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TRAVEL IN MINNESOTA

ECONOMIC IMPACT AND VISITOR PROFILE

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## I. INTRODUCTION

The Minnesota Office of Tourism contracts research with the U.S. Travel Data Center (USTDC) for measurements of the economic impact of travel on Minnesota counties as well as for the volume and characteristics of U.S. travel to and through the state.

The USTDC economic impact study estimated the level of visitor spending, taxes, travel industry employment and payroll in Minnesota and its counties for 1986. The study is based on National travel surveys conducted by the U.S. Bureau of Census and the USTDC. The USTDC uses an econometric model to estimate the impact of domestic visitors on the Minnesota economy by measuring travel activity in 16 travel expenditure categories. The USTDC defines a traveler as a Minnesota resident or out-of-state visitor traveling away from home overnight, or on day trips to places 100 miles or more away from home. Foreign visitors are not included in the estimates.

The travel survey conducted by the USTDC provides data on the demographics and travel behavior of visitors to Minnesota. Source of the information comes from their National Travel Survey, a monthly telephone survey conducted among national probability samples of over 1,500 adults. Data for two years, 1985 and 1986, were used to give a better sample base which was 462 trips for Minnesota. The National Travel Survey is widely respected as a measure of travel activity in all 50 states.

The reader should distinguish the difference between a trip and a person-trip. If one person reported three different trips, his/her travel is counted as three trips and three person-trips. However, if three persons from a household go together on one trip, their travel is counted as one trip and three person-trips.

## II. ECONOMIC IMPACT OF TRAVEL AND TOURISM IN MINNESOTA

Table 1  
Impact of Travel on Minnesota, 1986

Visitors, To and Thru:	28.0 million
Travel Expenditures:	5.3 billion
Taxes Generated:	690.7 million
Travel Employment:	108 thousand
Travel Payroll:	1.1 billion

Source: U.S. Travel Data Center

Table 2  
Domestic Travelers in Minnesota, 1986

<u>Purpose of Travel</u>	<u>Total Travelers</u>	<u>Percent</u>
Visit friends/relatives	10,360,000	37
Other pleasure	10,080,000	36
Business	2,240,000	8
Convention	1,680,000	6
Other	3,640,000	13
Total	28,000,000	100.0

Source: U.S. Travel Data Center

The USTDC estimated that the average annual visitation to and through Minnesota in 1986 was 14.6 million trips and 28.0 million person-trips for an average travel party size of 1.92 persons. Minnesota was the final destination for an estimated 11.7 million trips and 22.3 million person-trips. Average length of stay was 4.9 nights and it was estimated that 11.9 million trips and 22.8 million person-trips spent one or more night(s) in Minnesota in 1986.

Table 3

Distribution of Domestic Travel Expenditures, 1986

<u>Expenditure Category</u>	<u>Expenditures (\$ millions)</u>	<u>Percent of State Total</u>
Public Transportation	\$1,491.1	28.3
Auto Transportation	812.4	15.4
Food service	1,254.1	23.8
Lodging	793.0	15.1
Entertainment/recreation	488.7	9.3
Incidentals	424.4	8.1
Total	\$5,263.7	100.0

Source: U.S. Travel Data Center

In terms of economic return, the Minnesota travel and tourism industry is one of the most important in the state. According to the U.S. Travel Data Center, U.S. travelers to Minnesota in 1986 spent \$5.3 billion on transportation, food, lodging, entertainment, and other trip related items. The bulk of these expenditures (Table 3) was for transportation (\$2.3 billion), followed by food (\$1.3 billion) and lodging (\$793 million).

Table 4

Domestic Travel-generated Tax Revenue, 1986

<u>Level of Government</u>	<u>Tax revenue (\$ millions)</u>	<u>Percent of tax revenue Collected in Minnesota</u>
Federal	\$358.1	2.5
State	272.5	5.6
Local	60.2	2.5
Overall	\$690.7	3.2

Source: U.S. Travel Data Center

Another important economic benefit of travel and tourism is the tax revenue which it generates for federal, state, and local governments to improve the overall quality of life enjoyed by Americans.

The US. government imposes taxes on gasoline, airline tickets, and personal and corporate income. It is estimated that travel spending in Minnesota generated \$358.1 million for the federal government. As shown in Table 4, this amount comprised 2.5 percent of the total federal tax collections in Minnesota during 1986. Each travel dollar produced nearly 6.8 cents for federal tax coffers.

Travelers in Minnesota directly generated \$272.5 million in tax revenue for the state treasury through state sales and excise taxes, and taxes on corporate income. This comprised approximately 5.6 percent of all the state tax revenue for fiscal 1986. On the average, each travel dollar produced 5.2 cents in state tax receipts.

Local government in Minnesota directly benefited from travel as well. During 1986, traveler spending generated \$60.2 million in local tax revenue for county and municipal governments. The primary source of these tax dollars is the local property tax. Total travel-generated local taxes comprised about 2.5 percent of local tax receipts from all sources. Each travel dollar produced about 1.1 cents for local tax coffers.

Table 5

Domestic Travel-generated Employment, 1986

<u>Industry category</u>	<u>Jobs</u>	<u>Percent of State Total</u>
Food service	54,325	50.3
Lodging	18,209	16.9
Transportation	16,225	15.0
Entertainment/recreation	11,625	10.8
General retail trade	4,265	4.0
Travel arrangement	3,316	3.1
Total	107,965	100.0

Source: U.S. Travel Data Center

One of the most important benefits of travel and tourism is the employment which this activity supports. Travel creates jobs for individuals within communities by attracting money from outside the community. Due to the diversity of spending on travel and tourism, a wide variety of jobs at every skill level is created. On the average, every \$48,000 spent by travelers in Minnesota directly supported one job during 1986.

As indicated in Table 5, food service, including restaurants and other eating and drinking places, provided more jobs than any other industry category, accounting for 54.3 thousand jobs, over 50 percent of the state total. This is attributable to the labor-intensiveness of the business and the large proportion of expenditures spent on food service. Lodging, another labor-intensive business, accounted for additional 17 percent of jobs attributable to travel spending.

Payroll (wages and salaries) paid by Minnesota travel-related firms and directly attributable to traveler spending totaled \$1,115.5 million in 1986, an increase of 4.1 percent from the \$1,071.1 million in 1985.

Table 6  
Impact of Domestic Travel on Minnesota Counties, 1986  
 Alphabetical by County

County	Total Travel Expenditures (000)	Travel Generated Payroll (000)	Travel Generated Employment (Jobs)	State Tax Receipts (000)	Local Tax Receipts (000)
AITKIN	\$ 52,652	\$ 9,087	743	\$ 852	\$ 304
ANOKA	14,672	2,237	244	812	75
BECKER	56,525	10,558	1,253	2,930	354
BELTRAMI	35,137	6,742	747	1,815	226
BENTON	9,361	2,018	212	451	84
BIG STONE	2,042	336	35	88	11
BLUE EARTH	14,843	2,577	299	882	86
BROWN	23,821	4,572	619	1,687	153
CARLTON	12,617	2,182	241	594	73
CARVER	9,679	1,811	214	566	61
CASS	131,592	24,696	2,959	6,858	827
CHIPPEWA	5,209	948	115	302	32
CHISAGO	9,487	1,689	212	581	57
CLAY	34,793	6,618	851	2,232	222
CLEARWATER	3,356	574	50	79	19
COOK	45,931	8,852	1,163	2,949	296
COTTONWOOD	2,751	403	41	132	13
CROW WING	170,602	32,640	4,057	10,013	1,093
DAKOTA	59,599	10,946	1,384	3,838	366
DODGE	1,903	295	34	99	10
DOUGLAS	62,126	12,059	1,641	4,352	404
FARIBAULT	4,470	702	73	196	24
FILLMORE	3,328	467	45	144	16
FREEBORN	25,856	4,839	640	1,770	162
GOODHUE	40,322	7,739	1,045	2,833	259
GRANT	1,858	301	34	99	10
HENNEPIN	2,728,521	634,804	48,592	120,030	40,274
HOUSTON	3,782	680	77	180	23
HUBBARD	32,176	6,031	752	1,857	202
ISANTI	4,474	776	87	236	26
ITASCA	48,579	9,055	1,104	2,695	303
JACKSON	8,857	1,646	217	580	55
KANABEC	2,743	440	47	125	15
KANDIYOHI	32,917	6,168	746	1,819	207
KITTSOON	2,744	463	44	89	16

Note: Details may not add to totals due to rounding.



Table 6

Impact of Domestic Travel on Minnesota Counties, 1986  
Alphabetical by County

County	Total Travel Expenditures (000)	Travel Generated Payroll (000)	Travel Generated Employment (Jobs)	State Tax Receipts (000)	Local Tax Receipts (000)
KOOCHICHING	\$ 27,567	\$ 5,522	657	\$ 1,712	185
LAC QUI PARLE	5,487	990	118	282	33
LAKE	19,248	3,585	457	1,165	120
LAKE OF THE WOODS	25,278	4,758	578	1,364	159
LE SUEUR	11,248	2,065	264	697	69
LINCOLN	2,424	395	37	73	13
LYON	14,800	2,816	373	1,010	94
MAHNOMEN	4,038	739	92	232	25
MARSHALL	3,448	541	41	65	18
MARTIN	7,413	1,327	159	435	44
MCLEOD	10,725	1,913	246	707	64
MEEKER	5,729	961	90	171	32
NEELES	16,716	3,116	410	1,092	104
MORRISON	15,470	2,888	362	925	97
MOWER	9,974	1,777	206	556	59
MURRAY	5,320	890	73	94	30
NICOLLET	16,057	3,067	409	1,102	103
NOBLES	13,500	2,506	327	891	84
NORMAN	2,438	382	30	54	13
OLMSTED	289,316	58,478	7,375	19,627	2,645
OTTER TAIL	59,349	10,850	1,245	2,858	363
PENNINGTON	15,988	3,119	397	1,052	104
PINE	23,244	4,072	405	781	136
PIPESTONE	2,474	423	52	142	14
POLK	22,424	4,182	521	1,315	140
POPE	6,880	1,293	165	417	43
RAMSEY	350,199	67,401	8,747	23,398	3,617
RED LAKE	1,823	229	19	71	8
REDWOOD	7,197	1,270	157	416	43
RENVILLE	8,837	1,539	195	543	52
RICE	17,854	3,346	398	1,019	112
ROCK	2,689	453	50	145	15
ROSEAU	9,227	1,705	216	557	57
SANCTUARY	257,260	51,093	6,206	16,116	3,260
ST. LOUIS	19,006	3,508	460	1,276	117

Note: Details may not add to totals due to rounding.

Table 6  
Impact of Domestic Travel on Minnesota Counties, 1986  
 Alphabetical by County

County	Total Travel Expenditures (000)	Travel Generated Payroll (000)	Travel Generated Employment (Jobs)	State Tax Receipts (000)	Local Tax Receipts (000)
SHERBURNE	\$ 13,555	\$ 2,358	237	\$ 484	94
SIBLEY	1,080	159	17	46	5
STEARNS	70,433	13,085	1,749	4,766	614
STEELE	14,063	2,674	333	883	90
STEVENS	9,022	1,727	229	606	58
SWIFT	3,520	593	54	112	20
TODD	15,005	2,639	278	590	88
TRAVERSE	1,907	305	35	96	10
WABASHA	4,222	713	79	204	24
WADENA	6,165	1,055	107	241	35
WASECA	3,155	560	62	168	19
WASHINGTON	59,264	11,162	1,483	4,030	374
WATONWAN	2,499	366	35	105	12
WILKIN	1,621	277	33	84	9
WINONA	25,239	4,643	594	1,591	155
WRIGHT	20,616	3,621	441	1,207	121
YELLOW MEDICINE	2,372	389	45	121	13
STATE TOTAL	\$ 5,263,710	\$ 1,115,476	107,965	\$ 272,459	60,171

Note: Details may not add to totals due to rounding.

Source: U.S. Travel Data Center

Travel expenditures include costs for travel-related activities associated with all the different types or purpose of travel as listed in Table 2. In addition, certain of the "fixed" or capital costs of owning a motor vehicle (including campers, motor homes, etc.) or a vacation or second home are included as associated with taking a trip. Generally, expenditures are assumed to take place at the point where the good or service is bought while traveling. The two exceptions to the rule are that the fixed costs of operating a motor vehicle on a trip are allocated to the travelers area of residence, and the "imputed rent" of spending nights in the traveler's own vacation home are allocated to the area visited. Because of the factors noted above, the level of travel expenditures should be used with caution and they should not assume to be related entirely to tourist travel.

III. PROFILE OF DOMESTIC VISITORS TO MINNESOTA, 1985-1986

Origin of Visitors

Table 7  
Origin of Visitors by U.S. Census Regions\*

<u>Origin region</u>	<u>Percent of Trips</u>	<u>Percent of Person-trips</u>
West North Central	51	56
East North Central	36	33
South Atlantic	4	5
Mid-Atlantic	2	1
Mountain	2	1
Pacific	2	1
East South Central	1	1
West South Central	1	1
New England	1	1
Total	100	100

Base: 14.6 million trips  
 28.0 million person-trips

Source: U.S. Travel Data Center

\*West North Central= Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

East North Central= Illinois, Indiana, Michigan, Ohio and Wisconsin.

South Atlantic= Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia.

Mid Atlantic= New Jersey, New York, and Pennsylvania.

Mountain= Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming.

Pacific= Alaska, California, Hawaii, Oregon, and Washington.

East South Central= Alabama, Kentucky, Mississippi, and Tennessee.

West South Central= Arkansas, Louisiana, Oklahoma, and Texas.

New England= Connecticut, Maine, New Hampshire, Rhode Island, and Vermont.

As shown in Table 7, over half (56 percent) of the person-trips to and through Minnesota originated from the West North Central region which includes the state of Minnesota.

Due in large part to proximity and population size, the neighboring East North Central region contributed one-third (33 percent) of all visitors to or through Minnesota.

Combined, the East and West North Central regions make up what is called the North Central region. The 12 states of the north central region accounted for 89 percent of all travelers to and through Minnesota for the average of the years 1985-1986.

The U.S. Travel Data Center said that out-of-state residents accounted for 7.7 million or 66% of all trips and 14.2 million or 64 percent of all person-trips of the respondents who said Minnesota was their final destination. Minnesotans accounted for 4.0 million or 34 percent of the trips and 8.1 million or 36 percent of the person trips.

Table 8  
Origin of Vacation Travelers to Minnesota from the 12  
States of the North Central Region, 1985

<u>State of Origin</u>	<u>Percent of Travelers</u>
Minnesota	40.8 %
Iowa	12.1
Illinois	11.1
Wisconsin	10.1
Michigan	5.5
North Dakota	4.0
Missouri	3.7
Indiana	3.4
Nebraska	3.0
South Dakota	2.9
Ohio	1.8
Kansas	1.7

Source: National Family Opinion, Inc.

In a 1985 study by NFO Research, Inc. to determine family vacation travel within the North Central Region, it was found that nearly three-fourths (74.1 percent) of Minnesota vacationers came from four states; Minnesota, Iowa, Illinois and Wisconsin. As would be expected, Minnesotans accounted for the largest share (41 Percent) of Minnesota Vacationers.

It should be noted that the NFO study included only vacation travelers while the USTDC statistics include travel for all purposes and covered all the U.S. census regions.

Demographics

Table 9  
Age of visitors to Minnesota

<u>Age*</u>	
18-24 years	15%
25-34	23
35-44	21
45-54	15
55-64	12
65 and over	13

\*Adjusted for non-response  
Source: U.S. Travel Data Center

By age, Minnesota travelers were found to be slightly more mature than other travelers. Those aged 65 years old and over accounted for 13 percent of the state's travelers whereas this age group accounted for 9 percent of travelers to the West North Central region as a whole and for 10 percent nationally.

Table 10  
Household Income of Visitors to Minnesota

Less than \$10,000	9%
\$10,000-19,999	20
\$20,000-29,999	25
\$30,000-39,999	23
\$40,000 or more	23

Source: U.S. Travel Data Center

A greater proportion of Minnesota travelers, 23 percent, had household income in the \$30,000 to 39,999 range compared to 18 percent of travelers nationally. But fewer Minnesota travelers, 23 percent were in the \$40,000 or more income level compared to 29 percent of all U.S. resident travelers.

Table 11  
Marital Status of Visitors to Minnesota

Married	62 %
Single, never married	26
Widowed	5
Divorced/separated	7

Source: U.S. Travel Data Center

Table 12  
Household Structure

Two or more adults	43%
Two or more adults w/children	34
Single adult, no children	19
Single adult, w/children	3

Source: U.S. Travel Data Center

Table 13

Number of Household Wage Earners

None	16 %
One	39
Two	37
Three or more	7

Source: U.S. Travel Data Center

A majority of visitors to Minnesota are married (Table 11), but almost 62 percent of Minnesota visitors have no children living at home (Table 12). The percentage of double-income households (37 percent) is nearly as high as that of the traditional single-income households (39 percent).

Table 14

Education of Visitors to Minnesota

Less than high school	14 %
High school graduate	29
Some college	24
College graduate	20
Post-graduate work	13

Source: U.S. Travel Data Center

The education levels of Minnesota travelers were generally higher than for other travelers. One-in-three (33 percent) travelers to the state had finished college. The share of college graduates among those visiting the West North Central region was less (29 percent). While 57 percent of the state's travelers reported at least some college, this was true of only 53 percent of all travelers nationally and 52 percent of regional travelers.

Table 15  
Occupation of Visitors to Minnesota

Professional/managerial	18 %
Lower level technical/managerial	15
Clerical	15
Blue Collar	10
Household services	8
Retired	14
Unemployed	6
Not working, not looking for work	9
Other	5

Source: U.S. Travel Data Center

According to the USTDC, travelers to and through Minnesota were less likely to be employed in "blue collar" occupations than were U.S. resident travelers to the average state or to the West North Central region. Ten percent at the state level were employed in such positions compared to 19 percent regionally or 16 percent nationally.

Table 16  
Mode of Transportation

Auto/truck/RV	82 %
Airplane	12
Bus	3
Train	*
Other	3

\*Less than 0.5 percent

Source: U.S. Travel Data Center

A total of 82 percent of all person-trips to and through Minnesota were by personal motor vehicle transportation compared to an average of 75 percent nationally. While one-in-five (21 percent) U.S. travelers flew to their destination, only 12 percent of Minnesota's travelers arrived by air. Only six percent of Minnesota's travelers identified transportation means other than personal motor vehicles or air.

Table 17  
Duration of Trip in Minnesota

Number of Nights in Minnesota

None	6 %
One	14
2-3	40
4-9	32
10 or more	8

Average duration during trip\* 4.9 nights

Average duration in Minnesota 3.5 nights

\*Includes all nights on trip, including those outside Minnesota.

Source: U.S. Travel Data Center

A total of 60 percent of travelers to and through Minnesota stayed three or fewer nights compared to 62 percent for the region and 58 percent by all U.S. resident travelers.

The USTDC did not report on the average number of trips taken annually but there is a trend toward taking shorter vacations on a more frequent basis.

Table 18  
Travel by Quarter of the Year

January - March	21 %
April - June	34
July - September	30
October - December	15

Source: U.S. Travel Data Center

Probably because of the fishing opener and business or other travel, the second quarter accounted for the highest share (34 percent) of all person-trips. At the national level, the peak travel period was the third quarter with one third (33 percent) of all U.S. person-trips.

The second and third quarters accounted for nearly two-thirds (64 percent) of all travel to and through Minnesota compared to only 59 percent of all travel nationally.



Table 19  
Types of Lodging by Overnight Accommodations

Homes of friends/relatives	50 %
Hotel/Motel/Motor Hotel	31
Rented cabin/condo/vacation home	2
Owned cabin/condo/vacation home	11
Camper/RV/tent	4
Other	1
No nights	6

Source: U.S. Travel Data Center

The homes of friends and relatives provided accommodations for half (50 percent) of all Minnesota travelers compared to 48 percent at the regional level and 42 percent at the national level.

Commercial accommodations such as hotels and motels were used by 31 percent of Minnesota travelers followed by nights spent in owned cabins, condominiums, or vacation homes at 11 percent.

Areas Visited in Minnesota

Table 20

Area of destination\*

A County	28 %
within major city	27 %
B County	13
C County	26
D County	31
Outside U.S.	3
* As defined by Arbitron Ratings Company	
Source: U.S. Travel Data Center	

According to the Arbitron's standards, four county types are identified:

- "A" Counties are those counties located in the 25 most populated metropolitan statistical areas (MSAs) in the U.S.
  - "B" Counties have populations of or are located within MSAs of over 150,000 (but are not "A" Counties)
  - "C" Counties have populations of or are located within MSAs of 35,000 to 150,000 (but are not "A" or "B" Counties)
  - "D" Counties describe all others.
- Also, those who visited the actual city within the top 25 MSAs are shown as a component of the "A" County category.

The USTDC said that in terms of the types of destination chosen, travel to and through Minnesota during 1985-1986 was substantially different from travel destined to the West North Central region or all U.S. resident travel overall. In addition to supplying proportionally more travel than for the region or nation, rural country areas attracted greater shares of the state's travelers. More than half (57 percent) of all travelers to and through Minnesota visited C and D Counties--those counties with populations of less than 150,000 or comprising MSAs of less than 150,000. For comparison, only 42 percent of regional and 30 percent of National travelers visited these kinds of areas.

Along with rural destinations, Minnesota travelers also favored city destinations. The counties comprising the Minneapolis metropolitan area are A counties (an A County is defined as comprising one of the 25 most populated Metropolitan Statistical Areas in the U.S.). Twenty-eight percent of all travelers to or through Minnesota visited an A county. Generally, A counties attracted proportionally fewer regional visitors (22 percent) but more U.S. resident travelers overall (38 percent).