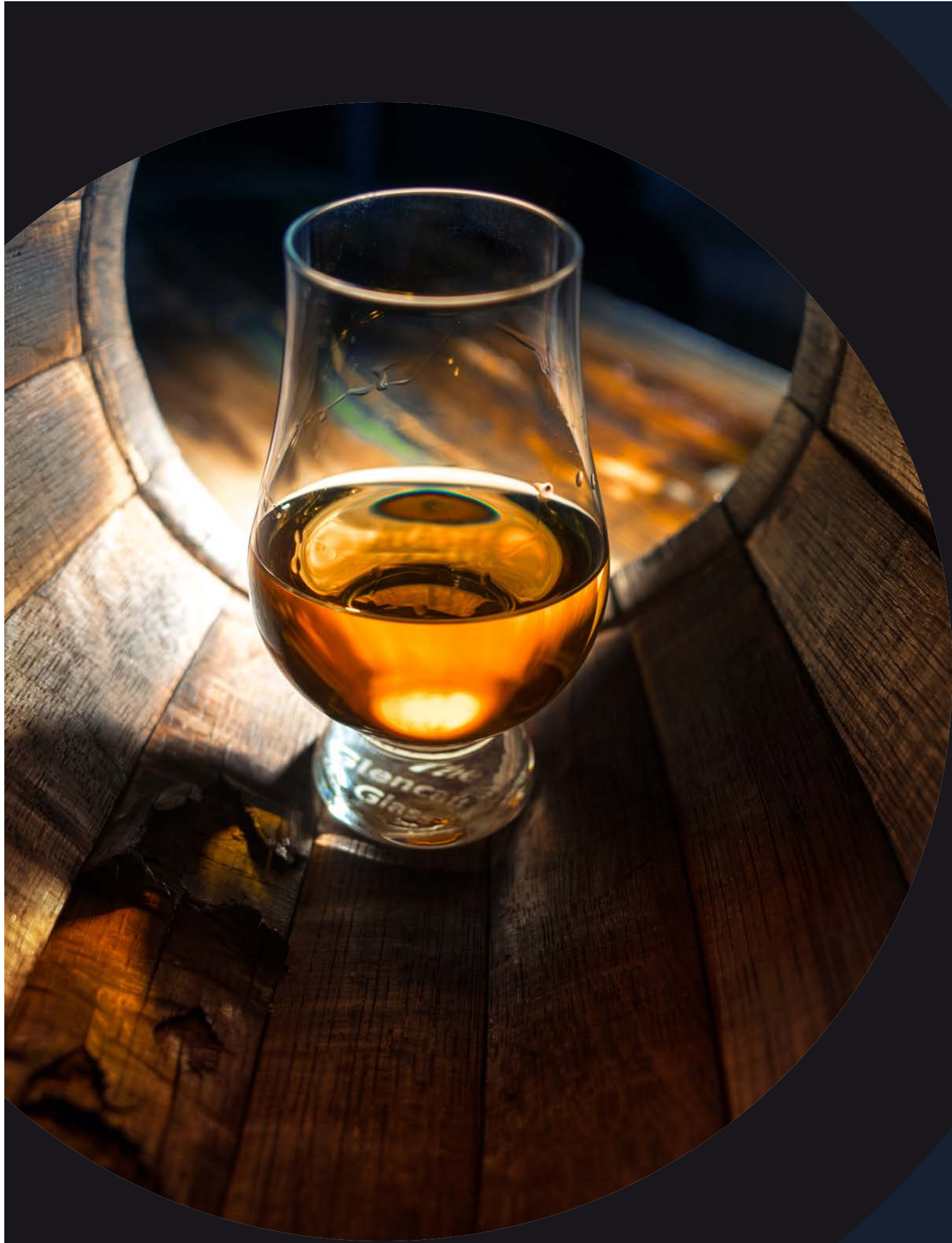




Economic Impacts of Distillery Tourism in Texas

Economic Impacts

2022



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INTRODUCTION



The spirits industry generates an estimated \$200 billion in economic activity in the United States on an annual basis.

The spirits industry is a significant economic engine in the U.S. economy, generating an estimated \$200 billion in economic activity and supporting 1.7 million jobs on an annual basis. The industry has shown steady growth (in terms of revenue and volume) over the past 20 years, and spirits accounted for more than 40% of total U.S. alcohol revenue in 2022.

Beyond the economic impacts attributable to sales, revenue, and production, the industry also generates additional tourism-related impacts as customers visit distilleries and collections of distilleries along distillery trails. A portion of distillery visitors includes non-local visitors who also frequent other businesses and establishments during their trip to the region, including restaurants, hotels, and other recreation and amusement attractions.

RESEARCH OVERVIEW

The Distilled Spirits Council of the United States commissioned Tourism Economics, a subsidiary of Oxford Economics, to analyze the various channels of economic and fiscal (tax) benefits attributable to tourism generated by the 188 distilleries currently operating in Texas in 2022. The economic impact analysis references distillery tourism spending in 2022 in order to capture the economic impacts on the state economy.

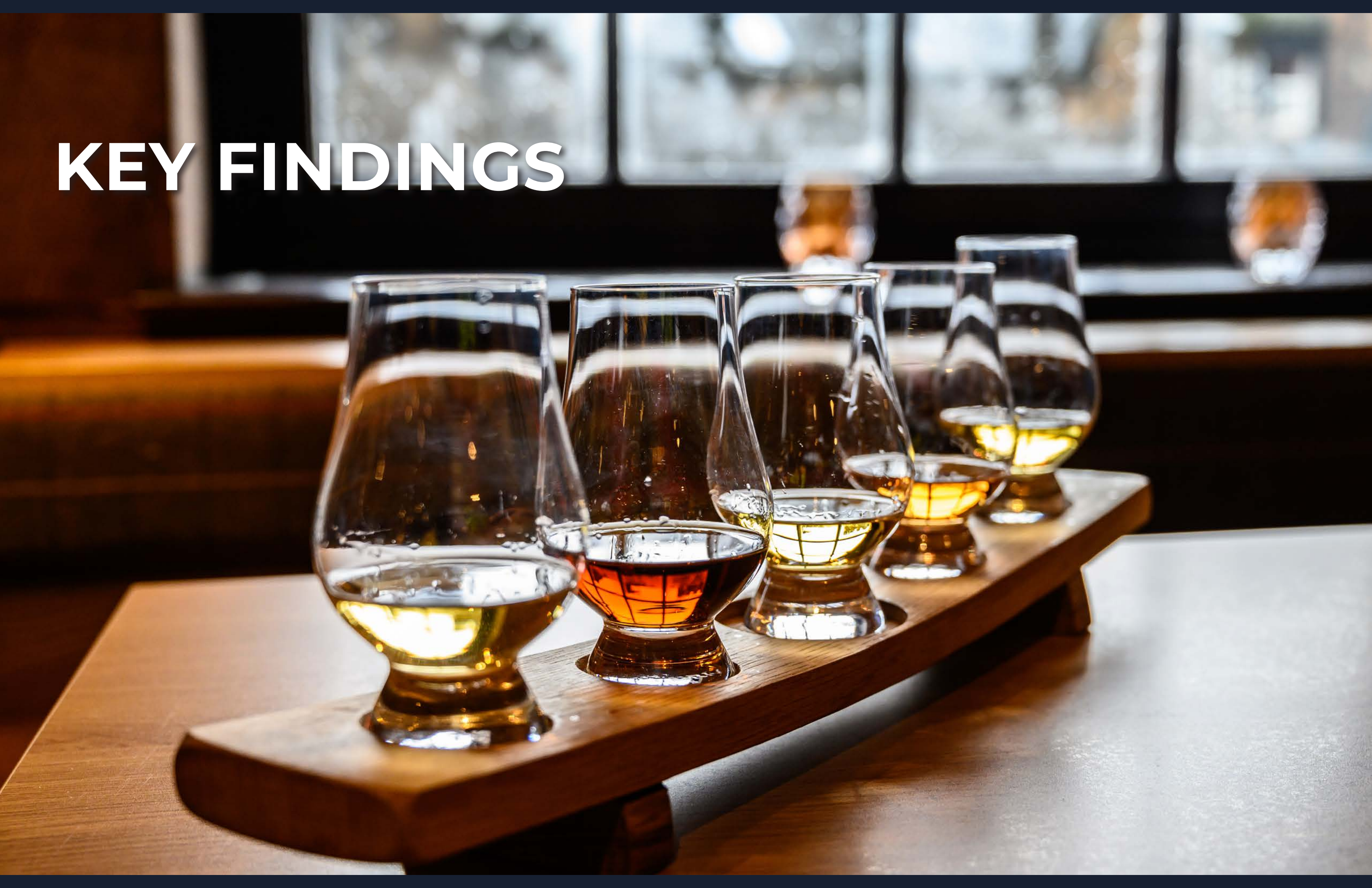
To quantify the economic impacts, Tourism Economics prepared a comprehensive model to estimate the impacts arising from distillery visitors' spending both on-site at distilleries and also at off-site establishments surrounding distilleries.

In order to best capture the impacts of distillery tourism throughout Texas, Tourism Economics based the impact modeling on an IMPLAN input-output (I-O) model for the statewide economy of Texas.

The results of this study show the scope of the impacts of distillery tourism in terms of on-site and off-site spending by distillery visitors, as well as the total economic impacts of distillery tourism, including total business sales, employment, labor income, and fiscal (tax) impacts in the State of Texas in 2022.



KEY FINDINGS



DISTILLERY TOURISM IN TEXAS - 2022

SUMMARY ECONOMIC IMPACTS

DIRECT SPENDING IMPACTS

Distilleries in Texas attracted an estimated 2,089,000 visits in 2022, including 1,089,000 visits by non-local daytrip visitors and 1,000,000 visits by non-local overnight visitors.

In addition to spending money during their visit to distilleries, visitors will also spend money at businesses and establishments in the local economy, including local restaurants, retailers, and recreation/entertainment venues. Tourism Economics estimates that total on-site and off-site spending by non-local distillery visitors amounted to \$459.4 million in 2022, including \$150.5 million in spending by non-local daytrip visitors and \$308.9 million in spending by non-local overnight visitors.

SUMMARY DIRECT IMPACTS OF DISTILLERY TOURISM



\$150.5M

On-Site & Off-Site Spending by Non-Local Daytrip Distillery Visitors

+



\$308.9M

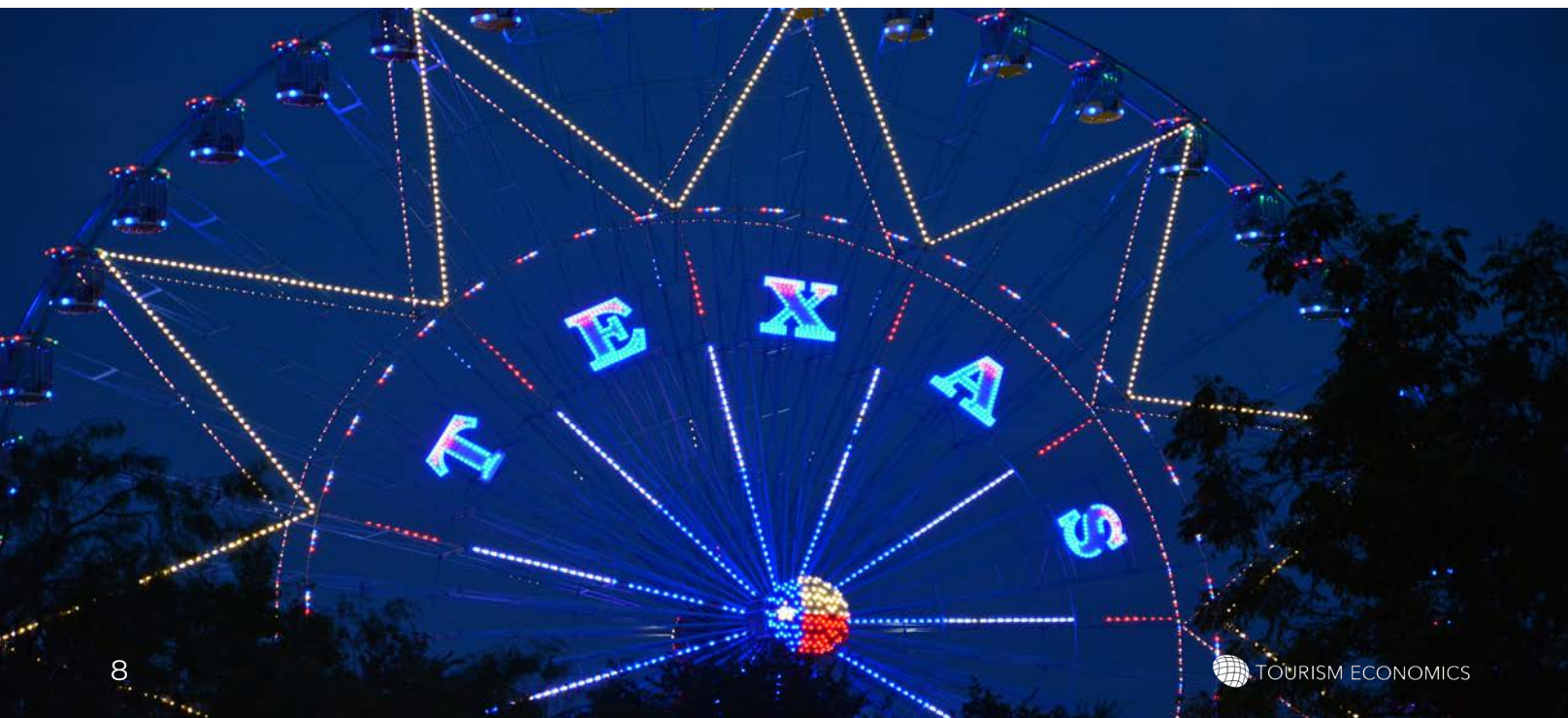
On-Site & Off-Site Spending by Non-Local Overnight Distillery Visitors

=



\$459.4M

Total Spending by Non-Local Overnight and Daytrip Distillery Visitors in Texas in 2022



TOTAL ECONOMIC IMPACTS OF DISTILLERY TOURISM - 2022

The \$459.4 million in total spending by non-local distillery visitors generated a total economic impact of \$831.7 million in the statewide economy of Texas in 2022. This total economic impact of \$831.7 million supported approximately 7,700 part-time and full-time jobs and generated \$42.5 million in state and local tax revenues.



\$831.7 MILLION

Total Economic Impact of Distillery Tourism in Texas in 2022

SUMMARY ECONOMIC IMPACTS DISTILLERY TOURISM IN TEXAS (2022)

Distillery tourism in Texas generated \$459.4 million in spending by non-local distillery visitors. This spending by non-local distillery visitors generated a total economic impact of \$831.7 million and supported 7,700 total jobs throughout the statewide economy. The total economic impact of \$831.7 million generated approximately \$42.5 million in total state and local tax revenues.



\$459.4M

Non-Local Distillery Visitor Spending In Texas



\$831.7M

Total Economic Impact



7,700

Total Jobs Generated



\$42.5M

Total State & Local Tax Revenues

DIRECT IMPACTS

Non-local distillery visitors spent a total of \$459.4 million at distilleries and at off-site businesses and establishments in Texas in 2022.

The first step in economic impact analysis is to estimate direct spending impacts attributable to distillery tourism. In addition to spending money during their visit to distilleries in Texas, non-local distillery visitors also spent money at businesses and establishments in the regional economy during their stay in the area, including local restaurants, retailers, and recreation/entertainment venues. These direct impacts ultimately serve as the inputs for the economic impact model.

The analysis excludes visits and spending by local distillery patrons, since their spending at distilleries, restaurants, and other local businesses would have occurred in the regional economy even if they had not visited a distillery.

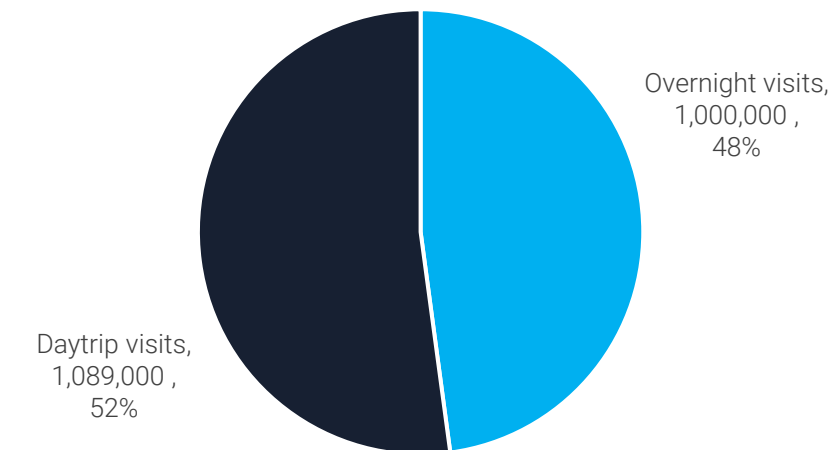
DIRECT IMPACTS - 2022 DISTILLERY TOURISM SPENDING

In addition to spending money during their visit to distilleries in Texas, non-local distillery visitors also spent money at businesses and establishments in the regional economy during their stay in the area, including local restaurants, retailers, and recreation/entertainment venues.

Overall, overnight visits represented 48% of non-local visits to distilleries, and daytrip visits represented 52% of non-local visits. International visits represented 2.4% of total non-local visits to distilleries in 2022.

Tourism Economics estimates that total spending by non-local distillery visitors in Texas amounted to \$459.4 million in 2022, including \$308.9 million in spending by non-local overnight visitors and \$150.5 million in spending by non-local daytrip visitors.

Shares of Non-Local Distillery Visits in Texas (2022), by Type of Visit (percent)



Source: Tourism Economics

Visitor Spending by Non-Local Distillery Visitors in Texas (2022) (\$ millions)

| Description | Amount |
|---------------------------------------|---------|
| Total spending by distillery visitors | \$459.4 |
| Spending by overnight visitors | \$308.9 |
| Spending by daytrip visitors | \$150.5 |

Source: Tourism Economics

DIRECT IMPACTS - 2022

DISTILLERY TOURISM SPENDING

Non-local distillery visitors spent a total of \$459.4 million at distilleries and at off-site businesses and establishments in Texas in 2022

The \$459.4 million in on-site and off-site spending by non-local distillery visitors in 2022 spanned a number of industries.

As shown in the accompanying figure, Tourism Economics estimates that non-local distillery visitors spent \$112.8 million on food and beverage, \$106.9 million on lodging, \$91.0 million on retail, \$78.7 million on entertainment and recreation, and \$69.9 million on transportation (including gasoline purchases).



\$459.4 MILLION

Total Spending by Non-Local Distillery Visitors in Texas in 2022



\$112.8M FOOD & BEVERAGE

Distilleries, full-service restaurants, fast food, convenience stores, and alcohol



\$106.9M LODGING

Hotels, motels, short-term rentals, and other lodging



\$91.0M RETAIL

Souvenirs, general merchandise, malls, and local retailers



\$78.7M RECREATION

Amusements, theaters, entertainment, and other recreation



\$69.9M TRANSPORTATION

Taxis, buses, parking, public transportation, ride share, and gasoline



ECONOMIC IMPACTS



ECONOMIC IMPACTS

METHODOLOGY

Tourism Economics estimated the economic impacts of spending by non-local distillery visitors using regional Input-Output (I-O) models based on customized IMPLAN (www.implan.com) models for the statewide economy of Texas. IMPLAN is recognized as an industry standard in local, regional, and state-level I-O models. An I-O model represents a profile of an economy by measuring the relationships among industries and consumers to track the flow of industry revenue to wages, profits, capital, taxes, and suppliers. The supply chain is traced as dollars flow through the economy, representing indirect impacts. The model also calculates the induced impacts of spending. Induced impacts represent benefits to the economy as incomes earned as a result of direct spending are spent in the local economy, generating additional sales, jobs, taxes, and income.

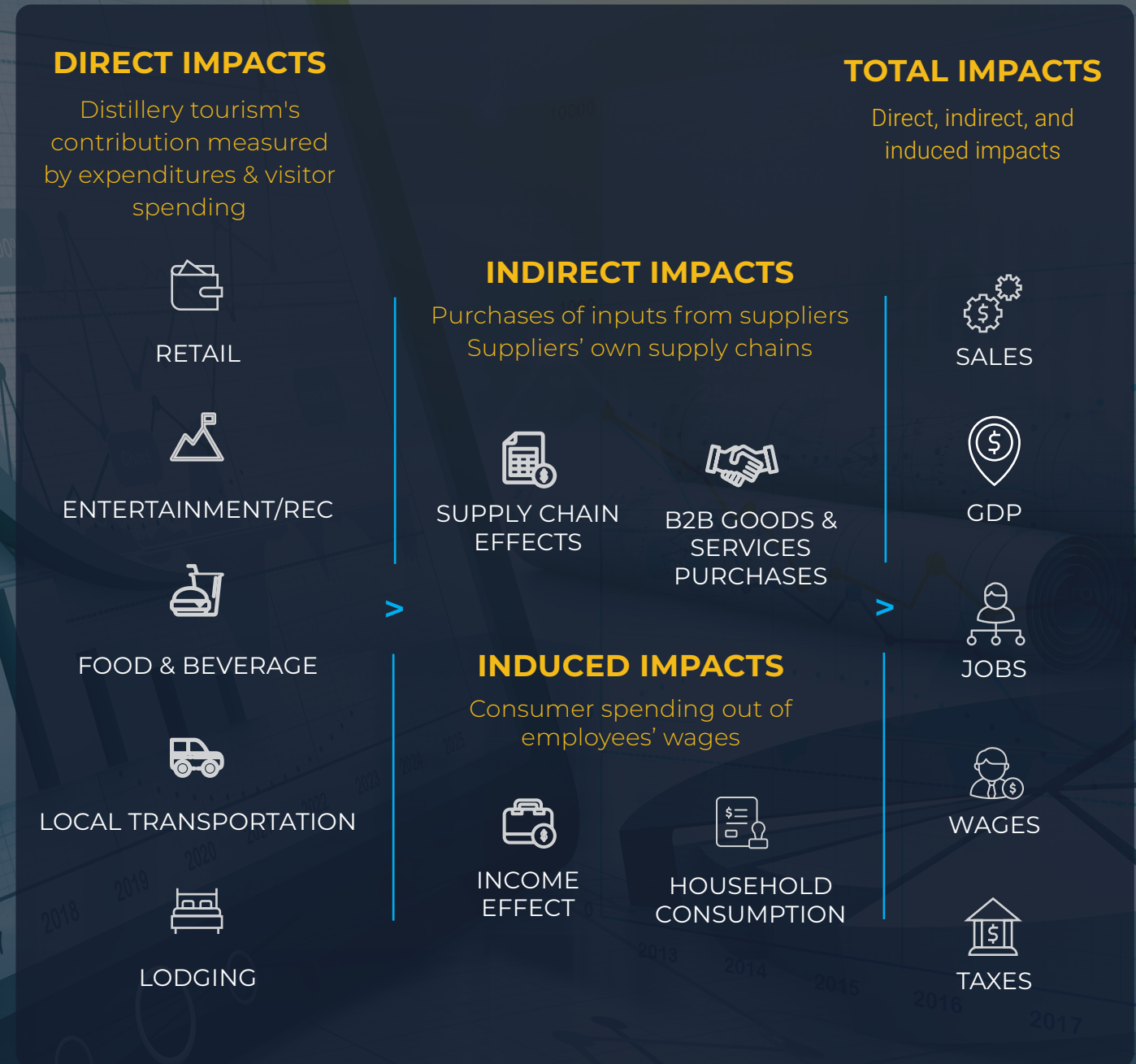
The modeling process begins with aligning the direct expenditure measurements with the related sectors in the model (e.g. hotels, restaurants, retail, and recreation). The model is then run to trace the flow of these expenditures through the economy. In this process, the inter-relationships between consumers and industries generate each level of impact.

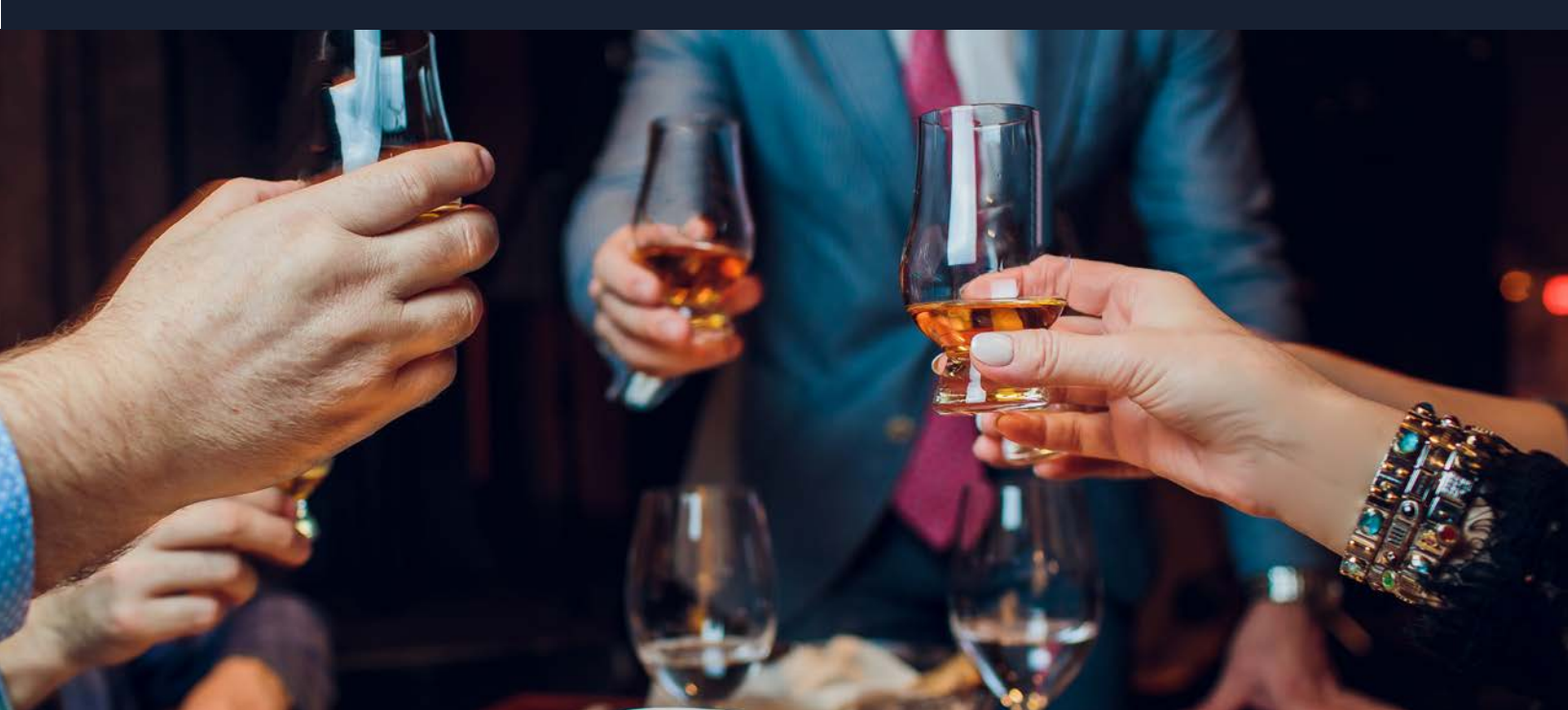
IMPLAN calculates three levels of impact – direct, indirect, and induced – for a broad set of indicators.

These include the following:

- Business sales (also called gross output)
- Household income (including wages and benefits)
- Employment
- Federal taxes
- State and local taxes

ECONOMIC IMPACT FRAMEWORK





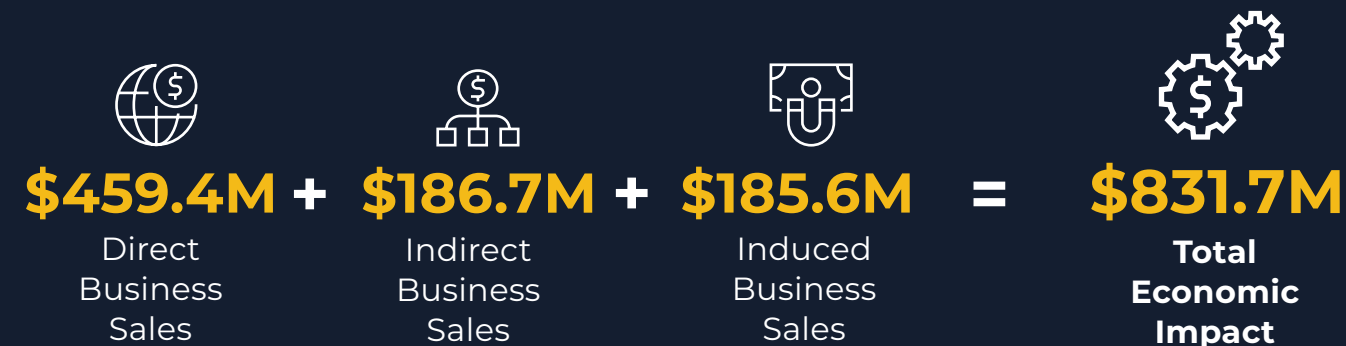
DISTILLERY TOURISM IN TEXAS - 2022

ECONOMIC IMPACT: BUSINESS SALES BY INDUSTRY

Spending by non-local distillery tourists generated a total economic impact of \$831.7 million in the state of Texas in 2022.

The \$459.4 million in spending by non-local distillery tourists generated \$186.7 million in indirect business sales and \$185.6 million in induced business sales, resulting in a total economic impact of \$831.7 million in Texas in 2022.

BUSINESS SALES IMPACTS - STATE OF TEXAS (2022)



DISTILLERY TOURISM IN TEXAS - 2022

BUSINESS SALES IMPACTS BY INDUSTRY (\$ MILLIONS)

| | Direct Business Sales | Indirect Business Sales | Induced Business Sales | Total Business Sales |
|------------------------------------|-----------------------|-------------------------|------------------------|----------------------|
| Total, all industries | \$459.4 | \$186.7 | \$185.6 | \$831.7 |
| By industry | | | | |
| Food & Beverage | \$112.8 | \$7.3 | \$13.1 | \$133.2 |
| Lodging | \$106.9 | \$0.1 | \$0.2 | \$107.2 |
| Retail Trade | \$91.0 | \$2.3 | \$13.4 | \$106.8 |
| Finance, Insurance and Real Estate | \$0.0 | \$46.3 | \$57.2 | \$103.5 |
| Recreation and Entertainment | \$78.7 | \$1.4 | \$2.5 | \$82.6 |
| Other Transport | \$52.4 | \$10.0 | \$5.0 | \$67.4 |
| Business Services | \$0.0 | \$45.9 | \$17.1 | \$63.0 |
| Education and Health Care | \$0.0 | \$0.4 | \$26.2 | \$26.6 |
| Manufacturing | \$0.0 | \$16.3 | \$9.8 | \$26.0 |
| Construction and Utilities | \$0.0 | \$17.6 | \$6.0 | \$23.6 |
| Communications | \$0.0 | \$14.3 | \$8.6 | \$22.9 |
| Wholesale Trade | \$0.0 | \$10.1 | \$9.7 | \$19.8 |
| Gasoline Stations | \$17.5 | \$0.3 | \$0.9 | \$18.7 |
| Personal Services | \$0.0 | \$5.3 | \$9.1 | \$14.3 |
| Government | \$0.0 | \$5.0 | \$3.0 | \$8.0 |
| Agriculture, Fishing, Mining | \$0.0 | \$3.1 | \$2.2 | \$5.3 |
| Air Transport | \$0.0 | \$0.8 | \$1.6 | \$2.4 |

Source: Tourism Economics

Note: Totals may not sum due to rounding.

DISTILLERY TOURISM IN TEXAS - 2022

ECONOMIC IMPACT: EMPLOYMENT BY INDUSTRY

Distillery tourism supported 7,700 total jobs throughout Texas in 2022.

Distillery tourism in Texas directly supported 5,590 full-time and part-time jobs in 2022. Indirect and induced impacts generated 971 indirect jobs and 1,119 induced jobs, resulting in 7,681 total jobs throughout Texas.

Employment impacts by industry (number of jobs)

| | Direct Employment | Indirect Employment | Induced Employment | Total Employment |
|------------------------------------|----------------------|------------------------|-----------------------|---------------------|
| Total, all industries | 5,590 | 971 | 1,119 | 7,681 |
| By industry | | | | |
| Food & Beverage | 1,921 | 104 | 175 | 2,200 |
| Recreation and Entertainment | 1,272 | 17 | 31 | 1,321 |
| Lodging | 1,196 | 1 | 2 | 1,199 |
| Retail Trade | 862 | 23 | 137 | 1,022 |
| Business Services | 0 | 318 | 122 | 440 |
| Other Transport | 225 | 92 | 48 | 366 |
| Finance, Insurance and Real Estate | 0 | 199 | 153 | 353 |
| Education and Health Care | 0 | 5 | 235 | 240 |
| Personal Services | 0 | 50 | 108 | 159 |
| Gasoline Stations | 114 | 3 | 8 | 124 |
| Wholesale Trade | 0 | 32 | 27 | 59 |
| Manufacturing | 0 | 34 | 17 | 52 |
| Communications | 0 | 27 | 17 | 44 |
| Construction and Utilities | 0 | 24 | 12 | 36 |
| Government | 0 | 22 | 10 | 33 |
| Agriculture, Fishing, Mining | 0 | 17 | 12 | 28 |
| Air Transport | 0 | 2 | 4 | 6 |

Source: Tourism Economics

Note: Totals may not sum due to rounding.

DISTILLERY TOURISM IN TEXAS - 2022

ECONOMIC IMPACT: INCOME BY INDUSTRY

Distillery tourism generated \$230.4 million in total labor income throughout Texas in 2022.

Distillery tourism generated \$128.6 million in direct labor income and \$230.4 million in total labor income, including indirect and induced income, throughout Texas in 2022.

Labor income impacts by industry (\$ millions)

| | Direct Labor Income | Indirect Labor Income | Induced Labor Income | Total Labor Income |
|------------------------------------|---------------------------|-----------------------------|----------------------------|--------------------------|
| Total, all industries | \$128.6 | \$50.4 | \$51.3 | \$230.4 |
| By industry | | | | |
| Food & Beverage | \$37.9 | \$3.0 | \$4.6 | \$45.5 |
| Lodging | \$35.0 | \$0.0 | \$0.1 | \$35.1 |
| Recreation and Entertainment | \$30.3 | \$0.3 | \$0.7 | \$31.4 |
| Business Services | \$0.0 | \$20.3 | \$7.4 | \$27.7 |
| Retail Trade | \$16.3 | \$0.7 | \$4.4 | \$21.4 |
| Finance, Insurance and Real Estate | \$0.0 | \$7.3 | \$7.5 | \$14.9 |
| Education and Health Care | \$0.0 | \$0.2 | \$13.1 | \$13.3 |
| Other Transport | \$5.5 | \$3.7 | \$1.7 | \$10.9 |
| Personal Services | \$0.0 | \$2.2 | \$3.5 | \$5.6 |
| Wholesale Trade | \$0.0 | \$2.9 | \$2.7 | \$5.6 |
| Gasoline Stations | \$3.6 | \$0.1 | \$0.2 | \$3.9 |
| Communications | \$0.0 | \$2.3 | \$1.5 | \$3.8 |
| Manufacturing | \$0.0 | \$2.2 | \$1.1 | \$3.4 |
| Construction and Utilities | \$0.0 | \$2.4 | \$0.9 | \$3.3 |
| Government | \$0.0 | \$2.2 | \$1.0 | \$3.2 |
| Air Transport | \$0.0 | \$0.2 | \$0.5 | \$0.7 |
| Agriculture, Fishing, Mining | \$0.0 | \$0.3 | \$0.2 | \$0.6 |

Source: Tourism Economics

Note: Totals may not sum due to rounding.

DISTILLERY TOURISM IN TEXAS - 2022

ECONOMIC IMPACT: TAX GENERATION

The total economic impact of \$831.7 million attributable to distillery tourism generated a total fiscal (tax) impact of \$91.6 million, including \$42.5 million in state and local tax revenues throughout Texas in 2022.

Distillery tourism generated a total fiscal (tax) impact of \$91.6 million throughout Texas in 2022.

Total federal taxes amounted to \$49.1 million, including \$23.1 million in personal income taxes, \$3.2 million in corporate taxes, \$2.9 million in indirect business taxes, and \$19.8 million in social insurance taxes.

Total state and local taxes in Texas amounted to \$42.5 million, including \$20.6 million in sales taxes, \$3.5 million in excise taxes and fees, and \$18.2 million in property taxes in 2022.

DISTILLERY TOURISM IN TEXAS - 2022

TOTAL TAX REVENUES (\$ MILLIONS)

| | Direct Taxes | Indirect & Induced Taxes | Total Taxes |
|------------------------|---------------|--------------------------|---------------|
| Total Taxes | \$51.9 | \$39.7 | \$91.6 |
| Federal | \$23.7 | \$25.4 | \$49.1 |
| Personal income | \$12.6 | \$10.6 | \$23.1 |
| Corporate | \$1.3 | \$2.0 | \$3.2 |
| Indirect business | \$1.9 | \$1.0 | \$2.9 |
| Social insurance | \$7.9 | \$11.9 | \$19.8 |
| State and Local | \$28.2 | \$14.2 | \$42.5 |
| Sales | \$13.7 | \$6.9 | \$20.6 |
| Excise and fees | \$2.3 | \$1.2 | \$3.5 |
| Property | \$12.1 | \$6.1 | \$18.2 |

Source: Tourism Economics

Note: Totals may not sum due to rounding.

ABOUT THE RESEARCH TEAM



Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling 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 over 3,000 cities. Our best-of-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

Oxford Economics is an adviser to corporate, financial and government decision-makers and thought leaders. Our worldwide client base comprises over 2,000 international organizations, including leading multinational companies and financial institutions; key government bodies and trade associations; and top universities, consultancies, and think tanks.

This study was conducted by the Tourism Economics group within Oxford Economics. Tourism Economics combines an understanding of traveler dynamics with rigorous economics in order to answer the most important questions facing destinations, investors, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, forecasting models, policy analysis, and economic impact studies.

Oxford Economics employs 400 full-time staff, including 250 professional economists and analysts. Headquartered in Oxford, England, with regional centers in London, New York, and Singapore, Oxford Economics has offices across the globe in Belfast, Chicago, Dubai, Miami, Milan, Paris, Philadelphia, San Francisco, and Washington DC.





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