billion in the nation or a cost of 3.8 cents per person-mile. The \$724 million spent in Iowa paid for eighteen billion miles at an average cost of 3.9 cents per mile. These figures cover the outlays for one-day or overnight trips and the longer business and vacation trips. They do not include several types of expenditures made at home in preparation for travel, business, and recreation.

Intercity passenger miles traveled by all modes of transportation:

United States Total	1,375 Billion miles
North Central Region	388 Billion miles
Per Cent of U. S. in region, 28	
Seven Plains States	115 Billion miles
Per Cent of North Central in Plains, 30	
Per Cent of U. S. in Plains, 8	
State of Iowa	18.5 Billion miles
Per Cent of Plains states, 16	
Per Cent of North Central region, 5	
Per Cent of U. S. total in Iowa, 1.35	

Volume of Traffic from Other States

Interstate trips account for eight per cent of all automobile traffic and a third of the passenger traffic on common carriers. For the nation as a whole, trips between states generated 277 billion passenger miles. About 80 billion miles, or 29 per cent of this traffic, was traveled in the North Central region. The Plains states reported 25 billion passenger miles, or nine per cent of the national total. The thirty-five million tourists who visited Iowa during 1973 traveled 3.7 billion passenger miles on highways and carriers. Iowa received 15 per cent of the traffic in the Plains states and five per cent of the North Central total.

Interstate passenger miles traveled by all modes of transportation:

United States Total	276.8 Billion miles
North Central Region Total	80.2 Billion miles
Per Cent of U. S. in region, 29	
Seven Plains States Total	24.6 Billion miles
Per Cent of North Central in Plains, 31	
Per Cent of U. S. in Plains, 9	
State of Iowa	3.7 Billion miles
Per Cent of Plains states in Iowa, 15	
Per Cent of North Central region in Iowa, 5	
Per Cent of U. S. in Iowa, 1.34	

Iowa's Share of Travel Market

All American travelers spent \$53 billion on their domestic trips in 1973. Travelers in the North Central states spent \$15 billion, or 28 per cent of the national total. In the Plains states travelers spent \$4 billion, or eight per cent of the nation's travel bill. The \$724 million spent in Iowa was one-sixth of the Plains total. These outlays covered the away-from-home costs of food, lodging, recreation, transportation, and other purchases, but they do not cover expenditures made at home in preparation for trips. Likewise, they do not include the living expenses of seasonal and quasi-residents, or those who take up part-time residence in schools, colleges, or in connection with regular occupational commutation.

Total Domestic U. S. Travel Expenditures . . .	\$52,800 Million
Total Expenditures in North Central Region. .	\$14,800 Million
Per Cent of U. S. total, 28	
Total Expenditures in Plains States	\$ 3,990 Million
Per Cent of North Central region, 27	
Per Cent of U. S. total, 8	
Total Expenditures in Iowa	\$ 724 Million
Per Cent of Plains states, 18	
Per Cent of North Central region, 5	
Per Cent of U. S. total, 1.37	

Iowa's Share of the Interstate Tourist Market

The majority of trips away from home are within the state of origin. From the business point of view interstate trips are significant because they are longer and they are more likely to involve overnight stays and the use of common-carrier transportation. About six-tenths of travel spending within the nation takes place during trips that cross state lines. Interstate travelers spent \$32 billion in the United States last year. More than a quarter of this was spent in the North Central region -- the Great Lakes and Plains states. Three-tenths of the North Central total was spent in the Plains states, which altogether received eight per cent of the nation's total. The \$408 million spent by visitors to Iowa was one-sixth of expenditures on interstate trips in the Plains states.

Domestic Interstate Travel Expenditures, 1973:

United States Total	\$31,700 Million
North Central Region	\$ 8,870 Million
Per Cent of U. S. total, 28	
Seven Plains States	\$ 2,580 Million
Per Cent of North Central region, 29	
Per Cent of U. S. total, 8	
State of Iowa	\$ 408 Million
Per Cent of Plains region, 16	
Per Cent of North Central region, 5	
Per Cent of U. S. total, 1.29	

Tourist Spending Pattern

The commercial importance of the \$408 million tourist spending budget in Iowa can be demonstrated in the following three tables which show (1) how tourists spend their money, (2) where they spend it, and (3) the circulation of tourist expenditures through several sectors of the economy where additional sales and income are generated.

About two-thirds of tourist expenditures cover the cost of food and transportation. Meals eaten in cafes and other food supplies cost \$172 million, or 42 cents out of each tourist dollar. The restaurant industry received the major portion of the spending for food. Transportation away from home is the second most important item in the tourist budget. Iowa tourists spent \$108 million for all forms of transportation last year, which added up to 26 cents out of each dollar.

All lodging expenses amounted to \$71 million or 17 cents from each dollar in the tourist budget. A fourth of tourists who travel for pleasure spend the night and take meals with friends and relatives. This reduces the outlays for food and lodging, as well as for recreation. Amusement expenses amounted to \$46 million or 11 cents from each tourist dollar. These outlays include the cost of commercial facilities and purchases of recreation equipment. These rates of spending are typical of the transient tourist parties passing through the central states in Mid-America.

How Tourists Spend Their Money

Distribution of Estimated Expenditures by
Out-of-State Tourists in Iowa during 1973

Purpose of Expenditures and Type of Business	Amount Spent
<u>All Tourist Spending, 100%</u>	<u>\$408,000,000</u>
<u>Eating and Food Supplies, 42.1%</u>	<u>\$171,700,000</u>
Cafes, eating places, 39.1%	159,500,000
Other food purchases, 3.0%	12,200,000
<u>Transportation Away from Home, 26.5%</u>	<u>\$108,100,000</u>
Automobile Expenses Away from Home, 20.1%	82,000,000
Other Modes of Travel, 6.4%	26,100,000
<u>Lodging, Commercial and Noncommercial, 17.4%</u>	<u>\$ 71,000,000</u>
Commercial lodging places, 15.4%	62,800,000
Noncommercial expenses, 2.0%	8,200,000
<u>Recreation and Entertainment, 11.2%</u>	<u>\$ 45,700,000</u>
Commercial recreation, 5.0%	20,400,000
Noncommercial expenses, 6.2%	25,300,000
<u>Miscellaneous Expenses, 2.8%</u>	<u>\$ 11,500,000</u>

Sources: These estimates were derived through an economic analysis of data compiled from tourist and travel surveys, family budget studies, and the analysis of business and other travel data. Sizeable outlays made at home in preparation for trips are not included.

Tourist's Share of Travel Business

The majority of tourist expenditures are made in automobile service stations and lodging, eating, and recreation establishments. While these firms do not depend solely upon travelers, a fourth of the customers for the Iowa travel business are brought to the state by the interstate passenger traffic flowing through the North Central region.

Travelers from out of state spent \$243 million for personal services in lodging, eating, and recreation establishments. These outlays accounted for 60 cents from each dollar in the tourist budget. From the businessman's point of view it is also significant that they accounted for a third of the \$701 million receipts of the three lines of business. Tourists on the road spent \$75 million for automobile services, which adds up to a tenth of the \$921 million auto service and gasoline receipts in the state.

Tourists do not confine their expenditures to commercial lodging, eating, and recreation places and automobile services. They spent about \$90 million in other places: They spent \$26 million for transportation fares on public carriers. About \$20 million was spent for food and lodging outside the commercial food and lodging business. It is notable also that \$44 million was spent in a wide range of retail establishments for sporting goods and miscellaneous items.

Where Tourists Spend Their Money

Estimated Out-of-State Tourists' Share of
the Travel-Serving Business In Iowa during 1973

Type of Business Group	State Total Receipts* in Millions	Out-of-State Tourist Expenditures		
		Amount Spent in Millions	Per Cent Tourist Spending	Per Cent of All Receipts
<u>Travel-Serving Business Group:</u>				
<u>Lodging, Eating, Recreation</u>	<u>\$701*</u>	<u>\$242.7</u>	<u>59.5</u>	<u>35</u>
Lodging Places	91	62.8	15.4	69
Eating & Drinking Places .	545	159.5	39.1	29
Recreation Services . .	65	20.4	5.0	31
<u>Auto Services & Gasoline . .</u>	<u>\$921*</u>	<u>\$ 75.1</u>	<u>18.4</u>	<u>8</u>
<u>Sub-Total: Travel Service</u>	<u>\$1,622*</u>	<u>\$317.8</u>	<u>77.9</u>	<u>20</u>
<u>Other Expenditures . . .</u>	<u>- -</u>	<u>\$ 90.2</u>	<u>22.1</u>	<u>--</u>
Lodging, Noncommercial . .	- -	8.2	2.0	--
Food and Beverage	- -	12.2	3.0	--
Recreation and Equipment	- -	25.3	6.2	--
Transportation Utilities. .	74	26.1	6.4	35
Other Automobile and Taxicabs	- -	6.9	1.7	--
Miscellaneous Expenses . .	- -	11.5	2.8	--
<u>Total Retail Trade & Service</u>	<u>\$9,122</u>	<u>\$408.0</u>	<u>100.0</u>	<u>4.5</u>

*Includes sales to local customers within the trade area and traveling customers from outside the trade area and from out of state.

Sources: The estimates of total receipts of the travel business are based on data from the Census of Business and reports of Iowa business operations, as shown in Part II. The estimates of tourist expenditures were derived from market analyses and research on tourist-spending patterns.

What Tourist Spending Contributes to the Economy

Businessmen who cater to tourists are only the first to receive commercial benefits from the tourist trade. As soon as tourist expenditures are made in stores serving the traveling public, 90 cents from each dollar are passed on to other industries that profit from Iowa commerce. Tourist expenditures circulate through various sectors of the economy where they have a multiplier effect in stimulating further economic activity. The most visible contribution are the 33 cents from each tourist dollar that are passed on as payrolls and other personal income. In this way, tourist spending creates \$136 million of personal income to Iowa people.

A market is also created for goods and services: merchants who trade with tourists purchased \$147 million in goods from other industries last year. This means that 36 cents from each tourist dollar goes to cover the cost of goods sold. Those who operate tourist facilities also require the services of a wide range of industries: \$64 million were spent for power and utilities, repair and maintenance, laundry services, advertising, insurance, and linen, china, and other supplies. In this way, about 16 cents from each dollar of sales to tourists circulates among Iowa business services. The State of Iowa receives 9 cents from each tourist dollar in state tax collections: \$37.9 million may be traced to the tourist trade for state taxes alone. These taxes add up to 5 per cent of state tax collections. In addition, \$9.0 million -- 2 cents from each dollar -- were collected for local taxes.

Circulation of Tourist Expenditures in the Iowa Economy, 1973

Merchants who sell to tourists pass ninety cents out of each dollar on to other business concerns, industries, and individuals in the form of payrolls, rents, dividends, and operating expenses to pay utility bills, taxes, and the other costs of business operations.

Where the Tourist Dollar Goes	Total Amount	Per Cent of Expenditures
<u>Tourist Travel Expenditures, 1973 . .</u>	<u>\$408,000,000</u>	<u>100.0</u>
<u>Personal Income to Individuals . .</u>	<u>\$136,300,000</u>	<u>33.4</u>
<u>State and Local Taxes</u>	<u>\$ 46,900,000</u>	<u>11.5</u>
State Taxes	37,900,000	9.3
Local and Property Taxes	9,000,000	2.2
<u>Federal Income and Gasoline Taxes . . .</u>	<u>\$ 14,300,000</u>	<u>3.5</u>
<u>Purchases from Other Industries . .</u>	<u>\$210,500,000</u>	<u>51.6</u>
Cost of Goods Sold	146,900,000	36.0
Depreciation and Repairs of Facilities	17,500,000	4.3
Utilities, Power, Fuel, Telephone. .	11,400,000	2.8
Linen and Other Supplies	6,900,000	1.7
Laundry Service	3,700,000	0.9
Advertising and Printing	4,500,000	1.1
Insurance	2,500,000	0.6
Other Expenses	17,100,000	4.2

Growth of Expenditures by Travelers

All travel expenditures in Iowa rose from \$245 million in 1954 to \$724 million in 1973. The travel expenditures registered an increase of 196 per cent in Iowa as compared to 226 per cent in the nation as a whole. The trend amounted to an average annual compound rate of 5.7 per cent in Iowa as compared to 6.2 per cent in the nation. Meanwhile, there was an increase of 5.9 per cent in the Iowa travel-related business, including sales from local customers and the traveling public. Receipts in lodging, eating, recreation, and automobile services have risen faster than the 5.3 per cent for all retail trade and services. Also, income in Iowa was rising 6.1 per cent annually.

As travel activities have expanded during the postwar period, travelers have tended to take longer trips and to penetrate further into other states for both business and recreation. Spending in Iowa by out-of-state visitors rose from \$134 million in 1954 to \$408 million in 1973 -- an increase of 204 per cent. The annual average growth rate was 5.8 per cent in Iowa and 6.1 per cent in the United States. These trends for interstate tourist spending in Iowa have outrun the rising trend of all retail business and the growth of personal income in the state.

Trend of Travel Expenditures in Iowa

These are domestic expenditures by travelers away from home for business and pleasure. They do not include several types of expenditures made at home in preparation for travel, business, and recreation

Year	Trend of All Travel Spending		Trend of Out-of-State Travel Spending	
	Amount in Millions	Ratio to 1954	Amount in Millions	Ratio to 1954
1973	\$724	296	\$408	304
1972	658	268	371	278
1970	\$577	236	\$320	239
1968	495	202	285	213
1966	425	173	244	182
1964	\$357	146	\$200	150
1962	324	132	177	133
1960	304	124	169	126
1958	\$280	114	\$152	114
1954	245	100	134	100
1948	185	76	97	73

Sources: The expenditures by in-state and out-of-state residents traveling away from home were estimated on the basis of National Travel Surveys; highway traffic counts and vehicle-miles traveled; vehicle classification data; mileage traveled by common carriers and passenger revenues; ratios and averages of travel expenditures calculated from surveys of travelers in states and to national parks and from national surveys; and on the basis of statistics on the sales and receipts of firms at the service of travelers. These estimates were cross-checked against benchmark economic data in several ways. Comparable figures for the nation and regions were prepared in more detail.

Commercial Importance of Travel

All travelers in Iowa make up about four per cent of the average daily population of the state. Since they are quite dependent upon commercial facilities, their expenditures of \$724 million account for eight per cent of the \$9,122 million retail business in the state. The mobile market is even more important for the major firms that cater rather directly to the traveling public; the receipts of these firms were \$1,696 million last year -- nearly a fifth of all retail business. These firms serve local customers within the retail trade area, but merchants who operate travel accommodations can look to customers from out of town for nearly half of their receipts, and their out-of-state customers account for a quarter of their total receipts.

Expenditures of All Away-from-Home Travelers . . .	\$724 Million
Proportion of retail and service business, 8 per cent	
Proportion of travel-serving business, 43 per cent	
Expenditures of Out-of-State Travelers	\$408 Million
Proportion of retail and service business, 5 per cent	
Proportion of travel-serving business, 24 per cent	
Sales of Travel-Serving Business	\$1,696 Million
Proportion of all retail and service business, 19 per cent	
Sales of All Retail Trade and Service	\$9,122 Million

PART II. THE TRAVEL SERVICE AND TRANSPORT BUSINESS

In Part I travel has been analyzed in terms of tourist customers, their expenditures, and the traffic they create on highways and common carriers. These are only three aspects of travel. Iowa businessmen have an important stake in the business activities arising from travel. Both the customer side and the business side of the much publicized tourist dollar must be taken into account if the commercial value of tourism is to be assessed.

Several important economic aspects of travel-related activities come out when tourism is discussed in the context of commercial activities. On the average day about four per cent of the state's population are out-of-state visitors. These tourists and Iowa travelers are quite dependent upon commercial facilities for satisfying their personal needs and to provide transportation. The purchases of all travelers account for eight per cent of retail business. Their purchases are quite well concentrated in nine types of business groups, which are briefly referred to here as the major travel-service businesses. While these firms serve local customers, it is significant that nearly half of their receipts are derived from purchases by out-of-town people in travel status.

The business side of travel can be documented easily on both the national and state levels. American travelers spent two billion nights away from home last year. Since one in five of these nights was spent in commercial lodging facilities, a sizeable market was created for the \$9.5 billion hotel and motel business in the United States. Since most travelers require food services on the road, trips away from home also created a third of the sales for the \$38 billion restaurant business. Most travelers are seeking recreation: This demand contributed to the sporting goods industry and to the \$7.3 billion recreation business across the country.

Nine out of ten travelers move by automobile and thereby create a significant portion of the market for automobile and gasoline service. Americans traveled 1.4 trillion passenger miles on journeys away from home by automobile during 1973. The growing volume of automobile traffic generates an increasing share of the nation's business. Automobile services alone report receipts of \$56 billion from their local and traveling customers combined. Intercity passenger transportation receipts were \$9.9 billion.

Accommodations Used by the Traveling Public

Travelers in Iowa depend rather heavily on the 17,620 active concerns catering especially to persons away from home. These concerns provide personal services, including lodging, food, and recreation. They also provide travelers with transportation services, including gasoline, auto services, and passenger transport facilities. The major travel service and transport businesses reported combined sales of \$1,696 million in 1973. Commercial carriers engaged in the intercity transportation of passengers had revenues of \$74 million. The retail trade and consumer service enterprises reported receipts of \$1,622 million. The sales of these establishments represent not only the spending of tourists from other states, but they also include the purchases of Iowa people within their local trade area and on journeys within the state.

The firms allied with travel provide jobs for 96,890 proprietors and paid workers. They paid out \$510 million during 1973 for payrolls, earnings of proprietors, and rents, dividends, and interest. The State of Iowa collected \$207 million in taxes from the travel-related business. Included here are taxes on sales, gasoline, and other business levies. Taxes paid to the state government alone comprise twelve per cent of the receipts of enterprises allied with travel, and they add up to a fifth of state tax collections.

Summary on the Major Travel Business during 1973

Iowa Business Establishments, Employment, Payrolls,
and Proprietors' Income, and Receipts in
Business Groups Engaged in the Service and Transportation
of Travelers, along with Local Customers

Type of Business Group	Number of Estab- lishments	Propri- etors and Paid Workers	Total Personal Income in Millions	Receipts* in Millions
<u>Travel Service & Transport</u>	<u>17,620</u>	<u>96,890</u>	<u>\$510</u>	<u>\$1,696</u>
<u>Lodging, Eating, Recreation</u>	<u>9,270</u>	<u>67,330</u>	<u>\$262</u>	<u>\$ 701</u>
Lodging Places . . .	1,350	12,900	41	91
Eating Places . . .	6,410	46,380	184	545
Recreation Services . .	1,510	8,050	37	65
<u>Automobile Services . .</u>	<u>8,260</u>	<u>28,360</u>	<u>\$211</u>	<u>\$ 921</u>
Gasoline Service Stations	4,800	18,000	116	672
Repair and Accessories	3,460	10,360	95	249
<u>Passenger Transportation</u>	<u>90</u>	<u>1,200</u>	<u>\$ 37</u>	<u>\$ 74</u>

* Includes sales to local customers in the retail trade area and sales to traveling customers from outside the trade area and from outside the state.

Sources: Based on U. S. Census of Business, Survey of Retail Trade and Selected Services, state business data, and reports of firms to state and federal agencies. Detail are shown in later tables. Personal income includes payrolls, earnings of proprietors, rents, interests, and dividends.

Share of Regional and National Travel Business

Journeys are not confined by state boundaries, but patterns of travel are regional in character and they have inter-regional impact. About one in five trips are inter-regional journeys. Significant aspects of the travel market are portrayed when tourism is studied in its regional and national context. These regional comparisons are possible because the figures used in this analysis have been prepared on a nationwide basis.

The \$1.7 billion sales in the Iowa travel business is 1.40 per cent of the \$121 billion travel service and transport business in the United States. While Iowa has 1.28 per cent of the lodging, eating, and recreation receipts, it has 1.64 per cent of automobile service receipts and 1.53 per cent of all retail trade and service.

The sales of travel-related enterprises in the Plains States comprise 8 per cent of the nation's total. The seven Plains states report three-tenths of the combined receipts in the North Central region. Iowa reports 18 per cent of the travel business receipts in the Plains states. Among the lodging, eating, and recreation accommodations, Iowa reports 18 per cent of all receipts, and 18 per cent of all auto service receipts. The state reports 18 per cent of all travel expenditures in the Plains States.

Iowa's Share of National Travel Activities

Comparison of Major Travel Activities in
Iowa and the United States during 1973

Indicator of Travel and Economic Activity	Amount in Millions		Per Cent of U. S. Total in Iowa
	State of Iowa	United States	
All Domestic Travel Expenditures	\$724	\$52,800	1.37
Intercity Passenger Miles . .	18,500	1,375,100	1.35
Number of Long Person-Trips . .	6.78	465	1.46
Person-Nights in & through . .	17.68	1,680	1.05
Spending on Long Trips . . .	\$365.8	\$39,800	0.92
<u>Sales in Travel Business*</u> . .	<u>\$1,696</u>	<u>\$120,900</u>	<u>1.40</u>
<u>Lodging, Eating, Recreation</u> . .	<u>\$ 701</u>	<u>\$ 54,720</u>	<u>1.28</u>
Hotels and Lodging Places . .	91	9,489	.95
Eating and Drinking Places . .	545	37,944	1.44
Recreation Services	65	7,287	.90
<u>Automobile Services</u>	<u>\$ 921</u>	<u>\$ 56,250</u>	<u>1.64</u>
Gasoline Service Stations . .	672	34,457	1.95
Repair and Accessories . .	249	21,793	1.14
<u>Passenger Transportation</u> . .	<u>\$ 74</u>	<u>\$ 9,930</u>	<u>0.76</u>
All Retail Trade and Service . .	\$9,122	\$597,470	1.53
Total Personal Income	\$14,300	\$1,030,000	1.39
Total Resident Population. .	2.904	209.851	1.38

* Includes sales to both local and traveling customers.

Sources: Based on U. S. Censuses of National Travel, Transportation, Business, and Consumer Expenditures; surveys of tourist travel and spending; research on the travel market and outdoor recreation; highway and transportation surveys; and studies of family spending for travel. These estimates are comparable to estimates in reports prepared by Copeland for the nation, regions, and states. Estimates of spending on long trips were based on data in 1972 National Travel Expenditure Study by Douglas Frechtling and the U. S. Travel Data Center.

Contribution of Travel Business to Retail Business

Contribution of the Travel Business to Total Sales,
Establishments, Employment, and Income in All
Retail Trade and Service Enterprises in Iowa during 1973

<u>Total Retail Business Sales in Iowa^a . .</u>	<u>\$9,122</u> Million ^a
--	-------------------------------------

Proportion in travel business, 19 per cent
Proportion sold to all tourists, 8 per cent

<u>Number of Retail Business Establishments^b . .</u>	<u>54,740</u> ^b
---	----------------------------

Proportion in travel business, 32 per cent

<u>Total Employment in All Retail Business^b . .</u>	<u>238,060</u> ^b
--	-----------------------------

Proportion in travel business, 33 per cent

<u>Total Income from Retail Business^b</u>	<u>\$1,660</u> Million ^b
--	-------------------------------------

Proportion from travel business, 24 per cent

^a Includes \$8,171 million in retail trade and \$951 million in commercial services. Does not include receipts in professional, financial, and related services.

^b Does not include 10,100 professional and related service firms, employment of 114,440, and income of \$725 million from professional and related services.

Sources: Based on data from Bureau of the Census, Census of Business, Survey of Retail Trade and Selected Services, County Business Patterns, and other state business data.

Firms Engaged in Serving Travelers

The volume of sales is only one measure of the economic importance of the travel-related business. The number of active commercial concerns is a rough measure of the magnitude of the business activities and their role in the business structure of the state. There are 17,620 establishments actively engaged in serving and transporting travelers in Iowa. While these concerns also serve local customers, they can look to travelers to bring them four-tenths of their total market. Personal services are rendered to travelers by 9,270 lodging, eating, and recreation establishments. Automobile services are provided by 8,260 gasoline stations and accessory and repair services.

The Iowa business population is now composed of 105,550 active private commercial and industrial firms, exclusive of farm and ranch operations. If we exclude firms engaged in forestry and farming, it is notable that one in six of all nonfarm business and industry firms are engaged in serving travelers along with local customers in the hometown trade area. There are 54,740 firms engaged in trade and commercial services at the retail level. A third of these retail firms are engaged in supplying the personal and transportation services required by travelers away from home. The firms allied with travel account for a fifth of the 79,190 firms engaged in private commerce, exclusive of private industry.

Commercial Concerns Allied with Travel

Major Business Establishments in the Service and
Transportation of Travelers in Iowa during 1973

Standard Business Group	Number
<u>Total, Travel Service & Transport Business . .</u>	<u>17,620</u>
<u>Lodging, Eating, and Recreation Services</u>	<u>9,270</u>
Hotels and Lodging Places	1,350
Eating and Drinking Places	6,410
Recreation Services	1,510
<u>Automobile Services</u>	<u>8,260</u>
Gasoline Service Stations	4,800
Auto Repair and Accessory Stores . . .	3,460
<u>Firms Engaged in Passenger Transportation . .</u>	<u>90</u>

Sources: Based on data in the Census of Business; reports of firms to the Social Security Administration, published in County Business Patterns, and to the Iowa Employment Security Commission; and other state business and trade association data. Establishments were classified and defined on the basis of the major line of business as in the Census of Business, according to the Standard Industrial Classification, and for this purpose they were counted only once to prevent double counting.

Travel-Related Activities in Business Population
 All Nonfarm Business and Industrial Concerns
 Operating in Iowa during 1973

Major Business or Industry Group	Total Number of Concerns in State	Travel Service & Transport Business	
		Number	Per Cent of Total
<u>Retail Trade and Service . .</u>	<u>54,740</u>	<u>17,530</u>	<u>32</u>
Retail Trade Stores	30,490		
Commercial Services	24,250		
Wholesale Trade	7,760		
Finance, Insurance, Real Estate	6,590		
Professional & Related Services	10,100		
<u>Private Commerce</u>	<u>79,190</u>	<u>17,530</u>	<u>22</u>
Mining	240		
Contract Construction	15,700		
Manufacturing	3,370		
Transportation	4,350	90	
Public Utilities & Other . .	2,700		
<u>Private Industry</u>	<u>26,360</u>		
<u>Total Active Nonfarm Concerns</u>	<u>105,550</u>	<u>17,620</u>	<u>17</u>

Sources: Estimated on the basis of data from U. S. Department of Commerce, Bureau of the Census, Census of Business, Census of Population, state business data, reports of firms to the Iowa Employment Security Commission and to the Social Security Administration published in County Business Patterns. Note that County Business Patterns covers only employer firms, the Census of Business does not cover all industry groups, and Dun and Bradstreet's listing includes only about half of active firms in operation.

Employment in Travel-Related Activities

The economic benefits of an enterprise flow out to people through employment opportunities. The number of jobs created by the travel business is rather concrete evidence of its economic affects. The firms engaged in serving travelers, along with local customers, employ 96,890 paid workers and proprietors. These workers account for nine per cent of the 1.0 million nonfarm proprietors and hired workers in Iowa's nonagricultural establishments. Catering to travelers is an important commercial interest of 17,810 active proprietors who operate facilities patronized by persons away from home. These owner-operators comprise a fifth of the 98,800 nonfarm self-employed in Iowa. There are 79,080 hired workers in the travel business. Iowa employment figures show that 17 per cent of the 446,800 workers in commercial concerns are engaged in serving travelers along with local customers.

While these workers serve both local and traveling customers, the share of jobs attributable to the transient market can be estimated: Purchases by customers create an income flow which in turn creates jobs. In this way, the \$724 million spent by all travelers creates jobs for about 44,500 workers. Jobs for about 25,500 workers can be traced to the \$408 million in trade brought into the state by out-of-state tourists.

Employment in Travel-Related Business

Average Annual Number of Paid Wage and Salary
Employees and Proprietors Engaged in Major Travel
Service and Transportation Business in Iowa, 1973

Travel Service and Transportation	Active Proprietors	Paid Employees	Total Paid Workers and Proprietors
<u>Travel Service and Transport</u>	<u>17,810</u>	<u>79,080</u>	<u>96,890</u>
<u>Lodging, Eating, Recreation</u>	<u>9,330</u>	<u>58,000</u>	<u>67,330</u>
Hotels and Lodging Places	1,200	11,700	12,900
Eating and Drinking Places	6,880	39,500	46,380
Recreation Services . . .	1,250	6,800	8,050
<u>Automobile Services . . .</u>	<u>8,480</u>	<u>19,880</u>	<u>28,360</u>
Gasoline Service Stations	5,100	12,900	18,000
Auto Repair & Accessories	3,380	6,980	10,360
<u>Passenger Transportation</u>	- - -	<u>1,200</u>	<u>1,200</u>

Source: Estimated number of paid employees were based on data from the Census of Business, the Census of Population, the U. S. Department of Commerce and the Department of Labor, and reports of employers to the Social Security Administration published in County Business Patterns, and to the Iowa Employment Security Commission. These estimates do not include unpaid family workers.

Travel-Related Jobs and the Iowa Labor Force

Comparative Employment in Travel Service and
Other Nonfarm Industries in Iowa in 1973

Industry Group or Class of Worker	Total Number in Iowa	Travel Service and Transportation	
		Number	Per Cent of Group
<u>Retail Trade and Service . .</u>	<u>238,060</u>	<u>77,880</u>	<u>33</u>
Retail Trade	189,400		
Commercial Services	48,660		
Wholesale Trade	47,000		
Finance, Insurance, Real Estate	47,300		
Professional & Related Services	114,440		
<u>Private Commerce</u>	<u>446,800</u>	<u>77,880</u>	<u>17</u>
Mining	3,020		
Contract Construction	46,500		
Manufacturing	237,500		
Transportation	31,800	1,200	4
Public Utilities & Other . . .	23,600		
<u>Private Industry</u>	<u>342,420</u>		
<u>Private Commerce & Industry. .</u>	<u>789,220</u>	<u>79,080</u>	<u>10</u>
Government	172,200		
<u>Nonfarm Wage and Salary . . .</u>	<u>961,420</u>	<u>79,080</u>	<u>8</u>
<u>Nonfarm Self-Employed</u>	<u>98,800</u>	<u>17,810</u>	<u>18</u>
<u>Nonfarm Employment</u>	<u>1,060,220</u>	<u>96,890</u>	<u>9</u>

Sources: Estimates of mid-year wage and salary workers by the Iowa Employment Security Commission. Employees in travel services were based on BLS mid-year estimates, County Business Patterns, or other state sources. Nonfarm proprietors were estimated on data from the Census of Business and the Census of Population. Note that farm workers, domestic servants, and unpaid family workers are not included in these estimates.

Income Derived from Travel Business

The travel-related business paid out \$510 million in personal income in Iowa during 1973. This means that 30 per cent of the receipts of the travel business are paid out to individuals as personal income. Payrolls to hired workers amounted to \$265 million. Active proprietors earned \$175 million operating their businesses. Rents, dividends, and interest received by all others who share in the profits from travel-related operations added up to \$70 million.

These payments loom rather large among sources of commercial income in the state. Total income in Iowa was \$14.3 billion from all sources: \$3.5 billion of these payments were derived from private commercial operations. Travel-related services generated a tenth of all income from private commerce. In the field of retail business a fourth of the \$1.6 billion income was paid out by the travel business.

Only a portion of these payments can be traced to travelers. But here again, trading with travelers creates business, and business generates income: Thirty-three cents out of each tourist dollar are distributed as income. In this way about \$136 million, or a third of the \$408 million spent by out-of-state tourists in the state, was paid out as personal income payments by merchants who engage in the travel trade.

Income Payments from Business Allied with Travel

Type of Income Payments from Major Travel Service and
Transportation Industry in Iowa during 1973

Type of Income Payment	Amount in \$1,000	Per Cent of Sales
<u>Total Personal Income Payments . .</u>	<u>\$510,320</u>	<u>30.1</u>
Wages and Salaries of Employees . .	\$265,000	15.6
Earnings of Active Proprietors . .	\$174,670	10.3
Dividends Paid Out	\$ 12,720	0.8
Rents from Property	\$ 37,990	2.2
Interest on Capital	\$ 19,940	1.2

Sources: Estimated from state business data, operating expenses of the groups of firms at the service of travelers and passenger carriers, data reported by firms and operators to the Bureau of the Census, the Internal Revenue Service, the Interstate Commerce Commission, the Social Security Administration, published in County Business Patterns, the Iowa Employment Security Commission, and surveys of business operating expenses.

Sources of Income from Travel Activities

Estimated Personal Income of Payrolls, Earnings of Proprietors, Dividends, Rents, and Interest from Major Firms Engaged in the Service and Transportation of Travelers in Iowa in 1973

Travel Service and Transport	Total Personal Income	
	Amount in \$1,000	Per Cent of Sales
<u>Travel Service and Transport . .</u>	<u>\$510,320</u>	<u>30.1</u>
<u>Lodging, Eating, and Recreation</u>	<u>\$262,100</u>	<u>37.4</u>
Hotels and Lodging Places	41,100	45.4
Eating and Drinking Places . .	184,200	33.8
Recreation Services	36,800	56.1
<u>Automobile Services</u>	<u>\$210,800</u>	<u>22.9</u>
Gasoline Service Stations . . .	116,100	17.3
Auto Repair & Accessories . .	94,700	38.0
<u>Passenger Transportation . . .</u>	<u>\$ 37,420</u>	<u>50.4</u>

Sources: Estimated from state business data, operating expenses of the groups of firms at the service of travelers and passenger carriers, data reported by firms and operators to the Bureau of the Census, the Internal Revenue Service, the Interstate Commerce Commission, the Social Security Administration published in County Business Patterns, the Iowa Employment Security Commission, and surveys of business operating expenses.

Contribution of Major Travel Businesses to Iowa Income

Comparison of Income Paid Out by Travel Service and
Transport Businesses and Income Received by Persons
Participating in Current Production and Business
and from Other Sources in Iowa during 1973

Source of Income by Major Business Group	All Industries Amount in Millions	Travel Service and Transport Business	
		Amount in Millions	Per Cent of Total
<u>Retail Trade and Service . .</u>	<u>\$1,660</u>	<u>\$401</u>	<u>24</u>
Retail Trade	1,110		
Commercial Services	550		
Wholesale Trade	635		
Finance, Insurance, Real Estate	480		
Professional & Related Services	725		
<u>Private Commerce</u>	<u>\$3,500</u>	<u>\$401</u>	<u>11</u>
Mining	30		
Contract Construction	570		
Manufacturing	2,610		
Transportation	440	39	9
Communication & Public Utilities	240		
<u>Private Industry</u>	<u>\$3,890</u>		
<u>Private Commerce & Industry. .</u>	<u>\$7,390</u>	<u>\$440</u>	<u>6</u>
Farm Income and Wages	2,200		
All Government Services	1,420		
Property Income	1,980	70	3.5
Transfer Payments, Net	1,310		
<u>Total Personal Income . .</u>	<u>\$14,300</u>	<u>\$510</u>	<u>3.6</u>

Sources: The state estimates in Column 1 were estimated from the U. S. Department of Commerce, Survey of Current Business, August and October 1973 and January 1974. Figures in Column 2 were based on state business data, as shown in previous two tables.

Taxes Paid by Travel-Related Business and Tourists

The State of Iowa collected \$207 million from major firms catering to travelers during 1973. This contribution to state and local revenue is another measure of economic benefits of travel-related activities. The state tax alone amounted to a fifth of tax revenues collected by Iowa from all sources. The \$207 million state tax collections is equal to 12 per cent of the \$1,696 million sales of the travel-related business enterprises. In addition to state taxes, the travel-serving business also paid \$34 million in local taxes and \$73 million in federal taxes. The combined tax collections from the nine groups of businesses were \$314 million, or 18 cents out of each dollar of sales.

Most of the \$408 million purchases made by visiting tourists in Iowa are subject to state and local taxes. Altogether, \$37.9 million of Iowa state taxes can be traced to tourist expenditures. This amounted to about five cents in each tax dollar collected by the state. Iowa collects nine cents in each dollar spent by tourists in some form of state taxes. In addition, \$9.0 million in local and property taxes can be traced to tourist expenditures in Iowa. Altogether, then, a total of \$46.9 million in state and local taxes can be traced to the trade brought into the state by tourists.

Tax Collections from Major Travel-Related Businesses

Types of Taxes Paid by Iowa Firms Engaged in
Serving and Transporting Travelers to State,
Local, and Federal Agencies, during 1973

Taxes and Other Revenue Collected from Travel Business	Amount in \$1,000	Per Cent of Sales
<u>All Taxes and Revenue . .</u>	<u>\$311,240</u>	<u>18.5</u>
<u>State Taxes</u>	<u>\$206,920</u>	<u>12.2</u>
State Sales and Use	35,600	2.1
Business, Beverage, and Income . .	35,920	2.1
State Gasoline	135,400	8.0
<u>Other Taxes</u>	<u>\$107,320</u>	<u>6.3</u>
Local and Property	33,920	2.0
Federal Income and Gasoline . .	73,400	4.3

Sources: These tax revenue figures were compiled or estimated and assigned to business groups on the basis of the detail available from the Iowa Department of Revenue, Annual Statistical Report on Income Tax, the Motor Fuel Tax Division, "State Tax Collections 1973," compiled by the Bureau of the Census, and some industry detail derived from special tables. These data and figures from the Census of Business, County Business Patterns, and other state business reports were analyzed and estimates were prepared for each business group in the context of the whole outlay of business receipts and operating expenses, as shown in other tables.

Sources of State Taxes from Travel-Related Business

Contribution of the Major Travel Service and
Transport Businesses to State Tax Revenue
in Iowa during 1973

Travel Business Group	State Tax Collections	
	Amount in \$1,000	Per Cent of Sales
<u>Total Travel Service and Transport . .</u>	<u>\$206,920</u>	<u>12.2</u>
<u>Lodging, Eating, and Recreation . .</u>	<u>\$ 42,460</u>	<u>6.1</u>
All Lodging Places	4,110	4.5
Eating and Drinking Places . .	35,170	6.5
Recreation Services	3,180	4.9
<u>Automobile Services and Gasoline</u>	<u>\$160,990</u>	<u>17.5</u>
Gasoline Taxes	135,400	20.1
Repair and Accessories . . .	25,590	5.7
<u>Passenger Transportation</u>	<u>\$ 3,470</u>	<u>4.7</u>

Sources: Calculated separately in detail for each group of businesses from data reported to the Iowa Department of Revenue, the Iowa Employment Security Commission, Census of Business, Internal Revenue Service, Interstate Commerce Commission, and other state business sources, including surveys of operating ratios by business associations.

Economic Impact of Travel Trade on Other Business

The operating expenses paid out by one type of business enterprise sets in motion an income flow which creates sales and receipts for other business enterprises. In this way, progressive types of business stimulate other commerce while providing a market for goods and services from other industries. The operating ratios of the travel-serving business make it possible to estimate the gross income flow from the travel-related enterprises and to measure roughly the magnitude of the market arising directly from this business sector.

About 51 cents from each sales dollar are spent for the purchase of goods and services from other industries. This creates a \$871 million market for processors and distributors, for the food and beverage industry, for dairy and other agricultural products, and for gasoline. In addition to the cost of goods sold, operators of travel accommodations paid out 14 cents from each sales dollar for a wide range of business services required in operating travel facilities. These outlays include utility bills, repair of facilities, linen and laundry services, advertising, insurance, and other services, which altogether add up to \$246 million. We have already noted that 30 cents from each dollar of sales are paid out for wages, earnings of proprietors, and other personal income. We have also noted that travel service operators must earmark 14 cents from each dollar for state and local taxes. In addition 4 cents are paid to federal taxes.

Impact of Travel Business on Other Business

Operating Expenses of Major Business Firms Engaged
in the Service and Transportation of Travelers, along
with Local Customers, in Iowa during 1973

Business Operating Expenses	Total Amount in \$1,000	Per Cent of Sales
<u>Total Sales and Receipts . . .</u>	<u>\$1,696,000</u>	<u>100.0</u>
<u>Personal Income to Individuals . .</u>	<u>\$ 510,320</u>	<u>30.1</u>
<u>State and Local Taxes</u>	<u>\$ 240,840</u>	<u>14.2</u>
State Taxes, 12.2%	\$206,920	
Local Taxes, 2.0%	\$ 33,920	
<u>Federal Income and Gasoline Taxes</u>	<u>\$ 73,400</u>	<u>4.3</u>
<u>Purchases from Other Industries . .</u>	<u>\$ 871,440</u>	<u>51.4</u>
Cost of Goods Sold	625,680	36.9
Depreciation & Repairs of Facilities . .	70,900	4.2
Utilities, Power, Fuel, Telephone . .	62,240	3.6
Linen and Other Supplies	25,350	1.8
Laundry Service	14,420	0.9
Advertising and Printing	21,200	1.3
Insurance	10,180	0.6
<u>Other Operating Expenses</u>	<u>\$ 41,470</u>	<u>2.1</u>

Sources: Calculated separately in detail for each group of businesses from data reported to the Iowa State Tax Commission, the Iowa Employment Security Commission, Census of Business, County Business Patterns, Internal Revenue Service, Interstate Commerce Commission, and other state business sources, including surveys by business associations.

DEFINITIONS AND SOURCES OF INFORMATION - -

The broad term traveler or tourist includes persons going outside their daily commuting zones. State residents traveling in the area on trips away from home are included in the total, along with out-of-state visitors. The estimates include persons traveling for business, pleasure, and personal affairs. Also included are travelers passing through the area en route to destinations beyond, and parties making short trips, such as weekend or holiday visits to the area. One-day as well as overnight trips are included. Regular commuters are not included.

The estimates of the volume of travel and expenditures were based on established procedures that have proven to be reliable in business analysis and market research. The expenditures by in-state and out-of-state travelers were estimated on the basis of highway traffic counts and vehicle-miles traveled; vehicle classification data; ratios and averages of travel expenditures calculated from surveys of travelers in states and to national parks and from national travel surveys; and on the basis of sales and receipts of firms at the service of travelers. These estimates were cross-checked against bench-mark economic data in several ways.

It is possible to estimate the volume and expenditures of travelers in a reliable manner because of several series of data on travel: (1) the detailed highway traffic classification counts extending over several years; (2) numerous highway-use studies; (3) figures on travel in family and business budget studies; (4) national travel surveys, including the Curtis surveys, the Surveys of Travel by the U. S. Bureau of the Census, and annual surveys by the Michigan Survey Research Center; (5) several highway vacation visitor surveys in states and parks, including the Great Smoky Mountains National Park, the Shenandoah Valley National Park, Georgia, Arkansas, and five surveys in Virginia; and (6) the annual statistics collected by the Interstate Commerce Commission on intercity passenger travel. In addition, (7) data from the Census of Business, County Business Patterns, and other sources on the travel business form the context for understanding and interpreting the economic impact of travel.

The content of the overall travel trade was analyzed within the context of the total business structure of the state. The basic approach was to relate travel to the business structure and to the travel market in the region and nation. The study of the data in the business structure and in geographic perspective gives two dimensions to the study.

STATE LIBRARY OF IOWA



3 1723 02080 6097

RECEIVED
JAN 11 1961
STATE LIBRARY OF IOWA