ECONOMIC AND FISCAL IMPACTS OF THE

Missouri Timeshare Industry

2020

2020 EDITION
PREPARED BY EY

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American Resort Development Association

RESORT OWNERS' COALITION

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Executive Summary

The Missouri timeshare industry extends beyond the timeshare resorts with which customers are most familiar. The total economic contribution of the industry also includes the economic impacts of sales and marketing offices, corporate operations, construction of new resorts and the renovation of existing resorts, and the significant impact of expenditures of vacationers during timeshare stays in the state. This document presents estimates of the economic and state and local tax benefits generated by the timeshare industry in the state of Missouri.

As shown in Tables ES-1 and ES-2 below, the timeshare industry in Missouri accounted for 11,119 jobs, over $1.5 billion of output, $530 million in labor income, and $69 million in state and local tax revenue.

Table ES-1. Economic Impacts of the Timeshare Industry in Missouri, 2019
Millions of dollars; Number of part- and full-time jobs

Impact	Direct	Indirect & induced	2019 total
Employment	6,441	4,677	11,119
Labor income	$297	$233	$530
Output	$828	$714	$1,542
State & local taxes	$49	$19	$69

Note: Includes impacts related to resort operations, corporate office operations, sales office operations, consumer expenditures, and capital expenditures in 2019.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis using the IMPLAN input-output model.

Table ES-2. Summary of Fiscal Impacts of the Missouri Timeshare Industry, 2019
Millions of dollars

	State taxes	Local taxes	Total taxes
Resorts	$11	$22	$33
Sales, marketing and corporate	$5	$4	$9
Vacation expenditures	$11	$9	$20
Capital expenditures	$4	$3	$7
Total	**$31**	**$38**	**$69**

Note: Numbers may not appear to sum due to rounding.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

Current events in 2020, however, are having a significant impact on the operations of the timeshare industry. Due to the global public health pandemic caused by COVID-19, US timeshare owners stopped taking vacations in the spring of 2020 as travel restrictions and shelter-in-place orders went into effect throughout the United States. The situation continues to evolve, and it is likely that timeshare owners will exhibit caution when making future vacation plans for the remainder of the year.

Given the current economic and COVID-19 related conditions as of the publication of this report, the economic contribution of the timeshare industry for 2020 will contract as compared with the results presented in this report. However, special characteristics of the timeshare industry place it in a different position to maintain its activity than other components of the hospitality industry. These characteristics include the prepaid nature of ownership which makes it more likely for owners to travel and consistent revenue streams for resort operations provided by annual maintenance fees paid by all owners.

Survey Results

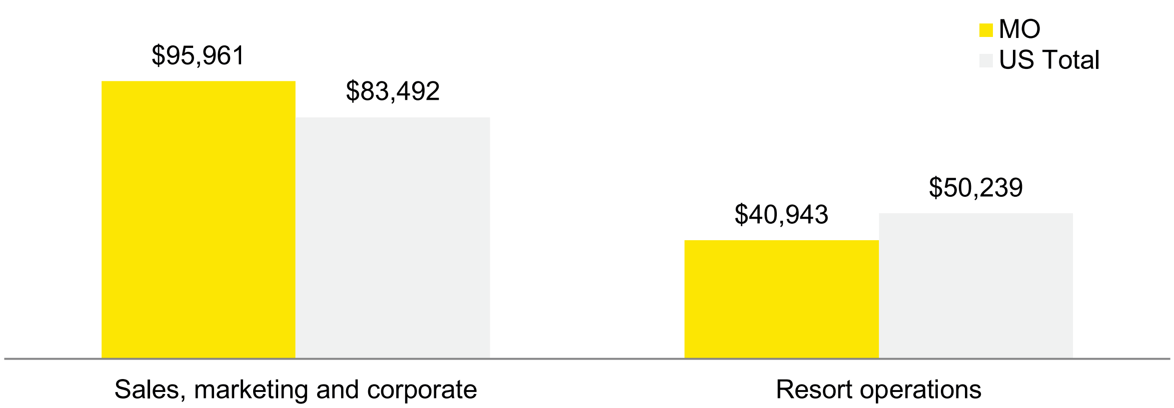
The primary data source for the economic and fiscal impacts is a survey of timeshare resorts, developers, and management companies. This survey was conducted by EY for the ARDA International Foundation (AIF) in early 2020. The survey combined both State of the Industry questions and Economic Impact questions in one master survey. The survey data was extrapolated to reflect the timeshare industry in Missouri, excluding fractional resorts, Private Residence Clubs, and Destination Clubs. The identified timeshare resorts in Missouri were sent a survey questionnaire. It is estimated that the 57 resorts have 10,300 units.[1]

Table 1. Direct Industry Operations Survey Data for Missouri, 2019
Millions of dollars; Number of part- and full-time jobs

	Employment	Employee compensation	Economic output
Resort operations	3,339	$137	$458
Sales, marketing and corporate	694	$66	$130
Total	**4,033**	**$203**	**$588**

Note: Does not include off-site vacation expenditures and capital expenditure data.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis.

Figure 1. Average Annual Compensation by Industry Function in Missouri, 2019
Including payroll taxes and other benefits



Note: Does not include off-site vacation expenditures and capital expenditure data.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey.

[1] The total number of timeshare units in Missouri is estimated as the number of Missouri resorts (57) multiplied by the average number of units per resort (181).

Table 2. Capital Expenditures in the Missouri Timeshare Industry, 2019
Millions of dollars

Capital expenditures	Direct spending
Resort capital expenditures	$66
New construction	$30
Renovation	$35
Sales and corporate capital expenditures	$1
New construction	$0
Renovation	$1
Total capital expenditures	**$66**

Note: Renovation costs include costs related to renovation, furniture, fixtures, equipment (FF&E), and other capital expenditures. New construction costs include expenses related to the purchase of land, construction, FF&E, and other capital expenditures.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis.

AIF commissioned Leger, a market research company, to collect data via a survey on vacation expenditures by timeshare owners and visitors during their Missouri timeshare vacations in the last year, which is summarized in Table 3. This data is used to estimate the impact of timeshare vacationer spending on the Missouri economy.

Table 3. Detailed Vacation Expenditure Spending Data[1]

	Average per party			
Vacation spending data	***On-site spending***	***Off-site spending***	***Total spending***	**Total off-site spending ($mil)**
Air transportation services	--	$177	$177	$39
Entertainment and recreation	$4	$5	$10	$1
Hotels and motel services[2]	$20	$25	$45	$6
Restaurants & bars	$48	$222	$270	$48
Clothing and clothing accessories	$35	$135	$170	$30
Groceries	$34	$112	$146	$24
Ground transit	--	$12	$12	$3
Gasoline stations	--	$124	$124	$27
Miscellaneous	$7	$7	$15	$2
Rental cars	--	$57	$57	$13
Theme parks & museums	$40	$189	$229	$41
Fitness & sports	$4	$2	$6	$1
Total	**$192**	**$1,069**	**$1,261**	**$233**
Average spending per person[3]	**$49**	**$274**	**$323**	

[1]Does not include gambling wins and losses.
[2]Hotel and motel on-site expenditures are captured by the 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey as rental revenue and are not included in “on-site spending” referenced throughout the text.
[3]Average travel party size is 3.9 people in Missouri.
Source: 2020 Shared Vacation Ownership Owners Survey, prepared by Leger for AIF.

Economic and Fiscal Impact Results

Using a customized economic model of the Missouri economy, developed by IMPLAN Group LLC, this analysis estimated the direct and indirect economic impacts of the timeshare industry. The survey data discussed above was used to generate the direct impacts that served as inputs into the IMPLAN model. The timeshare industry's direct operations create purchases from suppliers, employee compensation, and other forms of capital income. These various payments to factors of production (labor and capital) and suppliers create additional indirect economic impacts. The industry's supplier purchases result in higher levels of additional sales, employment, and income by suppliers. This impact on suppliers is known as the "indirect" economic impact. The re-spending of employee compensation and other types of income by employees and owners of the timeshare industry creates additional spending by consumers at restaurants, retailers, and other businesses that sell to consumers. The impact from additional consumer spending is the "induced" economic impact.

Table 4. Direct Economic Output Generated by Missouri Resort Operations, 2019
Millions of dollars

	Amount
Rental revenue	$16
Maintenance fees	$404
On-site consumer spending	$38
Direct Economic Output	**$458**

Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis.

Table 5. Direct Economic Output Generated by Missouri Corporate, Sales and Marketing Operations, 2019
Millions of dollars

	Sales, marketing and corporate
Labor income	$66
Non-labor operating expenses	$56
Profits	$8
Direct Economic Output	**$130**

Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact, IRS Income Statistics, BEA, and EY analysis.

Table 6. Detailed Economic Impacts of the Missouri Timeshare Industry, by Function, 2019
Millions of dollars; number of part- and full-time jobs

Output	Direct	Indirect & induced	Total
Industry operations	$588	$502	$1,090
Resorts	$458	$375	$833
Sales, marketing and corporate	$130	$127	$257
Vacation expenditures	$174	$140	$314
Capital expenditures	$66	$72	$138
Total	**$828**	**$714**	**$1,542**

Employment	Direct	Indirect & induced	Total
Industry operations	4,033	3,335	7,368
Resorts	3,339	2,507	5,847
Sales, marketing and corporate	694	828	1,521
Vacation expenditures	1,839	894	2,732
Capital expenditures	570	448	1,018
Total	**6,441**	**4,677**	**11,119**

Income	Direct	Indirect & induced	Total
Industry operations	$205	$166	$371
Resorts	$138	$123	$261
Sales, marketing and corporate	$68	$43	$110
Vacation expenditures	$59	$45	$104
Capital expenditures	$32	$23	$55
Total	**$297**	**$233**	**$530**

Note: Labor income includes employee compensation shown in Table 1 and proprietor income.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis using the IMPLAN input-output model.

Table 7. Summary of Direct, Indirect, and Induced Fiscal Impacts of the Missouri Timeshare Industry by Function, 2019
Millions of dollars

	State taxes	Local taxes	Total taxes
Property tax	**$0**	**$22**	**$22**
Resorts	$0	$16	$16
Sales, marketing and corporate	$0	$2	$3
Vacation expenditures	$0	$2	$2
Capital expenditures	$0	$1	$1
General sales tax	**$14**	**$11**	**$25**
Resorts	$3	$3	$6
Sales, marketing and corporate	$1	$1	$2
Vacation expenditures	$8	$6	$13
Capital expenditures	$2	$2	$4
Other taxes	**$16**	**$5**	**$21**
Resorts	$8	$3	$11
Sales, marketing and corporate	$3	$1	$4
Vacation expenditures	$3	$1	$4
Capital expenditures	$2	$0	$2
Total	**$31**	**$38**	**$69**

Note: Numbers may not appear to sum due to rounding.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

Table 8. Summary of Direct, Indirect, and Induced Fiscal Impacts of the Missouri Timeshare Industry by Tax Type, 2019
Millions of dollars

	State taxes	Local taxes	Total taxes
Property taxes	$0	$22	$22
General sales taxes	$14	$11	$25
Occupancy taxes	--	$1	$1
Excise taxes	$3	$1	$5
License taxes	$1	$0	$1
Corporate income tax	--	$0	$0
Individual income tax	$12	$1	$13
Medicare and SSI tax	--	--	--
Misc. taxes	$0	$1	$1
Total taxes	**$31**	**$38**	**$69**

Note: Numbers may not appear to sum due to rounding.
Source: 2020 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.

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