

Economic Impacts of Tourism on Galveston Island - 2021

April 2022

Prepared for:





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INTRODUCTION

PROJECT BACKGROUND

The travel sector is an integral part of the Galveston Island economy. Visitors generate significant economic benefits to households, businesses, and government alike and represent a critical driver of Galveston Island's future. Gross output (business sales) attributable to tourism spending on Galveston Island totaled \$1.2 billion in calendar year (CY) 2021.

The yearly analysis conducted by Tourism Economics of Galveston Island's visitor economy has allowed policy makers to carefully monitor the industry's successes and future needs.

By quantifying economic impacts over time, key stakeholders have been able to track the progress made by the industry in order to make informed decisions regarding the funding and prioritization of the sector's development.

To quantify the economic significance of the tourism sector on Galveston Island, Tourism Economics has prepared a comprehensive model detailing the far-reaching impacts arising from visitor spending. The results of this study show the scope of the travel sector in terms of direct visitor spending, as well as the total economic impacts, jobs, incomes, and fiscal (tax) impacts in the broader economy.

METHODOLOGY AND DATA SOURCES

An IMPLAN input-output model was constructed for Galveston Island. The model traces the flow of visitor-related expenditures through the local economy and their effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts of tourism. Tourism Economics then cross-checked these findings with employment and wage data for each sector to ensure the findings are within reasonable ranges.

The value of seasonal and second homes was estimated based on census data for seasonal units and estimated gross rents.

Visitors included those who stayed in overnight accommodations or those who came from a distance greater than 50 miles and deviated from their normal routine.

The primary source of the employment and wage data is the Regional Economic Information System (REIS), Bureau of Economic Analysis.

This is more comprehensive than Bureau of Labor Statistics (ES202/QCEW) data because sole-proprietors do not require unemployment insurance and are not counted in the ES202 data.

The analysis draws on the following sources:

- STR data on room demand, supply and hotel revenues.
- Tax data on hotel occupancy receipts and sales tax receipts by industry from the TX Comptroller.
- Visitor profile and spending reports produced by the Texas Office of the Governor, Economic Development and Tourism Division.
- Previous tourism economic impact analysis completed for Galveston Island.
- An economic impact analysis of cruise passengers completed by the Cruise Lines International Association (CLIA) in 2018.
- Port of Galveston cruise passenger and port revenues data.
- Recreational second home expenditures based on US Census data.

ECONOMIC IMPACTS

KEY FINDINGS

TOURISM'S DIRECT SPENDING IMPACT

Direct visitor spending on Galveston Island rebounded strongly in 2021 to reach \$913 million – exceeding 2019 levels of \$883 million. The robust growth in visitations versus 2020 – led by record overnight stays – complemented rising consumer prices and room rates, to lift visitor spending 35.3% year-on-year. Of the record \$913 million spent by visitors on Galveston Island, \$627 million was attributed to overnight visits, \$193 million to day trips, \$24 million to embarked cruise passengers, and \$69 million from port revenues and second homes.



\$627M

Spending by Overnight Visitors



\$193M

Spending by Day Visitors



\$24M

Spending by Cruise Visitors

TOTAL VISITORS

Visitations rebounded by 23.9% versus 2020 as Galveston Island welcomed 6.5 million visitors in 2021, albeit 11.8% below 2019 levels. The shortfall was primarily due to fewer cruise passenger embarkments in 2021 of 291,000 (73.2% below 2019 levels) because of the halt in cruise travel for the first half of the year, followed by its gradual reopening. In contrast, overnight visitors – the segment which spends the most on Galveston Island, at \$245 per traveler – reached a record level of 2.6 million, compared to 2.3 million in 2019, due to the growing popularity of the vacation rental market. Meanwhile, day visitors totaled 3.6 million in 2021 – still down 7.6% from 2019.

Galveston Island's proximity to nearby dense urban areas enabled its tourism industry to benefit from the shift in local travel demand away from dense urban areas. As health conditions improved over 2021, the growing interest in vacation rentals provided an extra boost to the recovery by attracting more overnight visitors than ever before.



6.5 MILLION

Total Visitors to Galveston Island in 2021

TOURISM'S TOTAL ECONOMIC IMPACTS

Tourism's direct spending impact of \$913 million generated a total economic impact of \$1.2 billion on Galveston Island in 2021. This total economic impact supported approximately 10,800 jobs, and \$103 million in state and local tax revenues in 2021.



\$1.2 BILLION

Total Economic Impact of Tourism on Galveston Island in 2021

SUMMARY ECONOMIC IMPACTS GALVESTON ISLAND TOURISM (2021)



\$1.2B

Total Economic Impact

vs. 2019:

-1.5% ↓



10,821

Total Jobs Generated

-6.2% ↓



\$103M

State & Local Taxes Generated

+17.3% ↑



VISITOR ECONOMY TRENDS

After being disrupted in 2020, visitation rebounded markedly in 2021 as Galveston Island's proximity to nearby dense urban areas enabled the industry to benefit from renewed travel exuberance amidst improving health conditions. The rise in traveler volume and consumer prices – particularly for gas and lodging – boosted direct travel spending to record levels of \$913 million in 2021. Hotel revenues by the end of 2021 reached the highest level on record, while leisure and hospitality employment for Galveston County was only 1% below the pre-pandemic level in September 2021. Although cruise visitor spending remained weak due to reduced cruise activity, greater popularity of the vacation rentals market since the pandemic's onset has provided extra momentum to the tourism recovery – vacation rental tax collections were up 95.6% versus 2019.

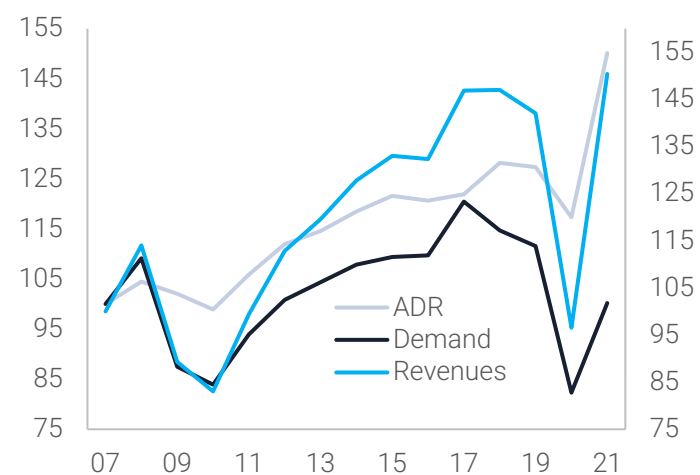
Hotel Sector

Record hotel revenues in 2021

Hotel revenues grew by 55.8% in 2021 versus the previous year to reach record levels. Room-night demand increased by 21.8% in 2021, while the occupancy rate rose to 54.1% from 44.9% in 2020. Higher occupancy rates tend to drive up prices, and the record average daily room rate (ADR) of \$164 in 2021 was 27.9% higher than in 2020 – \$24 more than the previous highest level of \$140 in 2018. ADR peaked at \$233 in July 2021.

Hotel revenues above 2019 levels

Amounts in room nights, room rate, and revenues, 12-month moving sum, 2007=100



Source: STR; Tourism Economics

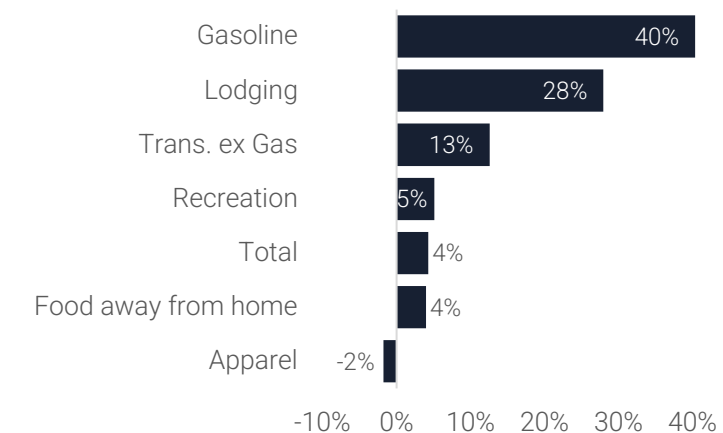
Consumer Prices

Travelers faced price increases in 2021

In addition to the cost for lodging, travelers witnessed price increases across the majority of tourism consumption basket. Supply-chain bottlenecks and labor shortages were met with growing demand that was supported by a buildup in excess savings. Gas prices, in particular, grew by 40% in 2021 versus 2020, and in addition to non-fuel related costs, travelers faced higher transport prices. Price changes in the Houston MSA provide a closer reflection of inflation in Galveston Island than the national consumer price trend. Recreation (5%) and food away from home (4%) increased year-on-year, while the apparel CPI in the Houston MSA contracted (-2%).

Travel-related CPI in the Houston MSA

Year-on-year % growth



Source: STR, BLS; Tourism Economics

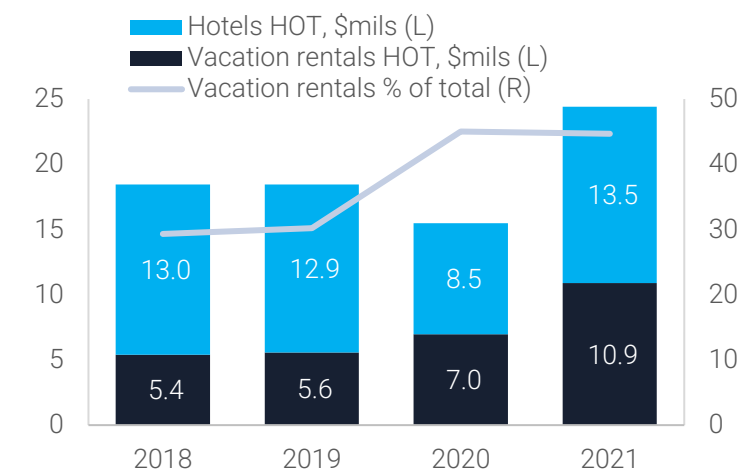
Occupancy Tax Collections

Vacation rentals have grown in significance

Total HOT tax collections on Galveston Island in 2021 were the highest ever, amounting to \$24.4 million – 32.3% greater than the prior high in 2019. While hotels still account for the majority, vacation rentals hotel occupancy tax (HOT) collections grew to 45% of total HOT collections – in 2019, the share was 30.2%. The growing number of vacation rentals, and enhanced tax regulation caused tax collections to nearly double from 2019 with \$10.9 million received in 2021. HOT collections from hotels were also greater than 2019 (by 5%), totaling \$13.5 million in 2021.

STR collections grew further in 2021

Hotel Occupancy Tax (HOT) collections on Galveston Island



Source: Galveston Park Board, Tourism Economics

Cruise Industry

The Port of Galveston is the fourth most popular homeport in the U.S. – after Miami, Port Canaveral and Ft. Lauderdale – and the only cruise port in Texas. In 2021, the port hosted 124 cruise ship calls with 290,550 passengers embarking after cruising resumed in July 2021, albeit at low capacity.

Cruising recommenced in July 2021

The Port of Galveston welcomed back cruise passengers from July 2021, after being closed since March 2020. The number of embarked cruise passengers in 2021 resultantly grew by 27.2% versus the year prior to 291,000 persons. With numerous restrictions still in place on the cruise industry, including capacity constraints, cruise visitors remained 73.2% below 2019 levels (792,000 persons less than in 2019). Cruise ship visitors therefore accounted for 5% of total visitations on Galveston Island in 2021, compared to 15% in 2019.

With each cruise passengers spending more than before the pandemic (\$81 per visitor in 2021 versus \$66 in 2019), spending by embarked cruise passengers resultantly grew by 37.1% to \$23.7 million in 2021 – still 66% below 2019 levels.

Cruise passengers and spending

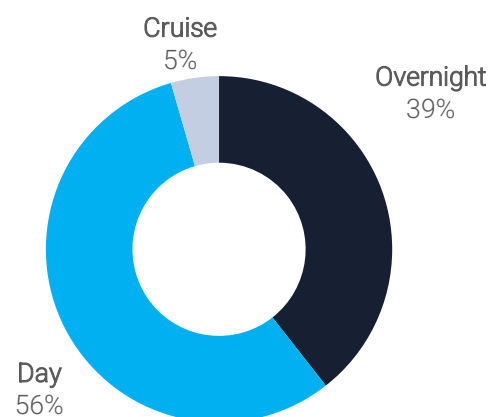
Passenger embarkments (L); Spending (R)



Source: Port of Galveston; Tourism Economics

Galveston Island visitation share by segment, 2021

Expressed as % of total visitation by market



Source: Tourism Economics

Labor Market

Employment bounced back in 2021

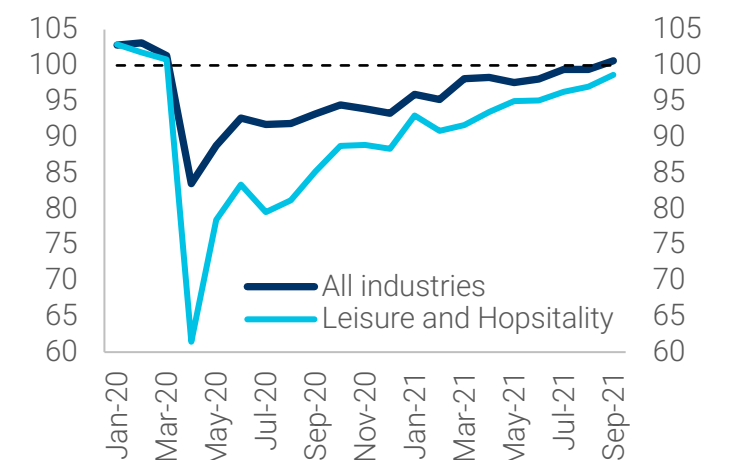
In 2021, Galveston County's the leisure and hospitality industry experienced solid job growth after experiencing severe pandemic-related losses the year prior. By September 2021, employment in the sector was approximately 1% below September 2019 levels. In comparison, total jobs reached pre-pandemic levels that month.

For the first 3 quarters of 2021, leisure and hospitality employment was down 5% on average versus 2019 levels, compared to 2% for all industries.

For the entire year (2021), total tourism-supported employment on Galveston Island, including indirect and induced impacts, was estimated to have increased to 10,821 jobs, as direct tourism-supported jobs stood at 8,832. Compared to 2019, total tourism-supported jobs were still 6.2% below the pre-pandemic average, while direct jobs were 1.1% lower. Wages grew faster in order to attract talent back to the industry. Estimated direct tourism-supported personal incomes in 2021 were 6.4% above 2019 levels.

Employment in Galveston County

Indexed, 2019 = 100



Source: BLS; Tourism Economics



VISITATION & VISITOR SPENDING

Day, overnight, and cruise visitors on Galveston Island spend directly on accommodations, food and beverage, recreation, retail shopping, transportation, and cruise-related services. In 2021, total direct spending on tourism amounted to \$913 million. Visitor volume totaled 6.5 million, including 2.6 million overnight visitors, 3.6 million day visitors, and 291,000 cruise passenger embarkments.

Record overnight visitors to Galveston Island propelled overall spending to record levels, but reduced cruise passenger numbers held back the recovery in total visitation. Accommodation spending grew significantly due to growing demand for vacation rentals on Galveston Island.

VISITOR VOLUME

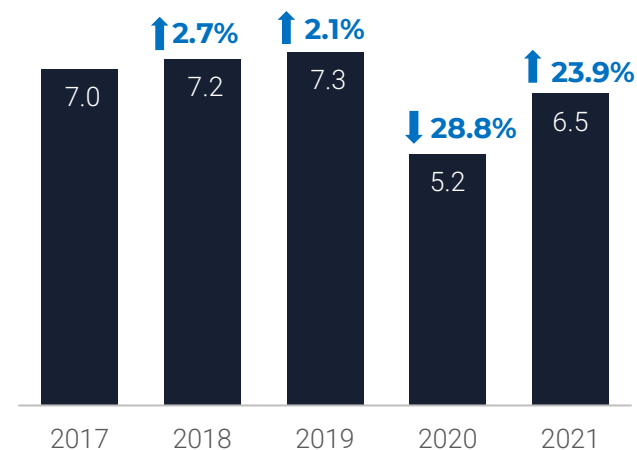
Visitation recovery held back by reduced cruise passenger numbers but aided by record overnight visits

Total visitor volume increased by 1.3 million in 2021, a 23.9% expansion from 2020 levels, albeit 11.8% below 2019 levels. In total, 2021 visitor volumes were 864,000 below 2019 levels – of which cruise passengers were down 792,000. Despite cruise visitations improving by 27.2% in 2021, the 291,000 embarked passengers were 73.2% below 2019 levels due to curtailed cruise activity.

Driving the rebound was a 30.6% increase in overnight visitors to a record 2.6 million (9.7% above 2019 levels). Day visits also rose in 2021 to just 7.6% below 2019 levels.

Galveston Island visitor levels & annual growth

Amounts in millions of visitors and year-on-year % growth



Source: Tourism Economics

VISITOR SPENDING

Despite lower overall visitation levels than 2019 robust lodging spending helped propel total spending to pre-pandemic levels

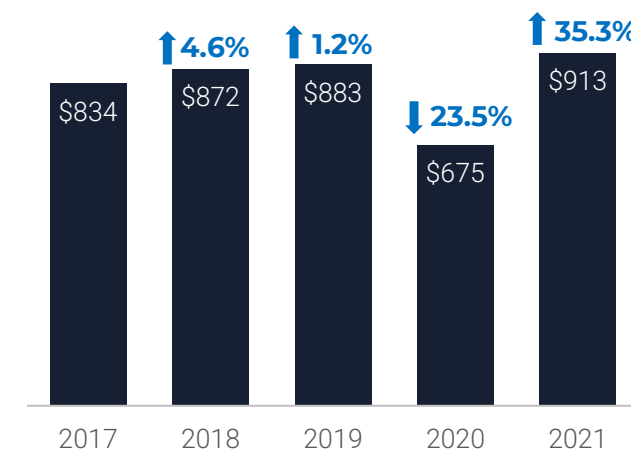
Of the \$913 million spent on Galveston Island in 2021 by visitors, lodging spending captured \$310 million (18.3% above 2019 levels).

Food and beverage spending totaled \$215 million (1.7% above 2019 levels), with recreational spending tallying \$161 million in 2021 (3.3% above 2019 levels). Retail spending was still 9.3% below 2019 levels.

Transportation, including both air and ground transportation within the destination, grew to 9.6% above 2019 levels, while cruise spending remained 71.7% below 2019 levels.

Galveston Island visitor spending & annual growth

Amounts in millions \$ and year-on-year % growth



Source: Tourism Economics



\$913 MILLION

Total Visitor Spending in 2021



\$310M LODGING

Hotels, motels, private home rentals



\$215M FOOD & BEVERAGE

Full-service restaurants, fast food, convenience stores, bars, grocery stores



\$161M RECREATION

Theaters, amusements, entertainment venues, other recreation



\$152M RETAIL

Souvenirs, general merchandise, malls, shopping centers



\$68M TRANSPORTATION

Taxis, buses, parking, public transportation, car rentals



\$6.6M CRUISE (AT PORT)

Parking, ship fees, and water, porter, security, and utilities services

Source: Tourism Economics
Note: Lodging includes 2nd home spending. Transportation includes both ground and air.

VISITOR SPENDING TRENDS

Visitor spending in 2021 totaled \$913 million, 35.3% higher than in 2020. The increase reflects \$238 million additional spending in the local economy.

Increases were robust across all sectors, with the biggest expansions occurring in transportation (43.4% versus 2020) and lodging including second home spending (40.6%) – driven by price increases and greater lodging demand. Cruise-related services spending provided at the Port grew by 17.6% in 2021, but remained 71.7% below 2019 levels.

Recreation and food & beverages spending benefited from the reopening of establishments, leading to increases of 34.8% and 32.3% versus 2020, respectively.

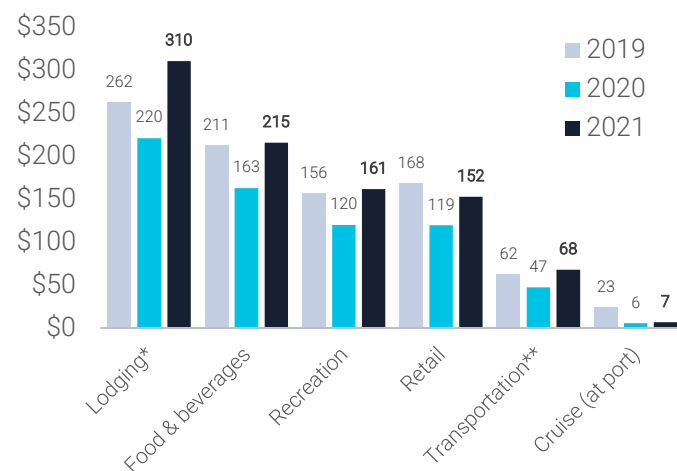
VISITATION SEGMENTS

The total number of visitors to Galveston Island in 2021 was 6.5 million, with each visitor spent an average of \$141 per person on their trip, compared to \$120 in 2019.

Driving the increase were record overnight visitors whose spending rose to \$245 per person per trip, compared to \$229 in 2019. While day trip visitors comprised the majority of visitations, visitor numbers were still 7.6% below 2019 levels, with per traveler spending much lower than overnight visitors at \$53 in 2021 – although \$4 more than in 2019. Cruise visitor spending also increased per traveler to \$81 in 2021, but depressed visitation levels due to reduced cruise activity curtailed spending.

Visitor spending by industry

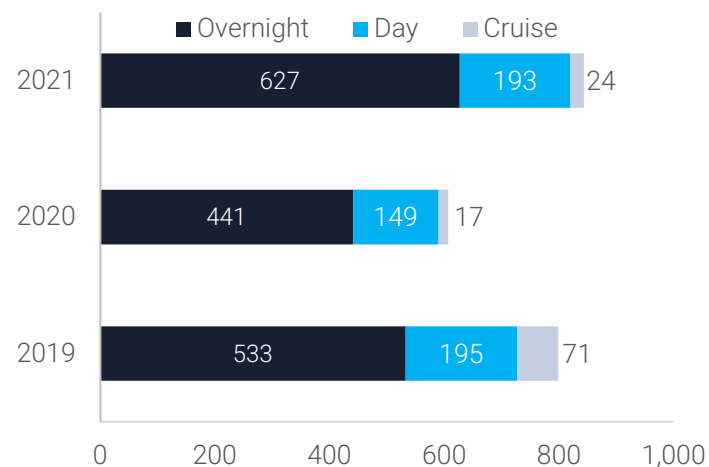
Amounts in \$ millions



Source: Tourism Economics

Visitor spending by segment

Amounts in \$ millions



Source: Tourism Economics
Note: Excludes port revenues and second home spending

Galveston Island visitor spending and annual growth

Amounts in \$ millions and year-on-year percentage growth

	2017	2018	2019	2020	2021	2021 Growth	2021 relative to 2019
Total visitor spending	\$833.7	\$871.9	\$882.8	\$674.9	\$913.0	35.3%	3.4%
Lodging*	\$250.4	\$266.5	\$262.1	\$220.5	\$310.0	40.6%	18.3%
Food & beverages	\$192.8	\$203.0	\$211.5	\$162.6	\$215.1	32.3%	1.7%
Recreation	\$146.3	\$151.7	\$156.2	\$119.7	\$161.3	34.8%	3.3%
Retail	\$165.1	\$169.1	\$167.9	\$119.4	\$152.3	27.6%	-9.3%
Transportation**	\$59.8	\$62.2	\$61.7	\$47.2	\$67.6	43.4%	9.6%
Cruise (at port)	\$19.3	\$19.3	\$23.4	\$5.6	\$6.6	17.6%	-71.7%

Source: Tourism Economics

* Lodging includes second home spending

** Transportation includes both ground and air transportation

Visitor volume and spending

Amounts in millions of visitors, millions of nominal dollars, and dollars per person

	2017	2018	2019	2020	2021
Total visitors	7.0	7.2	7.3	5.2	6.5
Day	3.7	3.9	3.9	3.0	3.6
Overnight	2.3	2.3	2.3	2.0	2.6
Cruise	0.9	1.0	1.1	0.2	0.3
Total traveler spending	\$834	\$872	\$883	\$675	\$913
Day	\$181	\$191	\$195	\$149	\$193
Overnight	\$517	\$536	\$533	\$441	\$627
Cruise	\$61	\$66	\$71	\$17	\$24
Per traveler spending	\$119	\$121	\$120	\$129	\$141
Day	\$48	\$49	\$49	\$49	\$53
Overnight	\$223	\$230	\$229	\$225	\$245
Cruise	\$65	\$67	\$66	\$76	\$81

Source: Port of Galveston, Tourism Economics

Note: Total spending excludes second home spending and port revenues



ECONOMIC IMPACT METHODOLOGY

Our analysis of tourism on Galveston Island begins with direct visitor spending and considers the downstream effects of this injection of spending into the local economy. To determine tourism's total economic impact, we input direct spending into a model of the Galveston Island economy, developed by Tourism Economics, which traces the full extent of industry impacts. The Tourism Economics proprietary model uses official government published data including output, jobs, and income metrics, and the inter-industry flow of money through the economy.

An I-O model represents a profile of an economy by measuring the relationships among industries and consumers and produces estimates of the following components:

- 1. Direct impacts:** Visitor spending creates direct economic value within a discrete group of sectors (such as recreation and transportation). This supports a relative proportion of spending, jobs, wages, and taxes within each sector.
- 2. Indirect impacts:** Each directly affected sector also purchases goods and services as inputs (e.g. food wholesalers, utilities) into production. These impacts are called indirect impacts or supply-chain effects.
- 3. Induced impacts:** Lastly, the induced impact is generated when employees whose wages are generated either directly or indirectly by visitor spending spend those wages in the local economy. This is called the induced impact or income effect.

The Tourism Economics model calculates these three levels of impact - direct, indirect and induced - for a broad set of indicators, including:

- Spending
- Income
- Employment
- Federal Taxes
- State Taxes
- Local Taxes

ECONOMIC IMPACT FRAMEWORK

DIRECT IMPACTS

Galveston Island's direct visitor spending



RETAIL



ENTERTAINMENT/REC



FOOD & BEVERAGE



TRANSPORTATION



LODGING

INDIRECT IMPACTS

Purchases of inputs from suppliers and suppliers' own supply chains



SUPPLY CHAIN EFFECTS



B2B GOODS & SERVICES PURCHASED

INDUCED IMPACTS

Consumer spending out of employees' wages



INCOME EFFECT



HOUSEHOLD CONSUMPTION

TOTAL IMPACTS

Direct, indirect, and induced impacts



SALES



JOBS



INCOME



TAXES

ECONOMIC IMPACTS BUSINESS SALES, JOB, & LABOR INCOME IMPACTS

Tourism's total economic impact of \$1.2 billion supported approximately 10,800 total jobs (including full-time and part-time jobs) with associated labor income of \$306 million in 2021.



\$1.2B

Total Economic Impact



\$306M

Total Labor Income Impact



10,821

Total Jobs Impact



FISCAL IMPACTS TAX REVENUES

The economic impacts attributable to tourism generated significant fiscal (tax) impacts as they cycled through the regional economy. Overall, tourism generated \$103 million in state and local tax revenues in 2021.



\$103M

Total State & Local Tax Revenues



\$34M

Sales Tax Revenues



\$43M

Lodging Revenues



\$22M

Property Tax Revenues



ECONOMIC IMPACT FINDINGS

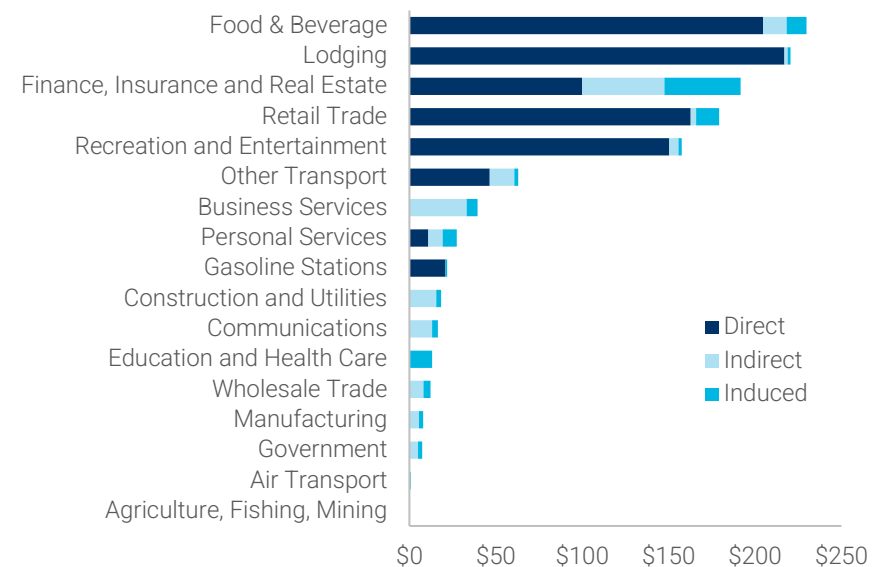
BUSINESS SALES IMPACTS

Visitors spent \$913 million on Galveston Island in 2021. This supported a total of \$1.2 billion in business sales when indirect and induced impacts are considered. The indirect and induced impacts add a total of \$294 million in sales to businesses located on Galveston Island.

Food and beverages and lodging spending are the largest contributors to tourism business sales by industry. Significant benefits also accrue in sectors like finance, insurance, and real estate, business services, education & health care, and construction and utilities from selling to tourism businesses and employees.

Tourism business sales impacts by industry (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics

Business sales impacts by industry (2021)

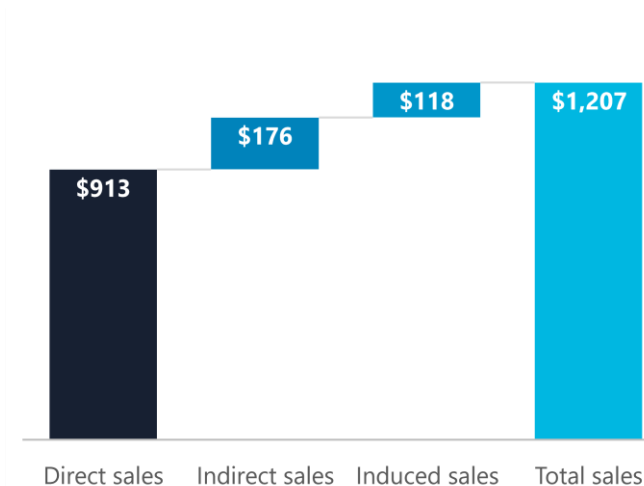
Amounts in millions of nominal dollars

	Direct sales	Indirect sales	Induced sales	Total sales
Total, all industries	\$913.0	\$176.1	\$117.6	\$1,206.8
By industry				
Food & Beverage	\$204.7	\$13.7	\$11.5	\$229.9
Lodging	\$217.0	\$2.0	\$1.5	\$220.5
Finance, Insurance and Real Estate	\$100.0	\$47.6	\$44.1	\$191.7
Retail Trade	\$162.7	\$3.2	\$13.2	\$179.2
Recreation and Entertainment	\$150.4	\$5.5	\$1.8	\$157.6
Other Transport	\$46.4	\$14.3	\$2.2	\$62.9
Business Services		\$33.2	\$6.3	\$39.5
Personal Services	\$11.0	\$8.3	\$8.0	\$27.3
Gasoline Stations	\$20.8	\$0.1	\$0.9	\$21.8
Construction and Utilities		\$15.5	\$2.8	\$18.3
Communications		\$13.2	\$3.2	\$16.4
Education and Health Care		\$0.3	\$12.9	\$13.1
Wholesale Trade		\$8.1	\$4.0	\$12.1
Manufacturing		\$5.6	\$2.4	\$7.9
Government		\$5.0	\$2.4	\$7.4
Air Transport		\$0.5	\$0.5	\$0.9
Agriculture, Fishing, Mining		\$0.0	\$0.0	\$0.1

Source: Tourism Economics

Summary economic impacts (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics

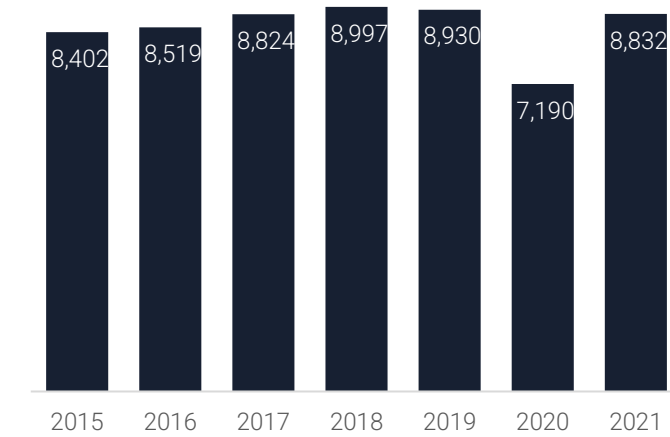
DIRECT INDUSTRY EMPLOYMENT

In 2020, direct employment fell by 1,740 jobs as businesses cut jobs as a direct result of the pandemic.

The tourism recovery on Galveston Island in 2021 saw the economy gain 1,642 jobs, equating to 22.8% growth versus the previous year. Direct employment of 8,832 in 2021 remains slightly below the 2019 level of 8,930.

Direct tourism employment on Galveston Island (2021)

Amounts in number of jobs



Source: Tourism Economics

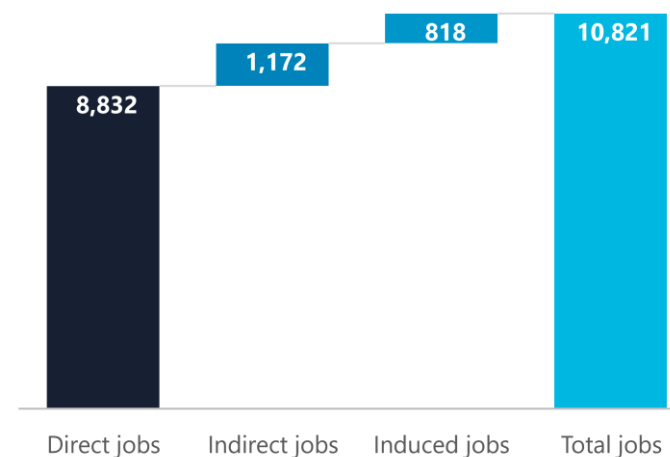
TOTAL JOB IMPACTS

Tourism supported a total of 10,821 jobs when indirect and induced impacts are considered.

Indirect and induced employment together account for 1,989 jobs.

Summary job impacts (2021)

Amounts in number of jobs



Source: Tourism Economics

Summary job impacts by industry (2021)

Amounts in number of full-time and part-time jobs

	Direct jobs	Indirect jobs	Induced jobs	Total jobs
Total, all industries	8,832	1,172	818	10,821
By industry				
Food & Beverage	3,004	128	127	3,259
Recreation and Entertainment	2,529	66	31	2,625
Lodging	1,477	12	9	1,498
Retail Trade	1,093	27	174	1,294
Finance, Insurance and Real Estate	213	276	113	602
Other Transport	338	105	21	465
Business Services		362	59	422
Personal Services	150	83	99	333
Education and Health Care		4	141	145
Construction and Utilities		36	7	43
Wholesale Trade		27	12	39
Gasoline Stations	28	1	7	36
Communications		24	7	32
Government		15	7	21
Manufacturing		3	1	3
Air Transport		1	1	2
Agriculture, Fishing, Mining		1	1	2

Source: Tourism Economics

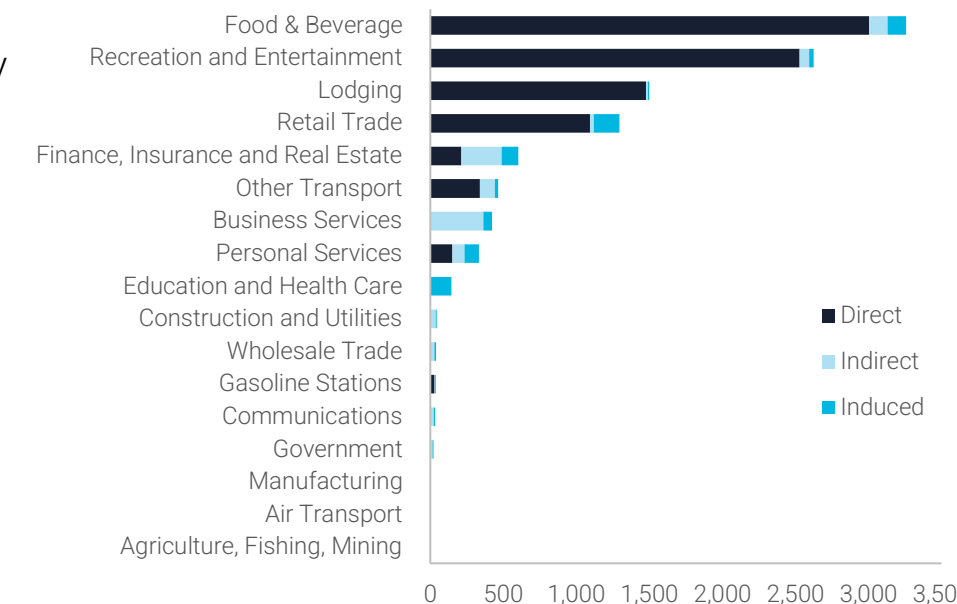
Visitor spending supports the largest number of jobs in the food & beverage industry—3,259. The majority of those jobs are directly sustained by visitor activity.

Tourism-supported employment in recreational businesses provided 2,625 jobs to Galveston Island with lodging employment registering approximately 1,500 jobs in 2021.

The most significant indirect impacts come from business services.

Tourism job impacts by industry (2021)

Amounts in number of jobs



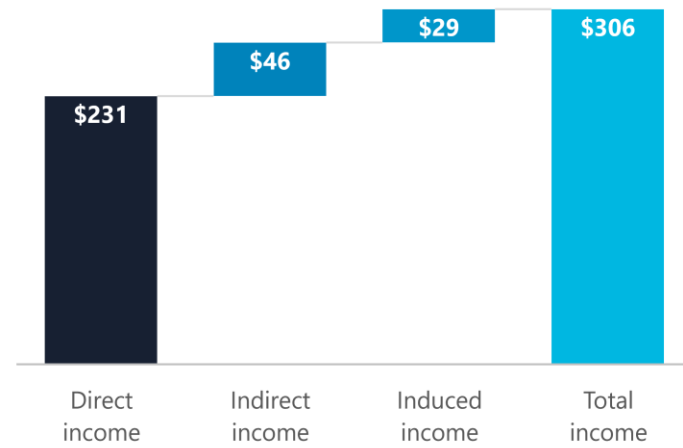
Source: Tourism Economics

LABOR INCOME IMPACTS

Tourism generated \$231 million in direct income and \$306 million when indirect and induced impacts are considered. These wages and benefits are paid to people whose jobs are located on Galveston Island.

Summary labor income impacts (2021)

Amounts in millions of nominal dollars

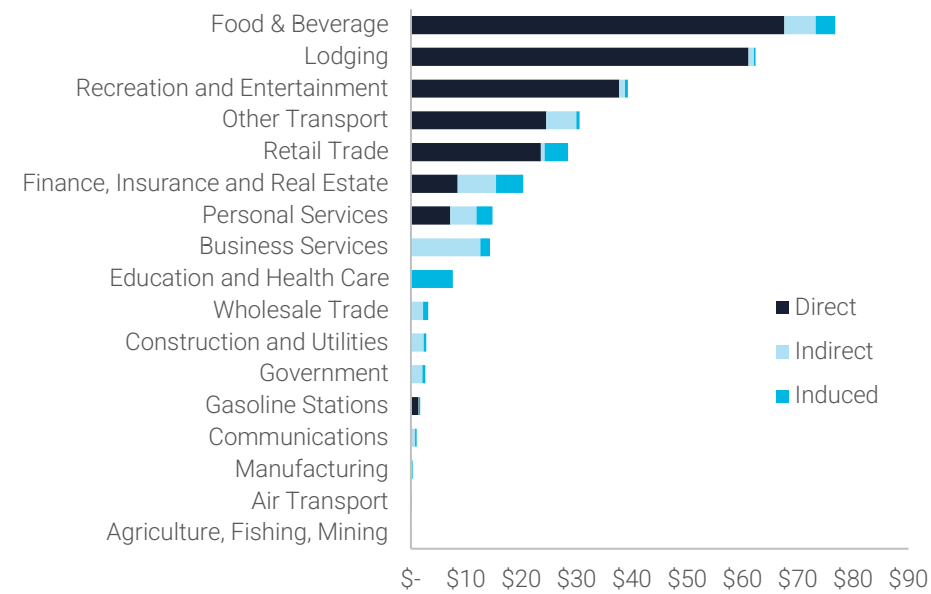


Source: Tourism Economics

On Galveston Island, the food and beverages industry generated the greatest impact in personal incomes, followed by the lodging industry.

Tourism labor income Impacts by Industry (2021)

Amounts in millions of nominal dollars



Source: Tourism Economics



Summary labor income impacts (2021)

Amounts in millions of nominal dollars

	Direct income	Indirect income	Induced income	Total income
Total, all industries	\$231.4	\$46.2	\$28.8	\$306.3
By industry				
Food & Beverage	\$67.6	\$5.7	\$3.5	\$76.8
Lodging	\$61.1	\$1.0	\$0.3	\$62.4
Recreation and Entertainment	\$37.7	\$1.1	\$0.5	\$39.2
Other Transport	\$24.5	\$5.5	\$0.6	\$30.5
Retail Trade	\$23.5	\$0.7	\$4.2	\$28.4
Finance, Insurance and Real Estate	\$8.5	\$6.9	\$4.9	\$20.3
Personal Services	\$7.2	\$4.7	\$2.9	\$14.8
Business Services		\$12.6	\$1.7	\$14.3
Education and Health Care		\$0.1	\$7.5	\$7.6
Wholesale Trade		\$2.2	\$1.0	\$3.2
Construction and Utilities		\$2.4	\$0.4	\$2.8
Government		\$2.1	\$0.5	\$2.6
Gasoline Stations	\$1.4	\$0.0	\$0.3	\$1.7
Communications		\$0.8	\$0.3	\$1.0
Manufacturing		\$0.3	\$0.1	\$0.4
Air Transport		\$0.1	\$0.1	\$0.2
Agriculture, Fishing, Mining		\$0.0	\$0.0	\$0.0

Source: Tourism Economics

FISCAL (TAX) IMPACTS

Visitor spending, visitor supported jobs, and business sales generated \$197 million in governmental revenues, 10.8% more than in 2019. State and local taxes alone tallied \$103 million in 2021, up 17.3% from 2019.

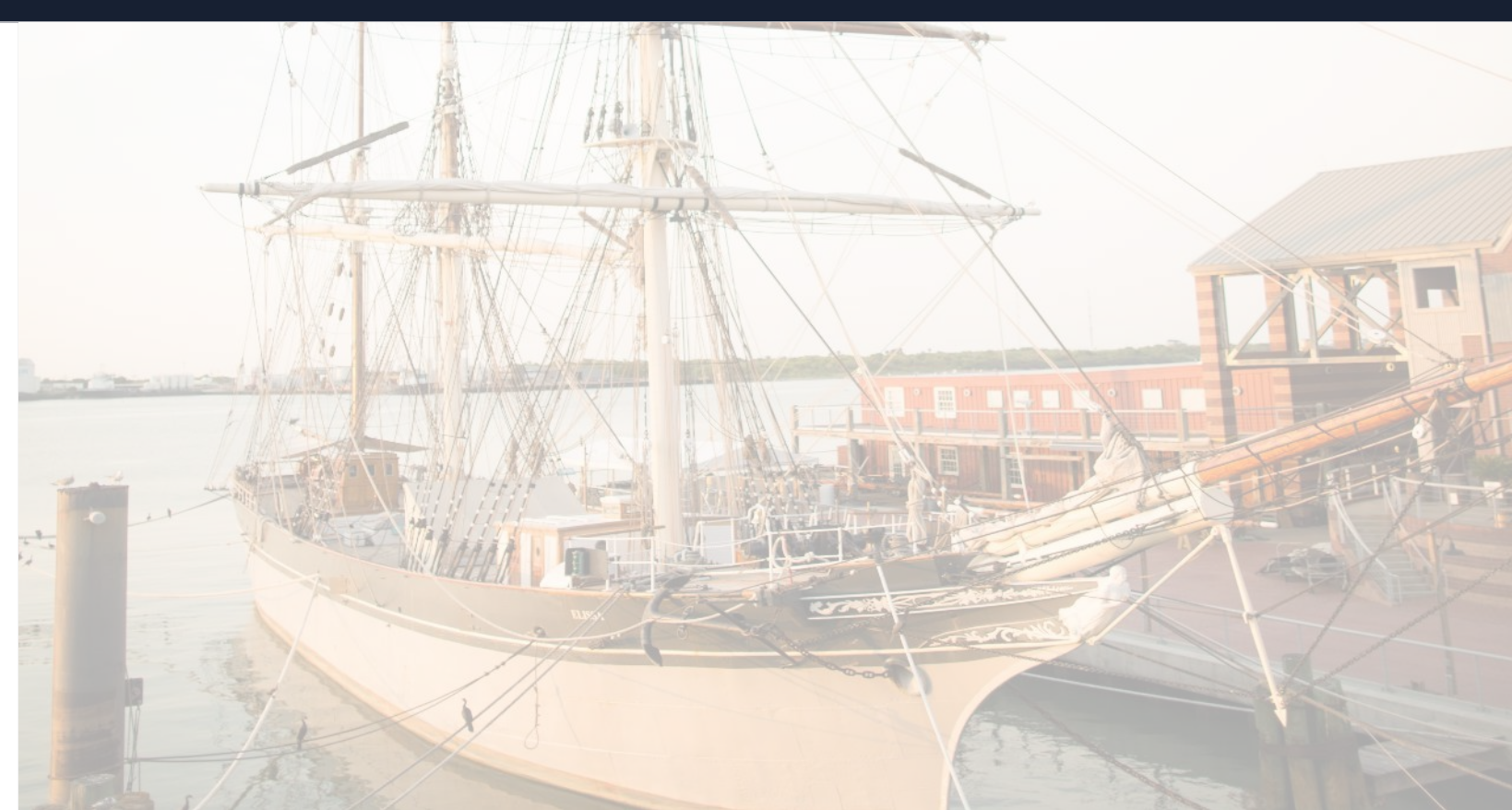
Each household on Galveston would need to be taxed an additional \$4,944 to replace the visitor taxes received by the state and local governments in 2021.

Fiscal (tax) impacts

Amounts in millions of nominal dollars

	2019	2020	2021	2021 relative to growth	2021 relative to 2019
Total tax revenues	\$177.5	\$135.9	\$196.7	44.7%	10.8%
Federal	\$90.0	\$67.8	\$94.0	38.6%	4.5%
Personal income	\$22.9	\$17.0	\$23.5	38.3%	2.7%
Corporate	\$30.9	\$22.9	\$32.0	39.7%	3.6%
Indirect business	\$5.7	\$4.2	\$4.1	-3.5%	-27.9%
Social insurance	\$30.6	\$23.7	\$34.4	45.1%	12.7%
State and Local	\$87.6	\$68.1	\$102.7	50.8%	17.3%
Sales	\$31.1	\$23.3	\$33.9	45.8%	9.0%
Lodging	\$32.8	\$27.1	\$43.1	58.9%	31.4%
Social Security	\$1.2	\$0.9	\$1.9	104.1%	60.6%
Excise and fees	\$2.1	\$1.6	\$1.3	-16.6%	-38.1%
Property	\$20.4	\$15.2	\$22.4	47.5%	10.2%

Source: Tourism Economics



Lodging tax revenue of \$24.4 in 2021 was the largest contributor to the \$54.7 million in total local taxes that were generated by tourism in 2021.

Tourism-generated tax revenues, not including hotel occupancy tax revenues, tallied \$30.3 million in 2021. This accounted for 50% of the City of Galveston's General Fund revenues, based on the proposed 2021 budget of \$61 million. Tourism generated revenues would be sufficient to fund:

- Police budget (\$23.6 million) 1.3 times over
- Fire (\$13 million) 2.3 times over
- Public works (\$4.1 million) 7 times over
- Parks and rec (\$2.8 million) 11 times over

Fiscal (tax) impacts

Amounts in millions of nominal dollars

	State	Local
Total Tourism taxes	\$48.0	\$54.7
Sales	\$27.4	\$6.5
Lodging	\$18.7	\$24.4
Social Security	\$1.9	
Excise and fees		\$1.3
Property		\$22.4

Source: Tourism Economics





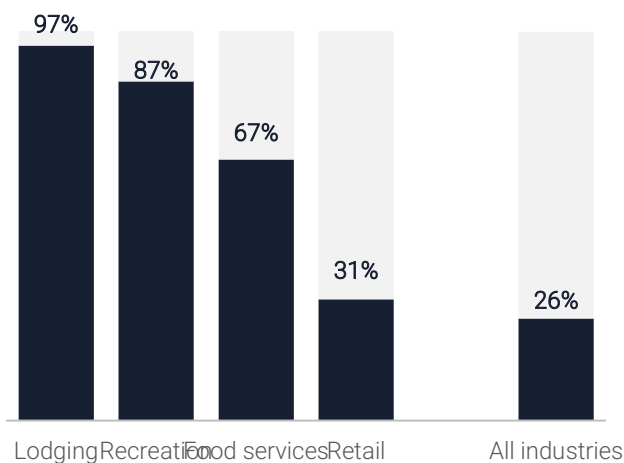
ECONOMIC IMPACTS IN CONTEXT

Tourism employment is a significant part of several industries on Galveston Island—nearly all of lodging employment, 87% of recreational employment, and 67% of food services employment is supported by tourism spending.

Tourism shares increased in 2021 with the increase in visitor spending.

Tourism direct employment intensity

Amounts in percentage of total industry employment



Source: BLS, Tourism Economics

ECONOMIC IMPACTS IN CONTEXT



\$913M VISITOR SPENDING

The \$913 million in visitor spending means that just over \$2.5 million was spent EVERY DAY by visitors on Galveston Island.



\$306M LABOR INCOME

The \$306 million in total income generated by tourism is the equivalent of \$14,751 for every household on Galveston Island.



10,821 JOBS

The number of jobs sustained by tourism (10,821) supports 32% of all jobs on Galveston Island.



\$103M STATE & LOCAL TAXES

The \$103 million in state and local taxes generated by tourism would cover the salaries of nearly 1,700 police officers or teachers in Galveston County.

APPENDIX

Glossary – Spending Definitions

Term	Description
Lodging	Includes visitor spending in the accommodation sub-sector. This includes food and other services provided by hotels and similar establishments.
Food and beverage	Includes all visitor spending on food & beverages, including at restaurants, bars, grocery stores and other food providers.
Recreation	Includes visitors spending within the arts, entertainment and recreation sub-sector.
Shopping	Includes visitor spending in all retail sub-sectors within the local economy.
Air transport	Includes the local economic activity generated by visitors within the air transport (airline) and support services (on airport) sectors.
Other transport	Includes all forms of local transport services such as taxis, limos, trains, rental cars, and buses.
Service stations	Visitor spending on gasoline. Only the margin counts as local economic impact.
Second homes	Spending associated with the operation of seasonal second homes for recreational use as defined by the Census Department. This is based on an “imputed rent” calculation over an estimated peak season.

Glossary – Economic Impact Definitions

Term	Description
Direct Impact	Impacts (business sales, jobs, income, and taxes) created directly from spending by visitors to a destination within a discreet group of tourism-related sectors (e.g., recreation, transportation, lodging).
Indirect Impact	Impacts created from purchase of goods and services used as inputs (e.g., food wholesalers, utilities, business services) into production by the directly affected tourism-related sectors (i.e., economic effects stemming from business-to-business purchases in the supply chain).
Induced Impact	Impacts created from spending in the local economy by employees whose wages are generated either directly or indirectly by visitor spending.
Employment	Jobs directly and indirectly supported by visitor activity (includes part-time and seasonal work). One job is defined as one person working at least one hour per week for fifty weeks during the calendar year.
Labor income	Income (wages, salaries, proprietor income and benefits) supported by visitor spending.
Local Taxes	City and County taxes generated by visitor spending. This includes any local sales, income, bed, usage fees, licenses and other revenues streams of local governmental authorities – from transportation to sanitation to general government.
State Taxes	State tax revenues generated by visitor spending. This will include sales, income, corporate, usage fees and other assessments of state governments.