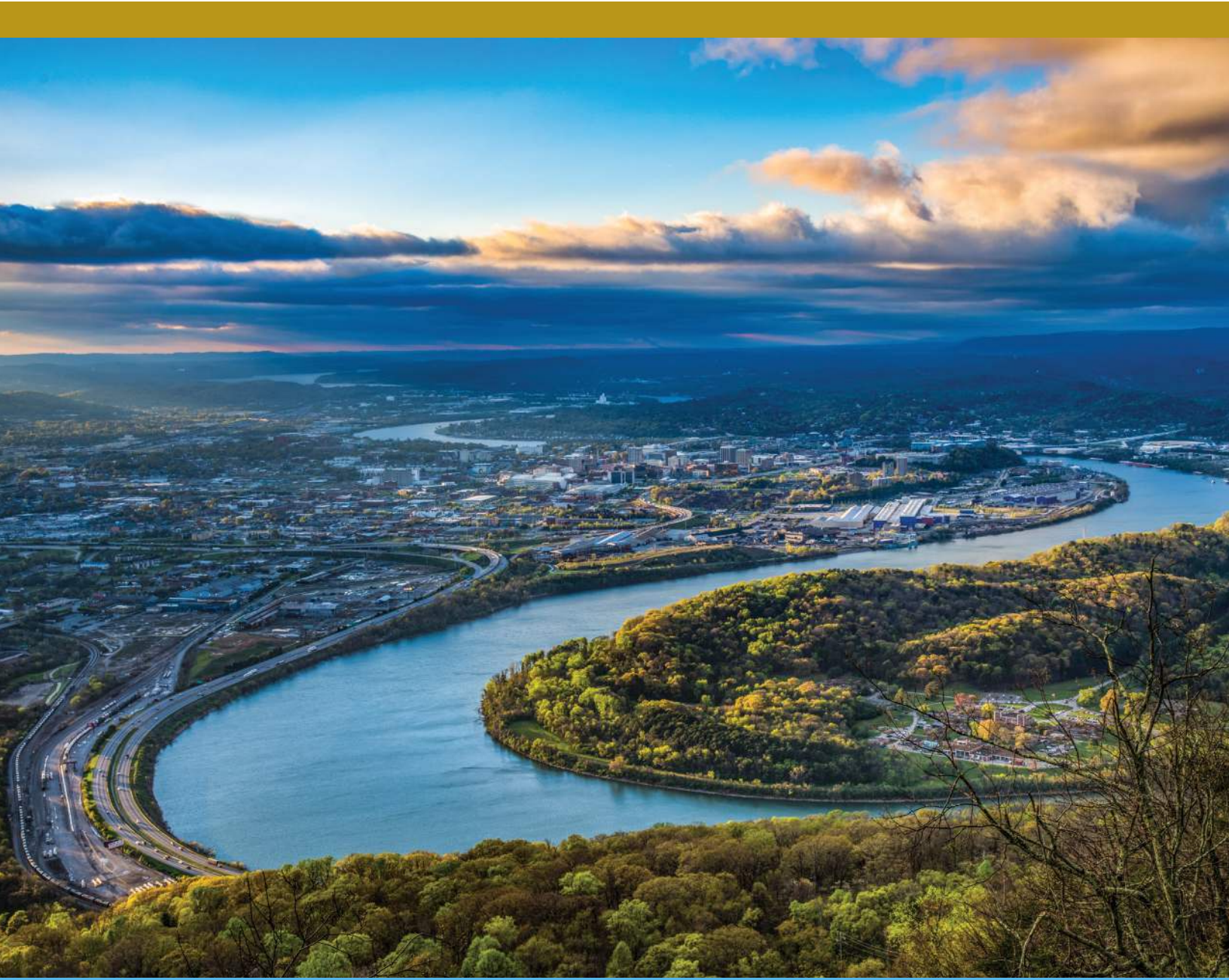


ECONOMIC AND FISCAL IMPACTS OF THE

2020

Tennessee Timeshare Industry



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ECONOMIC AND FISCAL IMPACTS OF THE
**Tennessee
Timeshare Industry**



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Executive Summary

The Tennessee 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 Tennessee.

As shown in Tables ES-1 and ES-2 below, the timeshare industry in Tennessee accounted for 10,050 jobs, nearly \$1.9 billion of output, \$602 million in labor income, and \$74 million in state and local tax revenue.

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

Impact	Direct	Indirect & induced	2019 total
Employment	4,572	5,479	10,050
Labor income	\$290	\$311	\$602
Output	\$1,000	\$864	\$1,863
State & local taxes	\$51	\$23	\$74

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 Tennessee Timeshare Industry, 2019
Millions of dollars

	State taxes	Local taxes	Total taxes
Resorts	\$9	\$20	\$29
Sales, marketing and corporate	\$11	\$8	\$19
Vacation expenditures	\$16	\$7	\$23
Capital expenditures	\$2	\$1	\$2
Total	\$38	\$36	\$74

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.

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 Tennessee, excluding fractional resorts, Private Residence Clubs, and Destination Clubs. The identified timeshare resorts in Tennessee were sent a survey questionnaire. It is estimated that the 33 resorts have 6,856 units.¹

Table 1. Direct Industry Operations Survey Data for Tennessee, 2019

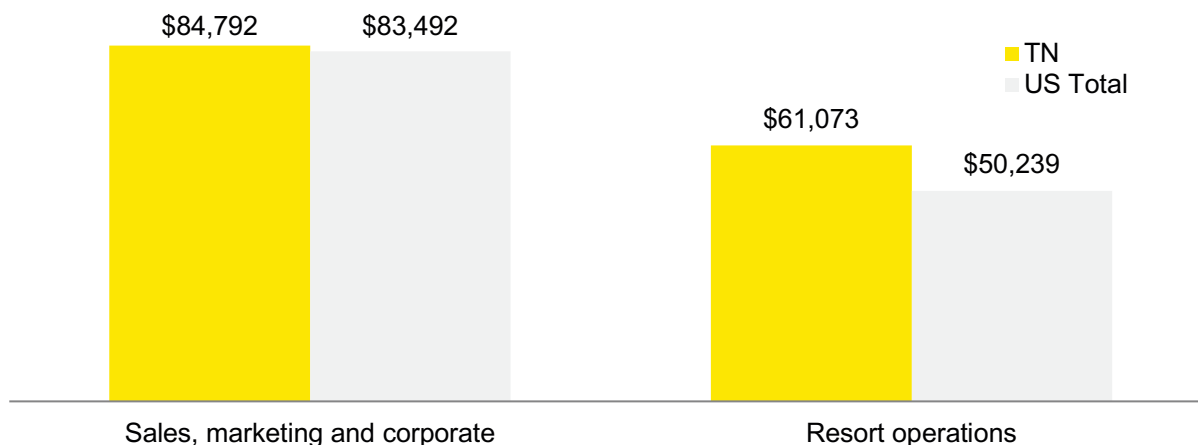
Millions of dollars; Number of part- and full-time jobs

	Employment	Employee compensation	Economic output
Resort operations	1,538	\$94	\$385
Sales, marketing and corporate	983	\$83	\$410
Total	2,521	\$177	\$796

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 Tennessee, 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 Tennessee is estimated as the number of Tennessee resorts (33) multiplied by the average number of units per resort (208).

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

Capital expenditures	Direct spending
Resort capital expenditures	\$18
New construction	--
Renovation	\$18
Sales and corporate capital expenditures	\$1
New construction	\$0
Renovation	\$1
Total capital expenditures	\$19

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 Tennessee 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 Tennessee economy.

Table 3. Detailed Vacation Expenditure Spending Data¹

Vacation spending data	Average per party			Total off-site spending (\$mil)
	On-site spending	Off-site spending	Total spending	
Air transportation services	--	\$132	\$132	\$35
Entertainment and recreation	\$2	\$2	\$3	\$0
Hotels and motel services ²	\$17	\$24	\$40	\$6
Restaurants & bars	\$47	\$223	\$270	\$59
Clothing and clothing accessories	\$28	\$145	\$174	\$39
Groceries	\$37	\$122	\$158	\$32
Ground transit	--	\$10	\$10	\$3
Gasoline stations	--	\$129	\$129	\$34
Miscellaneous	\$10	\$17	\$27	\$5
Rental cars	--	\$64	\$64	\$17
Theme parks & museums	\$22	\$103	\$125	\$27
Fitness & sports	\$2	\$2	\$4	\$1
Total	\$164	\$973	\$1,137	\$258
Average spending per person³	\$48	\$286	\$334	

¹Does not include gambling wins and losses.

²Hotel 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.

³Average travel party size is 3.4 people in Tennessee.

Source: 2020 Shared Vacation Ownership Owners Survey, prepared by Leger for AIF.

Economic and Fiscal Impact Results

Using a customized economic model of the Tennessee 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
Tennessee Resort Operations, 2019**
Millions of dollars

	Amount
Rental revenue	\$13
Maintenance fees	\$334
On-site consumer spending	\$39
Direct economic output	\$385

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 Tennessee
Corporate, Sales and Marketing Operations, 2019**
Millions of dollars

	Sales, marketing and corporate
Labor income	\$83
Non-labor operating expenses	\$288
Profits	\$39
Direct economic output	\$410

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 Tennessee Timeshare Industry,
by Function, 2019**

Millions of dollars; number of part- and full-time jobs

Output	Direct	Indirect & induced	Total
Industry operations	\$796	\$697	\$1,493
Resorts	\$385	\$274	\$659
Sales, marketing and corporate	\$410	\$423	\$834
Vacation expenditures	\$185	\$149	\$334
Capital expenditures	\$19	\$17	\$36
Total	\$1,000	\$864	\$1,863

Employment	Direct	Indirect & induced	Total
Industry operations	2,521	4,463	6,984
Resorts	1,538	1,765	3,303
Sales, marketing and corporate	983	2,698	3,681
Vacation expenditures	1,943	913	2,856
Capital expenditures	107	103	211
Total	4,572	5,479	10,050

Income	Direct	Indirect & induced	Total
Industry operations	\$219	\$253	\$473
Resorts	\$115	\$98	\$212
Sales, marketing and corporate	\$105	\$155	\$260
Vacation expenditures	\$64	\$52	\$116
Capital expenditures	\$7	\$6	\$13
Total	\$290	\$311	\$602

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 Tennessee Timeshare Industry by Function, 2019
Millions of dollars

	State taxes	Local taxes	Total taxes
Property tax	--	\$25	\$25
Resorts	--	\$17	\$17
Sales, marketing and corporate	--	\$5	\$5
Vacation expenditures	--	\$2	\$2
Capital expenditures	--	\$0	\$0
General sales tax	\$28	\$8	\$36
Resorts	\$5	\$2	\$7
Sales, marketing and corporate	\$7	\$2	\$9
Vacation expenditures	\$14	\$4	\$18
Capital expenditures	\$1	\$0	\$2
Other taxes	\$10	\$3	\$13
Resorts	\$4	\$2	\$5
Sales, marketing and corporate	\$4	\$1	\$5
Vacation expenditures	\$2	\$0	\$2
Capital expenditures	\$0	\$0	\$0
Total	\$38	\$36	\$74

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 Tennessee Timeshare Industry by Tax Type, 2019
Millions of dollars

	State taxes	Local taxes	Total taxes
Property taxes	--	\$25	\$25
General sales taxes	\$28	\$8	\$36
Occupancy taxes	--	\$1	\$1
Excise taxes	\$6	\$1	\$7
License taxes	\$4	\$0	\$4
Corporate income tax	--	--	--
Individual income tax	\$1	--	\$1
Medicare and SSI tax	--	--	--
Misc. taxes	\$0	\$0	\$0
Total taxes	\$38	\$36	\$74

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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