

**THE BENEFITS AND COSTS OF  
TOURISM TO FLORIDA**



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## Executive Summary

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This study by Florida TaxWatch began as an attempt to analyze the costs and benefits associated with tourism and the quality of life in Florida. A concerted effort was made to obtain data for the purpose of doing a bono fide cost-benefit analysis of tourism. Unfortunately, current data suitable for cost-benefit analysis purposes for measuring/juxtaposing tourism-related costs with benefits and, in turn, for developing cost-benefit ratio(s), were not to be found (See Appendix A and Appendix B for telephone numbers, e-mail addresses and web sites of individuals and organizations contact by Florida TaxWatch staff for cost data and/or data source references.). TaxWatch must conclude, therefore, that there is a compelling need to generate and maintain tourism cost and benefit data on an ongoing basis in order to explicitly address the Florida tourism industry's data needs generally and tailored to meet the specific needs of major sectors--recreation, attractions, entertainment, etc.--of the industry.

The study begins with an overview of the direct tourism benefits associated with employment, spending by tourists and state consumption taxes. It shows that significant direct benefits accrue from

tourism to Florida residents and to the state's economy generally. In lieu of the dearth of tourism cost-related data suitable for cost-benefit analysis, TaxWatch employed sophisticated forecasting and simulation models to capture, in time and longitudinally, the multiplier effects of tourism benefits. The models reveal there to be very significant indirect benefits resulting from tourism as well as direct benefits. This can be attributed to several factors, including the number of tourists visiting Florida by ground and air transportation, from annual spending by tourists generally and from tourism-explicit spending on entertainment, shopping, lodging, food and transportation.

The forecasting models also show there to be significant state tax revenues generated from travel and tourism activities in Florida as a function of direct and indirect earnings. Projections show too that there will be substantial annual employment in tourist-related jobs between the years 2001 and 2010 (net present value in 1999 dollars). These jobs will be very important to the ongoing viability of Florida's economy and to the prosperity and quality of life of Florida residents.

## ***Key Findings***

- 1.** Direct travel employment related to tourism totaled 818,700 jobs in 1998, 12.3% of the total state non-agricultural employment.
- 2.** Total state employment, including indirect jobs created by the multiplier effect, exceeds 1,398,000, 20.9% of non-agricultural employment in 1999.
- 3.** The average wage rate for all tourism related jobs (direct and indirect) 1999 was \$42,866, significantly above the state average for all non-agricultural jobs of \$32,035.
- 4.** Total wages for all tourism related jobs exceeded \$59.9 billion out of total personal income of \$218.8 billion in 1999.
- 5.** Gross State Product (output) resulting from tourism related activities exceeded \$102.3 billion in 1999.
- 6.** Tourism/recreational taxable sales in 1998 exceeded \$43.1 billion.
- 7.** State tax revenues resulting from tourism activities exceeded \$6.9 billion out of a total of \$21.9 billion in state tax revenue in 1999.

Faced with the aforementioned tourism cost data limitations, TaxWatch's conclusions regarding cost data, for the most part, are of *prima facie* value. Whereas any associations--implied or otherwise inferred in this study--between tourism cost data and the quality of life in Florida are presented nonetheless as intuitively correct and useful for heuristic

purposes, they are inferential or inconclusive at this point and require further data and analysis. Be that as it may, several categories of tourism-related cost data--seasonality of employment; unemployment compensation; traffic congestion; public safety; health care; transportation; and the environment--are discussed in this study.