



EXECUTIVE SUMMARY

This study examines the impact of the Innkeeper's tax and the convention and visitor bureaus' expenditures on Indiana's economy.* Using annual data on each of Indiana's 92 counties from 2001 through 2007 we constructed a statistical model which calculated the contribution of the Innkeeper's tax and expenditures from each of Indiana's convention and visitor bureaus on the local economy in each tourism-related sector. The study is unique in that the causative link between a convention and visitor bureau and tourism-related commerce in a county was clearly identified. This study also reports the size and composition of tourism related economic activity in each county, and identified the backward linkages of the accommodations industry in Indiana.

We report four key findings:

- Each \$1 spent on tourism promotion and marketing by Indiana's convention and visitor bureaus generates roughly \$15 in additional tax revenues to the state. Each dollar spent on tourism by CVB's leads to almost \$200 in additional economic activity in that county.
- Tourism related tax impacts occur very quickly – within the year the marketing and promotion expenditure is made.
- In 2006, the average county in Indiana enjoyed over \$11.7 million in wages from hotel and motel accommodations, \$66 million in food service, \$7.5 million in amusement and gaming, almost \$2 million from museums and \$19.5 million from the arts and recreation activities. These are sectors that are heavily or entirely related to tourism activities. Other commercial economic activities that are supported by tourism include general merchandise, which accounts for over \$22 million per year in wages in the typical county.
- Statewide, spending on hotels – an almost exclusively tourism related activity – exceeded \$1.4 billion in 2006. Almost 60 percent of the value added production from hotels and motels stays in the state in the form of wages and investment.

Tourism marketing and development is the responsibility of the Indiana Office of Tourism Development and the 62 convention and visitors bureaus throughout Indiana. The funding for CVB operations are often provided by local option Innkeeper's taxes and funds are dedicated for marketing and promotion of the destinations.

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