

The Economic Impact of Destin Tourism on Okaloosa County

Final Report

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The City of Destin, Florida

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Table of Contents

EXECUTIVE SUMMARY	2
<i>List of Tables</i>	4
<i>List of Figures</i>	5
INTRODUCTION	6
<i>Purpose, Definitions, and Scope</i>	6
<i>Understanding Economic Multipliers.....</i>	8
DESTIN AREA ECONOMY	10
VISITOR ESTIMATES	13
TOURIST RELATED CONSTRUCTION	17
ECONOMIC IMPACT OF DESTIN TOURISM	20
TOURISM’S AFFECT ON DESTIN INFRASTRUCTIURE	24
<i>Estimating Public Costs</i>	24
METHODOLOGY.....	28
<i>Visitor Spending</i>	28
APPENDIX	31
<i>Glossary of Terms.....</i>	31

Executive Summary

Destin, along with other parts of Northwest Florida, is primarily a driving destination with a pronounced summer peak season. Beach related tourist activity in the Destin area has long been a major source of employment for local residents, sales for local companies, and tax revenues for the government. This report provides estimates of the economic impact of Destin tourism attributable to the tourism industry in Okaloosa County.

There are several different types of visitors. Among these are overnight visitors staying in rented accommodations, those staying with friends and relatives, those staying in their own vacation or second homes, and those who are day visitors to Destin. The number of overnight visitors renting accommodations in the City of Destin is estimated to be approximately 748 thousand people per year. The spending, income, and job figures presented in this report apply only to the impact of these overnight visitors. Although it is not possible to generate precise estimates of the number of other types of visitors, their impact on tax revenues is calculated.

Among the key findings of the study are that Destin's overnight visitors:

- generate approximately \$188 million in total sales (retail plus business-to-business sales) locally;
- represent 39% of the total economic impact of visitors in Okaloosa County;
- result in the creation of about 2,116 jobs that are directly or indirectly related to tourism and tourist-related construction in Destin;
- generate local income and wages of approximately \$36.5 million;
- cause city expenditures of \$2.5 million annually (\$1,214.50 per visitor).

Economic impacts result from two basic types of spending flows: overnight visitor spending while in the area and construction and maintenance of seasonal housing. The overnight visitor spending flows were added to construction and maintenance spending flows and entered in a multiplier model

that calculated the overall magnitude of the economic impact that the tourism industry exerts on various sectors of the local economy.

A summary of overall estimated economic impact of the Destin tourism industry on Okaloosa County, delineating the direct, indirect, and induced impact of visitor spending is presented in Table I below.

Table i: Estimated Annual Economic Impact of Destin Tourism

Estimated Annual Economic Impact of Destin Tourism				
Estimated Visitor Spending Impact	Direct	Indirect	Induced	Total
Total Spending (Output)	\$ 123,155,170	\$15,064,903	\$ 14,427,003	\$ 152,647,077
Incomes Generated	\$ 25,710,398	\$ 5,744,769	\$ 5,058,800	\$ 36,513,967
Jobs Supported	1240.2	214.3	207.8	1662.3
Estimated Tourism Related Construction Impact	Direct	Indirect	Induced	Total
Total Spending (Output)	\$ 23,031,948	\$ 7,838,814	\$ 4,968,048	\$ 35,838,811
Incomes Generated	\$ 7,365,458	\$ 3,353,301	\$ 1,742,032	\$ 12,460,791
Jobs Supported	256.8	125.7	71.6	454
Estimated Overall Impact of Destin Tourism	Direct	Indirect	Induced	Total
Total Spending (Output)	\$ 146,187,118	\$ 22,903,717	\$ 19,395,051	\$ 188,485,888
Incomes Generated	\$ 33,075,856	\$ 9,098,070	\$ 6,800,832	\$ 48,974,758
Jobs Supported	1497	340	279.4	2116.3

List of Tables

Table i – Estimated Annual Economic Impact of Destin Tourism	3
Table 1 – Destin and Okaloosa County Visitor Estimates	12
Table 2 – Summary of the Impact of Destin Visitor Spending on the Okaloosa Economy	14
Table 3 – Distribution of Visitor Spending Economic Impacts	16
Table 4 – Regional Purchase Coefficients for Tourism Industry	17
Table 5 – Summary of Estimated Annual Impact of Tourist Related Construction	18
Table 6 – Distribution of Major Impacts of Tourist Related Construction in Destin	20
Table 7 – Summary of Estimated Overall Economic Impact of Destin Tourism	21
Table 8 – Distribution of the Impact of Destin Tourism	23
Table 9 – Calculations of Fiscal Impact of Seasonal Populations	25
Table 10 – Estimated Public Costs of Seasonal Populations	25
Table 11 – Estimate of Public Expenditures on Seasonal Populations per Month	26
Table 12 – Destin Road Improvement Budget Comparison	27
Table 13 – Destin Tourist Occupancy Tax Revenues	29

List of Figures

Figure 1 – Employment by Industry Sector for Florida, Okaloosa County, and Destin	11
Figure 2 – Taxable Rentals by Type	13
Figure 3 – Distribution of the Economic Benefits of Destin Visitor Spending	14
Figure 4 – Residence of Out of State Destin Property Owners	19
Figure 5 – Distribution of the Economic Impact of Destin Tourism	21
Figure 6 – Percentage of Total Impact of Tourism in Okaloosa County	22

Introduction

Purpose, Definitions, and Scope

Community support is important for the Destin tourism industry, because it is an activity that affects the entire community. Tourism businesses depend extensively on each other as well as on other businesses, government, and the local residents. The economic benefits and costs of tourism affect virtually everyone in the region in one way or another. Tourism's contribution to economic activity in the area is, therefore, an important consideration in state, county, and community planning. Economic impact analyses provide tangible estimates of these economic interdependencies and a better understanding of the role and importance of tourism in a region's economy.

The purpose of this report is to present calculations of the magnitude of changes in economic activity arising from Destin-related tourism spending, and to clarify the impact that beach-related tourist activities have on the other industry sectors in Destin and Okaloosa County. Several measures of Destin tourism-related economic activity are estimated, including total spending, income, and employment. Spending by beach visitors results in numerous sales by businesses serving as suppliers to the tourism industries (e.g., a laundry sells linen service to a hotel). The sum of retail sales plus business-to-business sales is reported as *total spending*. The *income* figures that are reported are the sum of proprietor's income and wages and salaries accruing to workers in these businesses. The *income* figures reported are a part of *total spending*. *Employment* figures represent the number of jobs supported by sales of goods and services to consumers and by the increased level of inter-industry transactions. The job estimates given include full time, part time, and seasonal jobs.

For these economic impact calculations the regions of interest are the City of Destin and Okaloosa County. The selection of a particular geographic region influences both the amount of spending by local businesses that is captured and

the size of the multiplier effects. In the calculations for the City of Destin, only spending that takes place within the city is included as stimulating the changes in economic activity, and all measures of impacts pertain to businesses and households located in the city as well as throughout Okaloosa County. Similarly, in the calculations for Okaloosa County as a whole, spending that takes place county-wide is included as stimulating changes in economic activity, and all measures of impacts pertain to businesses and households throughout the county.

Each of the measures of economic impact reflects the value generated by industry for one annual calendar year of production. In actuality, most of the local economic impact associated with local spending changes will have occurred within this one-year time frame.

This report does not attempt to quantify quality of life issues, whether positive or negative, which are undoubtedly related to the real estate development, growing populations, or increased traffic that may result from the tourism and construction industries. It does address the additional governmental costs associated with large numbers of visitors separately; however the economic impact assesses only the gross impact of financial (spending) flows.

The visitor spending data used in these calculations were generated from survey information collected for Beaches of South Walton by The Marketing Workshop and from VISIT Florida statistics for automobile travelers to the state of Florida. For purposes of calculating economic impact, the study is particularly concerned with in-area spending patterns of overnight and day visitors. Visitor-reported daily spending for lodging, restaurant meals, shopping and entertainment, as well as other information were used to calculate total visitor spending.

A second major direct source of impact is the additional construction generated by visitor demand for accommodations. These include hotel, motels, single-family homes, multi-family developments, and condominiums, typically built on or near the area beaches. Construction spending data used in these calculations were obtained primarily from Okaloosa County building permits. The tourism spending data were added to construction spending calculations and

used in a multiplier model to estimate the overall magnitude of the economic impact that the tourism industry exerts on the various sectors of the local economy. Use of a multiplier model also lets us trace the relative impact of construction and overnight visitor spending on each industry sector. Use of these standard multiplier techniques permit the generation of estimates of total local economic impact, including total inter-industry spending, employment, and incomes associated with spending driven by tourism activities.

Understanding Economic Multipliers

There are several key concepts that must be used to get a correct estimate of the total economic impact arising from tourism spending. One of these is the regional purchase coefficient (RPC). The RPC indicates what share of total visitor spending is done within the study area for each of the spending categories. For example, an RPC of 0.25 for a given commodity means that for each dollar of local demand, 25% will be purchased from local producers. RPC's are based on the characteristics of the region and describe the actual trade flows for the region mathematically. The greater the RPC, the greater the level of local economic activity that is occurring, and the larger the economic multiplier will be. The RPC's used in this study indicate the percentage of tourist spending that occurs within the City of Destin and Okaloosa County respectively. Spending that occurs outside of these areas is not included in the reported economic impacts.

Another key concept of impact analysis is the price margin that separates wholesale from retail prices. Since this analysis involves retail prices in some spending categories and wholesale prices in others, the total spending (final demand) values needed to be subdivided into either retail or wholesale prices. Wholesale prices are those paid in business-to-business transactions, retail prices are those paid at the consumer level. Margins represent the difference between producer and purchaser prices. Margining assigns direct expenditures to the correct industry sector multipliers by splitting a purchaser price into the appropriate producer values. In this study the dollar value of impacts resulting from purchase by retail consumers are split appropriately so as to capture the

portion going to the retailer, to the wholesaler, to transportation providers, and to the manufacturer.

Economic impact analysis describes the effects of tourism using economic measures such as spending, employment, and labor income. Economic activities such as tourism generate spending in our local area, and cause jobs to be created that pay income to area residents and generate tax revenue that flows to government. However, quantifying these effects can be challenging, and the calculated economic impact should be considered an estimate based on the best information available at the time.

The effects of stimuli on economic activity are broken down into three components: direct, indirect, and induced. Direct effects are the changes in the industries to which a final demand change (the stimulus being measured in the study) was made. Industries producing goods and services for consumption purchase goods and services from other producers for final use (final demand). Indirect effects are the changes in inter-industry purchases as they respond to the new demands of the directly affected industries. These indirect purchases continue until leakage from the region stops the cycle. Induced effects reflect changes in spending from households as income increases or decreases due to the changes in production.

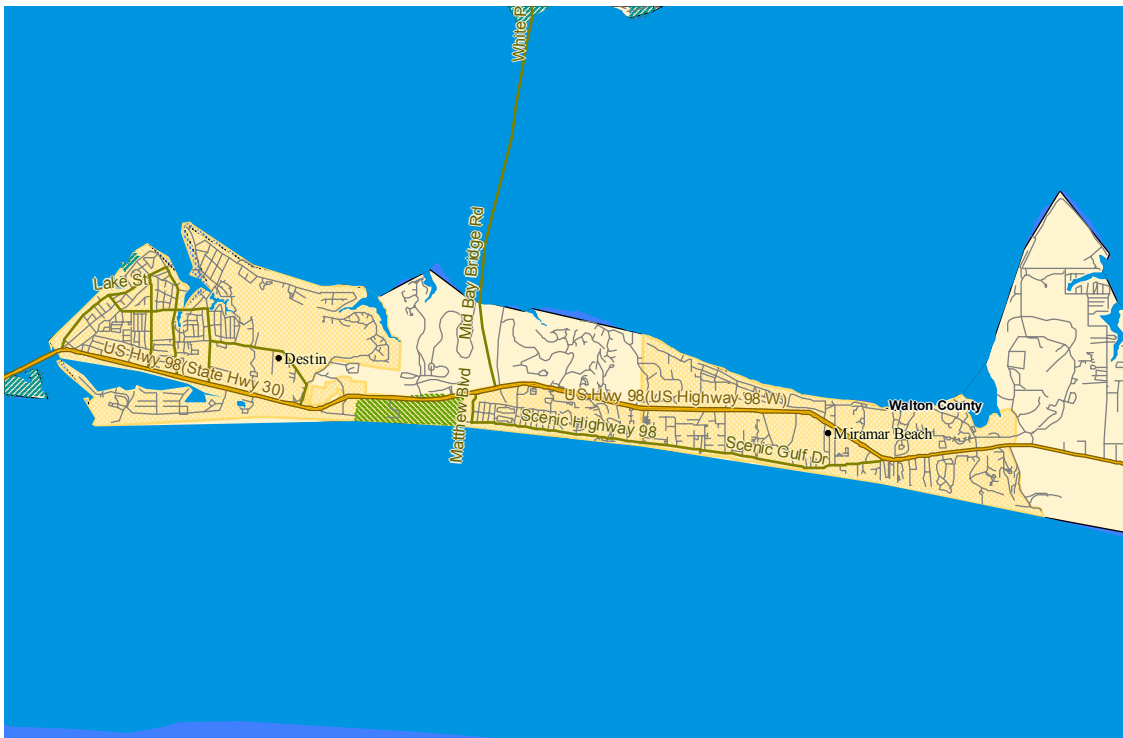
In order to determine the economic multiplier or “ripple effect” of spending, the U.S. Department of Commerce, Bureau of Economic Analysis, used actual historical data, specific to each county in the country, to describe how goods and services are produced in each county. These tables show the amount of inputs from other industries used to produce a dollar’s worth of output in a particular industry. A number of commercial firms have elaborated on these basic input-output tables and used them to produce software that models these economic relationships. The Haas Center uses *Implan Professional and Social Accounting and Impact Analysis Software* (IMPLAN), which is the most widely used model, in this study.

The next section of the report provides a brief overview of the Destin area economy to put into perspective the importance of the service, retail trade, and construction industries as major employers of the area’s workforce. Growth in

each of these industries benefits from spending by tourists and by the construction of seasonal housing.

Destin Area Economy

The City of Destin is located in the Florida Panhandle, bordered on the west by Fort Walton Beach, on the east by Sandestin and Walton County, and on the south by the Gulf of Mexico. The combination of miles of white sand beaches with blue-green water, various types of accommodations and restaurants, and plenty of shopping and other attractions, give the Destin area a strong tourist appeal.

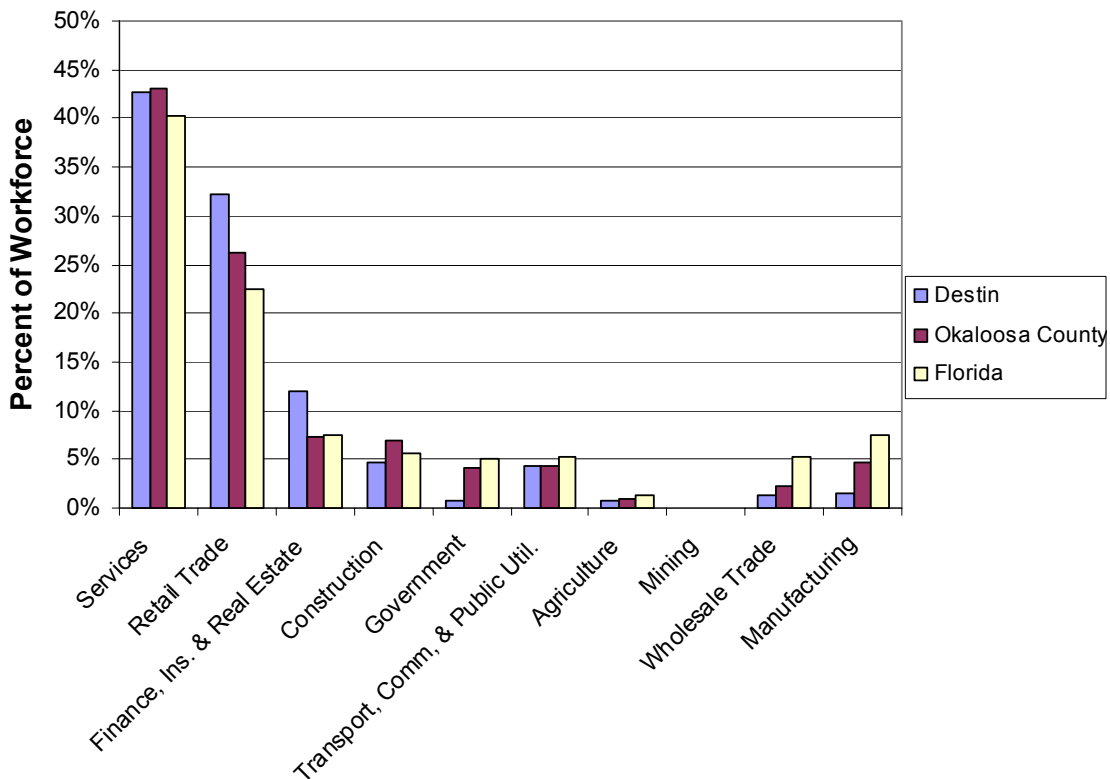


Destin is located within Okaloosa County. The City of Destin has an estimated 2003 population of 12,231, with approximately 5,473 households and a mean household income of \$82,323. Average annual employment for the area is 17,626 people. The largest industry sector is the services sector, which employs

an annual average of 7,513 people, followed by retail trade (5,676), finance insurance and real estate (2,113), and construction (825).¹

A review of employment data is a good way to identify and understand Destin’s key industries. Employment data provides the number of people whose incomes depend directly on each particular industry. Employment data is also shown to provide an indication of which industries are growing and which are declining, as well as to reveal the relative importance of each industry to the local economy. Figure 1 compares relative employment by industry sector for Florida, Okaloosa County, and the City of Destin. It shows the service industry employs the largest share of the area’s workforce, and that retail trade is also a significant employer, reflecting a strong retail presence in both Destin and Okaloosa County.

Figure 1 - Employment by Industry Sector for Florida, Okaloosa County, and Destin



Source: Claritas, Inc. Custom Summary Report of Destin, Okaloosa County, and Florida

¹ Claritas, Inc. Custom Summary Report of Destin

The employment distributions depicted above clearly illustrate the importance of the service, retail trade, and, to a lesser extent, the construction industries as major employers of the area's workforce. Each of these industry sectors benefits from spending by tourists and by the construction of seasonal housing.

Visitor Estimates

Using the methodology outlined in the "Methodology" section of this report, the tables below provide estimates of the number of visitors annually to the City of Destin and to locations in Okaloosa County outside of the City of Destin.

Table 1: Destin and Okaloosa County Visitor Estimates

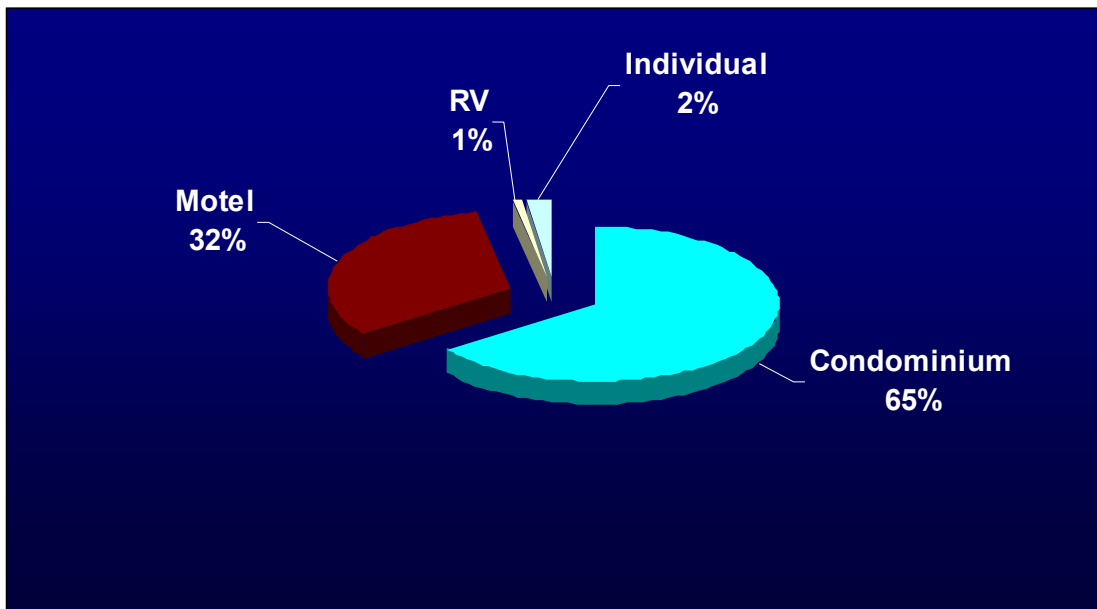
Destin Overnight Visitor Estimate	
FY 2002/2003	
Total Spent on Lodging	\$ 119,383,362
Div (/)	
Avg per night cost for lodging	\$ 114
=	
# lodging nights	1,047,222
Div (/)	
Avg length of stay	7.0
=	
# parties	149,603
times (*)	
Avg party size	5.0
=	
# tourists	748,016

Not Destin Overnight Visitor Estimate	
FY 2002/2003	
Total Spent on Lodging	\$ 66,896,647
Div (/)	
Avg per night cost for lodging	\$ 114
=	
# lodging nights	586,813
Div (/)	
Avg length of stay	4.3
=	
# parties	136,468
times (*)	
Avg party size	3.5
=	
# tourists	477,638

Visitor Spending

Tourist occupancy tax revenues and average room rates were used to impute the number of visitors staying overnight in Destin. The calculations apply to several different types of visitors. Among these are overnight visitors staying in rented accommodations, those staying with friends and relatives, and day visitors. Figure 2 illustrates the percentage of taxable rentals attributable to the various types of accommodations offered in Destin.

Figure 2 – Taxable rentals by type



Source: Okaloosa County bed tax collections

The spending of visitors to Destin for lodging, restaurants, shopping, entertainment and other goods and services injects about \$123 million in direct spending each year that stays in the local economy. When the total impact of Destin visitor spending is considered (i.e., when taking the “multiplier effect” into account), approximately \$152.6 million in total spending is generated each year in the region by visitors to Destin. About 1,662 jobs are directly or indirectly supported by tourist spending in the regional economy along with incomes to

area workforce totaling approximately \$36.5 million.

A summary of overall estimated economic impact of Destin visitor spending, delineating the direct, indirect, and induced impact of that spending is presented in Table 2 below.

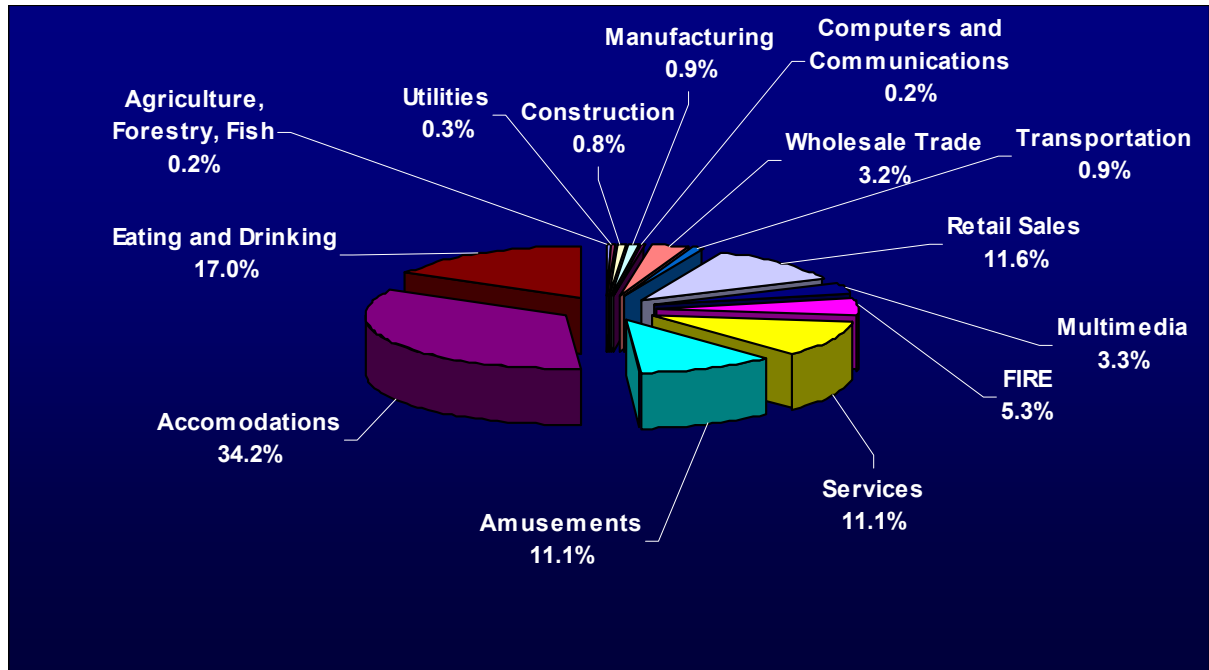
Table 2 - Summary of the Impact of Destin Visitor Spending on the Okaloosa Economy

Estimated Overnight Visitor Spending Impact	Direct	Indirect	Induced	Total
Total Spending (Output)	\$ 123,155,170	\$15,064,903	\$ 14,427,003	\$ 152,647,077
Incomes Generated	\$ 25,710,398	\$ 5,744,769	\$ 5,058,800	\$ 36,513,967
Jobs Supported	1240.2	214.3	207.8	1662.3

Source: IMPLAN Professional Social Accounting & Impact Analysis Software

Figure 3 shows the industry sectors that are most affected by tourism spending in terms of total industry output either directly or indirectly generated.

Figure 3 – Distribution of the Economic Benefits of Destin Visitor Spending



Destin visitor spending impacts are seen primarily in the hotel and lodging, restaurants, amusement and recreation services, and general merchandise industries. Other industry sectors that see a large economic impact due to tourist spending include food stores, personnel supply services, miscellaneous retail, miscellaneous personal services, apparel and accessory stores, and business services. In Table 2 below we estimate the annual impact that spending by visitors to Destin has on other industries in Okaloosa County in terms of total spending that beach visitors generate, incomes within each industry that beach visitors support, and jobs that are attributable to Destin visitor spending. The first row in Table 3 illustrates, for example, that in the hotel industry, approximately 280 jobs and \$ 5.3 million in annual incomes are attributable to the spending of Destin visitors.

Table 3 - Distribution of Visitor Spending Economic Impacts

Industry	Direct Spending	Indirect Spending	Induced Spending	Total Spending	Income	Jobs Supported
Hotels and motels	\$ 11,994,740	\$ 130,008	\$ 101,300	\$ 12,226,047	\$ 5,353,377	280.4
Food services and drinking places	\$ 8,514,725	\$ 388,566	\$1,012,432	\$ 9,915,723	\$ 4,174,136	264.4
Hospitals	\$ 5,910,251	\$ -	\$1,095,726	\$ 7,005,977	\$ 2,416,078	70.2
Real estate	\$ 3,108,761	\$2,339,895	\$ 884,552	\$ 6,333,209	\$ 741,475	43.6
Amusement	\$ 4,101,101	\$ 9,912	\$ 201,634	\$ 4,312,648	\$ 1,515,761	96.1
Health professionals	\$ 3,266,842	\$ 18	\$ 986,262	\$ 4,253,122	\$ 2,599,130	62.2
Wholesale trade	\$ 2,295,850	\$ 733,519	\$ 567,277	\$ 3,596,647	\$ 1,356,284	36.4
Monetary authorities and depository credit interme	\$ 1,979,698	\$ 409,336	\$ 677,000	\$ 3,066,034	\$ 646,430	21.8
Automotive repair and maintenance- except car wash	\$ 1,449,460	\$ 394,025	\$ 546,759	\$ 2,390,243	\$ 435,054	22
General merchandise stores	\$ 2,010,230	\$ 62,645	\$ 297,730	\$ 2,370,605	\$ 1,126,593	65.4
Food and beverage stores	\$ 1,709,173	\$ 131,971	\$ 366,577	\$ 2,207,721	\$ 870,673	54.3
Telecommunications	\$ 1,127,316	\$ 595,171	\$ 359,963	\$ 2,082,450	\$ 593,724	13.8
Motor vehicle and parts dealers	\$ 1,452,908	\$ 73,871	\$ 439,791	\$ 1,966,571	\$ 988,818	25.8
Nursing and residential care facilities	\$ 1,535,706	\$ -	\$ 296,376	\$ 1,832,082	\$ 1,076,486	51
Other ambulatory health care services	\$ 1,080,526	\$ 33,975	\$ 245,495	\$ 1,359,995	\$ 261,890	10.9
Clothing and clothing accessories stores	\$ 834,225	\$ 28,761	\$ 168,991	\$ 1,031,977	\$ 448,258	27.4
Newspaper publishers	\$ 43,310	\$ 822,587	\$ 133,583	\$ 999,479	\$ 433,876	9.8
Miscellaneous store retailers	\$ 758,885	\$ 61,420	\$ 166,321	\$ 986,626	\$ 347,972	21.8
Securities- commodity contracts- investments	\$ 455,091	\$ 318,367	\$ 164,729	\$ 938,186	\$ 423,793	16.4
Insurance carriers	\$ 436,501	\$ 221,979	\$ 252,650	\$ 911,131	\$ 192,339	6.3
Legal services	\$ 435,254	\$ 262,843	\$ 151,802	\$ 849,900	\$ 477,272	13.7
Building material and garden supply stores	\$ 554,874	\$ 93,703	\$ 175,122	\$ 823,699	\$ 377,776	14.6
Gasoline stations	\$ 669,966	\$ 22,020	\$ 117,799	\$ 809,784	\$ 317,354	16.7
Employment services	\$ 10,113	\$ 542,462	\$ 101,391	\$ 653,965	\$ 532,024	35.9
Health and personal care stores	\$ 452,020	\$ 69,003	\$ 109,576	\$ 630,600	\$ 345,269	14.8
Civic- social- professional and similar organizati	\$ 364,821	\$ 71,668	\$ 88,006	\$ 524,494	\$ 215,048	18.5
Nondepository credit intermediation and related a	\$ 134,139	\$ 286,778	\$ 97,833	\$ 518,748	\$ 213,838	5.2
Management consulting services	\$ 13,155	\$ 419,726	\$ 78,102	\$ 510,984	\$ 327,835	5.9
Sporting goods- hobby- book and music stores	\$ 365,618	\$ 43,201	\$ 87,810	\$ 496,631	\$ 182,442	12.2
Truck transportation	\$ 264,181	\$ 136,971	\$ 93,698	\$ 494,850	\$ 131,937	4.8
Child day care services	\$ 378,273	\$ -	\$ 110,144	\$ 488,417	\$ 181,250	13.7
Management of companies and enterprises	\$ 2,730	\$ 414,869	\$ 70,413	\$ 488,012	\$ 295,535	5.6
Maintenance and repair of nonresidential buildings	\$ -	\$ 426,538	\$ 58,374	\$ 484,911	\$ 185,458	6.6
Furniture and home furnishings stores	\$ 360,046	\$ 12,738	\$ 108,546	\$ 481,328	\$ 210,490	7.9
Power generation and supply	\$ 272,201	\$ 129,730	\$ 69,119	\$ 471,051	\$ 111,818	1.1
Automotive equipment rental and leasing	\$ 250,762	\$ 115,295	\$ 101,641	\$ 467,698	\$ 110,779	4.6
Personal care services	\$ 316,281	\$ 6,663	\$ 86,582	\$ 409,526	\$ 169,265	10.2
Services to buildings and dwellings	\$ 38,805	\$ 294,496	\$ 73,664	\$ 406,965	\$ 240,553	12.9
Postal service	\$ 48,948	\$ 279,135	\$ 66,869	\$ 394,953	\$ 357,677	3.2
Nonstore retailers	\$ 307,096	\$ 11,307	\$ 68,915	\$ 387,319	\$ 131,551	11.1
Architectural and engineering services	\$ 1,423	\$ 330,253	\$ 50,633	\$ 382,309	\$ 227,770	4.9
Air transportation	\$ 245,644	\$ 35,583	\$ 96,030	\$ 377,258	\$ 85,688	2.4
Waste management and remediation services	\$ 121,330	\$ 188,581	\$ 54,689	\$ 364,599	\$ 119,925	3.2
Motion picture and video industries	\$ 172,667	\$ 133,031	\$ 40,551	\$ 346,248	\$ 41,606	4.6
Social assistance- except child day care services	\$ 259,405	\$ 69	\$ 65,952	\$ 325,426	\$ 218,516	14
Couriers and messengers	\$ 313	\$ 274,990	\$ 49,058	\$ 324,361	\$ 108,751	5.6
Scenic and sightseeing transportation and support	\$ 153,271	\$ 102,887	\$ 63,227	\$ 319,385	\$ 111,845	4.4
Religious organizations	\$ 244,568	\$ -	\$ 61,931	\$ 306,499	\$ 172,356	3.2
Accounting and bookkeeping services	\$ 35,693	\$ 196,656	\$ 46,296	\$ 278,646	\$ 197,322	7.9
Fitness and recreational sports centers	\$ 237,946	\$ 6,775	\$ 19,607	\$ 264,329	\$ 254,486	21.6
Radio and television broadcasting	\$ 35,892	\$ 189,201	\$ 37,270	\$ 262,362	\$ 67,396	2
Grantmaking and giving and social advocacy organiz	\$ 236,924	\$ -	\$ 18,239	\$ 255,163	\$ 99,787	9.2
Insurance agencies- brokerages- and related	\$ 1,509	\$ 179,555	\$ 69,032	\$ 250,097	\$ 121,502	4.2
Water- sewage and other systems	\$ 178,908	\$ 36,197	\$ 32,606	\$ 247,711	\$ 96,389	1.6
Other personal services	\$ 160,158	\$ 21,806	\$ 64,469	\$ 246,433	\$ 49,678	3.1
Other accommodations	\$ 175,726	\$ 2,224	\$ 61,850	\$ 239,801	\$ 36,139	1.7
Machinery and equipment rental and leasing	\$ 136,762	\$ 68,330	\$ 12,480	\$ 217,571	\$ 33,406	0.9
Private households	\$ 157,170	\$ -	\$ 46,616	\$ 203,786	\$ 159,455	24
Travel arrangement and reservation services	\$ 17,438	\$ 164,445	\$ 16,907	\$ 198,790	\$ 62,943	3.6

Tourism industries are labor and wage intensive, which means that a high proportion of the dollar value of sales are translated into wages and corresponding jobs. Furthermore, much of what the local tourism industry buys to sustain their operations is purchased from local Okaloosa firms and labor.

Table 3 below shows the regional purchase coefficients (RPC) for several of the local industries benefiting from tourism. The RPC indicates what share of total visitor spending is done within the study area, for each of the spending categories. RPC's are based on the characteristics of the region and describe the actual trade flows for the region mathematically. The higher the regional purchase coefficient is, the greater the local economic impact will be. What the RPC's in Table 4 illustrates is that for each dollar of output the lodging industry produces, Okaloosa businesses and labor contribute approximately 62 cents. Imported goods and labor provide the remainder. Okaloosa restaurant businesses and labor contribute approximately 90 cents of each dollar of output, and Okaloosa entertainment businesses and labor contribute approximately 80 cents of each dollar of output.

Table 4 - Regional Purchase Coefficients for Tourism Industry

Industry	Regional Purchase Coefficient
Lodging	73.4%
Restaurant	90.0%
Entertainment	79.8%
Transportation	74.1%
Grocery	94.1%
Apparel	95.0%
Miscellaneous Retail	90.3%
Personal Services	90.0%

Tourist Related Construction

When looking at only the gross impact of financial (spending) flows, the construction of visitor lodging and seasonal housing contributes significantly to the Destin area economy. This is construction that would very likely not occur were it not for the presence of the beach, along with the tourists and second-home buyers that are attracted to Destin's amenities. Individuals who reside elsewhere purchase much of the housing in Destin, and Figure 4 shows where those individuals have their permanent residence. Destin construction has a direct quantifiable impact that includes wages paid to construction workers, and

expenditures by construction firms for building materials and supplies. However, the total economic impact to the immediate community is much greater. The construction workers spend much of their pay in the local economy. Construction firms spend millions with local businesses for advertising, engineering and architectural service, landscaping, management and consulting, and building materials. This spending, like that of beach tourists, ends up in the pockets of employees of hotels, consulting firms, hospitals, maintenance companies, banks, insurance companies, and legal firms, all of who in turn re-spend the dollars. The tables below provide estimates of spending that would not occur in the region were it not for beach construction of visitor lodging and second homes, and trace the impact that this spending has on the other industry sectors in the region.

Figure 4 - Residence of Out of State Destin Property Owners

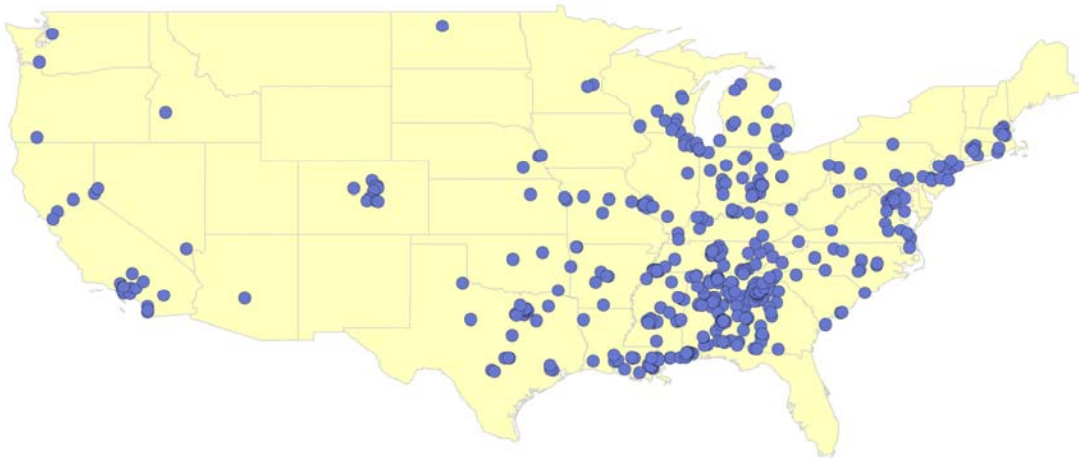


Table 5 – Summary of Estimated Annual Impact of Tourist Related Construction

Estimated Tourism Related Construction Impact	Direct	Indirect	Induced	Total
Total Spending (Output)	\$ 23,031,948	\$ 7,838,814	\$ 4,968,048	\$ 35,838,811
Incomes Generated	\$ 7,365,458	\$ 3,353,301	\$ 1,742,032	\$ 12,460,791
Jobs Supported	256.8	125.7	71.6	454

Source: IMPLAN Professional Social Accounting & Impact analysis Software

We estimate that the construction of visitor lodging and seasonal housing in the City of Destin injects about \$23 million in direct spending each year that stays in the Okaloosa economy. When the total impact of Destin tourism construction spending is considered (i.e., when taking the “multiplier effect” into account), approximately \$35.8 million in local retail and business-to-business sales are generated each year. About 454 jobs are either directly or indirectly supported by this construction spending in the local economy along with incomes of \$12.4 million (see Table 6). Construction-related spending impacts are seen primarily in the construction, wholesale trade, auto service, motor freight transportation and warehousing, engineering and architectural service, and management and consulting industry sectors. In Table 6 below we estimate the impact that construction of visitor lodging and seasonal housing in the City of Destin has on other industries in the region in terms of spending generated, incomes supported, and new jobs created.

Table 6 - Distribution of Major Impacts of Tourist Related Construction in Destin

Industry	Direct Spending	Indirect Spending	Induced Spending	Total Spending	Income Supported	Jobs Supported
New multifamily housing structures- nonfarm	11,781,542	0	0	11,781,542	4,451,080	155
New residential 1-unit structures- nonfarm	11,250,406	0	0	11,250,406	2,914,379	101.8
Architectural and engineering services	0	1,266,864	17,435	1,284,299	765,152	16.6
Wholesale trade	0	609,351	195,347	804,698	303,449	8.2
Food and beverage stores	0	486,242	126,235	612,477	241,547	15.1
Real estate	0	262,255	304,583	566,838	66,364	3.9
Motor vehicle and parts dealers	0	272,178	151,447	423,625	213,004	5.5
Building material and garden supply stores	0	345,247	60,305	405,552	186,000	7.2
Automotive repair and maintenance- except car wash	0	198,296	188,282	386,579	70,362	3.6
Food services and drinking places	0	37,271	348,648	385,919	162,457	10.3
Monetary authorities and depository credit interme	0	150,040	233,132	383,171	80,786	2.7
Hospitals	0	0	377,307	377,307	130,118	3.8
Offices of physicians- dentists- and other health	0	0	339,627	339,627	207,550	5
General merchandise stores	0	230,816	102,527	333,342	158,416	9.2
Telecommunications	0	188,980	123,954	312,934	89,220	2.1
Health and personal care stores	0	254,241	37,734	291,974	159,863	6.9
Miscellaneous store retailers	0	226,301	57,274	283,575	100,014	6.3
Employment services	0	205,359	34,914	240,273	195,471	13.2
Truck transportation	0	178,442	32,266	210,708	56,179	2
Sawmills	0	198,073	1,773	199,846	30,731	1.2
Sporting goods- hobby- book and music stores	0	159,175	30,239	189,414	69,583	4.7
Clothing and clothing accessories stores	0	105,969	58,194	164,163	71,307	4.4
Specialized design services	0	148,429	7,135	155,564	56,031	2.4
Insurance carriers	0	62,652	87,005	149,657	31,592	1
Newspaper publishers	0	103,236	46,000	149,236	64,784	1.5
Plastics plumbing fixtures and all other plastics	0	123,461	8,897	132,357	23,209	0.8
Gasoline stations	0	81,135	40,565	121,700	47,694	2.5
Securities- commodity contracts- investments	0	59,074	56,725	115,799	52,308	2
Management consulting services	0	88,050	26,895	114,945	73,746	1.3
Wood kitchen cabinet and countertop manufacturing	0	109,824	1,026	110,850	40,268	1.7
Legal services	0	57,160	52,273	109,434	61,454	1.8
Nursing and residential care facilities	0	0	102,053	102,053	59,964	2.8
Services to buildings and dwellings	0	73,120	25,367	98,487	58,215	3.1
Electronics and appliance stores	0	85,813	11,003	96,817	71,638	2
Management of companies and enterprises	0	69,533	24,247	93,780	56,792	1.1
Nondepository credit intermediation and related a	0	57,730	33,690	91,420	37,685	0.9
Couriers and messengers	0	70,979	16,894	87,873	29,462	1.5
Commercial machinery repair and maintenance	0	77,874	7,608	85,483	29,948	1.6
Other ambulatory health care services	0	71	84,536	84,607	16,292	0.7
Furniture and home furnishings stores	0	46,931	37,379	84,310	36,869	1.4
Other amusement- gambling- and recreation industri	0	2,353	69,434	71,787	25,231	1.6
Machinery and equipment rental and leasing	0	64,196	4,297	68,493	10,517	0.3
Nonstore retailers	0	41,661	23,732	65,393	22,210	1.9
Accounting and bookkeeping services	0	47,452	15,942	63,395	44,893	1.8

Economic Impact of Destin Tourism

The spending of visitors to Destin combined with the construction of visitor lodging and seasonal housing in Destin injects an estimated \$146 million in direct spending each year that stays in the local economy. When the total impact of the City of Destin tourism-related spending is considered (i.e., when taking the “multiplier effect” into account), approximately \$188 million in local retail and business-to-business sales are generated each year. About 2,116 jobs are either directly or indirectly supported by this construction and visitor spending in the local economy along with incomes of almost \$49 million (see Table 7).

Figures 5 and 6 below show how the economic impact of Destin tourism is distributed throughout the Okaloosa economy.

Table 7– Summary of Estimated Overall Economic Impact of Destin Tourism

Estimated Overall Impact of Destin Tourism	Direct	Indirect	Induced	Total
Total Spending (Output)	\$ 146,187,118	\$ 22,903,717	\$ 19,395,051	\$ 188,485,888
Incomes Generated	\$ 33,075,856	\$ 9,098,070	\$ 6,800,832	\$ 48,974,758
Jobs Supported	1497	340	279.4	2116.3

Source: IMPLAN Professional Social Accounting & Impact analysis Software

Figure 5 - Distribution of the Economic Impact of Destin Tourism

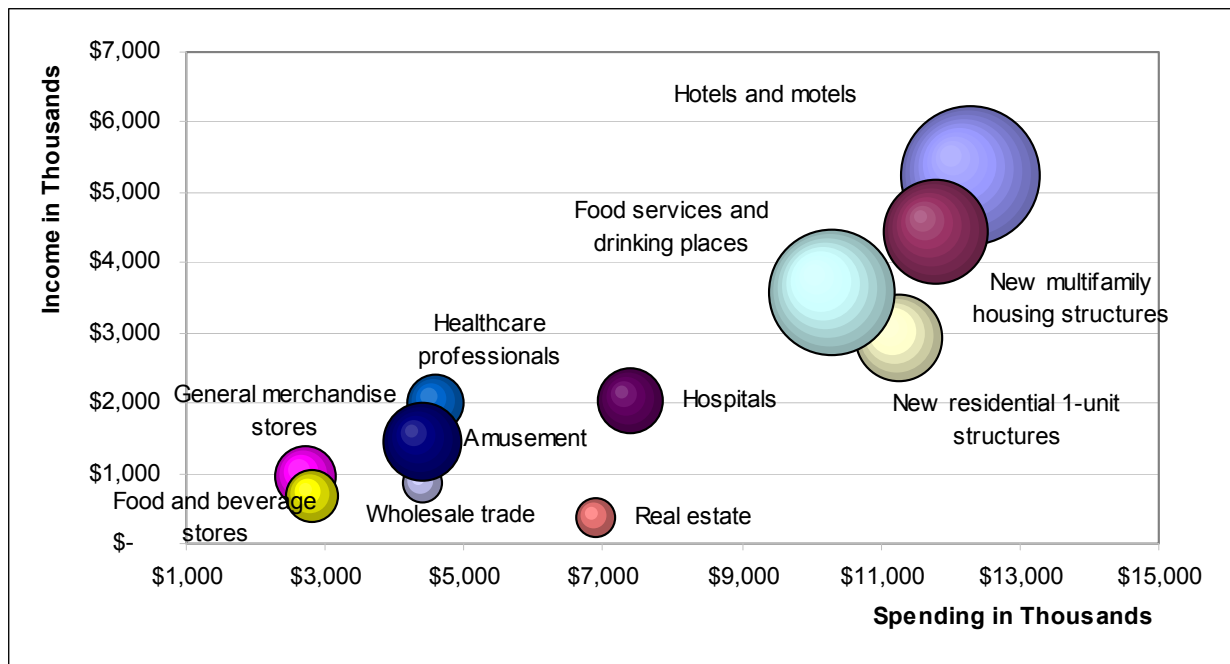


Figure 6 – Percentage of total impact of tourism in Okaloosa County

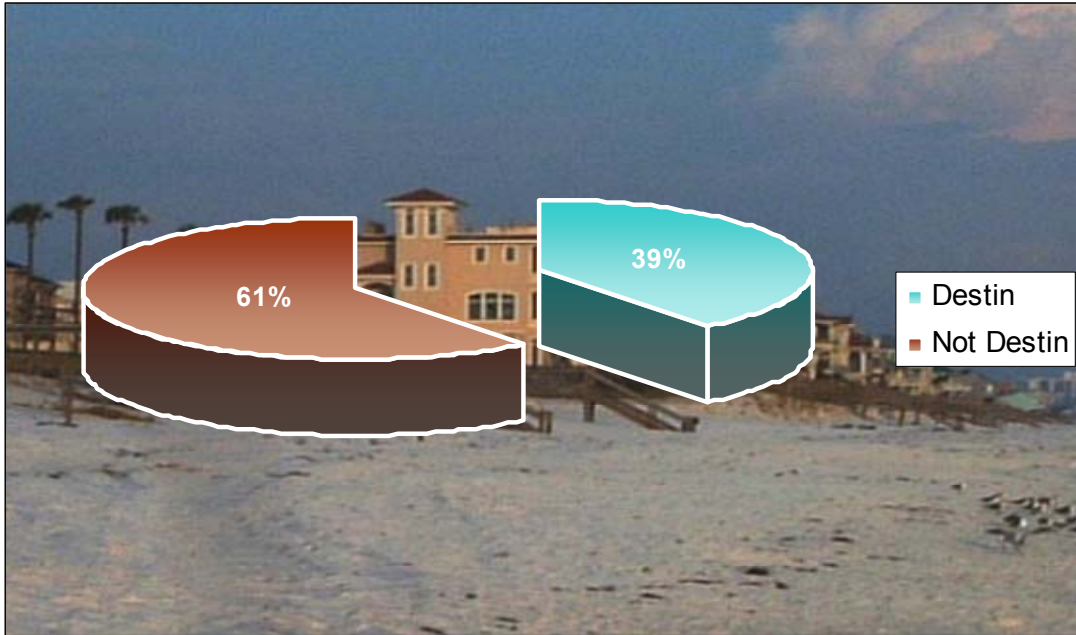


Table 8 below describes the estimated impact that beach-related tourist activities have on the other industry sectors in the region in terms of spending generated, incomes supported, and jobs created. Tourism-related spending impacts are seen primarily in the residential construction, hotel and lodging, restaurants, amusement and recreation services, and general merchandise industries. Other industry sectors that see a large economic impact due to tourist-related spending include commercial construction, wholesale trade, business services, food stores, real estate brokerage, interurban transit, banking, and miscellaneous personal services. As noted above, Destin has seen strong growth in personal, business and professional services (including hotels and lodging places) and in retail trade (including restaurants) over the past two decades. Growth in each of these sectors is influenced by growth in the Destin visitor industry.

Table 8 - Distribution of the Impact of Destin Tourism

Industry	Direct Spending	Indirect Spending	Induced Spending	Total Spending	Income Supported	Jobs Supported
Hotels and motels- including casino hotels	\$ 11,994,740	\$ 157,129	\$ 136,184	\$ 12,288,052	\$ 5,252,096	275.1
New multifamily housing structures- nonfarm	\$ 11,781,542	\$ -	\$ -	\$ 11,781,542	\$ 4,451,080	155
New residential 1-unit structures- nonfarm	\$ 11,250,406	\$ -	\$ -	\$ 11,250,406	\$ 2,914,379	101.8
Food services and drinking places	\$ 8,514,725	\$ 425,837	\$ 1,361,080	\$ 10,301,642	\$ 3,584,370	227
Hospitals	\$ 5,910,251	\$ -	\$ 1,473,033	\$ 7,383,284	\$ 2,038,206	59.3
Real estate	\$ 3,108,761	\$ 2,602,150	\$ 1,189,135	\$ 6,900,047	\$ 363,966	21.4
Offices of physicians- dentists- and other health	\$ 3,266,842	\$ 18	\$ 1,325,889	\$ 4,592,749	\$ 1,996,403	47.7
Wholesale trade	\$ 2,295,850	\$ 1,342,870	\$ 762,624	\$ 4,401,345	\$ 865,758	23.3
Other amusement- gambling- and recreation industri	\$ 4,101,101	\$ 12,265	\$ 271,068	\$ 4,384,435	\$ 1,441,409	91.4
Monetary authorities and depository credit interne	\$ 1,979,698	\$ 559,376	\$ 910,132	\$ 3,449,205	\$ 417,391	14.1
Food and beverage stores	\$ 1,709,173	\$ 618,213	\$ 492,812	\$ 2,820,198	\$ 674,058	42
Automotive repair and maintenance- except car wash	\$ 1,449,460	\$ 592,321	\$ 735,041	\$ 2,776,822	\$ 263,820	13.3
General merchandise stores	\$ 2,010,230	\$ 293,461	\$ 400,257	\$ 2,703,947	\$ 955,330	55.4
Telecommunications	\$ 1,127,316	\$ 784,151	\$ 483,917	\$ 2,395,384	\$ 321,408	7.5
Motor vehicle and parts dealers	\$ 1,452,908	\$ 346,049	\$ 591,238	\$ 2,390,196	\$ 730,542	19
Nursing and residential care facilities	\$ 1,535,706	\$ -	\$ 398,429	\$ 1,934,135	\$ 902,343	42.8
Architectural and engineering services	\$ 1,423	\$ 1,597,117	\$ 68,068	\$ 1,666,608	\$ 848	0
Other ambulatory health care services	\$ 1,080,526	\$ 34,046	\$ 330,031	\$ 1,444,602	\$ 208,073	8.7
Other Federal Government enterprises	\$ 762,310	\$ 284,597	\$ 327,622	\$ 1,374,529	\$ 687,572	13
Miscellaneous store retailers	\$ 758,885	\$ 287,721	\$ 223,595	\$ 1,270,201	\$ 267,651	16.8
Building material and garden supply stores	\$ 554,874	\$ 438,950	\$ 235,427	\$ 1,229,251	\$ 254,483	9.8
Clothing and clothing accessories stores	\$ 834,225	\$ 134,730	\$ 227,185	\$ 1,196,140	\$ 362,361	22.1
Newspaper publishers	\$ 43,310	\$ 925,823	\$ 179,583	\$ 1,148,715	\$ 18,801	0.4
Insurance carriers	\$ 436,501	\$ 284,631	\$ 339,655	\$ 1,060,788	\$ 92,145	3
Securities- commodity contracts- investments	\$ 455,091	\$ 377,441	\$ 221,454	\$ 1,053,985	\$ 205,571	7.9
Legal services	\$ 435,254	\$ 320,003	\$ 204,075	\$ 959,334	\$ 244,423	7
Gasoline stations	\$ 669,966	\$ 103,155	\$ 158,364	\$ 931,484	\$ 262,559	13.9
Health and personal care stores	\$ 452,020	\$ 323,244	\$ 147,310	\$ 922,574	\$ 247,492	10.7
Employment services	\$ 10,113	\$ 747,821	\$ 136,305	\$ 894,238	\$ 8,227	0.6
Truck transportation	\$ 264,181	\$ 315,413	\$ 125,964	\$ 705,558	\$ 70,436	2.5
Sporting goods- hobby- book and music stores	\$ 365,618	\$ 202,376	\$ 118,049	\$ 686,045	\$ 134,313	9
Other State and local government enterprises	\$ 417,557	\$ 120,343	\$ 137,292	\$ 675,191	\$ 136,466	2.8
Management consulting services	\$ 13,155	\$ 507,776	\$ 104,997	\$ 625,929	\$ 8,440	0.2
Nondepository credit intermediation and related a	\$ 134,139	\$ 344,508	\$ 131,523	\$ 610,168	\$ 55,294	1.3
Civic- social- professional and similar organizati	\$ 364,821	\$ 101,334	\$ 118,312	\$ 584,466	\$ 149,579	12.8
Management of companies and enterprises	\$ 2,730	\$ 484,402	\$ 94,660	\$ 581,792	\$ 1,653	0
Furniture and home furnishings stores	\$ 360,046	\$ 59,669	\$ 145,925	\$ 565,638	\$ 157,452	5.9
Maintenance and repair of nonresidential buildings	\$ -	\$ 468,990	\$ 78,475	\$ 547,465	\$ -	0
Automotive equipment rental and leasing	\$ 250,762	\$ 139,297	\$ 136,642	\$ 526,701	\$ 59,395	2.4
Child day care services	\$ 378,273	\$ -	\$ 148,072	\$ 526,345	\$ 140,376	10.6
Power generation and supply	\$ 272,201	\$ 150,001	\$ 92,920	\$ 515,123	\$ 64,615	0.6
Services to buildings and dwellings	\$ 38,805	\$ 367,616	\$ 99,031	\$ 505,452	\$ 22,937	1.2
Nonstore retailers	\$ 307,096	\$ 52,968	\$ 92,647	\$ 452,712	\$ 104,304	8.8
Postal service	\$ 48,948	\$ 311,052	\$ 89,896	\$ 449,897	\$ 44,328	0.4
Personal care services	\$ 316,281	\$ 6,663	\$ 116,397	\$ 439,341	\$ 130,725	7.9
Air transportation	\$ 245,644	\$ 44,201	\$ 129,099	\$ 418,945	\$ 55,794	1.6
Waste management and remediation services	\$ 121,330	\$ 221,562	\$ 73,521	\$ 416,413	\$ 39,908	1.1
Couriers and messengers	\$ 313	\$ 345,969	\$ 65,952	\$ 412,234	\$ 104	0
Scenic and sightseeing transportation and support	\$ 153,271	\$ 144,250	\$ 85,000	\$ 382,521	\$ 53,674	2.1
Motion picture and video industries	\$ 172,667	\$ 138,223	\$ 54,515	\$ 365,404	\$ 20,748	2.3
Social assistance- except child day care services	\$ 259,405	\$ 77	\$ 88,662	\$ 348,144	\$ 174,185	11.2
Accounting and bookkeeping services	\$ 35,693	\$ 244,108	\$ 62,238	\$ 342,041	\$ 25,276	1
Religious organizations	\$ 244,568	\$ -	\$ 83,256	\$ 327,824	\$ 137,530	2.5
Radio and television broadcasting	\$ 35,892	\$ 211,270	\$ 50,104	\$ 297,266	\$ 9,220	0.3
Insurance agencies- brokerages- and related	\$ 1,509	\$ 196,732	\$ 92,804	\$ 291,047	\$ 733	0
Machinery and equipment rental and leasing	\$ 136,762	\$ 132,526	\$ 16,777	\$ 286,064	\$ 20,999	0.6
Specialized design services	\$ 20,313	\$ 230,007	\$ 27,854	\$ 278,175	\$ 7,317	0.3
Plastics plumbing fixtures and all other plastics	\$ 17,892	\$ 220,458	\$ 34,732	\$ 273,081	\$ 3,138	0.1
Fitness and recreational sports centers	\$ 237,946	\$ 8,168	\$ 26,359	\$ 272,474	\$ 229,085	19.5
Other personal services	\$ 160,158	\$ 23,387	\$ 86,670	\$ 270,215	\$ 32,286	2

Tourism's Affect on Destin Infrastructure

Estimating Public Costs

Tourist activities not only generate economic benefits, they also increase the demand for public services. While the demand for new public services generated by tourists cannot be determined exactly, a reasonable estimate is that seasonal populations living in the area will use public services at roughly the same rate as the City's resident populations. This analysis assumes that, over the long run, average operating costs per local resident are the best estimates of operating costs occasioned by seasonal populations, and that local service levels are the most accurate indicator of service levels required by visitors. It also assumes that population demographic composition of seasonal populations are similar to resident populations, and that the type and distribution of public services demanded by seasonal populations are comparable. This approach is called the per capita multiplier method, and is a widely used method of calculating fiscal impact.

The per capita multiplier approach involves determining what the City of Destin spends on public services, and calculating per capita expenditures. The City of Destin's public services expenditures were divided by the total city population to determine average per capita cost. These per capita costs of serving the area residents were applied to the estimated change in population that is generated by seasonal visitors. Costs of public services provided were obtained from the City of Destin, Florida Fiscal Year 2004 Budget. The 2003 population estimate of 12,142 for the City of Destin was obtained from SRC, LLC. Using these data, City of Destin public services per capita expenditures were calculated. Seasonal populations were estimated using hotel and condominium revenue data. Table 9 provides the numbers used to calculate the public costs associated with seasonal populations in the City of Destin.

Table 9 - Calculations of Fiscal Impact of Seasonal Populations

Seasonal Population Calculations	
Spending on Lodging	\$ 119,383,362
Average Cost of Lodging per Day	\$ 114
Total Lodging Nights	1,047,222
Average Visitor Party Size	5
Average Visitor Length of Stay	7 Days
Estimated Visitors the City of Destin in FY 2002/03	748,016
Average Number of Visitors per Day (Representing Seasonal Population)	2,049
Per Capita Cost of Public Services	\$1,214.50
Total Public Expenditures for Seasonal Populations	\$2,488,506

Table 10 provides the City of Destin report for expenditures for fiscal year 2003, indicates per capita expenditures by expenditure category for City of Destin residents, and estimates per capita costs of seasonal populations.

Table 10 - Estimated Public Costs of Seasonal Populations

Expenditures	Total Public Expenditures	Per Capita Expenditure	Expenditures for Seasonal Populations
General Government	\$ 3,350,074	\$ 275.91	\$ 565,335.33
Public Safety	\$ 1,634,704	\$ 134.63	\$ 275,861.35
Physical Environment	\$ 109,155	\$ 8.99	\$ 18,420.24
Transportation	\$ 1,547,797	\$ 127.47	\$ 261,195.52
Human Services	\$ 1,655,835	\$ 136.37	\$ 279,427.27
R & R Fund	\$ 200,000	\$ 16.47	\$ 33,750.62
Capital Projects Fund	\$ 4,167,951	\$ 343.27	\$ 703,354.60
Debt Service	\$ 1,147,619	\$ 94.52	\$ 193,664.25
Other Uses	\$ 932,499	\$ 76.80	\$ 157,362.09
Total	\$ 14,746,434	\$ 1,214.50	\$ 2,488,506.28

Public costs associated with seasonal populations are primarily for transportation, general government, public safety and economic environment. Transportation includes the costs of building road and street facilities, and expenditures for developing and improving the safe and adequate flow of vehicles, pedestrians and travelers. General government includes the costs of legislative, financial, administrative, and legal services, comprehensive planning and other general government services. Public safety includes the costs of animal control, fire control, emergency and disaster relief, and other public safety

services. Economic environment includes expenditures for industrial development, housing and urban development, and other human services. The majority of the public costs associated with tourists should come in the summer months when seasonal populations are highest. Table 11 below estimates public costs per month assuming that they are proportional to monthly seasonal populations.

Table 11 - Estimate of Public Expenditures on Seasonal Populations per Month

Month	Percent of Annual Tourists	Estimated Public Cost of Seasonal Populations
Oct-99	4.1%	\$ 102,028.76
Nov-99	1.9%	\$ 47,281.62
Dec-99	1.7%	\$ 42,304.61
Jan-00	2.6%	\$ 64,701.16
Feb-00	3.6%	\$ 89,586.23
Mar-00	6.6%	\$ 164,241.41
Apr-00	9.8%	\$ 243,873.62
May-00	10.3%	\$ 256,316.15
Jun-00	16.7%	\$ 415,580.55
Jul-00	22.3%	\$ 554,936.90
Aug-00	13.4%	\$ 333,459.84
Sep-00	7.0%	\$ 174,195.44
Annual Total	100%	\$ 2,488,506.28

Tourist activities not only generate economic benefits, they also increase the demand for public services. While the demand for new public services generated by tourists cannot be determined exactly, a reasonable estimate is that seasonal populations living in the area will use public services at roughly the same rate as the County's resident populations. In order to determine what affect these additional people have on the local infrastructure, we compared Destin's budget to the budgets of two other cities with similar-sized populations.

Niceville, Florida in Okaloosa County and Lynn Haven, Florida in Bay County are inland and are not considered to be major tourist destinations.

Table 12 - Destin Road Improvement Budget Comparison

2003-2004 Budget Comparison – Road Improvement			
	Total Funds Allocated	Miles of Paved Road	Cost per mile of paved road
Destin	\$2,884,883	60.5	\$47,684
Niceville	\$2,500,000	93.6	\$26,709
Lynn Haven	No funds allocated in budget	110.2	Not applicable

Source: Destin 2004 budget, Niceville 2004 budget, Lynn Haven 2003-2004 budget (on-line)

According to Table 12, Destin spends substantially more on road improvements than either Niceville or Lynn Haven. Lynn Haven’s on-line budget has transportation maintenance as a budget item, but does not have a line item specifically for road improvement. Niceville spends \$26,709 per mile of paved road on road improvements, while Destin spends \$47,684 – 44% more than Niceville. Considering that Niceville’s resident population is so similar in size to Destin and they are not a major tourist destination, we can assume that the additional funds needed for road improvements in Destin are due, at least in part, to the additional visitors the area receives each year.

Methodology

Estimation of the Economic Impact of Destin requires the identification of those activities that would not have occurred in the region had it not been for the existence of Destin. Activities that would be eliminated or significantly reduced if Destin were not located on the beach include:

1. Spending by tourists whose decision to visit is heavily influenced by the presence of a beach for lodging, restaurants, groceries, entertainment, transportation, shopping, and other purposes.
2. Construction of lodging facilities to accommodate visitors and of second homes for individuals who wish to own a residence near the beach.
3. Additional economic activity stimulated by visitor spending and construction spending described in items (1) and (2). This is the “multiplier effect.”

Visitor Spending

Several estimates were made in determining the impact of visitor spending. First, an estimate of the number of visitors to Destin along with the volume of their spending in the region is needed. Visitor counts were obtained by analyzing bed tax data for visitors to Destin.

Tourist occupancy tax revenue flows are one of the primary indicators of tourism activity. The tourist occupancy tax (bed tax) is collected on all accommodations that are rented for periods of less than six months. The revenues are used to fund tourist-related projects. The Haas Center tracks tourist occupancy tax data for Northwest Florida counties, all of which contain popular tourism destinations. Tourist occupancy tax revenues remitted for the twelve-month period October 2002-September 2003 (shown in Table 13) are used in this analysis to estimate the number of visitors to Destin.

Table 13– Destin Tourist Occupancy Tax Revenues

Destin Tourist Occupancy Tax Revenues		
Month	Tourist Occupancy Tax Revenues	Percent of Annual Revenues
Oct-02	\$194,427.79	4.1%
Nov-02	\$92,059.96	1.9%
Dec-02	\$82,813.03	1.7%
Jan-03	\$124,586.08	2.6%
Feb-03	\$173,327.19	3.6%
Mar-03	\$313,255.44	6.6%
Apr-03	\$466,203.99	9.8%
May-03	\$492,099.58	10.3%
Jun-03	\$797,378.12	16.7%
Jul-03	\$1,063,988.92	22.3%
Aug-03	\$640,179.83	13.4%
Sep-03	\$335,014.55	7.0%
Twelve Month Total	\$4,775,334.48	100%

Source: Okaloosa County

The visitor demographics, spending data, and other information necessary to conduct the study were gathered from several secondary sources. Ideally, the Haas Center would conduct a survey of area visitors over the course of a year in order to determine the specific characteristics of visitors to the Destin and Okaloosa County areas across seasons. Because of the prohibitive cost of such a survey, we instead used available secondary data on visitor characteristics.

Because of Destin’s close proximity to Beaches of South Walton, we assume that visitors to Destin have similar characteristics as people visiting Beaches of South Walton. Therefore, for average length of stay and average party size, we used available data on the Beaches of South Walton visitor. The average party size for the Beaches of South Walton visitor is 5.0. These visitors stay an average of seven nights in the area.²

² This length of stay was determined by averaging the length of stays for summer, fall, and spring visitors. Winter visitors were not included because they are made up of snowbirds, have completely different characteristics from other visitors, and typically stay much longer in the area than other tourists. Therefore,

For the remainder of Okaloosa County, we used data from Visit Florida's 2002 Visitor Survey, which provides tourism statistics for each region of the state. For Okaloosa County, we used the numbers provided for the Northwest Vacation Region.³ This data shows that the average length of stay for the Northwest Florida visitor is 4.3 nights, and the average party size is 3.5.

Again, in the absence of survey data specific to Okaloosa County, we estimated lodging costs. In order to provide the best estimate of per night lodging costs, we assumed an average occupancy rate of 48% (\pm 5%).⁴ We then took the total number of hotel and condominium units in Okaloosa County as reported in the Florida Statistical Abstract and the U.S. Census and divided the total taxable rental revenues collected annually by the number of occupied rooms. We then divided this number by 365 to determine the estimated average per night cost for lodging. We estimate that the average per night cost for lodging in Okaloosa County, including Destin, is \$114.

using the winter numbers would skew the average length of stay to appear much too high for the entire year.

³ According to Visit Florida, the Northwest Vacation Region is made up of the following counties: Bay, Calhoun, Escambia, Franklin, Gulf, Holmes, Jackson, Liberty, Okaloosa, Santa Rosa, Walton, and Washington.

⁴ This is the average occupancy rate for Beaches of South Walton according to The Marketing Workshop's 2002-2003 product definition study.

Appendix

Glossary of Terms

Glossary of Terms	
Term	Definition
Analysis of Economic Impact	An assessment of change in overall economic activity as a result of some corresponding change in one or several activities.
Backward Linkage	Links an industry to its suppliers or a household (an institution) and the producers of household goods and services. The figures in this report are measures of backward linkages. Forward linkages, which are links between an industry producing a good or service, and the consumers of the good or service are not measured.
Direct effects	The effects of stimuli on economic activity are broken down into three components: direct, indirect, and induced. Direct effects are the changes in the industries to which a final demand change (the stimulus being measured in the study) was made. Industries producing goods and services for consumption purchase goods and services from other producers for final use (final demand).
Employment	Employment includes total wage and salary employees as well as self employed jobs in a region. It includes both full-time and part-time workers and is measured in annual average jobs. Data used to determine employment are ES202, Regional Economic Information System (REIS), and County Business Patterns.
Final Demand	Final demands consist of purchases of goods and services for final consumption as opposed to an intermediate purchase where the good will be further remanufactured.
Indirect Business Taxes	Indirect business taxes consist of excise taxes, property taxes, fees, licenses, and sales taxes paid by businesses. These taxes occur during the normal operation of businesses but do not include taxes on profit or income. Indirect business tax numbers are derived from U.S. Bureau of Economic Analysis Gross State Product data.
Indirect effects	The effects of stimuli on economic activity are broken down into three components: direct, indirect, and induced. Indirect effects are the changes in inter-industry purchases as they respond to the new demands of the directly affected industries. These indirect purchases continue until leakage from the region stop the cycle.
Induced effects	The effects of stimuli on economic activity are broken down into three components: direct, indirect, and induced. Induced effects typically reflect changes in spending from households as income increases or decreases due to the changes in production.

Glossary of Terms	
Term	Definition
Input-Output Model	An economic model that allows the assessment of change in overall activity as a result of some corresponding change in one or several activities.
Institutions	A type of final demand sector. Includes personal consumption expenditures or purchases made by households; federal, state, and local government purchases; investment purchases; and trade.
Labor Income	The terms Labor Income and wages are used interchangeably in this study. Labor Income includes changes in employee compensation and proprietor income resulting from the change in final demand measured by the study. Employee compensation is wage and salary payments as well as benefits including health and life insurance, retirement payments, and any other non-cash compensation. It includes all income to workers paid by employers. Proprietary income consists of payments received by self-employed individuals as income. This is income recorded on Federal Tax Form 1040C. Proprietary income includes income received by private business owners, doctors, lawyers, and so forth. Any income a person receives for payment of self-employed work is counted. Income estimates are derived using ES202, County Business Patterns and Regional Economic Information System (REIS) data.
Margins	Represents the difference between producer and purchaser prices. Producer prices are the prices of the goods at the site of production for commodity industries. Purchaser prices are prices paid by the end user of the good or service at a retail store.
Multipliers	Industries respond to meet final demands directly or indirectly by supplying goods and services to industries responding directly. Each industry that produces goods and services generates demands for other goods and services. These demands ripple through the economy, multiplying the original economic impact.
Output Impact	Total Industry Output is the value of production by industry for an annual calendar year production. Output is measured either by the total value of purchases by intermediate and final consumers, or by intermediate outlays plus value added. Output can also be thought of as value of sales plus or minus inventory. Most output data is from the Bureau of Economic Analysis output series and the Annual Survey of Manufacturers. Construction output is derived from the current Annual Survey of Construction Put-In-Place. State estimates are from the Census and Survey of Construction Activity.
Regional Purchase Coefficients (RPC)	Ratios representing the portion of regional demands purchased from local producers. RPC's are used to estimate the trade flows of the model before multipliers are generated. The portion of the specific impact that is imported will not have an indirect or induced effect.

Glossary of Terms	
Term	Definition
State and Local Government Taxes	<p>State and local government income and expenditures by specific category come from the Annual Survey of State and Local Government Expenditures and include the following:</p> <ul style="list-style-type: none"> Property Tax Total Sales Tax Alcoholic Beverage Tax Amusement License Corporate License Hunting Motor Vehicle Tax Motor Vehicle Operators PU License Occupational Business License Other License Individual Income Tax Corporate Income Tax Death and Gift Tax Document Stock Tax Severance Tax Taxes NEC Interest Earnings Fines Forfeits Rents Royalties State Education Transfers Local Education Transfers State Local Social Security Federal Grants in Aid State and Local Borrowing Corporate Interest Personal Interest Federal Education Transfers Total Education Operations State and Local Sales State and Local Non-education Purchases Federal Transfers Data
Tax Impacts Report	<p>This report describes taxes related to the chosen impact analysis. Income information is combined with tax information to estimate taxes generated by a change in final demand. These estimates are based on the average for all industries within the model; the average taxes associated with each household income class; the average taxes and transfers associated with each of the government institutions defined by the model. See “State and Local Government Taxes”</p>

Glossary of Terms	
Term	Definition
Total economic output	The effects of stimuli on economic activity are broken down into three components: direct, indirect, and induced. The total effect is the sum of direct, indirect, and induced effects, and is a measure of total inter-industry sales and purchases.
Value Added	Payments made by industry to workers, interest, profits and indirect business taxes.