Economic Issues Impacting the Pigeon Forge Hotel & Lodging Industry

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Tourism Institute

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Tourism Institute
Four Economic Issues Impacting Pigeon Forge Hotel & Lodging

1. Growth of tourism industry in Sevier Co.
2. Impact of Winterfest on Pigeon Forge
3. TN Post Labor Day school start issue
4. 2008 U.S. Economic Stimulus Plan (tax rebate checks planned for May – July)
Sevier Co. is the 3rd Largest County in TN for Tourist Spending, (2006)

<table>
<thead>
<tr>
<th>Rank</th>
<th>County</th>
<th>Location</th>
<th>Tourist Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Davidson Co. (Nashville)</td>
<td>$3.81 Billion</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Shelby Co. (Memphis)</td>
<td>$2.85 Billion</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Sevier Co.</td>
<td>$1.40 Billion</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Knox Co.</td>
<td>$739.3 Million</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Hamilton Co. (Chatt)</td>
<td>$688.2 Million</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Blount Co.</td>
<td>$254.2 Million</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Williamson Co.</td>
<td>$233.9 Million</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Rutherford Co.</td>
<td>$215.8 Million</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Sullivan Co. (Kingsport)</td>
<td>$258.5 Million</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Washington Co.</td>
<td>$176.6 Million</td>
<td></td>
</tr>
</tbody>
</table>

Source: TN Dept. of Tourist Dev.
Tourist Spending in Sevier Co., 2002 – 2006 ($ Billions)

Source: TN Dept. of Tourist Dev.
<table>
<thead>
<tr>
<th>Rank</th>
<th>County</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Davidson Co. (Nashville)</td>
<td>+18.1%</td>
</tr>
<tr>
<td>2.</td>
<td>Sevier Co.</td>
<td>+16.3%</td>
</tr>
<tr>
<td>3.</td>
<td>Shelby Co. (Memphis)</td>
<td>+ 16.0%</td>
</tr>
<tr>
<td>4.</td>
<td>Knox Co.</td>
<td>+ 15.9%</td>
</tr>
<tr>
<td>5.</td>
<td>Hamilton Co. (Chattanooga)</td>
<td>+ 14.4%</td>
</tr>
</tbody>
</table>

Source: TN Dept. of Tourist Dev. & UT Tourism Institute
<table>
<thead>
<tr>
<th>Rank</th>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hotel, Restaurant, &amp; Attractions</td>
<td>45.5%</td>
</tr>
<tr>
<td>2</td>
<td>Retail-Wholesale Trade, Transp., &amp; Utilities</td>
<td>24.9%</td>
</tr>
<tr>
<td>3</td>
<td>Construction</td>
<td>5.9%</td>
</tr>
<tr>
<td>4</td>
<td>Professional &amp; Bus. Services</td>
<td>5.7%</td>
</tr>
<tr>
<td>5</td>
<td>Financial Activities</td>
<td>5.4%</td>
</tr>
<tr>
<td>6</td>
<td>Education &amp; Health Services</td>
<td>5.1%</td>
</tr>
<tr>
<td>7</td>
<td>Manufacturing</td>
<td>3.9%</td>
</tr>
<tr>
<td>8</td>
<td>Other Services</td>
<td>2.8%</td>
</tr>
</tbody>
</table>

Source: TN Dept. of Labor & Workforce Dev.
Sevier Co. Hospitality & Tourism
Generated **15,206 Jobs** Including...

- **6,058** employees in restaurants
- **5,287** employees in hotels & lodging
- **3,562** employees in attractions, entertainment & recreation
- **299** employees in travel reserv., transp., convention-trade shows

Source: TN Dept. of Labor & Workforce Dev. (2005)
Sevier Co. Hospitality & Tourism Generated **$116.17 million** in combined State & Local taxes (2006)

Spread Out Per Household in Sevier County:

» Each household in Sevier Co. pays **$2,834 less in State & local taxes** as a result of taxes generated by hospitality & tourism in Sevier Co.

Source: TN Dept. of Tourist Dev., U.S. Census Bureau, UT Tourism Institute
How much in Sevier Co. taxes did tourism generate per Sevier Co. household in 2006?

- Spread out per household in Sevier Co.

✓ Each household in Sevier Co. pays $988 less in Sevier Co. taxes as a result of taxes generated by tourism.

Source: TN Dept. of Tourist Dev., U.S. Census Bureau, UT Tourism Institute
Q: How much of your Sevier County’s local county school system’s education budget is generated by Tourism Taxes?
Tourism & Education

A: Tourism activity in Sevier Co. generated 40.52 million in local Sevier Co. tax revenues, which is enough tax revenue to contribute 70% of the local county portion of the school system’s education budget.

(Note: Total education funding comes from 4 major sources: local county taxes, state taxes, federal taxes, and bonds)
Sevier Co. generated $1.40 billion in tourist spending in 2006

• How much do tourists spend per day in Sevier Co.?

• Where do they spend it?
On an Average Day in Sevier Co., tourists spend $3.85 million in these type businesses...

- Spend $958,904 daily on hotels & lodging
- Spend $882,191 daily on retail & outlets
- Spend $873,813 daily on attractions & entertainment
- Spend $794,412 in restaurants & food service
- Spend $345,205 on gas and groceries
Also, On an Average Day in Sevier Co., tourist spending...

- Generates daily employee paychecks worth $968,341
- Generates daily State taxes worth $207,262
- Generates daily local Sevier Co. taxes worth $111,020
The Impact of Winterfest on the Pigeon Forge Tourism Economy

• Thank you to Leon Downey and Kay Powell, Pigeon Forge Dept. of Tourism for the data for the Winterfest study

• This research and case study on Winterfest will be presented at the Southeast Tourism Society’s April 1 meeting in Asheville, NC
City of Pigeon Forge Hotel & Lodging
Sales Revenues, Adjusted for Inflation
November - February (1989-2007)

Winterfest
Started 1990

Recovery from 9/11
Winterfest Generates Higher PF Occupancy Rates Over 18 Years, November – February, 1989-2007
City of Pigeon Forge Attractions
Sales Revenues, Adjusted for Inflation
November - February (1989-2007)

Winterfest
Started 1990

Recovery from 9/11
Winterfest Generates Lower Sevier Co. Unemployment Rates, November - February (1990-2007)
TN Post Labor Day School Start Issue

• The TN Legislature is considering legislation requiring TN public schools to start no earlier than Labor Day each year

• What would be the impact on the Pigeon Forge tourism economy from post Labor Day school starts?
TN Statewide Survey to TN Residents Who Take TN Vacations

Q: If TN schools started after Labor Day, would you take an extra vacation in TN, or extend a planned TN vacation?
<table>
<thead>
<tr>
<th>Percentage</th>
<th>Response</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>No</td>
<td>would not take an additional TN vacation</td>
</tr>
<tr>
<td>27%</td>
<td>Yes</td>
<td>would take 1 additional TN vacation</td>
</tr>
<tr>
<td>13%</td>
<td>Yes</td>
<td>would extend a planned TN vacation</td>
</tr>
<tr>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
What Would Post Labor Day School Starts Mean for Sevier Co. Tourism?

- $20.5 million in additional tourism spending
- $1.1 million in State tax revenues generated
- $5.1 million in new payroll and worker income
- $591,000 in new Sevier Co. tax revenues
For the Pro’s & Con’s of the School Start legislation, go to.....

www.savetennesseesummers.org
www.save tennessee summers.org
2008 U.S. Economic Stimulus Bill
(Tax Rebate Plan May – July)

• 130 million U.S. families will receive tax rebate checks from the IRS
• Family of 4, with adjusted gross income less than $150,000 will receive $1,800 checks
• Will be mailed by the IRS from May 15 – July 15
What will people do with this new money? My predictions...

1. Buy electronics (flat screen TV’s)
2. Travel – take vacations
3. Pay down existing debt
My Predictions - Impact of new money on Pigeon Forge tourism

• Late wave of hotel booking demand in July, August, & September
• Strong tourists demand for Pigeon Forge from August – Labor Day
• Hotel rates – stronger demand should support higher than normal room rates in late summer
Thank You for inviting me

Questions? Comments?

Web site:
http://www.utk.edu/tourism