



Economic and Fiscal Impact Analysis

Estimated Total Impact of Tourism in Beaufort County, SC, 2017

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In late March/early April of 2018, it was discovered that one submitting property for the Hilton Head Island villa data set was including comps/owner stays in their submissions. This property represented approximately 30% of the total inventory participating at that time.

We also had a new property come on board in March of 2018 that initially was only submitting data that had an arrival date during the current reporting month.

As a result of the errant data, Inntopia conducted a restatement of the villa reports going back to 10/31/17. This process included restating individual property data back to 10/31/16 to ensure an accurate year over year comparison.

-Stacey Mullen - Business Intelligence Production & Publication Coordinator, Inntopia (3/8/2019)

To access the revised Estimated Total Impact Report of Tourism in Hilton Head Island, 2017 on Beaufort County, South Carolina, please reference www.thinkhiltonheadisland.org.

I. Introduction

This study of the economic and fiscal impact of tourism in Beaufort County, South Carolina in the year 2017 was performed by Regional Transactions Concepts, LLC, in association with Dr. John Salazar of the Lowcountry and Resort Islands Tourism Institute (LRITI) at the University of South Carolina Beaufort. These impacts result from spending by tourists during their visit to the county. This study was revised due to revised visitor numbers received by VCB following completion of the original report.

This analysis examines spending by tourists visiting each of three destinations in the county: the City of Beaufort, the Town of Bluffton, and the Town of Hilton Head Island. The estimated impact from spending by tourists at each of these locations is summed in order to indicate the total impact.

II. Model and Assumptions

The models generated by Regional Transactions utilized the Regional Economic Models, Inc. (REMI) PI⁺ economic modeling engine. The REMI model is an input-output (IO) and computable general equilibrium (CGE) model; it is also a New Economic Geography model, taking into account transportation and labor and resource availability in order to more accurately model economic activity across geographic regions. The model forecasts a baseline level of activity assuming all things constant except for normal economic growth. Changes to employment, income, or demand for products or services by either the private or the public sector can be input to the model. Based on these inputs, the REMI model generates a county level estimate of the resultant variation from the projected baseline, as well as the effects on every industry.

Visitor spending for each location was determined by a survey conducted by LRITI. The total number of visitors to each destination is listed in Table 1. Estimated total direct spending by tourists at each destination is listed in Table 2. For purposes of generating inputs to the model, the mean expenditures reported by each

group for each category were weighted according to the proportion of survey respondents reporting spending in that category; this was then divided by the average number of persons per party reported by the respondents. Finally, this weighted average spend per person in each category was multiplied by the total number of visitors to the county for each destination reported by the Convention and Visitors Bureau for 2017.

**Table 1. Number of Visitors
By Destination (2017)**

Segment	Count
Beaufort	216,079
Bluffton	129,296
Hilton Head Island	2,615,285
Total Visitors	2,960,661

Specialized output from the REMI model was then input to our own fiscal impact model in order to estimate the impact on local government revenue and expenditures, excluding hospitality, accommodations, and recreation tax revenue.

The numbers reported in the following include direct, indirect, and induced impacts. Direct impact include workers and output generated directly from visitor spending (for example, hotel room sales); indirect impacts are the jobs and output created for first and second tier suppliers; induced impacts are jobs and output generated from consumer spending of wages by workers affected by the direct and indirect impacts. All dollar amounts are stated in constant 2015 dollars. Estimates are reported using the following metrics:

- *Employment* is the number of jobs or job equivalents created by economic activities resulting through direct, indirect, and induced effects from tourist expenditures.
- *Total compensation* is the aggregated impact on wages paid in Beaufort County, including fringes. This includes wages paid to workers holding jobs in the county who may reside elsewhere; likewise, it excludes wages earned by Beaufort County residents who work outside of the county.

Table 2. 2017 Estimated Direct Spend by Spending Category
(Thousands of 2015 Dollars)

Spending Category	Beaufort	Bluffton	HHI	Total
Transportation (around your trip destination)			\$ 17,502	\$ 17,502
Lodging	\$ 16,956	\$ 4,408	\$ 505,394	\$ 526,758
Food-dining out	\$ 7,751	\$ 3,630	\$ 188,723	\$ 200,104
Food-groceries			\$ 92,662	\$ 92,662
Beaches			\$ 4,411	\$ 4,411
Shopping	\$ 5,883	\$ 3,630	\$ 118,597	\$ 128,110
Spas			\$ 8,965	\$ 8,965
Golf			\$ 40,878	\$ 40,878
Biking			\$ 12,332	\$ 12,332
Parks			\$ 750	\$ 750
Performance/visual arts			\$ 6,585	\$ 6,585
Festivals			\$ 3,087	\$ 3,087
Museum/historical tours			\$ 4,014	\$ 4,014
Boating/sailing			\$ 11,364	\$ 11,364
Nature based activities			\$ 1,719	\$ 1,719
Dolphin tours			\$ 7,284	\$ 7,284
Tennis			\$ 1,681	\$ 1,681
Fishing			\$ 5,340	\$ 5,340
Sporting events			\$ 1,046	\$ 1,046
Other cultural activities			\$ 4,049	\$ 4,049
Other sport activities			\$ 3,331	\$ 3,331
Other outdoor activities			\$ 6,210	\$ 6,210
Recreation	\$ 6,540	\$ 11,235	\$ 33,597	\$ 51,373
Other expenses			\$ 35,065	\$ 35,065
Total Direct Spend	\$ 37,130	\$ 22,902	\$ 1,114,587	\$ 1,174,620

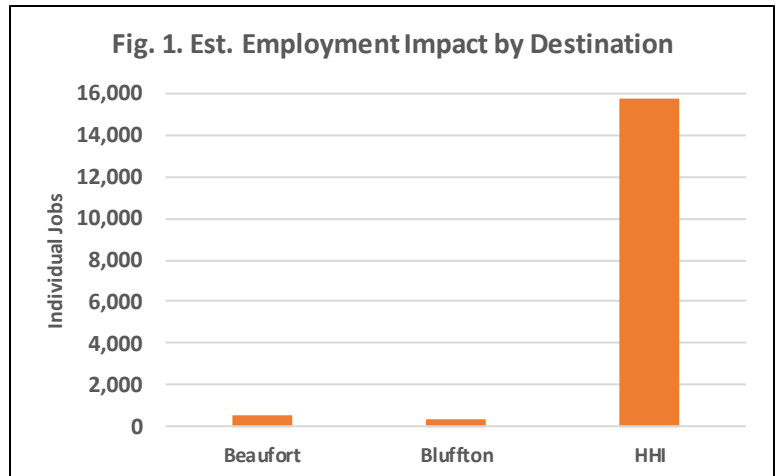
- *Output* is the dollar value of all goods and services produced within the county per year. This can also be thought of as *total sales*.
- *Net local government revenue* is the revenue collected by local (county and municipal) governments from all sources, including taxes, licensing, and fees, less expenses. Detailed impact estimates for *gross* local government revenue and expenditures are presented in the Appendix.

III. Results

Impact estimates for each destination are presented in Figure 1 and in the Appendix. The total output multiplier for tourist spending was estimated from the model estimates. The output multiplier is the ratio of total economic impact to direct spending. The estimated output multiplier for total tourist spending for Beaufort County for all destinations is **1.27**; this means that every dollar spent by tourists in Beaufort County increases output in the county economy by a total of \$1.27.

The observed multiplier tends to vary from one year to the next as a result of several factors. In the previous report, a significant increase was observed between the years 2015 and 2016. In the current year's data, it has decreased very slightly from 1.40 in 2016 to 1.27 in 2017. This is slightly lower than the 1.31 multiplier observed in the previous (pre-revised) version of this analysis; this variation is likely due to the adjustment made to Hilton Head Island visitor numbers in this revision. The Hilton Head visitor count was revised downward, leaving Beaufort and Bluffton visitor numbers making up proportionally more of the total county tourism count than before the revision. Because spending patterns observed among visitors to Beaufort and Bluffton are somewhat different from those observed among visitors to Hilton Head (which includes those lodging in hotels, villas, and timeshare, as well as second homeowners, their non-paying guests, and day visitors), this would account for a change in the estimated multiplier.

Total economic impact on output/total sales in Beaufort County from tourist spending was approximately **\$1.49 billion** in 2017. Tourist spending generated a positive impact on net revenues (i.e., net of the impact on expenditures) to local governments in Beau-



fort County of approximately **\$14.7 million**, *not* including revenues generated by state and local ATAX and local hospitality taxes. Both of these estimates reflect a small negative change from the previous year, due largely to the impact of Hurricane Matthew, which impacted Beaufort County during the fiscal year ending 2017.

IV. Conclusion

As visitors to Beaufort County bring their income with them to spend during their visit, they create a net inflow of funds to the region that generates income to local businesses and households. In this way, tourism is a true export industry. The **16,601** jobs that comprise the estimated total employment impact generated by tourists in Beaufort County in 2017 represent **15.7 percent** of all jobs in the county.¹

¹ Total employment in Beaufort County, South Carolina was 105,618 according to the Bureau of Economic Analysis (BEA), Table CA4, as of 2016, the most recent data available at the writing of the original version of this report.

Appendix

Table A1. Beaufort - Estimated Economic Impact (Beaufort County)

Category	Units	2017
Total Employment	Individuals (Jobs)	570
Total Compensation	Thousands of Fixed (2015) Dollars	\$ 18,520
Output	Thousands of Fixed (2015) Dollars	\$ 54,887
Net Local Government Revenue	Thousands of Fixed (2015) Dollars	\$ 530

Table A2. Bluffton - Estimated Economic Impact (Beaufort County)

Category	Units	2017
Total Employment	Individuals (Jobs)	294
Total Compensation	Thousands of Fixed (2015) Dollars	\$ 9,600
Output	Thousands of Fixed (2015) Dollars	\$ 33,351
Net Local Government Revenue	Thousands of Fixed (2015) Dollars	\$ 351

Table A3. Hilton Head Island - Estimated Economic Impact (Beaufort County)

Category	Units	2017
Total Employment	Individuals (Jobs)	15,735
Total Compensation	Thousands of Fixed (2015) Dollars	\$ 502,349
Output	Thousands of Fixed (2015) Dollars	\$ 1,398,750
Net Local Government Revenue	Thousands of Fixed (2015) Dollars	\$ 13,754

Table A4. Total, All Destinations - Estimated Economic Impact (Beaufort County)

Category	Units	2017
Total Employment	Individuals (Jobs)	16,601
Total Compensation	Thousands of Fixed (2015) Dollars	\$ 531,197
Output	Thousands of Fixed (2015) Dollars	\$ 1,487,111
Net Local Government Revenue	Thousands of Fixed (2015) Dollars	\$ 14,720

* Does not include ATAX or hospitality tax revenue

Table A5. Est. Local Gross Revenue Impact (\$1000s), Beaufort County

Category	Revenue Type	2017
Charges	Air Transportation	\$ 498.4
Federal Intergovernmental	Air Transportation	\$ 160.9
Tax	Alcoholic Bev Sales	\$ 4.2
Charges	All Other	\$ 184.8
Federal Intergovernmental	All Other	\$ 35.1
State Intergovernmental	All Other	\$ 122.0
Tax	Amusements Lic	\$ 0.3
Intergovernmental to State	Correctional Institutions	\$ 0.4
Tax	Death and Gift	\$ 0.1
Tax	Documentary and Stock Transfer	\$ 8.5
Misc	Donations from Private Sources	\$ 18.6
Employee Retirement	Earnings on Investments (calculated)	\$ 4.4
Federal Intergovernmental	Education	\$ 2.0
State Intergovernmental	Education	\$ 2,751.7
Revenue	Electric Utilities	\$ 1,752.3
Federal Intergovernmental	Electric Utilities	\$ 1.8
Intergovernmental to State	Electric Utilities	\$ 1.4
Intergovernmental to State	Elementary-Secondary Ed	\$ 7.2
Charges	Elementary-Secondary Ed - Other	\$ 95.9
Charges	Elementary-Secondary Sch Lunch	\$ 56.2
Charges	Elem-Sec Ed Tuition and Transportation	\$ 7.0
Misc	Fines and Forfeits	\$ 68.0
Employee Retirement	From Other Governments	\$ 0.1
Revenue	Gas Utilities	\$ 691.6
Intergovernmental to State	General - Other	\$ 5.0
Federal Intergovernmental	General Local Gov Support	\$ 5.5
State Intergovernmental	General Local Gov Support	\$ 160.3
Misc	General Rev, NEC	\$ 306.9
Tax	General Sales/Gross Rcpts	\$ 1,009.0
Intergovernmental to State	Health - Other	\$ 5.1

Table A5. (cont'd) Est. Local Gross Revenue Impact (\$1000s), Beaufort County

Category	Revenue Type	2017
Federal Intergovernmental	Health and Hospitals	\$ 122.0
State Intergovernmental	Health and Hospitals	\$ 108.0
Federal Intergovernmental	Highways	\$ 6.6
State Intergovernmental	Highways	\$ 38.2
Charges	Hospital Public	\$ 8,890.9
Charges	Housing and Community Dev	\$ 18.1
Federal Intergovernmental	Housing and Community Dev	\$ 159.1
State Intergovernmental	Housing and Community Dev	\$ 12.6
Misc	Interest Earnings	\$ 348.3
Intergovernmental to State	Judicial and Legal Serv	\$ 3.9
Intergovernmental to State	Libraries	\$ 0.1
Employee Retirement	Local Empl Contribution	\$ 0.1
Charges	Misc Commercial Activities	\$ 4.7
Tax	Motor Vehicle Lic	\$ 297.4
Federal Intergovernmental	Natural Resources	\$ 29.9
Charges	Natural Resources - Other	\$ 3.7
Tax	Occupation/Business Lic	\$ 1,183.4
Intergovernmental to State	Other Higher Ed	\$ 0.0
Tax	Other Licenses	\$ 36.9
Tax	Other Selective Sales	\$ 556.0
Charges	Parking Facilities	\$ 20.7
Charges	Parks and Rec	\$ 26.9
Tax	Property	\$ 3,637.6
Tax	Public Utilities Sales	\$ 198.6
Tax	Public Utility Lic	\$ 204.4
Federal Intergovernmental	Public Welfare	\$ 5.8
State Intergovernmental	Public Welfare	\$ 8.9
Intergovernmental to State	Public Welfare	\$ 1.4
Charges	Regular Highways	\$ 26.3
Intergovernmental to State	Regular Highways	\$ 0.7

Table A5. (cont'd) Est. Local Gross Revenue Impact (\$1000s), Beaufort County

Category	Revenue Type	2017
Misc	Rents	\$ 30.1
Misc	Sale of Property	\$ 216.8
Charges	Sea and Inland Port Facilities	\$ 5.7
Charges	Sewerage	\$ 1,864.1
Federal Intergovernmental	Sewerage	\$ 92.6
State Intergovernmental	Sewerage	\$ 29.4
Intergovernmental to State	Sewerage	\$ 0.1
Charges	Solid Waste Mgt	\$ 761.3
Misc	Special Assessments	\$ 14.9
Tax	Tax, NEC	\$ 548.3
Revenue	Transit Utilities	\$ 34.8
Federal Intergovernmental	Transit Utilities	\$ 60.3
State Intergovernmental	Transit Utilities	\$ 54.3
Revenue	Water Utilities	\$ 1,746.4
Federal Intergovernmental	Water Utilities	\$ 34.8
State Intergovernmental	Water Utilities	\$ 57.8
Intergovernmental to State	Water Utilities	\$ 0.2
Total		\$ 29,467.4

Table A6. Est. Local Expenditure Impact (\$1000s), Beaufort County

Category	Expenditure Type	2017
Current Ops	Air Transportation	\$ 45.2
Construction	Air Transportation	\$ -
Other Capital Outlay	Air Transportation	\$ 1.7
Employee Retirement	Benefit Pmts	\$ -
Current Ops	Central Staff Serv	\$ 164.9
Construction	Central Staff Serv	\$ -
Other Capital Outlay	Central Staff Serv	\$ 2.7
Current Ops	Correctional Institutions	\$ -
Construction	Correctional Institutions	\$ -
Other Capital Outlay	Correctional Institutions	\$ -
Current Ops	Corrections - Other	\$ -
Other Capital Outlay	Corrections - Other	\$ -
Current Ops	Electric Utilities	\$ 308.5
Construction	Electric Utilities	\$ -
Other Capital Outlay	Electric Utilities	\$ 1.7
Interest on Debt	Electric Utilities	\$ -
Current Ops	Elementary-Secondary Ed	\$ 4,163.3
Construction	Elementary-Secondary Ed	\$ -
Other Capital Outlay	Elementary-Secondary Ed	\$ 211.8
Current Ops	Financial Admin	\$ 150.4
Construction	Financial Admin	\$ -
Other Capital Outlay	Financial Admin	\$ 1.7
Current Ops	Gas Utilities	\$ 133.6
Construction	Gas Utilities	\$ -
Other Capital Outlay	Gas Utilities	\$ 2.3
Interest on Debt	Gas Utilities	\$ -
Interest on Debt	General	\$ -
Current Ops	General - Other	\$ 201.0
Construction	General - Other	\$ 43.8
Other Capital Outlay	General - Other	\$ 54.6

Table A6. (cont'd) Est. Local Expenditure Impact (\$1000s), Beaufort County

Category	Expenditure Type	2017
Current Ops	General Public Bldgs	\$ 60.8
Construction	General Public Bldgs	\$ -
Other Capital Outlay	General Public Bldgs	\$ 17.2
Current Ops	Health - Other	\$ 104.5
Construction	Health - Other	\$ -
Other Capital Outlay	Health - Other	\$ 4.7
Current Ops	Hospitals	\$ 2,134.7
Construction	Hospitals	\$ -
Other Capital Outlay	Hospitals	\$ 90.3
Current Ops	Housing and Community Dev	\$ 184.8
Construction	Housing and Community Dev	\$ 24.3
Other Capital Outlay	Housing and Community Dev	\$ 3.2
Current Ops	Judicial and Legal Serv	\$ -
Construction	Judicial and Legal Serv	\$ -
Other Capital Outlay	Judicial and Legal Serv	\$ -
Current Ops	Libraries	\$ 72.1
Construction	Libraries	\$ -
Other Capital Outlay	Libraries	\$ 1.5
Current Ops	Local Fire Protection	\$ 255.0
Construction	Local Fire Protection	\$ -
Other Capital Outlay	Local Fire Protection	\$ 14.4
Current Ops	Misc Commercial Activities, NEC	\$ 3.1
Construction	Misc Commercial Activities, NEC	\$ -
Other Capital Outlay	Misc Commercial Activities, NEC	\$ 0.1
Current Ops	Natural Resources - Other	\$ 8.2
Construction	Natural Resources - Other	\$ -
Other Capital Outlay	Natural Resources - Other	\$ 4.5
Current Ops	Parking Facilities	\$ 8.9
Construction	Parking Facilities	\$ 0.4
Other Capital Outlay	Parking Facilities	\$ 0.6

Table A6. (cont'd) Est. Local Expenditure Impact (\$1000s), Beaufort County

Category	Expenditure Type	2017
Current Ops	Parks and Rec	\$ 154.2
Construction	Parks and Rec	\$ -
Other Capital Outlay	Parks and Rec	\$ 32.2
Current Ops	Police Protection	\$ 502.4
Construction	Police Protection	\$ -
Other Capital Outlay	Police Protection	\$ 26.7
Current Ops	Protective Inspection and Reg NEC	\$ 26.4
Construction	Protective Inspection and Reg NEC	\$ -
Other Capital Outlay	Protective Inspection and Reg NEC	\$ 1.5
Assistance & Subsidies	Public Welfare - Fed Categorical Assistance Progs	\$ 0.2
Current Ops	Public Welfare - Other	\$ 22.7
Construction	Public Welfare - Other	\$ 0.2
Other Capital Outlay	Public Welfare - Other	\$ 0.1
Current Ops	Public Welfare - Vendor Pmts for Medical Care	\$ 0.5
Current Ops	Public Welfare Institutions	\$ 18.5
Construction	Public Welfare Institutions	\$ -
Other Capital Outlay	Public Welfare Institutions	\$ 0.0
Current Ops	Regular Highways	\$ 134.4
Construction	Regular Highways	\$ 130.8
Other Capital Outlay	Regular Highways	\$ 24.3
Current Ops	Sea and Inland Port Facilities	\$ 4.4
Construction	Sea and Inland Port Facilities	\$ -
Other Capital Outlay	Sea and Inland Port Facilities	\$ 0.0
Current Ops	Sewerage	\$ 269.1
Construction	Sewerage	\$ 102.2
Other Capital Outlay	Sewerage	\$ 12.1
Current Ops	Solid Waste Mgt	\$ 188.1
Construction	Solid Waste Mgt	\$ -
Other Capital Outlay	Solid Waste Mgt	\$ 18.0
Salaries and Wages	Total	\$ 4,237.3

Table A6. (cont'd) Est. Local Expenditure Impact (\$1000s), Beaufort County

Category	Expenditure Type	2017
Current Ops	Transit Utilities	\$ 46.5
Construction	Transit Utilities	\$ -
Other Capital Outlay	Transit Utilities	\$ 5.2
Interest on Debt	Transit Utilities	\$ -
Current Ops	Water Utilities	\$ 287.7
Construction	Water Utilities	\$ -
Other Capital Outlay	Water Utilities	\$ 20.9
Interest on Debt	Water Utilities	\$ -
Employee Retirement	Withdrawals	\$ 0.0
Total		\$ 14,747.4