

**THE ECONOMIC IMPACT  
OF TRAVEL ON COLORADO  
1996-2008P**

November 2009

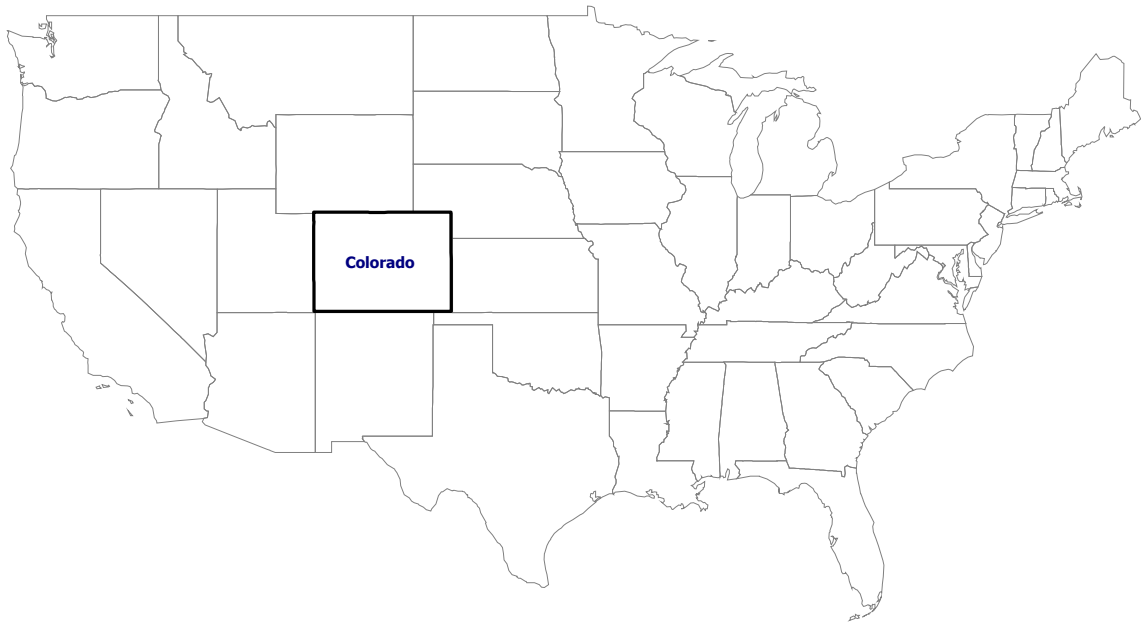
*prepared for the*

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# COLORADO TRAVEL IMPACTS 1996-2008P



## **THE SCOPE OF THE COLORADO TRAVEL INDUSTRY**

The over \$15 billion dollar travel industry in Colorado is an important part of the state and local economies. The industry is represented primarily by businesses in the leisure and hospitality sector, transportation, and retail. The money that visitors spend on various goods and services while in Colorado produces business receipts at these firms, which in turn generate earnings and employment for Colorado residents. In addition, state and local governments collect taxes that are generated from visitor spending. Most of these taxes are imposed on the sale of a goods and services to visitors, thus avoiding a tax burden on local residents.

The focus of this report is on the ***overnight (both domestic and international) and day visitor*** components of the Colorado travel industry from 1996 through 2008. On the following pages are detailed travel spending, employment and earnings estimates, and tax receipts directly generated by overnight and day visitors to and through Colorado.

## **DIRECT IMPACTS OF TRAVEL IN COLORADO: A SUMMARY**

- Total direct travel spending in Colorado in 2008 was \$15.3 billion<sup>1</sup>.
- Visitors that stayed overnight in commercial lodging (hotels, motels, rented condos, bed & breakfasts) accounted for 62 percent of all visitor spending in 2008.
- Lodging expenses (including campgrounds) accounted for 22 percent of all spending by visitors to Colorado. Motor fuel and ground transportation accounted for 16 percent, and food & beverage services accounted for 20 percent of all visitor spending.
- Direct travel spending in Colorado generated 144,300 jobs with earnings of over \$4.1 billion in 2008.
- In 2008, direct travel spending generated \$760 million in local and state taxes (not including property taxes) and \$913 million in federal taxes.
- Visitor-generated earnings and tax revenues have all grown strongly since 1996. On average, annually, earnings have increased by 3.6 percent, and local and state tax revenues by 4.8 percent and 3.2 percent, respectively.

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<sup>1</sup> All estimates for 2008 are preliminary.

## Colorado Travel Trends, 1996-2008p

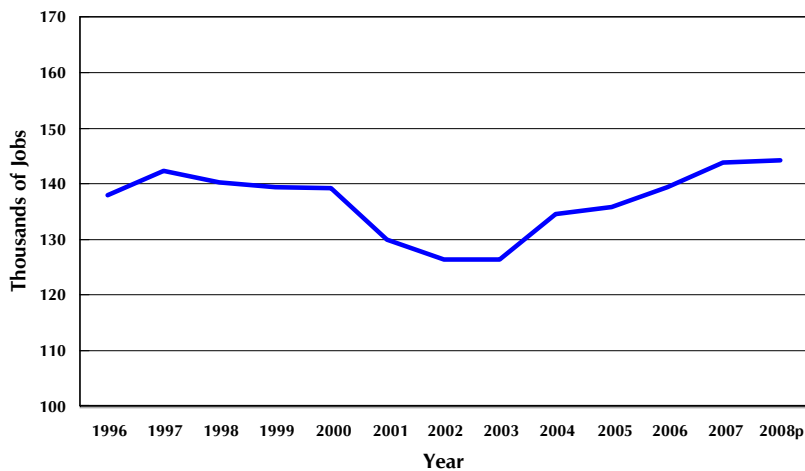
|                                 | Spending<br>(\$Billion) | Earnings<br>(\$Billion) | Employment<br>(Thousand) | Tax Receipts (\$Million) |       |         |
|---------------------------------|-------------------------|-------------------------|--------------------------|--------------------------|-------|---------|
|                                 |                         |                         |                          | Local                    | State | Federal |
| 1996                            | 9.0                     | 2.7                     | 138.0                    | 223                      | 253   | 514     |
| 1997                            | 9.7                     | 2.9                     | 142.3                    | 243                      | 272   | 547     |
| 1998                            | 10.0                    | 3.0                     | 140.2                    | 254                      | 286   | 568     |
| 1999                            | 10.5                    | 3.0                     | 139.4                    | 264                      | 290   | 587     |
| 2000                            | 11.3                    | 3.2                     | 139.3                    | 286                      | 299   | 622     |
| 2001                            | 10.8                    | 3.2                     | 130.0                    | 274                      | 283   | 640     |
| 2002                            | 10.6                    | 3.3                     | 126.3                    | 269                      | 278   | 664     |
| 2003                            | 11.2                    | 3.3                     | 126.3                    | 271                      | 284   | 687     |
| 2004                            | 12.3                    | 3.5                     | 134.6                    | 291                      | 310   | 752     |
| 2005                            | 13.0                    | 3.5                     | 135.8                    | 310                      | 321   | 780     |
| 2006                            | 14.1                    | 3.9                     | 139.5                    | 350                      | 350   | 833     |
| 2007                            | 15.0                    | 4.1                     | 143.9                    | 383                      | 373   | 868     |
| 2008p                           | 15.3                    | 4.1                     | 144.3                    | 390                      | 370   | 913     |
| <b>Annual Percentage Change</b> |                         |                         |                          |                          |       |         |
| 07-08p                          | 1.7                     | 1.9                     | 0.3                      | 1.8                      | -1.0  | 5.2     |
| 96-08p                          | 4.5                     | 3.6                     | 0.4                      | 4.8                      | 3.2   | 4.9     |

All estimates for 2008 are preliminary.

### COLORADO TRAVEL TRENDS

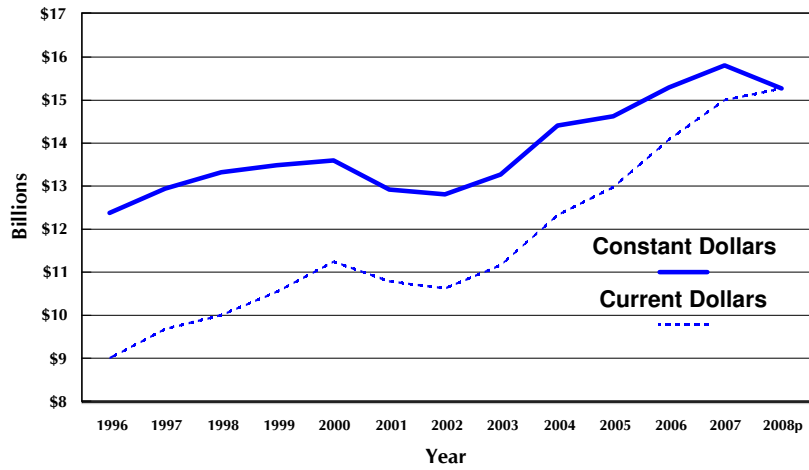
The first chart, below, shows the trend in travel industry employment from 1996-2008p.

**Colorado Travel Industry Employment, 1996-2008p**



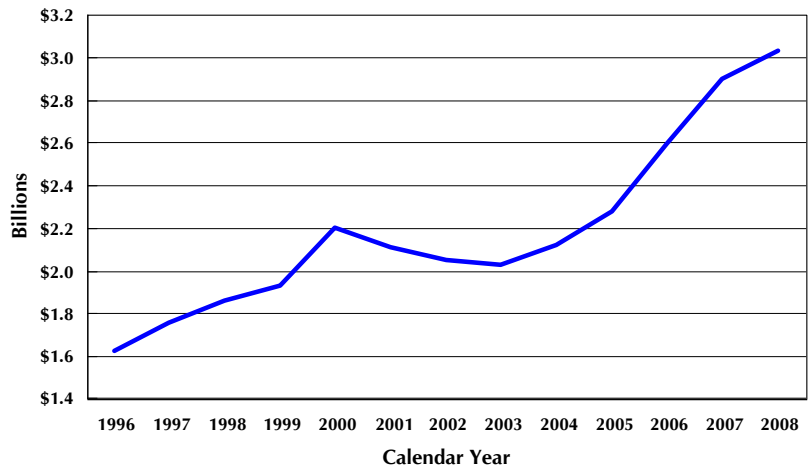
Other indicators of visitor travel trends to Colorado are also shown. These include travel spending adjusted for inflation, taxable sales for lodging establishments and domestic air visitors to Colorado.

## Colorado Visitor Spending Adjusted for Inflation, 1996-2008p



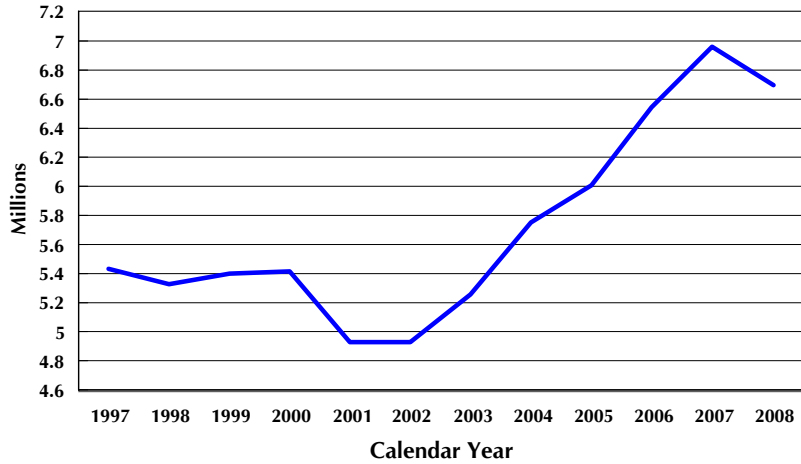
Source: Dean Runyan Associates, Bureau of Labor Statistics and Rocky Mountain Lodging Report.  
All estimates for 2008 are preliminary.

## Taxable Sales of Lodging Establishments, 1996-2008 Current Dollars



Source: Dean Runyan Associates and Colorado Department of Revenue.  
Taxable Sales includes room rentals and other sales (e.g., food, entertainment) of lodging establishments. Some taxable room rentals (e.g., condos) not included.

## Domestic Visitors to Colorado by Air Transportation, 1997-2008

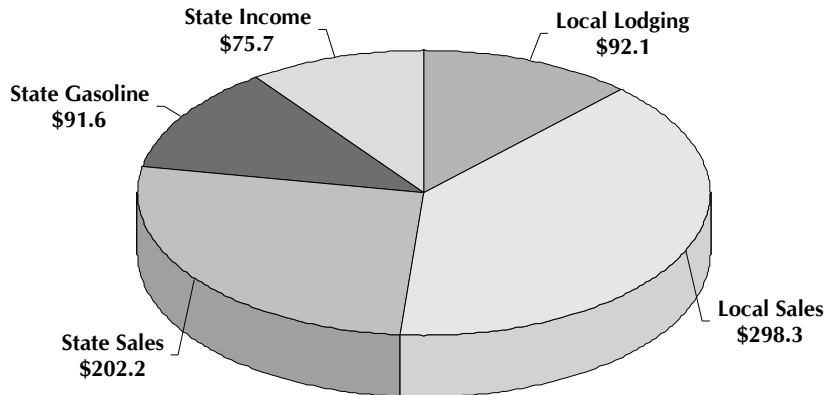


Source: Dean Runyan Associates and Bureau of Transportation Origin-Destination Survey.  
 This is an estimate of visitation, not the amount of spending in Colorado.

### TAX IMPACTS

Approximately one-half of all travel-generated tax receipts accrue to local governments in Colorado. Local taxes include room taxes, sales taxes and auto rental taxes levied by cities, counties and special districts and regions. Property taxes are not included. State taxes include the 2.9 percent state sales tax, the 22 cents per gallon motor fuel tax, and income taxes on travel-generated earnings and travel-related business income.

### Travel-Generated Tax Impacts Local & State Receipts, 2008p (\$ Million)



Source: Dean Runyan Associates.

## Colorado Travel Impacts, 1996-2002

|   | 1996  | 1998   | 1999   | 2000   | 2001   | 2002   |
|---|-------|--------|--------|--------|--------|--------|
| <b>Total Direct Travel Spending (\$Million)</b>                         |       |        |        |        |        |        |
| Visitor Spending at Destination   | 7,565 | 8,414  | 8,765  | 9,293  | 8,911  | 8,781  |
| Other Travel*   | 1,458 | 1,602  | 1,769  | 1,963  | 1,881  | 1,838  |
| Total Direct Spending   | 9,022 | 10,016 | 10,534 | 11,256 | 10,792 | 10,619 |
| <b>Visitor Spending by Type of Traveler Accommodation (\$Million)</b>   |       |        |        |        |        |        |
| Hotel, Motel  | 4,807 | 5,513  | 5,793  | 6,135  | 5,903  | 5,762  |
| Private Campground  | 200   | 201    | 211    | 225    | 228    | 222    |
| Public Campground   | 74    | 75     | 78     | 83     | 84     | 84     |
| Private Home  | 1,138 | 1,199  | 1,214  | 1,287  | 1,193  | 1,233  |
| Vacation Home   | 302   | 313    | 323    | 330    | 335    | 336    |
| Day Travel  | 1,043 | 1,112  | 1,145  | 1,232  | 1,167  | 1,144  |
| Spending at Destination   | 7,565 | 8,414  | 8,765  | 9,293  | 8,911  | 8,781  |
| <b>Visitor Spending by Commodity Purchased (\$Million)</b>              |       |        |        |        |        |        |
| Accommodations  | 1,573 | 1,825  | 1,899  | 2,037  | 1,952  | 1,874  |
| Food & Beverage Services  | 1,491 | 1,733  | 1,776  | 1,830  | 1,779  | 1,803  |
| Food Stores   | 321   | 366    | 372    | 381    | 378    | 382    |
| Ground Tran. & Motor Fuel   | 863   | 960    | 990    | 1,030  | 980    | 922    |
| Arts, Entertainment & Recreation  | 1,214 | 1,355  | 1,387  | 1,450  | 1,400  | 1,409  |
| Retail Sales  | 1,402 | 1,421  | 1,535  | 1,702  | 1,593  | 1,546  |
| Air Transportation (visitor only)                                       | 701   | 754    | 807    | 864    | 830    | 846    |
| Spending at Destination   | 7,565 | 8,414  | 8,765  | 9,293  | 8,911  | 8,781  |
| <b>Industry Earnings Generated by Travel Spending (\$Million)</b>       |       |        |        |        |        |        |
| Accommodation & Food Services   | 1,125 | 1,309  | 1,352  | 1,419  | 1,369  | 1,353  |
| Arts, Entertainment & Recreation  | 603   | 674    | 688    | 720    | 694    | 697    |
| Retail**  | 247   | 257    | 276    | 301    | 287    | 279    |
| Auto Rental & Ground Tran.  | 49    | 61     | 59     | 53     | 52     | 53     |
| Air Transportation (visitor only)                                       | 206   | 198    | 178    | 190    | 224    | 260    |
| Other Travel*   | 488   | 494    | 479    | 526    | 589    | 625    |
| Total Direct Earnings   | 2,717 | 2,992  | 3,031  | 3,209  | 3,215  | 3,267  |
| <b>Industry Employment Generated by Travel Spending (Thousand Jobs)</b> |       |        |        |        |        |        |
| Accommodation & Food Services   | 75.1  | 79.0   | 78.5   | 77.4   | 71.4   | 69.9   |
| Arts, Entertainment & Recreation  | 30.9  | 30.5   | 30.5   | 30.5   | 27.9   | 28.0   |
| Retail**  | 14.7  | 13.4   | 13.7   | 13.9   | 12.7   | 12.0   |
| Auto Rental & Ground Tran.  | 2.5   | 2.8    | 2.5    | 2.2    | 2.0    | 2.1    |
| Air Transportation (visitor only)                                       | 3.7   | 3.6    | 3.5    | 3.7    | 4.1    | 3.9    |
| Other Travel*   | 11.1  | 10.9   | 10.8   | 11.5   | 11.9   | 10.6   |
| Total Direct Employment   | 138.0 | 140.2  | 139.4  | 139.3  | 130.0  | 126.3  |
| <b>Tax Receipts Generated by Travel Spending (\$Million)</b>            |       |        |        |        |        |        |
| Local Tax Receipts  | 223   | 254    | 264    | 286    | 274    | 269    |
| State Tax Receipts  | 253   | 286    | 290    | 299    | 283    | 278    |
| Federal Tax Receipts  | 514   | 568    | 587    | 622    | 640    | 664    |
| Total Direct Tax Receipts   | 990   | 1,109  | 1,140  | 1,207  | 1,196  | 1,211  |

Details may not add to totals due to rounding.

\*Other Travel includes resident air travel and travel agencies. \*\*Retail includes gasoline.

**Colorado**  
**Travel Impacts, 2003-2008p**

|   | 2003   | 2004   | 2005   | 2006   | 2007   | 2008p  |
|---|--------|--------|--------|--------|--------|--------|
| <b>Total Direct Travel Spending (\$Million)</b>                         |        |        |        |        |        |        |
| Visitor Spending at Destination   | 9,202  | 10,161 | 10,726 | 11,736 | 12,606 | 12,821 |
| Other Travel*   | 1,952  | 2,167  | 2,248  | 2,346  | 2,399  | 2,446  |
| Total Direct Spending   | 11,154 | 12,328 | 12,974 | 14,083 | 15,005 | 15,267 |
| <b>Visitor Spending by Type of Traveler Accommodation (\$Million)</b>   |        |        |        |        |        |        |
| Hotel, Motel  | 5,753  | 6,115  | 6,530  | 7,175  | 7,751  | 7,901  |
| Private Campground  | 224    | 228    | 228    | 230    | 236    | 242    |
| Public Campground   | 85     | 85     | 87     | 88     | 90     | 92     |
| Private Home  | 1,523  | 1,884  | 1,925  | 2,096  | 2,237  | 2,238  |
| Vacation Home   | 342    | 362    | 383    | 404    | 426    | 450    |
| Day Travel  | 1,274  | 1,489  | 1,573  | 1,744  | 1,866  | 1,896  |
| Spending at Destination   | 9,202  | 10,161 | 10,726 | 11,736 | 12,606 | 12,821 |
| <b>Visitor Spending by Commodity Purchased (\$Million)</b>              |        |        |        |        |        |        |
| Accommodations  | 1,832  | 1,937  | 2,119  | 2,396  | 2,688  | 2,759  |
| Food & Beverage Services  | 1,877  | 2,100  | 2,190  | 2,386  | 2,579  | 2,603  |
| Food Stores   | 409    | 466    | 470    | 502    | 544    | 562    |
| Ground Tran. & Motor Fuel   | 1,079  | 1,293  | 1,476  | 1,725  | 1,881  | 2,069  |
| Arts, Entertainment & Recreation  | 1,468  | 1,606  | 1,613  | 1,709  | 1,764  | 1,724  |
| Retail Sales  | 1,585  | 1,725  | 1,737  | 1,852  | 1,936  | 1,866  |
| Air Transportation (visitor only)                                       | 950    | 1,033  | 1,121  | 1,166  | 1,215  | 1,238  |
| Spending at Destination   | 9,202  | 10,161 | 10,726 | 11,736 | 12,606 | 12,821 |
| <b>Industry Earnings Generated by Travel Spending (\$Million)</b>       |        |        |        |        |        |        |
| Accommodation & Food Services   | 1,368  | 1,491  | 1,564  | 1,687  | 1,855  | 1,921  |
| Arts, Entertainment & Recreation  | 728    | 766    | 795    | 845    | 902    | 930    |
| Retail**  | 292    | 320    | 323    | 342    | 360    | 362    |
| Auto Rental & Ground Tran.  | 55     | 60     | 64     | 70     | 73     | 74     |
| Air Transportation (visitor only)                                       | 244    | 251    | 241    | 280    | 278    | 257    |
| Other Travel*   | 573    | 597    | 552    | 626    | 588    | 587    |
| Total Direct Earnings   | 3,260  | 3,486  | 3,538  | 3,850  | 4,055  | 4,132  |
| <b>Industry Employment Generated by Travel Spending (Thousand Jobs)</b> |        |        |        |        |        |        |
| Accommodation & Food Services   | 69.4   | 73.4   | 75.0   | 77.7   | 79.6   | 80.0   |
| Arts, Entertainment & Recreation  | 28.7   | 31.5   | 31.7   | 32.3   | 33.8   | 33.8   |
| Retail**  | 12.2   | 13.2   | 13.1   | 13.7   | 14.0   | 14.0   |
| Auto Rental & Ground Tran.  | 2.1    | 2.1    | 2.3    | 2.5    | 2.5    | 2.5    |
| Air Transportation (visitor only)                                       | 3.8    | 4.1    | 4.1    | 4.0    | 4.3    | 4.1    |
| Other Travel*   | 10.0   | 10.3   | 9.7    | 9.3    | 9.7    | 9.9    |
| Total Direct Employment   | 126.3  | 134.6  | 135.8  | 139.5  | 143.9  | 144.3  |
| <b>Tax Receipts Generated by Travel Spending (\$Million)</b>            |        |        |        |        |        |        |
| Local Tax Receipts  | 271    | 291    | 310    | 350    | 383    | 390    |
| State Tax Receipts  | 284    | 310    | 321    | 350    | 373    | 370    |
| Federal Tax Receipts  | 687    | 752    | 780    | 833    | 868    | 913    |
| Total Direct Tax Receipts   | 1,242  | 1,354  | 1,411  | 1,533  | 1,624  | 1,673  |

Details may not add to totals due to rounding.

\*Other Travel includes resident air travel and travel agencies. \*\*Retail includes gasoline.