



Tourism & Travel

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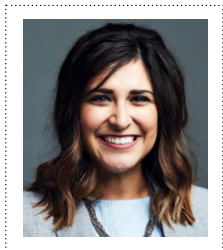
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KEY POINTS

- In the Central Valley, visitors spent \$4.5 billion on hospitality and tourism, supported 46,600 jobs and contributed \$258 million in state and local tax revenue in 2018.
- While the Central Valley's tourism revenue has experienced both negative and positive growth rates over the past 6 years, year-over-year growth was nearly 9% in 2017 and in 2018, was 7.5%.
- Over 6 million people visited the three National Parks in or near the six-county region, spending nearly \$650 million in 2018.
- The Fresno-Yosemite International Airport experienced a record number of travelers in 2018 serving 1.7 million passengers.

Overview

Tourism is broadly defined as expenditures by individuals who have traveled more than 50 miles to reach a destination (National Tourism Resources Review Commission, 1973). Further, tourism includes the activities of individuals who “visit a destination outside their usual environment for less than a year for any main purpose, including, holidays, leisure and recreation, business, health, education, or other purposes” (Middleton, 2015). The information in this article is related to individuals who stay away from home for less than a year and travel more than 50 miles one-way on a non-routine trip.

As an industry, travel and tourism includes several complementary sectors that work effectively together to meet visitor and tourist demand, including transportation & travel, food & beverage service, accommodations, recreation & entertainment (including attractions), retail sales, and travel

arrangements. Tourism spending in 2018 in the United States was \$1.1 trillion. Seventy percent (\$761.7 billion) was for leisure travel and 30% (\$327.3 billion) was for business travel (U.S. Travel Association, 2019).

Tourism’s impact can be assessed by measuring both its direct economic effects, (revenue resulting from businesses that sell directly to tourists and visitors), and its indirect economic effects, (revenue earned by businesses that supply goods and services to tourism businesses) (Stynes, 1997; U.S. Travel Association, 2019). This article highlights important direct and indirect economic effects of visitor spending in California and the Central Valley.

Economic Impact

California is a popular destination with visitors from around the world. According to Visit California, total direct travel and tourism spending in

2018 was \$140.6 billion, representing a \$79 billion contribution to California’s total gross domestic product (about 2.5%).

Tourism’s economic activity translates to job sustainability for California residents. In 2012, industry jobs equaled just over 1.0 million; by 2018, the industry accounted for 1.2 million jobs. Tourism is also considered a leading export for California, as approximately 60% of tourism-related revenue comes from individuals who reside outside of the state (Dean Runyan Associates, 2019).

Destinations in the Central Valley are also very popular with global visitors. Table 1 provides data for six counties in the Central Valley – Fresno, Kern, Madera, Merced, Kings, and Tulare – and shows visitors spent nearly \$4.5 billion in 2018. Of that, \$2.35 billion (52% of the total) came from visitors who live outside of the Central Valley.

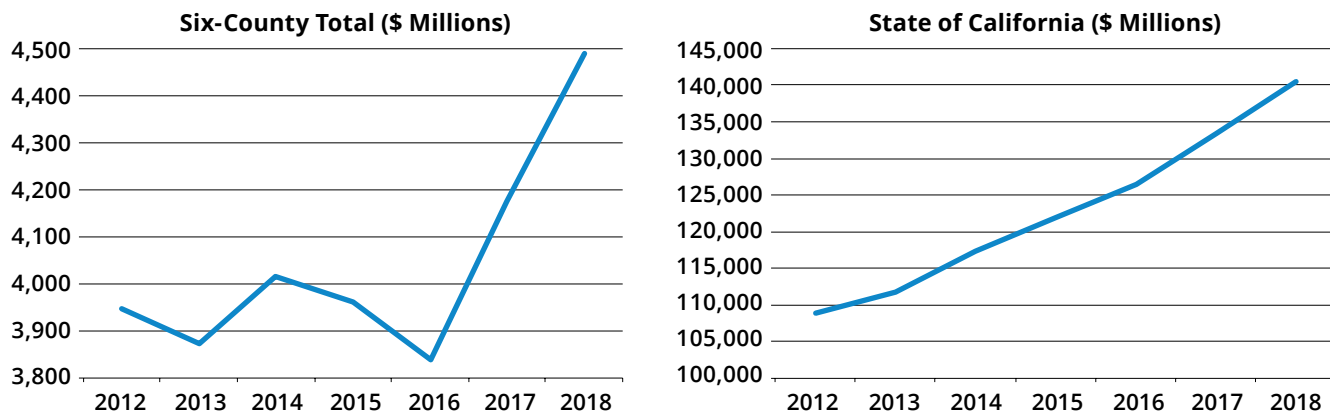
Table 1
County Direct Travel / Tourism Spending 2010-2018 (\$ Millions)

	2012	2013	2014	2015	2016	2017	2018	2012 - 2018 Growth	2017 - 2018 Growth
Kern	1,492	1,461	1,510	1,504	1,396	1,518	1,639	10%	8.0%
Fresno	1,326	1,310	1,348	1,345	1,364	1,426	1,526	15%	7.0%
Tulare	446	432	453	419	384	479	517	16%	7.9%
Madera	262	264	275	269	291	316	339	29%	7.3%
Merced	249	244	264	261	246	270	294	18%	8.9%
Kings	171	163	167	164	159	167	175	2%	4.8%
Six-County Total	3,946	3,874	4,017	3,962	3,840	4,176	4,490	14%	7.5%
California	108,916	111,692	117,385	121,945	126,402	133,321	140,556	29%	5.4%

Data Source: Dean Runyan Associates, 2019; Visit California, 2019



Figure 1
Travel and Tourism Revenue



The region's tourism revenue grew by 14% and \$544 million between 2012 and 2018, though there were a few years of negative growth during the period. For the same period, the state of California's tourism revenue grew by 29%, more than double that of the region. Also notably different from the region, California did not experience any years of negative growth (Figure 1).

The most recent couple of years have seen more positive growth. Year-over-year revenue in the six-county region grew nearly 9% in 2017 and in 2018, grew 7.5%. Also in 2018, the Fresno Yosemite International Airport had a record year in passenger volume, serving over 1.7 million travelers, a 14% increase over 2017, in which over 1.5 million passengers were served. (Fresno Yosemite International Airport, 2019). Whether this is evidence of the region "catching up" to the state's growth remains to be seen.

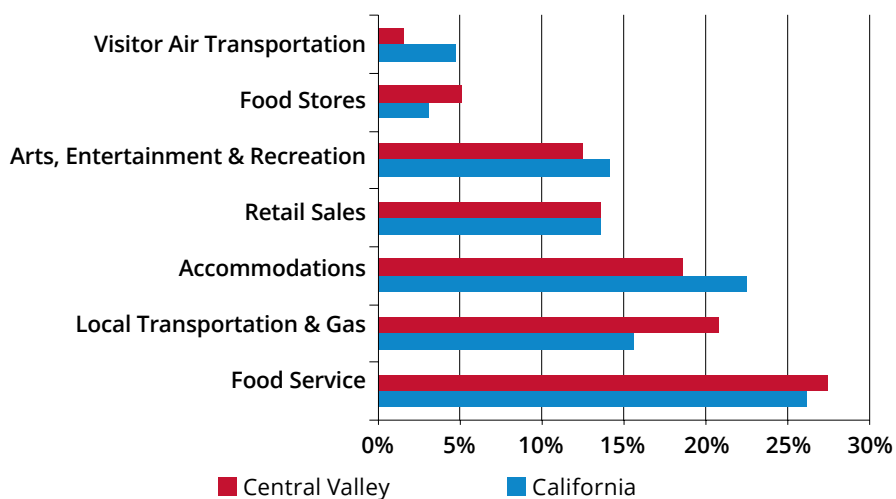
Category expenditures for visitors to California and to the Central Valley are shown in Table 2 and Figure 2. The

Table 2
Percent of Spending by Travelers and Tourists • 2018

	California	Central Valley
Food Service	26%	28%
Local Transportation & Gas	16%	21%
Accommodations	23%	19%
Retail Sales	14%	14%
Arts, Entertainment & Recreation	14%	13%
Food Stores	3%	5%
Visitor Air Transportation	5%	2%

Data Source: Dean Runyan Associates, 2019; Visit California, 2019

Figure 2
Percent of Spending by Category • 2018



FRESNO AND KERN COUNTIES ACCOUNTED FOR 70% OF TOURISM REVENUE IN 2018 FOR THE SIX-COUNTY AREA.



largest category is food service. Key differences between the state and Central Valley are lower spending for accommodations in the Central Valley and higher spending on local transportation and food. These differences are likely due to the lower cost of real estate in the region and the greater distances to tourist attractions such as Yosemite and other National Parks.

Tax Revenue

Tourism revenue creates tax revenue. As shown in Table 3, the amount of tax revenue generated for local governments in the Central Valley in 2018 was \$117 million; the amount generated for the State was \$257 million. This tax revenue allows public services, public utilities, and social services to be funded and helps Central Valley taxpayers save money on their overall tax bill as a large share of tax-generating revenue comes from visitors originating outside the Valley.

A subset of tourism tax revenue is the transient occupancy tax, a tax levied on hotel rooms. The transient tax is an indicator of

As tourism and travel have increased over the past several years, counties have realized a corresponding increase in tax revenue.

travel activity for a county or region, as most transient taxes are paid by visitors from outside the area. Table 4 provides information about transient tax rates and revenues for each county for 2018. Overall, transient taxes accounted for roughly 15% of overall tax revenues from tourism for the Central Valley in 2018. A record \$16.7 million was collected for Fresno

County, along with \$15.9 million for Kern County. As tourism and travel have increased over the past several years, counties have realized a corresponding increase in tax revenue. Of note, cities set their own transient tax rates. The highest rate in the Central Valley is 12%, a rate charged by Fresno, Kingsburg, Selma, and Bakersfield.

**Table 3
Total Tax Revenue from Tourism in 2018 (\$ Millions)**

	Local	State	Total
Kern	37.9	95.7	133.6
Fresno	40.4	83.2	123.6
Tulare	15.9	30.7	46.6
Madera	11.5	17.8	29.3
Merced	7.7	18.7	26.4
Kings	3.5	11.1	14.6
Six-County Total	116.9	257.2	374.1

Data Source: Dean Runyan Associates, California Travel Impacts, 2019

**Table 4
2018 Transient Occupancy Tax Revenue by County (\$ Millions)**

County	Revenue	Transient Tax Rate
Fresno	16.7	11.6%
Kern	15.9	9.9%
Tulare	7.5	9.8%
Madera	5.0	9.1%
Merced	3.1	9.9%
Kings	1.0	8.6%
Total	49.2	

Data Source: Dean Runyan Associates, 2019; Visit California, 2019





Employment and Earnings

The growth in tourism spending in the Central Valley has a positive impact on the region's job market. In 2018, in the six-county area, there were nearly 47,000 tourism related jobs, which generated almost \$1.5 billion in employee earnings (Table 5). The number of jobs has increased 20% since 2012, and growth in jobs for the six-county region was higher than the state as a whole. Madera County is a standout, with 50% growth in the tourism industry over the past six years. Merced County has also experienced significant job growth in tourism jobs and is up over 30% in jobs. These figures demonstrate the full impact tourism has in the Central Valley relative to employment.

Tourism Growth

The Central Valley's location, affordability, and natural resources are just a few of the reasons hospitality and tourism have grown over the last several years. The most obvious evidence of this growth is in the number of hotels being built. In Fresno and neighboring Clovis, three new hotels have opened in the last year, with at least four currently under construction and four more in the planning stages. In Bakersfield, three hotels are under construction and three more are being planned. There are three hotels currently under construction in Madera County and several are in the works in Visalia as well. Overall, a growing Central Valley tourism industry leads to more jobs created and money invested.

There are three spectacular National Parks located either within or in close proximity to the Central Valley: Kings Canyon National Park, Sequoia National Park, and Yosemite National Park. All three offer world-class scenery and provide a variety of outdoor activities, including hiking, rock-climbing, horseback riding, camping, back packing and river rafting. In addition to being one of America's most popular national parks, Yosemite is also a UNESCO World Heritage Site. As shown in

Table 6, these parks saw almost six million visitors in 2018— visitors who spent more than \$650 million and helped support 8,179 jobs.

These figures are particularly remarkable as 2018 had some of the most destructive wildfires in California history. Despite the destruction, Yosemite National Park saw over four million visitors with the highest number of international visitors coming from the United Kingdom, Germany, and France.

**Table 5
Employment in Tourism**

	2012 Employment	2018 Employment	Increase in Jobs	Growth in Jobs 2012 - 2018	Employee Earnings (\$ Million)
Kern	14,820	17,610	2,790	19%	541
Fresno	12,600	14,029	1,429	11%	438
Kings	1,880	2,160	280	15%	61
Madera	2,820	4,230	1,410	50%	126
Merced	2,400	3,141	741	31%	89
Tulare	4,420	5,450	1,030	23%	169
Central Valley	38,940	46,620	7,680	20%	1,423
California	1,028,000	1,163,000	135,000	13%	52,001

Data Source: Dean Runyan Associates, 2019; Visit California, 2019

**Table 6
2018 National Park Figures**

Park Unit	Total Recreation Visits	Total Visitor Spending (\$000s)	Percent Visitor Spending from Non-Local Visitors	Jobs Supported
Kings Canyon	699,233	\$61,146	98.70%	809
Sequoia	1,229,594	\$94,431	97.90%	1,186
Yosemite	4,009,438	\$495,245	96.60%	6,184
Combined	5,938,265	\$650,822	96.98%	8,179

Data Source: National Parks Service, 2019



Overall, the Central Valley's close proximity to the National Parks will continue to drive international and domestic visitors to the area.

Several specific events attract visitors to the Valley each year. For example, the World Ag Expo in Tulare occurs each year in February and attracts more than 100,000 attendees from 70 countries. In Fresno County, the Clovis Rodeo, in April each year, brings in an estimated 45,000 attendees and generates \$12 million in economic impact. Each October, The Big Fresno Fair attracts more than 600,000 attendees and generates more than \$68 million.

In September/October, the Kern County Fair generates more than \$39 million in economic impact (California Department of Food and Agriculture, 2013). The Lightning in a Bottle music festival, which occurs each May, also attracts approximately 20,000 participants and generates approximately \$3 million. (Price, 2019).

Conclusion

Overall, tourism, travel and hospitality play an important role in the economic viability of the Central Valley. The region's major events, unique sites, transportation hubs, and lodging facilities all drive tourist expenditures, tax revenue, job creation, and earnings. The consistent growth in tourism will create an expansion of opportunities for the future. As more individuals continue to visit, Valley communities and residents will benefit economically through increased tourist spending at Valley businesses, additional tax revenues, and positive word of mouth about Valley attractions and events. The recent growth in all six counties indicates a bright future for the Central Valley and California.

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