



OXFORD ECONOMICS STUDY

AAHOA OWNERSHIP & ECONOMIC IMPACT

THE FOREMOST RESOURCE AND ADVOCATE FOR AMERICA'S HOTEL OWNERS

“



AAHOA CHAIRMAN
NEAL PATEL

The findings laid out in this new study are a testament to the strength and influence of AAHOA Members and serve as yet another reminder of hotel owners' vital economic contributions to communities across the nation.

Guests at AAHOA hotels spend billions of dollars in local economies. AAHOA Members employ as many workers as FedEx and Home Depot – combined, and the 1.1 million employees who work at AAHOA Member hotels earn \$47 billion annually.

AAHOA Members are the heart and soul of the hospitality industry and will continue to play an essential role in our nation's economic recovery.

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SECTION 1

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY



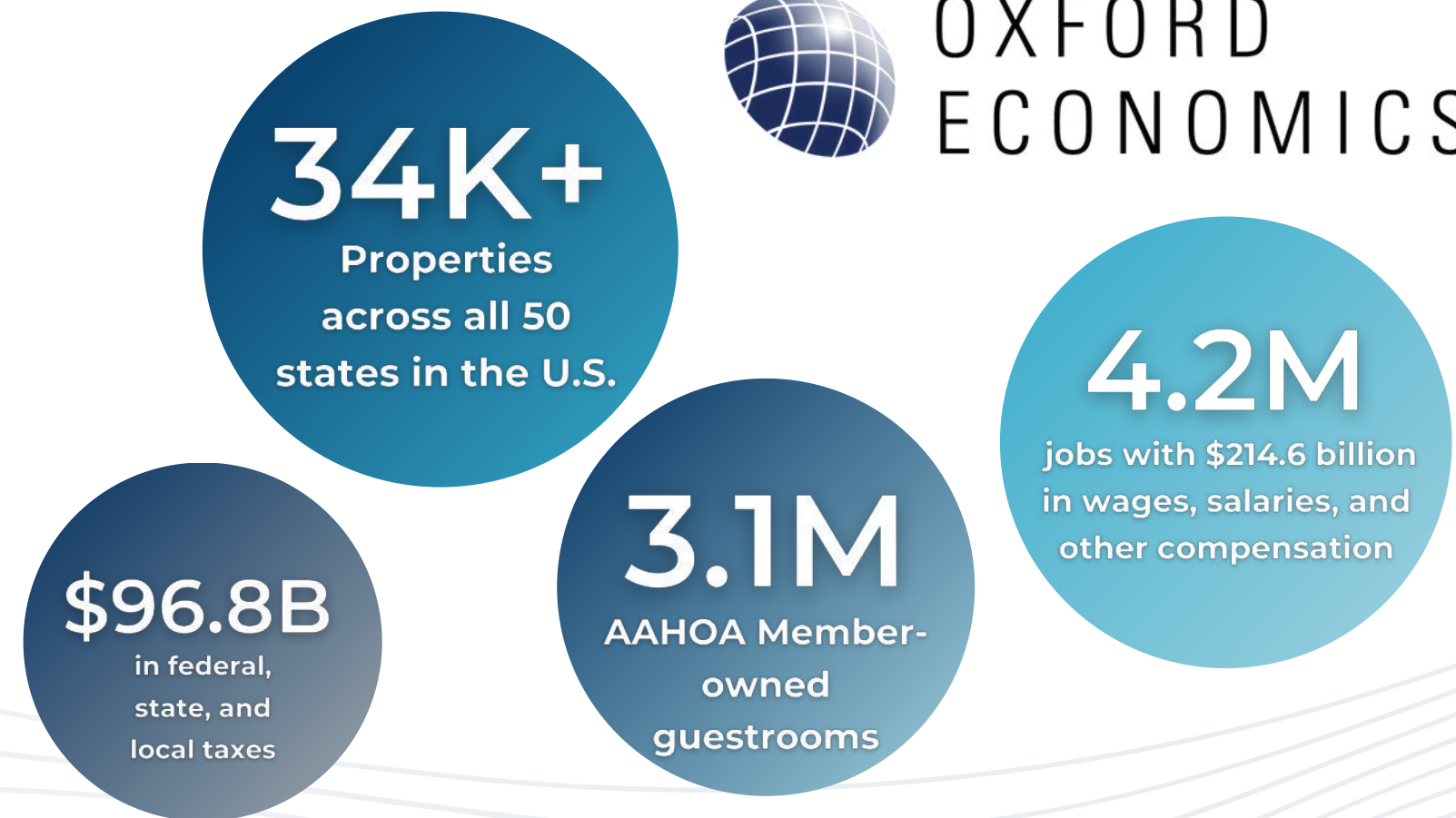
OXFORD
ECONOMICS

AAHOA and its more than 34,000 member-owned hotels represent a significant part of the U.S. economy. AAHOA hotels – defined as hotels in which an AAHOA Member has an ownership interest or, in the case of hotels under corporate ownership, a senior executive role – employ staff in all 50 states, paying billions in wages, salaries, and taxes. AAHOA hotels in the U.S. account for 60% of all hotels, and guests at AAHOA hotels bring billions of dollars in spending to local economies.

To quantify these important impacts, AAHOA engaged Oxford Economics to conduct a comprehensive economic impact analysis. As part of this analysis, Oxford analyzed a sample set of U.S. hotels, as well as industry-specific economic statistics. The resulting analysis reflects the full scope of AAHOA's U.S. economic impact in 2019.

As part of this analysis, Oxford analyzed:

- **Share of U.S. hotels and rooms owned by AAHOA Members** based on a large sample of properties
- **Hotel operations** based on information on the size and characteristics of AAHOA hotels as well as industry-specific statistics
- **Hotel guest ancillary spending** based on consumer survey data by state
- **Capital investment** based on data on new hotel construction and renovations
- **Indirect and induced impacts** supported by AAHOA hotels in other parts of the U.S. economy based on an economic impact model



In 2019, AAHOA hotels consisted of more than 33,000 properties with more than 3.1 million guestrooms.

A representative AAHOA property with 100 occupied rooms supports 204 total jobs, including 106 direct jobs and 98 indirect and induced jobs. This impact includes 55 direct jobs at the hotel, with \$2.3 million in wages, salaries, and other labor income. Such a representative AAHOA property supports \$2.4 million in total state and local tax revenue annually, including more than \$900,000 in direct taxes generated at the hotel.

This document presents key elements of the research and findings.

AAHOA IMPACTS: U.S. SUMMARY

ANNUAL ECONOMIC IMPACTS

\$368.4B

Contribution
to GDP

More than
3.1M
hotel
guestrooms

\$680.6B
in sales
supported at
U.S. businesses

More than
34+K
AAHOA
Member-owned
hotels

2.2M
direct-impact
jobs

4.2M
total impact
jobs

Additional facts for 2019:

- Hotel sales of \$138.9 billion (revenue, plus certain taxes)
- AAHOA hotels support \$214.6 billion in wages, salaries, and other compensation, including \$47.5 billion in hotel operations.
- AAHOA hotels support \$96.8 billion in federal, state, and local taxes. This is equivalent to \$789 per U.S. household annually.
- Guests staying at AAHOA hotels spent \$275.4 billion at hotels and local businesses, and on transportation.
- AAHOA hotels purchased \$50 billion in inputs from other businesses.

AAHOA IMPACTS: UNITED STATES

Amounts in billions of dollars, unless otherwise noted

	2019
AAHOA total impact	
Business sales (output)	\$680.6
Wages, salaries and other compensation	\$214.6
Employment (number of jobs, in millions)	4.2
GDP	\$368.4
Total taxes	\$96.8
State and local taxes	\$49.3
Federal taxes	\$47.4
AAHOA direct impact: hotel operations, guest ancillary spending, capital investment	
Business sales (output)	\$299.6
Wages, salaries and other compensation	\$93.4
Employment (number of jobs, in millions)	2.2
GDP	\$162.0
Total taxes	\$51.0
State and local taxes	\$30.3
Federal taxes	\$20.7
AAHOA direct impact: hotel operations	
Hotel sales (output)	\$138.9
Wages, salaries and other compensation	\$47.5
Employment (number of jobs, in millions)	1.1
GDP	\$87.9
Total taxes	\$29.7
State and local taxes	\$19.0
Taxes on lodging	\$11.6
Federal taxes	\$10.7
Metrics	
Hotel guest spending (on-site and ancillary)	\$275.4
Hotel purchases of inputs from other businesses	\$50.0
AAHOA properties (annual average)	33,821
AAHOA guest rooms (annual average, in millions)	3.1
Total taxes per household (\$ per household)	\$789
State and local taxes per household (\$ per household)	\$402

Source: Bureau of Economic Analysis; Census Bureau; STR; AAHOA; Oxford Economics

AAHOA IMPACTS: FISCAL IMPACTS

AAHOA hotels supported \$96.8 billion of total taxes in 2019.

- The total tax impact per household was \$789. This tax offset represents the federal, state, and local taxes that would otherwise need to be paid per U.S. household to compensate for the absence of AAHOA hotel guest activity. The state and local tax impact per household was \$402.
- The total tax impact per AAHOA hotel guestroom was \$31,052, of which \$15,828 represented state and local taxes.

TAX IMPACTS

\$49.3B

State and local
taxes

\$11.6B

Total lodging
taxes

\$15B

Total property
taxes

AAHOA FISCAL IMPACTS: OPERATIONS, GUEST SPENDING, AND CAPITAL INVESTMENT (2019)

Amounts in billions of dollars

	Total	Direct	Indirect and induced
Total taxes	\$96.8	\$51.0	\$45.7
State and local taxes	\$49.3	\$30.3	\$19.0
Taxes on lodging	11.6	11.6	0.0
Sales	13.6	6.2	7.4
Personal income	4.5	1.8	2.8
Corporate	1.1	0.4	0.7
Unemp. ins. and other social	0.3	0.1	0.2
Excise taxes and fees	3.1	1.7	1.4
Property taxes	15.0	8.4	6.5
Federal taxes	\$47.4	\$20.7	\$26.8
Personal income	18.7	8.0	10.7
Corporate	3.7	1.5	2.2
Indirect business taxes	2.5	1.4	1.2
Social Security	22.5	9.8	12.7

Source: Oxford Economics



SECTION 2

AAHOA MEMBER HOTELS

AAHOA MEMBER-OWNED HOTELS

AAHOA hotels are defined as hotels at which an AAHOA Member has an ownership interest or, in the case of hotels under corporate ownership, a senior executive role. These properties also are referred to in this study as AAHOA-Member hotels.

Oxford analyzed a sample of U.S. hotel properties as part of this research. Based on that analysis, Oxford estimates that AAHOA hotels account for 60% of U.S. hotel properties and 58.5% of U.S. hotel rooms. This section describes the analysis and the resulting profile of AAHOA hotels.

SAMPLE ANALYSIS

The starting point for the analysis was a sample set of 5,000 hotel records selected at random by Lodging Econometrics from its census of U.S. hotel properties. Lodging Econometrics is a specialized firm that maintains a database of changes in U.S. hotel ownership (transactions), as well as new hotel developments, and characteristics of existing properties. Based on its database, Lodging Econometrics provided certain information about each property in the sample set, including location and, in some cases, hotel ownership.

The AAHOA Team and members analyzed the list of sample properties, researching whether each property was owned by an AAHOA Member or, in cases of corporate ownership, whether there was an AAHOA Member in a senior executive role at the company. AAHOA was able to identify AAHOA Member ownership or a very high likelihood of AAHOA Member ownership at 60.5% of the properties in the sample.

As the next step in the analysis, Oxford projected the sample results to the full inventory of U.S. hotel rooms. Because there was a higher incidence of AAHOA Member ownership in certain regions and among certain property classes, the projection was conducted on the basis of hotel room share, weighting by hotel class and Census Division.*

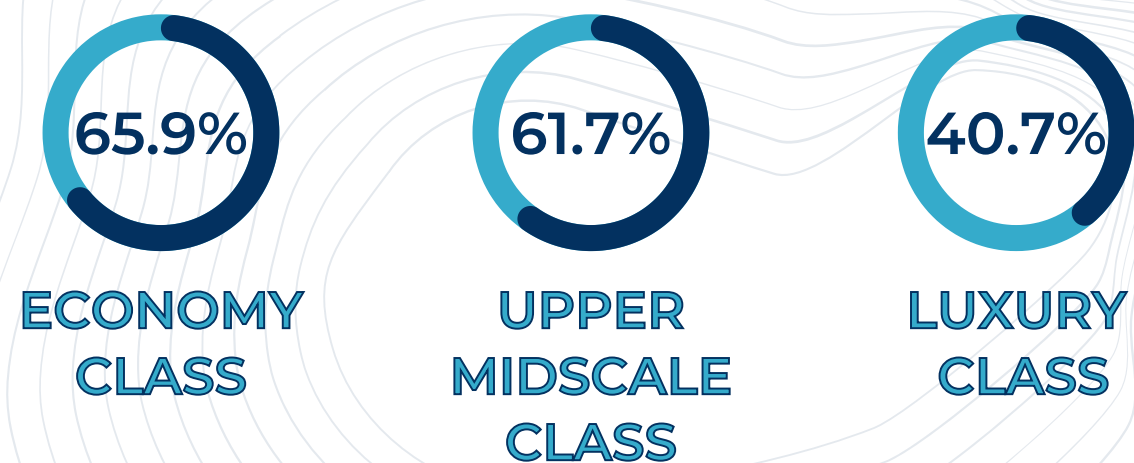
This resulted in an estimated AAHOA Member share of U.S. hotels of 60%, representing 58.5% of U.S. hotel rooms. As of early 2021, this is equivalent to 34,260 properties with 3.1 million rooms, and this is the property count referred to in this section. The analysis of 2019 economic impacts is based on the average inventory during 2019, which was a slightly lower number of properties.

The graphs on the following pages summarize the scope and characteristics of AAHOA-owned hotels based on the projection of the sample analysis to the full inventory of U.S. hotels. Based on the large size of the sample, the margin of error on the U.S. sample estimate is plus/minus 1.4% at a 95% confidence interval. Estimates for specific states, Census Divisions, and hotel classes have a wider margin of error.

* Hotel class refers to a classification by STR of each property in the U.S. to a class, such as “upscale class,” based on the brand affiliation of the property (e.g., properties affiliated with an upscale brand are classified in the upscale class), or if the property is independent, based on the hotel ADR relative to chain hotels in geographic proximity. Census Division refers to the classification by the Census Bureau of each state into one of nine Census Divisions.

AAHOA MEMBER-OWNED HOTELS BY HOTEL CLASS

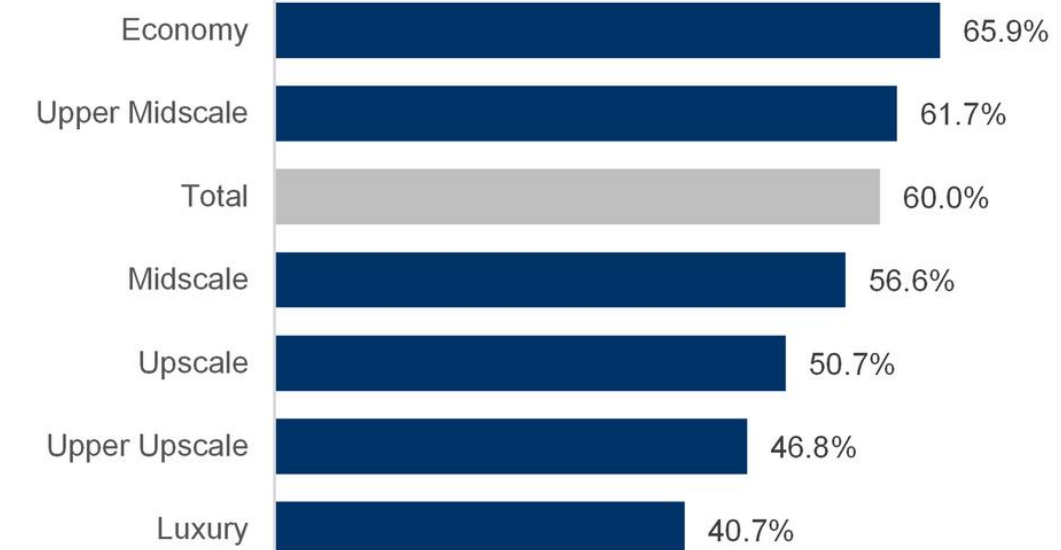
AAHOA-MEMBER SHARE OF U.S. HOTELS INCLUDES



The AAHOA-Member share is highest in the West South Central (including, for example, Texas and Oklahoma) and East South Central (including, for example, Alabama and Kentucky) Census Divisions. Even among New England states, one-third of hotels are AAHOA Member-owned hotels.

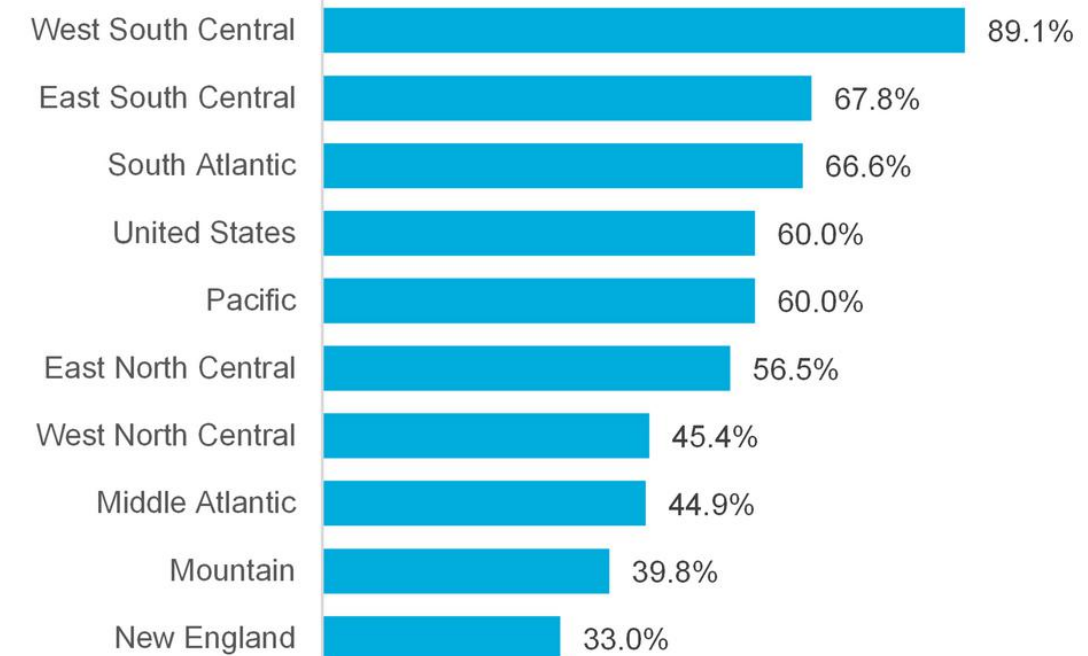
AAHOA-MEMBER SHARE BY HOTEL CLASS

AAHOA share of U.S. properties



AAHOA-MEMBER SHARE BY REGION

AAHOA share of U.S. properties by Census Division



Source: AAHOA; Oxford Economics

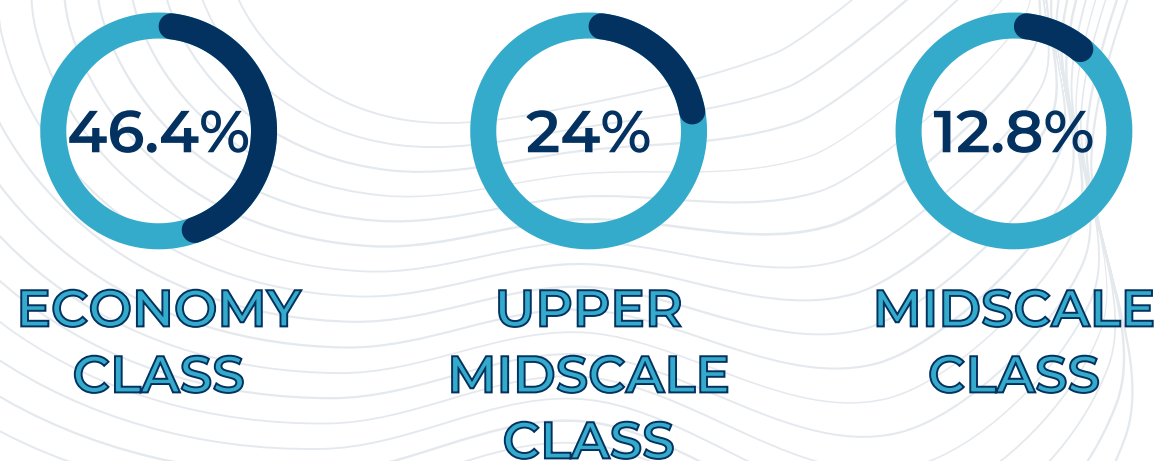
AAHOA MEMBER-OWNED HOTELS BY HOTEL CLASS

Due to the high AAHOA-Member share in the economy class and the large number of economy class properties in the U.S., the economy class accounts for 46.4% of AAHOA hotels.

The luxury class is the smallest class of hotels in the U.S. (2.7% of properties) and accounts for the smallest share of AAHOA hotels (1.8%).

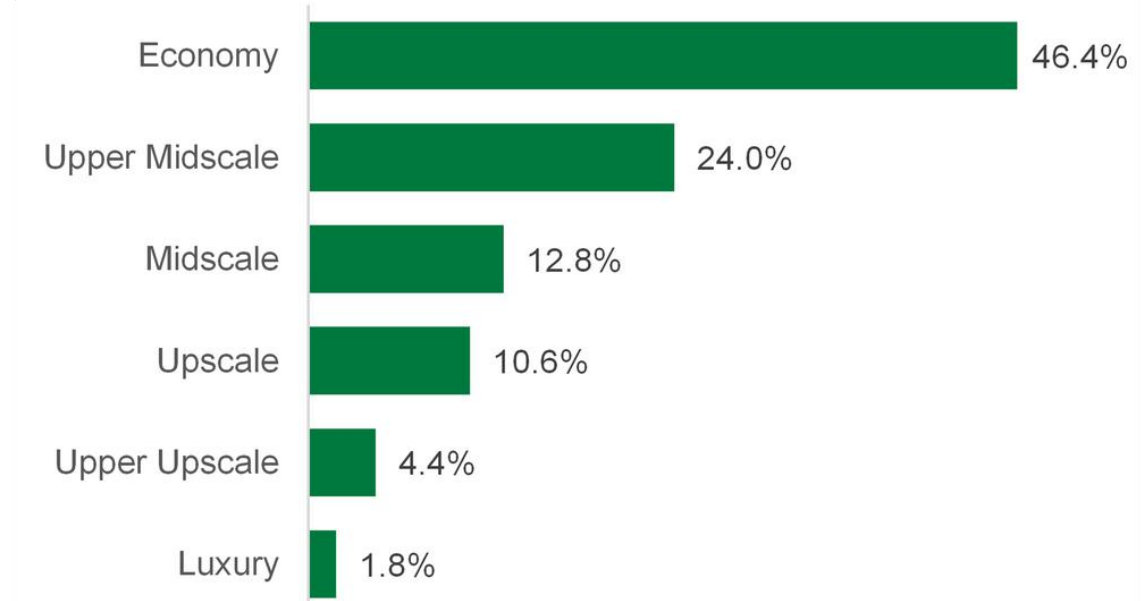
The South Atlantic Division, which includes Florida, accounts for almost one-quarter (23.2%) of AAHOA hotels.

DISTRIBUTION BY HOTEL CLASS



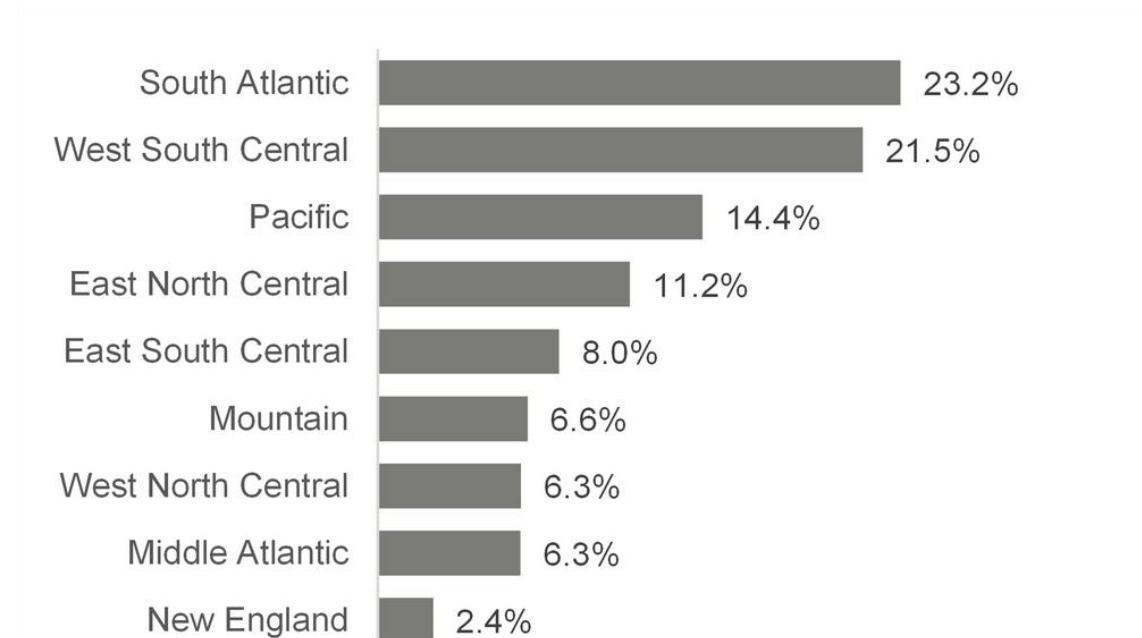
AAHOA MEMBER DISTRIBUTION BY HOTEL CLASS

Share of AAHOA Member properties that are in each hotel class



AAHOA MEMBER DISTRIBUTION BY REGION

Share of AAHOA Member properties that are in each Census Division



Source: AAHOA; Oxford Economics

AAHOA MEMBER-OWNED HOTELS BY STATE

89.6%

The highest AAHOA-Member share occurs in
Arkansas, where 9-in-10 hotels are AAHOA hotels.

89.3%

89.1%

88.7%

Oklahoma, Texas, and Louisiana are close behind.

AAHOA MEMBER SHARE BY STATE

Share of AAHOA Member properties in each state

Rank	State	Properties	Amount		Rank	State	Properties	Amount	
1	Arkansas	691	89.6%		27	Kansas	310	46.1%	
2	Oklahoma	849	89.3%		28	Nebraska	211	45.9%	
3	Texas	4,974	89.1%		29	Missouri	529	45.8%	
4	Louisiana	848	88.7%		30	South Dakota	191	45.6%	
5	West Virginia	240	69.9%		31	New Jersey	478	45.4%	
6	Georgia	1,458	68.3%		32	North Dakota	140	45.3%	
7	Kentucky	563	68.2%		33	Pennsylvania	708	45.1%	
8	Mississippi	495	68.2%		34	Iowa	344	44.9%	
9	Alabama	650	68.2%		35	New York	979	44.4%	
10	North Carolina	1,252	67.7%		36	Minnesota	450	44.4%	
11	South Carolina	797	67.4%		37	Wyoming	168	40.3%	
12	Tennessee	1,040	67.3%		38	Nevada	234	40.2%	
13	Virginia	1,035	66.7%		39	New Mexico	282	40.0%	
14	Maryland	479	66.0%		40	Idaho	143	39.9%	
15	Delaware	106	65.5%		41	Montana	197	39.9%	
16	Florida	2,510	65.2%		42	Arizona	475	39.7%	
17	California	3,532	61.8%		43	Utah	257	39.6%	
18	Washington	670	61.6%		44	Colorado	520	39.5%	
19	Oregon	573	61.1%		45	Maine	179	33.9%	
20	Alaska	136	57.7%		46	New Hampshire	117	33.2%	
21	Michigan	841	57.0%		47	Rhode Island	46	32.9%	
22	Illinois	850	56.8%		48	Massachusetts	289	32.8%	
23	Wisconsin	687	56.7%		49	Connecticut	119	32.6%	
24	Indiana	591	56.2%		50	Vermont	88	32.2%	
25	Ohio	859	56.0%		51	Hawaii	17	7.1%	
26	District of Columbia	65	52.0%						

Source: AAHOA; Oxford Economics

AAHOA MEMBER-OWNED HOTELS BY STATE

14.5%

The 4,974 AAHOA hotels in Texas account for 14.5% of AAHOA hotels overall.

10.3%

7.3%

California and Florida are close behind.

AAHOA MEMBER DISTRIBUTION BY STATE

Share of AAHOA Member properties in each state

Rank	State	Properties	Amount		Rank	State	Properties	Amount	
1	Texas	4,974	14.5%		27	New Jersey	478	1.4%	
2	California	3,532	10.3%		28	Arizona	475	1.4%	
3	Florida	2,510	7.3%		29	Minnesota	450	1.3%	
4	Georgia	1,458	4.3%		30	Iowa	344	1.0%	
5	North Carolina	1,252	3.7%		31	Kansas	310	0.9%	
6	Tennessee	1,040	3.0%		32	Massachusetts	289	0.8%	
7	Virginia	1,035	3.0%		33	New Mexico	282	0.8%	
8	New York	979	2.9%		34	Utah	257	0.7%	
9	Ohio	859	2.5%		35	West Virginia	240	0.7%	
10	Illinois	850	2.5%		36	Nevada	234	0.7%	
11	Oklahoma	849	2.5%		37	Nebraska	211	0.6%	
12	Louisiana	848	2.5%		38	Montana	197	0.6%	
13	Michigan	841	2.5%		39	South Dakota	191	0.6%	
14	South Carolina	797	2.3%		40	Maine	179	0.5%	
15	Pennsylvania	708	2.1%		41	Wyoming	168	0.5%	
16	Arkansas	691	2.0%		42	Idaho	143	0.4%	
17	Wisconsin	687	2.0%		43	North Dakota	140	0.4%	
18	Washington	670	2.0%		44	Alaska	136	0.4%	
19	Alabama	650	1.9%		45	Connecticut	119	0.3%	
20	Indiana	591	1.7%		46	New Hampshire	117	0.3%	
21	Oregon	573	1.7%		47	Delaware	106	0.3%	
22	Kentucky	563	1.6%		48	Vermont	88	0.3%	
23	Missouri	529	1.5%		49	District of Columbia	65	0.2%	
24	Colorado	520	1.5%		50	Rhode Island	46	0.1%	
25	Mississippi	495	1.4%		51	Hawaii	17	0.0%	
26	Maryland	479	1.4%						

Source: AAHOA; Oxford Economics



SECTION 3

U.S. ECONOMIC IMPACT IN DETAIL

AAHOA SUPPORTS 4.2 MILLION U.S. JOBS AND \$680.6 BILLION OF U.S. BUSINESS SALES

\$680.6B

in business sales
(representing revenue
plus certain taxes, also
referred to as output)

\$214.6B

4.2M jobs with \$214.6 billion
in wages, salaries, and
other compensation

\$368.4B

of GDP, representing
contribution to U.S. gross
domestic product

\$96.8B

in federal, state, and
local taxes

AAHOA TOTAL ECONOMIC IMPACTS: OPERATIONS, GUEST ANCILLARY SPENDING, AND CAPITAL INVESTMENT (2019)

Amounts in billions of dollars, except jobs

	Economic impacts				Fiscal impacts		
	Output (sales)	Labor income	Employment (in millions)	GDP	Total	State and local	Federal
Total	\$680.6	\$214.6	4.2	\$368.4	\$96.8	\$49.3	\$47.4
Direct operations	138.9	47.5	1.1	87.9	29.7	19.0	10.7
Direct hotel guest ancillary	136.5	35.3	0.9	61.9	18.7	10.8	8.0
Direct capital investment	24.2	10.6	0.2	12.2	2.6	0.6	2.0
Indirect and induced	380.9	121.2	2.0	206.4	45.7	19.0	26.8

Source: Oxford Economics

AAHOA HOTEL OPERATIONS AND GUEST SPENDING REPRESENT THE LARGEST CATEGORIES OF IMPACT

The two primary categories of AAHOA's impact are hotel operations and hotel guest spending. The direct impact of AAHOA Member-owned hotel operations represents the sales of AAHOA hotels, which totaled \$138.9 billion, as well as the corresponding on-site jobs, which totaled 1.1 million.

Hotel guest ancillary spending totaled \$136.5 billion. This includes spending in the local area as well as transportation to and from the destination but excludes spending at AAHOA hotels.

Combining the estimate of direct operations output and ancillary spending equates to direct output of \$275.4 billion in 2019.

The indirect and induced impacts of hotel operations and guest spending totaled \$344.3 billion of output. For example, this includes sales of businesses that provide goods and services to hotels, such as maintenance providers, and food and beverage providers. The combined total of direct, indirect, and induced impacts represents a total impact of \$619.7 billion of U.S. business sales or output.

AAHOA ECONOMIC IMPACTS: OPERATIONS AND HOTEL GUEST SPENDING (2019)

Amounts in billions of dollars, except jobs

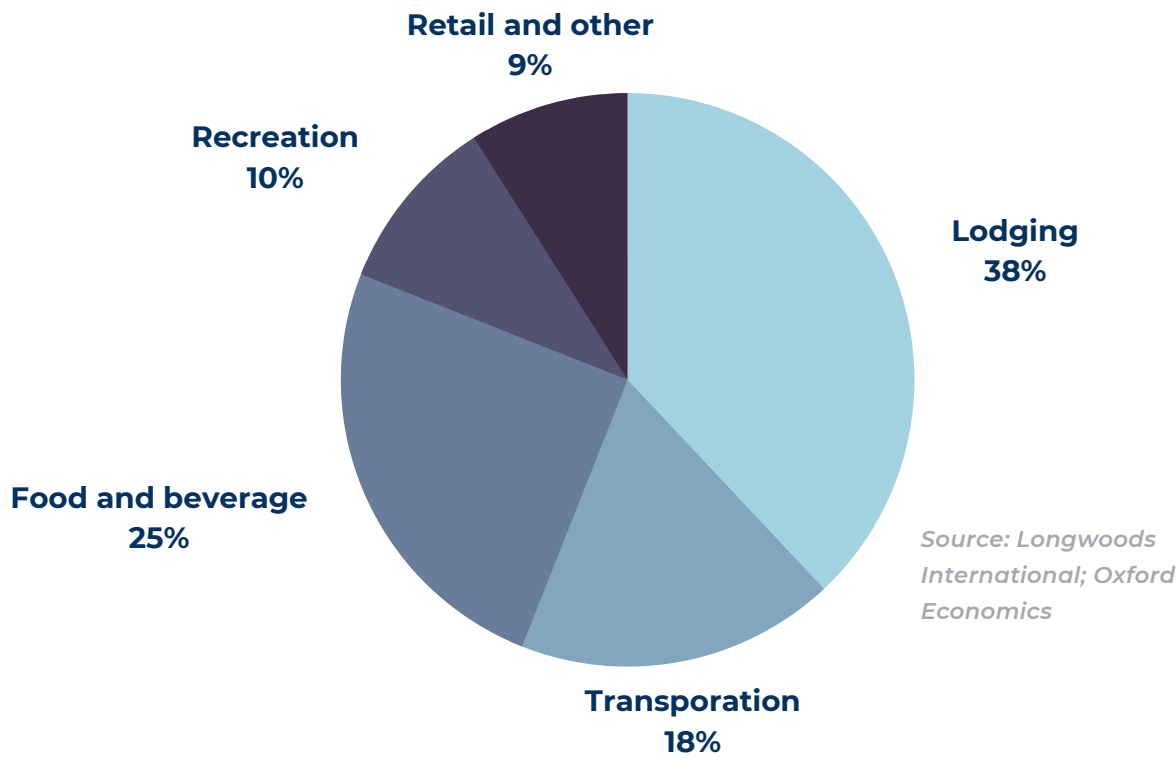
	Economic impacts				Fiscal impacts		
	Output (sales)	Labor income	Employment (in millions)	GDP	Total	State and local	Federal
Total impact of operations	\$619.7	\$192.7	3.8	\$336.8	\$89.9	\$47.0	\$42.9
Hotel operations	332.9	109.9	2.2	193.9	53.0	28.6	24.4
Hotel guest spending (ancillary)	286.8	82.8	1.7	142.9	36.9	18.4	18.5
Direct impacts	\$275.4	\$82.8	2.0	\$149.8	\$48.4	\$29.8	\$18.7
Hotel operations and corporate offices	138.9	47.5	1.1	87.9	29.7	19.0	10.7
Hotel guest spending (ancillary)	136.5	35.3	0.9	61.9	18.7	10.8	8.0
Indirect and induced impacts	\$344.3	\$109.9	1.8	\$187.0	\$41.4	\$17.2	\$24.2
Hotel operations and corporate offices	194.0	62.4	1.0	106.0	23.3	9.5	13.8
Hotel guest spending (ancillary)	150.3	47.4	0.8	81.0	18.1	7.6	10.5

Source: Oxford Economics

FOR EACH \$1 SPENT ON LODGING, AAHOA GUESTS SPEND ANOTHER \$1.63 DURING THEIR TRIP

AAHOA hotel guests spend \$275.4 billion annually. Of this, only \$104.7 billion is spent on lodging (38%), while the remaining amount is spent on transportation, food and beverage, and other goods and services (62%). As a result, for each \$1 of spending on lodging (room revenue plus taxes on lodging), AAHOA guests spend another \$1.63 during their trip. This contributes to broader economic impact in destinations and areas along the trip route.

It is also useful to compare the amount of spending that occurs onsite at AAHOA hotels (\$138.9 billion or 50.4% of total guest spending) relative to the amount that occurs offsite (\$136.5 billion or 49.6% of total guest spending). The off-site spending is referred to as ancillary guest spending in this analysis.



AAHOA-MEMBER OWNED HOTEL GUEST SPENDING (2019)

Amounts in billions of dollars

	Total hotel guest spending		On-site guest spending (at hotels)		Ancillary guest spending (off-site)	
	Amount	Share	Amount	Share	Amount	Share
Total guest spending	\$275.4	100%	\$138.9	100%	\$136.5	100%
Lodging	104.7	38%	104.7	75%	-	0%
Food and beverage	48.5	18%	24.2	17%	24.3	18%
Transportation	69.5	25%	-	0%	69.5	51%
Recreation	28.9	10%	7.0	5%	21.9	16%
Retail and other	23.8	9%	3.0	2%	20.8	15%

Source: Longwoods International; Oxford Economics

\$275.4B

Amount AAHOA hotel guests spend annually

AAHOA GENERATES \$24.2 BILLION IN DIRECT CAPITAL INVESTMENT

AAHOA Member-owned hotels generate direct capital investment in two ways: construction of new hotels and renovation of existing hotels. In total, such direct capital investment totaled \$24.2 billion in 2019. This new construction and renovation activity supported 165,000 direct jobs, such as construction and design jobs. Additionally, the indirect and induced effects of such activity supported an additional \$36.6 billion in business sales (output) and 184,400 jobs.

For example, this indirect and induced impact includes jobs supported as construction employees spend a portion of their wages and salaries, as well as jobs at the firms that provide goods and services to support hotel construction and renovation activities (e.g., suppliers of construction materials, suppliers to architecture and design firms).



\$24.2B

Total direct capital investment in 2019

AAHOA ECONOMIC IMPACTS: CAPITAL INVESTMENT (2019)

Amounts in billions of dollars, except jobs

	Economic impacts				Fiscal impacts		
	Output (sales)	Labor income	Employment (in thousands)	GDP	Total	State and local	Federal
Total impact of capital investment	\$60.8	\$21.9	349.4	\$31.6	\$6.9	\$2.4	\$4.5
Direct impacts	24.2	10.6	165.0	12.2	2.6	0.6	2.0
Indirect and induced impacts	36.6	11.3	184.4	19.4	4.3	1.8	2.5

Source: Oxford Economics

AAHOA HOTEL OPERATIONS DIRECTLY SUPPORT \$53 BILLION IN TAXES, INCLUDING \$11.6 BILLION IN LODGING TAXES

Direct taxes supported by AAHOA Member-owned hotel operations (e.g., on-site hotel revenue, excluding hotel guest ancillary spending and corporate offices) totaled \$29.7 billion in 2019.

Of this, \$19 billion represents tax revenue to state and local governments. This includes \$11.6 billion in taxes on lodging (sales taxes on room revenue, hotel occupancy taxes, and tourism improvement district fees, and other taxes on room rentals). It also includes \$1 billion in sales taxes on other sales at hotels (e.g., food and beverage and retail). AAHOA hotels directly supported \$4.4 billion in property taxes.

When taxes supported by indirect and induced effects are included, the fiscal impacts of AAHOA hotel operations total \$53 billion.

\$53B
Total fiscal impacts of AAHOA
Member-owned hotel
operations

AAHOA FISCAL IMPACTS: HOTEL OPERATIONS (2019)

Amounts in billions of dollars

	Total	Direct	Indirect and induced
Total taxes	\$53.0	\$29.7	\$23.3
State and local taxes	\$28.6	\$19.0	\$9.5
Taxes on lodging	11.6	11.6	0.0
Sales	4.7	1.0	3.7
Personal income	2.3	0.9	1.4
Corporate	0.6	0.3	0.4
Unemp. ins. and other social	0.2	0.1	0.1
Excise taxes and fees	1.4	0.7	0.7
Property taxes	7.6	4.4	3.3
Federal taxes	\$24.4	\$10.7	\$13.8
Personal income	9.6	4.1	5.5
Corporate	2.1	1.0	1.1
Indirect business taxes	1.2	0.6	0.6
Social Security	11.6	5.0	6.6

Source: Oxford Economics

AAHOA HOTELS SUPPORT \$96.8 BILLION IN TAX REVENUE, INCLUDING \$49.3 BILLION IN STATE AND LOCAL TAXES

The total economic impact of AAHOA Member-owned hotels supports \$96.8 billion in tax revenue annually. This includes \$49.3 billion in state and local taxes, such as \$11.6 billion in taxes on lodging, plus \$13.6 billion in sales taxes on other sales, and \$15 billion in property taxes.

It also includes \$47.4 billion in federal tax revenue, including Social Security taxes of \$22.5 billion, and personal income taxes of \$18.7 billion.

\$96.8B

**The total economic
impact of AAHOA hotels
in tax revenue annually**

AAHOA FISCAL IMPACTS: OPERATIONS, GUEST SPENDING, AND CAPITAL INVESTMENT (2019)

Amounts in billions of dollars

	Total	Direct	Indirect and induced
Total taxes	\$96.8	\$51.0	\$45.7
State and local taxes	\$49.3	\$30.3	\$19.0
Taxes on lodging	11.6	11.6	0.0
Sales	13.6	6.2	7.4
Personal income	4.5	1.8	2.8
Corporate	1.1	0.4	0.7
Unemp. ins. and other social	0.3	0.1	0.2
Excise taxes and fees	3.1	1.7	1.4
Property taxes	15.0	8.4	6.5
Federal taxes	\$47.4	\$20.7	\$26.8
Personal income	18.7	8.0	10.7
Corporate	3.7	1.5	2.2
Indirect business taxes	2.5	1.4	1.2
Social Security	22.5	9.8	12.7

Source: Oxford Economics

A REPRESENTATIVE AAHOA HOTEL WITH 100 OCCUPIED ROOMS SUPPORTS 204 TOTAL JOBS

To consider the impacts of an example property, Oxford calculated the annual impacts of an AAHOA hotel with an average of 100 occupied rooms daily. To represent the full hotel life cycle, Oxford included an allocation of capital investment activities (both new construction and ongoing CapEx). On this basis, a representative AAHOA property with 100 occupied rooms supports 204 total jobs, including 108 direct jobs and 80 indirect and induced jobs. This impact includes 55 direct jobs at the hotel, with \$2.3 million of wages, salaries, and other labor income. This representative AAHOA property supports \$2.4 million in total state and local tax revenue, including nearly \$900,000 in direct taxes generated at the hotel.



ANNUAL IMPACTS PER 100 OCCUPIED ROOMS (2019)

Amounts in millions of dollars, except jobs

	Economic impacts				Fiscal impacts		
	Output (sales)	Labor income	Employment	GDP	Total	State and local	Federal
Total operations and capital investment	\$33.2	\$10.5	204	\$18.0	\$4.7	\$2.4	\$2.3
Direct hotel operations	6.8	2.3	55	4.3	1.4	0.9	0.5
Direct hotel guest ancillary spending	6.6	1.7	43	3.0	0.9	0.5	0.4
Direct capital investment	1.2	0.5	8	0.6	0.1	0.0	0.1
Indirect and induced	18.6	5.9	98	10.1	2.2	0.9	1.3

Source: Oxford Economics

A REPRESENTATIVE AAHOA HOTEL WITH 61 OCCUPIED ROOMS SUPPORTS 125 TOTAL JOBS

To consider the impacts of an example property, Oxford calculated the annual impacts of an AAHOA hotel with an average of 61 occupied rooms daily. To represent the full hotel life cycle, Oxford included an allocation of capital investment activities (both new construction and ongoing CapEx). On this basis, a representative AAHOA property with 61 occupied rooms supports 125 total jobs, including 65 direct jobs and 60 indirect and induced jobs. This impact includes 34 direct jobs at the hotel, with \$1.4 million of wages, salaries, and other labor income. This representative AAHOA property supports \$1.5 million in total state and local tax revenue, including \$600,000 in direct taxes generated at the hotel.

\$1.5M

Amount a representative AAHOA property supports in total state and local tax revenue, including \$600,000 in direct taxes generated at the hotel

ANNUAL IMPACTS PER 61 OCCUPIED ROOMS (2019)

Amounts in millions of dollars, except jobs

	Economic impacts				Fiscal impacts		
	Output (sales)	Labor income	Employment	GDP	Total	State and local	Federal
Total operations and capital investment	\$20.2	\$6.4	125	\$11.0	\$2.9	\$1.5	\$1.4
Direct hotel operations	4.1	1.4	34	2.6	0.9	0.6	0.3
Direct hotel guest ancillary spending	4.1	1.0	26	1.8	0.6	0.3	0.2
Direct capital investment	0.7	0.3	5	0.4	0.1	0.0	0.1
Indirect and induced	11.3	3.6	60	6.1	1.4	0.6	0.8

Source: Oxford Economics



SECTION 4

METHODS AND DEFINITIONS

METHODS: OVERVIEW AND DIRECT IMPACTS

OVERVIEW OF OXFORD ECONOMICS' APPROACH

As described in the previous section, Oxford estimates of AAHOA Member-owned hotels represented the foundation of the analysis. Oxford supplemented this information with room revenue data by state reported by STR, a specialized provider of hotel industry data.

Oxford assessed the direct effects of AAHOA's hotels, including hotel operations, hotel guest ancillary spending, and capital investment. The organization based this analysis on financial statement ratios reported by STR and Longwoods International, a leading provider of traveler survey data, as well as data provided by statistical agencies.

Oxford prepared estimates of the downstream impacts, including indirect and induced effects, using a customized economic impact model. Lastly, they prepared estimates of fiscal impacts using estimates of certain tax ratios, including taxes on lodging and hotel property taxes, and the economic impact model.

MAIN COMPONENTS OF ECONOMIC IMPACT ANALYSIS

There are three main components of Oxford's economic impact model:

- Direct impacts consisting of direct spending and revenues, in this case, hotel operations, guest ancillary spending, and capital investment.
- Indirect impacts representing downstream supplier industry impacts, also referred to as supply chain impacts.
 - For example, hotels require inputs such as energy and food ingredients. Also, many hotels contract with specialized service providers, such as for marketing, maintenance and equipment upkeep, cleaning, technology support, accounting, and legal and financial services.
- Induced impacts occur as employees spend their wages in the broader economy. For example, as hotel employees spend income on rent, transportation, food and beverage, and entertainment.

Oxford presents the indirect and induced effects on a combined basis. These effects also may be referred to collectively as indirect effects.



METHODS: OVERVIEW AND DIRECT IMPACTS

THE COMPONENTS OF DIRECT AAHOA IMPACTS



HOTEL OPERATIONS

Representing the revenue of AAHOA hotels (e.g., rooms, food and beverage, and other) plus certain taxes (taxes on lodging and other sales taxes)



HOTEL GUEST SPENDING

Representing spending by AAHOA hotel guests at other businesses in the destination



CAPITAL INVESTMENT

Representing the construction of new AAHOA hotels, renovations, and ongoing capital spending on the upkeep of existing hotels

DIRECT IMPACTS

Our estimates of hotel operations are based primarily on data from AAHOA, STR, IMPLAN, the Bureau of Economic Analysis, and the Census Bureau, supplemented by estimates of taxes. Oxford estimated ancillary hotel guest spending based on syndicated survey results provided by Longwoods International measuring average spending patterns of hotel guests.

Oxford supplemented these survey-based estimates with an estimate of hotel guest airfare expenditures, then estimated capital investment based on the construction of new AAHOA hotels and Oxford's estimate of capital expenditures at existing hotels.

METHODS: TOTAL IMPACTS AND FISCAL IMPACTS

TOTAL ECONOMIC IMPACTS

To quantify the total economic impacts of AAHOA-owned hotels in the U.S., including downstream effects (indirect and induced), Oxford used a customized model based on the IMPLAN modeling system, a well-respected economic impact analysis tool, to quantify key relationships in the economy. The IMPLAN model traces the flow of direct expenditures through the economy and the effects on employment, wages, and taxes. IMPLAN also quantifies the indirect (supplier) and induced (income) impacts.

For example, when a visitor purchases a meal at a hotel restaurant, a portion of the sale supports wages for hotel employees, while another portion of the sale may consist of locally produced food and beverages. The IMPLAN model captures these types of relationships based on a structured analysis of economic statistics. Additionally, the IMPLAN model reflects the typical levels of federal, state, and local taxes generated by specific types of economic activity.

We applied an analysis-by-parts approach using the IMPLAN model. In this approach, we estimated the direct impacts of hotel operations in terms of output, employment, and labor income. We also estimated purchases from vendors. We then used the IMPLAN model to estimate the indirect and induced effects associated with each key driver of downstream impacts (employment, labor income, and purchases of intermediate inputs).

The IMPLAN model was customized to each state, capturing the effect of guests staying at AAHOA-owned hotels in each state. Additional indirect jobs, income, and tax revenues cross state lines. These jobs were estimated at the national level and distributed to the state level based on local economic characteristics.

FISCAL IMPACTS

Oxford analyzed fiscal impacts by applying a hybrid approach. Where appropriate, Oxford calculated direct industry tax impacts specifically. These included the following calculations:

- **Taxes on lodging and other sales taxes:** Estimated based on room revenue and other categories of revenue, multiplied by estimated average effective tax rates.
- **Hotel property taxes:** Estimated based on averages of hotel property taxes as a ratio to revenue from the STR Host Report database.

Oxford then estimated other taxes based on relationships in the IMPLAN economic impact model. For example, Oxford estimated taxes supported by hotel employee labor income by applying ratios to estimated direct labor income.

DEFINITIONS

AAHOA hotels: The sector studied in this analysis, which consists of hotels at which an AAHOA Member has an ownership interest or, in the case of hotels under corporate ownership, a senior executive role.

Capital investment: Investment in the construction of new hotels and renovation of existing hotels.

Direct effects: Also referred to as direct impacts. Includes direct spending and revenues, in this case from hotel operations, hotel guest ancillary spending, and capital investment as well as the corresponding employment, income, and fiscal impacts.

Fiscal impacts: Tax revenue, contributions to Social Security and unemployment insurance, and government revenue from various fees.

GDP: Gross domestic product or value-added. Refers to the industry's contribution to GDP. Represents gross output of the sector, less the cost of its inputs. Can also be measured as the sum of compensation of employees, taxes on production and imports, and gross operating surplus (profit).

Hotel: In this analysis, hotels refer to hotels, motels, and bed-and-breakfast properties as tracked by STR. This generally includes properties with more than 10 rooms. Casino hotels are included, but the full scope of gaming operations and gaming taxes was not included in this study.

Hotel guest ancillary spending: Hotel guest spending that occurs off-site (i.e., at non-hotel businesses).

Hotel operations: Traditional on-site hotel revenue and associated activities, excluding guest spending occurring at ancillary businesses in the destination.

Indirect impacts: Downstream supplier industry impacts, also referred to as supply chain impacts. For example, hotels require inputs such as energy and food ingredients. Also can refer to indirect and induced impacts combined.

Induced impacts: Arise as employees spend their wages in the broader economy. For example, as hotel employees spend money on rent, transportation, food and beverage, and entertainment.

Jobs: Also referred to as employment. Number of full- and part-time jobs, including proprietors.

Labor income: Earnings of wage and salary employees and proprietors. The definition used is consistent with the Bureau of Economic Analysis data for earnings in its regional program. It includes tips, commissions, and bonuses.

Output: Revenue, also referred to as business sales, plus certain taxes (e.g., taxes on lodging and other sales taxes).

Taxes on lodging: Sales taxes applicable to room rentals, plus hotel occupancy taxes and any other fees or taxes that apply to lodging stays (e.g., tourism improvement district fees).

Total impacts: Direct, indirect, and induced impacts combined.

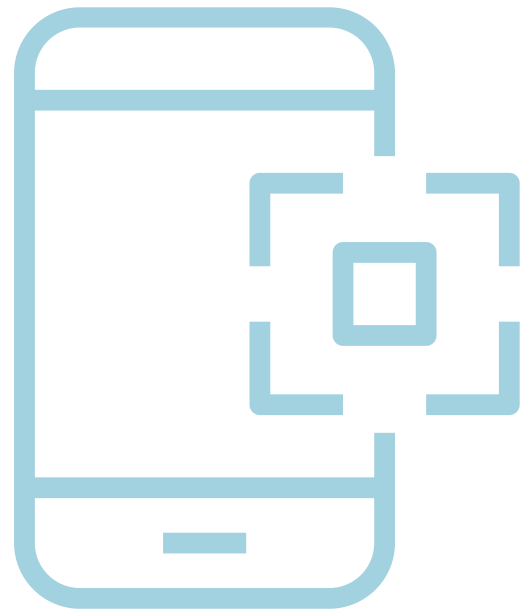


SECTION 5

STATE-BY-STATE REPORTS

ACCESS STATE-LEVEL DATA

To access and download the complete suite of *Oxford Economics Study: AAHOA Ownership & Economic Impact* data by state, scan QR code below or visit AAHOA.com/Oxford.



ABOUT AAHOA AND OXFORD ECONOMICS

ABOUT AAHOA

AAHOA is the largest hotel owners association in the world. The nearly 20,000 AAHOA Members own 60 percent of the hotels in the United States. AAHOA Members are responsible for 1.7 percent of the nation's GDP. With billions of dollars in property assets and more than one million employees, AAHOA Members are core economic contributors in communities across the United States.

ABOUT OXFORD ECONOMICS

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modeling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts, and analytical tools on 200 countries, 100 industrial sectors, and more than 3,000 cities.



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