



The Importance of Hospitality and Tourism to Minnesota's Economy

MACTA 2019 Spring Conference

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Explore Minnesota Tourism

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“Tourism is the number one service that we export. Number one. And that means jobs.” – President Barack Obama



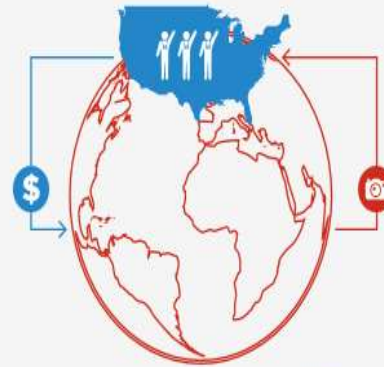
Spending by international visitors = U.S. Travel Export
Spending by U.S. residents abroad = U.S. Travel Import

Since travel exports are greater than travel imports, the U.S. enjoys a strong travel surplus, which helps curb our overall trade deficit.

U.S. Travel Exports:
\$256 billion



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U.S. Travel Imports:
\$186 billion

\$69 Billion Surplus in Travel Trade Balance

Source: U.S. Department of Commerce, 2018 data

Exports include general travel spending, as well as spending on education, health, cross-border work and international passenger fares.

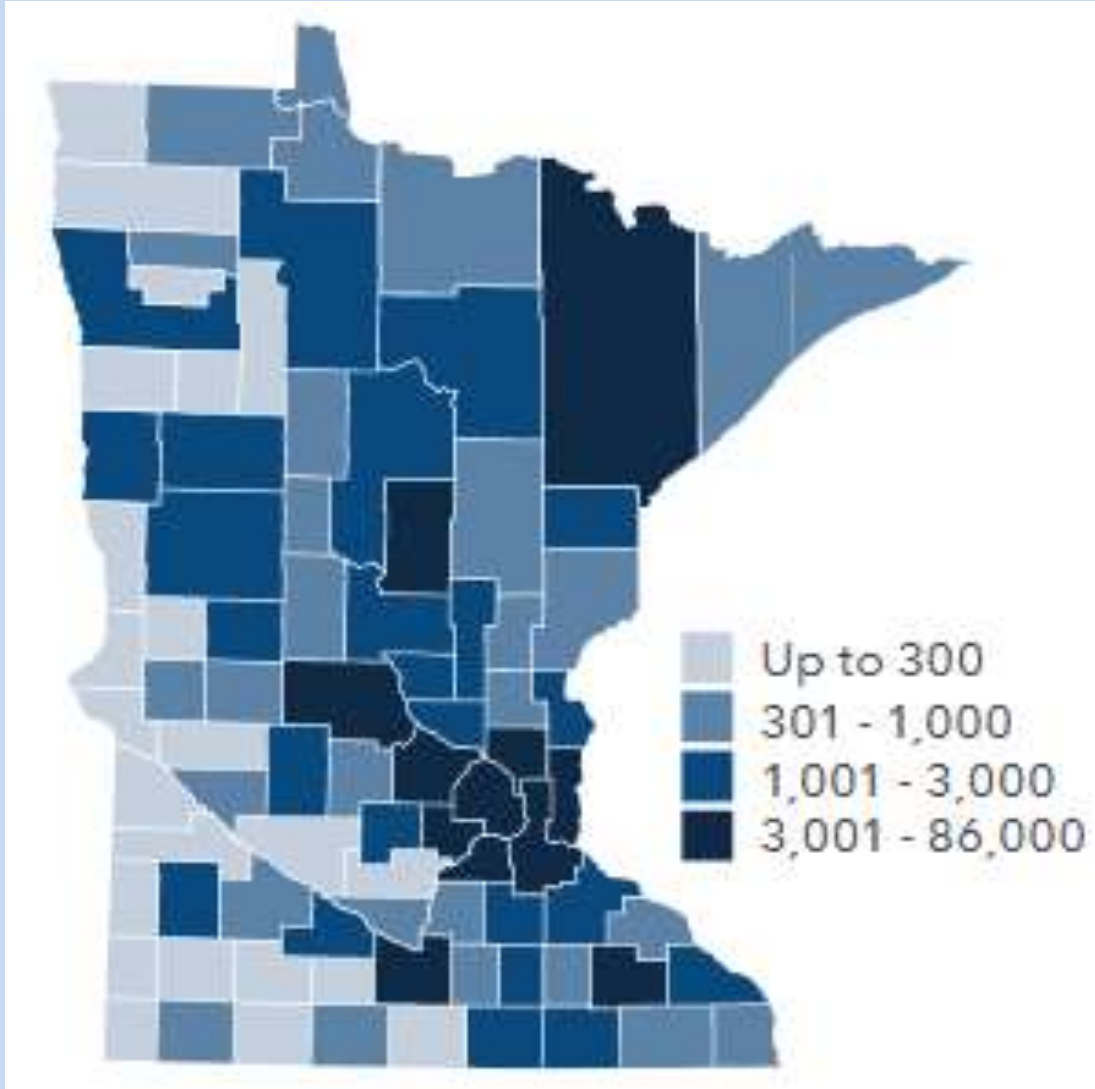
Minnesota's Leisure and Hospitality Industry

- Gross Sales - \$15.3 billion in 2017
 - From 2007 to 2017, gross sales grew 46%, compared with 30% for all other industries
- State sales taxes - \$996 million in 2017
 - 18% of total general state sales tax
- Jobs - 270,000 in 2017
 - 11% of total private sector employment

**2017 Annual Minnesota Sales Tax Statistics
For the Leisure and Hospitality Industry
Minnesota Total, Tourism Regions, and Counties**

Minnesota Total

	Establishments	Gross Sales	Taxable Sales	Sales Tax	Total Tax
NAICS Industry					
711 Performing Arts, Spectator Sports	3,328	613,273,723	486,613,994	33,691,281	34,552,071
712 Museums, Historical Sites, Zoos, Etc.	194	44,084,048	33,394,653	2,306,337	2,348,864
713 Amusement, Gambling, and Recreation	2,484	2,152,953,090	1,740,084,954	120,111,937	121,630,192
721 Accommodation	2,545	2,509,877,176	2,256,535,963	157,458,308	159,203,428
722 Food Services and Drinking Places	11,886	10,000,831,617	9,406,411,991	682,301,950	689,818,321
Leisure and Hospitality Total (sum of 700 thru 722)	20,437	15,321,019,654	13,923,041,555	995,869,813	1,007,552,876
All Other Industries	145,573	345,154,375,185	65,823,124,538	4,601,519,688	4,957,619,129
Total, All Industries	166,010	360,475,394,839	79,746,166,093	5,597,389,501	5,965,172,005

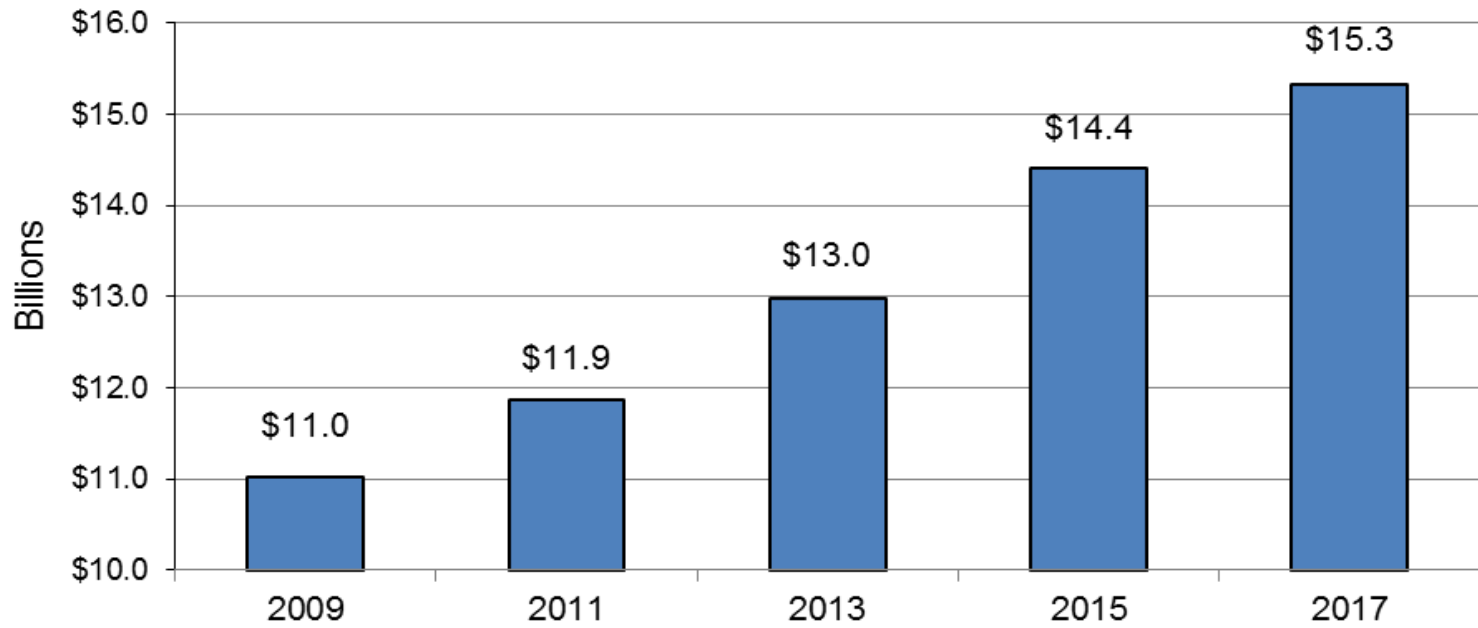


Minnesota Leisure & Hospitality Jobs by County, 2017



Minnesota's Leisure and Hospitality Gross Sales

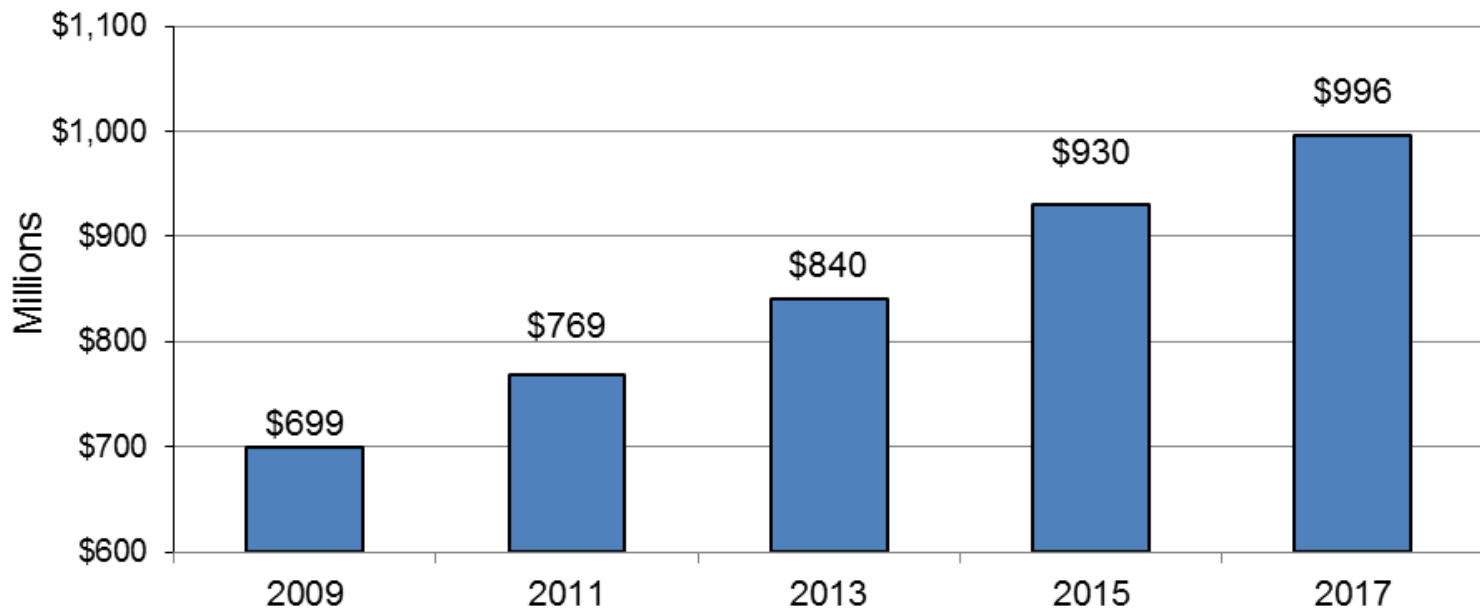
Source: Minnesota Department of Revenue





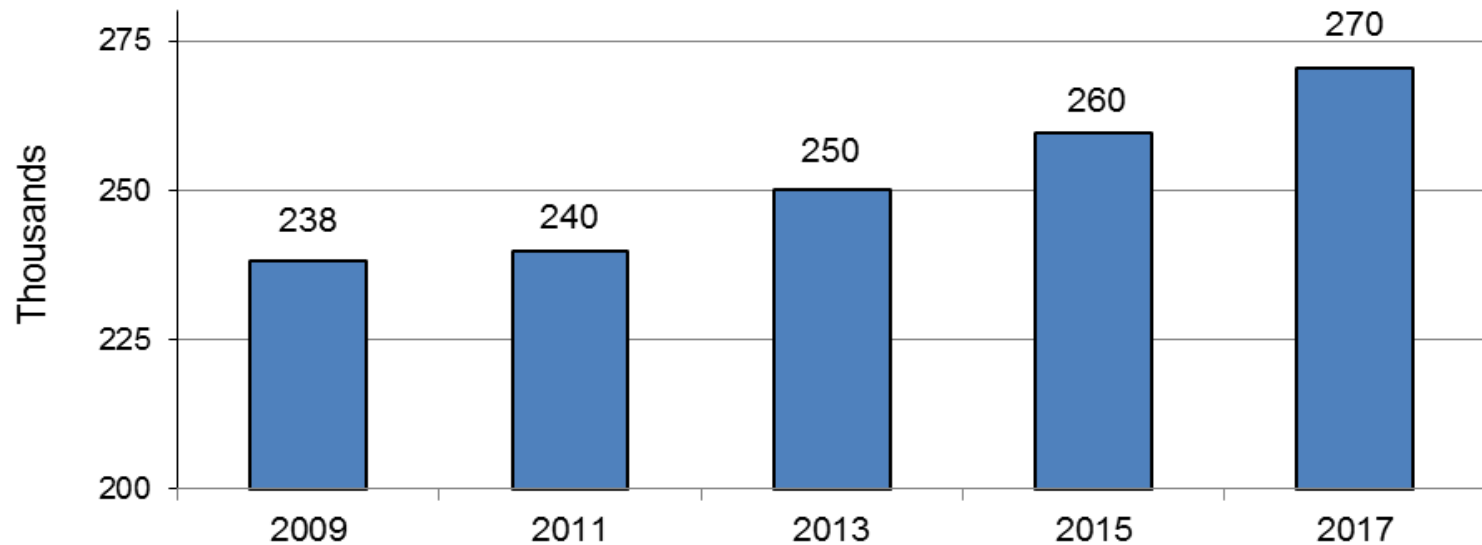
Minnesota's Leisure and Hospitality State Sales Tax

Source: Minnesota Department of Revenue



Minnesota's Leisure and Hospitality Jobs

Source: Bureau of Labor Statistics,
Quarterly Census of Employment and Wages



Explore Minnesota Tourism

- Mission: To promote and facilitate travel to and within the State of Minnesota
- Budget: Approximately \$14 million from State General Fund
- Approx 40 full time staff, plus seasonal at welcome centers
- Regional managers provide industry outreach
- Services under contract – Ad agency, HR, IT, etc.

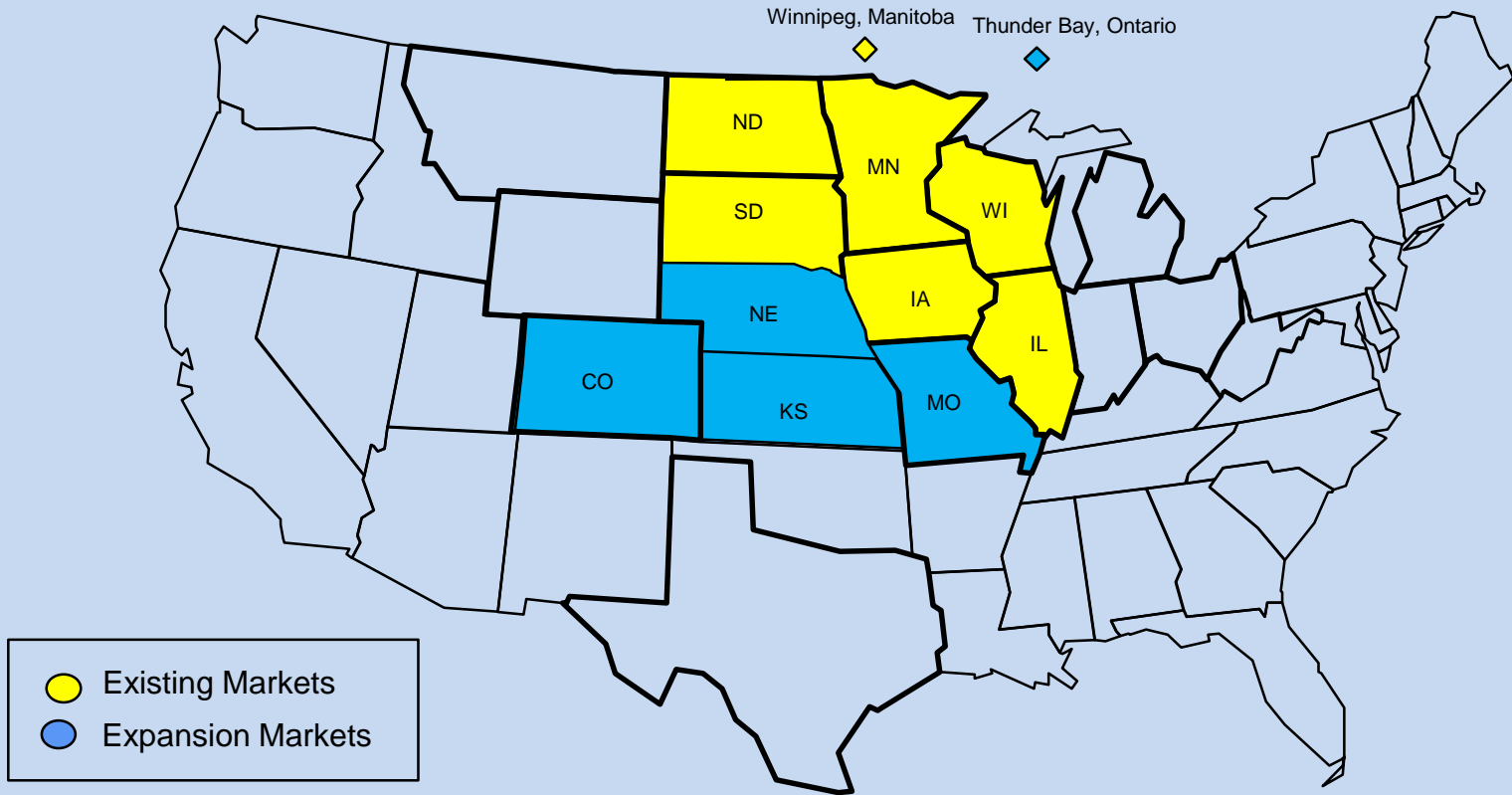
Constituencies

- Consumers
- Legislators
- Taxpayers
- Tourism industry

Industry & Consumer Research

- Gauge ad effectiveness
- Survey industry trends
- Feedback on specific topics
- Gather economic data
- Create traveler profiles
- Drive/confirm marketing decisions

2018 Media Markets





The Halo Effect

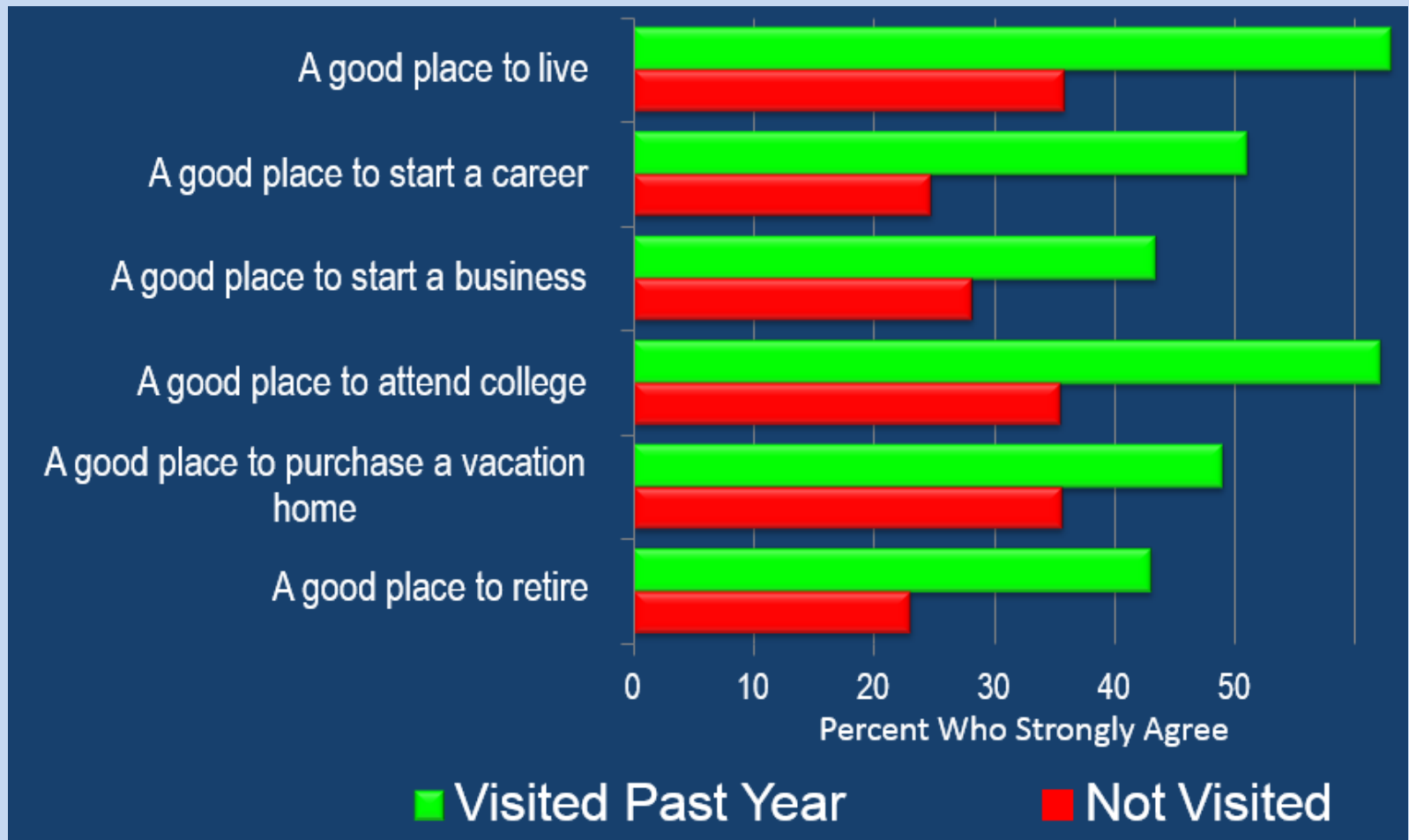
The Power Combination of Tourism Marketing and Visitation

“Tourism functions as the front door for economic development; if Minnesota is successful in attracting visitors to the state, those people view Minnesota more favorably as a place to live, work, start a business, attend college, purchase a vacation home and retire.” - [Longwoods International](#)





The Impact of Visitation on Economic Development





New Minnesota Ad Campaign

FIND YOUR
TRUE NORTH

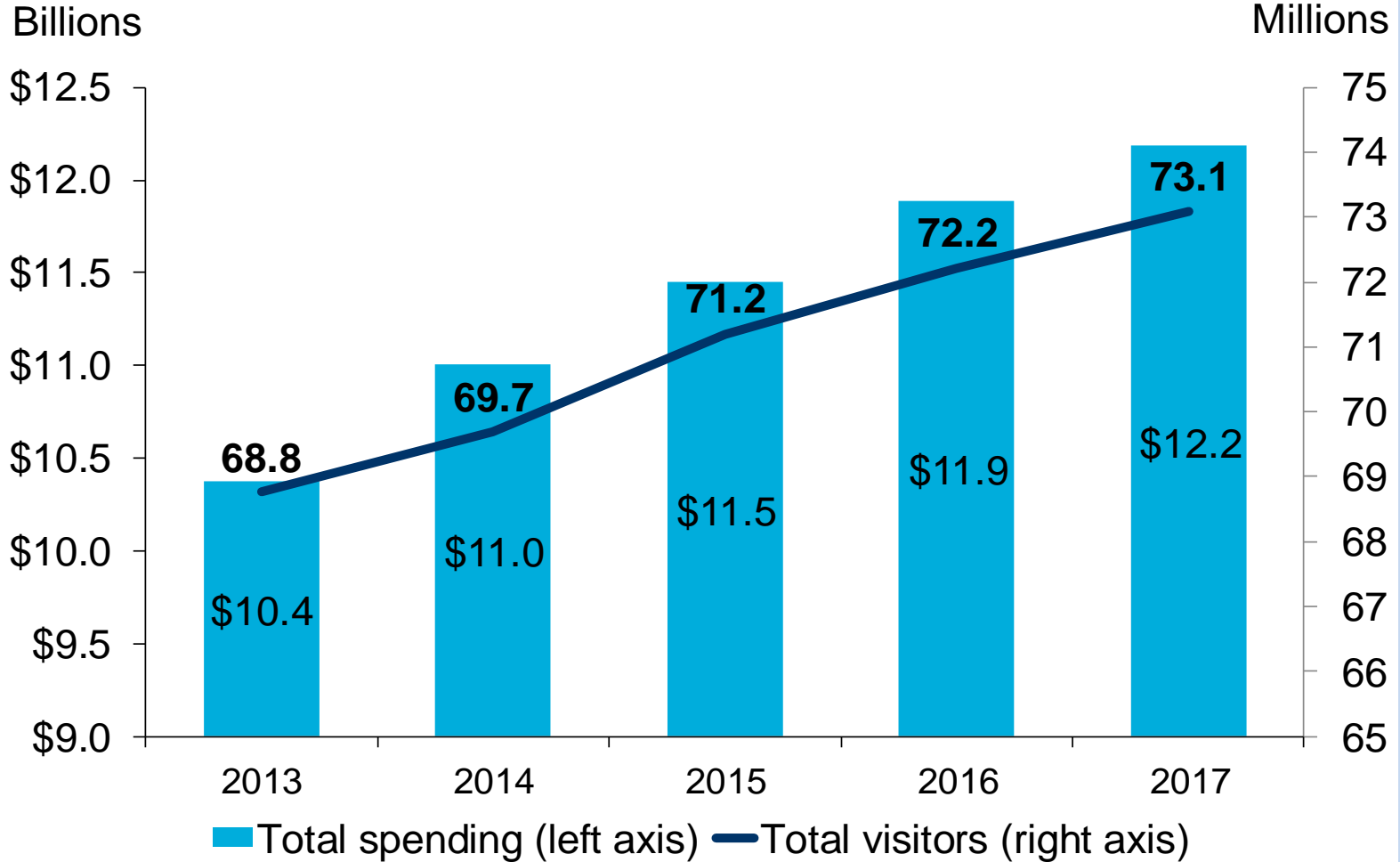
#ONLYINMNE

International Usage

Adventure lives in
TRUE NORTH USA

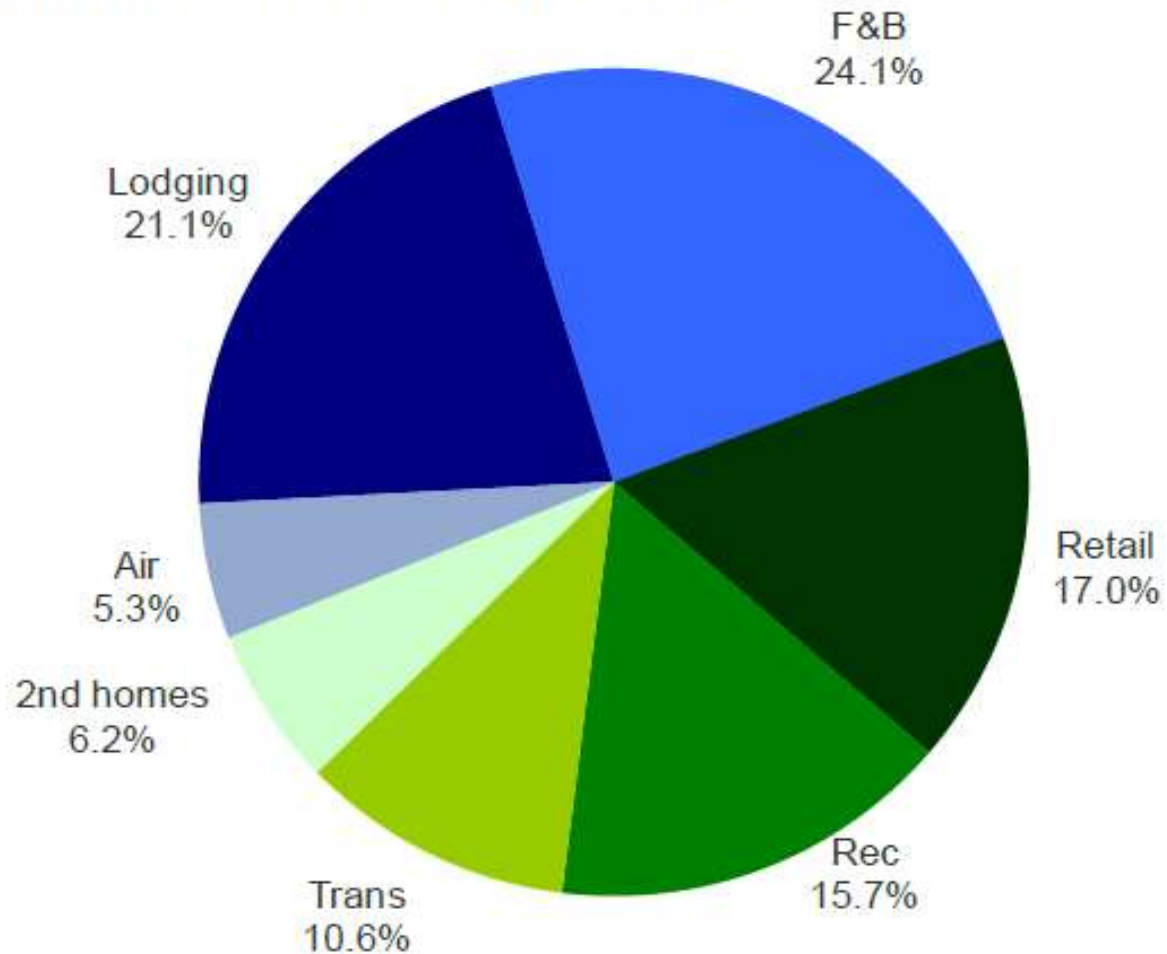
m EXPLORE
MINNESOTA

Minnesota travel volume and spending



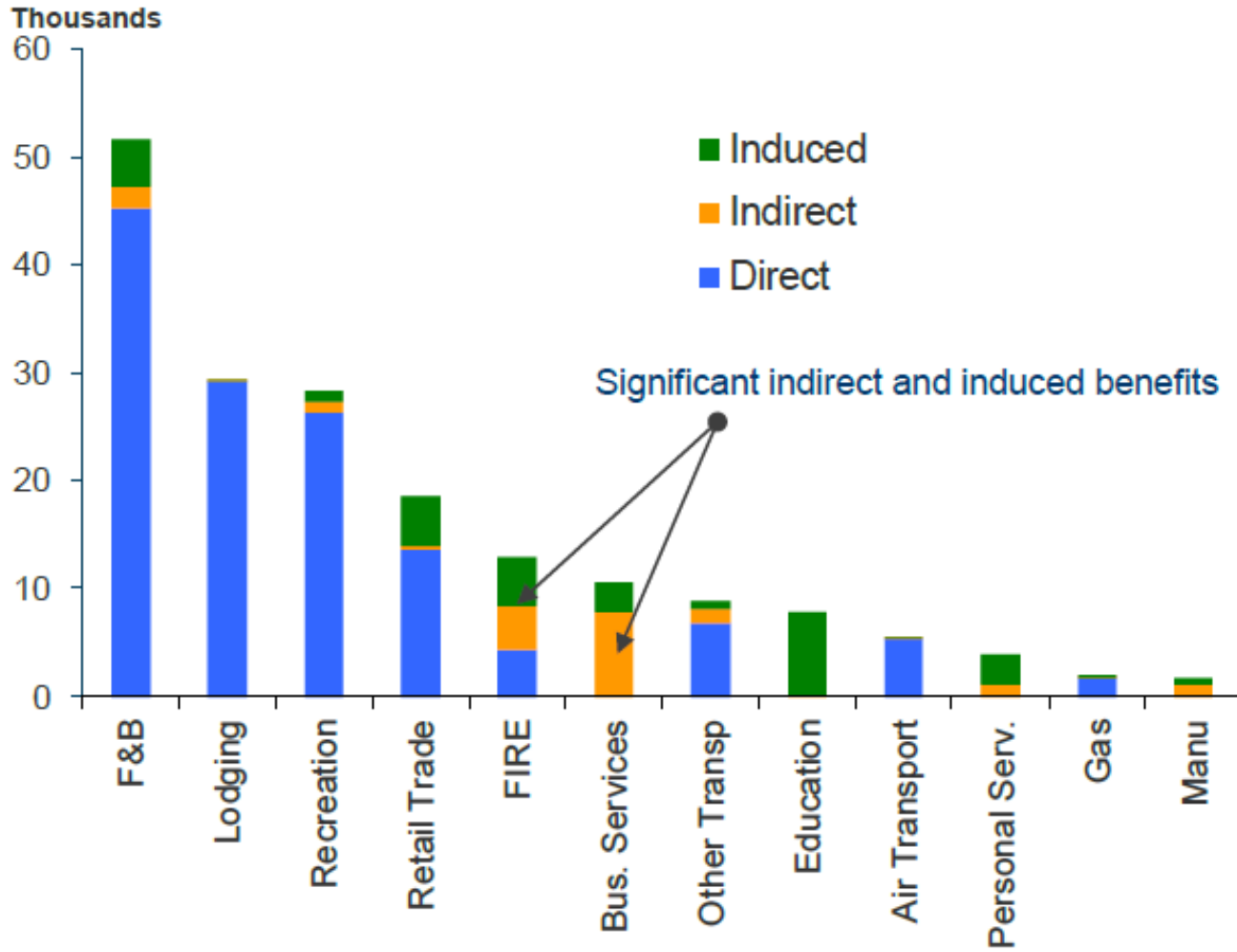
Source: Tourism Economics

Minnesota Traveler Spending

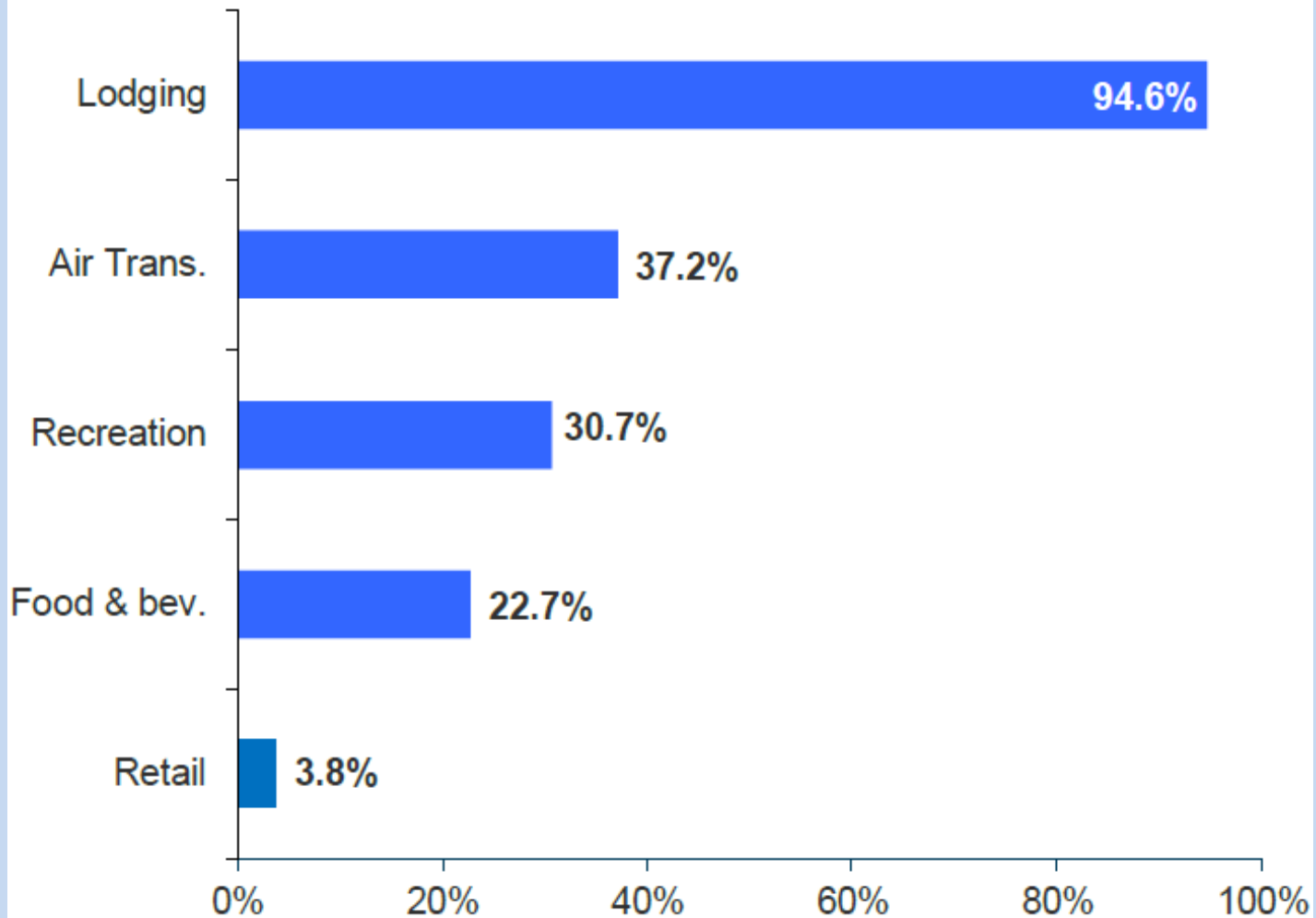


Sources: Longwoods International, NTTU, Stats Can, Tourism Economics

Travel Employment by Industry

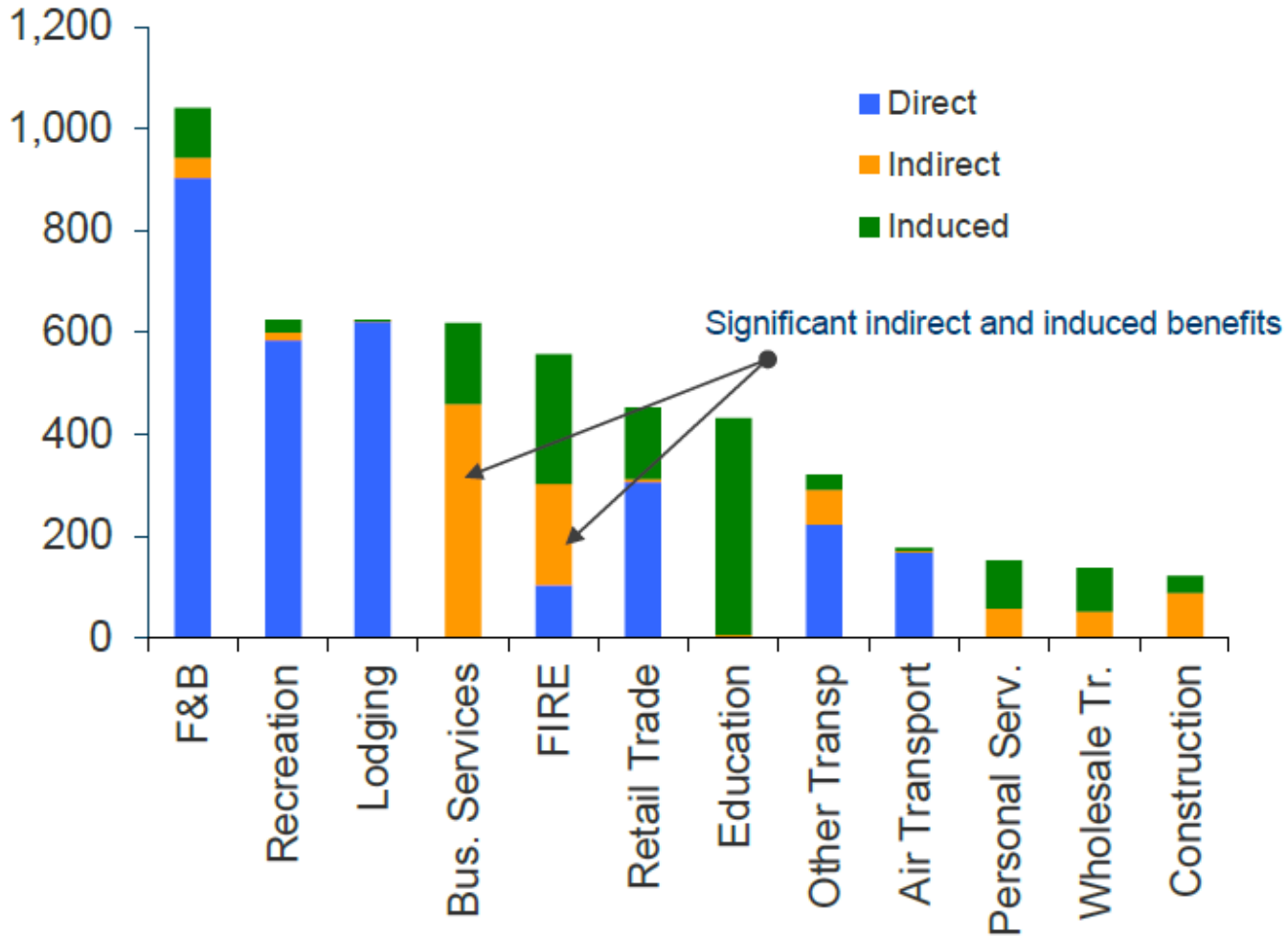


Travel Employment Intensity by Industry



Travel Labor Income by Industry

\$ million



Traveler Generated Taxes - State and Local Government Revenues

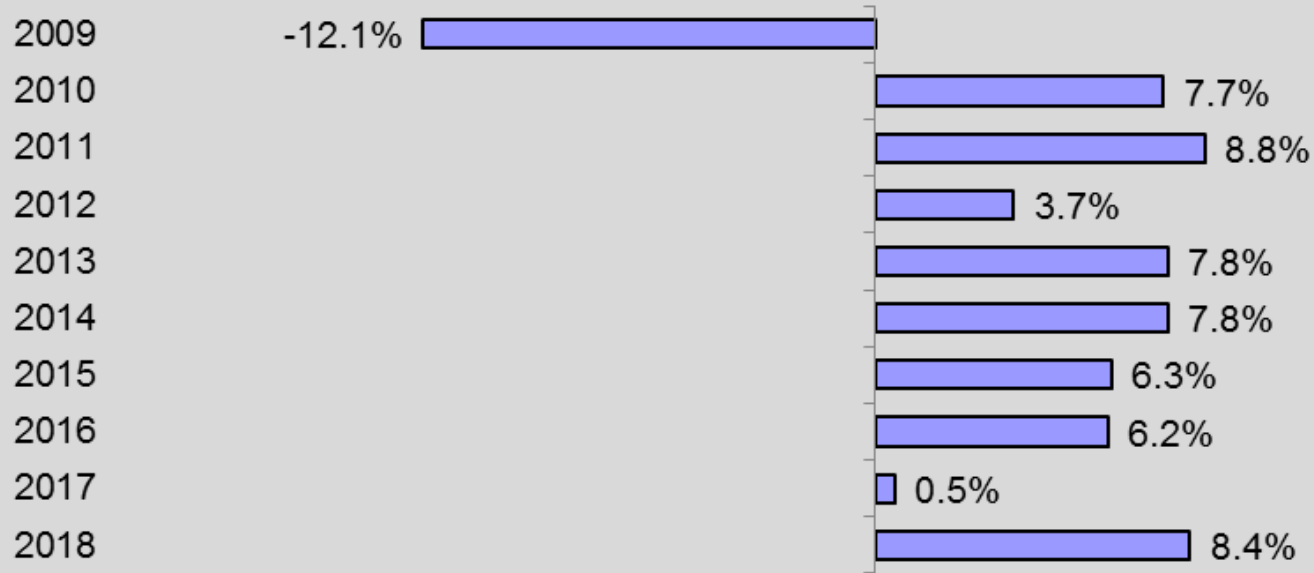
(US\$ Million)

Tax Type	Direct	Indirect/ Induced	Total
State Tax Subtotal	<u>539.5</u>	<u>262.0</u>	<u>801.5</u>
Corporate	19.4	25.3	44.8
Personal Income	88.8	83.1	171.9
Sales	369.9	127.1	497.0
Lodging	0.0	0.0	0.0
Property	27.9	9.6	37.5
Excise and Fees	27.5	11.6	39.1
State Unemployment	6.0	5.3	11.3
Local Tax Subtotal	<u>347.8</u>	<u>195.1</u>	<u>542.9</u>
Corporate	0.0	0.0	0.0
Personal Income	0.0	0.0	0.0
Sales	11.4	3.9	15.3
Lodging	0.0	68.9	68.9
Property	251.8	86.5	338.3
Excise and Fees	84.6	35.9	120.5
State Unemployment	0.0	0.0	0.0

Hotel Performance

Change in Room Revenue - Minnesota

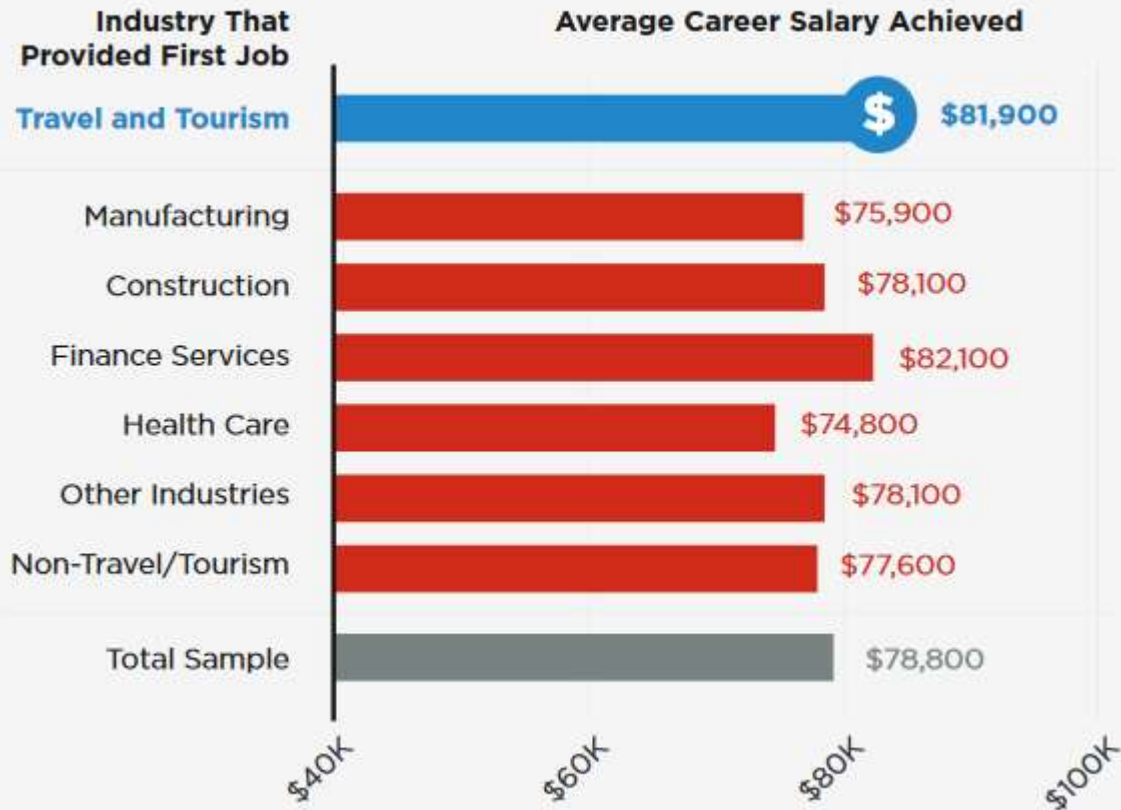
Source: STR, Inc.



Travel jobs provide millions of Americans with a gateway to a promising career and the opportunity to join America's middle class.



A Better Start: Workers Who Begin in Travel Ultimately Acheive Higher Wages in Their Careers



Source: U.S. Travel Association estimates based on U.S. Department of Labor, 2015 data



Travel Leads to Higher Pay for Women and Minorities

AVERAGE MAXIMUM ANNUAL WAGE ACHIEVED



SOURCE: Oxford Economics based on BLS data



NEWS > BUSINESS

Real World Economics: Minnesota's labor shortage cuts both ways

By [EDWARD LOTTERMAN](#) | elotterman@pioneerpress.com

PUBLISHED: December 3, 2016 at 4:39 pm | UPDATED: December 5, 2016 at 10:29 am

Minnesota's "official" unemployment rate remains at 4 percent, a full point below the national rate. That is on a "seasonally adjusted" basis that smooths out such one-off factors as students working in summer or seasonal retail temps in the weeks before Christmas.





Wanted: Workers to fill Rochester's growing labor shortage

Catharine Richert · Rochester, Minn. · Dec 1, 2016

Business



Beverly Babcock, left, an instructor at the Career and Technical Education Center in Rochester. Hospitality is just one of the programs offered at the newly constructed school to offer students career preparation classes. *Jerry Olson for MPR News*

BUSINESS

Schafer: In Cook County, simple pleasures suffer from a lack of help

Employers have tried just about every common-sense idea to get and keep people, leaning particularly hard on the option of importing them from abroad.

DECEMBER 3, 2016 — 5:50PM



LEE SCHAFER
@LEEASCHAFER

It's time for "hygge" in the tourist area of Cook County at the tip of northeastern Minnesota.

If this is a new term for you, too, it comes from the Danes and defines the concept of quietly enjoying a simple pleasure, maybe a cup of good coffee in front of a warm fire. It's what the Cook County tourism industry is selling now, since the snow hasn't yet materialized for skiers.

Now, if only a few more employees were still around to help make the beds for visitors who want to enjoy a little hygge in the area.

While labor markets are tight across much of Minnesota, the worker shortage is acute in Cook County. Employers have tried just about every common-sense idea to get and keep people, leaning particularly hard on the option of importing them from abroad.

The biggest problem with those workers, though, is that they can't stay in the country long enough. That the hospitality industry has lobbied for eased restrictions on foreign workers says a lot about the ineffectiveness of more conventional strategies.



Thank you!

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