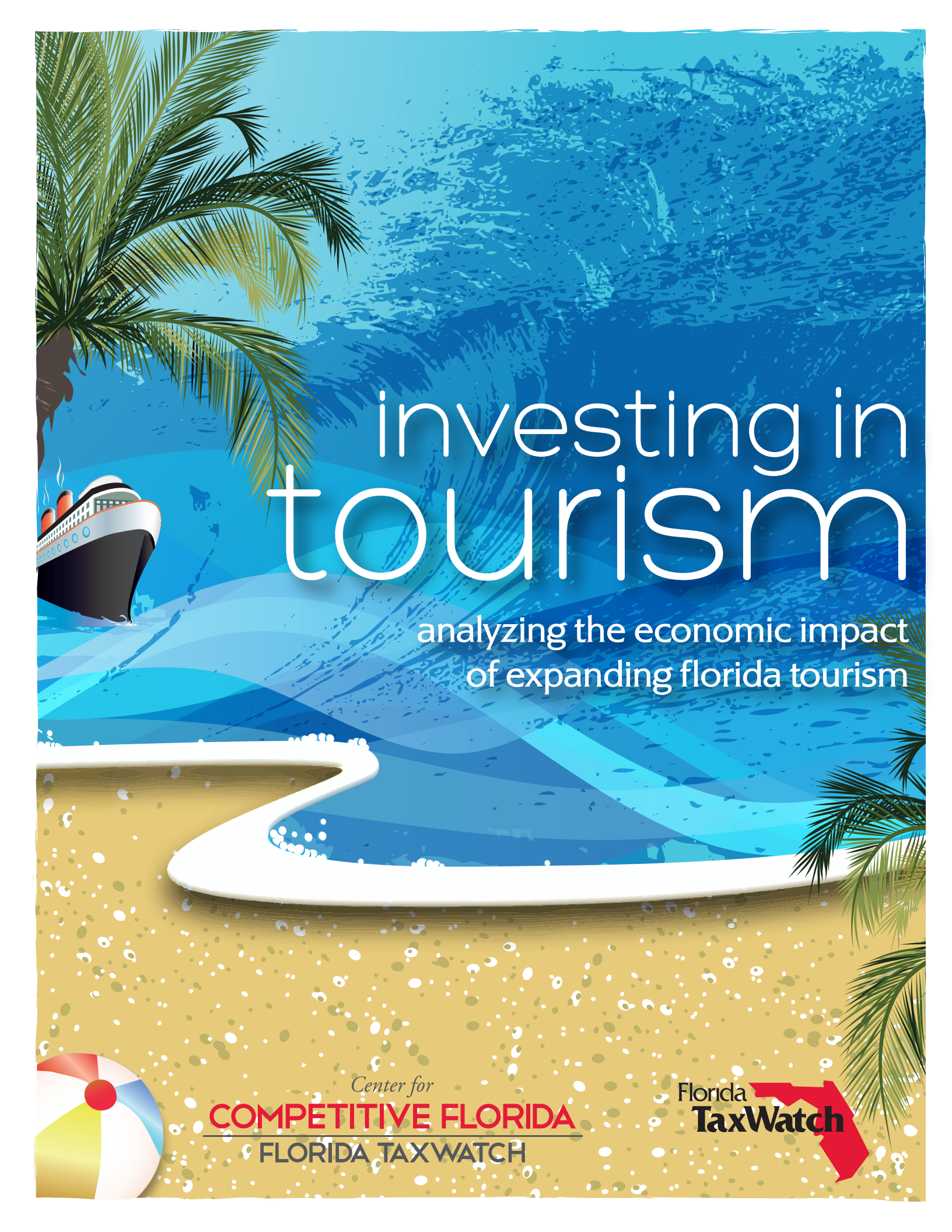




investing in tourism

analyzing the economic impact
of expanding florida tourism

Center for

COMPETITIVE FLORIDA

FLORIDA TAXWATCH

Florida
TaxWatch

Executive Summary

Florida has a well-developed tourism infrastructure, developed around its natural and man-made attractions, and nowhere are there so many varied and quality attractions that can be enjoyed by visitors of all ages. Tourism is the number one provider of jobs for Floridians. It is a major provider of tax revenue for cities, counties and the state of Florida.

The analysis reveals that tourism is less correlated to the Florida business cycle than most Florida industries, and one of the most correlated with the U.S. business cycle. Tourism gives portfolio diversification to the state, helping avoid wide swings in the returns to Florida.

The Florida tourism industry was one of only three sectors creating jobs for Floridians during the early part of the Florida recession. During the U.S. recession, tourism lost the second-least number of jobs on a percentage basis of all the Florida sectors. Since the U.S. recession ended, the job creation of Florida tourism is second, behind Health Care and Social Assistance.

This analysis estimates the economic impact of reaching the next major milestone of 100 million annual visitors. Results from a dynamic econometric model indicate that reaching the milestone of 100 million annual visitors would create 121,298 jobs, of which 114,318 would be private non-farm jobs. Direct tourism jobs make up 50.7 percent of the total, with indirect and induced jobs accounting for the other 49.3 percent. The estimated average salary of these jobs is \$43,751.75. Personal income for Floridians would increase by \$5.307 billion.

The analysis in this Report reveals that one of the ways to diversify the Florida economy, create jobs, improve the income of Floridians, and do it with existing infrastructure and the expansion of that infrastructure is to increase Florida tourism spending by attracting more visitors to Florida and having them stay longer, and spend more.

Florida's Tourism Industry Today

(2012 estimates¹)

Florida tourism employs

1,047,100 people

Average Florida tourism compensation

\$28,105.06

Direct GDP contribution of Florida tourism

\$51.14 billion

Florida tourism industry employees' personal income & earnings

\$ 31.16 billion

Florida tourism industry employees' disposable personal income

\$27.19 billion

1. Florida TaxWatch estimates based on most recent available 2012 data from U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis, REMI data

Florida's Natural Competitive Advantage

Miami Beach, Walt Disney World, Clearwater, the World Golf Hall of Fame, the Florida Keys, Universal Studios, Sea World. The list goes on for days.

Perhaps nowhere on Earth are so many well-known tourist attractions congregated within one area, and certainly nowhere else in the United States is this the case. Florida is the top vacation destination for travelers both domestic and international, and keeping that status is an absolute imperative if Florida is to fully emerge from the Great Recession, and prosper in the future.

Luckily for the world's travelers, the Sunshine State offers a great variety of attractions and activities for nearly everyone. While our state is mostly known for its beaches and its numerous amusement parks, arts, cultural, sporting, and outdoor activities all have world-class facilities here in Florida.

Beach Tourism

Florida is well-known for endless miles of sandy beaches, crystal-clear waters, and some of the hottest of the world's "hot spots." The most recent comprehensive study of Florida beach tourism found that 92 percent of Florida's beach-going tourists come from other U.S. states, and overseas visitors (especially Europeans) reported water sports and sunbathing among their top activities when visiting Florida.¹ Domestically, a 2011 Visit Florida Study found that 40 percent of all U.S. visitors reported beach and waterfront activities as one of their top activities when visiting Florida.

Amusement Parks and Attractions

Home to eight of the top 20 amusement parks in North America and 3 out of the top 20 water parks in the world,² Florida welcomes millions of families from around the world each year to its amusement and theme parks, according to a 2011 Report by Themed Entertainment Association (TEA). The majority of these parks are concentrated in the Orlando area and employ thousands of Florida residents. In fact, Walt Disney World is the largest single-site employer in the nation, according to Florida Trend.³

Even as the global economy recovers from the Great Recession, eight out of the eleven Orlando-area parks mentioned in the TEA report have experienced increases in number of visitors from 2010 to 2011. Disney's Magic Kingdom Park was the number one overall theme park in the world in number of visitors in 2011, expecting even more growth with the recent significant expansion of Fantasyland. This is the largest-ever expansion of the Magic Kingdom, expanding Fantasyland from 10 to 21 acres.

Universal Orlando's Islands of Adventure experienced the highest growth in visitor numbers from 2010 to 2011 in North America (a 29 percent increase). The effect of this increased visitation is clear - in a recent Visit Orlando estimate, hotel occupancy was 95 percent in 2011, with an estimated 53.5 million visitors to the area in 2011.⁴

A notable growth driver of Florida theme parks is the Wizarding World of Harry Potter, located in Universal Orlando, which opened in June 2010. The TEA reports that overall, North American theme park attendance grew 2.9 percent, and fully 1.3 percent of that growth was as a result of the Wizarding World attraction. Poised to drive even more traffic in the near future, Universal Orlando will be opening a second Harry Potter-themed attraction, which is expected to open in 2014 or 2015.

Outside of Orlando's incredible density, there are a variety of amusement parks and attractions around the state. Although visitor numbers for many of these parks are not made public, significant attendance at Legoland (a new park located in Winter Haven) has been observed, and according to the TEA, Busch Gardens and Adventure Island in Tampa also experienced an increase in visitors.

Cruise Tourism

Florida is the leading U.S. state for embarking on vacation cruises, as our ports welcomed 13.5 million cruise ship passengers in 2011, according to Visit Florida.⁵ Our busiest cruise ports are located in South and Central Florida: Port Miami, which

received roughly 4 million annual cruisers in each of the years from FY07/08-FY 10/11, and Port Everglades, which received 3.9 million cruisers in fiscal year 2011.

Port Everglades, which serves the Fort Lauderdale area, is currently home of the world's largest cruise ship, the Oasis of the Seas, a 225,000-ton Royal Caribbean mega ship, as well as its sister ship, the Allure of the Seas, which can each carry nearly 6,300 passengers.

A generally more affluent group, cruisers average 46 years of age, and their annual household income is about \$93,000 according to Cruise Lines International Association, Inc. Compounding the benefit of bringing this group to our ports is that most of these passengers stay in Florida some days before and/or after their cruise trip. According to the Greater Miami Convention and Visitors Bureau,⁶ the daily amount spent by individual cruise passengers in Miami alone is \$264.58.

According to a September 2012 Sun Sentinel article,⁷ the cruise industry has created 131,000 Florida jobs, and Florida is home to the corporate offices of most major cruise lines, accounting for more than half of the cruise lines' U.S.-based employment.

There is no sign of this industry slowing down, as cruise ship capacity in Florida continues to grow annually. Recently, Disney Cruise Line launched its Fantasy cruise ship, a 4,000-passenger ship that departs from Port Canaveral, as well as recently beginning cruise departures from Miami. 2013 is expected to be a busy year for Florida cruise terminals, with 42 multi-day cruise ships expected to use the port terminals around the state.

Arts, History, and Cultural Tourism

2013 brings the spotlight to outstanding cultural tourism in Florida, as our state celebrates the 500th anniversary of Juan Ponce de León's arrival on Florida's east coast. Viva Florida 500 is a statewide campaign to commemorate this anniversary, and festivities planned include the opening of a Colonial Quarter in Historic Saint Augustine, with exhibits, shows, taverns and restaurants, as well as a week-long jazz celebration in Pensacola, an International

Spanish Food and Wine Festival, and several other festivals around the state.

Florida attracts a great number of cultural tourists to its festivals, events, historical landmarks, and museums each year. A 2006 Florida TaxWatch Report⁸ on tourism states that 74.9 percent of all Florida visitors participated in assorted cultural activities.

A major part of the cultural life of the Sunshine State, a number of the largest cultural events in the nation take place in Miami, such as Art Basel, the South Beach Wine and Food Festival, the Art Deco Weekend Festival, and the Ultra Music Festival. While a number of attendees are local residents, a large number of outside visitors fill up area hotels. Hotels in Miami-Dade County reported about 90 percent occupancy during Art Basel 2012, according to the Miami Herald,⁹ and one study¹⁰ indicated that the Ultra Music Festival pours \$40 million directly into Miami-Dade's economy.

From Saint Augustine's Historic District, which attracts more than 2 million visitors a year,¹¹ to Ybor City in Tampa, to the Vizcaya Museum and Gardens in Miami, to Mission San Luis in Tallahassee, Florida has many historical landmarks, heritage sites, and museums that are frequented by visitors throughout the year.

According to the Florida Association of Museums, there are more than 340 museums in Florida, containing exhibits on a wide variety of subjects, including history, art, science, technology, and space. Many of these have recently opened, or are in the process of opening new exhibits. The new Dali Museum in St. Pete, for instance, opened in January 2011. The previous Dali Museum location received about 200,000 visitors per year, while the new facility welcomed 100,000 visitors in its first three months alone.

Some of these sites are unique to the United States and the world. The National Aviation Museum in Pensacola, for instance, is the world's largest naval aviation museum. It contains more than 150 restored aircraft, and is home to the National Flight Academy,

a program that teaches middle and high-school students the importance of science and math in aerospace. Another new space-oriented visitor complex is being completed at the Kennedy Space Center. This new complex will house the retired Atlantis shuttle, and is expected to open in the Summer of 2013.

State Parks and Nature Tourism

With an unparalleled natural ecosystem, Florida has hundreds of state parks and conservation lands that are frequented by both Floridians and tourists. According to the Florida Department of Environmental Protection, about 20.4 million people visited Florida state parks in FY2010-2011. In addition, Florida has some world renowned UNESCO Heritage sites — notably Everglades National Park, the largest designated sub-tropical wilderness reserve in North America. The reserve also includes the Dry Tortugas National Park, which is mostly water, and includes of a group of seven coral reefs. Adding to the park's intrigue is the fact that the park is located 68 miles from Key West and is only accessible by boat or seaplane.

Professional, College and Amateur Sports

Florida is home to most of the “Southern Swing” of the PGA Tour, which has the golf world's attention on Florida for the Honda Classic in Palm Beach Gardens; the WGC-CA Championship at Doral Golf Resort in Miami; the Tampa Bay Championship in Palm Harbor; Arnold Palmer's Bay Hill Invitational in Orlando; and The Players Championship (known as the “5th Major”), in Ponte Vedra Beach in the span of 9 weeks.

Florida has more than 1,120 golf courses, more than any other state, and golf brings about \$7.5 billion a year into Florida's economy, according to a 2007 report from the Stanford Research Institute (SRI). Several Florida regions, such as the Southeast and Northeast coasts are big golf destinations. Florida's First Coast of Golf, home to the World Golf Hall of Fame in Ponte Vedra Beach, reported that about 47,600 tourists visited Duval, Nassau, Clay, St. Johns, and Flagler counties in 2011 to play golf, and spent an average of \$121.50 per day.

Professional baseball, football, basketball, and ice hockey teams, as well as college sports and college bowl games, including this year's BCS Championship game in Miami, bring tourists by the carload and planeload to not only watch the game, but to eat in restaurants, stay in hotels, and visit attractions while they are here.

Due to its diversity of sport fish and favorable weather that allows year-round fishing, Florida is the “Fishing Capital of the World” according to Visit Florida. The most recent National Survey of Fishing, Hunting and Wildlife-Associated Recreation report for Florida¹² showed that Florida was the top state in fishing days in the nation, providing 57.6 million person-days of recreational fishing in 2011. More than 16 percent of these fishing days were by tourists. The report also shows that 8,478 nonresidents came to our state to participate in wildlife watching, which accounts for 51 percent of the activity within Florida in 2011.

Florida is also famous for other sports, notably motorsports. Several events, including some of the biggest NASCAR races on the calendar, the American LeMans Series, SCCA amateur auto racing, as well as professional and amateur motorcycle racing, attract many visitors to the state throughout the year.

Major Event Attendance

Bike Week in Daytona attracts as many as **500,000** motorcycle enthusiasts every Spring.

The South Beach Food and Wine Festival is a nationally-renowned showcase of chefs and culinary personalities. The Festival attracted **60,000** guests in 2012.

Art Basel is an annual five-day art fair composed of about two dozen art shows. Art Basel Miami Beach reported **50,000** attendees in 2012.

The Ultra Music Festival is an outdoor electronic music festival that boasts the world's most renowned DJs. About **165,000** people attended Ultra Music Festival in 2012.

Looking at each Florida economic sector as a component of Florida's "portfolio," state leaders should analyze the components and make policy decisions on investments in each industry at a statewide level to give the best risk-adjusted return for the citizens of Florida. No doubt the state wants job growth when the economy goes up, but it is desirable, just as in any investment portfolio to have "investments" that do not drop significantly when the economy goes down. Another risk is correlation risk – the components of the portfolio should not all be highly correlated with each other to minimize wide swings in the "returns" to the portfolio. In this case, "returns" to Florida would be calculated in the number of jobs, the types of jobs created, and the resultant revenues to the State of Florida.

First, this report analyzes the Florida business cycle and how it differs from the U.S. business cycle. Then, it compares Florida's economic sectors to the different business cycles and to each other. Finally, the results from this analysis will be used to show the correlations between Florida's economic sectors at different points of the business cycles.

2A: Florida's Business Cycle and the U.S. Business Cycle

The business cycle for the U.S. is determined by the National Bureau of Economic Research's (NBER) Business Cycle Dating Committee. There is no formula to indicate when a recession starts, or when a recession is over; the Committee has leeway to make that determination without being constrained by an exact formula. It is typical that the Committee's announcement is several months after a recession actually begins or ends. The most recent peak was announced in December 2008 - 12 months after the actual peak, and the most recent trough was announced in September 2010 - 15 months after the actual trough.

There is, however, no Business Cycle Dating Committee for the Florida economy to decide when Florida is experiencing an expansion or a contraction. Comparing the Florida economic

Florida Tourism Sector Analysis

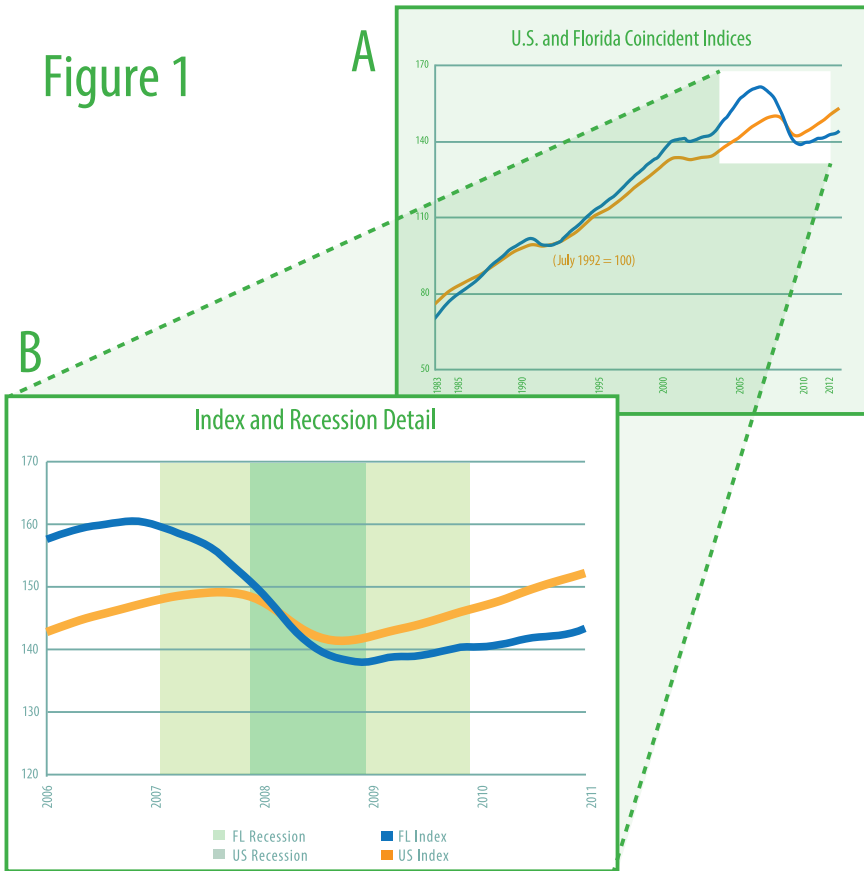
sectors only to the U.S. economy would be proper, if and only if, the Florida economy was always highly correlated with the U.S. economy. One might expect that it would be, given Florida's size as the fourth largest state economy, but during the most recent recession, this has clearly not been the case. Compounding this issue is the timing of reporting of Gross Domestic Product (GDP) data for states. Unlike the U.S. data, state data are not produced on a monthly basis; when the official numbers are produced by the U.S. Department of Commerce's Bureau of Economic Analysis, the report is not issued until 6 months after the end of the calendar year. Therefore, to compare the U.S. business cycle and the Florida business cycle on a monthly basis, a proxy will have to be used.

To determine when the Florida economy is in an expansionary or recessionary phase, so it can be compared to the U.S. business cycle for this analysis of the components of the Florida economy, this report uses the State Coincident Indexes, produced monthly by the Federal Reserve Bank of Philadelphia. The Coincident Indexes are calculated each month for each of the 50 states, and they are constructed so that each state's index is comparable to other states and the U.S. Index.

Each State Coincident Index uses: state-level nonfarm payroll employment; average hours worked in manufacturing; the unemployment rate; and deflated wage and salary disbursements. The index is set to match the trend of the State's GDP so movements in the Index are consistent with the State's GDP.¹³

During some of the time periods, the Florida economy is highly correlated with the U.S. economy; however, during recent years that has not been the case. For several years after 2001, the Florida economy experienced a higher rate of growth than the U.S. economy. (see Fig. 1.A., next page)

Figure 1



2B: Florida Sector Analysis

An analysis of Florida's top economic sectors in terms of job numbers before, during, and after the recessionary periods provides an estimate of the resilience of the major sectors of the Florida economy to recession and shows their recoveries from the recession. This will help in a portfolio-style analysis of the sectors of the Florida economy.

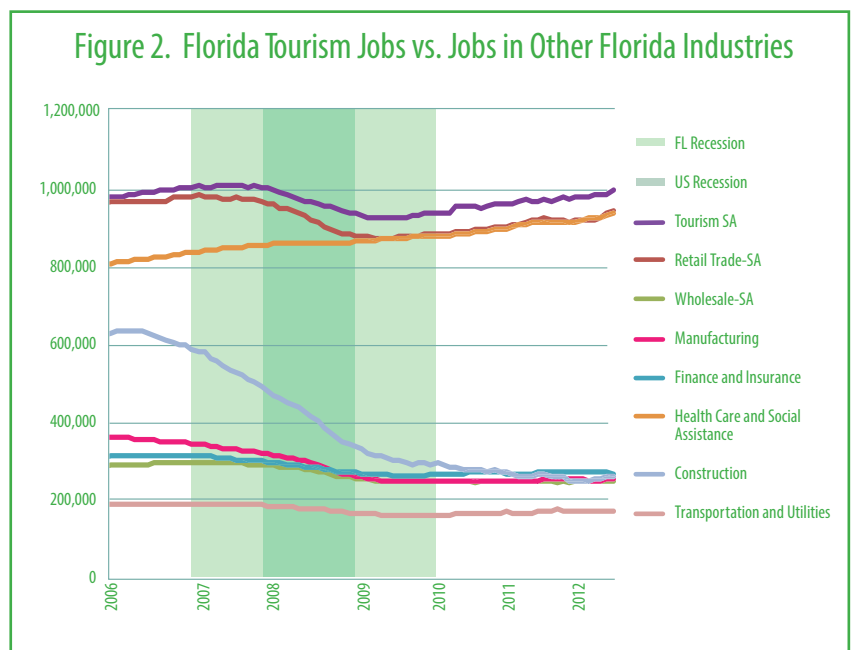
Tourism (which includes: Leisure and Hospitality; Travel Arrangement and Reservation Services; and Air Transportation sectors)¹⁴ is one of the two sectors of the Florida economy that created jobs during the Florida recession, while almost all sectors lost jobs

Around February 2007, the Florida economy began to contract - before the U.S. economy began to contract in December 2007.

Not only did the Florida economy enter a recessionary period before the U.S. economy did, the length of the Florida recession was substantially longer than the U.S. recession. The Florida recession continued through January 2010 - a period of 35 months. The U.S. recession, according to the NBER Recession Dating Committee, lasted 19 months - from December 2007 through June 2009. The two recessions vary in severity as well - in terms of percentage changes in the Index, the Florida recession was nearly 3 times as severe as the U.S. recession. (see Fig 1.B.)

during the period of the U.S. recession. (see Fig. 2) The only sector that created jobs during both time periods was Health Care and Social Assistance.

Figure 2. Florida Tourism Jobs vs. Jobs in Other Florida Industries



The connection between specific Florida economic sectors and the Florida business cycle and/or the U.S. business cycle is an important part of a sector analysis.

Tourism is one of the least correlated economic sectors with the Florida economy (7 of 8), but the most highly correlated of all the Florida sectors with the U.S. economy (1 of 8). (See Fig. 3)

This is a key finding. If Florida considers investing state funds in different economic sectors as you would in any investment portfolio, a diversified portfolio would include some investments that tended to generate high growth during times of economic expansion, and others that are less correlated with Florida's business cycle. Therefore, the tourism sector should be an important part of Florida's investment portfolio, because of its diversification advantage of having a lower correlation with Florida's business cycle. (See Appendix 1 for additional information)

Analyzing the resiliency of the major sectors of the Florida economy, tourism was the second-highest job creator during the early Florida recession, second only to Health Care and Social Assistance. During the U.S. recession, all of Florida's economic sectors, with the exception of Health Care and Social Assistance, suffered job losses. (see Fig. 4) Some of the job losses were large, especially in Construction, Retail Trade, and Manufacturing. Tourism lost the second-least percentage of jobs with a loss of 6.9 percent during this time (see Fig. 5). Since the U.S. recession has ended, some but not all Florida industries have added jobs: Health Care and Social Assistance has added the most; tourism added the second-highest, with 63,200 jobs. (See Fig. 4)

Figure 3: Correlations between Florida Economic Sectors to Florida and U.S. Economy (Jan '06 - Nov. '12)

Florida Economic Sector	Florida	Rank	U.S.	Rank
Tourism	0.822	7	0.764	1
Retail	0.945	6	0.560	2
Wholesale	0.972	4	0.213	6
Manufacturing	0.982	2	0.136	7
Finance and Insurance	0.996	1	0.264	5
Health Care and Social Assistance	-0.787	8	0.339	4
Construction	0.961	5	0.024	8
Transportation and Utilities	0.974	3	0.429	3

Figure 4: Job Numbers for Florida Economic Sectors

Florida Economic Sector	During Early FL Recession (2/07- 11/07)	US Recession (12/07-6/09)	Since End of U.S. Recession (7/09)
Tourism	10,600	(73,600)	63,200
Retail Trade	(1,400)	(94,100)	63,000
Wholesale	(2,700)	(37,100)	(6,800)
Manufacturing	(17,400)	(65,500)	(7,800)
Finance and Insurance	(10,100)	(32,800)	(1,500)
Health Care and Social Assistance	16,600	14,500	68,100
Construction	(73,500)	(181,100)	(73,900)
Transportation and Utilities	2,100	(21,900)	6,200

Figure 5: Percentage Change in Florida Jobs by Economic Sectors

Florida Economic Sector	US Recession (Dec 07-June 09)	Rank
Tourism	-6.9%	7
Retail Trade	-9.6%	4
Wholesale	-10.9%	3
Manufacturing	-18.2%	2
Finance and Insurance	-9.4%	5
Health Care and Social Assistance	1.6%	8
Construction	-37.1%	1
Transportation and Utilities	-9.0%	6

Seasonality

In analyzing any sector to potentially expand investment, seasonality should be considered.

Florida's peak tourism employment occurs in March or April. For the minimum tourism jobs, in 4 of the 7 years analyzed, the trough was in October, and in three of the years the trough was in January.

In each of the years since 2007, the U.S.'s lowest tourism job numbers occur in January. In 5 of the 7 years analyzed, the peak is in August, with the two U.S. recession years of 2008 and 2009 having the peak in June.

What is interesting is that Florida tourism jobs are much less seasonal during the year than in the group of the other 49 states. The chart below shows the difference in jobs as a percentage from 2005 through 2011.

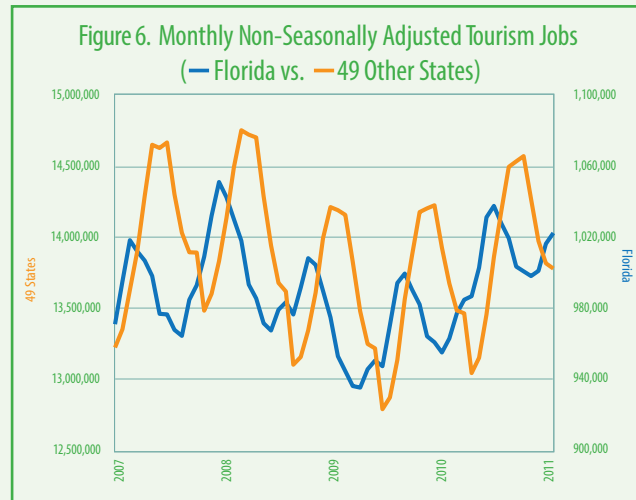


Figure 7: Florida Seasonal Jobs vs. other 49 States (2005-2011)

Year	Florida	Other 49 States
2005	3.85%	9.91%
2006	4.31%	9.66%
2007	5.01%	9.35%
2008	7.55%	8.18%
2009	6.85%	7.41%
2010	4.94%	9.57%
2011	4.65%	9.96%
Average	5.31%	9.15%
Median	4.94%	9.57%

The variation, in percentage terms, between the maximum and minimum numbers in the years shown averages 5.31 percent from peak to trough. The range was between 3.85 percent in 2005 to 7.55 in 2008 – the latter was during the period of both a Florida recession and a U.S. recession. One can see that the presence of a recession coincides with the larger swings from peak to trough in Florida tourism employment.

Between 2005 and 2011, Florida maintained an average of only 5.31 percent difference in jobs from

the high point of the year to the low point of the year, even with the recent recession when Florida tourism jobs had larger variances than normal. The same average for the other 49 states during this period is 9.15 percent. This means that the rest of the U.S. has more than 72 percent more seasonality in its jobs, on average, than Florida has over this 2005 through 2011 period. When calculated at the medians for these series (Florida 4.94 percent and 49 States at 9.57 percent), the 49 states show almost 94 percent more seasonality in the job numbers for Tourism than Florida did during this time period.

2C: Ratio of Employees to Visitors in Tourism Industry

Analysis of the relationship between direct tourism industry employees and Florida visitors shows an average of 85.5 visitors per direct Florida tourism job from 2002 through 2011. This ratio is nearly constant, varying only a small percentage from year to year. In terms of visitors to persons directly employed in Florida tourism, both the mean and median are almost identical, indicating a nearly symmetrical probability distribution function. Indeed, the widest variance was less than 4 percent of this number. This ratio would be expected to remain near the average if there is an increase in Florida visitors, after some adjustment period. (See Figs. 8 & 9)

During times of expansion, the employee numbers lag the increases in visitor numbers; during periods of contraction, the same thing happens, as businesses adjust their employee numbers in response to decreases in tourism numbers. Overall, the ratio is very steady after the periods of adjustment.

Figure 8. Direct Tourism Employees vs Visitors

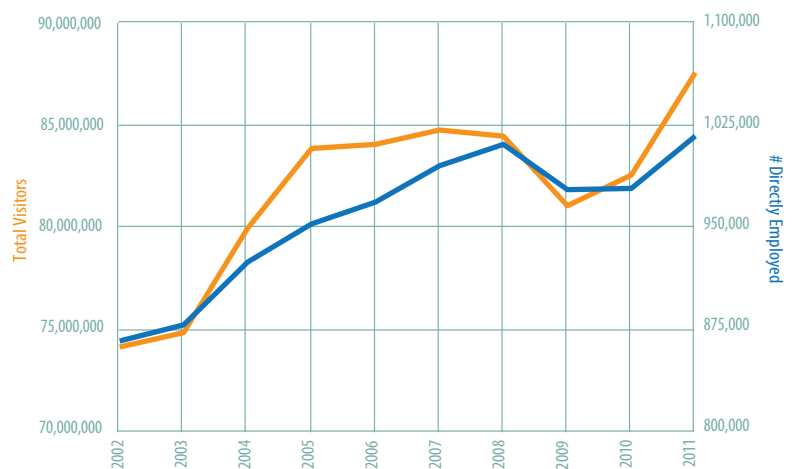
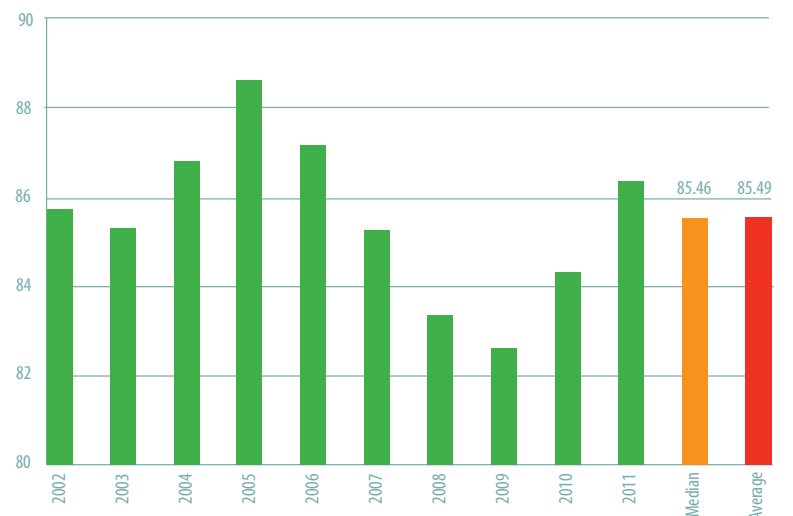


Figure 9. Visitors per Florida Employee



The Economic Impact of Reaching 100 Million Visitors

Florida is estimated to welcome more than 87 million visitors to the state during 2012. That number would be a new record, indicating that Florida tourism is increasing its contribution to the Florida economy. The next major milestone would be 100 million visitors – likely an attainable goal that can be accelerated by additional marketing investment, given the investments already undertaken by key Florida companies. The following section will calculate the economic effect of getting to 100 million visitors, using a dynamic econometric model from REMI.

Florida TaxWatch estimated the economic effects of reaching 100 million visitors with REMI,¹⁵ using the November 2012 Florida Economic Estimating Conference estimate of 87.8782 million visitors for 2012¹⁶ as the basis. Therefore 12.1318 million is the amount of visitor increase needed to reach the 100 million visitor goal. Increases by tourist category estimated by the Florida Economic Estimating Conference Long-Run tables are also used. To estimate increased tourist spending, the 2011 spending profile reported by Visit Florida was used, the latest full-year estimate. No increase in spending over the 2011 levels was estimated. No increases in government or business travel spending were modeled - only spending by individuals. These increases were applied equally in the model from 2013 through 2016, and the results are reported in cumulative, four-year totals.

The results of the REMI analysis were the following increases:

- Total Employment: 121,298 Jobs
- Private Non-Farm Employment: 114,318 Jobs
- Gross Domestic Product: \$6.628 Billion (2005 Dollars)
- Personal Income: \$5.307 Billion (2012 Dollars)
- Disposable Personal Income: \$4.615 Billion (2012 Dollars)
- Average Salary of Jobs Created: \$43,751.75

The average salary per job is calculated by dividing the Personal Income increase by the total number of jobs created, including government and farm jobs.

In addition to the direct jobs in tourism, one of the most interesting results from the REMI modeling is the high amount of jobs created in non-tourism categories produced by increases in Florida visitor numbers. This result shows that increases in Florida visitor numbers automatically diversify the Florida economy because of the large number of jobs created in sectors other than tourism.

Figure 10 shows the increase in jobs by private non-farm industry, which identifies which parts of the Florida economy are estimated to be most affected by increases in tourism. In order from highest to lowest job creation, Accommodation and Food Services is the category with the highest job creation. Arts, Entertainment, and Recreation is second-highest. Retail Trade is third-largest. Retail Trade is a separate economic sector, and therefore is not counted in the total of direct Tourism Industry job creation below – however the size of the job increase shows the importance of shopping to many Florida tourists while they are here in our state. Those sales represent a significant amount of sales tax collections that are paid for by those outside our state, and fund an important portion of Florida's general revenue.

The percentage of private, non-farm jobs created in sectors other than direct tourism categories is significant (49.3%). Besides the already-mentioned increases in Retail Trade, the job creation from increased Florida tourism spending affects every part of the Florida economy, including Construction, Transportation and Warehousing, Finance and Insurance, and Wholesale Trade.

Figure 10. Private, Non-Farm Jobs by Industry

Category	Total Private Non-farm Jobs	
Direct Impact	Jobs	
Accommodation and Food Services	42,301	
Arts, Entertainment, and Recreation	15,618	50.7%
Subtotal	57,919	
Indirect & Induced	Jobs	
Retail Trade	14,180	
Administrative and Waste Management Services	10,226	
Construction	5,694	
Transportation and Warehousing	5,383	
Other Services, except Public Administration	5,308	
Health Care and Social Assistance	4,390	
Professional, Scientific, and Technical Services	3,239	
Real Estate and Rental and Leasing	2,287	
Finance and Insurance	1,639	
Wholesale Trade	1,591	
Other	2,462	49.3%
Subtotal	56,399	
Total	114,318	

Tourism is our state's number one competitive advantage. No other U.S. state can boast the variety and quality of the natural and man-made attractions that are a part of everyday life for many Floridians. The tourism industry in Florida provides the most jobs of any industry in the state and provides a significant amount of tax revenue for cities, counties, and the state.

There is an opportunity for our state leaders to further invest in marketing Florida to bring even more visitors to our state and reach the next milestone in front of Florida – 100 million visitors per year. This would create more Florida jobs, both in the tourism sector and other sectors, while using the existing tourism infrastructure.

This analysis shows the number of jobs that would be created would be significant in number and provide Florida families steady incomes. Increases in tourism jobs provides some “portfolio diversification” for Florida – diversification away

from the Florida business cycle as Florida tourism jobs are shown to be less correlated with the Florida economy than the jobs in most other Florida industries.

Using the statewide dynamic, econometric model from REMI, Florida TaxWatch estimates that reaching 100 million visitors will create 121,298 jobs, of which 114,318 will be private non-farm jobs. The estimated average salary of these jobs is \$43,751.75. The Florida economy will add more than \$6.6 billion dollars in GDP and personal income for Floridians will increase by \$5.307 billion.

The results of this analysis show that one of the ways to diversify the Florida economy, create jobs, improve the income of Floridians, and do it with existing infrastructure and the expansion of that infrastructure is to increase Florida tourism spending by attracting more visitors to Florida and having them stay longer and spend more.

Conclusion

Appendix 1

Another measure important for analyzing components of Florida's portfolio is the covariances between each of Florida's economic sectors. The covariances between tourism jobs and jobs of other Florida economic sectors are shown to be consistent during the time periods of: January 2006 through November 2012 – (the most recent data available); and the second period which starts with February 2007 data, (coinciding with the start of the Florida recession). When comparing both time periods, the order of the covariances (shown in the Rank categories) does not change.

Covariances of Other Industries with Tourism				
Industries	Jan. 06-Nov.12	Rank	Feb. 07-Nov.12	Rank
Retail	898,948,650	2	921,179,359	2
Wholesale	396,771,178	4	384,094,743	4
Manufacturing	781,164,463	3	702,210,669	3
Finance and Insurance	393,025,729	5	370,796,245	5
Health Care and Social Assistance	(257,798,070)	7	(144,813,314)	7
Construction	2,261,885,822	1	1,933,980,347	1
Transportation and Utilities	235,367,796	6	234,142,559	6

Endnotes

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14. Data for Travel Arrangement and Reservation Services, and Air Transportation were not available as seasonally adjusted data. These categories represent an average of 6 percent of the total, and would not be expected to materially change the results.
15. The model used in this analysis has been produced by Regional Economic Models, Inc. (REMI). The REMI model is a dynamic, multi-period model that estimates the economic and demographic effects of potential policy changes using econometric modeling. The dynamic behavioral responses used by REMI allow the effects of policy changes to develop over a multi-year period to show how the economy and its agents react to various policy changes.
16. Florida Economic Estimating Conference held November 16, 2012, Long-Run Tables-FINAL.

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This independent *Report* was made possible in part by a grant from Visit Florida, and by the generous financial support of Florida TaxWatch members.

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