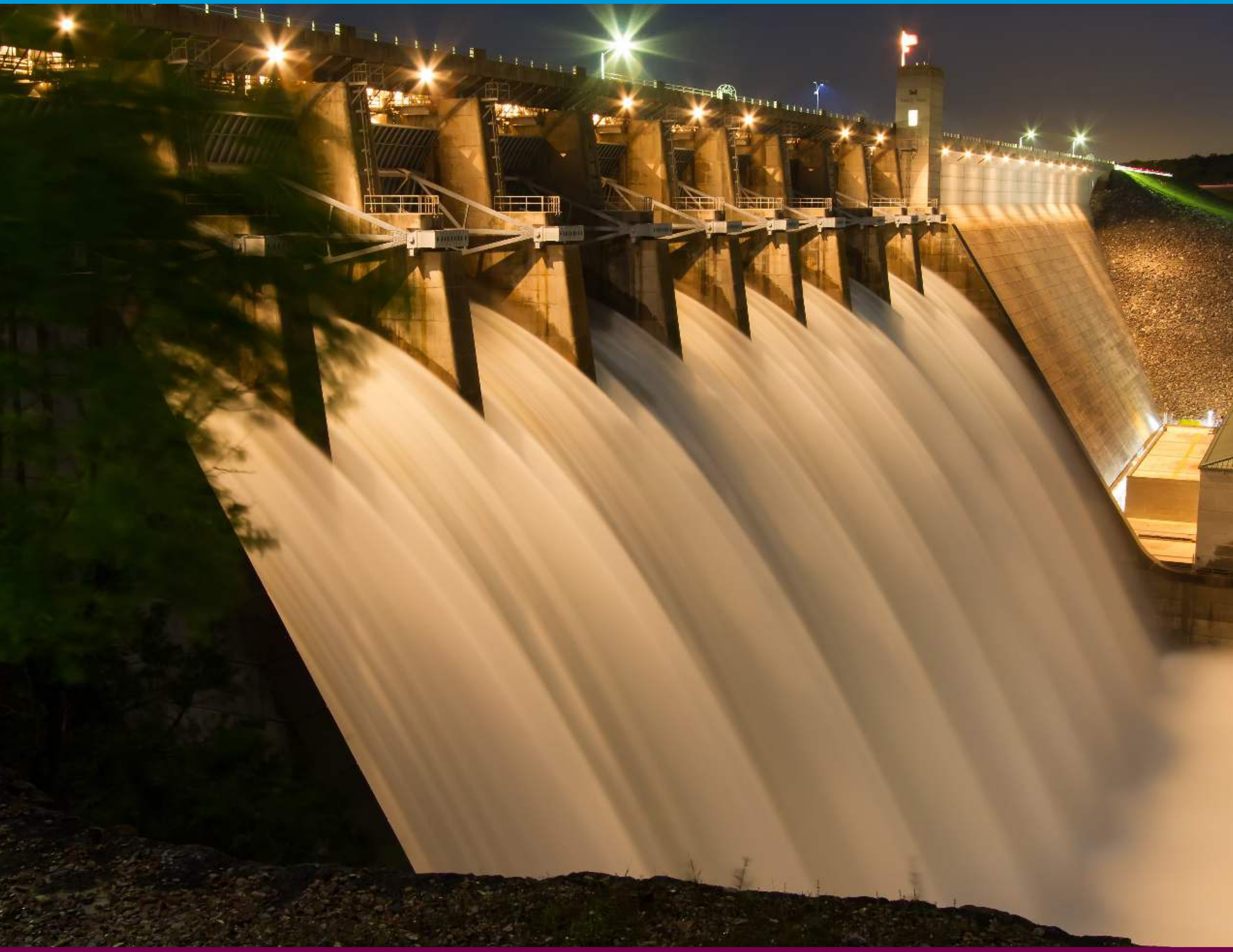
ECONOMIC AND FISCAL IMPACTS OF THE

Missouri Timeshare Industry

2018



2018 EDITION
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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 9,317 jobs, $1.2 billion of output, $405 million in labor income, and $55 million in state and local tax revenue.

Table ES-1. Economic Impacts of the Timeshare Industry, 2017
Millions of dollars; Number of part- and full-time jobs

Impact	Direct	Indirect & Induced	2017 Total
Employment	5,293	4,024	9,317
Labor Income	$219	$186	$405
Output	$670	$566	$1,236
State & Local Taxes	$39	$16	$55

Note: Includes impacts related to resort operations, corporate office operations, sales office operations, consumer expenditures, and capital expenditures in 2017.
Source: 2018 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, 2017
Millions of dollars

	State Taxes	Local Taxes	Total Taxes
Resorts	$11	$15	$26
Corporate	$2	$2	$3
Sales & Marketing	$3	$3	$6
Vacation Expenditures	$9	$7	$16
Capital Expenditures	$2	$1	$3
Total	**$27**	**$28**	**$55**

Source: 2018 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

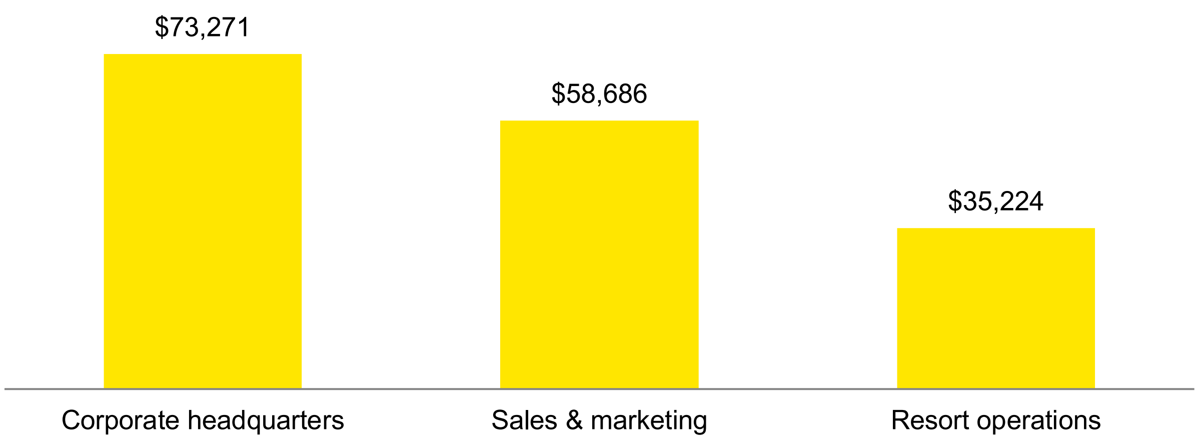
The primary data source for the economic and fiscal impacts is a survey of timeshare resorts, developers, and management companies. This survey was conducted by EY for the ARDA International Foundation (AIF) in early 2018. The survey combined both State of the Industry questions and Economic Impact questions in one master survey. The survey data is 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 55 resorts have 8,806 units[1].

Table 1. Direct Industry Operations Survey Data for Missouri, 2017
Millions of dollars; Number of part- and full-time jobs

	Employment	Employee Compensation	Economic Output
Resort Operations	2,629	$93	$411
Corporate Headquarters	300	$22	$49
Sales & Marketing	796	$47	$78
Total	**3,725**	**$161**	**$537**

Note: Does not include off-site vacation expenditures and capital expenditure data.
Source: 2018 US State of the Vacation Timeshare Industry and Economic Impact Survey and EY analysis.

Figure 1. Average Annual Compensation by Industry Function in Missouri, 2017
Including payroll taxes and other benefits



Note: Does not include off-site vacation expenditures and capital expenditure data.
Source: 2018 US State of the Vacation Timeshare Industry and Economic Impact Survey.

[1] MO makes up 3.5% of the estimated total units in the ARDA National Economic Impact Study population compared to 4% in Appendix A of the 2018 US State of the Vacation Timeshare Industry (SOI) Study. The SOI shows the proportion based on the total units reported by respondents (the sample of 20 MO resorts).

Table 2. Capital Expenditures in the Missouri Timeshare Industry, 2017
Millions of dollars

Capital Expenditures	**Direct Spending**
Resort Capital Expenditures	$30
New Construction	--
Renovation	$30
Sales and Corporate Capital Expenditures	$1
New Construction	$1
Renovation	$0
Total Capital Expenditures	**$31**

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: 2018 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	--	$85	$85	$18
Entertainment and recreation	$15	$19	$34	$4
Hotels and motel services[2]	$82	$32	$114	$7
Restaurants & bars	$116	$184	$300	$38
Clothing and clothing accessories	$81	$97	$178	$20
Groceries	$68	$88	$155	$18
Ground transit	--	$2	$2	$0
Gasoline stations	--	$183	$183	$38
Miscellaneous	$21	$12	$33	$3
Rental cars	--	$40	$40	$8
Theme parks & museums	$90	$155	$245	$32
Fitness & sports	$5	$3	$9	$1
Total	**$478**	**$900**	**$1,378**	**$187**
Average spending per person[3]	**$125**	**$234**	**$359**	

[1]Does not include gambling wins and losses.
[2]Hotel and motel on-site expenditures are captured by the 2018 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 3.84 people.
Source: 2018 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 often referred to as the "induced" economic impact.

Table 4. Direct Economic Output Generated by Missouri Resort Operations, 2017
Millions of dollars

	Amount
Rental revenue	$6
Maintenance fees	$323
On-site consumer spending	$82
Direct Economic Output	**$411**

Source: 2018 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 & Marketing Operations, 2017
Millions of dollars

	Corporate Headquarters	Sales & Marketing
Labor income	$22	$47
Non-labor operating expenses	$23	$27
Profits	$3	$4
Direct Economic Output	**$49**	**$78**

Source: 2018 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, 2017
Millions of dollars; number of part- and full-time jobs

Output	**Direct**	**Indirect & Induced**	**Total**
Industry Operations	$537	$449	$985
Resorts	$411	$326	$737
Corporate	$49	$47	$96
Sales and Marketing	$78	$75	$153
Vacation Expenditures	$111	$98	$209
Capital Expenditures	$22	$20	$42
Total	**$670**	**$566**	**$1,236**

Employment	**Direct**	**Indirect & Induced**	**Total**
Industry Operations	3,725	3,205	6,929
Resorts	2,629	2,337	4,966
Corporate	300	326	626
Sales and Marketing	796	541	1,337
Vacation Expenditures	1,416	681	2,096
Capital Expenditures	153	139	292
Total	**5,293**	**4,024**	**9,317**

Income	**Direct**	**Indirect & Induced**	**Total**
Industry Operations	$162	$149	$310
Resorts	$93	$108	$201
Corporate	$22	$16	$38
Sales and Marketing	$47	$25	$72
Vacation Expenditures	$48	$31	$79
Capital Expenditures	$9	$6	$15
Total	**$219**	**$186**	**$405**

Note: Labor income includes employee compensation shown in Table 1 and proprietor income.
Source: 2018 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, 2017
Millions of dollars

	State Taxes	Local Taxes	Total Taxes
Property Tax	**$0**	**$15**	**$15**
Resorts	$0	$10	$10
Corporate	$0	$1	$1
Sales and Marketing	$0	$2	$2
Vacation Expenditures	$0	$2	$2
Capital Expenditures	$0	$0	$0
General Sales Tax	**$12**	**$9**	**$20**
Resorts	$3	$2	$5
Corporate	$1	$0	$1
Sales and Marketing	$1	$1	$2
Vacation Expenditures	$7	$5	$11
Capital Expenditures	$1	$1	$2
Other Taxes	**$15**	**$4**	**$19**
Resorts	$8	$3	$11
Corporate	$1	$0	$2
Sales and Marketing	$2	$0	$3
Vacation Expenditures	$3	$1	$3
Capital Expenditures	$1	$0	$1
Total	**$27**	**$28**	**$55**

Source: 2018 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, 2017
Millions of dollars

	State Taxes	Local Taxes	Total Taxes
Property taxes	$0	$15	$15
General sales taxes	$12	$9	$20
Occupancy taxes	--	$1	$1
Excise taxes	$3	$1	$4
License taxes	$1	$0	$1
Corporate Income tax	$2	$0	$3
Individual Income tax	$9	$1	$10
Medicare and SSI tax	--	--	--
Misc. taxes	$0	$1	$1
Total taxes	**$27**	**$28**	**$55**

Source: 2018 US State of the Vacation Timeshare Industry and Economic Impact Survey, IRS Income Statistics, BEA, and EY analysis using the IMPLAN input-output model.