

Economic Impact and Visitor Profile for the Louisiana Tax Free Shopping



Prepared for the
Louisiana Office of Tourism



THE UNIVERSITY *of*
NEW ORLEANS

HOSPITALITY
RESEARCH CENTER

Defining Tourism Opportunities



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Executive Summary

- 11.9% of the international respondents were from Brazil, 6.8% were from the Philippines and 6.4% were from Canada. Other countries reported in the top ten were Mexico, China and United Kingdom.
- 19.8% of the respondents entered the US through Miami. Other cities of entry included New Orleans (14.0%), Houston (13.6%) and Atlanta (10.1%).
- Of the people who stayed overnight, about 38% spent a week or less in the United States, while 30.5% spent between one and two weeks. 14.7% spent more than 29 days. The average time spent in the US by tax-free shoppers was 17.6 days.
- Almost 45% of the respondents were first time visitors to Louisiana.
- Of the people who stayed overnight in Louisiana, over half (57.1%) stayed for a week or less. 19.2% stayed between one and two weeks and 9.5% stayed for more than four weeks. The average time spent in Louisiana by visitors was 12.8 days.
- Almost all, (95.6%) of the respondents indicated that they visited New Orleans during their trip to Louisiana. 17.5% of the respondents reported that they visited Baton Rouge.
- The majority (69.6%) of visitors traveled in a party of 1-2 people. The average party size of the respondents was 2.8 people.
- Almost half (47.6%) of the respondents' primary purpose for their visit was Vacation/Pleasure. Another 18.5% stated Convention/Tradeshaw/Corporate Meeting as their primary purpose. 11.3% came to Louisiana for the primary purpose of shopping.
- Over one quarter (29.0%), of the respondents shopped outside the New Orleans area during their visit to Louisiana.
- Over eighty percent of the respondents reported to have shopped in either Baton Rouge (43.7%) or Gonzales (43.3%) while in Louisiana.
- 13.0% of the respondents changed their plans in order to shop in the state of Louisiana.
- Over three quarters of the respondents (83.1%), extended their stay between 1 and 3 days. The average number of days visitors extended their trip was 2.7 days.
- 66.5% of the respondents stayed in a hotel during their visit to Louisiana; another quarter (26.5%) of the respondents stayed with friends or relatives.
- Foreign visitors to Louisiana most often stayed in a single hotel room. The average number of rooms booked was 1.4.

- 38.3% of the respondents paid under \$100 for a room, 45.3% paid between \$100-200. The average room rate was \$149.89.
- The largest proportion of visitor expenditures, excluding lodging, was shopping, followed by meals. Not including lodging, out-of-town visitors spent an average of \$2,112.15 per person per trip in Louisiana.
- Just over two-thirds of the respondents (69.9%) heard about LTFS while in Louisiana; another 23.8% learned about the program in their home country.
- About half of the respondents heard about LTFS either in Louisiana shops (24.0%) or via the internet (23.7%). 20.1% learned of LTFS through friends and relatives.
- The majority of visitors (63.9%) were very satisfied with the LTFS program. The mean rating received was 4.5.
- Over half of the respondents (57.1%), strongly agreed that LTFS was easy to use. The mean rating was 4.4.
- 38.6% of the respondents strongly agreed that vendors volunteered information about LTFS, 22.2% agreed that vendors volunteered the information. The mean rating was 3.7.
- Over one third of the respondents (38.0%) strongly agreed that LTFS would be a major reason for them to return to Louisiana, 19.2% agreed that LTFS would be a major reason to return. The mean rating was 3.7.
- Nearly two thirds of the respondents (65.7%) strongly agreed that they would recommend LTFS to friends wanting to visit Louisiana. The mean response was 4.5.
- Nearly half (48.3%) of the respondents strongly agreed that LTFS influenced them to spend more money while shopping in Louisiana. The mean rating was 4.1.
- 62.4% of the respondents strongly agreed or agreed that they visited other states but shopped more in Louisiana because of the LTFS program. The mean rating was 3.8.
- 48.3% of the respondents reported that they spent over \$500 additional dollars because of the LTFS program. The average additional expenditure was \$961.96.
- 37.7% of the respondents used Macy's refund center.
- 43.5% of the respondents reported that their primary reason for visiting the mall/store was to get the LTFS refund.
- Over three-quarters (80.0%) of the respondents spent money at the mall eating or shopping.

- 40.3% of the respondents spent \$100 or less at the mall/store shopping and eating. However, the mean expenditure was \$534.96.
- 6.7% of the respondents work on a cruise ship.
- There was a balanced distribution of female and male respondents.
- The highest percentage (37.9%) of the respondents was between 36 – 49 years old. Another 29.3% was between 25 - 35 years old.

Introduction

The Louisiana State Office of Tourism contracted with the University of New Orleans, Hospitality Research Center (HRC), for the purpose of estimating the economic impact of LTFS and conducting a profile of international visitors who use LTFS. This document represents a summary of results.

Methodology

Representatives from HRC and LTFS designed the questionnaire. LTFS had the survey translated into five languages: French, German, Portuguese, Spanish, and Tagalog. LTFS staff administered surveys to a sample of people from a variety of countries who applied for a return of sales tax paid. Copies of the survey were available at each of the three LTFS locations: Macy's, Riverwalk and Louis Armstrong International Airport.

Each month, surveys were administered at each LTFS location randomly to individuals requesting tax free shopping refunds from December 15, 2010 to September 15, 2011. A total of 490 completed surveys were obtained.

The completed questionnaires were forwarded to HRC for data entry and editing. The HRC developed and executed statistical analysis software and tabulated the results. From the monthly data on the LTFS website, it was determined that the total number of transactions FY 2010-2011 was 29,484. The survey data were weighted to match the actual distribution of transactions by country for the first half of 2011. Particular emphasis was placed on the number of transactions for visitors from the top 10 countries. The HRC analyzed these results and developed this summary report.

For the purpose of the economic impact, HRC used the latest (2008) Bureau of Economic Analysis RIMS II multipliers to estimate secondary spending associated with new visitor spending. Total primary and secondary spending were added to yield economic impact. The impact on state tax revenues from new spending was then calculated.

Visitor Profile

1. What is your home country?

Table 1: Top 10 Reported Countries

Response	Percentage
Brazil	11.9%
Philippines	6.8%
Canada	6.4%
Mexico	5.3%
China	5.0%
United Kingdom	3.4%
Germany	2.9%
India	2.9%
France	2.8%
Italy	2.7%
Other*	50.1%
Total	100.0%
Valid Cases	483

*Detailed in Appendix A

- 11.9% of the international respondents were from Brazil, 6.8% were from the Philippines and 6.4% were from Canada. Other countries reported in the top ten were Mexico, China and United Kingdom. A full listing can be found in Appendix A.

2. *By what city did you enter the USA?*

Table 2: Cities of Entry into the US

Response	Percentage
Miami	19.8%
New Orleans	14.0%
Houston	13.6%
Atlanta	10.1%
Los Angeles	7.8%
Chicago	6.3%
Dallas	5.7%
New York	5.7%
Washington DC	3.3%
San Francisco	3.1%
Detroit	1.7%
Philadelphia	1.2%
Other*	7.9%
Total	100.0%
Valid Cases	444

*Detailed in Appendix A

- 19.8% of the respondents entered the US through Miami. Other cities of entry included New Orleans (14.0%), Houston (13.6%) and Atlanta (10.1%).

3. *How many days will you be in the USA on this trip?*

Table 3: Number of Days in the USA

Response	Percentage
1-7 days	37.9%
8-14 days	30.5%
15-21 days	14.6%
22-28 days	2.3%
29+ days	14.7%
Total	100.0%
Mean	17.6
Valid cases	432

- Of the people who stayed overnight, about 38% spent a week or less in the United States, while 30.5% spent between one and two weeks. 14.7% spent more than 29 days. The average time spent in the US by tax-free shoppers was 17.6 days.

4. *Is this your first trip to Louisiana?*

Table 4: First Trip to Louisiana

Response	Percentage
Yes	44.7%
No	55.3%
Total	100.0%
Valid cases	451

- Almost 45% of the respondents were first time visitors to Louisiana.

5. *How long were you in Louisiana on this trip?*

Table 5: Number of Days in Louisiana

Response	Percentage
1-7 days	57.1%
8-14 days	19.2%
15-21 days	10.6%
22-28 days	3.7%
29+ days	9.5%
Total	100.0%
Mean	12.8
Valid cases	452

- Of the people who stayed overnight in Louisiana, over half (57.1%) stayed for a week or less. 19.2% stayed between one and two weeks and 9.5% stayed for more than four weeks. The average time spent in Louisiana by visitors was 12.8 days.

6. *Where did you travel in Louisiana?*

Table 6: Places travelled in Louisiana

Response	Percentage
New Orleans	95.6%
Baton Rouge	17.5%
Lafayette	2.3%
Lake Charles	1.0%
Alexandria	0.9%
Shreveport	0.2%
Other	2.5%
Total*	119.9%
n	566

**Total is greater than 100.0% because respondents allowed to give more than one response*

- Almost all, (95.6%) of the respondents indicated that they visited New Orleans during their trip to Louisiana. 17.5% of the respondents reported that they visited Baton Rouge.

7. *Including yourself, how many people are traveling with you?*

Table 7: Party Size

Response	Percentage
1-2 people	69.6%
3-5 people	22.5%
6+ people	7.9%
Total	100.0%
Mean	2.8
Valid cases	482

- The majority (69.6%) of visitors traveled in a party of 1-2 people. The average party size of the respondents was 2.8 people.

8. *What was the primary purpose of your trip?*

Table 8: Primary Purpose

Response	Percentage
Vacation/Pleasure	47.6%
Convention/Trade Show/Corporate Meeting	18.5%
Business Travel	12.1%
Shopping	11.3%
Other	10.5%
Total	100.0%
Valid cases	469

- Almost half (47.6%) of the respondents' primary purpose for their visit was Vacation/Pleasure. Another 18.5% stated Convention/Tradeshow/Corporate Meeting as their primary purpose. 11.3% came to Louisiana for the primary purpose of shopping.

9. *Did you shop any place in Louisiana other than New Orleans?*

Table 9: Shopping Outside the New Orleans Area

Response	Percentage
Yes	29.0%
No	71.0%
Total	100.0%
Valid cases	446

- Over one quarter (29.0%), of the respondents shopped outside the New Orleans area during their visit to Louisiana.

9a. If yes, where?

Table 9a: Shopping Locations Outside of the New Orleans Area

Response	Percentage of Cases
Baton Rouge	43.7%
Gonzales (including Tanger Outlet Mall)	43.3%
Lafayette	7.0%
Hammond	2.0%
Ponchatoula	2.0%
Breaux Bridge	1.0%
Morgan City	1.0%
Total	100.0%
Valid cases*	46

** Caution should be used when interpreting these numbers, as they are based on a small number of responses.*

- Over eighty percent of the respondents reported to have shopped in either Baton Rouge (43.7%) or Gonzales (43.3%) while in Louisiana.

10. If the purpose of your trip was not shopping, did you change plans and stay extra days in Louisiana to shop?

Table 10: Changed Traveling Plans to Shop while in Louisiana

Response	Percentage
Yes	13.0%
No	87.0%
Total	100.0%
Valid cases	410

- 13.0% of the respondents changed their plans in order to shop in the state of Louisiana.

10a. If yes, how many extra days?

Table 10a: Extra Days Spent in Louisiana to Shop

Response	Percentage
1 day	26.5%
2 days	37.7%
3 days	18.9%
5 days	5.8%
7 days	11.2%
Total	100.0%
Mean	2.7
Valid cases*	33

** Caution should be used when interpreting these numbers, as they are based on a small number of responses.*

- Over three quarters of the respondents (83.1%), extended their stay between 1 and 3 days. The average number of days visitors extended their trip was 2.7 days.

11. Where did you stay?

Table 11: Type of Accommodation in Louisiana

Response	Percentage
Hotel	66.5%
With Friends/Relative	26.5%
Timeshare/Condo	1.0%
Campground	0.8%
Bed and Breakfast	0.8%
RV	0.2%
Other	4.1%
Total	100.0%
Valid Cases	463

- 66.5% of the respondents stayed in a hotel during their visit to Louisiana; another quarter (26.5%) of the respondents stayed with friends or relatives.

11a. If you stayed in a hotel, how many rooms did you occupy?

Table 11a: Number of Rooms Occupied

Response	Percentage
1 room	80.0%
2 rooms	13.3%
3 rooms	2.4%
4+ rooms	4.3%
Total	100.0%
Mean	1.4
Valid cases	197

- Foreign visitors to Louisiana most often stayed in a single hotel room. The average number of rooms booked was 1.4.

11b. If you stayed in a hotel, how much was your nightly room rate?

Table 11b: Nightly Room Rate

Response	Percentage
Under \$100	38.3%
\$101-\$150	23.5%
\$151-200	21.8%
\$201-\$250	7.4%
\$251+	9.0%
Total	100.0%
Mean	\$149.89
Valid cases	191

- 38.3% of the respondents paid under \$100 for a room, 45.3% paid between \$100-200. The average room rate was \$149.89.

12. How much money did you personally spend in total in Louisiana on this visit?

Table 12: Average Expenditures

Response	Average Out-of-Town Expenditure
Shopping	\$1,269.11
Restaurant/Meals	\$456.97
Car Rental	\$142.79
Recreation/Entertainment	\$129.31
Bars and Nightclub	\$71.78
Local Transportation	\$25.16
Gambling	\$17.03
Total	\$2,112.15

- The largest proportion of visitor expenditures, excluding lodging, was shopping, followed by meals. Not including lodging, out-of-town visitors spent an average of \$2,112.15 per person per trip in Louisiana.

13. Where did you learn about LTFS?

Table 13: Where Visitors Learned about LTFS

Response	Percentage
In Louisiana	69.9%
In own country	23.8%
In the USA, but not in Louisiana	6.3%
Total	100.0%
Valid cases	462

- Just over two-thirds of the respondents (69.9%) heard about LTFS while in Louisiana; another 23.8% learned about the program in their home country.

14. How did you learn about LTFS?

Table 14: How Visitors Heard about LTFS

Response	Percentage
In Louisiana shops	24.0%
Internet	23.7%
Friends/Relatives	20.1%
Travel Agent	14.1%
Advertising in brochure	8.9%
Other	9.2%
Total	100.0%
Valid Cases	460

- About half of the respondents heard about LTFS either in Louisiana shops (24.0%) or via the internet (23.7%). 20.1% learned of LTFS through friends and relatives.

15. Please tell us whether you agree or disagree with the following statements

15a. I am satisfied with the LFTS program

Table 15a: Satisfaction Level of Visitors

Response	Percentage
Strongly agree	63.9%
Agree	26.6%
Neutral	4.2%
Disagree	1.6%
Strongly Disagree	3.7%
Total	100.0%
Mean	4.5
Valid cases	468

- The majority of visitors (63.9%) were very satisfied with the LFTS program. The mean rating received was 4.5.

15b. The LTFS was easy to use

Table 15b: LTFS Was Easy to Use

Response	Percentage
Strongly agree	57.1%
Agree	29.1%
Neutral	7.9%
Disagree	3.4%
Strongly Disagree	2.5%
Total	100.0%
Mean	4.4
Valid cases	468

- Over half of the respondents (57.1%), strongly agreed that LTFS was easy to use. The mean rating was 4.4.

15c. Vendors volunteered information about LTFS

Table 15c: Vendors Volunteered Information about LTFS

Response	Percentage
Strongly agree	38.6%
Agree	22.2%
Neutral	20.2%
Disagree	12.1%
Strongly Disagree	6.9%
Total	100.0%
Mean	3.7
Valid cases	459

- 38.6% of the respondents strongly agreed that vendors volunteered information about LTFS, 22.2% agreed that vendors volunteered the information. The mean rating was 3.7.

15d. The LTFS program will be a major reason for me to return to Louisiana

Table 15d: LTFS will be a Major Reason to Return to Louisiana

Response	Percentage
Strongly agree	38.0%
Agree	19.2%
Neutral	26.9%
Disagree	6.9%
Strongly Disagree	9.0%
Total	100.0%
Mean	3.7
Valid cases	458

- Over one third of the respondents (38.0%) strongly agreed that LTFS would be a major reason for them to return to Louisiana, 19.2% agreed that LTFS would be a major reason to return. The mean rating was 3.7.

15e. I will recommend LTFS to friends wanting to visit Louisiana

Table 15e: I Would Recommend LTFS to Friends Wanting to Visit Louisiana

Response	Percentage
Strongly agree	65.7%
Agree	23.0%
Neutral	6.8%
Disagree	1.7%
Strongly Disagree	2.8%
Total	100.0%
Mean	4.5
Valid cases	458

- Nearly two thirds of the respondents (65.7%) strongly agreed that they would recommend LTFS to friends wanting to visit Louisiana. The mean response was 4.5.

15f. The program influenced me to spend more money while shopping in Louisiana?

Table 15f: LTFS Influenced Me to Spend More while Shopping in Louisiana

Response	Percentage
Strongly agree	48.3%
Agree	27.4%
Neutral	16.5%
Disagree	4.5%
Strongly Disagree	3.4%
Total	100.0%
Mean	4.1
Valid cases	457

- Nearly half (48.3%) of the respondents strongly agreed that LTFS influenced them to spend more money while shopping in Louisiana. The mean rating was 4.1.

15g. I visited other state(s), but I shopped more in Louisiana because of LTFS.

Table 15g: Shopped More in Louisiana Because of LTFS

Response	Percentage
Strongly agree	41.1%
Agree	21.3%
Neutral	22.2%
Disagree	6.4%
Strongly Disagree	8.9%
Total	100.0%
Mean	3.8
Valid cases	393

- 62.4% of the respondents strongly agreed or agreed that they visited other states but shopped more in Louisiana because of the LTFS program. The mean rating was 3.8.

16. If LTFS caused you to buy more, how much more money do you estimate you spent?

Table 16: More Money Spent Because of LTFS

Response	Percentage
Under \$200	24.5%
\$201 - \$500	27.1%
\$501 - \$1,000	31.6%
\$1,001 - \$1,500	1.9%
\$1,501 and above	14.8%
Total	100.0%
Mean	\$961.96
Valid cases	248

- 48.3% of the respondents reported that they spent over \$500 additional dollars because of the LTFS program. The average additional expenditure was \$961.96.

17. Which refund center did you use?

Table 17: Refund Center Used

Response	Percentage
Macy's	37.7%
Louis Armstrong Int'l Airport	33.1%
Riverwalk	29.3%
Total	100.0%
Valid Cases	427

- By design, the respondents were mostly distributed evenly across the three centers.

18. Was the primary reason for going to the mall/store to get the LTFS refund?

Table 18: Primary Reason for Mall/Store Visit Was Refund

Response	Percentage
Yes	43.5%
No	56.5%
Total	100.0%
Valid cases	410

- 43.5% of the respondents reported that their primary reason for visiting the mall/store was to get the LTFS refund.

19. Did you spend money at the mall/store eating or shopping?

Table 19: Spent Money Eating or Shopping at the Mall

Response	Percentage
Yes	80.0%
No	20.0%
Total	100.0%
Valid cases	400

- Over three-quarters (80.0%) of the respondents spent money at the mall eating or shopping.

19a. If yes how much?

Table 19a: Amount Spent at the Mall/Store

Response	Percentage
Under \$100	40.3%
\$101-250	16.8%
\$251-500	18.1%
\$501-1,000	9.7%
\$1,001+	15.1%
Total	100.0%
Mean	\$534.96
Valid Cases	226

- 40.3% of the respondents spent \$100 or less at the mall/store shopping and eating. However, the mean expenditure was \$534.96.

20. *Do you work on a cruise ship?*

Table 20: Cruise Ship Employment

Response	Percentage
Yes	6.7%
No	93.3%
Total	100.0%
Valid cases	430

- 6.7% of the respondents work on a cruise ship.

21. *Gender of Respondents*

Table 21: Gender of Respondents

Response	Percentage
Male	52.8%
Female	47.2%
Total	100.0%
Valid cases	445

- There was a balanced distribution of female and male respondents.

22. *Age of Respondents*

Table 22: Age of Respondents

Response	Percentage
Younger than 25 years	6.2%
25 - 35 years old	29.3%
36 - 49 years old	37.9%
50 - 64 years old	21.0%
65 years and older	5.6%
Total	100.0%
Valid cases	459

- The highest percentage (37.9%) of the respondents was between 36 – 49 years old. Another 29.3% was between 25 - 35 years old.

Economic Impact of LTFS

Introduction

The purpose of this section of the report is to estimate the total economic impact of LTFS on the Louisiana economy. The total economic impact is based on the spending in Louisiana by those who came to the area for shopping.

Direct and Indirect Spending

The number of transactions in FY 2010-2011, according to LTFS, was 29,484. Based on this survey, 11.3% of those respondents' primary purpose to visit the state of Louisiana was to shop. Another 13.5% indicated that they extended their stay to shop and take advantage of LTFS. Finally, 43.9% were influenced to shop and spend more money on shopping because of LTFS.

To determine the total impact of those who came for the primary purpose of shopping, the percentage of the respondents (11.3%) is multiplied by the total number of FY 2010-2011 transactions. Because each transaction represents the spending of a visitor party, the number of transactions is multiplied by the average number of people per party who came for the primary purpose of shopping. Thus, the total amount of direct spending attributable to those who came for the primary purpose of shopping is obtained by multiplying the total number of people in this category times their individual expenditures (see Table 23a).

**Table 23a: Estimated Individual Trip Expenditures of International Visitors
Who Came for the Primary Purpose of Shopping**

Response	Individual Spending per Trip
Meals	\$909.93
Bars and Nightclubs	\$68.85
Entertainment	\$124.96
Shopping	\$2,269.14
In-State Transportation	\$103.89
Gambling	\$48.14
Lodging	\$1,464.15
Total	\$4,989.07

Note: Totals may not add due to rounding

The impact of those who extended their stay to shop but did not come for the primary purpose of shopping is calculated in a similar way. However, the primary spending for this group is only calculated for the days their trip in Louisiana was extended. On average their trip was extended by 2.7 days, and their total trip in Louisiana was 12.1 days. As a result their total spending for all categories was multiplied by 22% to determine their spending. Then, the total amount of direct spending attributable to those who extended their stay to shop is the result of the total number of people in this category times their individual expenditures (see Table 23b).

Table 23b: Estimated Individual Expenditures of International Visitors Who Extended Their Stay to Shop

Response	Individual Spending per Trip
Meals	\$84.73
Bars and Nightclubs	\$15.37
Entertainment	\$23.07
Shopping	\$254.17
In-State Transportation	\$39.79
Gambling	\$2.92
Lodging	\$191.81
Total	\$611.87

Note: Totals may not add due to rounding.

The final group did not come for the primary purpose of shopping and did not extend their stay to shop in Louisiana. They did, however, respond that LTFS influenced them to spend more money. In particular, this group spent an average of \$965.75 more than they had planned to spend. This group comprised 43.9% of people represented by transactions. The total amount of direct spending attributable to those who spent extra is obtained by multiplying the total number of people in this category times the average additional expenditure (see Table 23c).

Table 23c: Estimated Individual Expenditures of International Visitors Who Spent More Because of LTFS

Response	Individual Spending per Trip
Shopping	\$965.75
Total	\$965.75

To obtain total new spending for all categories, expenditures for those who spent more because of LTFS, must be added to those whose primary purpose was shopping and to those who extended their stay, to get total direct expenditures attributable to LTFS. The total direct spending of all three groups of international visitors was \$60.8 million (see Table 24).

Secondary spending, or the ripple effect, is based on the direct spending. For every new dollar of direct spending, additional dollars of secondary spending are generated in the economy. Total direct and secondary expenditures in the area economy due to these visitors are shown in Table 24.

Table 24: Total Economic Impact of LTFS

Response	Direct Visitor Expenditures	Secondary Visitor Expenditures	Total Visitor Expenditures
Meals	\$7,758,659	\$2,848,204	\$10,606,862
Bars and Nightclubs	\$676,570	\$248,369	\$924,938
Entertainment	\$1,179,788	\$452,331	\$1,632,119
Shopping	\$36,558,515	\$3,129,043	\$39,687,558
In-State Transportation	\$1,186,763	\$549,946	\$1,736,709
Gambling	\$394,919	\$116,856	\$511,775
Lodging	\$13,038,569	\$5,553,127	\$18,591,696
Total	\$60,793,782	\$12,897,875	\$73,691,657

Note: Totals may not add due to rounding.

The direct or primary spending attributed to LTFS is \$60.8 million. In addition to the primary spending, the out-of-town visitors generated \$12.9 million in secondary spending. Combining direct and secondary produces a total spending of \$73.7 million by the out-of-town visitors who came to Louisiana to shop, who extend their stay in Louisiana to shop, and who spent more because of LTFS. Therefore, the total economic impact produced by LTFS in 2011 was \$73.7 million.

State Tax Impact

When a purpose and/or an incentive such as LTFS brings people and money into the area, tax revenues are generated for the state government. That revenue is both direct and indirect. Direct revenues are those tax revenues that are paid directly by the visitors. Examples of this are the hotel taxes that visitors pay on their hotel rooms and the state sales taxes that they pay on their retail purchases, including food and drinks.

Indirect taxes are the taxes paid on the income generated by the direct and secondary spending. For example, a hotel worker who earns a wage buys groceries, clothing, etc. On that income, the recipient pays state income taxes. In addition, the taxpayer buys goods and services and pays the taxes that apply to those goods and services. The retail sales tax applies to the purchase of some of those goods and services. Other goods and services, however, are not taxable under the retail sales tax, but are taxable under various other taxes. Examples of these are the gasoline tax, the insurance premium tax, and the beer tax. These are referred to as excise taxes. The assumption used to estimate the revenue from these taxes is that the recipient of newly created income is no different from the average Louisiana consumer. Therefore the proportion of secondary income that is paid in these various taxes is equal to average values for the state as a whole.

In total, the state of Louisiana received almost \$2.7 million in tax revenue from the economic activity produced by LTFS. Table 25 provides the details that comprise this tax figure.

Table 25: State Tax Revenue Due to LTFS

	Total Revenue
Sales Taxes	\$902,518
Hotel Taxes	\$1,043,086
Gambling Taxes	\$98,730
Excise Taxes	\$292,263
Income Taxes	\$361,939
Total State Taxes	\$2,698,535

Note: Details may not add to totals due to rounding.

Economic Impact Summary of LTFS

LTFS processed approximately 29,484 transactions in FY 2010-2011. The program generated a total economic impact of \$73.7 million. This includes \$60.8 million in direct spending and \$12.9 million in secondary spending. In addition, the program generated almost \$2.7 million of state tax revenue. The loss of sales tax attributable to qualifying LTFS purchases (\$1.5 million) is more than compensated by the state taxes generated by the additional economic activity. Clearly, LTFS is a successful program for the state of Louisiana.

Appendix A

What is your home country?

Country	Percentage
Honduras	9.1%
Australia	7.5%
Netherlands	5.1%
Norway	4.7%
Venezuela	4.7%
Costa Rica	4.4%
Russia	3.8%
Ecuador	3.6%
Sweden	3.6%
Guatemala	3.2%
Japan	3.2%
Spain	3.2%
Argentina	2.8%
Denmark	2.4%
Belgium	2.0%
Nigeria	2.0%
Chile	1.6%
Colombia	1.6%
Jamaica	1.6%
Peru	1.6%
El Salvador	1.3%
Austria	1.2%
Ireland	1.2%
New Zealand	1.2%
Romania	1.2%
Singapore	1.2%
South Africa	1.2%
South Korea	1.2%
Switzerland	1.2%
Belize	0.8%
Egypt	0.8%
Hungary	0.8%
Indonesia	0.8%
Korea	0.8%
Lebanon	0.8%
Nepal	0.8%
Poland	0.8%
Portugal	0.8%
Slovakia	0.8%
Azerbaijan	0.4%
Bolivia	0.4%
Bulgaria	0.4%
Cayman Islands	0.4%
Croatia	0.4%
Curacao	0.4%
Dominican Republic	0.4%
Ethiopia	0.4%
Finland	0.4%
Greece	0.4%

Holland	0.4%
Hong Kong	0.4%
Israel	0.4%
Jordan	0.4%
Libya	0.4%
Malaysia	0.4%
Myanmar	0.4%
Nicaragua	0.4%
Panama	0.4%
Paraguay	0.4%
Republic of Korea	0.4%
Thailand	0.4%
Trinidad	0.4%
United Arab Emirates	0.4%
Vietnam	0.4%
Total	100.0%
Valid Cases	238

By what city did you enter the United States?

City	Percentage
Newark	11.5%
Memphis	11.5%
Denver	6.4%
Texas	6.4%
Hawaii	6.4%
Mexico City	6.4%
Charlotte	5.1%
Seattle	5.1%
Boston	3.8%
Tampa	3.8%
Mc Allen	2.6%
Baton Rouge	2.6%
Fort Lauderdale	2.6%
Mobile	2.6%
Orlando	2.6%
Albany	2.6%
Georgia	2.6%
Louisville	2.6%
Minneapolis	2.6%
Nashville	2.6%
Tulsa	2.6%
Charleston	1.3%
Fort Myers	1.3%
Louisiana	1.3%
Tennessee	1.3%
Total	100.0%
Valid Cases	35