

University of Montana

ScholarWorks at University of Montana

Institute for Tourism and Recreation Research
Publications

Institute for Tourism and Recreation Research

7-1-2004

The Economic Review of the Travel Industry in Montana: 2004 Biennial Edition

James Wilton

University of Montana - Missoula

Norma Nickerson

University of Montana - Missoula

Follow this and additional works at: https://scholarworks.umt.edu/itrr_pubs



Part of the [Economics Commons](#), [Leisure Studies Commons](#), [Recreation, Parks and Tourism Administration Commons](#), and the [Tourism and Travel Commons](#)

Let us know how access to this document benefits you.

Recommended Citation

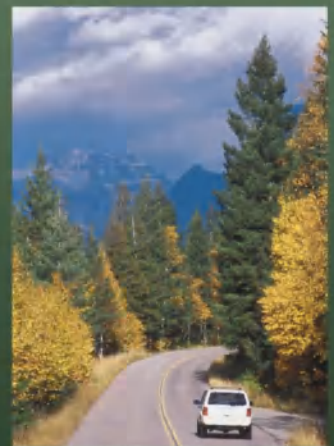
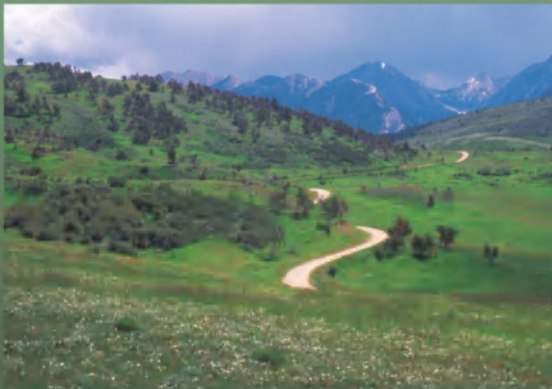
Wilton, James and Nickerson, Norma, "The Economic Review of the Travel Industry in Montana: 2004 Biennial Edition" (2004). *Institute for Tourism and Recreation Research Publications*. 5.
https://scholarworks.umt.edu/itrr_pubs/5

This Report is brought to you for free and open access by the Institute for Tourism and Recreation Research at ScholarWorks at University of Montana. It has been accepted for inclusion in Institute for Tourism and Recreation Research Publications by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact scholarworks@mso.umt.edu.



The Economic Review of the Travel Industry in Montana

2004 Biennial Edition



THE ECONOMIC REVIEW OF THE TRAVEL INDUSTRY IN MONTANA

2004 BIENNIAL EDITION

**The Institute for Tourism and Recreation Research
The University of Montana - Missoula**



July 2004

This report was funded by Montana's Accommodations Tax.

Authored by:
James Wilton, M.S.
Economic Analyst

Reviewed by:
Norma P. Nickerson, Ph.D.
Director



**The Institute for Tourism and Recreation Research
College of Forestry and Conservation
The University of Montana
32 Campus Drive #1234
Missoula, MT 59812-1234
(406) 243-5686**

www.itrr.umt.edu



EXECUTIVE SUMMARY

- In 2003, travel expenditures by nonresident totaled over \$1.87 billion, which generated over \$2.62 billion in total economic impact.
 - Nearly 4.18 million nonresident travel groups (2.32 people/group) visited Montana in 2003, up 4.2% over 2002. This amounts to approximately 9.67 million individual nonresident travelers.
 - Nonresident visitor spending generated nearly 37,000 total jobs and \$739 million in total personal income for Montana residents.
 - Montana state and local governments received an estimated \$135 million in taxes attributable to nonresident traveler spending; the federal government collected over \$171 million.
 - The nonresident travel industry in Montana comprises 7% of the state's total employment structure, on par with construction, agriculture, and finance/real estate industries.
 - Montana ranks 42nd in the U.S. for nonresident tourist spending, but 13th in the nation in per capita spending.
 - Nonresident visitors to Montana came primarily from the U.S. (90%), Canada (8%), and other foreign countries (2%).
 - Yellowstone and Glacier National Parks attract the most visitors to Montana, while shopping and wildlife watching are the most popular recreational activities.
 - Resident and nonresident visitation to Montana State Parks increased 9% in 2003 over 2002.
 - Amtrak ridership in 2003 rose over 17% from 2002, with Montana's busiest station at Whitefish increasing nearly 21%.
 - Airline passenger traffic had a modest increase of .5% in 2003 over 2002, the smallest increase since 1995.
 - In 2003, the hotel industry experienced a .7% decrease in occupancy rates over 2002, while room demand and room supply increased .8% and 1.6%, respectively.
 - Prices in the foodservice industry rose faster in 2003 than the Consumer Price Index, thus making foodservices more costly for buyers.
 - Employment in Montana's amusement and recreation industry increased 5.1% in 2002 over 2001, while personal income rose 6.3%.
-

TABLE OF CONTENTS

SECTION 1: ECONOMIC IMPACT OF NONRESIDENT TRAVEL..... 1

 INTRODUCTION..... 2

 Defining Travel and the Travel Industry 2

 Publication Notes 3

 TRAVEL AND THE ECONOMY 5

 Travel and Tourism: A Powerful Economic Force 5

 Travel Throughout the Economic Cycle 5

 TRAVEL VOLUME 7

 Nonresident Travel in Montana 7

 A Brief Look at Resident Travel in Montana 9

 TRAVEL EXPENDITURES 10

 Nonresident Expenditures in Montana 10

 Nonresident Expenditure Trends 11

 TRAVEL-GENERATED INCOME 12

 TRAVEL-GENERATED EMPLOYMENT..... 14

 MONTANA’S EMPLOYMENT STRUCTURE..... 16

 The Travel Industry’s Market Share in Montana 16

 TRAVEL-GENERATED TAX REVENUE 18

 TRAVEL INFLATION..... 20

SECTION 2: MONTANA AS A TRAVEL DESTINATION..... 23

 MONTANA’S PLACE IN NATIONAL TOURISM..... 24

 Tourism Receipts 24

 Visitor Place of Residence..... 26

 Visitor Attractions..... 28

 Montana State Parks 31

SECTION 3: TRAVEL INDUSTRY SEGMENT DATA 33

 MONTANA TRANSPORTATION OVERVIEW 34

 Amtrak Performance 34

 Airline Performance 36

 MONTANA TRAVEL INDUSTRY OVERVIEW 38

 Hotel Industry 38

 Foodservice Industry 40

 Amusement and Recreation Services..... 42

 CONCLUDING REMARKS 43

APPENDIX A: REFERENCES 44

APPENDIX B: MONTANA TOTAL TAX TABLES BY SOURCE..... 46

LIST OF TABLES

TABLE 1: ECONOMIC IMPACTS OF NONRESIDENT TRAVEL IN MONTANA, 2003	6
TABLE 2: MONTANA NONRESIDENT TRAVEL VOLUME, 1993-2003	7
TABLE 3: TRAVEL EXPENDITURES AND GROSS STATE PRODUCT, 1992-2003	11
TABLE 4: TRAVEL-GENERATED AND TOTAL MONTANA PERSONAL INCOME, 1992-2003	13
TABLE 5: TRAVEL-GENERATED AND TOTAL MONTANA NON-FARM EMPLOYMENT, 1992-2003.....	15
TABLE 6: EMPLOYMENT STRUCTURE IN MONTANA, 2001/1995	17
TABLE 7: TRAVEL-GENERATED TAX REVENUE, 2002/2003	18
TABLE 8: MONTANA AND NONRESIDENT TRAVEL-GENERATED TOTAL TAXES	19
TABLE 9: TRAVEL PRICE INDEX, 1995-2003	21
TABLE 10: TOURIST SPENDING PER STATE, 2001/1995.....	24
TABLE 11: TOURIST SPENDING PER-CAPITA, 2001/1995.....	25
TABLE 12: MONTANA'S TOP 10 ATTRACTIONS FOR NONRESIDENTS, 2001/2002	28
TABLE 13: TOP 10 ACTIVITIES FOR NONRESIDENTS TO MONTANA, 2001/2002.....	29
TABLE 14: MONTANA'S TOP 10 TOURIST DESTINATIONS, 2000-2003	30
TABLE 15: STATE PARKS VISITATION BY REGION, 2003	32
TABLE 16: AMTRAK PERFORMANCE IN MONTANA, 1995-2003	35
TABLE 17: AMTRAK PASSENGER TRAFFIC BY MONTANA STATION, 1995-2003	35
TABLE 18: AIRLINE PASSENGER TRAFFIC BY AIRPORT, 1996-2003	37
TABLE 19: AIRLINE PERFORMANCE IN MONTANA, 1996-2003	37
TABLE 20: MONTANA HOTEL INDUSTRY PERFORMANCE, 1996-2003	39
TABLE 21: MONTANA FOODSERVICE INDUSTRY PERFORMANCE, 1996-2003.....	41
TABLE 22: MONTANA AMUSEMENT AND RECREATION INDUSTRY PERFORMANCE, 1996-2002.....	42

LIST OF FIGURES

FIGURE 1: MONTANA NONRESIDENT VISITORS, 1993-2003.....	8
FIGURE 2: MONTANA NONRESIDENT VISITOR GROUPS, 1993-2003.....	8
FIGURE 3: MONTANA NONRESIDENT PRIMARY PURPOSE OF TRAVEL, 2001/2002.....	8
FIGURE 4: NONRESIDENT EXPENDITURES AND DISTRIBUTION, 2003	10
FIGURE 5: CHANGE IN TRAVEL-GENERATED AND TOTAL PERSONAL INCOME, 1992-2003	12
FIGURE 6: CHANGE IN TRAVEL-GENERATED AND NON-FARM EMPLOYMENT, 1992-2002	14
FIGURE 7: MONTANA'S EMPLOYMENT STRUCTURE, 2001	16
FIGURE 8: CHANGE IN TRAVEL PRICE AND CONSUMER PRICE INDICES, 1995-2003	20
FIGURE 9: COMPOSITION OF MONTANA'S VISITOR POPULATION, 2001/2002	26
FIGURE 10: VISITOR POPULATION BY REGION OF RESIDENCE, 2001/2002	27
FIGURE 11: VISITOR POPULATION BY STATE OF RESIDENCE, 2001/2002	27
FIGURE 12: MONTANA STATE PARKS VISITATION, 1995-2003	31
FIGURE 13: REGIONS OF MONTANA STATE PARKS	32
FIGURE 14: MONTHLY RAIL PASSENGER TRAFFIC, 2003.....	34
FIGURE 15: MONTHLY AIRLINE PASSENGER TRAFFIC, 2002/2003	36
FIGURE 16: CHANGE IN FOODSERVICE PRICE AND CONSUMER PRICE INDICES, 1996-2003.....	40

Section 1: Economic Impact of Nonresident Travel

Introduction

An introduction to this review and the travel industry.

Travel and the Economy

A brief analysis of the travel industry within the Montana economy.

Travel Volume

Data on nonresident travelers in Montana.

Travel Expenditures

Time-series data on travel expenditures in Montana with comparisons to changes in the overall state economy.

Travel-Generated Income

Time-series data on travel-generated and overall income in Montana.

Travel-Generated Employment

Overview of employment created within the travel industry sectors, seen in relation to other non-farm employment.

Montana Employment Structure

Current and historic make-up of Montana's employment structure.

Travel-Generated Tax Revenue

Itemization of funds received by governments from taxes generated by nonresident travelers.

Travel Inflation

Comparisons of travel inflation and overall consumer inflation.

INTRODUCTION

This is the third edition of the biennial report, The Economic Review of the Travel Industry in Montana. This review provides current and historical data of nonresident travel and tourism in Montana, and offers the industry's economic impacts to the state. Where available, 2003 data are used, while in some cases data from previous years are the most recent. In order to provide the most objective data and analysis, only the most impartial sources were used and are noted throughout the report.

Defining Travel and the Travel Industry

In recent years there has been considerable discussion about the definition of *travel*. The Institute for Tourism and Recreation Research (ITRR) at the University of Montana uses two definitions distinguished by the type of traveler; nonresidents or residents. When Montana residents travel within the state, they are termed resident travelers. However, nonresident travelers are those who travel within Montana but do not maintain permanent residency in the state.

While the definition of nonresident travel seems rather straightforward, resident travel runs the risk of being too inclusive. For instance, commuting to and from work or school constitutes travel in a broad context. To help eliminate this type of inclusion, various travel studies have employed different definitions by limiting travel to trips at least 50 or 100 miles away from home. In Montana, however, due to its large geographical distances, most trips would still be considered travel under those terms. Considering these factors, the Institute's solution in defining resident travel in its surveys is to let survey subjects judge what constitutes travel for themselves. In this way it is the respondents who differentiate between traveling for the purposes of taking a trip and mere routine travel.

Another complication is the definition of the travel industry itself. It is difficult to define due to its diverse and complex nature, comprised of different industry segments such as airlines, food services, accommodations, gas and others. These industries are related not because of the nature of their product, but due to a common consumer—the traveler. The difficulty of measuring the travel industry is compounded by the fact that these industry segments usually derive only a portion of their business from travelers.

This diversity can be viewed as a strength for the industry. In the words of the Travel Industry Association of America (TIA 2003):

A very wide range of businesses and their employees ultimately benefit from travelers. Buses, automobiles, airlines, rail, and other transportation companies bring travelers into an economic region. These consumers in turn purchase products and services offered by local lodging establishments, restaurants, amusement, recreational and entertainment establishments, and general retail outlets. This process creates many employment and business opportunities, all of which help sustain and expand the local economy.

Furthermore, the travel industry contributes to a diversified economic base, making the economy of a tourism area much more resilient than one relying on a single industry. This is especially true when it comes to the effects of adverse economic conditions, shifting consumer preferences, technological advances, and other economic influences.

As for the industry's potential weaknesses, it faces several challenges due to the varied nature of the types of businesses that benefit from tourism and travel in general. The same economic complexity that is one of the industry's strengths also makes it hard to quantitatively measure and compare to other, more easily quantifiable, industries. As a consequence, government officials, business executives, and the general public have been slow in grasping the significance of the industry. This lack of recognition is perhaps the industry's greatest hurdle and can make it vulnerable to unfavorable policy decisions and negative press. However, the aftermath of the terrorist attacks of September 11, 2001 helped bring attention to the importance of the travel industry as an integral part of national and state economies.

Publication Notes

The format of this report is based on the Travel Industry Association of America's annual publication, The Economic Review of Travel in America. Much of the data contained here are quoted directly with permission from Suzanne Cook, Senior Vice President of Research at TIA. Most information is given both in text and table format, and all sources are indicated. In addition to research publications, ITRR sources include figures estimated using the IMPLAN¹ input/output economic model. Some of these figures have been previously unpublished and were generated for this report.

This publication focuses on the impact of spending by nonresidents in Montana since these travelers bring out-of-state dollars to the state's economy. The Institute concentrates its data collection at the statewide level and focuses on nonresident dollars moving into the Montana economy rather than between counties and communities within the state. In order to report accurate information regarding economic impacts at the county level, data would need to be collected at that level.

However, the Institute would be remiss not to mention the contribution of Montana resident travelers. Based on a 1999 statewide survey², Montana residents spend about \$282 million per year on pleasure travel within the state (see Travel Volume, A Brief Look at Resident Travel for further detail). How these resident dollars are distributed across sectors and between counties has not yet been determined. It is hoped that readers of this report recognize that what is documented here does not reflect every aspect of Montana's total travel industry.

In order to clarify the use of some terms found in this report, some discussion of their meanings is necessary. The term *expenditure* refers to the estimated dollars spent by nonresidents traveling in Montana. These expenditures were estimated by surveying nonresidents in 2001/2002, recording their travel spending, and then inputting the data in the Institute's Nonresident Visitor Estimation Model³. *Impacts*, however, are various economic effects to Montana's economy by nonresident travelers and are estimated in the IMPLAN input-output model. This aggregated economic model produces three types of impacts: 1) *Direct impacts* result from the purchases of goods and services made by nonresident travelers; 2) *Indirect impacts* result from the purchases made by travel-related businesses (e.g., suppliers); and 3) *Induced impacts* result from purchases by those employed in travel-related occupations. The *total impact* is the sum of these impacts. Unless otherwise noted, all travel industry figures (economic impacts, income, employment, and taxes) in Section 1 are the total impact.

It is important to note that one dollar of travel spending can generate different amounts of personal income within the various travel industry sectors, depending on the labor content and the wage structure of each sector. Additionally, the same direct impact can generate various levels of indirect and induced effects, depending on the availability of raw materials and labor within an economic region. The more of these inputs that need to be imported from outside the region, the smaller the indirect and induced impacts on Montana.

¹ Minnesota IMPLAN Group, Inc. Stillwater, MN. www.implan.com.

² McMahan et al. 1999.

³ Total Annual Nonresident Expenditures = ? (number of groups) (average daily spending per group) (length of stay)

Readers should also note that industry segment data, in Section 3, follow different classifications depending on the year. Industries from 2000 and earlier follow the Standard Industrial Classification (SIC), while those from 2001 and later align with the North American Industrial Classification System (NAICS). This is due to how the U.S. Bureau of Economic Analysis reports industry data. For some industries (i.e., agriculture, mining) classification differences are few. In contrast, other industries (i.e., retail trade, services) are classified quite differently from SIC to NAICS to more accurately reflect the industry changes in the economy, as well as the emergence of new industries (i.e., information technologies). With this in mind, readers should be cautioned about comparing industries that are classified differently under SIC and NAICS.

In addition, 2003 figures in Section 1 have been subject to new NAICS-based industry multipliers in the IMPLAN model, whereas earlier figures reflect SIC-based multipliers. The result of this is a reduced total impact on nonresident travel-generated income, employment, and federal taxes. Comparisons between 2003 and earlier years in Section 1 should be done with caution. Also, 2003 figures are based on IMPLAN's Montana 2001 dataset, released in spring 2004; previous figures are based on earlier IMPLAN datasets.

Lastly, in regard to currency reporting, all dollar figures in this review are inflation-adjusted to 2003 dollars to isolate changes in revenue, income, receipts, etc. from the effects of inflation. The index used to adjust dollar figures is the U.S. Department of Labor's Consumer Price Index, All Urban Consumers (CPI-U⁴).

ITRR would like to thank Donnie Sexton of Travel Montana for graciously providing the images on the cover of this report. More Montana photographs can be seen on their web site at www.visitmt.com.

⁴ U.S. Dept. of Labor, Bureau of Labor Statistics. Base period: 1982-1984=100.

TRAVEL AND THE ECONOMY

Travel volume in Montana and the United States is influenced by economic conditions at the local and national levels. Conversely, travel to and within Montana affects the state economy, along with local economies within the state. As this report briefly shows, the travel industry can have considerable impact on a region's economic conditions, while being itself strongly influenced by economic conditions elsewhere. Changes in the economy have the power to impact travel volume and travel spending, which in turn affects the related economic benefits associated with travel spending. Much of this spending serves to redistribute funds to where people travel, such as from urban to rural areas or from rapidly growing areas to slower-growing ones.

Travel and Tourism: A Powerful Economic Force

Tourism's contribution to Montana's economy has been on an upward trend since at least the late-1980s. As the industry grows, so does its impact on employment, income and tax revenue in the state. In 2003, total spending impacts by nonresident travelers to Montana reached over \$2.62 billion in total industry output (Table 1), up nearly 0.4 percent from 2002⁵, and forecast to continue growing in 2004 (Nickerson and Wilton 2004). These economic impacts contributed to the generation of close to 37,000 jobs, and over \$738 million in personal income. Nonresident travel-generated taxes at the state and local levels amounted to \$135 million, while federal tax revenue exceeded \$171 million.

Part of the state tax revenue is generated by nonresident travelers' contributions to the statewide Accommodations Tax (currently at seven percent). Four percent of the seven percent is distributed to the Montana Historical Society, the University Travel Research Program, the Department of Revenue, Montana State Parks, and the Department of Commerce, which in turn distributes funds to communities and regions across the state; the remaining three percent is placed in the state's general fund. Further tax discussion is provided in the Travel-Generated Tax Revenue section.

Travel Throughout the Economic Cycle

Due to its economic diversity, and in contrast to many other industries, the travel industry is often considered to be relatively resistant to recessions. Although travelers are likely to take shorter trips, less expensive trips, or fewer business trips, they still travel enough to keep the travel industry growing during recessionary periods. One recent exception is the recession of 1991-92, which coincided with the Gulf War and its inflating effect on fuel prices. In late-2000, on the other hand, as the overall economy started showing signs of a slow-down, strong consumer confidence and persistent consumer spending contributed to continued growth of the industry.

In the years following a recession, the travel industry has a tendency to lag behind the overall growth rate in the economy. At this point in the economic cycle, leisure travel has to compete with the purchases of durable goods such as refrigerators and television sets; items that consumers have put off buying during the recessionary period. Yet at the same time consumers are also planning for future travel due to improved economic conditions.

The strong economic growth for most of the 1990s benefited Montana as a travel destination, but not to the same degree as other destinations (i.e., Florida, Hawai'i, international destinations). Part of this is due to travelers going on once-in-a-lifetime vacations to exotic destinations because of their increased

⁵ For further detail see ITRR's 2002 Nonresident Economic Impacts and Expenditures at www.itrr.umt.edu/economicest.htm.

incomes and job security. Other travelers simply vacationed more often to the major tourist destinations (resorts, amusement parks, etc.).

The economic downturn of recent years (late-2000 through late-2003) seemed to not affect Montana's travel industry like it did for much of the country. In those more difficult economic times, compounded by the events of September 11, 2001, travelers sought out more affordable domestic destinations and ones they perceived as safe; qualities that Montana could satisfy. Many travelers who might have wanted to visit Montana in the past but did not, now had a reason to visit the state.

Table 1: Economic Impacts¹ of Nonresident Travel in Montana, 2003

Key Measurement	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Total Industry Output	\$1,852,700,000	\$365,500,000	\$405,100,000	\$2,623,300,000
Contribution to Individuals				
Personal Income ²	\$512,900,000	\$99,500,000	\$126,500,000	\$738,900,000
Employment ³	27,640	3,910	5,440	36,990
Contribution to Governments				
Federal Taxes	\$121,360,000	\$23,940,000	\$26,550,000	\$171,850,000
State/Local Taxes	\$95,600,000	\$18,860,000	\$20,910,000	\$135,370,000

Source: ITRR.

¹Definitions: *Direct impacts* result from the purchases of goods and services made by nonresident travelers; *Indirect impacts* result from the purchases made by travel-related businesses (e.g., suppliers); *Induced impacts* result from purchases by those employed in travel-related occupations. The *total impact* is the sum of these impacts.

²Comprises both employee compensation and proprietors' income.

³Includes full-time and part-time jobs.

TRAVEL VOLUME

Nonresident Travel in Montana

- Nonresident travel to Montana, including both pleasure and business travel⁶, decreased slightly in 2003 at 9.67 million individual travelers from 9.77 million in 2002. Overall the 2003 figure constitutes a 15.5 percent increase over 1993 visitation (Table 2, Figure 1).
- In contrast, nonresident visitor *groups* (2.32 nonresident travelers per group) increased 4.2 percent in 2003 over 2002⁷ (Table 2, Figure 2). Over the period 1993 to 2003, nonresident visitor groups increased a cumulative 20.6 percent, or 713,000 groups.
- Of Montana's 9.67 million visitors in 2003, 44 percent or 4,255,000 people come to Montana primarily for vacation⁸ (Figure 3). Fifteen percent, or 1,451,000 people, are here to visit friends and relatives, while eight percent travel in the state primarily for business reasons. Twenty-six percent, or 2,514,000 million travelers, are just passing through the state to their destination.

Table 2: Montana Nonresident Travel Volume, 1993-2003

Year	Nonresident Visitors	Percent change from previous year	Nonresident Visitor Groups	Percent change from previous year
1993	8,375,000	2.4%	3,464,000	2.4%
1994	8,657,000	3.4	3,580,000	3.3
1995	8,772,000	1.3	3,628,000	1.3
1996	8,696,000	-0.9	3,597,000	-0.9
1997	8,889,000	2.2	3,677,000	2.2
1998	9,279,000	4.4	3,839,000	4.4
1999	9,428,000	1.6	3,900,000	1.6
2000	9,465,000	0.4	3,916,000	0.4
2001	9,552,000	0.9	3,931,000	0.4
2002	9,767,000	2.3	4,009,000	2.0
2003	9,670,000	-1.0	4,177,000	4.2
Total Increase 1993-2003	1,295,000	15.5%	713,000	20.6%
Mean Annual Increase 1993-2003	118,000	1.4%	65,000	1.9%

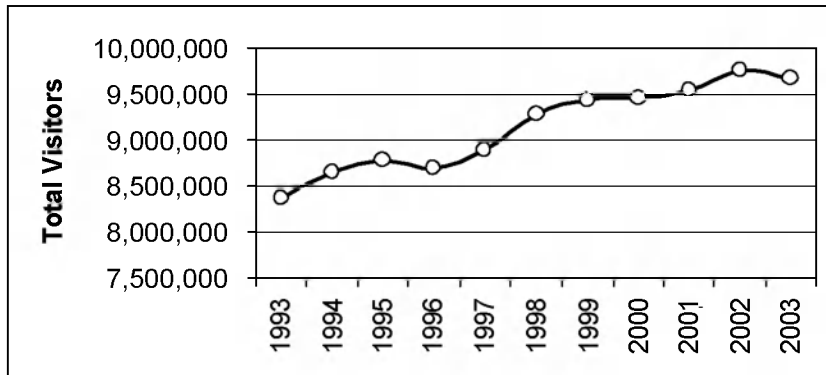
Source: ITRR.

⁶ While nonresident travel to Montana includes both pleasure and business travel, excluded from the survey are business vehicles such as semi-trucks, as well as vehicles with state and federal government license plates.

⁷ In 2003 the total number of visitors decreased while the total number of travel groups increased; that is, more travel groups with fewer individuals per group. This results from increases in air and vehicle traffic during non-summer months (Oct-May) where travel group size is smaller than in summer months (June-Sept).

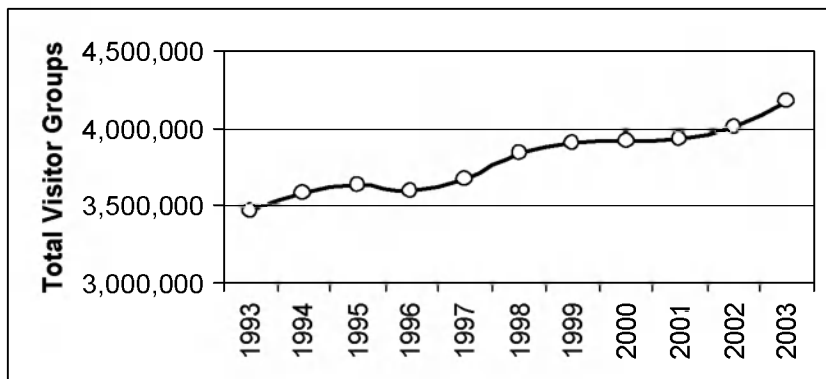
⁸ see Nickerson et al. 2002.

Figure 1: Montana Nonresident Visitors, 1993-2003



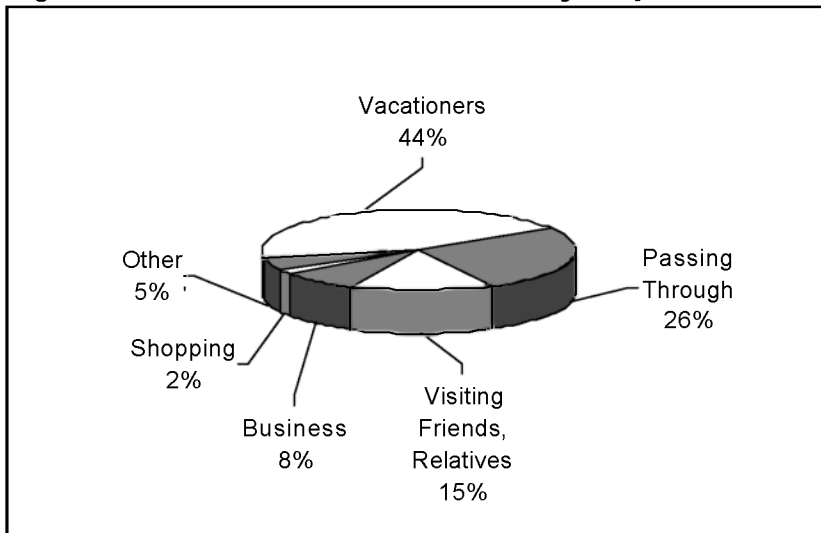
Source: ITRR.

Figure 2: Montana Nonresident Visitor Groups, 1993-2003



Source: ITRR.

Figure 3: Montana Nonresident Primary Purpose of Travel, 2001/2002



Source: ITRR.

A Brief Look at Resident Travel in Montana⁹

- Seventy-five percent of Montana households participate in pleasure travel in a year, while 25 percent took four or more pleasure trips per month.
- Of all pleasure trips taken by Montana residents, 44 percent are day trips within the state, 29 percent are overnight trips within the state, and 27 percent of trips are to destinations outside of Montana.
- Thirty percent of Montana residents take one or more business trips per year with 14 percent of residents taking one business trip per month.
- Montana residents spend \$1.06 billion annually on pleasure travel, which is equal to approximately five percent of personal income. Of the \$1.06 billion, \$282 million, or 27 percent, is spent within the state.
- Montana households on pleasure travel contribute 36 percent to Accommodations Tax collections, or approximately \$4 million.
- Resident travelers take \$778 million out of Montana's economy and spend it in out-of-state locations. The top two out-of-state destinations were Washington and California.

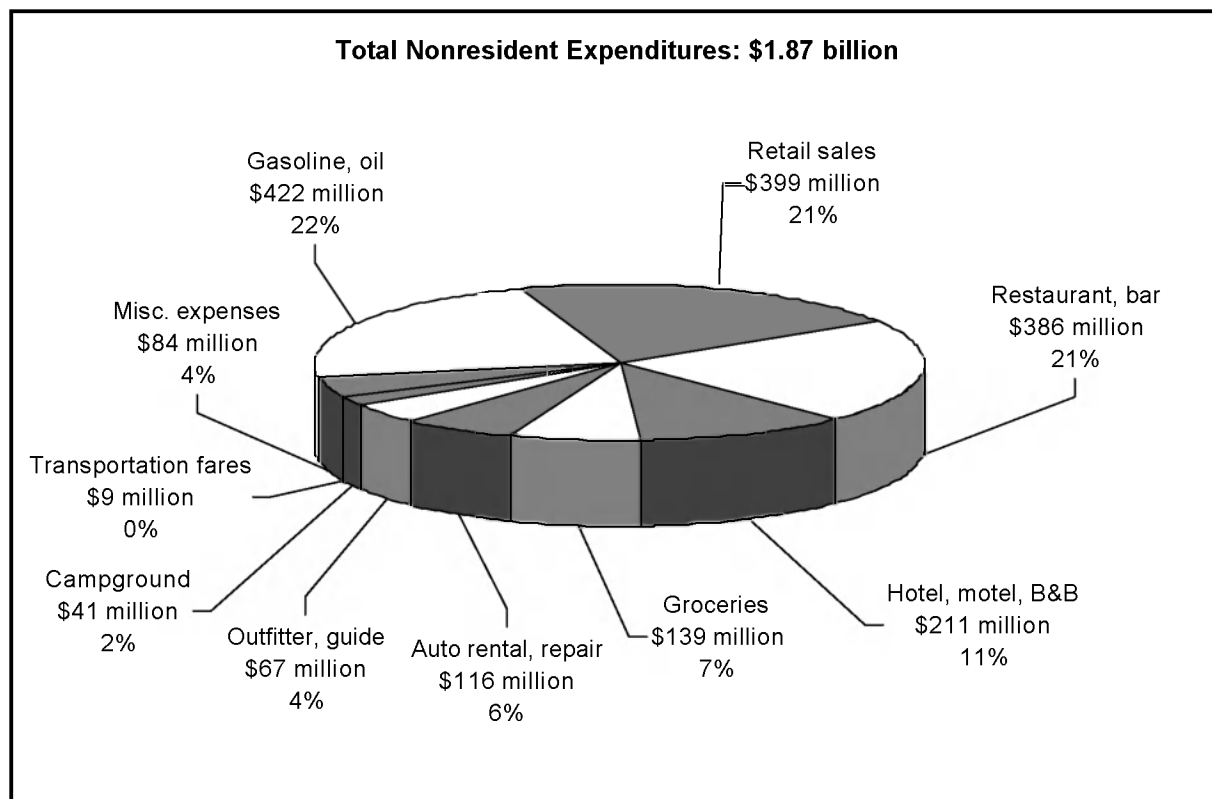
⁹ McMahon et al. 1999.

TRAVEL EXPENDITURES

Nonresident Expenditures in Montana

- Nonresident travelers spent more than \$1.87 billion on travel-related goods and services in Montana in 2003. The largest spending category was gasoline and oil, accounting for 22 percent of the total, or approximately \$422 million¹⁰ (Figure 4).
- Retail sales constituted the second-largest spending category, representing 21 percent of the total, or \$399 million. These sales could be in the form of either retail goods (e.g., souvenirs, clothing, etc.) or retail services (e.g., sightseeing tours, performances, etc.).
- Expenses in restaurants and bars also constituted 21 percent of total expenditures, or \$386 million, while lodging accounted for 11 percent, or over \$211 million.

Figure 4: Nonresident Expenditures and Distribution, 2003



Source: ITRR.

Note: Numbers may not add to 100% due to rounding.

¹⁰ Expenditure percentage breakdowns for this section are based on survey data collected during the 12 months of 2001, plus Oct/Nov of 2002. For further detail, see Wilton 2004.

Nonresident Expenditure Trends

- Nonresident travel expenditures, including both domestic and international visitors, totaled over \$1.87 billion in 2003 (Table 3), up almost two percent from the previous year (for further detail, see Wilton 2004).
- With the exception of 1996, when a slight decline occurred, travel expenditures have been growing steadily over the years. The 1996 decline coincided with a visitation decrease caused by a complexity of factors, including a plummeting exchange rate for the Canadian dollar, problematic weather conditions, and a decreasing growth rate for disposable income in the U.S.
- Growth in nonresident expenditures is expected to keep pace with increases in visitation (see Nickerson and Wilton 2004). Although individual visitation in 2003 was down one percent, travel expenditures were up nearly two percent because ITRR's Nonresident Visitor Estimation Model is primarily driven by group visitation (up 4.2%).

Table 3: Travel Expenditures and Gross State Product, 1992-2003

Year	Travel Expenditures in Montana (millions \$2003)	Gross State Product¹ (millions \$2003)	Travel Expenditures as % of GSP
1992	\$1,432	\$19,783	7.2%
1993	\$1,566	\$20,567	7.6
1994	\$1,618	\$21,048	7.7
1995	\$1,640	\$21,172	7.7
1996	\$1,629	\$21,195	7.7
1997	\$1,662	\$21,675	7.7
1998	\$1,735	\$22,543	7.7
1999	\$1,763	\$22,713	7.8
2000	\$1,769	\$23,189	7.6
2001	\$1,786	\$23,518	7.6
2002	\$1,841	n/a	n/a
2003	\$1,874	n/a	n/a

Percent change from previous year

1992	4.6%	4.0%	0.0%
1993	9.4	4.0	5.6
1994	3.3	2.3	1.3
1995	1.4	0.6	0.0
1996	-0.7	0.1	0.0
1997	2.0	2.3	0.0
1998	4.4	4.0	0.0
1999	1.6	0.8	1.3
2000	0.3	2.1	-2.6
2001	1.0	1.4	0.0
2002	3.1	n/a	n/a
2003	1.8	n/a	n/a

Sources: ITRR; U.S. Bureau of Economic Analysis.

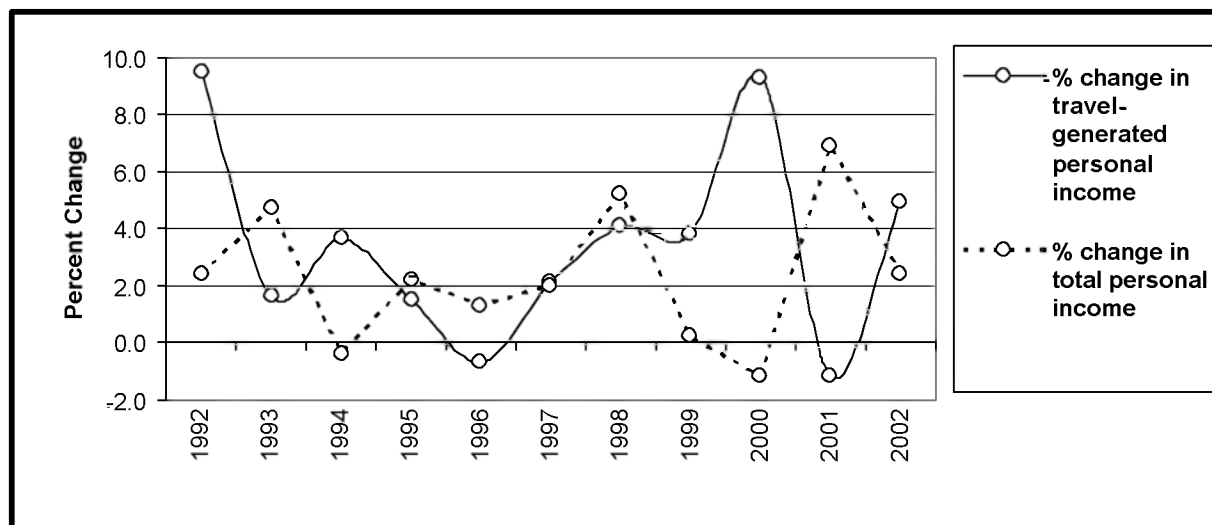
¹GSP is simply defined by the BEA as "the value added in production by the labor and property located in a state." GDP is a similar concept but at the national level (and includes military expenses abroad). For more detail, see Beemiller et al. 1999.

TRAVEL-GENERATED INCOME

Personal income generated from the expenditures of nonresident visitors to Montana is comprised of two categories: Employee compensation, which is wages and salary income paid to employees of businesses within the travel industry; and proprietors' income, which is the income of self-employed workers in businesses serving travelers.

- In 2003, total personal income paid by travel-related firms in Montana attributable to nonresident visitor spending totaled close to \$739 million (Table 4).
- On average, every dollar spent by nonresident travelers in Montana in 2003 generated 39.4 cents in wage and salary income for Montana residents. The national equivalent is 29.7 cents¹¹.
- Personal income generated by nonresident spending in Montana constituted 3.1 percent of Montana residents' total personal income in 2003, compared to 1.8 percent at the national level¹².
- During six of the 11 years in the 1992-2002 period, travel-generated personal income showed a higher growth rate than that of total personal income in the state (Figure 5).

Figure 5: Change in Travel-Generated and Total Personal Income, 1992-2003



Sources: ITRR; U.S. Bureau of Economic Analysis.

¹¹ Travel Industry Association of America 2003.

¹² Based on Bureau of Economic Analysis and Travel Industry Association of America estimates.

Table 4: Travel-Generated and Total Montana Personal Income, 1992-2003

Year	Travel-Generated Personal Income ¹ (millions \$2003)	Total Personal Income (millions \$2003)	Travel-Generated Income as % of Total Personal Income
1992	\$633	\$18,460	3.4%
1993	\$643	\$19,328	3.3
1994	\$666	\$19,244	3.5
1995	\$676	\$19,675	3.4
1996	\$671	\$19,927	3.4
1997	\$685	\$20,321	3.4
1998	\$713	\$21,382	3.3
1999	\$740	\$21,431	3.5
2000	\$809	\$21,165	3.8
2001	\$799	\$22,618	3.5
2002	\$838	\$23,167	3.6
2003	\$739 ²	\$23,784	3.1

Percent change from previous year			
1992	9.5%	2.4%	6.3%
1993	1.6	4.7	-2.9
1994	3.6	-0.4	6.1
1995	1.5	2.2	-2.9
1996	-0.7	1.3	0.0
1997	2.1	2.0	0.0
1998	4.1	5.2	-2.9
1999	3.8	0.2	6.1
2000	9.3	-1.2	8.6
2001	-1.2	6.9	-7.9
2002	4.9	2.4	2.9
2003	-11.8	2.7	-13.9

Sources: ITRR; U.S. Bureau of Economic Analysis.

¹These estimates differ from estimates previously published by ITRR in order to reflect the total impact (sum of direct, indirect, and induced impacts) from nonresident travel. Previous estimates excluded induced impacts.

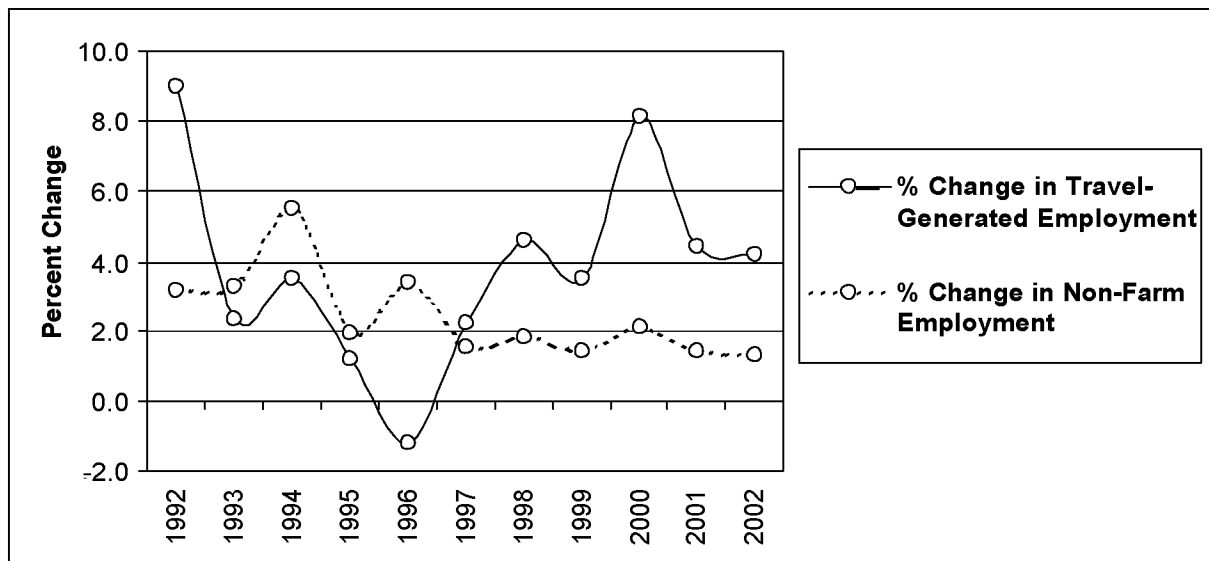
²Due to IMPLAN model changes this figure reflects new NAICS-based personal income multipliers. Figures from 2002 and earlier use SIC-based personal income multipliers. Caution should be used when comparing the 2003 figure with previous years.

TRAVEL-GENERATED EMPLOYMENT

Nonresident travel supports numerous businesses and jobs, and this is one of the industry's key contributions to the Montana economy. Due to its diversity, the Montana travel industry supports a wide variety of jobs, including service-oriented occupations as well as executive and managerial positions.

- During the past 12 years, growth in the number of travel-generated jobs has exceeded growth in the state's non-agricultural jobs on several occasions (Figure 6). Only in 1996, a weak year for tourism in Montana, did the travel industry see negative employment growth. Because much of the employment in this sector is seasonal and part-time, its labor force is much more flexible than many other industries and can quickly accommodate both strong and weak years.
- In 2003, nonresident expenditures in Montana supported approximately 37,000 jobs (Table 5). This represents a 22 percent increase compared to 1992.
- On average, every \$50,649 spent by nonresident travelers in Montana directly supports one job. The equivalent figure for the U.S. is \$73,772 for one job¹³.

Figure 6: Change In Travel-Generated and Non-Farm Employment, 1992-2002



Sources: ITRR; U.S. Bureau of Economic Analysis.

¹³ Travel Industry Association of America 2003.

Table 5: Travel-Generated and Total Montana Non-Farm Employment¹, 1992-2003

Year	Travel-Generated Employment ²	Total Non-Farm Employment	Travel-Generated Employment as % of Total Non-Farm Employment
1992	30,300	430,400	7.0%
1993	31,000	444,500	7.0
1994	32,100	468,800	6.8
1995	32,500	477,600	6.8
1996	32,200	493,600	6.5
1997	32,900	501,200	6.6
1998	34,400	510,400	6.7
1999	35,600	517,700	6.9
2000	38,500	528,400	7.3
2001	40,200	535,800	7.5
2002	41,900	542,800	7.7
2003	37,000 ³	n/a	n/a

Percent change from previous year

1992	9.0%	3.2%	4.5%
1993	2.3	3.3	0.0
1994	3.5	5.5	-2.9
1995	1.2	1.9	0.0
1996	-1.2	3.4	-4.4
1997	2.2	1.5	1.5
1998	4.6	1.8	1.5
1999	3.5	1.4	3.0
2000	8.1	2.1	5.8
2001	4.4	1.4	2.7
2002	4.2	1.3	2.7
2003	-11.7	n/a	n/a

Sources: ITRR; U.S. Bureau of Economic Analysis.

¹Employment denotes full-time and part-time jobs.

²These estimates differ from estimates previously published by ITRR in order to reflect the total impact (sum of direct, indirect, and induced impacts) from nonresident travel. Previous estimates excluded induced impacts.

³Due to IMPLAN model changes this figure reflects new NAICS-based employment multipliers. Figures from 2002 and earlier use SIC-based employment multipliers. Caution should be used when comparing the 2003 figure with previous years.

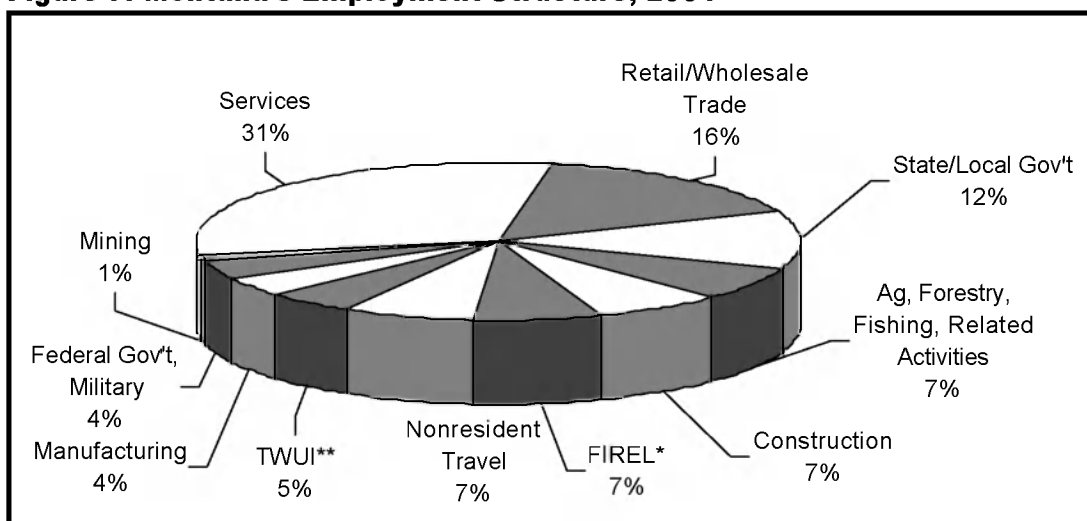
MONTANA'S EMPLOYMENT STRUCTURE

The Travel Industry's Market Share in Montana

Over the past two decades, the U.S. economy has shifted considerably away from manufacturing and toward services. The service sector of the economy has boomed with new technologies, creating industry segments and niches that did not exist 20 years ago. Additionally, as national economies have become more global, the travel industry has expanded to become an increasingly vital element in the service segment of the economy. Montana, however, has not fully experienced this shift in economic structure to the extent the nation has observed the shift.

- Growth in the service sector within the last couple of decades makes it the largest employment segment in Montana (Figure 7). Retail/wholesale trade comprises 16 percent of the state's employment followed by state/local government (12%).
- Due to SIC and NAICS classification differences in Table 6, it is difficult to compare all employment sectors between 1995 and 2001. However, sectors that are relatively comparable are highlighted below.
- The service sector gained over five percentage points from 1995 to 2001 and makes up nearly one-third (31%) of Montana's employment structure.
- Retail/wholesale trade, nonresident travel, and construction also made gains during the period, while agriculture, manufacturing, mining, and military experienced percentage-share losses.

Figure 7: Montana's Employment Structure, 2001



Note: Chart is an aggregate depiction of data in Table 6; numbers may not add to 100% due to rounding.

*Finance, Insurance, Real Estate, Leasing

**Transportation, Warehousing, Utilities, Information

Table 6: Employment Structure In Montana, 2001/1995

2001 Employment Sectors¹	Number of Jobs²	% of Total
Agriculture	31,127	5.5%
Forestry, fishing, related activities & other	7,245	1.3
Mining	6,920	1.2
Utilities	3,187	0.6
Construction	37,509	6.6
Manufacturing	24,008	4.2
Wholesale trade	16,352	2.9
Retail trade	72,718	12.8
Transportation & warehousing	16,097	2.8
Information	9,103	1.6
Finance & insurance	20,878	3.7
Real estate & leasing	18,414	3.2
Services	175,201	30.9
Federal government	13,044	2.3
Military	8,434	1.5
State & local government	66,517	11.7
Nonresident travel ³	40,200	7.1
Total	566,954	100.0%

1995 Employment Sectors⁴	Number of Jobs²	% of Total
Agriculture	30,618	6.0%
Ag. services, forestry, fishing and other	7,647	1.5
Mining	6,693	1.3
Construction	28,927	5.7
Manufacturing	27,427	5.4
Transportation, communication and utilities	24,510	4.8
Wholesale trade	19,031	3.7
Retail trade	83,319	16.4
Finance, insurance & real estate	29,923	5.9
Services	135,738	26.7
Federal government	12,979	2.6
Military	9,540	1.9
State & local government	59,433	11.7
Nonresident travel ³	32,500	6.4
Total	508,285	100.0%

Sources: ITRR; U.S. Bureau of Economic Analysis.

¹Order of industries follows order of the North American Industrial Classification System (NAICS) index, with nonresident travel added at the end.

²Includes both full-time and part-time jobs.

³Nonresident travel employment figures are ITRR estimates based on expenditures. Travel is not an isolated industry since activity associated with travel is part of other sectors. ITRR has estimated the impacts of nonresident travel to various sectors and subtracted those impacts from the affected industries' employment figures to avoid double-counting.

⁴Order of industries follows order of the Standard Industrial Classification (SIC) index, with nonresident travel added at the end.

TRAVEL-GENERATED TAX REVENUE

The travel tax receipts discussed below consist of the federal, state and local tax revenues attributable to nonresident travel spending in Montana¹⁴. Because Montana does not have a sales tax, the state and local tax receipts generated by nonresident travelers are generally lower than other states. Montana does, however, have a statewide accommodations tax of seven percent on overnight lodging¹⁵. In addition, nonresident travelers contribute to the tax base through the payment of excise taxes on items such as those on gasoline and alcohol, and by supporting industries that pay corporate taxes and whose workers pay income, property and other taxes.

- Nonresident travel spending in Montana generated over \$307 million in revenue for federal, state and local governments in 2003¹⁶ (Table 7). However, this represents a decrease of 4.5 percent from 2002 revenues; down 8.4 percent in federal taxes but up one percent in state and local tax revenues.
- In 2003, federal tax revenue attributable to nonresident travel expenditures in Montana exceeded \$171 million, or 5.6 percent of the total Montana federal collections. Each dollar spent by nonresident travelers in Montana generated 9.2 cents in federal tax revenue, compared to the national average of 10.2 cents¹⁷.
- At the state and local level, nonresident travel expenditures generated \$135 million in tax revenue in 2003, nearly six percent of the Montana total state and local collections. Each nonresident traveler dollar generated approximately 7.2 cents in state and local taxes.

Table 7: Travel-Generated Tax Revenue, 2002/2003

Level of Government	Tax Revenue (\$2003)	Percent of Year's Total
2002 Tax Revenue		
Federal	\$187,714,000	58%
State/Local	\$134,065,000	42%
Total	\$321,779,000	100%
2003 Tax Revenue		
Federal	\$171,853,000	56%
State/Local	\$135,370,000	44%
Total	\$307,223,000	100%
Percent change 2002 to 2003		
Federal	-8.4%	
State/Local	1.0%	
Total	-4.5%	

Source: ITRR.

¹⁴ Tax impacts are estimated using the IMPLAN input/output model and include indirect business taxes (property tax, motor vehicle license, duties, and other taxes and fees), personal taxes (income tax, property tax, motor vehicle license, fishing/hunting license, and other fees and fines), social security taxes (employee and employer contributions), corporate profits tax, Montana's Accommodations Tax, alcohol and tobacco taxes, fuel taxes, dividends at federal, state, and local levels, and others.

¹⁵ In July 2003 the Accommodations Tax increased from four to seven percent.

¹⁶ For further detail on IMPLAN's tax impact estimations, see Olson 1999.

¹⁷ Travel Industry Association of America 2003.

Comparisons between Montana total tax and the nonresident travel-generated total tax can be difficult. This is mainly due to which Montana total tax figure is being used. Different agencies often use different data collection methods and measurements to fit their specific needs. Unfortunately, these comparisons can show considerable variation in the nonresident travel industry's contribution to Montana's total tax depending on what source is used. In an effort to highlight these differences, two federal and three state and local tax data sources are used for comparison to nonresident travel-generated taxes (Table 8).

- In 2003, nonresident travelers contributed nearly \$172 million in federal taxes. This represents 5.6 percent of Montana's total federal tax collections when compared to the Internal Revenue Service (IRS) figure of nearly \$3.1 billion. However, when compared to the Bureau of Economic Analysis (BEA) total federal tax for Montana, nonresidents' contribution increases to 10.3 percent of the state's total federal tax revenues. The BEA's total federal taxes are lower than the IRS figures due to the apparent exclusion of corporate taxes.
- Over \$135 million in total state and local taxes are attributable to nonresident travelers. When compared to Census Bureau data, this comprises 5.9 percent of Montana's total state and local tax collections. However, when compared to the Montana Department of Revenue (DOR) and BEA figures, nonresident travel-generated tax contributions increase to 7.8 and 20.9 percent, respectively, to Montana total state and local taxes. The Census figure of nearly \$2.3 billion in total state and local taxes seems to be the most tax-inclusive of the three state and local total tax sources and is likely the most accurate for comparisons with nonresident travel. The Montana DOR total state and local tax is less than the Census figure since it does not account for taxes that go directly to other agencies (i.e., Dept. of Transportation through motor fuel taxes, licensing, permits, etc.; Dept. of Justice through fines, gambling taxes, fees, etc.). The BEA state and local total tax is lower still and appears to be understating total state and local property tax contributions.

Table 8: Montana and Nonresident Travel-Generated Total Taxes

Level of Government	Montana Total Tax (\$2003)	Travel-Generated Total Tax ¹ (\$2003)	Travel Industry as % of Montana Total
Federal			
IRS report, 2003	\$3,095,923,000	\$171,853,000	5.6%
BEA report, 2002	\$1,662,242,000	\$171,853,000	10.3%
State/Local			
Census report, 2000	\$2,277,870,000	\$135,370,000	5.9%
MT Dept. of Revenue report, 2002	\$1,732,340,000	\$135,370,000	7.8%
BEA report, 2002	\$647,145,000	\$135,370,000	20.9%

Definitions: BEA=U.S. Bureau of Economic Analysis; Census=U.S. Census Bureau; IRS=Internal Revenue Service.

¹Both federal and state/local tax figures are estimated using the IMPLAN input-output model.

TRAVEL INFLATION

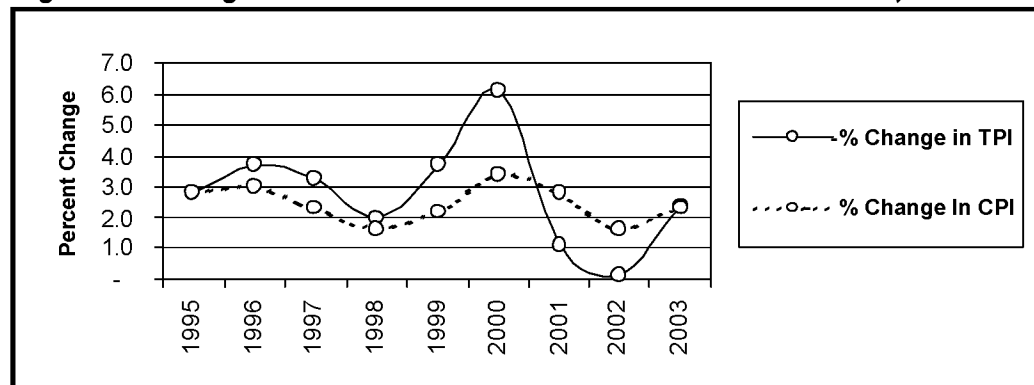
The following section provides information developed by the Travel Industry Association of America (TIA), and deals with national conditions rather than conditions specific to Montana. This is due to incomplete or nonexistent information at the state level. Permission for reproducing this information has been kindly provided by TIA.

Demand for travel is highly sensitive to price inflation. When overall consumer prices increase faster than per capita personal income, usually occurring in economic downturns, consumers tend to reduce discretionary spending. This, in turn, can reduce demand for leisure travel while consumers continue to buy necessities. During periods of economic growth, incomes usually rise faster than prices and consumers enjoy greater purchasing power for discretionary purchases, including leisure travel.

TIA developed the Travel Price Index (TPI) to measure changes in the cost of travel within the United States. The TPI is based on price data collected by the U.S. Department of Labor for its monthly Consumer Price Index, All Urban Consumers (CPI-U). Because the TPI is based on the CPI series, it does not necessarily represent all the discounting which occurs in the pricing structure of airline seats and motel rooms, etc.

- The slowest rate of travel price inflation observed during the nine-year period occurred in 2002 when the TPI increased by 0.1 percent (Table 9, Figure 8). Overall inflation was slowest in 1998 and 2002 when the CPI increased 1.6 percent. In 2003, the TPI grew faster than the CPI, resuming a trend that occurred for most of the 1980s and 1990s. Due to the economic downturn and the events of September 11, 2001, travel prices for the years 2001 and 2002 increased at much smaller rates than prices overall.
- The average price index for all transportation modes decreased 4.5 percent in 2002, primarily reflecting falling fuel and airline prices throughout the year. Considerable transportation inflation occurred in 2003 and was driven primarily by substantial fuel price inflation (18.6%). Lodging costs were flat for 2003, the lowest level in the nine-year comparison, while the food and beverage sector shows a 2.2 percent price increase. Prices for entertainment services were the same in 2002 and 2003 at 1.2 percent.

Figure 8: Change in Travel Price and Consumer Price Indices, 1995-2003



Sources: Bureau of Labor Statistics; Travel Industry Association of America.

Table 9: Travel Price Index, 1995-2003

Component (1982-1984=100)	1995	1996	1997	1998	1999	2000	2001	2002	2003¹
Transportation	138.0	142.8	145.6	140.2	150.5	175.2	172.5	164.8	176.7
Airline Fares	189.7	192.5	199.2	205.3	218.8	239.4	239.4	233.3	232.5
Intracity Trans. ²	156.5	173.2	175.8	174.2	172.4	174.9	180.1	184.0	196.0
Intercity Trans. ³	153.3	156.0	155.1	160.4	160.5	156.3	154.4	155.0	150.7
Motor Fuel	100.0	106.3	106.2	92.2	100.7	129.3	124.7	115.5	137.0
Out-of-Town Lodging	203.1	213.7	224.1	234.5	241.2	252.4	254.0	254.8	254.8
Food and Beverage	150.2	154.0	158.5	162.6	166.7	170.7	175.7	179.9	183.8
Entertainment Services	172.0	178.1	183.8	189.0	195.2	199.5	202.9	205.4	207.9
TPI	162.1	168.1	173.7	177.1	183.6	194.8	196.9	197.1	201.9
CPI-U	152.4	156.9	160.5	163.0	166.6	172.2	177.1	179.9	184.0

Percent change from previous year									
Transportation	1.8%	3.5%	2.0%	-3.7%	7.3%	16.4%	-1.5%	-4.5%	7.2%
Airline Fares	2.5	1.5	3.5	3.1	6.6	9.4	0.0	-2.5	-0.3
Intracity Trans.	2.4	10.7	1.5	-0.9	-1.0	1.5	3.0	2.2	6.5
Intercity Trans.	0.2	1.8	-0.6	3.4	0.1	-2.6	-1.2	0.4	-2.8
Motor Fuel	1.0	6.3	-0.1	-13.2	9.2	28.4	-3.6	-7.4	18.6
Out-of-Town Lodging	3.9	5.2	4.9	4.6	2.9	4.6	0.6	0.3	0.0
Food and Beverage	2.3	2.5	2.9	2.6	2.5	2.4	2.9	2.4	2.2
Entertainment Services	3.1	3.5	3.2	2.8	3.3	2.2	1.7	1.2	1.2
TPI	2.8	3.7	3.3	2.0	3.7	6.1	1.1	0.1	2.4
CPI-U	2.8	3.0	2.3	1.6	2.2	3.4	2.8	1.6	2.3

Sources: Bureau of Labor Statistics; Travel Industry Association of America.

¹Year-to-date ending in October 2003.

²Includes intracity mass transit and taxicabs.

³Includes intercity bus and rail.

Section 2: Montana as a Travel Destination

Montana's Place in National Tourism

A comparison of Montana's tourism with other states.

Montana's Nonresident Visitor Place of Residence

An overview of the general and specific areas Montana's nonresidents come from.

Montana's Nonresident Visitor Attractions

Highlights Montana's top attractions, activities, and destinations for nonresidents.

Montana State Parks

Compares nonresidents and resident visitation to Montana's State Parks.

MONTANA'S PLACE IN NATIONAL TOURISM

Tourism Receipts

When people think of typical vacation spots in the United States, places like Hawai'i, Florida or California often spring to mind rather than a rural, western state like Montana. Evidence for this is found when comparing traveler spending across states.

- In terms of expenditures, California is by far the largest destination state with an influx of tourism dollars exceeding \$74.2 billion in 2001 (Table 10). Montana was ranked 42nd with an income from tourism spending of \$1.79 billion.
- Due to its small population base, Montana fares better in terms of per-capita tourist receipts. While there is still a wide gap between Montana and the big earners (Hawaii, Nevada and Washington D.C.), Montana ranked 13th in 2001, with per-capita tourism receipts of \$2,006 (Table 11). However, the state was ranked 9th in 1995, thus falling four places since that time.

Table 10: Tourist Spending per State, 2001/1995

Rank		State	2001 Receipts (millions \$2003)	% of U.S. Total
2001	1995			
1	1	California	\$74,207	13.3%
2	2	Florida	\$57,905	10.3
3	3	New York	\$36,288	6.5
4	4	Texas	\$35,729	6.4
5	5	Illinois	\$23,145	4.1
6	6	Nevada	\$21,525	3.8
7	9	Pennsylvania	\$16,288	2.9
8	10	Georgia	\$15,927	2.8
9	8	New Jersey	\$15,719	2.8
10	11	Virginia	\$13,927	2.5
42	42	Montana	\$1,786	0.3
		Top 10 State Totals	\$312,546	55.9
		U.S. Total	\$559,499	100.0%

Border State Comparison

40	41	Idaho	\$2,100	0.4
44	44	Wyoming	\$1,500	0.3
46	49	South Dakota	\$1,190	0.2
49	48	North Dakota	\$1,150	0.2

Sources: ITRR; Travel Industry Association of America.

- The top state in per-capita receipts was Hawai'i at an impressive \$10,991, followed by Nevada and Washington D.C. at \$10,221 and \$10,186, respectively. The Dakotas made the most remarkable gains in rank between 1995 and 2001; North Dakota climbed eight spots while South Dakota rose 18 points. Idaho, however, slipped from 23rd in 1995 to 31st in per capita tourist spending in 2001.

Table 11: Tourist Spending Per-Capita, 2001/1995

Rank		State	2001 Per Capita Receipts (\$2003)
2001	1995		
1	1	Hawai'i	\$10,991
2	2	Nevada	\$10,221
3	3	Washington D.C	\$10,186
4	4	Florida	\$3,532
5	5	Wyoming	\$3,190
6	6	Vermont	\$2,283
7	8	Colorado	\$2,272
8	7	Alaska	\$2,197
9	11	New Mexico	\$2,176
10	10	California	\$2,151
13	9	Montana	\$2,006
		U.S. Average	\$1,965

Border State Comparison

16	24	North Dakota	\$1,904
20	38	South Dakota	\$1,896
31	23	Idaho	\$1,674

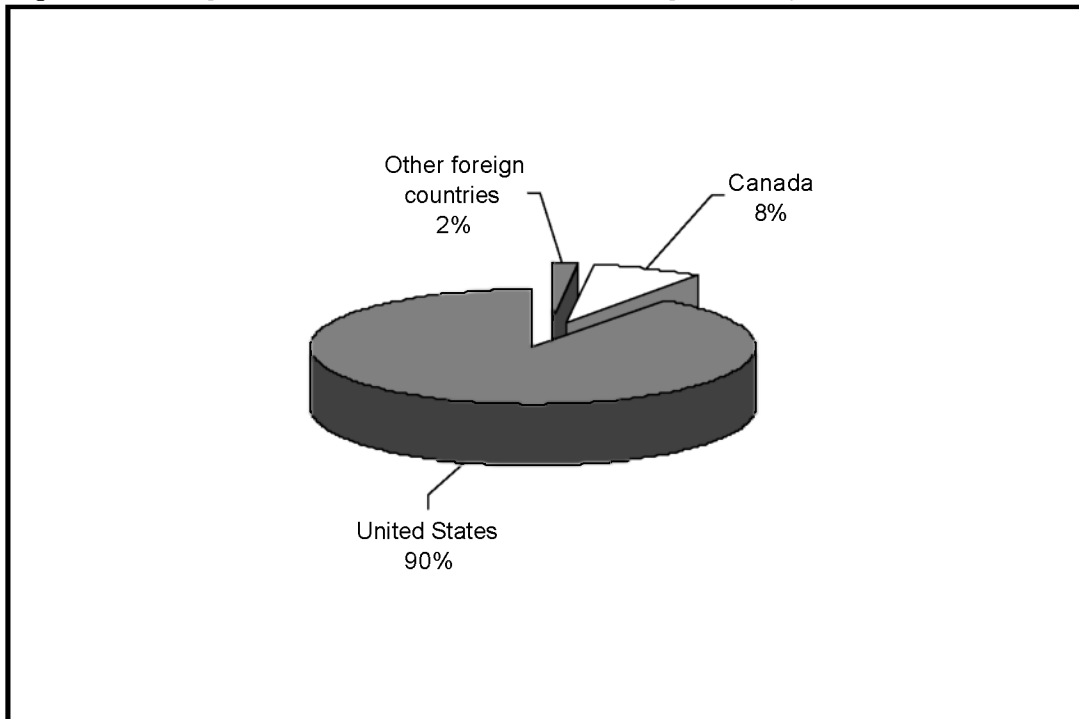
Sources: ITRR; Travel Industry Association of America; U.S. Census Bureau.

Visitor Place of Residence

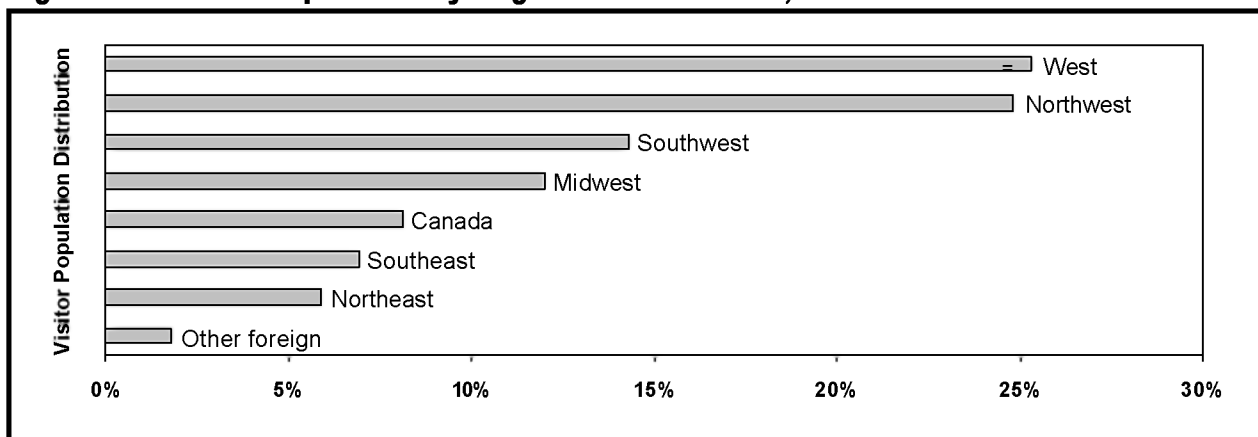
Visitors to Montana come from all over the world. Although the state receives a majority of its visitors from neighboring states, many come from farther away. Fully 90 percent of Montana's nonresident visitors come from the United States while eight percent have residence in Canada, and two percent come from other foreign countries (Figure 9).

- When looking at general U.S. regions, it is evident that most Montana visitors come from neighboring and other nearby western states (Figure 10). The West and Northwest regions together supply approximately one-half of total visitation.
- A breakdown of Montana's domestic visitors by state of residence reveals that Washington supplies the largest group of visitors (12.4%), followed by 7.7 percent from California (Figure 11). Montana's neighboring states are all prominently featured, except for South Dakota, which supplies only two percent of Montana's visitor population.

Figure 9: Composition of Montana's Visitor Population, 2001/2002



Source: ITRR.

Figure 10: Visitor Population by Region¹ of Residence, 2001/2002

Source: ITRR.

¹West Region: CO, KS, ND, NE, NM, OK, SD, TX, WY

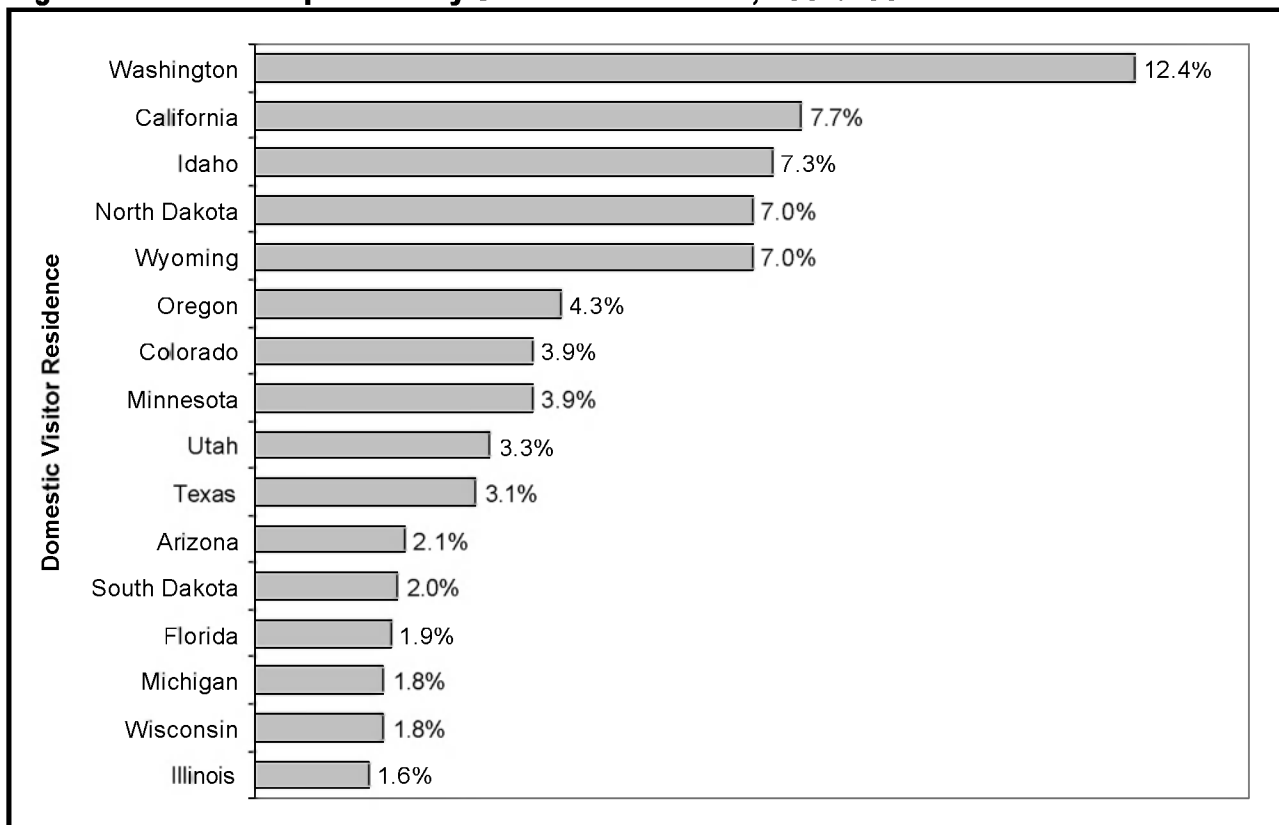
Northwest Region: AK, HI, ID, MT, OR, WA

Southwest Region: AZ, CA, NV, UT

Midwest Region: AR, IA, IL, IN, MI, MN, MO, WI

Southeast Region: AL, FL, GA, KY, LA, MS, NC, SC, TN, VA

Northeast Region: CT, DE, MA, MD, ME, NH, NJ, NY, OH, PA, RI, VT, WV

Figure 11: Visitor Population by State of Residence, 2001/2002

Source: ITRR.

Visitor Attractions

Visitors cite many reasons for coming to Montana. When surveyed, they are asked to indicate the Montana attraction that provided the primary reason for visiting the state, as well as what activities they engaged in while traveling in the area.

- The majority of visitors are drawn to Montana primarily because of either Yellowstone or Glacier National Parks (Table 12). Other attractions for nonresident travelers include friends and relatives, mountains and forests, and open space.
- The most frequently cited activity is shopping, with a participation rate of 37 percent (Table 13). However, shopping could consist of purchasing a few incidental items while traveling, or buying more major goods at shopping outlets or malls. As shown previously in Figure 3, only two percent of nonresident travelers primarily visit Montana for shopping purposes. Other popular activities include wildlife watching, day hiking, visiting historic sites, and picnicking.

Table 12: Montana's Top 10 Attractions for Nonresidents, 2001/2002

Rank	Attraction	% who cited item as primary attraction
1	Yellowstone National Park ¹	20%
2	Glacier National Park	16
3	Family/friends	13
4	Mountains/forests	10
5	Open space/Uncrowded areas	11
6	Hunting	5
7	Fishing	4
8	Special events	4
9	Montana history	3
10	Camping	2

Source: ITRR.

¹Although Yellowstone National Park is primarily located in Wyoming, about 51% of park visitors enter the park via a Montana entrance during their trip (NPS 2003).

Table 13: Top 10 Activities for Nonresidents to Montana, 2001/2002

Rank	Activity	% who indicated participation ¹
1	Shopping	37%
2	Wildlife watching	29
3	Day hiking	26
4	Visiting historic sites	23
5	Picnicking	22
6	Camping in developed areas	19
7	Visiting museums	16
8	Fishing	13
9	Visiting Lewis & Clark sites	13
10	Visiting Native American sites	12

Source: ITRR.

¹Respondents could select more than one activity.

Montana offers many tourist destinations for travelers to visit. Although these sites do not distinguish between resident and nonresident visitors, it is probably safe to assume that they are visited by all types of travelers regardless of their residence. Some destinations have reliable mechanisms in place for counting their visitors and are included in Table 14; yet many other sites rely on voluntary contributions and guest book sign-ins and are not reported here.

- Besides the highly visited destinations of Glacier and Yellowstone National Parks, Little Bighorn Battlefield National Monument receives the most visitors per year (Tables 14). The Battlefield visitation numbers in 2003 were more than 422,000, down 1 percent from 2002 but up 28% from 2000. At Fort Peck Lake, visitation reached nearly 210,000 in 2003, down 21 percent from 2000, while the National Bison Range was visited by over 105,000 people, down four percent over the period.
- Overall, total visitors to the top 10 destinations in 2003 were up one percent from 2000, 6.5 percent for 2001, but down 5.6 percent from 2002 when many Montana destinations had very high annual visitation.

Table 14: Montana's Top 10 Tourist Destinations, 2000-2003

Destination ¹	2000	2001	2002	2003	% change 2003/2000 ²
1 Glacier National Park ³	1,728,693	1,680,614	1,905,689	1,664,046	-4%
2 Yellowstone Nat'l Park ⁴	1,447,499	1,406,848	1,516,575	1,539,881	6
3 Little Bighorn Battlefield	330,329	334,567	425,995	422,566	28
4 Fort Peck Lake ⁵	266,606	156,989	222,353	209,634	-21
5 National Bison Range	109,600	103,500	114,900	105,700	-4
6 Museum of the Rockies	86,990	73,923	74,175	70,293	-19
7 Lewis & Clark Interpretive Center	53,719	54,443	61,197	59,618	11
8 Lewis & Clark Caverns State Park	50,375	50,590	49,396	50,113	-1
9 Big Hole Battlefield	40,470	56,619	61,142	56,146	39
10 Pompey's Pillar	40,248	39,300	36,000	38,500	-4
Total	4,154,529	3,957,393	4,467,422	4,216,497	1%

Sources: Bureau of Land Management; National Park Service; Travel Montana.

¹Includes only destinations that keep consistent visitation counts.

²Percent change in visitation for Fort Peck Lake, National Bison Range, Museum of the Rockies, Lewis & Clark Interpretive Center, Lewis & Clark Caverns, and the Montana Historical Society for the months May through September.

³Dramatic decrease from 2002 to 2003 visitation due mainly to counting procedure changes, adjustments, and wildfires in and around the park. Caution should be used when comparing 2003 figures with previous years¹.

⁴Figures reflect Yellowstone National Park visitors who entered the park from Montana. Although the park is primarily located in Wyoming, about 51% of the park's visitors travel in Montana during their trip (NPS 2003).

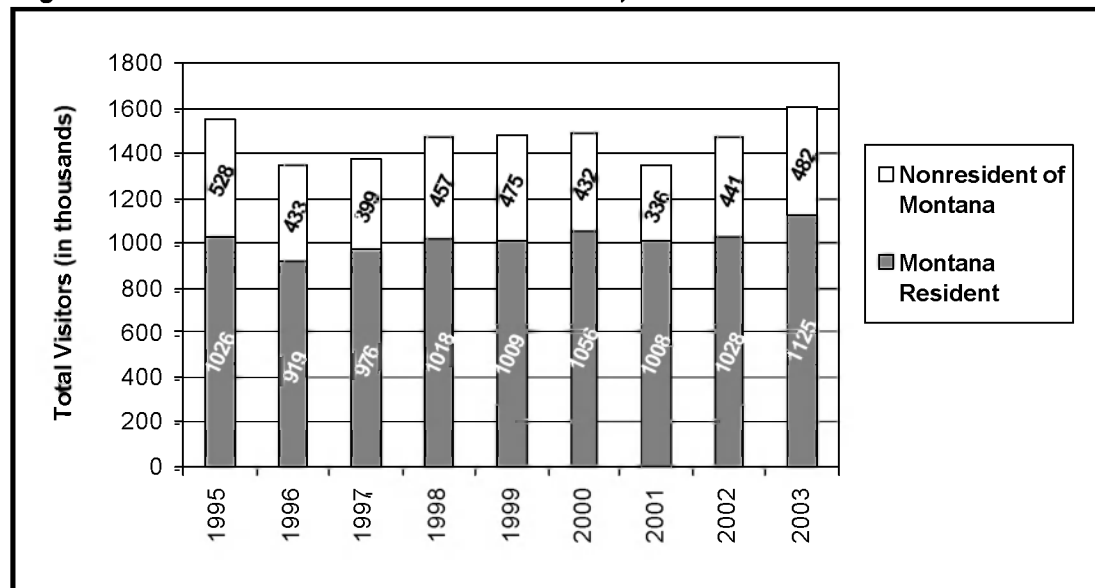
⁵In 2003, Fort Peck Lake water level was at an all time low due to persistent drought conditions.

Montana State Parks

The state parks of Montana continue to be a draw for visitors across the state and region. In 2003, both residents of Montana and nonresidents contributed to the highest number of visitors to Montana's 42 state parks since 1995. This trend is expected to continue in 2004 since residents will no longer have to pay entrance fees at any Montana state park.

- From 1995 to 2003, Montana's resident and nonresident visitor proportions have been about 70 percent and 30 percent, respectively (Figure 12). The year 2001 had the fewest total visitors (1,344,000) as well as the fewest nonresident visitors (336,000). The most visitors to the parks came in 2003 (1,607,000); however, the greatest number and percentage of nonresidents visiting the state parks was in 1995 (528,000, or 34%).
- Region 5, Billings, had the highest number of visitors (356,951) and the highest percentage (87%) of Montana residents in 2003 (Table 15). At 322,172 visitors, Bozeman (Region 3) had the next highest visitation and the highest percentage (38%) of nonresidents. Missoula, Region 2, had the fewest number of visitors in 2003 even though the region has the most parks (11). Overall, day use of the parks accounts for 80 percent of visitation while 20 percent of visitors use the parks' overnight facilities.

Figure 12: Montana State Parks Visitation, 1995-2003



Source: Montana State Parks.

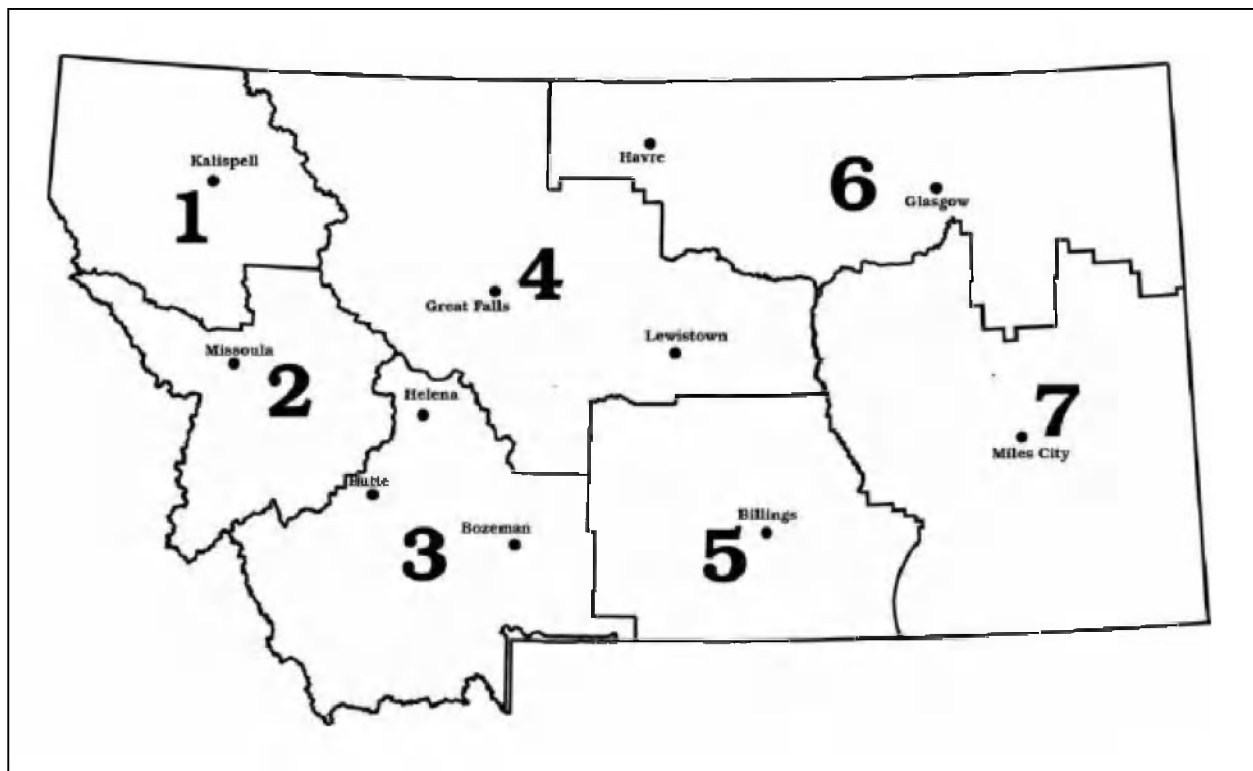
Table 15: State Parks Visitation by Region, 2003

Region ¹	Number of Parks	Total Visitors	Montana Residents	Nonresidents of Montana	Day Use	Overnight
1-Kalispell	6	226,782	71%	29%	70%	30%
2-Missoula	11	153,848	73	27	71	29
3-Bozeman	10	322,172	62	38	92	8
4-Great Falls	4	216,814	70	30	95	5
5-Billings	5	356,951	87	13	85	15
7-Miles City	6	184,721	63	37	62	38
Total ²	42	1,607,417	70%	30%	80%	20%

Source: Montana State Parks.

¹Region 6, Glasgow, currently has no state parks.

²For total visitors, an additional 10% is added to account for shoulder and off-season visitation, which is not included in many of the counts, and for parks where visitation is not recorded.

Figure 13: Regions of Montana State Parks

Source: Montana State Parks.

Section 3: Travel Industry Segment Data

Montana Transportation Overview

Time-series data on air and rail service in Montana, including traveler volume, personal income and employment.

Montana Travel Industry Segments

Hotel, foodservice, and amusement and recreation industry comparisons with time-series data.

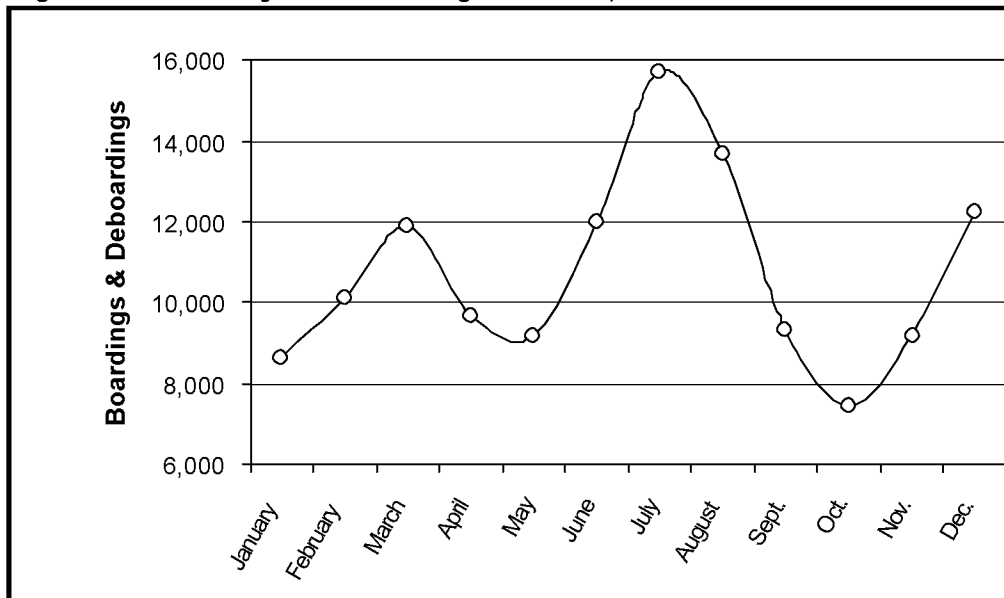
MONTANA TRANSPORTATION OVERVIEW

Amtrak Performance

Many of Montana's municipalities are connected by various railroad lines, offering excellent rail connections for freight lines. However, passenger transit through the state is limited and its future in Montana is uncertain. The Empire Builder, Amtrak's line in the northern portion of the state, provides the only passenger train service. Stations are located at Browning, Belton, Cut Bank, Essex, Glasgow, Glacier Park, Havre, Libby, Malta, Shelby, Whitefish, and Wolf Point.

- As for monthly passenger rail traffic in 2003, July had the greatest numbers of riders (Figure 14). December was the next highest month, yet it had nearly 4,000 fewer passengers than July. The lowest month of the year was October when less than 8,000 people rode the train in Montana.
- Ridership for 2003 posted a 17.8 percent increase over 2002, and was up 9.8 percent from 1995 (Table 16). However, the years of 1998-2000 had more passengers each year than in 2003.
- The station at Whitefish had the most passenger traffic over the nine-year period, and it captured nearly 44 percent of all Montana rail traffic (Table 17). The next busiest stations were Shelby (11.4%) and Havre at 10.9 percent. Browning was the least active station over the period with a passenger traffic share of only 1.6 percent in 2003.

Figure 14: Monthly Rail Passenger Traffic, 2003



Source: ITRR.

Table 16: Amtrak Performance in Montana, 1995-2003

Key Measurement	1995	1996	1997	1998	1999	2000	2001 ¹	2002	2003
Ridership	117,586	97,855	123,140	138,251	129,566	135,421	117,850	109,550	129,064
Employment ²	3,060	2,965	3,127	3,051	2,928	n/a ³	2,598	2,493	n/a
Personal Income ⁴ (millions \$2003)	\$240.0	\$249.6	\$255.8	\$244.0	\$226.0	n/a ³	\$215.4	\$207.7	n/a
Percent change from previous year									
Ridership	-15.9%	-16.8%	25.8%	12.3%	-6.3%	4.5%	-13.0%	-7.0%	17.8%
Employment	1.9	-3.1	5.5	-2.4	-4.0	n/a	-11.3 ⁵	-4.0	n/a
Personal Income	-0.7	4.0	2.5	-4.6	-7.4	n/a	-4.7 ⁵	-3.8	n/a

Sources: Montana Department of Transportation; U.S. Bureau of Economic Analysis.

¹2001 and later employment and income figures are for NAICS Sector 482, Rail Transportation; 1995-2000 reflect the SIC Sector 40, Railroad Transportation. Caution should be used when comparing figures over this period.

²Includes full-time and part-time jobs.

³Figures unavailable due to BEA nondisclosure of confidential information.

⁴Comprises both employee compensation and proprietors' income.

⁵Shows changes from 1999 to 2001 since 2000 figures are unavailable.

Table 17: Amtrak Passenger Traffic by Montana Station, 1995-2003

Station	1995	1996	1997	1998	1999	2000	2001	2002	2003	% of Total, 2003
Browning	1,296	1,019	1,421	1,455	1,549	1,498	1,344	1,087	2,029	1.6%
Belton	2,749	2,720	3,779	3,571	3,702	3,959	3,721	4,124	4,324	3.4
Cut Bank	2,012	1,729	2,100	2,767	2,162	2,589	2,151	2,177	3,033	2.3
Essex	2,596	1,931	3,080	3,132	3,354	3,100	2,949	3,293	3,310	2.6
Glasgow	4,116	3,744	4,445	6,046	5,668	5,688	5,144	4,678	5,422	4.2
Glacier Park	11,021	10,541	12,936	14,688	13,226	13,034	11,086	9,648	9,845	7.6
Havre	12,818	10,495	12,107	15,633	14,379	15,571	13,278	12,472	14,113	10.9
Libby	3,937	3,604	4,655	5,393	5,443	5,528	4,781	4,003	5,276	4.1
Malta	2,702	2,384	3,021	4,065	3,094	3,198	2,874	2,749	2,896	2.2
Shelby	13,249	11,270	14,868	15,685	15,036	15,674	13,504	11,992	14,662	11.4
Whitefish	54,538	42,533	53,371	57,320	54,338	57,251	49,690	46,915	56,708	43.9
Wolf Point	6,552	5,885	7,357	8,496	7,615	8,331	7,328	6,412	7,446	5.8
Total	117,586	97,855	123,140	138,251	129,566	135,421	117,850	109,550	129,064	100.0%

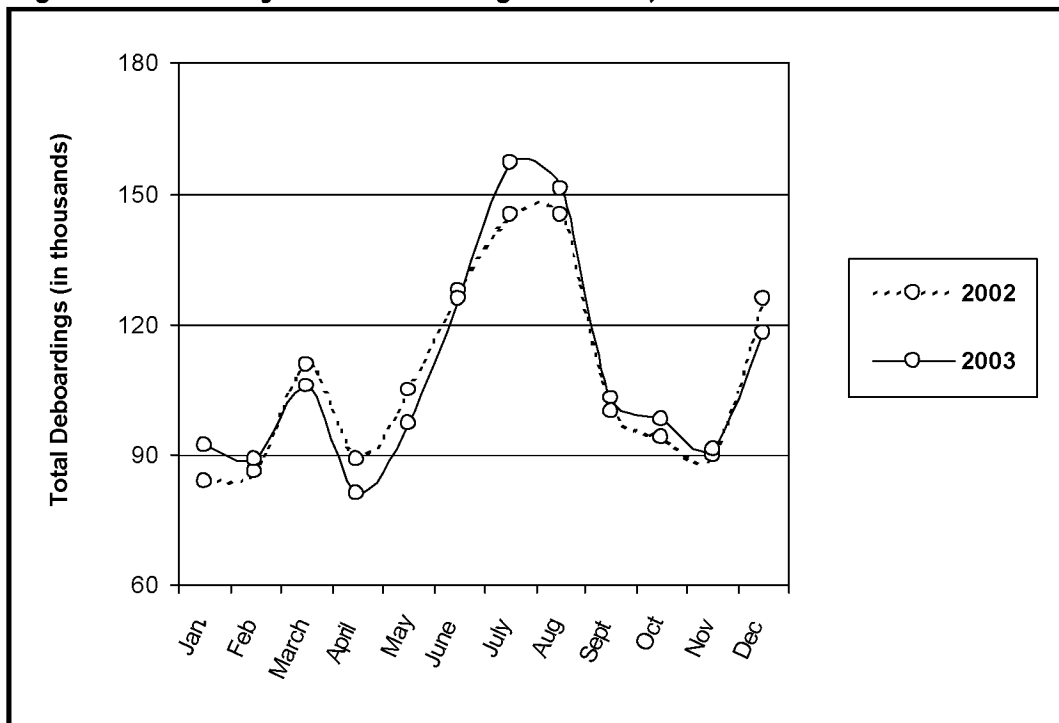
Source: Montana Department of Transportation.

Airline Performance

The major airports in Montana include Billings, Bozeman, Butte, Great Falls, Helena, Kalispell, and Missoula. The West Yellowstone airport is reported here as well but it is only open during the months of June through September. These airports record the number of passengers boarding and deboarding at their facility. ITRR uses the deboarding numbers as a count and incorporates them into its estimation model when calculating the number of nonresident travelers at each airport.

- Reported figures of air passenger deboarding throughout the year show that the summer months, particularly July, are the busiest (Figure 15). December has more passengers than its adjacent months, which is primarily due to holiday travelers.
- The Billings airport continued its trend in 2003 of being the state's busiest airport in terms of traveler volume (Table 18). Bozeman and Missoula have the second and third highest passenger deboardings, followed by Kalispell and Great Falls. The Butte airport experienced its third year of decreasing passenger traffic in 2003, followed by two years of decreases at West Yellowstone.
- For 2003, total passenger deboardings were up only 0.5 percent, the lowest increase throughout the 1996-2003 period (Table 19). However, the post-2000 economic downturn and the events of September 11, 2001 did not impact Montana's airline performance as much as the U.S. airline industry as a whole, which experienced negative growth in 2001 and 2002¹⁸.

Figure 15: Monthly Airline Passenger Traffic, 2002/2003



Sources: ITRR; Montana Aeronautics Division.

¹⁸ Travel Industry Association of America 2003.

Table 18: Airline Passenger Traffic by Airport, 1996-2003

Airport	1996	1997	1998	1999	2000	2001	2002	2003
Billings	319,627	313,456	325,425	347,318	355,908	353,371	381,661	372,632
Bozeman	196,362	206,397	217,468	222,171	240,049	256,245	273,026	282,871
Butte	42,861	43,388	44,331	47,750	48,574	43,337	41,059	37,101
Great Falls	119,959	123,860	127,903	134,036	140,380	128,867	128,972	127,228
Helena	68,464	70,690	75,065	77,924	73,110	75,428	74,204	74,387
Kalispell	120,995	130,156	132,857	145,698	154,877	154,421	162,045	165,763
Missoula	173,583	191,083	200,806	221,202	225,643	242,054	237,938	245,956
West Yellowstone	3,089	4,416	3,668	5,408	5,229	5,374	4,026	3,873
Total	1,044,940	1,083,446	1,127,523	1,201,507	1,243,770	1,259,097	1,302,931	1,309,811

Source: Montana Aeronautics Division.

Table 19: Airline Performance in Montana, 1996-2003

Key Measurement	1996	1997	1998	1999	2000	2001 ¹	2002	2003
Passengers Deboarded	1,044,940	1,083,446	1,127,523	1,201,507	1,243,770	1,259,097	1,302,931	1,309,811
Employment ²	2,355	2,330	2,442	2,615	2,667	903	915	n/a
Personal Income ³ (thousands \$2003)	95,562	87,727	88,902	95,194	94,536	28,005	28,890	n/a
Percent change from previous year								
Passengers Deboarded	1.9%	3.7%	4.1%	6.6%	3.5%	1.2%	3.5%	0.5%
Employment	1.9	-1.1	4.8	7.6	3.5	n/a	1.3	n/a
Personal Income	-4.9	-8.2	1.3	7.1	-0.7	n/a	3.2	n/a

Sources: ITRR; Montana Aeronautics Division; U.S. Bureau of Economic Analysis.

¹2001 and later employment and income figures are for NAICS Sector 481, Air Transportation, which does not include Scenic and Sightseeing Tours (Sector 487), and Couriers and Messengers (Sector 492); however, 1996-2000 reflect SIC Sector 45, Transportation by Air, which includes scenic tours and couriers/messengers. These differences are largely responsible for the disparities between employment and income figures for 2000 and later years, and caution should be used when comparing figures over this period.

²Includes full-time and part-time jobs.

³Comprises both employee compensation and proprietors' income.

MONTANA TRAVEL INDUSTRY OVERVIEW

Hotel Industry

Part of the information for this section has been kindly provided by Smith Travel Research.

Occupancy rates are often considered a measure of the performance of the hotel industry. Yet, occupancy rates also fluctuate based on changes in the room supply-demand relationship. When the growth in room demand exceeds the growth in room supply, occupancy rates increase. Conversely, they decrease when room supply increases faster than room demand, as is the case when the industry experiences a building boom.

- Occupancy rates in Montana show some fluctuation over the period 1996-2003 in a nearly cyclical manner (Table 20). Decreases occurred in 1996, 1998, 2001, and 2003, while increases took place in all the other years. The recent decreases are primarily an effect of the economic downturn, as well as being a function of room supply and demand.
 - With the exception of 1996, each year in the period showed an increase for room demand with the greatest in 1999 (4.4%). Room supplies also increased each year although 2003 had the smallest increase in the period at 1.6 percent.
 - In constant dollars, both average daily rate and room revenues show inconsistency over time. Both of these measures decreased in 1996, 2001, and 2003. Their biggest gains together in a single year occurred in 1997. Over the eight-year timeframe average daily rate increased just 4.4 percent while room revenues rose 13.3 percent.
 - Personal income in the hotel industry increased substantially faster than employment in all years except 2001. Personal income increased by 15 percent in this time period, while employment gained 360 jobs.
-

Table 20: Montana Hotel Industry Performance, 1996-2003

Key Measurement	1996	1997	1998	1999	2000	2001 ¹	2002	2003
Occupancy Rate	54.9%	55.6%	55.2%	56.6%	57.3%	56.4%	56.7%	56.3% ²
Room Demand (thousands)	4,420	4,569	4,614	4,819	4,962	4,981	5,103	5,146
Room Supply (thousands)	8,053	8,215	8,364	8,507	8,662	8,832	8,997	9,145
Average Daily Rate (\$2003)	\$57.86	\$60.16	\$60.39	\$60.20	\$61.91	\$61.06	\$61.09	\$60.43 ²
Room Revenues (millions \$2003)	\$270.4	\$279.2	\$288.6	\$299.0	\$304.2	\$300.2	\$310.5	\$306.4
CPI-U	156.9	160.5	163.0	166.6	172.2	177.1	179.9	184.0
Employment ³	10,961	10,780	11,214	11,550	11,816	11,138	11,321	n/a
Personal Income ⁴ (millions \$2003)	\$164.5	\$164.5	\$175.3	\$185.8	\$192.5	\$181.6	\$188.5	n/a
Percent change from previous year								
Occupancy Rate	-5.7%	1.3%	-0.7%	2.5%	1.2%	-1.6%	0.5%	-0.7%
Room Demand	-2.8	3.4	1.0	4.4	3.0	0.4	2.4	0.8
Room Supply	3.1	2.0	1.8	1.7	1.8	2.0	1.9	1.6
Average Daily Rate	-1.5	4.0	0.4	-0.3	2.8	-1.4	0.0	-1.1
Room Revenues	-3.6	3.3	3.4	3.6	1.7	-1.3	3.4	-1.3
CPI-U	2.8	3.0	2.3	1.6	2.2	3.4	2.8	1.6
Employment	0.6	-1.7	4.0	3.0	2.3	-5.7	1.6	n/a
Personal Income	5.3	0.0	6.6	6.0	3.6	-5.7	3.8	n/a

Sources: Bureau of Labor Statistics; Smith Travel Research; U.S. Bureau of Economic Analysis.

¹2001 and later employment and income figures are for NAICS Sector 721, Accommodation, which includes hotels, motels, B&Bs, guest houses, cabins, hostels, camping, and RV parks; 1996-2000 reflect SIC Sector 70, Hotels and Other Lodging Places, which includes similar accommodation types.

²Preliminary estimates based on year-to-date data ending in October 2003.

³Includes full-time and part-time jobs.

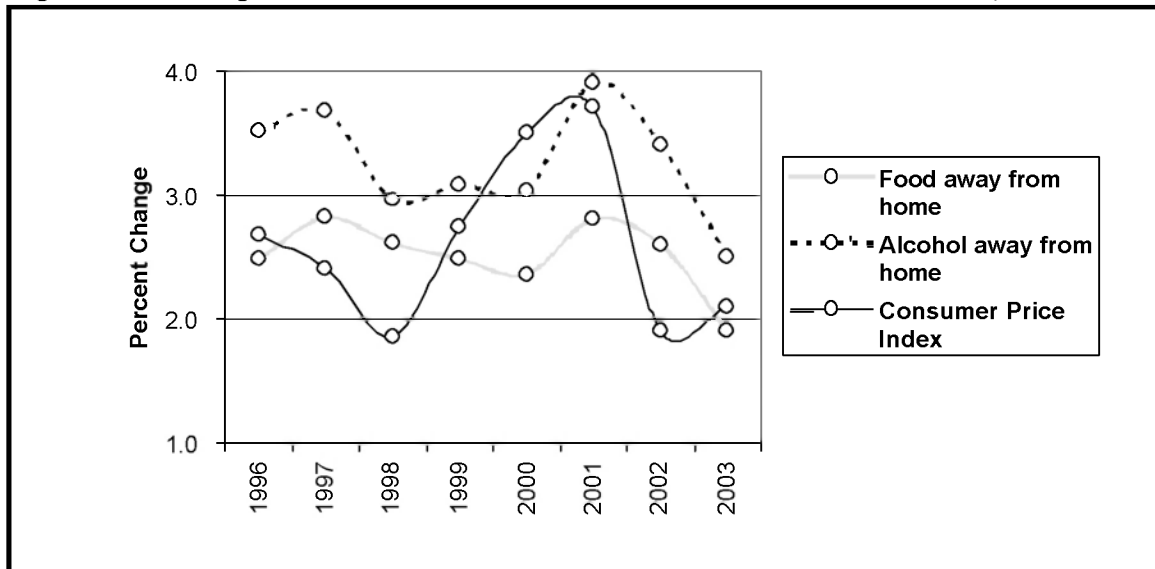
⁴Comprises both employee compensation and proprietors' income.

Foodservice Industry

The foodservice industry generally comprises eating establishments and drinking places, and is a sizeable component of Montana's travel industry. In fact, it represents the third largest expenditure category among nonresident travelers in Montana, generating over \$386 million in exogenous dollars for the state¹⁹. The following represents aggregate foodservice data, including sales and employment derived from expenditures by both travelers and local patrons.

- The growth in the indices for "food away from home" and the CPI fluctuated throughout the eight-year period (Figure 16). During several years (1996, 1999-2001, 2003) CPI inflation occurred faster than food away from home prices, making dining out more affordable. In contrast, only in 2000 did CPI inflation outpace "alcohol away from home" making drinking at establishments relatively expensive for all other years in the period.
- Employment in Montana's foodservice industry has been generally weak in the years 1996-2000 (Table 21). In 2000, an estimated 35,231 people were employed in the foodservice industry in Montana, up just 2.7 percent since 1996.
- Yearly changes in proprietors' salaries and wages paid to employees in the foodservice industry have also been modest, with the largest growth in 2000 (2.5%). Over the five-year period, personal income rose only 0.4 percent.

Figure 16: Change in Foodservice Price and Consumer Price Indices, 1996-2003



Sources: Travel Industry Association of America; U.S. Bureau of Economic Analysis.

¹⁹ For further detail, please see Wilton 2004.

Table 21: Montana Foodservice Industry Performance, 1996-2003

Key Measurement	1996	1997	1998	1999	2000	2001 ¹	2002	2003 ²
Price Index (1982-1984=100)								
Food away from home ³	152.7	157.0	161.1	165.1	169.0	173.8	178.3	181.7
Alcohol away from home ³	182.7	189.4	195.0	201.0	207.1	215.2	222.5	228.0
CPI-U	156.9	160.5	163.0	166.6	172.2	177.1	179.9	184.0
Employment ⁴	34,304	34,500	34,492	34,481	35,231	35,355	36,056	n/a
Personal Income ⁵ (millions \$2003)	\$418.3	\$415.7	\$415.0	\$409.3	\$431.1	\$399.5	\$412.7	n/a
Percent change from previous year								
Price Index								
Food away from home	2.5%	2.8%	2.6%	2.5%	2.4%	2.8%	2.6%	1.9%
Alcohol away from home	3.5	3.7	3.0	3.1	3.0	3.9	3.4	2.5
CPI-U	2.8	3.0	2.3	1.6	2.2	3.4	2.8	1.6
Employment	3.7	0.6	0.0	0.0	2.2	0.4	2.0	n/a
Personal Income	-1.3	-0.6	-0.2	-1.4	5.3	-7.3	3.3	n/a

Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; Travel Industry Association of America.

¹2001 and later employment and income figures are for NAICS Sector 722, Food Services and Drinking Places, which includes on-premises and off-premises consumption, and catering services; however, 1996-2000 reflect SIC Sector 58, Eating and Drinking Places, which does not include off-premises consumption and catering services. These differences are largely responsible for the disparities between employment and income figures for 2000 and later years; therefore, caution should be used when comparing figures over this period.

²Preliminary estimates based on year-to-date data ending in October 2003.

³Figures are based on data for eating and drinking places, excluding possible effect of institutional and military restaurant services.

⁴Includes full-time and part-time jobs.

⁵Comprises both employee compensation and proprietors' income.

Amusement and Recreation Services

The amusement and recreation services industry generally includes theatrical productions (except motion pictures), various amusement services and recreation activities. Similar to the foodservice industry, these data include sales and employment derived from the expenditures of both nonresidents and Montana residents.

- The Gross State Product (GSP) for Montana's amusement and recreation industry varied considerably from 1996 to 2001 (Table 22). The strongest growth was in 1998 (16.3%), yet the following year experienced a 20 percent decrease in GSP. A sizeable increase occurred in 2001 but was influenced by the industry's NAICS reclassification which added several sub-industries (i.e., museums, art galleries, etc.).
- In contrast to GSP, employment in the industry has shown increases during the period with the exception of 1999. The most annual growth occurred in 1998 (22.9%) and from 1996 to 2002 when employment rose by 4,538 jobs, or 42 percent.
- Personal income paid within the amusement and recreation services sector had its greatest gains in 1998 (10.4% under SIC), just to be followed in 1999 with negative growth of nine percent. Under NAICS personal income increased 6.3 percent in 2002 over 2001. During the period 1996-2000, personal income rose just 0.5 percent.

Table 22: Montana Amusement and Recreation Industry Performance, 1996-2002

Key Measurement	1996	1997	1998	1999	2000	2001 ¹	2002
Industry GSP ² (millions \$2003)	\$235.7	\$233.9	\$272.0	\$217.6	\$214.8	\$249.4	n/a
Employment ³	10,840	10,850	13,330	13,237	13,992	14,632	15,378
Personal Income ⁴ (millions \$2003)	\$130.4	\$125.4	\$138.5	\$126.1	\$131.0	\$187.5	\$195.0

Percent change from previous year

Industry GSP	6.1%	-0.8%	16.3%	-20.0%	-1.3%	16.1%	n/a
Employment	6.8	0.1	22.9	-0.7	5.7	4.6	5.1
Personal Income	4.3	-3.8	10.4	-9.0	3.9	43.1	6.3

Source: U.S. Bureau of Economic Analysis.

¹2001 and later GSP, employment, and income figures are for NAICS Sector 71, Arts, Entertainment, and Recreation, which generally includes live performances, exhibits, and participatory recreation activities; 1996-2000 data reflect SIC Sector 79, Amusement and Recreation Services, which includes most of the services in NAICS Sector 71 but does not include museums, art galleries, and zoos. These differences are largely responsible for the disparities between employment and income figures for 2000 and later years; therefore, caution should be used when comparing figures over this period.

²Figures for Gross State Product are substituted for unavailable revenue data. GSP is defined as ". . . gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other U.S. industries or imported)" (Beemiller et al., 1999).

³Includes full-time and part-time jobs.

⁴Comprises both employee compensation and proprietors' income.

CONCLUDING REMARKS

Nonresident travelers come to Montana for a variety of reasons. The state offers attractive features such as its unique natural environment, opportunities for recreation, its relative affordability, and its friendly, western social setting. Travelers typically leave the state with a very positive impression and usually become repeat visitors because of their initial Montana experience.

These nonresident travelers play an important part in Montana's travel industry and in the state's economy. As this review illustrates, nonresident travel impacts many areas of the economy through visitor expenditures, employment opportunities, income generation, and through tax contributions at all levels of government. Montana's travel industry also serves to diversify the state's economy which helps the state allay the effects of national economic fluctuations.

Furthermore, the trends offered in this report highlight the growth of the industry. However, some of the most current data available (i.e., employment, gross state product, income, etc.) are from 2001 and 2002, a distinct time period in terms of the national economic downturn and the events of September 11, 2001. Therefore, it is not yet known how these occurrences completely affected Montana's travel industry in 2003 and beyond. The next edition of this review, in 2006, will have updated and complete figures for those years. Lastly, subsequent reports will continue including the most recent data of NAICS-based travel industries which will make time-series comparisons more conducive for readers.

Appendix A: References

- Beemiller, Richard M. and Michael T. Wells. 1999. "Gross State Product by Industry, 1995-97." *Survey of Current Business*. Bureau of Economic Analysis, U.S. Dept. of Commerce. Washington D.C.
- Helena Regional Airport Authority. 2002. *State of Montana Air Carrier/Commuter Flights and Passengers*. Helena, MT.
- McMahon, Kim, Norma P. Nickerson and J. Allen Ellard. 1999. Montana Resident Pleasure Travel: Results from the 1998-1999 Pleasure Travel Study. Research Report 69. The Institute for Tourism and Recreation Research, University of Montana. Missoula, MT.
- Internal Revenue Service. 2004. "Table 6: Internal Revenue Gross Collections, by State, Fiscal Year 2003." Accessed at <http://www.irs.gov/pub/irs-soi/03db06co.xls>. U.S. Internal Revenue Service, Washington D.C.
- Montana Department of Revenue. 2002. Biennial Report of the Montana Department of Revenue: July 1, 2000 to June 30, 2002. The Office of Tax Policy and Research, MT DOR, Helena. MT.
- Montana Department of Revenue. 2004. "Figure 3: State and Local Taxes in Montana." Accessed at <http://discoveringmontana.com/revenue/css/5foryourreference/studycommittees/taxreformcommittee.asp>. Helena, MT.
- Montana Department of Transportation. 2002. "Amtrak Ridership: Station Totals 1995-2001." Helena, MT.
- Montana State Parks. 2004. Visitation Report 2003: Montana State Parks and Fishing Access Sites. Parks Division, Montana Fish, Wildlife & Parks. Helena, MT.
- National Park Service (NPS). 2003. National Park Service Statistical Abstract 2003. Public Use Statistics Office, U.S. Dept. of the Interior. Washington D.C.
- Nickerson, Norma and J. Wilton. 2004. Travel Industry Outlook and Economics. *Montana Business Quarterly* 42:1. Missoula, MT.
- Nickerson, Norma, T. Dillon, and A. Aronofsky. 2002. 2001 Nonresident Visitors to Montana: A Summary. *Montana Vision* 7:3. The Institute for Tourism and Recreation Research, University of Montana. Missoula, MT.
- Olson, Douglas C. 1999. "Using Social Accounts to Estimate Tax Impacts." Paper presented at the Mid-Continent Regional Science Association Meetings. Minneapolis, MN.
- Smith Travel Research. 1994-2002. Lodging Outlook. Hendersonville, TN.
- Smith Travel Research. 2004. "Standard Historical Trend: Montana January 1995-December 2003." Hendersonville, TN.
- The Institute for Tourism and Recreation Research (ITRR). 2003. "2002 Nonresident Economic Impacts and Expenditures." Accessed at www.itrr.umt.edu/economicest.htm. The Institute for Tourism and Recreation Research, University of Montana. Missoula, MT.
-

-
- Travel Industry Association of America (TIA). 2003. The Economic Review of Travel in America 2003 Edition. Washington, D.C.
- Travel Industry Association of America (TIA). 2003. Impact of Travel on State Economies 2003 Edition. Washington, D.C.
- U.S. Bureau of Economic Analysis. 2004. "SA05 Personal income by major source and earnings by industry—Montana." Accessed at: www.bea.doc.gov/bean/regional/spi. U.S. Department of Commerce, Washington D.C.
- U.S. Bureau of Economic Analysis. 2004. "SA25 Total full-time and part-time salary employment by industry—Montana." Accessed at: www.bea.doc.gov/bean/regional/spi. U.S. Department of Commerce, Washington D.C.
- U.S. Bureau of Economic Analysis. 2004. "Regional Accounts Data—Gross State Product." Accessed at: www.bea.doc.gov/bean/regional/gsp. U.S. Department of Commerce, Washington D.C.
- U.S. Bureau of Economic Analysis. 2004. "SA50 Personal Current Tax Receipts, Montana 2002." Accessed at: www.bea.doc.gov/bean/regional/spi/action. U.S. Department of Commerce, Washington D.C.
- U.S. Bureau of Economic Analysis. 2004. "SA51-52 Disposable Personal Income." Accessed at www.bea.doc.gov/bean/regional/spi. U.S. Department of Commerce, Washington D.C.
- U.S. Bureau of Economic Analysis. 2004. "SA1-3 Personal Income." Accessed at www.bea.doc.gov/bean/regional/spi. U.S. Department of Commerce, Washington D.C.
- U.S. Bureau of Labor Statistics. 2004. "Consumer Price Index—All Urban Consumers." Accessed at www.bls.gov/cpi. U.S. Department of Labor, Washington D.C.
- U.S. Census Bureau. 2004. "State Government Tax Collections: 2000." Accessed at <http://www.census.gov/qovs/statetax/0027mtstax.html>. U.S. Department of Commerce, Washington D.C.
- U.S. Census Bureau. 2004. "Table 1: State and Local Government Finances by Level of Government and by State: 1999-2000." Accessed at <http://www.census.gov/qovs/estimate/00sl27mt.html>. U.S. Department of Commerce, Washington D.C.
- U.S. Census Bureau. 2004. "Time series of state population estimates: 2001." Accessed at <http://eire.census.gov/popest/data/states/populartables/table01>. U.S. Department of Commerce, Washington D.C.
- Wilton, James. 2004. 1993-2003 Montana Nonresident Expenditure Trends. Accessed at <http://www.itrr.umt.edu>. The Institute for Tourism and Recreation Research, University of Montana. Missoula, MT.
- Wilton, James. 2004. 2003 Montana Nonresident Economic Impacts and Expenditures. Accessed at <http://www.itrr.umt.edu>. The Institute for Tourism and Recreation Research, University of Montana. Missoula, MT.
-

Appendix B: Montana Total Tax Tables by Source

The following three tables show the differences in Montana total taxes depending on the tax reporting agency. These are presented here to help the reader see the differences and to assist them in deciding which source is most relevant for their needs. Please note that the following tax figures have been inflated to 2003 dollars when reported in the Travel-Generated Tax Revenue section of this report. Lastly, each table indicates the direct source of its tax figures.

Montana Department of Revenue

State and Local Taxes in Montana, 2002

Tax Type	2002
Property	\$903,318,453
Income and corporate	585,740,945
Natural resource	110,262,334
Selective sales and other taxes	94,401,497
Total taxes	\$1,693,723,229

Source: Biennial Report of the Montana Department of Revenue: July 1, 2000 to June 30, 2002

U.S. Bureau of Economic Analysis

SA50 Personal current tax receipts—Montana, 2002

(thousands of dollars)

Item	2002
Personal Income	\$22,605,735
less: Personal current taxes	2,257,907
equals: Disposable personal income	20,347,828
Population (persons)	910,372
Per capita personal income	24,831
Per capita disposable personal income	22,351
Personal current taxes to	
Federal government	1,625,188
Income taxes (net of refunds)	1,593,467
Income taxes (gross)	2,003,778
less: Refunds	410,311
Personal current taxes to	
State government	594,495
Income taxes	531,442
Motor vehicle license	32,316
Other taxes	30,737
Personal current taxes to	
Local government	8,915
Income taxes	0
Motor vehicle license	6,615
Other taxes	2,300
State and local personal property taxes	29,309
Total personal current taxes ¹	\$2,257,907

Source: www.bea.gov/region/spi/action.cfm; accessed June 2004.

¹Sum of personal current taxes to federal, state, local governments; plus state and local personal property taxes.

U.S. Census Bureau

Table 1: State and Local Government Finances by Level of Government and by State: 1999-2000

(Thousands of dollars; figures represent only the revenue section of Census Table 1)

Description	State & Local Government Amount	State Government Amount	Local Government Amount
General revenue from own sources	\$3,550,564	\$2,290,287	\$1,260,277
Taxes	2,131,839	1,410,760	721,079
Property	907,995	218,883	689,112
Sales and gross receipts	345,712	343,911	1,801
General sales	-	-	-
Selective sales	345,712	343,911	1,801
Motor fuel	188,345	188,345	-
Alcoholic beverage	17,234	17,234	-
Tobacco products	13,809	13,809	-
Public utilities	20,425	20,425	-
Other selective sales	105,899	104,098	1,801
Individual income	516,261	516,261	-
Corporate income	99,772	99,772	-
Motor vehicle license	68,199	55,065	13,134
Other taxes	193,900	176,868	17,032
Charges and misc. general revenue	1,418,725	879,527	539,198
Utility revenue	78,333	-	78,333
Liquor store revenue	42,627	42,627	-
Insurance trust revenue	665,505	665,505	-
Intergovernmental revenue ¹	1,305,891	1,205,898	793,647
Total revenue	\$5,642,920	\$4,204,317	\$2,132,257

Source: www.census.gov/govs/estimate/00sl27mt.html; accessed June 2004.

¹Due to duplicative intergovernmental transactions, the sum of the state government amount and the local government amount is greater than the state & local government amount. This, in turn, affects total revenue figures likewise.

Notes
