

Funding for Iowa Tourism¹

This IPRO report presents an overview of public funding for state tourism promotion in Iowa and throughout the Midwest.

Tourism in Iowa

Compared to its Midwestern counterparts, Iowa spends relatively little promoting tourism, spending \$5 million in 2009, less than half of the average of \$10.2 million for the region.² Nationally, Iowa ranks 45th for publicly funded tourism promotion in fiscal year 2008. Currently funds are spent advertising on broadcast television, cable, radio, consumer magazines, local media and travel websites, a link on MapQuest, newspaper inserts, outdoor advertisements and grant programs for advertising by individual attractions and communities.³ These advertisements target people from Iowa, Illinois, Kansas, Minnesota, Missouri, Nebraska, South Dakota and Wisconsin, but specifically women between 25 and 49 “with children living at home” and adults 25 and older “traveling the Midwest.”⁴ Travelers within Iowa are primarily from Iowa (50.3%), with Illinois (10.9%), Nebraska (8.8%) and Minnesota (4.9%) following.⁵ Surveys indicate that the top reason people travel in Iowa is to visit family/friends (47.2%).⁶ Additionally, the majority (53.2%) of visitors do not stay overnight, but rather take day trips to Iowa.⁷ Tourism to Iowa in any form raises revenue for the state government and businesses in terms of food consumption, accommodations, tourist attractions, shopping and gas purchases.

Benefits

- State tourism creates jobs. During 2009, domestic travel generated 63,100 jobs in Iowa comprising 4.3 percent of the state’s non-agricultural employment.⁸ Without these employment opportunities, the unemployment rate in 2009 would have been 3.7 percent of

¹ This IPRO report was created by Elizabeth Weyer and Kristina McLaughlin (kristina-mclaughlin@uiowa.edu).

² *Let’s Talk Tourism: What Iowa Could Do With Additional Marketing Dollars*. Publication. Travel Federation of Iowa. Web. 13 Nov. 2010. <http://www.travelfederationofiowa.org/files/IOWA_TOURISM_FACTS_FOR_TF12.PDF>.

³ Ibid.

⁴ Ibid.

⁵ D.K. Shifflet & Associates Ltd. *Iowa’s Leisure Domestic Visitors*. Publication. TravelIowa.com. Web. 13 Nov. 2010. <<http://www.traveliowa.com/downloads/07travelreport.pdf>>.

⁶ Ibid.

⁷ Ibid.

⁸ Reinders, LuAnn. *2009 Economic Impact of Travel on Iowa Counties*. Publication. Iowa Department of Economic Development. Web. 14 Nov. 2010. <<http://traveliowa.com/downloads/tourismimpact09.pdf>>.

the labor force (or 3.7 percent higher).⁹

- Domestic travel expenditures generate revenue for all 99 counties in Iowa,¹⁰ including over \$100 million for 12 counties.¹¹
- Tourism generates revenue for the state through taxes. In 2009, domestic travel spending generated \$762.9 million in federal, state and local tax revenue.¹² Tax revenue alone increased the state treasury by 3.1 percent in 2009 to \$312.6 million.¹³
- While domestic travel spending decreased on an average of 7.9 percent in response to the recession, domestic travel spending in Iowa decreased by 5.5 percent.¹⁴

Costs

- The funds used to promote tourism could be used towards other state programs considered more essential to the well being of Iowans.
- The return on investment for tourism may not be as large as expected. In Iowa, one job was generated for every \$95,963 (on average) that was spent by domestic travelers in 2009.¹⁵
- Jobs within the tourism industry may be less secure than other industries during an economic retraction, largely in the service sector. Such jobs often do not provide benefits, such as health care. During the most recent recession, there was a 2.3 percent decrease in jobs and a 3.1 percent payroll decrease (\$1.1 billion) from 2008 to 2009.¹⁶

Administrative Overview

In Iowa, the state government promotes tourism through several departments: the Iowa Department of Economic Development includes the Division of Tourism; the Iowa Department of Cultural Affairs oversees the Iowa Arts Council, the Iowa Great Places Initiative, and the State

⁹ Reinders, LuAnn. *2009 Economic Impact of Travel on Iowa Counties*. Publication. Iowa Department of Economic Development. Web. 14 Nov. 2010. <<http://traveliowa.com/downloads/tourismimpact09.pdf>>.

¹⁰ *Let's Talk Tourism: What Iowa Could Do With Additional Marketing Dollars*. Publication. Travel Federation of Iowa. Web. 13 Nov. 2010. <http://www.travelfederationofiowa.org/files/IOWA_TOURISM_FACTS_FOR_TFI2.PDF>.

¹¹ Research Department of the U.S. Travel Association. *The Economic Impact of Travel on Iowa Counties 2009*. Publication. Iowa Department of Economic Development, Tourism Office. Web. 14 Nov. 2010. <<http://www.traveliowa.com/downloads/countyimpact09.pdf>>.

¹² Ibid.

¹³ Reinders, LuAnn. *2009 Economic Impact of Travel on Iowa Counties*. Publication. Iowa Department of Economic Development. Web. 14 Nov. 2010. <<http://traveliowa.com/downloads/tourismimpact09.pdf>>.

¹⁴ Ibid.

¹⁵ Research Department of the U.S. Travel Association. *The Economic Impact of Travel on Iowa Counties 2009*. Publication. Iowa Department of Economic Development, Tourism Office. Web. 14 Nov. 2010. <<http://www.traveliowa.com/downloads/countyimpact09.pdf>>.

¹⁶ Ibid.

Historical Society of Iowa; and finally the Racing and Gaming Commission.¹⁷ The Iowa Legislative Services Agency analyzed where the funds generated from gaming were appropriated in FY2010, much of which went directly to tourism and economic development. To access this research visit the Iowa Gaming website.¹⁸

Table 1: Midwestern Comparison (2009 Data)

Table 1 displays the allocated budgets for tourism promotion and generated revenues from tourism for states surrounding Iowa. To allow for comparisons, population was taken into account by calculating estimates of revenue per capita for each state. For example, Iowa spends \$5 million per year on tourism, but generates \$6.1 billion in revenue from tourism, which means that tourism generates \$2,026 per capita in Iowa, after costs have been subtracted. This is substantially smaller than the \$2,552 per capita generated by tourism in Kansas.

¹⁷ "State of Iowa Employee Directory." *Online Directory Containing Employees of the State of Iowa*. State of Iowa Employee Directory. Web. 16 Nov. 2010. <<http://phonebook.iowa.gov/agency.aspx>>.

¹⁸ IowaGaming.org. *Gaming Revenues Benefit Iowa*. Rep. IowaGaming.org. Web. 16 Nov. 2010. <http://www.iowagaming.org/support/media/reinvesting_in_iowa/pdf/2010_Gaming_Revenues.pdf>.

State	Iowa	Kansas	Nebraska	Minnesota	S.Dakota	Wisconsin	Missouri	Illinois	Average
State Pop.	3,007,856 ¹⁹	2,818,747 ²⁰	1,769,619 ²¹	5,266,214 ²²	812,383 ²³	5,654,744 ²⁴	5,987,580 ²⁵	12,910,409 ²⁶	4,778,444
Revenue Per Capita ²⁷	\$2,026.36	\$2,552.52	\$2,087.23	\$2,086.74	\$4,414.90	\$2,119.44	\$2,050.91	\$2,381.78	\$2,465.00
Budget ²⁸ (millions)	\$5M	\$5.1M	\$6.4M	\$10.8M	\$11.4M	\$15.1M	\$20M	\$50.3M	\$15.5M
Expenditures (billions)	\$6.1B ²⁹	\$7.2B ³⁰	\$3.7B ³¹	\$11B ³²	\$3.6B	\$12B ³³	\$12.3B	\$30.8B	\$10.8B

Kansas and Iowa Comparison

Based on 2009 data and general state geography, Iowa and Kansas seem most appropriate for an in-depth comparison of tourist spending. Kansas spends slightly more on tourism than Iowa but receives almost \$1 billion more in expenditures, which are defined for the purposes of this

¹⁹ "Iowa." *State Facts for Students from the U.S. Census Bureau*. U.S. Census Bureau. Web. 14 Nov. 2010. <<http://www.census.gov/schools/facts/iowa.html>>.

²⁰ "Kansas." *State Facts for Students from the U.S. Census Bureau*. U.S. Census Bureau. Web. 14 Nov. 2010. <<http://www.census.gov/schools/facts/kansas.html>>.

²¹ "Nebraska." *State Facts for Students from the U.S. Census Bureau*. U.S. Census Bureau. Web. 14 Nov. 2010. <<http://www.census.gov/schools/facts/nebraska.html>>.

²² "Minnesota." *State Facts for Students from the U.S. Census Bureau*. U.S. Census Bureau. Web. 14 Nov. 2010. <<http://www.census.gov/schools/facts/minnesota.html>>.

²³ "South Dakota." *State Facts for Students from the U.S. Census Bureau*. U.S. Census Bureau. Web. 14 Nov. 2010. <http://www.census.gov/schools/facts/south_dakota.html>.

²⁴ "Wisconsin." *State Facts for Students from the U.S. Census Bureau*. U.S. Census Bureau. Web. 14 Nov. 2010. <<http://www.census.gov/schools/facts/wisconsin.html>>.

²⁵ "Missouri." *State Facts for Students from the U.S. Census Bureau*. U.S. Census Bureau. Web. 14 Nov. 2010. <<http://www.census.gov/schools/facts/missouri.html>>.

²⁶ "Illinois." *State Facts for Students from the U.S. Census Bureau*. U.S. Census Bureau. Web. 14 Nov. 2010. <<http://www.census.gov/schools/facts/illinois.html>>.

²⁷ Calculations: (Expenditures-Budget)/State Population = Revenue per capita

²⁸ *2010 Tourism Fast Facts Booklet*. Rep. Travel Federation of Iowa. Web. 16 Nov. 2010. <http://www.travelfederationofiowa.org/files/2010_Fast_Facts.pdf>.

²⁹ Ibid

³⁰ Norton, Shane. *2009 Tourism Satellite Account*. Rep. Global Insight. Web. 16 Nov. 2010. <<http://travelksindustry.com/DocumentView.aspx?DID=147>>.

³¹ *Nebraska Travel and Tourism Facts*. Rep. Web. 16 Nov. 2010. <<http://industry.visitnebraska.org/pdfs/industry/2009facts.pdf>>.

³² *2008 Annual Report*. Rep. Explore Minnesota. Web. 16 Nov. 2010. <http://industry.exploreminnesota.com/wp-content/uploads/2007/09/areport084_22_09.pdf>.

³³ Davidson-Peterson Associates. *The Economic Impact of Expenditures By Travelers On Wisconsin*. Rep. Wisconsin Department of Tourism. Web. 16 Nov. 2010. <<http://industry.travelwisconsin.com/~media/Files/Research/Hidden%20Research/2009%20Highlights.pdf>>

report as all travel spending in the state jurisdiction. This results in more than \$500 more per capita in revenues generated from tourism. A higher investment in tourism promotion in Iowa could increase expenditures on tourism.

Kansas
<i>Tourism Data 2009:</i> <ul style="list-style-type: none">• Domestic travel spending generated 125,000 jobs• Average spending per visitor was \$238• Tourism's tax contribution reached \$876 per KS household• Visitor spending fell by 3.1%• Tourism generated \$793 million in federal government taxes• Tourism is responsible for 4.5% of total KS Gross State Product• Tourism is the 3rd largest industry
<i>State Characteristics:</i> <ul style="list-style-type: none">• Population: 2,688,418• 82,282 square miles• GSP: \$122,731 million• GDP per capita: \$37,916

34

Iowa
<i>Tourism Data 2009:</i> <ul style="list-style-type: none">• Domestic travel spending generated 63,100 jobs• Average spending per visitor was \$258• Tourism's tax contribution reached \$324 per IA household• Visitor spending fell by 5.5%• Tourism generated \$358.1 million in federal government taxes• Tourism is responsible for 4.7% of total IA Gross State Product
<i>State Characteristics:</i> <ul style="list-style-type: none">• Population: 3,002,555• 55,869.3 square miles• GSP: \$135,702 million• GDP per capita: \$36,751

35

³⁴ Norton, Shane. *2009 Tourism Satellite Account*. Rep. Global Insight. Web. 16 Nov. 2010. <<http://travelksindustry.com/DocumentView.aspx?DID=147>>.

³⁵ Research Department of the U.S. Travel Association. *The Economic Impact of Travel on Iowa Counties 2009*. Publication. Iowa Department of Economic Development, Tourism Office. Web. 14 Nov. 2010. <<http://www.traveliowa.com/downloads/countyimpact09.pdf>>.

Missouri Tourism Promotion Model

To compete with its midwestern neighbor, Illinois, Missouri promotes tourism by dedicating a percentage of tourism-generated tax revenue for tourism marketing. This national model of tourism investment was created in 1994; the Missouri Division of Tourism budget increased to \$20.7 million in 2008 from \$6 million in 1993, before the tourism promotion system was implemented. The Missouri Department of Revenue works with the travel industry to identify businesses impacted by tourist dollars. The following year, a small percentage of the growth in tax revenue from these identified businesses is reinvested in tourism promotion. This plan allows for the eventual elimination of tourism appropriation from the state general fund, which has occurred since 2002. As a final indication of the model's value, for every \$1 invested in marketing the state of Missouri to travelers \$48.13 is returned in expenditures.³⁶ However, tourism generates roughly the same expenditures per capita in Missouri as in Iowa, even though Iowa has very low investment in tourism promotion.

This report was prepared in November 2010 by the Iowa Policy Research Organization (IPRO), a non-partisan public policy undergraduate research group at the University of Iowa. For additional research on this or other issues, please visit our website at <http://www.uiowa.edu/~ipro/> or contact us at caroline-tolbert@uiowa.edu.

³⁶ Missouri Division of Tourism. *Missouri's Funding for Tourism Promotion*. Rep. VisitMo.com. Web. 16 Nov. 2010. <http://industry.visitmo.com/LinkClick.aspx?fileticket=jBa3CnwX_10%3d&tabid=457&mid=1019>.