

*Economic Impacts of the
Visitor Industry in Juneau
2007-08*

Prepared for:
Juneau Convention & Visitors Bureau



Research-Based Consulting

Juneau
Anchorage

April 2009

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Table of Contents

Executive Summary 1
Introduction and Methodology 3
Juneau’s Visitor Industry: An Overview 5
Visitor Volume and Spending 7
Cruise Line and Tour Operator Spending 11
Economic Impact Analysis..... 12
Municipal Revenues 18

Executive Summary

Introduction and Methodology

While Juneau’s visitor industry is a visible part of the community, it is difficult to measure because it does not fall neatly into standard economic categories. Instead, it affects a wide variety of sectors, including retail, services, transportation, health care, and recreation, among others. To accurately gauge the role of the visitor industry in Juneau’s economy, the Juneau Convention & Visitors Bureau contracted with McDowell Group, Inc. to conduct an economic impact study. The study measures visitor traffic and spending, cruise line and tour operator spending, and employment and payroll in Juneau resulting from the visitor industry.

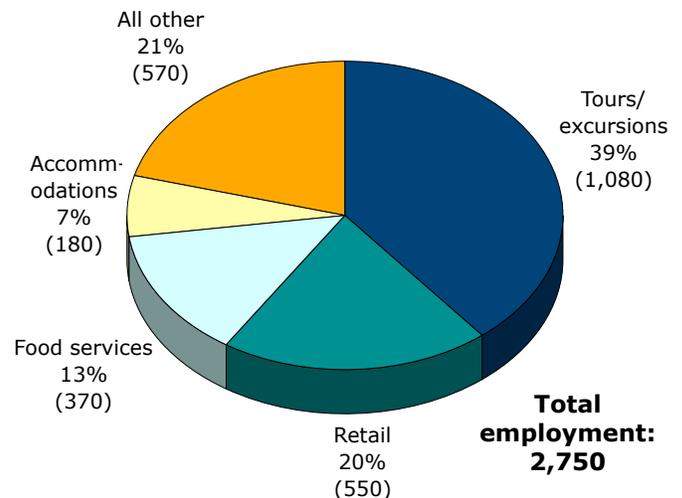
The period of time studied is October 2007 through September 2008. For purposes of this report, the visitor industry refers only to out-of-state visitors.

Economic Impacts

Direct and indirect visitor industry-related employment totaled 2,750 jobs in 2007-08, which represents 13 percent of all employment in Juneau. Direct and indirect visitor industry-related labor income totaled \$95 million during the same period, or 9 percent of Juneau’s total labor income.

The largest component of visitor industry employment is in the tours/excursions sector, followed by retail, food services, and accommodations. The “all other” category is primarily made up of the indirect and induced jobs associated with the visitor industry, such as those in health care, construction and finance.

Direct and Indirect Visitor Industry Employment in Juneau by Economic Sector, 2007-08



Direct visitor industry impacts in Juneau are estimated at 2,230 jobs and \$75 million in labor income, while *indirect* impacts are estimated at 520 jobs and \$20 million in labor income. The indirect impacts include jobs and income in businesses providing goods and services to visitor industry businesses, such as when a construction company builds a facility for a tour provider. Indirect impacts also include *induced* impacts, which occur when visitor industry employees and their dependents make local purchases.

Visitor Industry Employment and Labor Income in Juneau, 2007-08

	Direct	Total	% of Juneau Total
Employment ¹	2,230	2,750	13%
Labor income	\$75 million	\$95 million	9%

¹ Annual average employment, which includes full-time and part-time employment.

Visitor Traffic and Spending

In the 12-month period between October 2007 and September 2008, an estimated 1.1 million visitors came to Juneau, spending a total of \$189 million. The vast majority of visitation occurred in the summer (May to September) period. The bulk of visitation and spending is accounted for by cruise passengers, who represented 87 percent of total volume and 74 percent of total spending.

Juneau Visitor Volume and Spending, 2007-08

	Volume	Spending
Summer 2008¹	1,100,500	\$183 million
Cruise visitors ²	969,600	\$140 million
Air visitors	84,500	\$32 million
Ferry visitors	22,000	\$4 million
Crew members ³	24,400	\$7 million
Fall/Winter 2007-08¹	15,600	\$6 million
Full-year 2007-08	1,116,100	\$189 million

¹ Summer includes May through September 2008; Fall/Winter includes October 2007 through April of 2008.

² Cruise volume has been adjusted to account for passengers who do not disembark and small ship passengers who depart Juneau by air. Cruise spending does not include commissions on shore excursions paid to cruise lines.

³ The crew member figure is a tally of individual crew that were on ships calling in Juneau. Most of the crew visited Juneau numerous times, although they may or may not have disembarked on each visit.

Municipal Impacts

Visitor industry impacts on the City and Borough of Juneau include the following:

- Cruise lines paid \$8.7 million in dockage, moorage and passenger fees to the City and Borough of Juneau in 2008.
- The visitor industry accounted for an estimated \$8.6 million in sales tax revenues to the City and borough of Juneau in 2007-08. This represents 20 percent of total sales tax revenues in fiscal year 2008 (\$42 million).
- The City and Borough of Juneau collected \$1.3 million in room tax revenues in fiscal year 2008, of which \$800,000 can be attributed to the out-of-state visitor market.
- Visitor industry businesses paid an estimated \$2.1 million in property tax payments in 2007-08. This figure takes into account payments by all hotel properties, the vast majority of retail properties in the core downtown area, all major tour companies, and privately owned dock properties. Because of the complexity of identifying *all* tourism-related property tax revenue, this figure should be considered conservative.

Introduction and Methodology

Introduction

The last comprehensive study of the economic impacts of Juneau's visitor industry was in 1994. Since that time, the industry has undergone substantial changes: air traffic has increased by 24 percent, while cruise ship volume has nearly tripled. A much wider variety of retail and tour options are now available to Juneau's visitors, leading to a natural increase in visitor spending, and a more sophisticated and developed industry. To gauge the effects of the visitor industry in Juneau, the Juneau Convention & Visitors Bureau contracted with McDowell Group, a Juneau-based research and consulting firm, to conduct a detailed economic impact study.

McDowell Group has completed most of the state's visitor industry economic impact studies over the last 20 years, including the 1994 Juneau study (for the City and Borough of Juneau), several studies for the Ketchikan Visitors Bureau, and cruise industry impact studies for Southeast Conference and the Alaska Cruise Association. McDowell Group has also completed a considerable amount of Alaska visitor survey research, including four generations of the State of Alaska-sponsored *Alaska Visitor Statistics Program (AVSP)*.

Methodology

This study measures impacts from out-of-state visitors who traveled to Juneau between October 2007 and September of 2008. The impacts of in-state visitors are discussed but not included in the analysis. Readers are reminded that this study does not measure *all* impacts of the travel and tourism industry (which would include, for example, all airport employment and spending, all lodging employment and spending, etc.).

The first step in estimating visitor industry impacts is determining visitor traffic. Sources for 2007-08 visitor traffic included: Cruise Line Agencies of Alaska, Alaska Airlines, Juneau International Airport, and the Alaska Marine Highway System. The study team applied visitor/resident ratios to the updated traffic data; ratios had been obtained in prior research, including the 2006-07 *Alaska Visitor Statistics Program* and *Alaska Travelers Survey*. Visitation by cruise ship crew members was based on the JCVB cruise ship calendar.

The next step in the impact analysis is estimating visitor industry spending. Visitor spending was derived from AVSP data and a 2008 survey of air passengers in the Juneau airport, conducted for JCVB. To supplement the cruise passenger spending data from 2006, the study team conducted interviews with 15 local retail and tour companies to gauge changes in spending patterns between 2006 and 2008. Crew member spending was estimated based on a survey of crew members conducted in 2005. Spending by cruise lines is based on vendor data collected by McDowell Group from cruise lines and Cruise Line Agencies of Alaska for the study *The Economic Impacts of the Cruise Industry in Alaska, 2007* for the Alaska Cruise Association. This data was supplemented by interviews with Cruise West and American Safari executives. Dockage and moorage spending data was collected from the City and Borough of Juneau. Local spending by (non-cruise) overnight tour package companies was also estimated based on AVSP data.

Estimates of visitor industry employment and payroll were extrapolated from visitor industry spending, and verified using employment and payroll data from the Alaska Department of Labor and Workforce Development, as well as gross sales data from the City and Borough of Juneau. Indirect and induced impacts were estimated using the econometric modeling program IMPLAN (Impact Analysis for Planning). IMPLAN is a predictive input-output model of local and state economies, and is widely used to measure the economic impact of industries and industrial/commercial development.

In order to gain qualitative information on the indirect impacts of the visitor industry, the study team spoke with 18 local businesses that benefit from the visitor industry, while not serving visitors directly. The businesses included, among others, dry cleaners, printing/design companies, banks, insurance providers, realtors, phone company, and a photographer. These businesses shared how they serve the visitor industry, and (when possible) estimated the percentage of their gross revenues associated with visitor industry businesses.

Finally, this report includes a discussion of tax revenues to the City and Borough of Juneau resulting from the visitor industry, including sales, room, and property taxes. Sales and room tax revenues were estimated based on visitor spending estimates by category. Property taxes were estimated using the City and Borough of Juneau's Assessor's Database. Payments for over 100 different tourism businesses were determined by applying Juneau's mill rate of 10.37 to the listed property value. The list of businesses included all hotel properties, the vast majority of retail businesses in the core downtown area, all major tour companies, and privately owned dock properties.

Juneau's Visitor Industry: An Overview

This section provides a brief overview of Juneau's visitor industry. In this report, visitor markets are defined by their method of transportation: did they travel to Juneau via cruise ship, airplane, or ferry? Although there is some overlap between these markets (such as when a visitor arrives by air and exits by ferry, or arrives on a small cruise ship and exits by air), this method is generally the most effective for defining visitors and measuring their impacts.

It is important to note that for purposes of this study, the "visitor industry" refers only to out-of-state visitors. This study does not measure the impacts of in-state visitors. This market is discussed further, below.

Cruise Visitors

In summer 2008, Juneau's cruise industry included 40 different ships making over 600 separate port calls. Most of Juneau's cruise ship visitors arrive via large ship (600-2,600 passengers) and spend between four and 12 hours in port before returning to their ship. A small number of cruise passengers also arrive via small ship, which range between 60 and 200 passengers. Many of these ships use Juneau as an embarkation/disembarkation point, with passengers that fly in and/or out of Juneau. These passengers often stay overnight in Juneau before or after their cruise, differentiating them from large cruise ship passengers.

For purposes of this study, small cruise ship visitors who exited by airplane in summer 2008 are included in the "air visitor" market. This method avoids double-counting and accurately accounts for their expenditures, which were captured in the 2008 survey of air visitors.

A related market is cruise ship crew members, a portion of whom disembark while in port and make local purchases. Their spending is accounted for in this study.

Air Visitors

Air visitors include a wide variety of visitor sub-markets: those visiting friends/family (VFRs), package visitors (including adventure travel packages and sportfishing packages), other vacation/pleasure visitors, and business visitors. As noted above, the air market also includes some small ship cruise passengers who embark/disembark in Juneau.

Ferry Visitors

Ferry visitors arrive or depart Juneau via the Alaska Marine Highway System. They tend to be vacation/pleasure visitors who are on extended Alaska vacations, traveling to many communities while in the state. The ferry market includes both foot passengers and those traveling with a vehicle, sometimes RVs or campers.

Fall/Winter

The three categories of travelers above (cruise, air, and ferry) are generally used to indicate summer season travelers: those arriving between May and September. The fall/winter visitor market changes substantially,

with zero cruise ship passengers, a much lower volume of air and ferry passengers, and prevalence of business and visiting friends/family visitors over those traveling for vacation/pleasure.

Convention and Meeting

The convention and meeting market has some overlap with the fall/winter market and are part of the business travel market. A recent study completed by the McDowell Group for the Juneau Convention & Visitors Bureau estimated the convention volume at 4,900 attendees and the spending impacts at \$6.9 million. (Note: These figures refer only to conventions generated or facilitated by the JCVB.) These impacts are not included in this study's findings, as a majority of convention and meeting attendees are Alaska residents. (Spending by non-residents is included in the fall/winter spending figures.) However, they are an important part of the Juneau's visitor industry, especially because they tend to travel in Juneau's slower fall/winter season, giving a boost to local businesses.

In-State Market

The in-state market is primarily comprised of business travelers (including legislative-related travelers and convention/meeting attendees), those visiting friends or relatives, regional residents who come for shopping or recreational purposes, and a small number of other vacation/pleasure visitors. The impacts of this market are not included in this study.

Visitor Volume and Spending

Visitor volume and spending are grouped into the following categories for purposes of this report:

- Summer 2008**
 - Cruise Visitors
 - Crew Members
 - Air Visitors
 - Ferry Visitors
- Fall/Winter 2007-08**
 - Air Visitors
 - Ferry Visitors

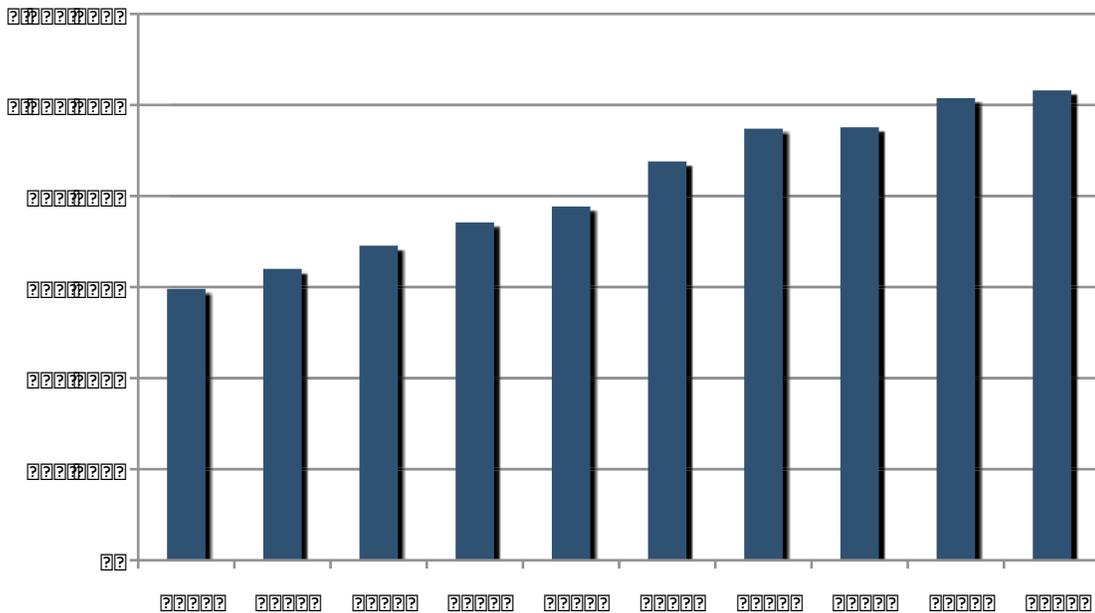
The summer period covers May through September, 2008; the fall/winter period covers October 2007 through April 2008.

Summer 2008

Cruise Visitors

Juneau's cruise industry accounts for the vast majority of visitors to Juneau, including 1,032,300 passengers in 2008, according to Cruise Line Agencies of Alaska (CLAA) data. This figure is 1.7 percent above the 2007 volume and 73 percent above 1999's volume. The chart below shows how Juneau's cruise volume has grown over the last decade.

Chart 1
Cruise Passenger Volume to Juneau, 1999-2008



Source: Cruise Line Agencies of Alaska.

Cruise visitation numbers from CLAA are adjusted in two ways for the purpose of measuring economic impacts:

- A small number of passengers are subtracted from the total to account for small ship passengers who are on round trip cruises that begin and end in Juneau. They are counted twice in the cruise traffic database: once when they embark on their ship, and a second time when they disembark. Another adjustment is made to account for small ship passengers who exit Juneau via airplane, as their volume and spending are accounted for in the air market numbers.
- A small fraction of all passengers are subtracted from the total to account for those who stay on-board during their Juneau visit.

These adjustments lead to a total cruise passenger volume figure of 969,600 (see Table 1).

Cruise passengers accounted for \$140 million in Juneau expenditures in summer 2008. This figure is derived from data obtained in the 2006 *Alaska Visitor Statistics Program V*, which determined average per-passenger spending based on survey data.¹ The per-passenger figure of \$144 reflects a downward adjustment to account for commissions paid to cruise lines for shore excursions (these commissions accrue directly to the cruise lines, so are not considered an impact to Juneau). The per-passenger figure also reflects an adjustment to account for slight changes in spending habits between 2006 and 2008.

Table 1
Juneau Cruise Passenger Volume and Spending, Summer 2008

	Volume and Spending
Cruise ship passengers ¹	969,600
Average spending per passenger	\$144
Total cruise passenger spending	\$140 million

Source: McDowell Group estimates.

¹ After adjusting for double-counting, small ship passengers departing Juneau by air, and passengers who do not disembark.

Crew Members

Cruise lines carried approximately 24,400 crew members to Juneau in summer 2008 according to the JCVB cruise ship schedule. Although cruise ships typically make between 18 and 22 stops in Juneau, crew spending is calculated on a per-season basis to account for the fact that not all crew members disembark, and those that do may not disembark at every port call.

Crew members spent an average of \$300 per season in Juneau, for a total spending figure of \$7 million. Crew member spending is based on a 2005 survey of crew members conducted by McDowell Group. Data was weighted to account for crew position (for example, restaurant worker, purser, shore excursion personnel, etc.).

¹ *Alaska Visitor Statistics Program V*, conducted by McDowell Group, Inc. for the State of Alaska Department of Commerce, Community and Economic Development.

Table 2
Juneau Crew Member Volume and Spending, Summer 2008

Cruise ship crew members	24,400
Average spending per crew member	\$300
Total crew member spending	\$7 million

Source: McDowell Group estimates.

Air Visitors

An estimated 84,500 air visitors exited Juneau in summer 2008. (This figure includes 8,000 small cruise ship passengers who exit Juneau by air. They are excluded from cruise passenger volume, above, to avoid double-counting.) The visitor volume is based on several sources: passenger enplanement data from the Juneau International Airport and Alaska Airlines, and visitor/resident ratios collected both during AVSP V (for southbound passengers) and previous visitor volume studies for the JCVB.

The spending figure is based on a survey conducted for JCVB in summer 2008 of out-of-state visitors at the Juneau International Airport.

Table 3
Juneau Air Visitor Volume and Spending, Summer 2008

Air visitors	84,500
Average spending per visitor	\$383
Total air visitor spending	\$32 million

Source: McDowell Group estimates.

Ferry Visitors

An estimated 22,000 out-of-state visitors exited Juneau via ferry in summer 2008. This figure is based on applying 2007 visitor/resident ratio data from the Alaska Marine Highway's reservation system data to 2008 embarkations. Ferry passengers spent an estimated \$179 per person in Juneau, based on data obtained in AVSP V, with a total spending of \$4 million.

Table 4
Juneau Ferry Visitor Volume and Spending, Summer 2008

Ferry visitors	22,000
Average spending per visitor	\$179
Total ferry visitor spending	\$4 million

Source: McDowell Group estimates.

Total Summer Visitors

More than 1.1 million out-of-state visitors came to Juneau between May and September 2008, with the vast majority (88 percent) being cruise passengers. Visitors spent a total of \$183 million while in Juneau. The table below shows the total volume of visitors for summer 2008 by market, along with their spending. The total is shown both with and without crew members as they are a unique market.

Table 5
Out-of-State Visitor Volume and Spending in Juneau, Summer 2008

	Volume	Spending
Cruise visitors	969,600	\$140 million
Air visitors	84,500	\$32 million
Ferry visitors	22,000	\$4 million
Total visitors	1,076,100	\$176 million
Crew members	24,400	\$7 million
Total visitors/crew members	1,100,500	\$183 million

Fall/Winter 2007-08

The fall/winter visitor market largely is comprised of air visitors, who account for 12,300 out of the total 15,600 volume. Fall/winter visitors are much more likely to be traveling for business or to visit friends and family when compared to summer visitors. They spent an estimated \$414 per person while in Juneau, with total spending of \$6 million.

Table 6
Juneau Visitor Volume and Spending, Fall/Winter 2007-08

	Volume
Air visitors	12,300
Ferry visitors	3,300
Total visitors	15,600
Average spending per visitor	\$414
Total spending	\$6 million

Full-Year Visitor Volume and Spending

Adding together fall/winter 2007-08 and summer 2008 volume and spending figures, the full year visitor traffic estimate is 1,116,100, with total spending at \$189 million.

Table 7
Juneau Visitor Volume and Spending, October 2007 – September 2008

	Volume	Spending
Summer visitors	1,100,500	\$183 million
Fall/winter visitors	15,600	\$6 million
Total visitors 2007-08	1,116,100	\$189 million

Cruise Line and Tour Operator Spending

Cruise lines and tour operators spent an estimated \$21 million in Juneau in 2007-08. (“Tour operators” refers to companies operating overnight packages in or through Juneau; like cruise lines, they make purchases on behalf of their clients that are not covered in the passenger spending figures.) This figure is derived from several sources: vendor data from large cruise lines provided for a 2007 study, dockage revenues from the City and Borough of Juneau, and prior research on small ship and tour operator spending. The data was carefully analyzed to insure that no double-counting occurred. For example, all payments to tour vendors were eliminated, as they are accounted for in passenger spending figures.

The bulk of the spending is in the dockage, moorage and passenger fee category, which includes payments to both public and private docks. (Dockage revenues that accrue only to the City and Borough of Juneau are outlined in the final chapter of this report.) Professional and business services include such expenses as attorneys, engineers, architects, printing, graphic design, plumbing, and laundering. The bulk of the lodging and restaurant category can be attributed to small cruise lines and tour operators, who include these elements in their package price.

The spending outlined below represents purchases from over 250 separate local vendors.

Table 8
Cruise Line and Tour Operator Spending in Juneau, 2007-08

Category	Spending
Dockage, moorage and passenger fees	\$14.0 million
Professional and business services	2.0 million
Fuel and utilities	0.9 million
Trade and manufacturing	0.9 million
Construction	0.8 million
Lodging and restaurants	0.6 million
Health care	0.3 million
Transportation and freight	0.3 million
Other ¹	0.3 million
Total	\$20.1 million

¹ Includes non-profit donations, memberships, and building rentals.

Economic Impact Analysis

Employment and Income

The following table summarizes total spending by visitors, crew members, cruise lines and tour operators in Juneau in 2007-08.

Table 9
Total Visitor Industry Spending in Juneau by Sector, 2007-08

Category	Spending
Retail and dining	\$99.7 million
Tours and transportation	77.1 million
Dockage/moorage	14.0 million
Lodging	12.7 million
Professional and business services	2.0 million
Trade, manufacturing, construction	1.7 million
Fuel and utilities	0.9 million
Other	1.6 million
Total	\$209.8 million

¹ Health care spending reflects expenditures made by cruise lines and does not include payments made directly by visitors.

Note: Column does not add to total due to rounding.

The economic impact of visitor spending is felt throughout the local economy. In fact, visitor spending eventually filters through nearly every sector in Juneau's economy. To understand how this occurs, consider that there are three levels of economic impact for visitor spending: direct, indirect and induced. These economic effects are defined as:

- **Direct:** Direct economic impacts include jobs and income in businesses providing goods and services directly to visitors. This includes employment and payroll in tour companies, hotels, retail stores, flightseeing companies, etc.
- **Indirect:** Indirect economic impacts include jobs and income in businesses providing goods and services to visitor industry businesses. That is, the local tour company buys fuel and other supplies, rents office space, and purchases services from local providers, for example, in support of day-to-day business operations. This spending creates additional jobs and income in Juneau. Construction companies, wholesalers, legal and accounting services, printers, utility providers, and many other kinds of businesses serve the companies that serve visitors.
- **Induced:** Induced economic impacts include jobs and income associated with providing goods and services to the visitor industry workforce and their dependents. Induced effects are felt all through the private and public (government) sectors.

A review of Juneau’s largest private employers illustrates the broad circulation of visitor dollars through the local economy. For each of Juneau’s top 25 employers, the table indicates the number of employees, and whether the business experiences direct, indirect and/or induced impacts from visitor industry spending. A number of businesses that directly serve visitors appear on this list, including Alaska Airlines, Alaska Travel Adventures, and the Travelodge. Other businesses may have direct *and* indirect links to tourism, such as Wal-Mart, which is patronized by cruise ship crew members as well as visitor industry employees. Likewise, the Alaskan Brewing Company serves visitors directly in addition to selling wholesale to visitor-patronized restaurants and bars.

Table 10
Top 25 Private Employers in Juneau, 2007
Visitor Industry Effects

	Company	Number of Employees	VISITOR INDUSTRY EFFECTS		
			Direct	Indirect	Induced
1	Greens Creek Mining Co	308			
2	Fred Meyer Stores	283	X	X	X
3	Alaska Airlines	148	X	X	X
4	The Alaska Club	133	X		X
5	Safeway	120	X	X	X
6	Alaska Travel Adventures	107	X		
7	Costco Wholesale Corp	103	X	X	X
8	Global Seafoods No. America	102			
9	Wal-Mart Associates	100	X	X	X
10	Northland Services	100		X	
11	Super Bear/Jerry’s Meats	87	X	X	X
12	Williams Alaska Petroleum	84	X	X	X
13	Coeur Alaska	80			
14	Heritage Northwest	78	X	X	X
14	Point Sophia Dev Co	72	X		
16	Coogan Construction Co	67			X
17	McDonald’s	66	X		X
18	Juneau Airport Travelodge	65	X	X	X
19	Juneau Empire/Morris Publications	64	X	X	X
20	Bullwinkles Pizza Parlor	61	X	X	X
21	Hangar/Pizzeria Roma	61	X	X	X
22	Colaska Inc (SECON)	60			
23	Taku Smokeries	59	X	X	
23	Home Depot	58		X	X
25	Alaskan Brewing	57	X	X	X

Source: Alaska Department of Labor and Workforce Development.

Precisely measuring the indirect and induced impact of any component of the economy requires econometric modeling beyond the scope of this study. However, by using models it is possible to broadly measure the

magnitude of total direct, indirect and induced economic effects. IMPLAN is a predictive input-output model of local and state economies, and is widely used to measure the economic impact of industries and industrial/commercial development. IMPLAN uses Juneau employment and payroll data to define linkages between industries in the local economy and multipliers that predict the total impact of an economic stimulus, such as visitor spending.

The magnitude of an employment or payroll multiplier depends on several factors, including the local availability of goods and services required to support the industry, average wages paid in the industry, the residency of the industry’s workforce, and other factors.

The following table summarizes the direct and total employment and income effects of out-of-state visitor travel to Juneau. The analysis of out-of-state visitor spending in Juneau indicates that it directly creates the annual equivalent of 2,230 jobs and \$75 million in labor income. The largest component of this employment is in the tours/excursions category, followed by retail. These employment and income estimates include proprietors and the net income they earn from their businesses. Peak employment, though not specifically measured in this study, was likely over 3,000 jobs. Total employment, including all direct and indirect impacts, is estimated at an annual equivalent of 2,750 jobs and \$95 million in annual payroll.

Direct and indirect visitor industry-related employment accounted for 13 percent of all employment in Juneau in 2007-08, and 9 percent of all labor income. (Juneau’s economy includes approximately 21,000 full and part-time jobs, and \$1.07 billion in annual labor income.)

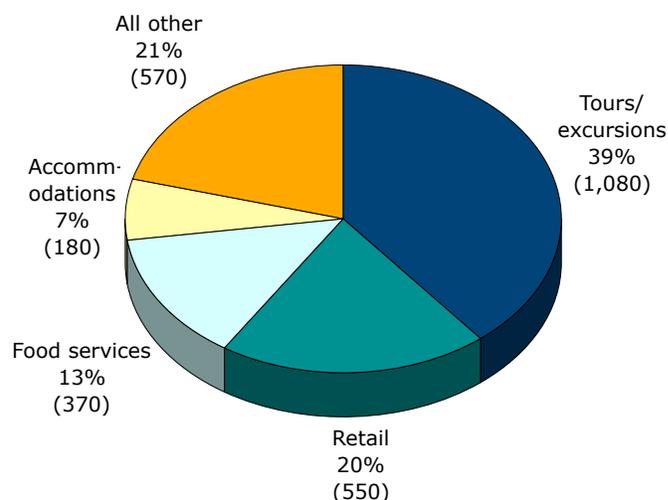
Table 11
Visitor Industry Employment and Labor Income in Juneau, 2007-08

	Direct	Total	% of Juneau Total
Employment ¹	2,230	2,750	13%
Labor income	\$75 million	\$95 million	9%

¹ Annual average employment, which includes full-time and part-time employment.

The chart at right shows the total employment (direct and indirect) resulting from out-of-state visitors in 2007-08, broken down by economic sector. The tour/excursion sector claims the biggest portion at 39 percent, followed by retail at 20 percent; food services at 13 percent; and accommodations at 7 percent. The “all other” category (21 percent) is primarily made up of the indirect jobs associated with the visitor industry, such as those in health care, construction, and finance.

Chart 2
Direct and Indirect Visitor Industry Employment in Juneau by Economic Sector, 2007-08



Business Survey

In order to illustrate the broad range of impacts resulting from the visitor industry, the study team spoke with 18 local businesses that benefit from the visitor industry, while not serving visitors directly. The businesses included: utilities provider, dry cleaners, two printing/design companies, two banks, health care provider, two insurance providers, newspaper, two realtors, copy store, food/beverage wholesaler, phone company, auto supply store, and a photographer. These businesses shared how they serve the visitor industry, and (when possible) estimated the percentage of their gross revenues associated with visitor industry businesses. The survey showed that the visitor industry affects a wide range of businesses throughout the Juneau economy.

- The dry cleaners estimated that their business doubles during the summer months, largely attributable to visitor industry clients like cruise lines, restaurants, and bus companies.
- One of the printing/design companies estimated that 50 percent of their business comes from visitor industry clients, who purchase items like brochures, business cards, shore excursion catalogs, tour vouchers and flyers.
- The other printing/design company estimated that 20 percent of their annual business is attributable to the visitor industry, for whom they primarily provide brochures. In the summer season, it is a majority of their business.
- Although neither of the two banks contacted could estimate the percentage of their business attributable to tourism companies, they did comment that they served a number of tourism business including gift shops and cruise lines. Services included check/deposits, credit card processing, loans, and other typical banking tasks.
- Both insurance companies cited a variety of visitor industry clients, including tour buses, tour booths, gift shops, accommodations, and cruise lines.
- The newspaper said that 10 to 20 percent of their summer revenues came from visitor industry businesses, and many types of visitor businesses advertise with them.
- One of the realtors said that they work with tour companies to find short-term housing, and they manage properties that are leased for the season to employees. They attributed 5 percent or less of their business to the visitor industry.
- The copy store cited signs, brochures, flyers, business cards, and rack cards as products they provide to the tourism industry. They estimated their visitor industry clients account for 10 to 12 percent of total revenues, which helps considerably with overhead costs.
- The food wholesaler, which sells food, beverage and food supplies to visitor industry businesses such as restaurants and hotels as well as the ferry system, estimated that 50 percent of their revenues are attributable to tourism operations.
- The cable/phone company commented that they serve a significant number of tourism businesses (with services such as wire/line services, long distance and local phone service) but could not estimate the percentage attributable to them.
- The auto parts supplier estimated that 8 percent of their revenue is attributable to visitor industry businesses. They service tour vans, hotel courtesy vans, and taxis with tires and brake repair.

- A photography company estimated that 50 percent of their sales were to visitor industry companies (cruise lines and tour companies) for use of photos in their advertising.

In order to further illustrate how visitor dollars filter through the Juneau economy, the following table presents a “flow chart” of a hypothetical retail store. The chart shows how visitor spending generates direct, indirect, and induced impacts. The two main categories of “Employee Payroll and Owner’s Profit” and “Business Operations Spending” represent direct impacts on the Juneau economy. The categories under “Employee Payroll and Owner’s Profit” generally represent induced impacts. The categories under “Business Operations Spending” represent indirect impacts.

“Alaska Treasure” Gift Shop

**Sales to Visitors
\$1 Million Annually**

**Employee Payroll
& Owner's Profit
\$300,000**

**Inventory for Resale
\$400,000
(Non-Local)**

**Business Operations
Spending
\$300,000**

**Federal Payroll
Taxes
\$60,000**

**Disposable
Income**

**Housing
\$80,000**

**Clothing
\$15,000**

**Transportation
\$50,000**

**Local Taxes
\$60,000**

**State/Federal Taxes
\$20,000**

**Rent
\$70,000**

**Non-Local
Other
\$50,000**

**Medical
\$15,000**

**Recreation
\$20,000**

**Food
\$60,000**

**Utilities
\$10,000**

**Misc. Services
& Supplies
\$40,000**

**Marketing
\$20,000**

**Construction
\$30,000**

- Banks
- Landlords
- Power Co.
- Telephone Co.
- Fuel Distributors
- Contractors
- Building Supply Stores
- Hardware Stores

- Doctors
- Dentists
- Hospital
- Drug Stores
- Etc.

- Apparel stores of all kinds
- Theaters
- Bowling Alley
- Fitness Centers
- Sporting Goods Stores
- Bookstores

- Car Dealers
- Boat Dealers
- Gas Stations
- Auto Parts Stores
- Insurance Co.

- Airlines
- AMHS
- Grocery Stores
- Restaurants

- Juneau Sales & Property Taxes

- Telephone Co.
- Fuel Distributors
- Power Co.

- Accountants
- Attorneys
- Repair Services
- Misc. Business Services
- Travel Services
- Office Supply Stores
- Equipment Suppliers

- Newspapers
- TV Stations
- Radio Stations
- Advertising Agencies
- Printers

Payment to Local Property Owners

- Contractors
- Special Trades
- Architects
- Engineers

Municipal Revenues

Municipal revenues include dockage/moorage fees, sales tax revenues, room tax revenues, and property tax revenues. While municipal revenues are included in the direct impacts described above, this section helps illustrate the scope of these payments.

Dockage/Moorage Fees

Cruise lines paid a total of \$8.7 million to the City and Borough of Juneau in 2008, including dockage fees, lightering fees, and passenger fees.

Table 13
Cruise Ship Moorage and Passenger Fee Revenues
City and Borough of Juneau, 2008

	Revenues
Dockage fees	\$1,155,276
Tonnage fees	499,964
Water fees	60,169
Passenger fees	5,062,330
Additional passenger fees	1,877,301
Total revenues	\$8,655,040

Source: City and Borough of Juneau.

Sales Tax Revenues

Over \$42 million in sales tax revenue was collected by the City and Borough of Juneau in 2008.² Of this amount, an estimated \$8.6 million (20 percent) is directly attributable to the visitor industry. This figure was determined by applying sales tax rates to estimated visitor and cruise line spending. Spending on flights (flightseeing tours and charter service to outlying communities) and cruise line commissions on tour sales were removed from the spending figures, as they are not taxable.

Room Tax Revenues

According to gross sales data, Juneau lodging facilities collected \$28 million in gross revenues in 2008, \$13 million of which is attributable to out-of-state visitors. The remaining revenues resulted from in-state travel and local resident usage. The City and Borough of Juneau collected a total of \$1.3 million in room tax revenues in fiscal year 2008, of which approximately \$800,000 is attributable to out-of-state visitors. (Out-of-state visitors account for a greater percentage of the room tax revenues than of gross sales because state and federal lodging expenses are tax-exempt.)

² *Comprehensive Annual Financial Report* FY 2008, City and Borough of Juneau.

Property Tax Revenues

Tax revenues associated with the visitor industry were estimated by first compiling a list of local visitor industry businesses. The list totaled over 100 businesses, including all major hotel properties, the vast majority of downtown retail shops, all major tour operations, and privately owned dock companies. Names and/or addresses were entered into the City and Borough of Juneau's Assessor's Database to obtain property values. (Because many businesses do not use their storefront names in tax records, some records were obtained using street addresses.)

After applying Juneau's mill rate of 10.37 to all the property values, it appears that property tax revenues associated with the visitor industry are at least \$2.1 million. This estimate should be considered conservative because it reflects only businesses heavily reliant on tourism. Tax impacts that are more difficult to measure include those of businesses that serve both residents and visitors, such as downtown-area restaurants and drugstores. The \$2.1 million figure also excludes any indirect or induced impacts, such as property tax payments made by homeowners employed in the industry, or by property owners who rent housing to industry workers.