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TRAVEL IN IOWA
DURING 1970

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

Prepared by

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For the

TOURISM AND TRAVEL DIVISION

CHARLES E. SNOOK, DIRECTOR

IOWA DEVELOPMENT COMMISSION

STATE OF IOWA

1971

HIGHLIGHTS OF TRAVEL IN IOWA DURING 1970

Total Expenditures by Out-of-State Travelers . .	\$320 Million
Proportion of retail business, 5 per cent	
Expenditures for All In-state and Out-of-state Travel	\$577 Million
Proportion of retail business, 9 per cent	
Cut-of-State Travel Party-Trips or Visits to or Passing through Iowa for Business or Pleasure. .	15 Million
Out-of-State Person-Trips or Visits to Iowa . .	30 Million
Intercity Passenger Miles Traffic, In-state and Inter-state, by All Modes of Transport	16.1 Billion
Passenger-Miles Traveled by Out-of-state Visitors	3.2 Billion

Contribution of Out-of-State Tourist Trade to:

Iowa personal income	\$107 Million
Proportion of tourist expenditures, 33 per cent	
Iowa state tax revenue	\$ 30 Million
Proportion of tourist expenditures, 9 per cent	
Local and property taxes	\$ 7 Million
Proportion of tourist expenditures, 2 per cent	
Market for other goods and services	\$165 Million
Proportion of tourist expenditures, 52 per cent	

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; and studies of family spending for travel.

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

Total Expenditures by Out-of-State Tourists, 1970 . . \$320,000,000

Personal Income to People in Iowa \$106,900,000

Proportion of Tourist Dollar, 33 cents

Market for Goods and Services \$165,100,000

Proportion of Tourist Dollar, 52 cents

Contribution of Tourists to State and Local Finance:

State Taxes Collected from Tourists \$ 29,800,000

Proportion of Tourist Dollar, 9 cents

Proportion of All State Taxes, 5 per cent

Local Taxes Collected from Tourists \$ 7,000,000

Proportion of Tourist Dollar, 2 cents

Federal Taxes Collected from Tourists \$ 11,200,000

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; and studies of family spending for travel.

TRAVEL-RELATED BUSINESS IN IOWA DURING 1970

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

Total Receipts from Major Travel-Service Business . . . \$1,171* Million

Proportion of retail trade and service receipts, 18 per cent

Ratio of Sales to: Out-of-state travelers, 27 per cent

In-state and out-of-state travelers, 49 per cent

Number of Iowa Firms Serving and Transporting Travelers 17,500

Proportion of 115,100 total business firms in state, 15 per cent

Number Employed in Travel Business 89,540

Proportion of 389,400 workers in commerce, 18 per cent

Contribution to Iowa Economy:

Personal Income Derived from Travel Business . . . \$378 Million

Proportion of travel business sales, 32 per cent

Market for Goods and Services \$568 Million

Proportion of travel business sales, 48 per cent

Contribution of Travel Business to Government Finance:

State Taxes Collected from Travel Business . . . \$156 Million

Proportion of travel business sales, 13 per cent

Proportion of state taxes, 25 per cent

Local Taxes from Travel Business \$ 18 Million

Federal Taxes from Travel Business \$ 50 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, state business data, and reports of firms to state and federal agencies. Details are shown in later tables.

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HIGHLIGHTS AND SUMMARY - - - - - IOWA TOURISTS, 1970

This seventh report on tourists and the Iowa travel business shows that visitors from other states spent \$320 million in Iowa during 1970. This was the spending of fifteen million travel parties who toured the state or passed through en route to other destinations. The parties include persons who traveled for business as well as those who took trips for pleasure, vacations, or personal reasons.

All travelers spent \$577 million in Iowa on travel trips during 1970. 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.

These travel expenditures represent Iowa's share of the national travel market. The nation's travelers took 397 million major overnight person-trips away from home during 1970. About 6.5 million of these person-trips originated in Iowa, and Iowa was the destination of 5.2 million. Domestic trips, including overnight stays, day outings, and shorter journeys beyond the local trade area generated 1,194 billion passenger miles of travel traffic in the nation.

Domestic nationwide expenditures were \$42 billion. The journeys of all travelers generated sixteen 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 three billion passenger miles during their tours in or through Iowa. This visitor traffic accounts for a fifth of the sixteen 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 and their requirements for transportation. Out-of-state tourists

and Iowa travelers are the primary customers for the billion-dollar 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 beyond the local trade area.

The \$1,171 million receipts in the travel-related services and transportation industries comprise a fifth of the \$6,542 million 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 nine per cent of all retail business.

There are now 17,500 active commercial concerns serving and transporting travelers in Iowa. These firms comprise one in six of the 115,100 nonfarm business firms in the state. Among the 88,700 firms in private commerce alone one in five operate travel accommodations or related services.

The travel business concerns provide jobs for 89,540 proprietors and employed workers. One in five of the employment in private commerce are serving the traveling public. The additional trade brought into the state by tourists is sufficient to provide jobs

for 24,500 Iowa workmen. All travel spending in the state creates jobs for 44,100 persons.

Personal income derived from serving and transporting travelers amounted to \$378 million last year. Travel business firms distribute 32 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 \$107 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 \$405 million worth of goods from other industries during 1970. These outlays add up to 35 cents from each sales dollar. Another 14 cents out of each dollar, or \$163 million, are 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 \$568 million-- or 48 cents from each dollar of sales.

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 \$156 million from the travel-related industry last year. This contribution adds up to a fourth of state tax revenue collections.

This is due to the fact that 13 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 \$18 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 \$30 million can be traced to tourists or the trade they brought into the state in 1970. These taxes amounted to four cents in each dollar of state tax collections last year.

About \$7 million in local taxes can be traced to out-of-state tourist spending. Tourists paid about \$37 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 \$2.30 in state and local taxes during its tour of the state.

GROWTH OF THE IOWA TOURIST TRADE BETWEEN 1954 AND 1970

1954	SIXTEEN - YEAR	INCREASE	1970
\$134,000,000	Expenditures of Tourists from Other States		\$320,000,000
7,040,000	Number of Out-of-State Tourist Parties		15,300,000
1,640,000,000	..Out-of-State Tourist Passenger Miles . .		3,200,000,000
\$245,000,000	...Expenditures by All Travelers . . .		\$577,000,000
\$558,000,000	..Sales by Firms Serving Travelers* . .		\$1,171,200,000
56,100	... Employment in Travel Service* . . .		89,540
\$150,660,000	... Income from Travel Service* . . .		\$377,930,000
\$3,365,000,000	...All Retail Trade and Service . . .		\$6,542,000,000
\$4,525,000,000	... Total Personal Income		\$10,390,000,000
2,626,000	... Total Resident Population . . .		2,825,000

* 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 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 those in reports prepared by Copeland for the nation, regions, and other states. See "Tourists and the Southern Travel Business, 1970."

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DEFINITIONS AND SOURCES

REFERENCES TO REGIONS AND GROUPS OF STATES - -

In this report several references are made to regional groupings of states. In most tabulations of state data in the United States the states are combined into geographic divisions along commonly recognized regional lines. The regional groupings used here make it possible to study the State of Iowa in its geographic context, which comprises the following states:

The North Central States

East North Central

The Great Lakes States

Illinois

Wisconsin

Indiana

Ohio

Michigan

West North Central

The Plains States

Iowa

Missouri

Kansas

Nebraska

South Dakota

North Dakota

Minnesota

These are the states with which Iowa is in most direct competition for travel trade.

TRAVEL IN IOWA DURING 1970

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 397 million long overnight person-trips during 1970. All domestic journeys, including overnight stays, day outings, and shorter journeys beyond the local trade area, generated 1,194 billion passenger miles of traffic. The away-from-home expenditures of these trips were \$42 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 a third of the nation's intercity traffic, with expenditures of \$12 billion dollars. The seven Plains states received a hundred billion passenger miles of traffic, or eight per cent of the nation's total, which brought expenditures of \$3.2 billion to the region.

Expenditures for All Travel

All travelers spent \$577 million in Iowa during 1970. Two-thirds of the total, or \$400 million, were spent on vacation or pleasure trips. Businessmen spent \$177 million. These combined expenditures covered the away-from-home costs of traveling sixteen 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. Travel costs include only spending away from home for personal needs and transportation. 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 . . .	\$577 Million
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Proportion of Plains states total, 17 per cent	
--	--

Pleasure and personal trips . .	\$400 Million
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Business trips	\$177 Million
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Intercity passenger miles traveled by all modes of

transportation away from home in Iowa	16,100 Million
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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. Fifteen million interstate tourist parties visited or passed through Iowa during 1970. They spent \$320 million while visiting the state for business or personal affairs and for pleasure trips. The interstate parties brought thirty million visitors who traveled three 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	\$320 Million
Proportion of Plains states total, 17 per cent	
Out-of-State Party-Trips to or Passing through Iowa for Business or Pleasure	15 Million
Out-of-State Person-Trips or Visits to Iowa	30 Million
Passenger Miles Traveled on Interstate Trips . .	3,200 Million
Proportion of intercity traffic, 20 per cent	

Iowa's Share of Travel Traffic

The journeys of American travelers covered nearly 200 million major trips in 1970. With an average of about two persons each, the passenger movement involved 397 million person-trips away from home overnight or outside the commuting area. These long trips, along with day outings and shorter trips, generated 1,194 billion passenger miles of travel in the nation. The away-from-home expenditures were \$42 billion in the nation or a cost of 3.5 cents per person-mile. The \$577 million spent in Iowa paid for sixteen billion miles at an average cost of 3.6 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	1,193,800 Million miles
North Central Region	337,700 Million miles
Per cent of U.S. in region, 28	
Seven Plains States	100,600 Million miles
Per cent of North Central in Plains, 30	
Per cent of U.S. in Plains, 8	
State of Iowa	16,100 Million 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 238 billion passenger miles. About 69 billion miles, or 29 per cent of this traffic, was traveled in the North Central region. The Plains states reported 21 billion passenger miles, or nine per cent of the national total. The thirty million tourists who visited Iowa during 1970 traveled 3.2 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, 1970	238,300 Million miles
North Central Region Total	69,100 Million miles
Per cent of U.S. in region, 29	
Seven Plains States Total	21,200 Million miles
Per cent of North Central in Plains, 31	
Per cent of U.S. in Plains, 9	
State of Iowa	3,200 Million 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 \$42 billion on their domestic trips in 1970. Travelers in the North Central states spent \$11.8 billion, or 28 per cent of the national total. In the Plains states travelers spent \$3.2 billion, or eight per cent of the nation's travel bill. The \$577 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, 1970	\$42,000 Million
Total Expenditures in North Central Region. .	\$11,760 Million
Per cent of U.S. total, 28	
Total Expenditures in Plains States	\$ 3,230 Million
Per cent of North Central region, 28	
Per cent of U. S. total, 8	
Total Expenditures in Iowa	\$ 577 Million
Per cent of Plains states, 17	
Per cent of North Central region, 5	
Per cent of U. S. total, 1.32	

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 \$25 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 \$320 million spent by visitors to Iowa was one-sixth of expenditures on interstate trips in the Plains states.

Domestic Interstate Travel Expenditures, 1970:

United States Total	\$25,250 Million
North Central Region	\$ 7,000 Million
Per cent of U. S. total, 28	
Seven Plains States	\$ 2,000 Million
Per cent of North Central region, 29	
Per cent of U. S. total, 8	
State of Iowa	\$ 320 Million
Per cent of Plains region, 16	
Per cent of North Central region, 5	
Per cent of U. S. total, 1.27	

Tourist Spending Pattern

The commercial importance of the \$320 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 \$135 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 \$83 million for all forms of transportation last year, which added up to 26 cents out of each dollar.

All lodging expenses amounted to \$56 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 \$36 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 1970

Purpose of Expenditures and Type of Business	Amount Spent
<u>All Tourist Spending, 100%</u>	<u>\$320,000,000</u>
<u>Eating and Food Supplies, 42.1%</u>	<u>\$134,900,000</u>
Cafes, eating places, 39.1%	125,300,000
Other food purchases, 3.0%	9,600,000
<u>Transportation Away from Home, 25.8%</u>	<u>\$ 82,500,000</u>
Automobile Expenses Away from Home, 20.1%	64,300,000
Other Modes of Travel, 5.7%	18,200,000
<u>Lodging, Commercial and Noncommercial, 17.4%</u> . .	<u>\$ 55,600,000</u>
Commercial lodging places, 15.4%	49,200,000
Noncommercial expenses, 2.0%	6,400,000
<u>Recreation and Entertainment, 11.2%</u>	<u>\$ 35,700,000</u>
Commercial recreation, 5.0%	15,900,000
Noncommercial expenses, 6.2%	19,800,000
<u>Miscellaneous Expenses, 3.5%</u>	<u>\$ 11,300,000</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 \$190 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 four-tenths of the \$489 million receipts of the three lines of business. Tourists on the road spent \$59 million for automobile services, which adds up to a tenth of the \$631 million auto service receipts in the state.

Tourists do not confine their expenditures to commercial lodging, eating, and recreation places and automobile services. They also spent \$71 million in other places: They spent \$20 million for sporting goods and recreation equipment and \$18 million for transportation fares on public carriers. About \$16 million was spent for food and lodging outside the commercial food and lodging business. It is notable also that \$11 million is spent in a wide range of retail establishments for miscellaneous items.

Where Tourists Spend Their Money

Estimated Out-of-State Tourists' Share of the
Travel-Serving Business in Iowa during 1970

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 Groups:</u>				
<u>Lodging, Eating, Recreation</u>	<u>\$489*</u>	<u>\$190.4</u>	<u>59.5</u>	<u>39</u>
Lodging Places	82	49.2	15.4	60
Eating and Drinking Places .	348	125.3	39.1	36
Recreation Services	59	15.9	5.0	27
<u>Auto Service and Gasoline . .</u>	<u>\$631*</u>	<u>\$ 58.9</u>	<u>18.4</u>	<u>9</u>
Sub-Total: <u>Travel Service.</u> .	<u>\$1,120*</u>	<u>\$249.3</u>	<u>77.9</u>	<u>22</u>
<u>Other Expenditures</u>	- -	<u>\$ 70.7</u>	<u>22.1</u>	--
Lodging, Noncommercial . . .	- -	6.4	2.0	--
Food and Beverage	- -	9.6	3.0	--
Recreation and Equipment . .	- -	19.8	6.2	--
Transportation Utilities . .	51	18.2	5.7	36
Other Automobile and Taxicabs	- -	5.4	1.7	--
Miscellaneous Expenses . . .	- -	11.3	3.5	--
Total Retail Trade & Service .	\$6,542	\$320.0	100.0	4.9

* 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. 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 is the 33 cents from each tourist dollar that are passed on as payrolls and other personal income. In this way the tourist trade creates \$107 million of personal income to Iowa people.

A market is also created for goods and services: merchants who trade with tourists purchased \$115 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: \$50 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 tax collections: \$30 million may be traced to the tourist trade for state taxes alone. These taxes add up to 4.8 per cent of state tax collections during 1970. In addition, \$7 million-- 2 cents from each dollar-- were collected for local taxes.

Circulation of Tourist Expenditures in the Iowa Economy, 1970

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, 1970 . . .</u>	<u>\$320,000,000</u>	<u>100.0</u>
<u>Personal Income to Individuals</u>	<u>\$106,900,000</u>	<u>33.4</u>
<u>State and Local Taxes</u>	<u>\$ 36,800,000</u>	<u>11.5</u>
State Taxes	29,800,000	9.3
Local and Property Taxes	7,000,000	2.2
<u>Federal Income and Gasoline Taxes</u>	<u>\$ 11,200,000</u>	<u>3.5</u>
<u>Purchases from Other Industries</u>	<u>\$165,100,000</u>	<u>51.6</u>
Cost of Goods Sold	115,200,000	36.0
Depreciation and Repairs of Facilities .	13,800,000	4.3
Utilities, Power, Fuel, Telephone . .	8,600,000	2.8
Linen and Other Supplies	5,400,000	1.7
Laundry Service	2,900,000	0.9
Advertising and Printing	3,500,000	1.1
Insurance	1,900,000	0.6
Other Expenses	\$ 13,800,000	4.2

Growth of Expenditures by Travelers

All travel expenditures in Iowa rose from \$245 million in 1954 to \$577 million in 1970. The travel market registered an increase of 136 per cent in Iowa as compared to 160 per cent in the nation as a whole. The trend amounted to an average annual compounded growth rate of 5.4 per cent in Iowa as compared to 6.0 per cent in the nation. Meanwhile, there was an increase of 4.8 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 4.2 per cent for all retail trade and services. Meanwhile, income in Iowa was rising 5.2 per cent.

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 \$320 million in 1970-- an increase of 139 per cent. The annual average growth rate was 5.5 per cent in Iowa and 6.1 per cent in the United States. These trends for interstate tourist spending in both Iowa and the nation have outrun the rising trend of all retail business and the growth of personal income.

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
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 \$577 million account for nine per cent of the \$6,542 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 \$1,171 million last year-- nearly a fifth of all retail business. These firms serve local customers within the retail trading 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 twenty-seven per cent of total receipts.

Expenditures of All Away-from-Home Travelers . .	\$577 Million
Proportion of retail and service business, 8.8 per cent	
Proportion of travel-serving business, 49 per cent	
Expenditures of Out-of-State Travelers	\$320 Million
Proportion of retail and service business, 4.9 per cent	
Proportion of travel-serving business, 27 per cent	
Sales of Travel-Serving Business	\$1,171 Million
Proportion of all retail and service business, 18 per cent	
Sales of All Retail Trade and Service	\$6,542 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 nine 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 about 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 nearly 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 \$8.8 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 \$28 billion restaurant business. Most travelers are seeking recreation: This demand contributed to the sporting goods industry and to the \$6.3 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 a trillion passenger miles on journeys away from home by automobile during 1970. The growing volume of automobile traffic generates an increasing share of the nation's business. Automobile services alone report receipts of \$4.1 billion from their local and traveling customers combined. Intercity passenger transportation receipts were \$6.7 billion.

Accommodations Used by the Traveling Public

Travelers in Iowa depend rather heavily on the 17,500 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 \$1,171 million in 1970. Commercial carriers engaged in the intercity transportation of passengers had revenues of \$51 million. The retail trade and consumer service enterprises reported receipts of \$1,120 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 89,540 proprietors and paid workers. They paid out \$378 million during 1970 for payrolls, earnings of proprietors, and rents, dividends, and interest. The State of Iowa collected \$156 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 thirteen per cent of the receipts of enterprises allied with travel, and they add up to a quarter of state tax collections.

Summary on the Major Travel Business during 1970

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 Establishments	Proprietors and Paid Workers	Total Personal Income in Millions	Receipts* in Millions
<u>Travel Service and Transport</u>	<u>17,500</u>	<u>89,540</u>	<u>\$378</u>	<u>\$1,171*</u>
<u>Lodging, Eating, Recreation</u>	<u>9,200</u>	<u>62,120</u>	<u>\$204</u>	<u>\$489</u>
Lodging Places	1,350	11,050	39	82
Eating Places	6,350	43,920	132	348
Recreation Services . . .	1,500	7,150	33	59
<u>Automobile Services</u>	<u>8,210</u>	<u>26,020</u>	<u>\$150</u>	<u>\$631</u>
Gasoline Service Stations	4,800	16,530	84	458
Auto Accessory Stores . .	460	2,390	15	75
Auto Repair and Services	2,950	7,100	51	98
<u>Passenger Transportation . .</u>	<u>90</u>	<u>1,400</u>	<u>\$ 24</u>	<u>\$ 51</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 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 \$1.2 billion sales in the Iowa travel business is 1.30 per cent of the \$90 billion travel service and transport business in the United States. While Iowa has 1.11 per cent of the lodging, eating, and recreation receipts, it has 1.55 per cent of automobile service receipts and 1.49 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 one-sixth of the travel business receipts in the Plains states. Among the lodging, eating, and recreation accommodations, Iowa reports 16 per cent of all receipts as compared to 18 per cent of all auto service receipts. The state reports 17 per cent of all travel expenditures in the Plains states.

Iowa's Share of National Travel Business

Comparison of Travel Activities in Iowa and the United States during 1970

Tourist-Related Activities	Amount in Millions		Per Cent of U. S. Total in Iowa
	State of Iowa	United States	
All Travel Expenditures . . .	\$577	\$42,000	1.32
Interstate Travel Expenditures	\$320	\$25,250	1.27
Intercity Passenger Miles . . .	16,100	1,193,800	1.35
Interstate Passenger Miles . . .	3,200	238,300	1.34
<u>Travel Service & Transport*</u> . . .	<u>\$1,171*</u>	<u>\$90,400*</u>	<u>1.30</u>
<u>Lodging, Eating, Recreation</u> . .	<u>\$489</u>	<u>\$42,850</u>	<u>1.14</u>
Hotels and Lodging Places . .	82	8,800	0.93
Eating and Drinking Places . .	348	27,930	1.25
Recreation Services	59	6,120	0.96
<u>Automobile Services</u>	<u>\$631</u>	<u>\$40,820</u>	<u>1.55</u>
Gasoline Service Stations . .	458	26,560	1.72
Repair and Accessories . . .	173	14,260	1.21
<u>Passenger Transportation</u> . . .	<u>\$ 51</u>	<u>\$ 6,730</u>	<u>0.76</u>
All Retail Trade and Service . .	\$6,542	\$439,535	1.49
Total Personal Income	\$10,390	\$801,000	1.30

* 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 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 other states.

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 17,500 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 9,200 lodging, eating, and recreation establishments. Automobile services are provided by 8,210 gasoline stations and accessory and repair services.

The Iowa business population is now composed of 115,100 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 66,300 firms engaged in trade and commercial services at the retail level. One-fourth 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 88,700 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 1970

Standard Business Group	Number
<u>Total, Travel Service and Transport Business</u>	<u>17,500</u>
<u>Lodging, Eating, and Recreation Services . .</u>	<u>9,200</u>
Hotels and Lodging Places	1,350
Eating and Drinking Places	6,350
Recreation Services	1,500
<u>Automobile Services</u>	<u>8,210</u>
Gasoline Service Stations	4,800
Auto Accessory Stores	460
Auto Repair and Service	2,950
<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 1970

Major Business or Industry Group	Total Number of Concerns in State	Travel Service Transport Business	
		Number	Per Cent of Total
Retail Trade and Service. . .	66,300	17,410	26
Retail Trade Stores	45,000	11,610	26
Commercial Services	21,300	5,800	27
Wholesale Trade	6,000		
Finance, Insurance, Real Estate	6,500		
Professional & Related Services	9,900		
<u>Private Commerce</u>	88,700	17,410	20
Mining	300		
Contract Construction	15,500		
Manufacturing	3,600		
Public Utilities and Other . . .	7,000	90	
<u>Private Industry</u>	26,400		
<u>Total Active Nonfarm Concerns</u> . .	115,100	17,500	15

Sources: Estimated on the basis of data from U. S. Department of Commerce, Bureau of the Census, Census of Business, Census of Population, County Business Patterns, state business data, reports of firms to the Iowa Employment Security Commission and to the Social Security Administration, Dun and Bradstreet, and National Planning Association, Projections of the Number of Firms by Industry and by State. 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 effects. The firms engaged in serving travelers, along with local customers, employ 89,540 paid workers and proprietors. These workers account for nine per cent of the 979,200 nonfarm proprietors and hired workers in Iowa's nonagricultural establishments. Catering to travelers is an important commercial interest of 18,240 active proprietors who operate facilities patronized by persons away from home. These owner-operators comprise a fifth of the 94,000 nonfarm self-employed in Iowa. There are 71,300 employees in travel service and passenger transportation. Iowa employment figures show that 18 per cent of the 389,400 hired 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 creates an income flow which in turn creates jobs. In this way, the \$577 million spent by all travelers creates jobs for about 44,100 workers. Jobs for about 24,500 workers can be traced to the \$320 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, July 1970

Travel Service and Transportation	Active Proprietors	Paid Employees	Total Paid Workers and Proprietors
<u>Travel Service and Transport . . .</u>	<u>18,240</u>	<u>71,300</u>	<u>89,540</u>
<u>Lodging, Eating, Recreation . . .</u>	<u>9,770</u>	<u>52,350</u>	<u>62,120</u>
Hotels and Lodging Places . . .	1,350	9,700	11,050
Eating and Drinking Places . .	7,000	36,920	43,920
Recreation Services	1,420	5,730	7,150
<u>Automobile Services</u>	<u>8,470</u>	<u>17,550</u>	<u>26,020</u>
Gasoline Service Stations . .	5,100	11,430	16,530
Auto Accessory Stores . . .	420	1,970	2,390
Auto Repair and Service . . .	2,950	4,150	7,100
<u>Passenger Transportation . . .</u>	<u>- - -</u>	<u>1,400</u>	<u>1,400</u>

Source: Estimated number of mid-year paid employees from, or based on, reports from the Iowa Employment Security Commission. Other estimates 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 1970

Industry Group or Class of Worker	Total Number in Iowa	Travel Service and Transportation	
		Number	Per Cent of State
<u>Retail Trade and Service . . .</u>	<u>207,300</u>	<u>69,900</u>	<u>34</u>
Retail Trade	164,200	50,320	
Commercial Services	43,100	19,580	
Wholesale Trade	43,500		
Finance, Insurance, Real Estate	43,200		
Professional & Related Services	95,400		
<u>Private Commerce</u>	<u>389,400</u>	<u>69,900</u>	<u>18</u>
Mining	3,500		
Contract Construction	47,000		
Manufacturing	211,700		
Transportation	29,000	1,400	5
Public Utilities and Other . .	27,700		
<u>Private Industry</u>	<u>318,900</u>		
<u>Private Commerce and Industry</u>	<u>708,300</u>	<u>71,300</u>	<u>10</u>
Government	176,900		
<u>Nonfarm Wage and Salary</u>	<u>885,200</u>	<u>71,300</u>	<u>8</u>
<u>Nonfarm Self-Employed</u>	<u>94,000</u>	<u>18,240</u>	<u>19</u>
<u>Nonfarm Employment</u>	<u>979,200</u>	<u>89,540</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 estimates 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 \$378 million in personal income in Iowa during 1970. This means that 32 per cent of the receipts of the travel business are paid out to individuals as personal income. Payrolls to hired workers amounted to \$199 million. Active proprietors earned \$123 million operating their businesses. Rents, dividends, and interest received by all others who share in the profits from travel-related operations added up to \$56 million.

These payments loom rather large among sources of commercial income in the state. Total income in Iowa was \$10.4 billion from all sources; \$2.7 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 \$1.3 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 \$107 million, or a third of the \$320 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
Passenger Transportation Industry in Iowa during 1970

Type of Income Payment	Amount of Income	Per Cent of Sales
<u>Total Personal Income Payments . . .</u>	<u>\$377,930,000</u>	<u>32.3</u>
Wages and Salaries of Employees. .	<u>\$199,100,000</u>	<u>17.0</u>
Earnings of Active Proprietors . .	<u>\$122,980,000</u>	<u>10.5</u>
Dividends Paid Out	\$ 9,400,000	0.8
Rents from Property	\$ 29,950,000	2.6
Interest on Capital	\$ 16,500,000	1.4

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 Interstate Commerce Commission, the Social Security Administration, the Iowa Employment Security Commission, the Iowa State Tax 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 1970

Travel Service and Transport	Total Personal Income	
	Amount \$1,000	Per Cent of Sales
<u>Travel Service and Transport . . .</u>	<u>\$377,930</u>	<u>32.3</u>
<u>Lodging, Eating, Recreation . . .</u>	<u>\$203,600</u>	<u>41.6</u>
Hotels and Lodging Places . . .	39,320	47.8
Eating and Drinking Places . .	130,980	37.7
Recreation Services	33,300	56.1
<u>Automobile Services</u>	<u>\$150,130</u>	<u>23.8</u>
Gasoline Service Stations . . .	84,580	18.5
Auto Accessory Stores	14,920	20.0
Auto Repair and Service	50,630	51.5
<u>Passenger Transportation</u>	<u>\$ 24,200</u>	<u>47.6</u>

Source: Estimated from state business data and operating expenses of six groups of firms at the service of travelers and the three groups of passenger carriers.

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 1970

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>\$1,300</u>	<u>\$302</u>	<u>23</u>
Retail Trade	870		
Commercial Services	430		
Wholesale Trade	510		
Finance, Insurance, Real Estate	370		
Professional & Related Services	570		
<u>Private Commerce</u>	<u>\$2,750</u>	<u>\$302</u>	<u>11</u>
Mining	28		
Contract Construction	472		
Manufacturing	2,040		
Transportation	295	20	7
Communication & Public Utilities	175		
<u>Private Industry</u>	<u>\$3,010</u>		
<u>Private Commerce and Industry</u>	<u>\$5,760</u>	<u>\$322</u>	<u>6</u>
Farm Income and Wages	1,350		
All Government Services	1,050		
Property Income	1,620	56	4
Transfer Payments, Net	610		
<u>Total Personal Income . .</u>	<u>\$10,390</u>	<u>\$378</u>	<u>4</u>

Sources: The state estimates in Column 1 from the U. S. Department of Commerce, Survey of Current Business, August and October 1970 and January 1971. Figures in Column 2 were based on state business data.

Taxes Paid by Travel-Related Business and Tourists

The State of Iowa collected \$156 million from major firms catering to travelers during 1970. This contribution to state and local revenue is another measure of economic benefits of travel-related activities. The state tax alone amounted to a fourth of tax revenues collected by Iowa from all sources. The \$156 million state tax collections is equal to 13 per cent of the \$1,171 million sales and receipts of the travel-related business enterprises. In addition to state taxes, the travel-serving business also paid \$18 million in local taxes and \$50 million in federal taxes. The combined tax collections from the nine groups of businesses were \$225 million, or 19 cents out of each dollar of sales.

Most of the \$320 million purchases made by visiting tourists in Iowa are subject to state and local taxes. Altogether, \$30 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 from each dollar spent by tourists in some form of state taxes. In addition, \$7 million in local and property taxes can be traced to tourist expenditures in Iowa. Altogether, then, a total of \$37 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 1970

Taxes and Other Revenue Collected from Travel Business	Amount of Revenue	Per Cent of Sales
<u>All Taxes and Revenue</u>	<u>\$225,170,000</u>	<u>19.2</u>
<u>State Taxes</u>	<u>\$156,450,000</u>	<u>13.4</u>
State Sales and Use	24,660,000	2.1
Business, Beverage, and Income . . .	23,880,000	2.0
State Gasoline	107,910,000	9.2
<u>Other Taxes</u>	<u>\$ 68,720,000</u>	<u>5.9</u>
Local and Property	18,400,000	1.6
Federal Income and Gasoline . . .	50,320,000	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 State Tax Commission, the Motor Fuel Tax Division, "State Tax Collections 1970," compiled by the Bureau of the Census, and some industry detail derived from special tables. These data and figures from the Census of Business 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 1970

Travel Business Group	State Tax Collections	
	Amount	Per Cent of Sales
<u>Total Travel Service and Transport . . .</u>	<u>\$156,450,000</u>	<u>13.4</u>
<u>Lodging, Eating, and Recreation . . .</u>	<u>\$ 29,020,000</u>	<u>5.9</u>
All Lodging Places	3,730,000	4.5
Eating and Drinking Places . . .	22,400,000	6.5
Recreation Services	2,890,000	4.9
<u>Automobile Services and Gasoline . . .</u>	<u>\$125,570,000</u>	<u>19.9</u>
Gasoline Taxes	107,910,000	23.6
Auto Repair and Service	17,660,000	2.8
<u>Passenger Transportation</u>	<u>\$ 1,860,000</u>	<u>3.7</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, Internal Revenue Service, Interstate Commerce Commission, and other state business sources, including surveys 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 48 cents from each sales dollar are spent for the purchase of goods and services from other industries. This creates a \$405 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 \$163 million. We have already noted that 32 cents from each dollar of sales are paid out in the form of wages, earnings of proprietors, and other personal income. We have also noted that travel service operators must earmark 15 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 1970

Business Operating Expenses	Total Amount in \$1,000	Per Cent of Sales
<u>Total Sales and Receipts</u>	<u>\$1,171,200</u>	<u>100.0</u>
<u>Personal Income to Individuals</u>	<u>\$ 377,930</u>	<u>32.3</u>
<u>State and Local Taxes</u>	<u>\$ 174,850</u>	<u>15.0</u>
State Taxes, 13.4%	\$156,450	
Local Taxes, 1.6%	\$ 18,400	
<u>Federal Income and Gasoline Taxes</u>	<u>\$ 50,320</u>	<u>4.3</u>
<u>Purchases from Other Industries</u>	<u>\$ 568,100</u>	<u>48.4</u>
Cost of Goods Sold	405,160	34.5
Depreciation & Repairs of Facilities	56,220	4.8
Utilities, Power, Fuel, Telephone	42,170	3.6
Linen and Other Supplies	21,080	1.8
Laundry Service	10,540	0.9
Advertising and Printing	14,050	1.2
Insurance	7,030	0.6
Other Operating Expenses	\$ 11,850	1.0

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, Internal Revenue Service, Interstate Commerce Commission, and other state business sources, including surveys by business associations.

DEFINITIONS AND SOURCES

The broad term traveler includes persons going outside their daily commuting zones. Iowa residents traveling in the state are included in the total, along with out-of-state visitors. The estimates of travelers include persons traveling for business, pleasure, and personal affairs. Among the travelers are persons visiting the state for pleasure tours and vacations and to see friends and relatives. The estimates also include business and pleasure travelers passing through the state en route to destinations beyond, and parties making short trips such as weekend or holiday visits to the state, One-day as well as overnight trips are included. Regular commuters are not included.

The expenditures of Iowa people traveling in the state away from home, along with the travel expenditures of persons from out-of-state, are included in estimates of the total travel expenditures in Iowa. However, the estimates of the number of out-of-state travel trips to Iowa and the visitor's mileage traveled by out-of-state cars do not include the travel of Iowa residents. The term party-trip is used to emphasize the fact that some parties make several trips yearly.

The three basic sources of information are: state and national business and economic data, detailed state highway surveys, and travel surveys. It is possible to estimate the volume and expenditures of personal passenger travelers in a reliable manner because of several

basic series of data on travel: (1) detailed highway traffic classification counts extending over several years, and especially the surveys made for the interstate Highway Cost Allocation Studies; (2) numerous highway-use studies; (3) figures on travel in family and business budget studies; (4) national travel surveys, including the National Travel Surveys by the U. S. Bureau of the Census, the Curtis surveys, and annual surveys by the Michigan Survey Research Center; (5) several highway tourist surveys in states and parks, including Oklahoma, Arkansas, Missouri, Kansas, South Dakota, Louisiana, New Mexico, Arizona, and other southern and western states; and (6) annual statistics collected by the Interstate Commerce Commission on intercity passenger travel. In addition, (7) data from the Census of Business and other sources on state travel business form the context for understanding and interpreting the economic consequences of these known facts of travel for Iowa.

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 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 Iowa travel to the state economic structure and to the travel pattern in the region and nation. The study of the data in time series, in the business structure, and in geographic perspective give three dimensions to the study.