

# THE TOURISM ECONOMY

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## By the Numbers: The impact of tourism on Wisconsin's Economy

—Dale Knapp, Director, Forward Analytics

Tourism in Wisconsin takes many forms, from summer camping at Copper Falls State Park in Ashland County to a day trip to Brown County to visit the Packers' hall of fame. Tourists visit Door County to see the cherry blossoms in spring and head to Vilas County in January to take in the World Championship Snowmobile Derby. These are just four examples of the thousands of tourist attractions across the state that generate billions of dollars for local economies.

Measuring the economic impact of tourism is difficult since most "tourism industries" also cater to local residents. For

example, the restaurant and bar industry serves both tourists and residents. While there is data on total industry sales, it can be challenging to separate the tourism component from the amount local patrons spend.

At the national level, the Bureau of Economic Analysis (BEA) takes the industry data it collects and separates out the tourism components. They estimate that tourists spent \$941 billion in 2017, 3.0% more than in 2016 and a 34.2% increase since 2010.

Since BEA does not estimate state or county tourism spending, the Wisconsin Department of

Tourism (Tourism) contracts with Tourism Economics to study tourism numbers in Wisconsin. Their most recent report found that visitors – primarily tourists and conventioners – spent \$13.3 billion during 2018, 4.9% more than in 2017 and a 44.8% increase from 2010. These include visitors from other states or countries, as well as Wisconsin residents visiting the many tourist attractions in the state. According to their report, this spending supported nearly 200,000 jobs, or about 7% of all jobs statewide.

Tourism spending directly impacts only a few industries locally. Of the \$13.3 billion of

expenditures in 2018, visitors spent \$3.6 billion on hotels, motels, and other lodging, \$3.4 billion in restaurants and bars, \$2.6 billion in retail establishments, \$1.9 billion on recreation, and a \$1.8 billion on transportation.

However, not all of those dollars remain in the state. Some of the souvenirs tourists purchase are made elsewhere, so only the amount of the retail markup stays in the state. To the extent that hotels or restaurants are national chains, some of the dollars spent in those establishments end up in other states.

### Spending By County

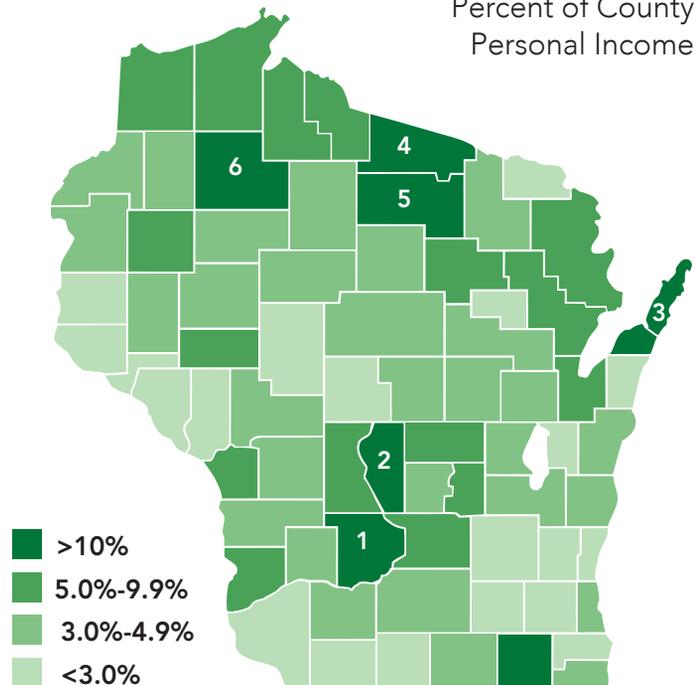
Tourism is important to many county economies as visitors spend money earned outside of the county. In 2018, nearly half of all visitor spending occurred in six counties: Milwaukee (\$2.11 billion), Dane (\$1.31 billion), Sauk (\$1.13 billion), Waukesha (\$824 million), Brown (\$696 million), and Walworth (\$569 million). Four of these are among the largest counties in the state and conventions are a significant factor in spending there.

Again, not all spending remains in these counties. For example, some of the spending by visitors on Johnsonville brats or the Ultimate Cheese Fry at a Brewers' game makes its way back to Sheboygan County where they are produced.

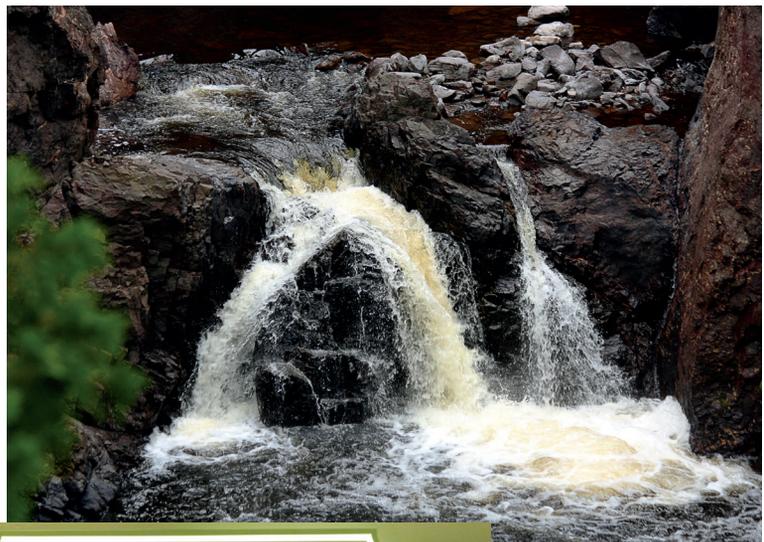
When county size is accounted for, a different picture emerges.

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**VISITOR SPENDING, 2018**  
Percent of County  
Personal Income



Source: Wisconsin Department of Tourism and U.S. Bureau of Economic Analysis



*Opposite: Door County cherry farm. Above: Copper Falls State Park. Left: Green Bay Packers Hall of Fame sign. Wikimedia Commons*

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Here, total personal income is used as a size measure. Tourism had the greatest impact in Sauk, Adams, Door, and Vilas counties in 2018. In each of those counties, tourism spending was more than 20% of total personal income.

In Oneida, Sawyer, and Walworth counties, visitor spending was over 10% of total income (see map on p. 17). In another 16 counties, mostly in northern and central Wisconsin, this percentage topped 5%.

### State & Local Support of Tourism

While tourism can be a boon for municipalities and counties, there

are often public costs associated with it. These can range from advertising and promotion, to upgrading infrastructure, to extra public safety costs during tourism season. Both state and local governments spend tax dollars to support tourism in Wisconsin.

At the state level, Tourism spends more than \$15.5 million annually on tourism development and promotion, and more than \$1.5 million on support of various arts projects.

Since 1967, Wisconsin has allowed municipalities to impose room taxes to help pay for local costs of tourism promotion and development. In 2017, 291

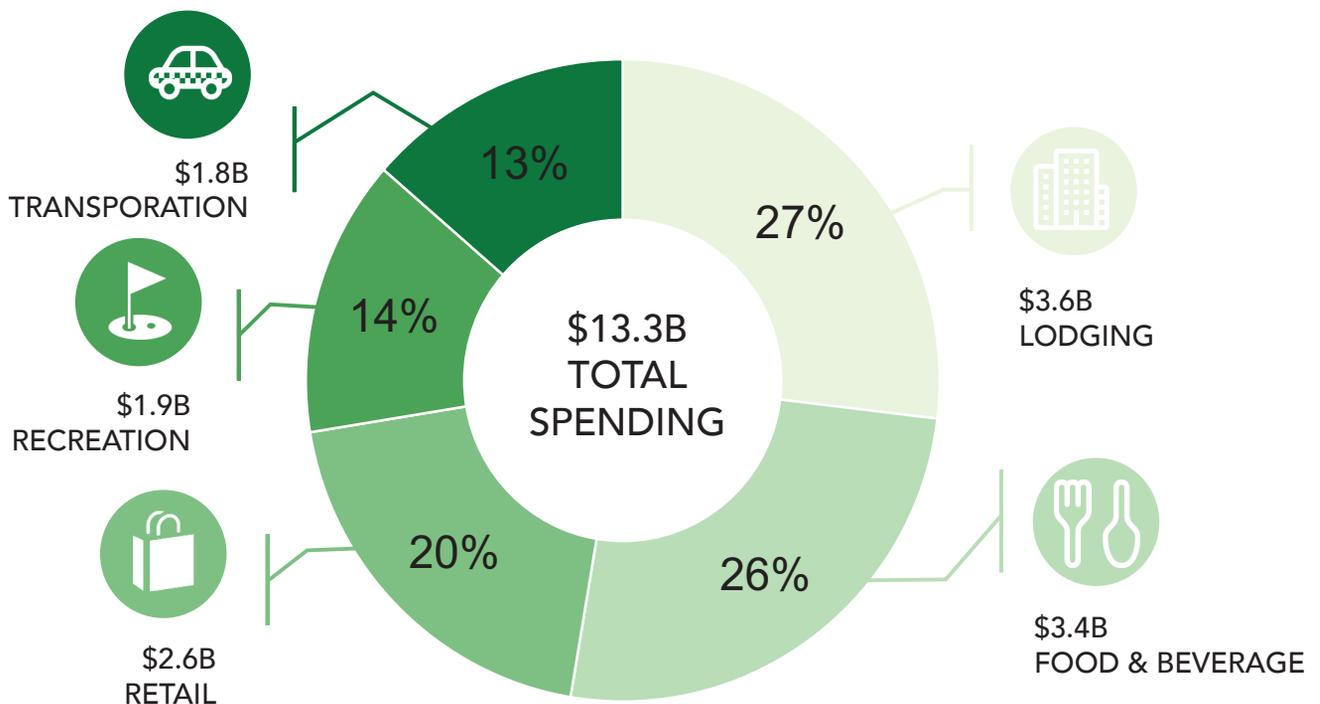
municipalities collected nearly \$100 million in room taxes, with the vast majority used for tourism costs.

### Looking Ahead & Local Support of Tourism

While it is likely that tourism will continue to grow in Wisconsin, the industry faces challenges. Most pressing is a worker shortage. The U.S. Bureau of Labor Statistics recently estimated that there were almost 900,000 unfilled positions in the leisure and hospitality industry. With Wisconsin's unemployment rate under 3%, the shortage here might be even more acute. ♦

## VISITOR SPENDING BY SECTOR, 2018

Dollars in millions & Percent of total



Source: *The Economic Impact of Tourism in Wisconsin,* Tourism Economics, May 2019