

The Impact of Tourism On The Walton County Economy

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*Haas Center for Business Research and Economic Development
The University of West Florida*



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Commissioned by:

Walton County Tourism Development Commission

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Executive Summary

This report provides estimates of the local economic impact attributable to the tourism industry in Walton County. Findings of this study are that the approximately 677 thousand tourists that visit Walton County each year:

- generate approximately \$412 million in inter-industry sales and purchases locally;
- result in the creation of about 7,243 jobs that are directly or indirectly related to tourism;
- generate local incomes and wages of approximately \$135 million annually;
- generate annual County tax revenues of approximately \$25 million.

These economic impacts are the result of both visitor spending and the construction and maintenance of seasonal housing . Tourist spending for lodging, restaurants, shopping, entertainment and other goods and services injects about \$184 million in direct spending into the local economy. When the total impact of the Walton County tourism industry is considered (i.e., when taking the “multiplier effect” into account), approximately \$245.6 million in total spending is generated each year in the region. About 4,872 jobs are directly or indirectly supported by tourist spending in the regional economy along with incomes to area workforce totaling approximately \$93.5 million.

The construction and maintenance of seasonal housing generates approximately \$167 million in additional annual inter-industry sales and purchases, which includes \$42 million in incomes and supports 2,371 jobs either directly or indirectly.

Tourism related spending impacts are seen primarily in the construction, retail trade, hotel and lodging, real estate, business services, recreation services, professional services, and health services industries. Other industry sectors that see a large economic impact due to tourist related spending include wholesale trade, communications and banking.

A summary of overall estimated economic impact of the Walton County tourism industry, delineating the direct, indirect, and induced impact of visitor spending is presented in Table 1 below.

Table 1 - Summary of the Impact of Tourism on the Walton County Economy

| Estimated Visitor Spending Impact | Direct | Indirect | Induced | Total |
|-----------------------------------------------|----------------|---------------|---------------|----------------|
| Total Spending (Output) | \$ 183,909,257 | \$ 32,544,436 | \$ 29,179,615 | \$ 245,633,308 |
| Incomes Generated | \$ 73,985,044 | \$ 10,165,713 | \$ 9,369,745 | \$ 93,520,503 |
| Jobs Supported | 3,890.1 | 462.2 | 520.0 | 4,872.2 |
| | | | | |
| Estimated Visitor Related Construction Impact | | | | Total |
| Total Spending | \$127,570,040 | \$26,304,166 | \$13,234,937 | \$167,109,143 |
| Incomes Generated | \$27,670,276 | \$10,125,482 | \$4,244,930 | \$42,040,688 |
| Jobs Supported | 1,603.9 | 531.7 | 235.8 | 2,371.4 |
| | | | | |
| Estimated Total Visitor Economic Impact | | | | Total |
| Total Spending | \$311,479,297 | \$58,848,602 | \$42,414,552 | \$412,742,451 |
| Incomes Generated | \$101,655,320 | \$20,291,195 | \$13,614,675 | \$135,561,191 |
| Jobs Supported | 5,494.00 | 993.90 | 755.78 | 7,243.56 |
| Estimated County Taxes Generated | | | | \$25,756,867 |

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Introduction

Purpose and Scope

The purpose of this report is to estimate the magnitude of changes in economic activity in the local economy arising from tourism related spending in Walton County. Several measures of economic activity are estimated, including overall spending, regional income, tax revenues, and employment. The spending of tourists within the local area results in numerous inter-industry sales or purchases between local businesses selling tourism related products and services. The sum of retail sales plus business to business sales is reported as total spending (output). The income figures reported are the sum of proprietor's income and wages and salaries accruing to workers in these businesses. Employment figures are the number of jobs supported by sales of goods and services to consumers and the increased level of inter-industry transactions. The job estimates given include full time, part time and seasonal jobs.

For these economic impact calculations the region of interest is Walton County. The selection of a particular geographic region influences both the amount of spending by local businesses that is captured and the size of the multiplier effects. In these calculations, only spending that takes place within Walton County is included as stimulating the changes in economic activity, and all measures of impacts pertain to businesses and households located in the county.

Each of the measures of economic impact reflect the value generated by industry for one annual calendar year of production. In actuality, most of the local economic impact associated with local spending changes will have occurred within this one year time frame.

This report does not attempt to quantify quality of life issues, whether positive or negative, that are undoubtedly related to the real estate development, growing populations, or increased traffic that may result from the tourism industry. This report estimates only the gross impact of financial (spending) flows, ignoring ancillary non-financial costs (e.g. traffic congestion, crime, noise or pollution) and benefits (additional local shopping, restaurant or cultural activities) that are often associated with tourism.

The visitor spending data used in these calculations were generated from surveys administered at area Visitor Information Centers and analyzed by the Haas Center, and from surveys administered by The Marketing Workshop, Inc., under contract to the Beaches of South Walton. These data cover several broad areas, including basic visitor demographics, information on planning the area visit, characteristics of the area visit, as well as in-area spending patterns. For purposes of calculating economic impact, the study is particularly concerned with in-area spending patterns of overnight visitors. Daily spending for lodging, restaurant meals, shopping and entertainment, as well as other information were used to calculate total visitor spending.

A second major direct source of impact is the additional construction generated by the need to house visitors. These include single-family homes and multi-family developments, typically condominiums. The tourism spending data were added to construction spending calculations and used in a multiplier model to estimate the overall magnitude of the economic impact that the tourism industry exerts on the various sectors of the local economy. Use of a multiplier model also lets us trace the relative impact of construction and visitor spending on each industry sector. Use of these standard multiplier techniques permit the generation of estimates of total local economic impact, including spending, employment, tax revenue and incomes associated with tourism activities.

Increases in visitors to the region not only generate economic benefits, including increased tax revenues, they also increase the demand for public services, requiring increased expenditures. An increased understanding of the overall fiscal impact to the County of tourist related population increases requires consideration of both revenues and costs, therefore this study provides estimates of the increased public costs occasioned by tourists.

Significance of this Study

This report provides an excellent opportunity to re-examine the economic role that the tourism industry plays in the region and to enhance understanding of that role.

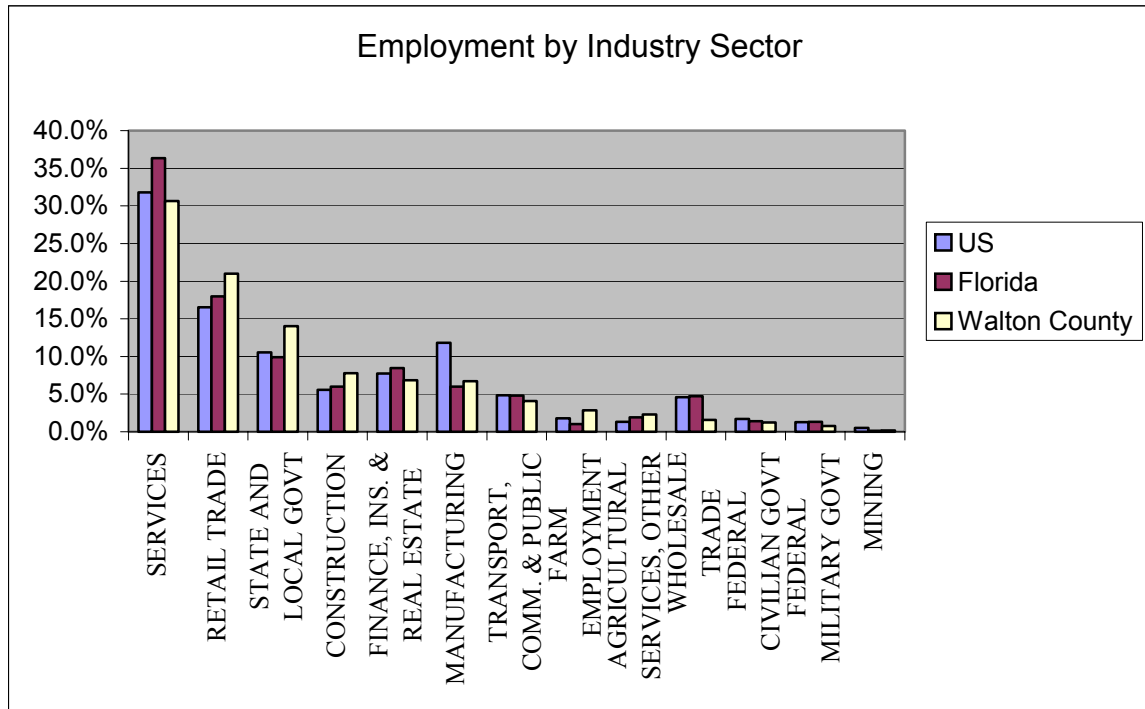
The analysis describes the magnitude of the economic impact attributable to tourism, and clarifies the impact that tourist activities have on the other industry sectors in the region.

Walton County Economy Overview

Walton County is located in the Florida panhandle, bordered on the west by Okaloosa County, and on the north by Alabama. To the east are Holmes, Washington and Bay Counties, and to the south is the Gulf of Mexico. The County is approximately 1,028 square miles in size. The climate is tropical, with the annual temperature averaging 68.4 degrees. Walton County has approximately 16,104 households with a median income of \$32,893. The County has three incorporated cities and several resort communities. DeFuniak Springs is the county seat, Paxton lies about 20 miles north on U.S. Highway 331 and Freeport is about 15 miles south on the same highway. Sandestin Beach Resort and Seaside are two of the resort communities populated by both permanent residents and seasonal visitors. The estimated 2000 population of Walton County is 40,180, with approximately 79.5% of those living in unincorporated areas. The 26 miles of beaches along the Gulf of Mexico have been ranked as some of the most beautiful in the world, and tourism related businesses are an important contributor to the area economy, especially in the southern part of Walton County. The principal industries in the northern part of the county are farming and poultry raising and processing. The dairy and beef cattle business is also an established industry. Timber and related products are important area natural resources.

A review of employment data is a good way to identify and understand Walton County's key industries. Employment data provides the number of people whose incomes depend directly on each particular industry. Employment data can also be used to help determine: 1) which industries are growing and which are declining, 2) the importance of an industry to the local economy relative to its importance nationally, and 3) how competitive regional industries are compared with their counterparts nationally. Figure 1 compares relative employment by industry sector for the United States, Florida, and Walton County. Manufacturing is a small sector in Walton by national, although not by state standards. Retail trade, state and local government and construction employment are large, reflecting a strong retail presence in South Walton County, as well as construction growth in residential and commercial construction.

Figure 1 - Employment by Industry Sector for the U.S., Florida, and Walton County



The Walton County economy is described below in terms of several standard measures of economic output. Table 2 below shows the value of output generated by Walton County’s largest industries and provides estimates of employment, employee compensation, total business taxes generated, and wages plus profits and taxes generated by each of those industry sectors. As these data show, retail trade, hotels and lodging places, construction, and state, local, and federal government are industries that employ a large percentage of the area population.

Table 2 - Walton County Employment and Output by Industry

| SIC Code | Industry | Industry Output | Employment | Employee Compensation | Total Business Tax | Wages Plus Profits and Taxes |
|--------------|--------------------------------------|-----------------|------------|-----------------------|--------------------|------------------------------|
| 5200 | Retail Trade | \$87,915,219 | 2,839 | \$36,332,368 | \$11,044,349 | \$59,819,640 |
| 7000 | Hotels and Lodging Places | \$110,275,841 | 1,821 | \$41,512,650 | \$7,194,673 | \$68,345,242 |
| | Construction | \$93,716,109 | 1,215 | \$20,887,063 | \$511,031 | \$30,205,156 |
| | State & Local Government - Education | \$38,473,743 | 1,096 | \$38,473,743 | \$0 | \$38,473,743 |
| 4311 | Federal non-military | \$18,499,040 | 833 | \$9,697,639 | \$0 | \$5,983,468 |
| | State & local non-ed government | \$31,750,488 | 797 | \$20,053,138 | \$0 | \$25,611,073 |
| 8010 to 8040 | Health services | \$35,775,478 | 688 | \$15,848,657 | \$240,761 | \$20,137,074 |

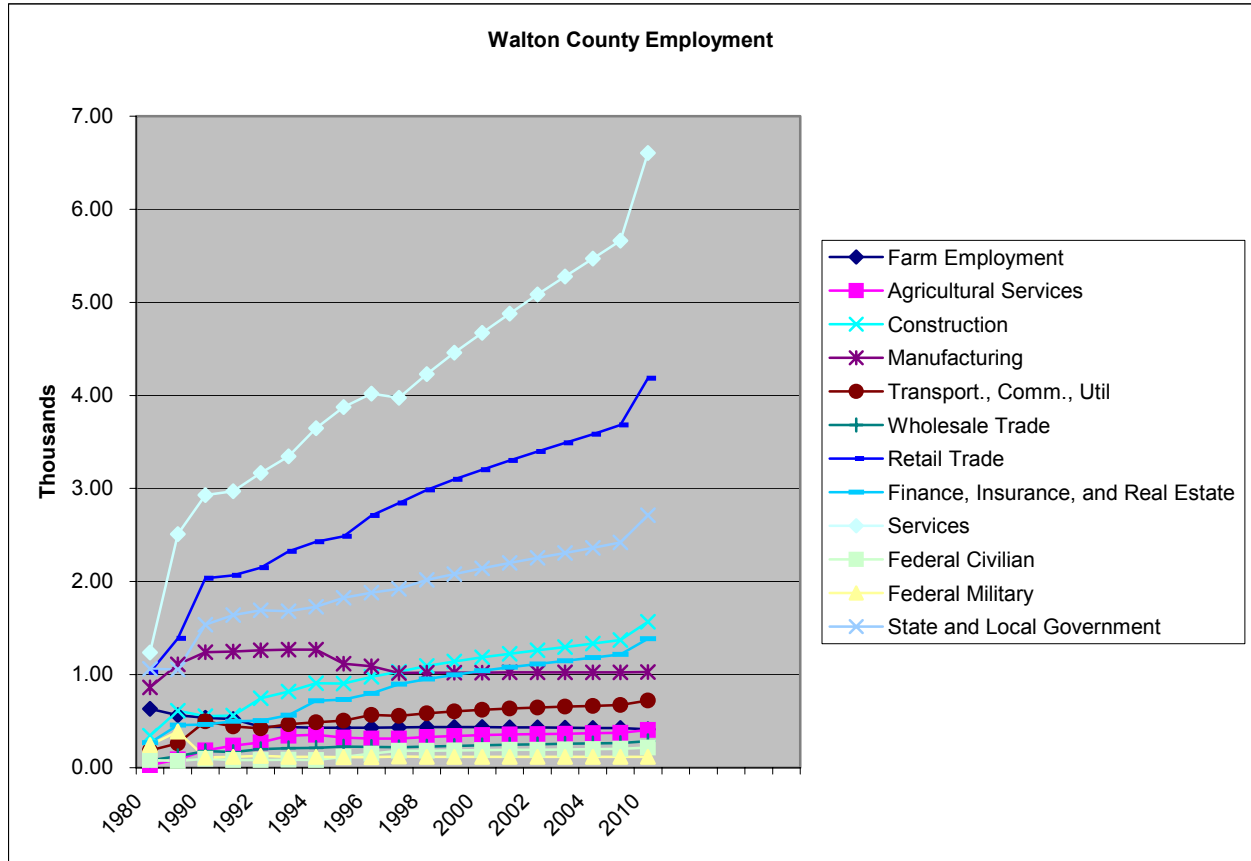
| SIC Code | Industry | Industry Output | Employment | Employee Compensation | Total Business Tax | Wages Plus Profits and Taxes |
|----------|-----------------------------------------|-----------------|------------|-----------------------|--------------------|------------------------------|
| 2011 | Food processing | \$80,350,177 | 659 | \$14,536,062 | \$516,344 | \$17,609,074 |
| | Real estate | \$137,389,112 | 589 | \$6,320,529 | \$17,098,427 | \$99,997,609 |
| 0241 | Farms | \$26,918,831 | 435 | \$4,474,491 | \$594,193 | \$13,520,174 |
| 8400 | | | | | | |
| 8650 | | | | | | |
| 8690 | | | | | | |
| 6732 | | | | | | |
| 8922 | Non-profit organizations | \$7,438,569 | 265 | \$3,299,668 | \$21,351 | \$3,414,897 |
| 0710 | | | | | | |
| 0720 | | | | | | |
| 0750 | | | | | | |
| 0760 | | | | | | |
| 0254 | | | | | | |
| 0850 | | | | | | |
| 0920 | Ag Services | \$7,023,935 | 262 | \$3,511,035 | \$180,891 | \$5,236,301 |
| 8710 | Professional services | \$12,662,186 | 261 | \$4,401,836 | \$62,956 | \$8,149,253 |
| 8330 | Social services | \$7,889,731 | 244 | \$2,904,808 | \$9,584 | \$2,937,507 |
| 4810 | | | | | | |
| 4820 | | | | | | |
| 4840 | | | | | | |
| 4890 | Communications | \$34,677,930 | 232 | \$6,687,861 | \$2,183,433 | \$20,430,818 |
| 5000 | | | | | | |
| 5100 | Wholesale Trade | \$14,022,811 | 219 | \$5,417,714 | \$2,129,175 | \$9,818,297 |
| 7310 | Business services | \$10,423,582 | 184 | \$3,135,956 | \$173,082 | \$4,836,712 |
| 4910 | Utilities | \$25,301,736 | 150 | \$5,268,579 | \$3,182,763 | \$22,052,028 |
| 2710 | Printing and publishing | \$8,547,747 | 121 | \$2,865,424 | \$78,635 | \$4,075,321 |
| 7620 | Repair services | \$8,126,449 | 120 | \$1,865,310 | \$250,987 | \$3,134,921 |
| ~ | Federal Government - Military | \$5,751,418 | 120 | \$3,476,448 | \$0 | \$5,751,674 |
| 7210 | | | | | | |
| 7250 | Personal services | \$3,670,513 | 103 | \$494,995 | \$101,119 | \$1,403,144 |
| 6000 | Banking | \$11,511,051 | 102 | \$2,851,528 | \$261,823 | \$8,440,205 |
| 8800 | Domestic Services | \$910,733 | 98 | \$910,737 | \$0 | \$910,737 |
| 3711 | Transportation equipment | \$10,050,628 | 95 | \$2,697,692 | \$54,069 | \$2,565,334 |
| 4200 | Motor Freight Transport and Warehousing | \$8,075,299 | 86 | \$1,633,649 | \$104,048 | \$2,751,396 |
| 2410 | Wood products | \$6,943,351 | 67 | \$1,823,291 | \$39,244 | \$2,544,147 |
| 7920 | Recreation services | \$2,410,104 | 62 | \$826,822 | \$49,790 | \$1,097,072 |
| 7510 | Automotive services | \$4,348,836 | 58 | \$1,072,241 | \$171,305 | \$2,122,079 |
| 2310 | | | | | | |
| 2320 | | | | | | |
| 2330 | | | | | | |
| 2340 | | | | | | |
| 2350 | | | | | | |
| 2360 | | | | | | |
| 2370 | | | | | | |
| 2380 | Apparel | \$3,258,888 | 45 | \$623,563 | \$8,215 | \$794,597 |
| 6100 | | | | | | |
| 6710 | | | | | | |
| 6720 | | | | | | |
| 6733 | | | | | | |
| 6790 | Credit Agencies | \$1,115,269 | 37 | \$732,003 | \$35,524 | \$911,808 |
| 6400 | Insurance Agents and Brokers | \$1,391,017 | 31 | \$794,399 | \$48,186 | \$1,075,794 |
| 8110 | Legal Services | \$1,062,089 | 28 | \$361,767 | \$3,447 | \$647,219 |

| SIC Code | Industry | Industry Output | Employment | Employee Compensation | Total Business Tax | Wages Plus Profits and Taxes |
|------------------------------|-------------------------------------|-----------------|------------|-----------------------|--------------------|------------------------------|
| 8210 | Education services | \$834,785 | 26 | \$251,110 | \$0 | \$267,436 |
| 3812 | Scientific instruments | \$3,080,368 | 20 | \$485,068 | \$12,370 | \$559,214 |
| 3210 3229 | | | | | | |
| 3230 | Stone, glass and clay | \$2,160,143 | 18 | \$482,256 | \$21,378 | \$617,977 |
| 6300 | Insurance Carriers | \$1,015,087 | 18 | \$296,539 | \$57,967 | \$534,543 |
| 1410 1420 | | | | | | |
| 1420 | Non-metal mining | \$1,042,327 | 17 | \$396,666 | \$36,267 | \$744,101 |
| 7800 | Motion Pictures | \$1,129,385 | 16 | \$113,228 | \$5,052 | \$184,537 |
| 4100 | Local- Interurban Passenger Transit | \$355,009 | 13 | \$132,010 | \$4,149 | \$204,199 |
| 2210 2220 2230 2261 | | | | | | |
| 2262 | Textiles | \$924,439 | 11 | \$257,431 | \$5,602 | \$322,317 |
| 1310 | Oil mining | \$1,980,226 | 10 | \$11,855 | \$77,674 | \$716,859 |
| 3911 | Miscellaneous mfg | \$757,591 | 9 | \$170,540 | \$6,208 | \$241,889 |
| 6200 | Security and Commodity Brokers | \$880,328 | 8 | \$515,133 | \$38,083 | \$571,412 |
| 0810, 0830, 0970 | | | | | | |
| 0970 | Forestry Products | \$2,232,188 | 5 | \$52,139 | \$127,918 | \$1,117,478 |
| 2610 | Pulp and paper | \$1,812,844 | 4 | \$179,203 | \$30,672 | \$633,140 |
| 4500 | Air Transportation | \$253,210 | 4 | \$55,183 | \$7,927 | \$87,456 |
| 0910 | Commercial Fishing | \$100,510 | 3 | \$11,872 | \$2,469 | \$91,400 |
| 3411 | Fabricated metal | \$240,494 | 3 | \$59,010 | \$1,956 | \$98,613 |
| 3511 | Industrial machinery | \$280,308 | 2 | \$53,349 | \$1,205 | \$56,118 |
| 4400 | Water Transportation | \$184,751 | 1 | \$30,714 | \$3,274 | \$44,676 |
| ~ | Special sectors | \$123,650 | 0 | \$0 | \$0 | \$123,667 |
| | Totals | \$877,065,555 | 14,152 | \$269,346,972 | \$46,789,574 | \$502,020,545 |

Source: IMPLAN Professional Social Accounting and Impact Analysis Software

Economic Trends in Walton County

Figure 2 - Walton County Employment, 1980-2010



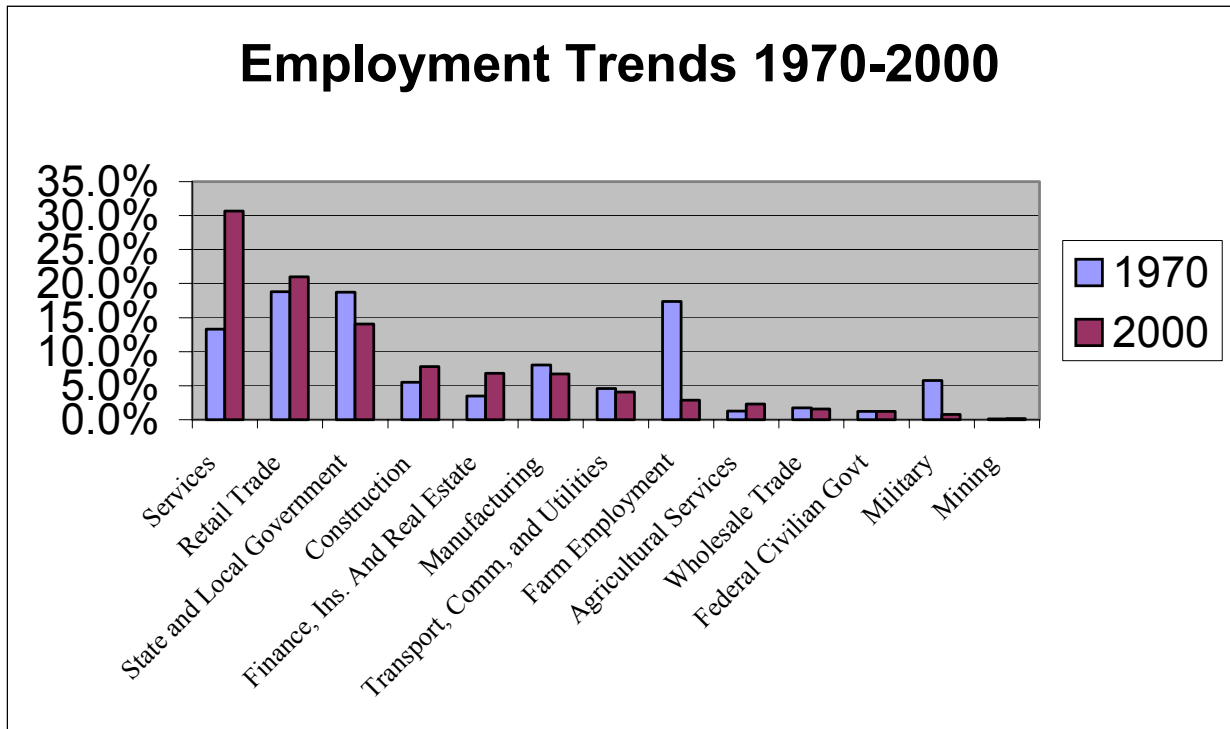
Source: Woods and Poole Econometrics, 2000

Figure 2 shows historical trends and projected future employment growth broken out by major industry sector. While sectors such as manufacturing, military, federal civilians, and transportation, communication and public utilities are projected to stay relatively stable over this period, other sectors have grown substantially, both on sheer numbers and as a share of Walton County employment (see Figure 3 below). Most notable in Figure 2 is the expansion of employment in services and retail trade. These growth trends are projected to continue over the next decade.

Figure 3 shows what this differential job growth has meant for the share of County employment for different sectors. Here, the 1970-2000 period is shown. Over the past three decades, farm employment has dropped from 17% of total employment to only 3% of employment. Even while employment in retail trade has increased over time, as has

employment in state and local government, the share of retail in total employment has grown only slightly, while the share of state and local government has shrunk. The growth in service employment, which includes restaurants and lodging places as well as a wide variety of business services, more than doubled, from 13% to 31% of total County employment over the period. In addition, construction and finance, insurance and real estate sectors grew substantially as a share of total employment.

Figure 3 - Walton County Employment Trends, 1970-2000



To facilitate an understanding of trends in the Walton County economy, industry sectors were divided into three broad employment categories: private goods producers, private service producers, and government. Employment (in thousands of jobs) is presented in Figures 4, 5, and 6 respectively. The corresponding shares of total employment for 1970 versus 2000, and percentage growth over time for each sector are given in Tables 3, 4, and 5.

The goods producing industries (Figure 4 and Table 3) include agriculture, manufacturing, mining and construction. Nationally, the goods producing share of total employment has declined steadily over the last three decades, from 32.1% of employment

in 1970 to 21.0% in 2000. The employment shrinkage has been driven by improvements in technology and the resulting increase in output per worker. Overall output, measured in terms of both farm produce, extracted minerals and manufactured goods, has increased dramatically. However, automated production methods mean that more output can be produced with fewer workers.

Walton County experienced growth in manufacturing employment during the 1970's and 1980's, but has seen declining employment during the 1990's, mirroring national trends. Walton's construction and agricultural services industries represent a larger share of the goods producing sector since 1970, while farm employment has declined during the same time period.

Figure 4 - Employment Trends in the Goods Producing Sector, 1970-2000

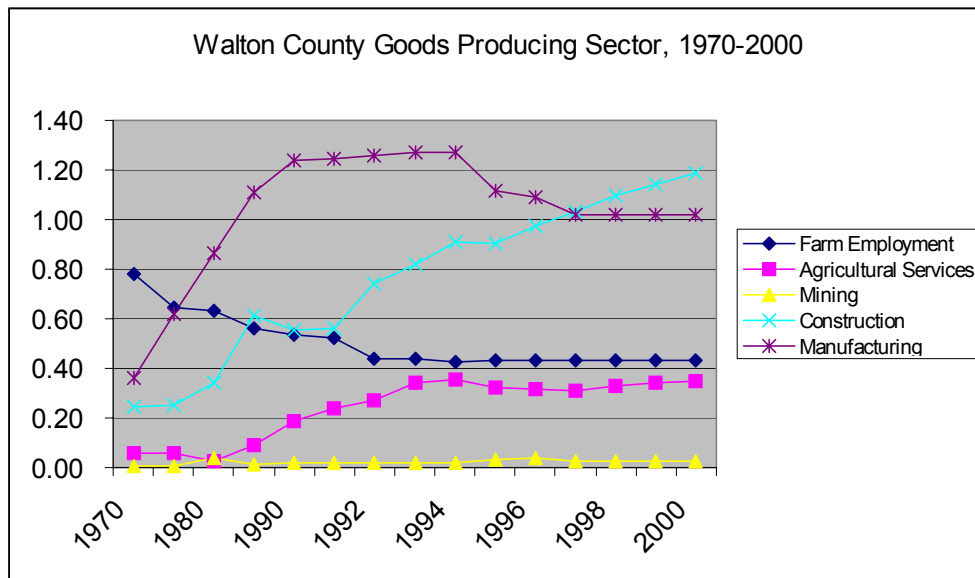


Table 3 – Walton Goods Producing Employment Growth, 1970-2000

| Goods Producing Industries | Percent of Goods Producing Workforce 1970 | Percent of Goods Producing Workforce 2000 | Growth 1970-80 | Growth 1980-85 | Growth 1985-90 | Growth 1990-95 | Growth 1995-2000 |
|----------------------------|-------------------------------------------|-------------------------------------------|----------------|----------------|----------------|----------------|------------------|
| Farm Employment | 53.7% | 14.4% | -18.8% | -10.8% | -4.6% | -19.9% | 0.9% |
| Agricultural Services | 3.9% | 11.6% | -52.6% | 229.6% | 109.0% | 73.7% | 8.0% |
| Mining | 0.3% | 0.8% | 825.0% | -59.5% | 33.3% | 75.0% | -34.3% |
| Construction | 17.0% | 39.3% | 38.9% | 78.4% | -9.3% | 62.7% | 31.5% |
| Manufacturing | 24.8% | 33.8% | 140.0% | 28.4% | 11.9% | -9.9% | -8.6% |

The service producing sector (Figure 5, Table 4) of the economy has five major components: Personal, Business, and Professional services; Retail Trade; Finance, Insurance, and Real Estate; Wholesale Trade; and Transportation & Public Utilities. Nationally, this sector of total employment has climbed steadily since the Second World War. In recent years, Services have grown from approximately 49% of total U.S. employment in 1980 to 65.6% in 2000. Overall, this sector of the national economy has added workers in 9 of the last 10 years. Walton County has seen strong growth in both personal, business and professional services and retail trade over the past two decades.

Figure 5 - Employment Trends in Service Industries, 1970-2000

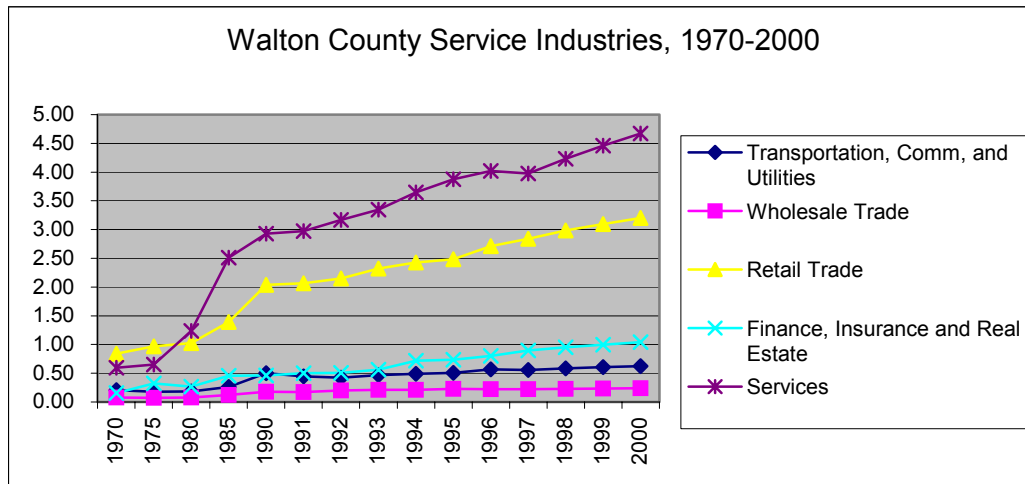


Table 4 – Walton Service Industry Employment Growth, 1970-2000

| Service Industries | Percent of Service Workforce | | Percent of Service Growth | | | Growth 1995-2000 | |
|-------------------------------------|------------------------------|-------|---------------------------|---------|---------|------------------|-------|
| | 1970 | 2000 | 1970-80 | 1980-85 | 1985-90 | | |
| Transportation, Comm, and Utilities | 11.0% | 6.4% | -10.7% | 41.8% | 91.2% | 1.0% | 23.4% |
| Wholesale Trade | 4.1% | 2.5% | 2.6% | 53.8% | 44.7% | 27.0% | 7.1% |
| Retail Trade | 44.7% | 32.7% | 21.9% | 35.6% | 46.5% | 22.1% | 28.8% |
| Finance, Insurance and Real Estate | 8.3% | 10.6% | 71.2% | 71.5% | 1.3% | 58.2% | 41.8% |
| Services | 31.6% | 47.8% | 108.2% | 102.9% | 16.7% | 32.2% | 20.7% |

State and local government accounts for approximately 87 % of government employment in Walton County, and both state and local and federal government have experienced increasing employment between 1970-2000. Military employment has declined by approximately 55% between 1970-2000.

Figure 6 - Employment Trends in Government, 1970-2000

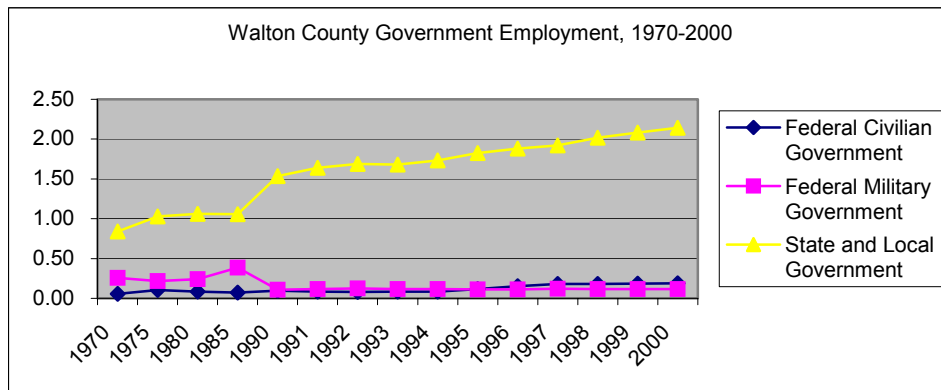


Table 5 - Walton Government Employment Growth, 1970-2000

| Sector | Percent of Government Workforce | | Percent of Government Growth | | | Growth 1995-2000 | |
|-----------------------------|---------------------------------|-------|------------------------------|---------|---------|------------------|-------|
| | 1970 | 2000 | 1970-80 | 1980-85 | 1985-90 | | |
| Federal Civilian Government | 4.8% | 7.7% | 50.9% | -14.5% | 33.8% | 24.2% | 59.3% |
| Federal Military Government | 22.4% | 4.8% | -5.8% | 59.3% | -71.8% | 4.6% | 2.6% |
| State and Local Government | 73.0% | 87.4% | 26.5% | -0.4% | 45.3% | 18.8% | 17.4% |

While the trends in employment growth by sector are clear both locally and for the nation, we also need to examine how big each sector is in Walton County relative to

national averages. This gives an indication of the likely contribution of each industry to overall County economic activity. Here we use a measure of employment density to assess the economic base. Location quotients are often used to describe a region's economic base. The location quotient is a measure of an industry's concentration in an area relative to the rest of the nation. It is simply an industry's share of local employment divided by the industry's share of national employment. If the location quotient is 1 then the industry's share of local employees is the same as the industry's share of employees nationally. A location quotient greater than 1 means the industry employs a greater share of the local workforce than is employed by that industry on a national basis. A location quotient less than 1 implies that the industry's share of local employment is smaller than its share of national employment. A location quotient between .85 and 1.15 is close enough to 1 so that it is not considered to be particularly different from the national average for that same sector.

A location quotient greater than one implies that the industry is producing more goods and services than are consumed locally. Thus, the industry must be a net exporter of the goods or services to non-local consumers, and in the process, bringing outside spending into the local area. A high location quotient is indicative of a comparative advantage for that particular business sector relative to other areas in the country. Table 2 below provides the employment location quotients for each of Walton County's industry sectors.

Table 6 - Employment Location Quotients for Walton County

| SIC Code | Industry | US Employment | Percent of US Workforce | Walton Employment | Percent of Walton Workforce | Location Quotient |
|----------|--------------------------------------|---------------|-------------------------|-------------------|-----------------------------|-------------------|
| 7000 | Hotels And Lodging Places | 1,946,048 | 1.2% | 1,821 | 12.9% | 10.4 |
| 2011 | Food Processing | 1,718,145 | 1.1% | 659 | 4.7% | 4.3 |
| 4311 | Federal Non-Military | 3,770,285 | 2.4% | 833 | 5.9% | 2.5 |
| 4910 | Utilities | 718,367 | 0.5% | 150 | 1.1% | 2.3 |
| | Real Estate | 3,361,929 | 2.1% | 589 | 4.2% | 1.9 |
| | Ag Services | 1,514,780 | 1.0% | 262 | 1.9% | 1.9 |
| 7620 | Repair Services | 711,643 | 0.5% | 120 | 0.9% | 1.9 |
| | Communications | 1,412,938 | 0.9% | 232 | 1.6% | 1.8 |
| | Non-Metal Mining | 113,978 | 0.1% | 17 | 0.1% | 1.7 |
| 241 | Farms | 2,955,929 | 1.9% | 435 | 3.1% | 1.6 |
| | Forestry Products | 34,321 | 0.0% | 5 | 0.0% | 1.5 |
| | State & Local Government - Education | 8,536,000 | 5.4% | 1,096 | 7.7% | 1.4 |

| | | | | | | |
|------|-----------------------------------------|-------------|--------|--------|--------|-----|
| | Construction | 9,996,363 | 6.4% | 1,215 | 8.6% | 1.3 |
| 5200 | Retail Trade | 26,325,392 | 16.8% | 2,839 | 20.1% | 1.2 |
| | Non-Profit Organizations | 2,600,650 | 1.7% | 265 | 1.9% | 1.1 |
| | State & Local Non-Ed Government | 7,884,793 | 5.0% | 797 | 5.6% | 1.1 |
| 8330 | Social Services | 2,614,133 | 1.7% | 244 | 1.7% | 1.0 |
| 8800 | Domestic Services | 1,233,000 | 0.8% | 98 | 0.7% | 0.9 |
| 2410 | Wood Products | 935,817 | 0.6% | 67 | 0.5% | 0.8 |
| 2710 | Printing And Publishing | 1,736,381 | 1.1% | 121 | 0.9% | 0.8 |
| | Health Services | 11,291,139 | 7.2% | 688 | 4.9% | 0.7 |
| | Federal Government - Military | 2,165,000 | 1.4% | 120 | 0.8% | 0.6 |
| | Apparel | 871,935 | 0.6% | 45 | 0.3% | 0.6 |
| 3711 | Transportation Equipment | 1,848,989 | 1.2% | 95 | 0.7% | 0.6 |
| 6000 | Banking | 2,056,174 | 1.3% | 102 | 0.7% | 0.6 |
| 8710 | Professional Services | 5,621,687 | 3.6% | 261 | 1.8% | 0.5 |
| 910 | Commercial Fishing | 68,455 | 0.0% | 3 | 0.0% | 0.5 |
| 4200 | Motor Freight Transport And Warehousing | 2,250,266 | 1.4% | 86 | 0.6% | 0.4 |
| | Personal Services | 2,901,079 | 1.8% | 103 | 0.7% | 0.4 |
| 7510 | Automotive Services | 1,709,415 | 1.1% | 58 | 0.4% | 0.4 |
| | Stone, Glass And Clay | 587,990 | 0.4% | 18 | 0.1% | 0.3 |
| | Wholesale Trade | 7,168,188 | 4.6% | 219 | 1.5% | 0.3 |
| 7920 | Recreation Services | 2,508,898 | 1.6% | 62 | 0.4% | 0.3 |
| 4100 | Local- Interurban Passenger Transit | 537,886 | 0.3% | 13 | 0.1% | 0.3 |
| 7800 | Motion Pictures | 675,632 | 0.4% | 16 | 0.1% | 0.3 |
| 3812 | Scientific Instruments | 864,951 | 0.6% | 20 | 0.1% | 0.3 |
| 6400 | Insurance Agents And Brokers | 1,369,778 | 0.9% | 31 | 0.2% | 0.3 |
| | Credit Agencies | 1,879,390 | 1.2% | 37 | 0.3% | 0.2 |
| 3911 | Miscellaneous Mfg | 484,250 | 0.3% | 9 | 0.1% | 0.2 |
| 1310 | Oil Mining | 517,512 | 0.3% | 10 | 0.1% | 0.2 |
| 8110 | Legal Services | 1,484,657 | 0.9% | 28 | 0.2% | 0.2 |
| | Textiles | 619,953 | 0.4% | 11 | 0.1% | 0.2 |
| 7310 | Business Services | 10,580,308 | 6.7% | 184 | 1.3% | 0.2 |
| 6300 | Insurance Carriers | 1,522,086 | 1.0% | 18 | 0.1% | 0.1 |
| 6200 | Security And Commodity Brokers | 745,053 | 0.5% | 8 | 0.1% | 0.1 |
| 8210 | Education Services | 2,754,412 | 1.8% | 26 | 0.2% | 0.1 |
| 2610 | Pulp And Paper | 689,361 | 0.4% | 4 | 0.0% | 0.1 |
| 4400 | Water Transportation | 192,606 | 0.1% | 1 | 0.0% | 0.1 |
| 4500 | Air Transportation | 1,118,220 | 0.7% | 4 | 0.0% | 0.0 |
| 3411 | Fabricated Metal | 1,509,560 | 1.0% | 3 | 0.0% | 0.0 |
| 3511 | Industrial Machinery | 2,217,474 | 1.4% | 2 | 0.0% | 0.0 |
| | Total | 157,163,344 | 100.0% | 14,152 | 100.0% | 1.0 |

It is clear from these location quotients that the visitor industry and the services that support it (hotels and lodging places, restaurants, utilities, real estate, construction retail trade and other services) far exceed national average employment in those sectors.

Manufacturing and manufacturing support services rank relatively low compared to national figures, as do many other business related services.

The next section examines the economic impact of the tourism sector more closely and provides calculations of those impacts.

Tourism Impacts Measured

Estimation of the economic impact of tourism on Walton County requires the identification of those activities that would not have occurred in the region had it not been for the existence of the tourism industry. Activities that would be significantly reduced if the tourism industry had never developed in Walton County include:

1. Spending by visitors on lodging, restaurants, groceries, entertainment, transportation, shopping, and other purchases.
2. Construction of lodging and entertainment facilities to accommodate visitors.
3. Additional economic activity stimulated by visitor spending and construction spending described in items (1) and (2). This is the “multiplier effect.”

There are several types of data that are needed to determine the impact of visitor spending. First, an estimate of the number of visitors to Walton County along with the volume of their spending in the region is needed. Visitor counts were obtained by analyzing fiscal year 2000 bed tax data for visitors to South Walton collected by Walton County. Lodging expenditures per day for various types of Walton County accommodations were derived from surveys administered by the Marketing Workshop, Inc., under contract to the Beaches of South Walton. Spending patterns on non-lodging items (e.g. restaurants, entertainment) were taken to be typical of other Northwest Florida areas. These data are reported in Table 7. Annual spending (column 3 of Table 7) was generated by taking per-party spending figures for each category and multiplying this by the number of visiting parties.

The Regional Purchase Coefficient (RPC) represents the proportion of local demand purchased from local producers. For example, an RPC of 0.25 for a given commodity means that for each \$1 of local demand, 25% will be purchased from local producers. RPC's are based on the characteristics of the region and describe the actual trade flows for the region mathematically. The greater the RPC, the greater the level of local economic activity that is occurring, and the larger the economic multiplier will be. The RPC's used in this study indicate the percentage of tourist spending that occurs within

Walton County. Spending that occurs outside Walton County is not included in the reported economic impacts. Table 7 lists tourist spending per category and provides the regional purchase coefficients that were applied to that spending in this study.

Construction spending data were obtained from the Florida Department of Revenue and Florida Statistical Abstracts, and residential occupancy data were obtained from the Florida Department of Revenue.

Table 7 - Tourist Spending Patterns

| Tourist Spending Patterns – Spending Per Day Per Party | | | |
|--------------------------------------------------------|-------------|-------------------|-------|
| Spending Category | Daily Total | Annual Spending | RPC |
| Lodging Per Day | \$ 158.00 | \$ 149,730,122.00 | 79.9% |
| Grocery Per Day | \$ 27.14 | \$ 25,718,541.80 | 94.1% |
| Restaurant Per Day | \$ 42.43 | \$ 40,210,399.45 | 90.0% |
| Entertainment Per Day | \$ 29.73 | \$ 28,178,023.13 | 14.2% |
| Shopping Per Day | \$ 34.94 | \$ 33,107,587.00 | 93.3% |
| “All Other” Per Day | \$ 31.77 | \$ 30,107,443.83 | 64.0% |
| Total Spending Per Day | \$ 324.01 | \$ 307,052,117.21 | |

The Tourism Development tax, commonly referred to as the bed tax, is collected on all accommodations that are rented for periods of less than six months. Bed tax revenue flows are one of the primary indicators of tourism activity. Whether or not to collect bed taxes and at what rate is a decision that each county makes for itself. The revenues are used to fund tourist related projects. Of the 67 counties in Florida, 42 collect bed taxes. The Haas Center tracks bed tax data for Northwest Florida counties, all of which contain popular tourism destinations. Bed tax revenues remitted for the 12 month period October 1999 thru September 2000 (shown in Table 8) are used in this analysis to estimate the number of visitors to Walton County.

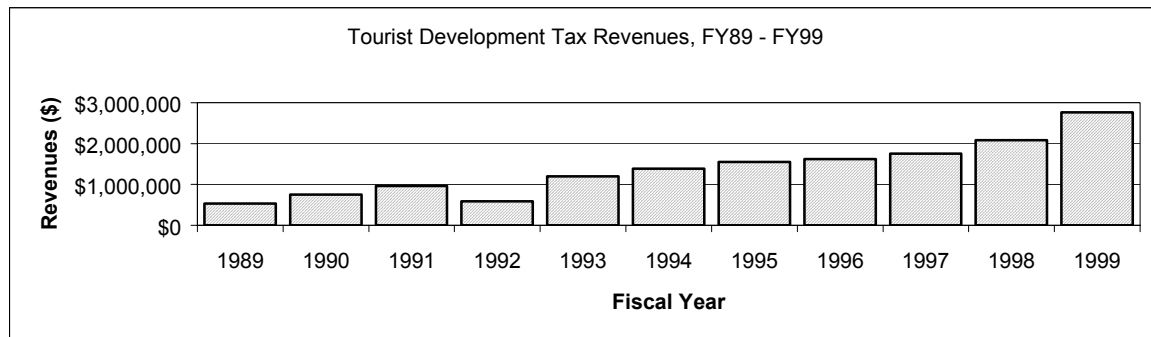
Table 8 - Walton County Bed Tax Revenues

| Walton County Bed Tax Revenues | | |
|--------------------------------|------------------|----------------------------|
| Month | Bed Tax Revenues | Percent of Annual Revenues |
| Oct-99 | \$ 191,678 | 4.3% |
| Nov-99 | \$101,364 | 2.3% |
| Dec-99 | \$75,145 | 1.7% |
| Jan-00 | \$117,926 | 2.6% |
| Feb-00 | \$150,904 | 3.4% |
| Mar-00 | \$329,270 | 7.3% |
| Apr-00 | \$423,433 | 9.4% |

| Walton County Bed Tax Revenues | | |
|--------------------------------|------------------|----------------------------|
| Month | Bed Tax Revenues | Percent of Annual Revenues |
| May-00 | \$437,419 | 9.7% |
| Jun-00 | \$855,613 | 19.0% |
| Jul-00 | \$964,990 | 21.5% |
| Aug-00 | \$541,350 | 12.1% |
| Sep-00 | \$302,807 | 6.7% |
| FY 2000 Total | \$4,491,902 | 100.0% |

Figure 7 shows that bed tax revenues have increased steadily over the past decade in Walton County. Additionally, bed tax revenues grew by 419% over the past ten years, representing an average annual growth rate of 34.9%. Overall bed tax revenue growth for the state of Florida over this period was 892%. Walton County bed tax revenues have thus grown about half as fast as those for the state as a whole.

Figure 7 – Walton County Bed Tax Revenue Growth FY89-FY99



Understanding Economic Multipliers

There are several key concepts that must be used to get a correct estimate of the total economic impact arising from tourism spending. One of these is the regional purchase coefficients mentioned above. The RPC indicates what share of total visitor spending is done within the county, for each of the spending categories. Another key concept of impact analysis is the price margin that separates wholesale from retail prices. Since this analysis involves retail prices in some spending categories and wholesale prices in others, the total spending (final demand) values needed to be subdivided into either retail or wholesale prices. Wholesale prices are those paid in business to business transactions, retail prices are those paid at the consumer level. Margins represent the

difference between producer and purchaser prices. Margining assigns direct expenditures to the correct industry sector multipliers by splitting a purchaser price into the appropriate producer values. In this study the dollar value of impacts resulting from purchase by retail consumers are split appropriately so as to capture the portion going to the retailer, to the wholesaler, to transportation providers, and to the manufacturer.

Economic impact analysis relates particular economic activities to economic measures such as spending, employment, labor income and tax revenue. Economic activities such as tourism generate spending in our local area, and cause jobs to be created that pay income to area residents and generate tax revenue that flows to government. However, quantifying these effects can be difficult, and the calculated economic impact should be considered an estimate based the best information available at the time.

Conceptually, the total economic impact of an event can be separated into three different types of effects. First is the direct effect of spending; which is the impact of new spending on first tier suppliers. Thus, ten dollars spent by a visitor at a local restaurant counts as a direct effect of ten dollars. This direct spending has the advantage that it can be counted relatively easily, but it does not capture the “multiplier effect” of the additional economic activity set in motion by the purchase of the meal.

To the direct effect must be added the indirect effect of spending. In order to produce the ten-dollar meal, the restaurant must purchase certain inputs from other businesses. To the extent that these inputs are local, these purchases represent additional local spending. For example, the restaurant may purchase two dollars worth of food inputs from the local produce market for every ten-dollar meal sold. The produce market may have paid a local farmer one dollar for the goods that are then sold to the restaurant, and the farmer may have paid 10 cents for local inputs into the farm. The indirect effect measures the cumulative local purchases from other businesses that are generated from the ten dollars spent on the meal. Because much of this spending goes either immediately or eventually to businesses outside of Walton County, the indirect effect tends to be smaller than the direct effect. A reasonable estimate of the indirect effect of a ten-dollar meal might be five dollars.

To the direct and indirect effects must be added the induced effect, which measures the additional spending that occurs across the economy because of the income

paid by all of the businesses involved, directly or indirectly, in producing the meal. There is a flow of wages received by the waiters, cooks, produce store clerks, and others who play a part in putting that meal in front of the visitor. These people receive most of those wages as take-home pay, and they spend most of that take-home pay and save some. To the extent that their spending generates jobs in the local economy, there is additional economic impact attributable to the meal. However, much of that pay may go to a mortgage or car payment that leaves the local economy. In fact, most of the grocery store spending will leave the local economy to pay for food produced elsewhere in the country. But the part that pays the local banker administering the car loan, or the clerk at the local store, or other local employees, represents a local economic impact of that ten-dollar meal. A reasonable value for the induced effect might be three dollars.

Thus, the total local economic impact of the ten dollar meal would be eighteen dollars, representing the initial purchase (the direct effect), plus the local purchases made from other businesses in producing the meal (the indirect effect), plus the local purchases resulting from the spending by households who received wage income while producing the meal (the induced effect). Here, “the multiplier” is said to be 1.8, meaning that every dollar spent on that category (restaurant meals) has a total impact of \$1.80 on the local economy, once the direct, indirect and induced effects are accounted for.

The multiplier effect can also be seen in the number of jobs created by visitor spending. The number of jobs created includes those employees working directly in businesses that serve visitors, people working for companies that support operations of these businesses, and those who become employed as a result of the wage base associated with the tourism industry locally.

In order to say that the multiplier is 1.8 (versus some other number like 1.2 or 3.7), the U.S. Department of Commerce, Bureau of Economic Analysis, uses actual historical data, specific to each county in the country, to describe how goods and services are produced in each county. These tables show the amount of inputs from other industries used to produce a dollar’s worth of output in a particular industry. A number of commercial firms have elaborated on these basic input-output tables and used them to produce software that models these economic relationships. These are called economic impact models, or Input-Output models. The Haas Center owns several of these models

and uses IMPLAN, which is the most widely used model, in most economic impact studies.

Economic Impact of Visitor Spending

Walton County is primarily a driving destination, drawing visitors from across the South and Southeast during the peak summer season, and from northern states during the winter months. On average, Walton County visitors spend about 20% more per party per day than do typical driving visitors to the state of Florida. The party size of visitors to Walton county tends to be larger than for the average visiting party to the state. Walton County visitors are also more likely to stay in a condo or a house than in a hotel/motel or other lodging. They also tend to stay for a longer period of time than average for Florida visitors. On average, they have a higher family income and are slightly older than typical Florida visitors.

Bed tax revenues and average room rates were used to impute the number of visitors staying overnight in Walton County. Basic findings are that approximately 947,659 lodging nights were sold in Walton County in 2000. According to surveys administered by The Marketing Workshop, Inc. under contract to the Beaches of South Walton, an average of five persons were in each visiting party, they stayed an average of seven days, and spent approximately \$324 per day per party. This calculates to approximately 676,899 visitors to Walton County in 2000.

The spending of these overnight visitors to Walton County in 2000 for lodging, restaurants, shopping, entertainment and other goods and services injected about \$184 million in direct spending that stayed in the local economy. When the total impact of the Walton County tourist spending is considered (i.e., when taking the “multiplier effect” into account), approximately \$246 million in total spending is generated each year in the region. About 4,872 jobs are directly or indirectly supported by tourist spending in the regional economy along with incomes to area workforce totaling approximately \$93 million.

Tourism related spending impacts are seen primarily in the hotel and lodging, retail trade, recreation services, real estate, business services, transportation services and professional services industry sectors. Other industry sectors that see a large economic impact due to tourist related spending include health services, construction, communications and banking (see Table 9 below).

Table 9 - Economic Impact of Tourist Spending

| SIC | Industry | Direct | Indirect | Induced | Total Output | Incomes | Jobs |
|------|-------------------------------------------|------------------|----------------|----------------|------------------|-----------------|------|
| 7000 | Hotels and Lodging Places | \$119,616,784.00 | \$1,101,408.00 | \$488,577.19 | \$121,206,768.00 | \$49,008,196.00 | 2002 |
| 5800 | Eating & Drinking | \$36,196,824.00 | \$599,836.00 | \$2,786,978.25 | \$39,583,640.00 | \$14,195,606.00 | 1130 |
| 5300 | General Merchandise Stores | \$14,033,648.00 | \$77,511.00 | \$985,192.25 | \$15,096,351.00 | \$6,672,521.50 | 481 |
| 6500 | Real Estate | \$0.00 | \$6,980,106.50 | \$2,497,581.25 | \$9,477,688.00 | \$982,597.38 | 53 |
| 5400 | Food Stores | \$6,438,369.00 | \$98,506.00 | \$1,243,712.88 | \$7,780,588.00 | \$4,288,694.00 | 340 |
| | Other Business Services | \$2,956,232.75 | \$1,774,608.25 | \$190,547.59 | \$4,921,388.50 | \$1,764,871.75 | 60 |
| | Amusement and Recreation Services- N.E.C. | \$3,992,524.00 | \$32.50 | \$24,076.32 | \$4,016,632.75 | \$1,525,318.50 | 100 |
| | Owner-occupied Dwellings | \$0.00 | \$0.00 | \$4,012,870.00 | \$4,012,870.00 | \$0.00 | 0 |
| 4910 | Electric Services | \$0.00 | \$2,726,342.50 | \$1,269,847.25 | \$3,996,189.75 | \$829,546.94 | 16 |
| | Maintenance and Repair Other Facilities | \$0.00 | \$2,914,262.75 | \$336,337.63 | \$3,250,600.50 | \$1,610,766.38 | 64 |
| | Communications- Except Radio and TV | \$0.00 | \$1,865,252.38 | \$1,017,115.00 | \$2,882,367.50 | \$712,694.31 | 19 |
| 6000 | Banking | \$0.00 | \$1,517,005.75 | \$926,970.56 | \$2,443,976.25 | \$608,408.69 | 22 |
| 2710 | Newspapers | \$0.00 | \$1,858,875.38 | \$240,581.48 | \$2,099,456.75 | \$796,354.50 | 33 |
| | Wholesale Trade | \$0.00 | \$1,030,556.63 | \$887,503.06 | \$1,918,059.75 | \$780,759.13 | 30 |
| 5500 | Automotive Dealers & Service Stations | \$601,696.19 | \$18,502.94 | \$883,600.94 | \$1,503,800.00 | \$736,703.63 | 42 |
| 4200 | Motor Freight Transport and Warehousing | \$0.00 | \$1,008,987.25 | \$365,747.41 | \$1,374,734.63 | \$357,659.63 | 15 |
| | Accounting- Auditing and Bookkeeping | \$0.00 | \$1,114,529.63 | \$201,227.91 | \$1,315,757.50 | \$1,035,081.19 | 34 |
| | Other State and Local Govt Enterprises | \$73,178.98 | \$538,692.44 | \$582,621.13 | \$1,194,492.50 | \$260,810.28 | 9 |
| 8060 | Hospitals | \$0.00 | \$6,742.57 | \$1,186,950.50 | \$1,193,693.13 | \$693,644.81 | 21 |
| 5900 | Miscellaneous Retail | \$0.00 | \$80,252.09 | \$1,034,872.38 | \$1,115,124.50 | \$579,724.25 | 43 |
| 4830 | Radio and TV Broadcasting | \$0.00 | \$948,535.94 | \$125,490.86 | \$1,074,026.75 | \$357,601.63 | 7 |
| 2015 | Poultry Processing | \$0.00 | \$569,698.44 | \$384,596.59 | \$954,295.00 | \$176,127.72 | 8 |
| | Other Medical and Health Services | \$0.00 | \$558.11 | \$922,414.06 | \$922,972.19 | \$397,846.66 | 18 |
| | Doctors and Dentists | \$0.00 | \$0.00 | \$882,459.00 | \$882,459.00 | \$447,649.06 | 12 |
| 4311 | U.S. Postal Service | \$0.00 | \$684,349.00 | \$172,144.52 | \$856,493.50 | \$224,299.05 | 52 |
| | Automobile Repair and Services | \$0.00 | \$228,016.56 | \$443,313.91 | \$671,330.50 | \$189,251.17 | 9 |
| | Maintenance and Repair- Residential | \$0.00 | \$275,505.53 | \$384,488.34 | \$659,993.88 | \$208,162.44 | 9 |
| 5600 | Apparel & Accessory Stores | \$0.00 | \$42,164.43 | \$538,312.44 | \$580,476.88 | \$226,907.31 | 14 |
| 780 | Landscape and Horticultural Services | \$0.00 | \$465,426.53 | \$73,617.94 | \$539,044.50 | \$314,910.88 | 20 |
| 7340 | Services To Buildings | \$0.00 | \$477,232.41 | \$49,179.96 | \$526,412.38 | \$226,342.03 | 21 |
| 5200 | Building Materials & Gardening | \$0.00 | \$36,284.19 | \$457,783.94 | \$494,068.13 | \$266,823.16 | 16 |
| | Credit Agencies | \$0.00 | \$352,139.81 | \$74,755.83 | \$426,895.63 | \$317,527.13 | 14 |
| | Water Supply and Sewerage Systems | \$0.00 | \$221,291.73 | \$183,320.25 | \$404,612.00 | \$156,119.36 | 5 |
| 7350 | Equipment Rental and Leasing | \$0.00 | \$291,423.63 | \$71,699.49 | \$363,123.13 | \$93,092.45 | 5 |

| SIC | Industry | Direct | Indirect | Induced | Total Output | Incomes | Jobs |
|------|----------------------------------------|--------|--------------|--------------|--------------|--------------|------|
| | Social Services- N.E.C. | \$0.00 | \$0.00 | \$331,369.84 | \$331,369.84 | \$151,254.95 | 8 |
| 8050 | Nursing and Protective Care | \$0.00 | \$0.00 | \$331,069.84 | \$331,069.84 | \$196,914.27 | 9 |
| 8710 | Engineering- Architectural Services | \$0.00 | \$242,698.42 | \$74,323.55 | \$317,021.97 | \$119,895.99 | 5 |
| 7290 | Miscellaneous Personal Services | \$0.00 | \$2,565.87 | \$292,347.91 | \$294,913.78 | \$56,584.19 | 6 |
| | Laundry- Cleaning and Shoe Repair | \$0.00 | \$224,424.53 | \$61,736.29 | \$286,160.81 | \$152,575.73 | 17 |
| 8740 | Management and Consulting Services | \$0.00 | \$228,869.91 | \$16,629.07 | \$245,498.98 | \$132,846.36 | 2 |
| 7620 | Electrical Repair Service | \$0.00 | \$151,375.77 | \$82,571.66 | \$233,947.42 | \$71,721.68 | 3 |
| | Business Associations | \$0.00 | \$174,109.17 | \$51,701.03 | \$225,810.20 | \$94,511.22 | 7 |
| 5700 | Furniture & Home Furnishings Stores | \$0.00 | \$15,504.52 | \$195,688.38 | \$211,192.89 | \$97,700.55 | 6 |
| 7800 | Motion Pictures | \$0.00 | \$115,508.32 | \$88,086.93 | \$203,595.25 | \$27,715.64 | 3 |
| | Other Nonprofit Organizations | \$0.00 | \$20,930.35 | \$180,646.22 | \$201,576.58 | \$71,543.49 | 4 |
| 7997 | Membership Sports and Recreation Clubs | \$0.00 | \$56,166.94 | \$140,308.44 | \$196,475.38 | \$83,317.87 | 5 |
| 7310 | Advertising | \$0.00 | \$175,013.06 | \$20,084.84 | \$195,097.91 | \$80,573.41 | 3 |
| 8110 | Legal Services | \$0.00 | \$96,358.20 | \$82,285.13 | \$178,643.34 | \$104,062.13 | 5 |
| | Poultry and Eggs | \$0.00 | \$100,953.95 | \$69,245.45 | \$170,199.39 | \$38,113.65 | 1 |
| | Vegetables | \$0.00 | \$99,179.71 | \$68,241.39 | \$167,421.09 | \$92,602.63 | 2 |
| | Labor and Civic Organizations | \$0.00 | \$4,069.69 | \$156,178.17 | \$160,247.86 | \$108,433.08 | 11 |
| | Sanitary Services and Steam Supply | \$0.00 | \$141,713.06 | \$14,823.10 | \$156,536.17 | \$79,306.34 | 4 |
| 7370 | Computer and Data Processing Services | \$0.00 | \$127,301.82 | \$21,358.50 | \$148,660.31 | \$81,955.65 | 2 |
| 8330 | Job Trainings & Related Services | \$0.00 | \$63,872.81 | \$84,315.84 | \$148,188.66 | \$44,643.15 | 5 |
| 6300 | Insurance Carriers | \$0.00 | \$24,670.38 | \$117,076.24 | \$141,746.63 | \$41,408.75 | 3 |
| | Bread- Cake- and Related Products | \$0.00 | \$82,520.61 | \$39,925.59 | \$122,446.20 | \$31,778.51 | 1 |
| 3993 | Signs and Advertising Displays | \$0.00 | \$106,656.52 | \$12,443.89 | \$119,100.40 | \$28,366.97 | 1 |
| 8210 | Elementary and Secondary Schools | \$0.00 | \$0.00 | \$115,606.12 | \$115,606.12 | \$37,036.22 | 4 |
| 6200 | Security and Commodity Brokers | \$0.00 | \$35,798.01 | \$76,897.59 | \$112,695.61 | \$69,131.14 | 1 |
| 8800 | Domestic Services | \$0.00 | \$0.00 | \$109,939.43 | \$109,939.43 | \$109,939.95 | 12 |
| 2052 | Cookies and Crackers | \$0.00 | \$57,704.07 | \$39,438.84 | \$97,142.91 | \$17,646.26 | 1 |
| 7690 | Miscellaneous Repair Shops | \$0.00 | \$78,975.34 | \$16,947.58 | \$95,922.91 | \$30,350.81 | 2 |
| 3842 | Surgical Appliances and Supplies | \$0.00 | \$8,045.77 | \$66,473.98 | \$74,519.74 | \$11,886.61 | 0 |
| 2431 | Millwork | \$0.00 | \$41,700.04 | \$13,735.93 | \$55,435.97 | \$19,786.77 | 1 |
| 9360 | Residential Care | \$0.00 | \$0.00 | \$49,994.16 | \$49,994.16 | \$27,780.81 | 3 |
| 7360 | Personnel Supply Services | \$0.00 | \$40,917.26 | \$3,416.42 | \$44,333.68 | \$41,465.12 | 3 |
| 4100 | Local- Interurban Passenger Transit | \$0.00 | \$9,296.33 | \$29,895.85 | \$39,192.18 | \$19,491.20 | 1 |
| 910 | Commercial Fishing | \$0.00 | \$32,100.03 | \$3,154.91 | \$35,254.94 | \$13,027.59 | 1 |
| 6400 | Insurance Agents and Brokers | \$0.00 | \$6,134.23 | \$29,110.72 | \$35,244.95 | \$24,181.32 | 1 |
| 4500 | Air Transportation | \$0.00 | \$18,898.32 | \$15,348.10 | \$34,246.42 | \$8,381.98 | 1 |
| 2731 | Book Publishing | \$0.00 | \$7,223.51 | \$22,572.90 | \$29,796.41 | \$4,935.52 | 0 |
| | Miscellaneous Livestock | \$0.00 | \$2,781.36 | \$19,083.90 | \$21,865.26 | \$9,018.25 | 1 |
| 2439 | Structural Wood Members- N.E.C | \$0.00 | \$13,841.51 | \$5,803.52 | \$19,645.02 | \$5,079.83 | 0 |
| 8350 | Child Day Care Services | \$0.00 | \$0.00 | \$19,556.62 | \$19,556.62 | \$5,076.93 | 1 |
| 4400 | Water Transportation | \$0.00 | \$7,563.88 | \$11,532.84 | \$19,096.72 | \$3,174.78 | 0 |
| | Apparel Made From Purchased Materials | \$0.00 | \$3,159.77 | \$14,677.05 | \$17,836.81 | \$3,514.70 | 0 |

| SIC | Industry | Direct | Indirect | Induced | Total Output | Incomes | Jobs |
|------|--------------------------------------------|-------------------------|------------------------|------------------------|-------------------------|------------------------|-------------|
| | Fruits | \$0.00 | \$642.08 | \$11,344.65 | \$11,986.73 | \$6,931.49 | 0 |
| 241 | Dairy Farm Products | \$0.00 | \$4,035.79 | \$7,588.61 | \$11,624.40 | \$6,009.96 | 0 |
| | Watch- Clock- Jewelry and Furniture Repair | \$0.00 | \$1,988.91 | \$8,407.33 | \$10,396.24 | \$2,332.83 | 0 |
| | Ranch Fed Cattle | \$0.00 | \$3,320.73 | \$5,276.42 | \$8,597.16 | \$2,575.06 | 0 |
| 1320 | Natural Gas Liquids | \$0.00 | \$2,833.30 | \$3,348.75 | \$6,182.04 | \$89.55 | 0 |
| 116 | Oil Bearing Crops | \$0.00 | \$359.10 | \$3,522.43 | \$3,881.53 | \$1,479.29 | 0 |
| | Local Government Passenger Transit | \$0.00 | \$713.88 | \$2,362.74 | \$3,076.62 | \$2,845.49 | 0 |
| | Tree Nuts | \$0.00 | \$109.56 | \$2,807.85 | \$2,917.41 | \$1,770.11 | 0 |
| 3799 | Transportation Equipment- N.E.C | \$0.00 | \$555.54 | \$1,875.65 | \$2,431.19 | \$318.38 | 0 |
| | Other | \$0.00 | \$6,636.86 | \$10,948.61 | \$17,585.47 | \$4,799.64 | 0 |
| | Total | \$183,909,256.91 | \$32,544,435.60 | \$29,179,614.87 | \$245,633,308.00 | \$93,520,502.66 | 4872 |

Impact of the Construction of Seasonal Housing

The construction and maintenance of seasonal housing contributes significantly to the Walton County economy. Table 10 below describes the existing real property in Walton County. There are approximately 11,652 single-family homes and 7,402 parcels are used for rental properties (condominiums and multi-family homes). Approximately 88% of the existing construction is for residential purposes.

Table 10 - Walton County Real Property

| Type of Structure | Parcel Count | Just Value | Taxable Value | Percent of Taxable Value |
|------------------------------|---------------------|-------------------------|-------------------------|---------------------------------|
| Single Family Homes | 11,652 | \$ 1,376,809,419 | \$ 1,117,300,063 | 34.02% |
| Condominiums | 7,305 | \$ 1,140,158,389 | \$ 1,118,151,337 | 34.05% |
| Multi Family Units | 97 | \$ 22,200,253 | \$ 21,733,215 | 0.66% |
| Vacant Residential | 19,186 | \$ 602,621,286 | \$ 601,782,101 | 18.33% |
| Mobile Homes | 3,636 | \$ 90,899,707 | \$ 47,932,017 | 1.46% |
| Cooperatives | 0 | \$ - | \$ - | 0.00% |
| Ret. Homes Misc. Residential | 0 | \$ 4,068,454 | \$ 4,068,454 | 0.12% |
| Improved Commercial | 295 | \$ 215,615,073 | \$ 213,902,938 | 6.51% |
| Vacant Commercial | 40 | \$ 10,709,228 | \$ 10,709,228 | 0.33% |
| Vacant Industrial | 8 | \$ 186,396 | \$ 186,396 | 0.01% |
| Improved Industrial | 148 | \$ 20,270,091 | \$ 18,507,174 | 0.56% |
| Agricultural | 4,951 | \$ 254,860,612 | \$ 78,487,112 | 2.39% |
| Institutional | 284 | \$ 47,539,617 | \$ 6,871,147 | 0.21% |
| Government | 603 | \$ 305,689,610 | \$ 2,493,877 | 0.08% |
| Misc | 2,590 | \$ 6,405,513 | \$ 3,303,802 | 0.10% |
| Non-AG | 723 | \$ 41,769,762 | \$ 38,474,425 | 1.17% |
| Total Real Property | 51,861 | \$ 4,139,803,410 | \$ 3,283,903,286 | |
| Total Residential | 41,876 | 3,236,757,508 | 2,910,967,187 | 88.64% |
| Total Non-Residential | 9,642 | 903,045,902 | 372,936,099 | 11.36% |

Source: Florida Department of Revenue

To estimate the percentage of annual construction that is for county residents and what is attributable to seasonal populations, this analysis used claims for homestead tax exemptions. Using real property taxable values, 14% of the existing real property is claiming a homestead exemption. If you assume that 25% of the rental units are inhabited by long term residents, and that all households claiming homestead exemption

are long term residents, then approximately 22.6% of the real property taxable values are attributable to long term residents and the remaining 77.5% are attributable to seasonal populations (rental units equal 34.7% of taxable value, 25% of that is 8.6% of taxable value, 14% plus 8.6% equals 22.6%).

Table 11 - Homestead Exemption Values

| Homestead Exemption Values | |
|--------------------------------------------------------------------|-----------------|
| Real Property Taxable Values | \$3,283,903,286 |
| Taxable Value of Homestead Exemption | \$459,055,096 |
| Percent of Taxable Value Claiming Homestead Exemption | 14.0% |
| Total Improved Property Parcel Count | 39,026 |
| Parcel Count with Homestead Exemption | 10,702 |
| Percent of Improved Parcel Count Claiming Homestead Exemption | 27.4% |
| 1999 Average Taxable Value of Homestead Residential Properties | \$43,003 |
| 1999 Average Taxable Value of Non-Homestead Residential Properties | \$140,539 |
| Source: Florida Department of Revenue | |

Using 77.5% of average annual new construction (see Table 12), approximately \$127 million worth of construction spending occurs each year for seasonal populations.

Table 12 - Walton County Construction Expenditures, 1996-1999

| Year | Total Construction Permitted | Single Family Units | Multi Family Units |
|---------------------------------------|-------------------------------------|----------------------------|---------------------------|
| 1996 | \$132,129,000 | 620 | 529 |
| 1997 | \$193,551,000 | 632 | 1,059 |
| 1998 | \$134,882,000 | 649 | 369 |
| 1999 | \$197,864,000 | 833 | 721 |
| Average | \$164,606,500 | 684 | 670 |
| Source: Florida Statistical Abstracts | | | |

As this construction spending ripples through the local economy, it results in local inter-industry sales and purchases totaling approximately \$167 million. About 2,371 jobs are either directly or indirectly supported by this construction spending in the local economy along with incomes of about \$42 million. Construction related spending impacts are seen primarily in the construction, millwork, food stores, motor freight transportation and warehousing, retail, and engineering and architectural service industry

sectors. Table 13 below shows the distribution of the economic impact of the construction that occurs in Walton County to meet the demands of seasonal populations.

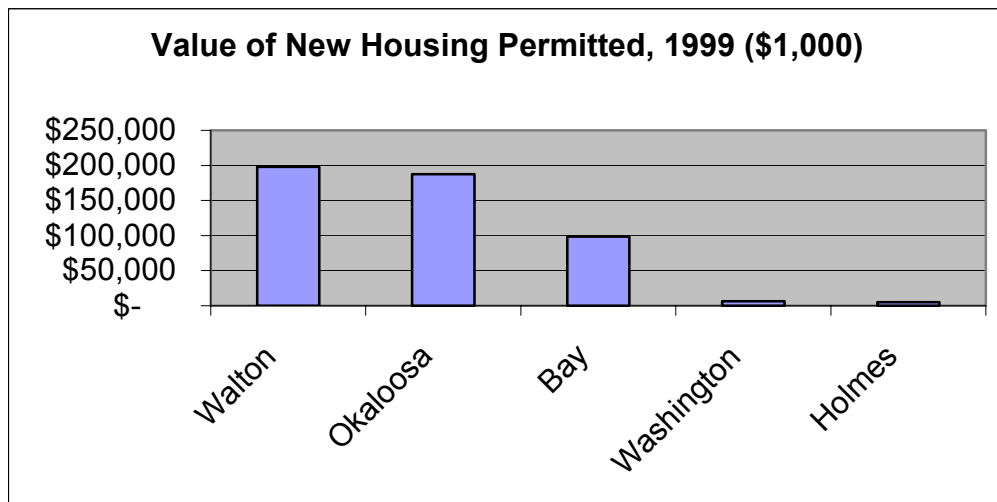
Table 13 - Economic Impact of Tourist Related Construction

| Industry | | | | Total Spending | | |
|-----------------------------------------|---------------|-------------|-------------|----------------|--------------|---------|
| | Direct | Indirect | Induced | Output | Incomes | Jobs |
| New Residential Structures | \$127,570,040 | \$0 | \$0 | \$127,570,040 | \$27,670,276 | 1,603.9 |
| Wholesale Trade | \$0 | \$2,944,439 | \$402,124 | \$3,346,563 | \$1,362,241 | 52.2 |
| Millwork | \$0 | \$2,810,739 | \$6,251 | \$2,816,990 | \$1,005,469 | 31.4 |
| Food Stores | \$0 | \$2,026,436 | \$561,704 | \$2,588,140 | \$1,426,594 | 113.1 |
| Motor Freight Transport and Warehousing | \$0 | \$2,220,503 | \$166,332 | \$2,386,836 | \$620,974 | 25.4 |
| Real Estate | \$0 | \$1,071,139 | \$1,121,533 | \$2,192,672 | \$227,325 | 12.2 |
| Miscellaneous Retail | \$0 | \$1,650,907 | \$468,571 | \$2,119,478 | \$1,101,862 | 80.8 |
| General Merchandise Stores | \$0 | \$1,594,562 | \$447,945 | \$2,042,507 | \$902,779 | 65.1 |
| Owner-occupied Dwellings | \$0 | \$0 | \$1,837,834 | \$1,837,834 | \$0 | 0.0 |
| Engineering- Architectural Services | \$0 | \$1,576,647 | \$33,631 | \$1,610,277 | \$608,998 | 26.5 |
| Structural Wood Members- N.E.C | \$0 | \$1,469,355 | \$2,641 | \$1,471,997 | \$380,630 | 14.1 |
| Eating & Drinking | \$0 | \$110,510 | \$1,266,466 | \$1,376,976 | \$493,815 | 39.3 |
| Equipment Rental and Leasing | \$0 | \$1,225,674 | \$32,599 | \$1,258,273 | \$322,579 | 17.8 |
| Communications- Except Radio and TV | \$0 | \$716,954 | \$459,438 | \$1,176,392 | \$290,875 | 7.9 |
| Apparel & Accessory Stores | \$0 | \$867,386 | \$244,572 | \$1,111,957 | \$434,662 | 27.2 |
| Banking | \$0 | \$538,577 | \$418,502 | \$957,079 | \$238,257 | 8.5 |
| Building Materials & Gardening | \$0 | \$746,421 | \$208,555 | \$954,976 | \$515,738 | 31.7 |
| Electric Services | \$0 | \$256,148 | \$573,316 | \$829,464 | \$172,184 | 3.3 |
| Automotive Dealers & Service Stations | \$0 | \$380,638 | \$399,517 | \$780,154 | \$382,193 | 22.0 |
| Accounting- Auditing and Bookkeeping | \$0 | \$582,824 | \$91,350 | \$674,174 | \$530,360 | 17.4 |
| Hotels and Lodging Places | \$0 | \$348,968 | \$223,734 | \$572,701 | \$231,563 | 9.5 |
| Hospitals | \$0 | \$1,192 | \$533,815 | \$535,007 | \$310,888 | 9.6 |
| Landscape and Horticultural Services | \$0 | \$455,546 | \$33,528 | \$489,073 | \$285,718 | 18.2 |
| Other Business Services | \$0 | \$373,902 | \$86,563 | \$460,465 | \$165,129 | 5.6 |
| Other Medical and Health Services | \$0 | \$278 | \$417,078 | \$417,356 | \$179,901 | 8.1 |
| Furniture & Home Furnishings Stores | \$0 | \$318,951 | \$89,026 | \$407,977 | \$188,736 | 12.5 |
| Doctors and Dentists | \$0 | \$0 | \$400,389 | \$400,389 | \$203,107 | 5.5 |
| Maintenance and Repair Other Facilities | \$0 | \$240,041 | \$152,511 | \$392,552 | \$194,521 | 7.7 |
| Other State and Local Govt Enterprises | \$0 | \$128,081 | \$263,955 | \$392,036 | \$85,599 | 3.1 |
| Newspapers | \$0 | \$267,106 | \$109,159 | \$376,265 | \$142,723 | 5.8 |
| Automobile Repair and Services | \$0 | \$113,801 | \$201,749 | \$315,550 | \$88,955 | 4.2 |
| U.S. Postal Service | \$0 | \$209,164 | \$78,437 | \$287,600 | \$75,317 | 17.5 |
| Maintenance and Repair- Residential | \$0 | \$43,871 | \$175,166 | \$219,037 | \$69,084 | 3.1 |
| Radio and TV Broadcasting | \$0 | \$136,703 | \$56,979 | \$193,682 | \$64,487 | 1.3 |
| Management and Consulting Services | \$0 | \$179,644 | \$7,532 | \$187,176 | \$101,286 | 1.8 |
| Poultry Processing | \$0 | \$2,616 | \$173,629 | \$176,244 | \$32,528 | 1.4 |
| Social Services- N.E.C. | \$0 | \$0 | \$151,323 | \$151,323 | \$69,072 | 3.4 |
| Nursing and Protective Care | \$0 | \$0 | \$146,714 | \$146,714 | \$87,263 | 4.2 |
| Miscellaneous Personal Services | \$0 | \$3,741 | \$133,324 | \$137,065 | \$26,298 | 2.7 |
| Legal Services | \$0 | \$67,023 | \$37,030 | \$104,053 | \$60,612 | 2.7 |
| Water Supply and Sewerage Systems | \$0 | \$19,528 | \$82,959 | \$102,487 | \$39,544 | 1.4 |
| Insurance Carriers | \$0 | \$45,698 | \$53,480 | \$99,178 | \$28,973 | 1.8 |
| Credit Agencies | \$0 | \$56,416 | \$33,935 | \$90,351 | \$67,204 | 3.0 |
| Other Nonprofit Organizations | \$0 | \$2,136 | \$82,506 | \$84,642 | \$30,041 | 1.6 |
| Membership Sports and Recreation | \$0 | \$18,201 | \$64,318 | \$82,519 | \$34,993 | 2.1 |

| Industry | Direct | Indirect | Induced | Total Spending Output | Incomes | Jobs |
|--------------------------------------------|--------|----------|----------|-----------------------|----------|------|
| Clubs | | | | | | |
| Labor and Civic Organizations | \$0 | \$586 | \$71,208 | \$71,793 | \$48,580 | 5.0 |
| Motion Pictures | \$0 | \$24,524 | \$40,196 | \$64,720 | \$8,810 | 0.9 |
| Electrical Repair Service | \$0 | \$26,234 | \$37,644 | \$63,878 | \$19,583 | 0.9 |
| Miscellaneous Repair Shops | \$0 | \$51,173 | \$7,736 | \$58,909 | \$18,639 | 1.0 |
| Services To Buildings | \$0 | \$31,891 | \$22,294 | \$54,185 | \$23,298 | 2.1 |
| Elementary and Secondary Schools | \$0 | \$0 | \$53,848 | \$53,848 | \$17,251 | 1.7 |
| Computer and Data Processing Services | \$0 | \$42,074 | \$9,680 | \$51,753 | \$28,531 | 0.7 |
| Security and Commodity Brokers | \$0 | \$15,914 | \$34,574 | \$50,488 | \$30,971 | 0.5 |
| Domestic Services | \$0 | \$0 | \$49,950 | \$49,950 | \$49,950 | 5.4 |
| Laundry- Cleaning and Shoe Repair | \$0 | \$16,558 | \$28,164 | \$44,721 | \$23,845 | 2.6 |
| Business Associations | \$0 | \$20,636 | \$23,401 | \$44,037 | \$18,431 | 1.4 |
| Job Trainings & Related Services | \$0 | \$1,444 | \$38,482 | \$39,925 | \$12,028 | 1.3 |
| Advertising | \$0 | \$26,083 | \$9,112 | \$35,195 | \$14,535 | 0.5 |
| Surgical Appliances and Supplies | \$0 | \$2,733 | \$30,028 | \$32,761 | \$5,226 | 0.2 |
| Poultry and Eggs | \$0 | \$448 | \$31,273 | \$31,721 | \$7,103 | 0.2 |
| Sanitary Services and Steam Supply | \$0 | \$24,508 | \$6,709 | \$31,217 | \$15,815 | 0.8 |
| Vegetables | \$0 | \$300 | \$30,808 | \$31,109 | \$17,207 | 0.4 |
| Water Transportation | \$0 | \$24,000 | \$5,245 | \$29,245 | \$4,862 | 0.2 |
| Insurance Agents and Brokers | \$0 | \$11,363 | \$13,298 | \$24,660 | \$16,919 | 0.5 |
| Sand and Gravel | \$0 | \$22,826 | \$107 | \$22,933 | \$9,075 | 0.4 |
| Residential Care | \$0 | \$0 | \$22,830 | \$22,830 | \$12,686 | 1.2 |
| Signs and Advertising Displays | \$0 | \$15,590 | \$5,646 | \$21,236 | \$5,058 | 0.3 |
| Logging Camps and Logging Contractors | \$0 | \$20,272 | \$100 | \$20,372 | \$3,635 | 0.1 |
| Elevators and Moving Stairways | \$0 | \$19,698 | \$17 | \$19,715 | \$3,879 | 0.2 |
| Bread- Cake- and Related Products | \$0 | \$248 | \$18,031 | \$18,279 | \$4,744 | 0.1 |
| Personnel Supply Services | \$0 | \$16,686 | \$1,548 | \$18,235 | \$17,055 | 1.4 |
| Cookies and Crackers | \$0 | \$174 | \$17,804 | \$17,978 | \$3,266 | 0.1 |
| Local- Interurban Passenger Transit | \$0 | \$3,563 | \$13,581 | \$17,144 | \$8,526 | 0.6 |
| Ready-mixed Concrete | \$0 | \$16,389 | \$34 | \$16,423 | \$3,389 | 0.1 |
| Air Transportation | \$0 | \$8,908 | \$7,051 | \$15,958 | \$3,906 | 0.3 |
| Amusement and Recreation Services- N.E.C. | \$0 | \$1 | \$10,979 | \$10,980 | \$4,170 | 0.3 |
| Book Publishing | \$0 | \$637 | \$10,253 | \$10,891 | \$1,804 | 0.1 |
| Nonmetallic Mineral Products- N.E.C. | \$0 | \$9,146 | \$226 | \$9,373 | \$2,988 | 0.1 |
| Child Day Care Services | \$0 | \$0 | \$8,950 | \$8,950 | \$2,323 | 0.3 |
| Miscellaneous Livestock | \$0 | \$4 | \$8,707 | \$8,711 | \$3,593 | 0.5 |
| Apparel Made From Purchased Materials | \$0 | \$1,153 | \$6,675 | \$7,827 | \$1,542 | 0.1 |
| Transportation Equipment- N.E.C | \$0 | \$5,204 | \$855 | \$6,058 | \$793 | 0.0 |
| Fruits | \$0 | \$2 | \$5,118 | \$5,120 | \$2,961 | 0.1 |
| Hay and Pasture | \$0 | \$4,486 | \$376 | \$4,862 | \$1,534 | 0.3 |
| Natural Gas Liquids | \$0 | \$2,494 | \$1,513 | \$4,008 | \$58 | 0.0 |
| Watch- Clock- Jewelry and Furniture Repair | \$0 | \$119 | \$3,851 | \$3,969 | \$891 | 0.1 |
| Forest Products | \$0 | \$3,343 | \$360 | \$3,704 | \$745 | 0.1 |
| Dairy Farm Products | \$0 | \$16 | \$3,439 | \$3,455 | \$1,786 | 0.0 |
| Sheet Metal Work | \$0 | \$3,154 | \$80 | \$3,234 | \$831 | 0.0 |
| Pulp Mills | \$0 | \$2,406 | \$437 | \$2,843 | \$290 | 0.0 |
| Ranch Fed Cattle | \$0 | \$14 | \$2,390 | \$2,404 | \$720 | 0.1 |
| Narrow Fabric Mills | \$0 | \$1,812 | \$482 | \$2,294 | \$925 | 0.0 |
| Feed Grains | \$0 | \$1,993 | \$167 | \$2,160 | \$544 | 0.0 |

| Industry | Direct | Indirect | Induced | Total Spending Output | Incomes | Jobs |
|------------------------------------------|----------------------|---------------------|---------------------|-----------------------|---------------------|----------------|
| Oil Bearing Crops | \$0 | \$8 | \$1,603 | \$1,611 | \$614 | 0.0 |
| Commercial Fishing | \$0 | \$96 | \$1,431 | \$1,527 | \$564 | 0.0 |
| Local Government Passenger Transit | \$0 | \$218 | \$1,073 | \$1,292 | \$1,195 | 0.0 |
| Tree Nuts | \$0 | \$0 | \$1,267 | \$1,267 | \$769 | 0.0 |
| Knit Outerwear Mills | \$0 | \$21 | \$993 | \$1,014 | \$161 | 0.0 |
| Agricultural- Forestry- Fishery Services | \$0 | \$29 | \$615 | \$644 | \$259 | 0.0 |
| Boat Building and Repairing | \$0 | \$286 | \$335 | \$620 | \$201 | 0.0 |
| Cotton | \$0 | \$5 | \$266 | \$270 | \$123 | 0.0 |
| Natural Gas & Crude Petroleum | \$0 | \$155 | \$94 | \$249 | \$23 | 0.0 |
| Range Fed Cattle | \$0 | \$1 | \$200 | \$201 | \$70 | 0.0 |
| Ship Building and Repairing | \$0 | \$77 | \$4 | \$80 | \$37 | 0.0 |
| Hogs- Pigs and Swine | \$0 | \$0 | \$58 | \$58 | \$11 | 0.0 |
| Cattle Feedlots | \$0 | \$0 | \$24 | \$24 | \$6 | 0.0 |
| Forestry Products | \$0 | \$1 | \$2 | \$3 | \$0 | 0.0 |
| Total | \$127,570,040 | \$26,304,166 | \$13,234,938 | \$167,109,143 | \$42,040,688 | 2,371.4 |

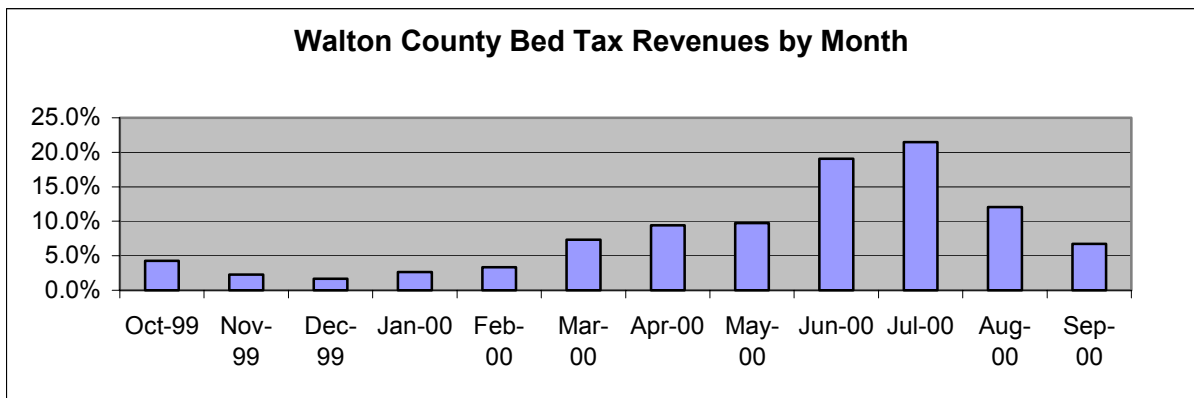
The value of new housing permitted in 1999 was greater in Walton County than in other nearby tourist destinations such as Okaloosa and Bay Counties, and significantly higher than in nearby rural areas such as Holmes and Washington Counties, indicating the economic importance of the construction industry to Walton County.



Taxes Generated

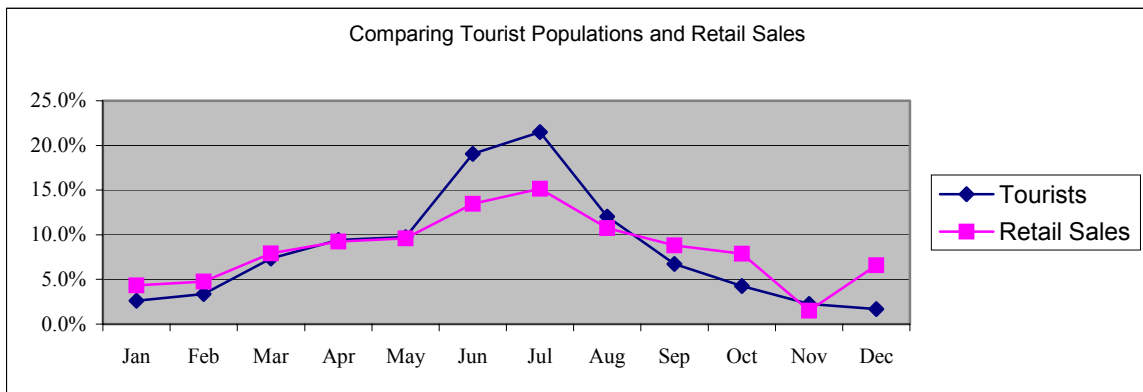
In addition to providing jobs and sales for area businesses, tourism is an important source of tax revenue for the County. Visitors staying in area motels and condominiums generate significant bed tax revenue, especially between June and September. Visitation and occupancy rates peak in the summer season and are lowest in the winter season.

Figure 8 – Walton County Bed Tax Revenues by Month, FY 2000



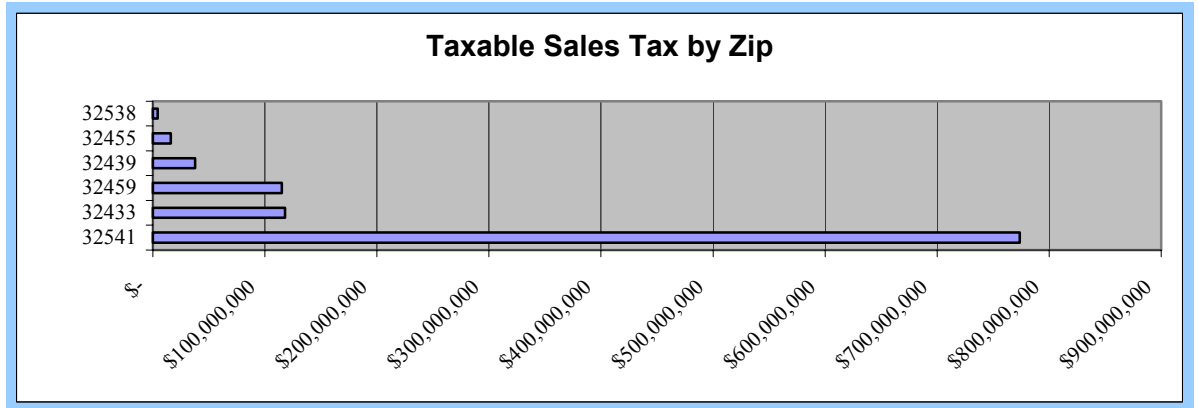
Retail sales follow similar trends, peaking in the summer months when seasonal populations are at their highest.

Figure 9 - Comparing 1999 Tourist Populations and Retail Sales for Zip Code 32541 (Destin)



The majority of taxable retail sales occur in zip code 32541 where Destin is located. The majority of the seasonal housing is also located in this zip code.

Figure 10 – 1999 Taxable Sales by Zip Code



Source: Florida Department of Revenue

Restaurant and Tavern sales and apartment rental revenues also increase during the summer months.

Figure 11 - Monthly Variations of Restaurant and Tavern Sales, 1999

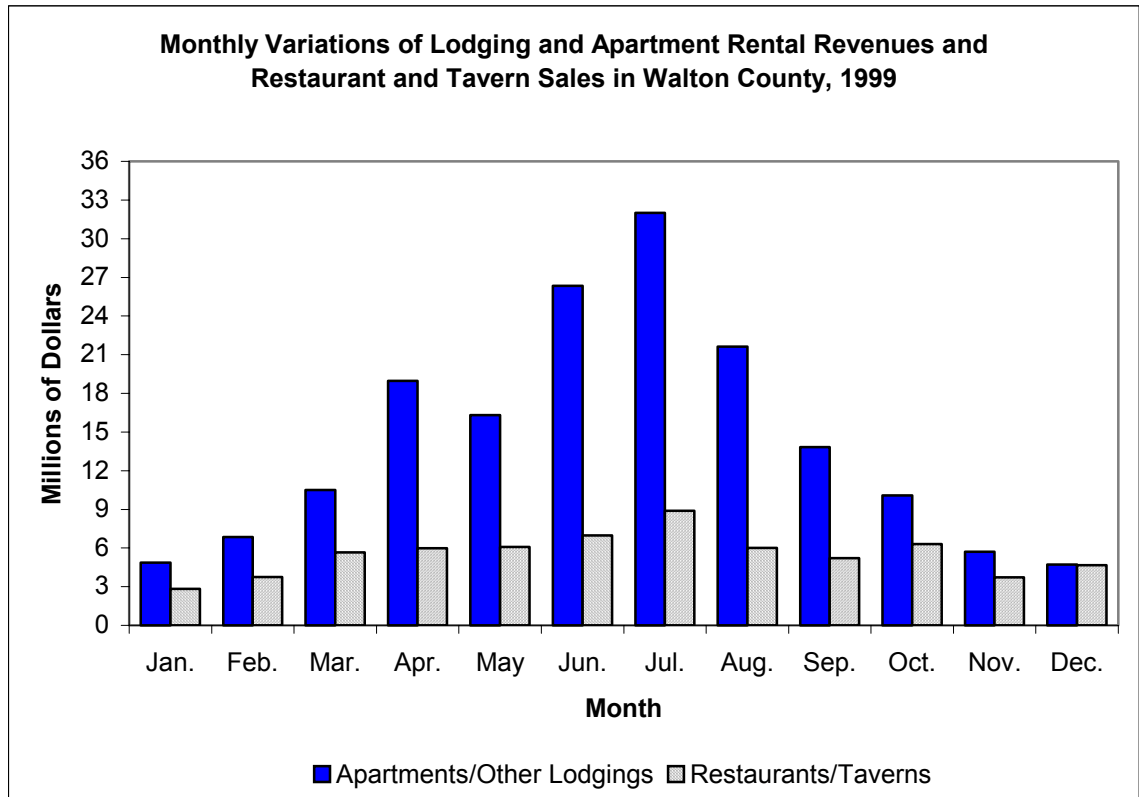
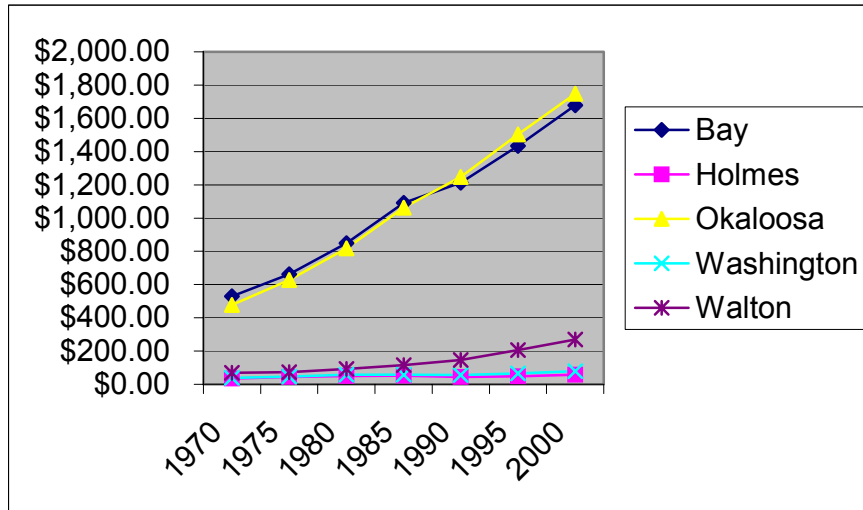


Figure 12 – Northwest Florida Retail Sales Comparisons (\$ Millions), 1970-2000



Source: Woods and Poole Economics, 2000, in 1992 dollars

Walton has seen strong growth in retail sales over the past decade. Eating and drinking places have increased sales by over 106% in the last ten years, and general merchandise stores have increased sales by approximately 180% during the same time period.

Table 14 - Walton County Retail Sales (\$Millions, constant 1992 dollars), 1970-2000

| Retail Category | 1970 | 1975 | 1980 | 1985 | 1990 | 1995 | 2000 | % Change 1990-2000 |
|------------------------------|---------|---------|---------|----------|----------|----------|----------|--------------------|
| Food Stores | \$22.76 | \$25.71 | \$32.52 | \$41.66 | \$49.01 | \$59.71 | \$73.29 | 49.5% |
| Eating and Drinking Places | \$4.11 | \$3.75 | \$4.90 | \$8.78 | \$16.85 | \$26.74 | \$34.81 | 106.6% |
| General Merchandise | \$2.71 | \$2.93 | \$5.47 | \$4.55 | \$11.26 | \$22.69 | \$31.62 | 180.8% |
| Gas Service Stations | \$8.52 | \$11.74 | \$17.64 | \$16.05 | \$20.73 | \$26.16 | \$30.67 | 48.0% |
| Building Materials, Hardware | \$3.84 | \$5.48 | \$7.09 | \$7.76 | \$11.94 | \$20.57 | \$29.66 | 148.4% |
| Automobile Dealers | \$14.55 | \$13.20 | \$11.38 | \$18.01 | \$14.30 | \$17.46 | \$23.89 | 67.0% |
| Home Furnishings | \$2.02 | \$2.04 | \$2.66 | \$3.32 | \$5.36 | \$10.12 | \$14.03 | 161.5% |
| Miscellaneous Retail | \$5.10 | \$4.56 | \$6.47 | \$8.14 | \$7.15 | \$8.40 | \$11.40 | 59.5% |
| Drug Stores | \$2.72 | \$2.55 | \$2.65 | \$3.87 | \$5.27 | \$6.82 | \$10.00 | 89.9% |
| Apparel | \$2.26 | \$1.90 | \$1.90 | \$2.67 | \$4.80 | \$7.34 | \$9.40 | 96.0% |
| Total Retail Sales | \$68.58 | \$73.85 | \$92.66 | \$114.81 | \$146.67 | \$205.99 | \$268.75 | 83.2% |

Source: Woods and Poole Economics, 2000 (in 1992 dollars)

Part of the overall impact of the tourism industry is the tax revenue that is generated for government. The majority of tax revenues that are generated for the County come from Ad Valorem taxes on real estate, and sales taxes. Table 14 below

provides estimates of County tax revenues attributable to seasonal populations. It assumes that 77.5% of ad valorem, 19% of sales taxes, and all bed taxes are derived from seasonal populations.

Table 14 - Walton County Budget Revenues Fiscal Year 2000-2001

| Revenue Source | County Budget FY 2000-2001 | Estimated Revenues Attributable to Seasonal Populations |
|-----------------------|----------------------------|---------------------------------------------------------|
| Ad Valorem Tax | \$25,377,589 | \$19,667,631 |
| Sales and Use Taxes | \$8,310,790 | \$1,597,334 |
| Bed Taxes | \$4,491,902 | \$4,491,902 |
| Total County Revenues | \$71,928,402 | \$25,756,867 |
| School District Taxes | \$ 29,392,719 | \$22,779,357 |
| Total | | \$48,536,225 |

IMPLAN estimates of federal, state, and local government tax revenues attributable to tourist spending and tourism related construction total approximately \$58 million annually, with approximately \$23 million being generated each year in state and local tax revenue. Table 15 shows IMPLAN estimates of the tax revenues generated by the tourism industry in Walton County. The estimates below are based on property taxes generated on one year of new construction activity only, whereas the estimates above are based on property taxes paid annually on all new and existing real estate estimated to be for the use of seasonal populations.

Table 15 - Estimates of Annual Tax Revenues

| Level of Government | Transfers | Employee Compensation | Proprietary Income | Household Expenditures | Indirect Business Corporations Taxes | Total |
|-------------------------------|---------------------------------------|-----------------------|--------------------|------------------------|--------------------------------------|--------------|
| Federal Government NonDefense | Corporate Profits Tax | | | | \$3,998,591 | \$3,998,591 |
| | Indirect Bus Tax: Custom Duty | | | | \$482,044 | \$482,044 |
| | Indirect Bus Tax: Excise Taxes | | | | \$1,463,349 | \$1,463,349 |
| | Indirect Bus Tax: Fed NonTaxes | | | | \$359,074 | \$359,074 |
| | Personal Tax: Estate and Gift Tax | | | \$770,956 | | \$770,956 |
| | Personal Tax: Income Tax | | | \$13,790,895 | | \$13,790,895 |
| | Personal Tax: NonTaxes (Fines- Fees | | | \$46,675 | | \$46,675 |
| | Social Ins Tax- Employee Contribution | \$5,941,727 | \$728,818 | | | \$6,670,545 |
| | Social Ins Tax- Employer Contribution | \$7,478,230 | | | | \$7,478,230 |
| Federal Government Total | | \$13,419,957 | \$728,818 | \$14,608,526 | \$3,998,591 | \$23,755,892 |
| State/Local Govt NonEducation | Corporate Profits Tax | | | | \$467,006 | \$467,006 |

| Level of Government | Transfers | Employee Compensation | Proprietary Income | Household Expenditures | Corporations Taxes | Indirect Business Taxes | Total |
|------------------------|---------------------------------------|-----------------------|--------------------|------------------------|--------------------|-------------------------|--------------|
| | Dividends | | | | \$262,855 | | \$262,855 |
| | Indirect Bus Tax: Motor Vehicle Lic | | | | | \$148,128 | \$148,128 |
| | Indirect Bus Tax: Other Taxes | | | | | \$1,039,641 | \$1,039,641 |
| | Indirect Bus Tax: Property Tax | | | | | \$6,369,916 | \$6,369,916 |
| | Indirect Bus Tax: S/L NonTaxes | | | | | \$1,003,756 | \$1,003,756 |
| | Indirect Bus Tax: Sales Tax | | | | | \$9,844,981 | \$9,844,981 |
| | Indirect Bus Tax: Severance Tax | | | | | \$38,642 | \$38,642 |
| | Personal Tax: Estate and Gift Tax | | | \$146,906 | | | \$146,906 |
| | Personal Tax: Income Tax | | | | | | \$0 |
| | Personal Tax: Motor Vehicle License | | | \$198,293 | | | \$198,293 |
| | Personal Tax: NonTaxes (Fines- Fees | | | \$330,433 | | | \$330,433 |
| | Personal Tax: Other Tax (Fish/Hunt) | | | \$10,868 | | | \$10,868 |
| | Personal Tax: Property Taxes | | | \$59,194 | | | \$59,194 |
| | Social Ins Tax- Employee Contribution | \$1,108,437 | | | | | \$1,108,437 |
| | Social Ins Tax- Employer Contribution | \$2,697,355 | | | | | \$2,697,355 |
| State/Local Govt Total | | \$3,805,793 | \$0 | \$745,694 | \$729,861 | \$18,445,065 | \$23,726,413 |
| Total | | \$17,310,776 | \$728,818 | \$15,354,220 | \$4,728,453 | \$20,749,533 | \$58,871,799 |

Estimating Public Costs

Tourist activities not only generate economic benefits, they also increase the demand for public services. While the demand for new public services generated by tourists cannot be determined exactly, a reasonable estimate is that seasonal populations living in the area will use public services at roughly the same rate as the County's resident populations. This analysis assumes that, over the long run, average operating costs per local resident are the best estimates of operating costs occasioned by seasonal populations, and that local service levels are the most accurate indicator of service levels required by visitors. It also assumes that population demographic composition of seasonal populations are similar to resident populations, and that the type and distribution of public services demanded by seasonal populations are comparable. This approach is called the per capita multiplier method, and is a widely used method of calculating fiscal impact (Burchell and Listokin, 1978).

The per capita multiplier approach involves determining what the County spends on public services, and calculating per capita expenditures. Walton County's public services expenditures were divided by the total county population to determine average per capita cost. These per capita costs of serving the area residents were applied to the estimated change in population that is generated by seasonal visitors. Costs of public services provided were obtained from the Walton County, Florida Report for Expenditures for Fiscal Year 2001. The 2000 population estimate of 40,180 for Walton County was obtained from National Decision Systems. Using these data, Walton County public services per capita expenditures were calculated. Seasonal populations were estimated using bed tax revenue data and survey responses from Walton County visitors providing average party size and length of stay in the area. Table 16 provides the numbers used to calculate the public costs associated with seasonal populations in Walton County.

Table 16 - Calculations of Fiscal Impact of Seasonal Populations

| Seasonal Population Calculations | |
|-----------------------------------------|---------------|
| FY 2000 Bed Tax Revenues @3% | \$4,491,902 |
| Estimated Spending on Lodging | \$149,730,079 |
| Average Cost of Lodging per Day | \$158 |

| Seasonal Population Calculations | |
|-----------------------------------------------------------------------|-------------|
| Total Lodging Nights | 946,658.7 |
| Average Visitor Party Size | 5 |
| Average Visitor Length of Stay | 7 Days |
| Estimated Visitors to Walton County in FY 2000 | 676,899 |
| Average Number of Visitors per Day (Representing Seasonal Population) | 1,854.5 |
| Per Capita Cost of Public Services | \$1,790 |
| Total Public Expenditures for Seasonal Populations | \$3,319,841 |

Table 17 provides the Walton County Report for Expenditures for fiscal year 2001, indicating per capita expenditures by expenditure category for Walton County residents, and estimates of per capita costs of seasonal populations.

Table 17 - Estimated Public Costs of Seasonal Populations

| Expenditures | Total Public Expenditures | Per Capita Expenditure | Expenditures for Seasonal Populations |
|------------------------|---------------------------|------------------------|---------------------------------------|
| General Government | \$ 18,047,970 | \$ 449.18 | \$ 833,000.51 |
| Public Safety | \$ 12,172,441 | \$ 302.95 | \$ 561,816.62 |
| Physical Environment | \$ 5,483,212 | \$ 136.47 | \$ 253,076.57 |
| Transportation | \$ 19,796,103 | \$ 492.69 | \$ 913,685.24 |
| Economic Environment | \$ 10,877,602 | \$ 270.72 | \$ 502,053.58 |
| Human Services | \$ 2,093,545 | \$ 52.10 | \$ 96,627.16 |
| Culture and Recreation | \$ 1,555,298 | \$ 38.71 | \$ 71,784.47 |
| Debt Service | \$ 1,015,818 | \$ 25.28 | \$ 46,884.88 |
| Other Uses | \$ 886,413 | \$ 22.06 | \$ 40,912.22 |
| Total | \$ 71,928,402 | \$ 1,790.15 | \$ 3,319,841.25 |

Public costs associated with seasonal populations are primarily for transportation, general government, public safety and economic environment. Transportation includes the costs of building road and street facilities, and expenditures for developing and improving the safe and adequate flow of vehicles, pedestrians and travelers. General government includes the costs of legislative, financial, administrative, and legal services, comprehensive planning and other general government services. Public safety includes the costs of animal control, fire control, emergency and disaster relief, and other public safety services. Economic environment includes expenditures for industrial development, housing and urban development, and other human services.

The majority of the public costs associated with tourists should come in the summer months when seasonal populations are highest. Table 18 below estimates public costs per month assuming that they are proportional to monthly seasonal populations.

Table 18 - Estimate of Public Expenditures on Seasonal Populations per Month

| Month | Percent of Annual Tourists | Estimated Public Cost of Seasonal Populations |
|--------------|-----------------------------------|------------------------------------------------------|
| Oct-99 | 4.3% | \$141,664 |
| Nov-99 | 2.3% | \$74,915 |
| Dec-99 | 1.7% | \$55,538 |
| Jan-00 | 2.6% | \$87,156 |
| Feb-00 | 3.4% | \$111,529 |
| Mar-00 | 7.3% | \$243,354 |
| Apr-00 | 9.4% | \$312,948 |
| May-00 | 9.7% | \$323,284 |
| Jun-00 | 19.0% | \$632,360 |
| Jul-00 | 21.5% | \$713,198 |
| Aug-00 | 12.1% | \$400,097 |
| Sep-00 | 6.7% | \$223,796 |
| Annual Total | 100.0% | \$3,319,842 |

Walton County's Tourism Industry Cluster

The economic impact of tourism on Walton County is affected not only by the number of tourists that visit the area, but also by the amount of tourist spending demand that is supplied by local businesses. Decreasing the amount of goods and services that need to be imported to meet tourist spending demands will have the same stimulative effect on the Walton economy as increasing the number of seasonal visitors. While an increase in seasonal visitors increases the flow of money into the local economy, a decrease in goods and services imported decreases the flow of money out of the local economy. The local economy will be stimulated either by increasing the inflow or decreasing the outflow. Economists call this idea “import substitution” and suggest that economic development policies should consider decreasing imports as well as increasing seasonal visitors (exports). Table 19 below compares the local output that is generated by the same dollar amount of spending in Walton, Bay, and Orange Counties. Because Bay and Orange Counties have more fully developed tourism industry clusters that supply more of the goods and services used by the tourism industry, the impact of the same dollar amount of tourist spending is greater in Bay and Orange Counties than it is in Walton County. Each tourist dollar spent in Bay County generates 128% of the impact generated in Walton. Each tourist dollar spent in Orange County generates 131% of the impact generated in Walton. Walton County imports almost 50% more of the goods and services used by the tourism industry than does Bay or Orange Counties (see Domestic Trade figures at the bottom of Table 19). Industry sectors where Bay and Orange County have a significantly greater impact from tourist spending include amusement and recreation services, business services, wholesale trade, banking, management and consulting services, doctors and dentists, and computer and data processing services. On the other hand, Walton County meets virtually all of the demand for eating and drinking establishments and all of the retail shopping requirements of its permanent and seasonal populations, and may not wish to increase amusement and recreational services to the level seen in Panama City or Orlando.

Table 19- Tourism Industry Cluster Comparison for Walton, Bay, and Orange Counties

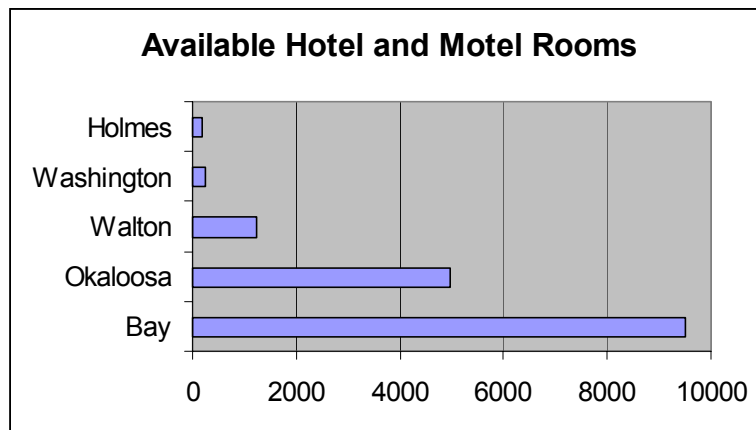
| SIC Code | Industry | Walton | Bay | Orange | Percent of Bay | Percent of Orange |
|-------------------------------------|-------------------------------------------|----------------|----------------|----------------|----------------|-------------------|
| 7000 | Hotels And Lodging Places | \$ 121,206,768 | \$ 121,598,088 | \$ 121,525,936 | 99.7% | 99.7% |
| 5800 | Eating & Drinking | \$ 39,583,640 | \$ 40,210,408 | \$ 39,908,172 | 98.4% | 99.2% |
| 7910 7991 7992 7993 7996 7999 | Amusement And Recreation Services- N.E.C. | \$ 4,016,633 | \$ 23,100,316 | \$ 23,068,456 | 17.4% | 17.4% |
| 5300 | General Merchandise Stores | \$ 15,096,351 | \$ 15,422,613 | \$ 15,407,148 | 97.9% | 98.0% |
| 6500 | Real Estate | \$ 9,477,688 | \$ 11,872,812 | \$ 11,181,806 | 79.8% | 84.8% |
| 7320 7331 7338 7383 7389 | Other Business Services | \$ 4,921,389 | \$ 9,082,306 | \$ 8,649,671 | 54.2% | 56.9% |
| 5400 | Food Stores | \$ 7,780,588 | \$ 7,908,945 | \$ 7,799,996 | 98.4% | 99.8% |
| 5000 5100 | Wholesale Trade | \$ 1,918,060 | \$ 6,344,764 | \$ 6,397,482 | 30.2% | 30.0% |
| | Owner-Occupied Dwellings | \$ 4,012,870 | \$ 4,870,546 | \$ 5,315,893 | 82.4% | 75.5% |
| 6000 | Banking | \$ 2,443,976 | \$ 6,004,984 | \$ 4,698,324 | 40.7% | 52.0% |
| 8740 | Management And Consulting Services | \$ 245,499 | \$ 4,043,325 | \$ 3,723,221 | 6.1% | 6.6% |
| 8010 8020 8030 8040 | Doctors And Dentists | \$ 882,459 | \$ 4,047,861 | \$ 3,606,442 | 21.8% | 24.5% |
| 4810 4820 4840 4890 | Communications- Except Radio And TV | \$ 2,882,368 | \$ 3,523,215 | \$ 3,580,110 | 81.8% | 80.5% |
| 7370 | Computer And Data Processing Services | \$ 148,660 | \$ 907,635 | \$ 3,423,427 | 16.4% | 4.3% |
| | Maintenance And Repair Other Facilities | \$ 3,250,601 | \$ 4,879,720 | \$ 3,393,381 | 66.6% | 95.8% |
| 8060 | Hospitals | \$ 1,193,693 | \$ 1,762,100 | \$ 3,178,014 | 67.7% | 37.6% |
| 5500 | Automotive Dealers & Service Stations | \$ 1,503,800 | \$ 3,233,944 | \$ 3,026,046 | 46.5% | 49.7% |
| 7360 | Personnel Supply Services | \$ 44,334 | \$ 1,161,540 | \$ 2,562,816 | 3.8% | 1.7% |
| 4200 | Motor Freight Transport And Warehousing | \$ 1,374,735 | \$ 2,408,594 | \$ 2,484,630 | 57.1% | 55.3% |
| 8110 | Legal Services | \$ 178,643 | \$ 1,286,226 | \$ 2,206,669 | 13.9% | 8.1% |
| 6300 | Insurance Carriers | \$ 141,747 | \$ 1,274,478 | \$ 2,053,550 | 11.1% | 6.9% |
| 6100 6710 6720 6733 6790 | Credit Agencies | \$ 426,896 | \$ 875,489 | \$ 2,029,420 | 48.8% | 21.0% |
| 4720 | Arrangement Of Passenger Transportation | \$ - | \$ 1,834,893 | \$ 1,737,827 | 0.0% | 0.0% |
| 8720, 8990 | Accounting- Auditing And Bookkeeping | \$ 1,315,758 | \$ 1,839,005 | \$ 1,678,704 | 71.5% | 78.4% |
| 5900 | Miscellaneous Retail | \$ 1,115,125 | \$ 1,462,717 | \$ 1,667,786 | 76.2% | 66.9% |
| | State And Local Electric Utilities | \$ - | \$ - | \$ 1,618,838 | | 0.0% |
| 7340 | Services To Buildings | \$ 526,412 | \$ 1,647,705 | \$ 1,561,885 | 31.9% | 33.7% |
| ~ | Other State And Local Govt Enterprises | \$ 1,194,493 | \$ 1,787,551 | \$ 1,415,824 | 66.8% | 84.4% |
| 4830 | Radio And TV Broadcasting | \$ 1,074,027 | \$ 2,029,033 | \$ 1,302,348 | 52.9% | 82.5% |
| 7530 7549 | Automobile Repair And Services | \$ 671,331 | \$ 1,294,275 | \$ 1,211,509 | 51.9% | 55.4% |
| 7920 | Theatrical Producers- Bands Etc. | \$ - | \$ 134,991 | \$ 1,171,874 | 0.0% | 0.0% |
| 4311 | U.S. Postal Service | \$ 856,494 | \$ 1,208,288 | \$ 1,157,137 | 70.9% | 74.0% |
| 7210 7250 | Laundry- Cleaning And Shoe Repair | \$ 286,161 | \$ 1,143,995 | \$ 1,062,359 | 25.0% | 26.9% |

| SIC Code | Industry | Walton | Bay | Orange | Percent of Bay | Percent of Orange |
|------------------------|---------------------------------------------|--------------|--------------|--------------|----------------|-------------------|
| 0740 8070 8080 8090 | Other Medical And Health Services | \$ 922,972 | \$ 1,161,595 | \$ 1,039,531 | 79.5% | 88.8% |
| 4910 | Electric Services | \$ 3,996,190 | \$ 4,084,852 | \$ 962,852 | 97.8% | 415.0% |
| 7800 | Motion Pictures | \$ 203,595 | \$ 606,087 | \$ 910,771 | 33.6% | 22.4% |
| 2710 | Newspapers | \$ 2,099,457 | \$ 698,761 | \$ 905,973 | 300.5% | 231.7% |
| 6200 | Security And Commodity Brokers | \$ 112,696 | \$ 472,625 | \$ 891,714 | 23.8% | 12.6% |
| 2750 | Commercial Printing | \$ - | \$ 708,009 | \$ 828,793 | 0.0% | 0.0% |
| 7510 | Automobile Rental And Leasing | \$ - | \$ 307,646 | \$ 818,642 | 0.0% | 0.0% |
| | Maintenance And Repair- Residential | \$ 659,994 | \$ 824,849 | \$ 810,264 | 80.0% | 81.5% |
| 7310 | Advertising | \$ 195,098 | \$ 823,997 | \$ 744,220 | 23.7% | 26.2% |
| 4500 | Air Transportation | \$ 34,246 | \$ 560,823 | \$ 738,760 | 6.1% | 4.6% |
| 2051, 2053 | Bread- Cake- And Related Products | \$ 122,446 | \$ - | \$ 661,473 | | 18.5% |
| 5700 | Furniture & Home Furnishings Stores | \$ 211,193 | \$ 607,039 | \$ 620,000 | 34.8% | 34.1% |
| 5600 | Apparel & Accessory Stores | \$ 580,477 | \$ 679,171 | \$ 612,554 | 85.5% | 94.8% |
| 8710 | Engineering- Architectural Services | \$ 317,022 | \$ 671,304 | \$ 596,047 | 47.2% | 53.2% |
| 7334 7335 7336 7384 | Photofinishing- Commercial Photography | \$ - | \$ 134,671 | \$ 587,845 | 0.0% | 0.0% |
| 5200 | Building Materials & Gardening | \$ 494,068 | \$ 587,360 | \$ 537,970 | 84.1% | 91.8% |
| 7350 | Equipment Rental And Leasing | \$ 363,123 | \$ 541,623 | \$ 507,470 | 67.0% | 71.6% |
| 7690 | Miscellaneous Repair Shops | \$ 95,923 | \$ 500,022 | \$ 477,117 | 19.2% | 20.1% |
| 8050 | Nursing And Protective Care | \$ 331,070 | \$ 591,107 | \$ 464,272 | 56.0% | 71.3% |
| 3674 | Semiconductors And Related Devices | \$ - | \$ 58,275 | \$ 419,828 | 0.0% | 0.0% |
| 7381 7382 | Detective And Protective Services | \$ - | \$ 184,214 | \$ 417,363 | 0.0% | 0.0% |
| 0780 | Landscape And Horticultural Services | \$ 539,045 | \$ 489,682 | \$ 411,584 | 110.1% | 131.0% |
| 8320 8390 | Social Services- N.E.C. | \$ 331,370 | \$ 481,486 | \$ 404,636 | 68.8% | 81.9% |
| 6400 | Insurance Agents And Brokers | \$ 35,245 | \$ 281,075 | \$ 394,380 | 12.5% | 8.9% |
| 7941 | Commercial Sports Except Racing | \$ - | \$ - | \$ 378,575 | | 0.0% |
| 3711 | Motor Vehicles | \$ - | \$ - | \$ 377,942 | | 0.0% |
| 2650 | Paperboard Containers And Boxes | \$ - | \$ - | \$ 375,646 | | 0.0% |
| 2026 | Fluid Milk | \$ - | \$ - | \$ 346,521 | | 0.0% |
| 4920 | Gas Production And Distribution | \$ - | \$ 363,183 | \$ 330,281 | 0.0% | 0.0% |
| 2720 | Periodicals | \$ - | \$ 76,749 | \$ 306,056 | 0.0% | 0.0% |
| 2740 | Miscellaneous Publishing | \$ - | \$ 69,718 | \$ 298,873 | 0.0% | 0.0% |
| 8210 | Elementary And Secondary Schools | \$ 115,606 | \$ 124,302 | \$ 298,416 | 93.0% | 38.7% |
| 8610 8620 | Business Associations | \$ 225,810 | \$ 131,602 | \$ 292,669 | 171.6% | 77.2% |
| 8660 | Religious Organizations | \$ - | \$ 140,266 | \$ 289,109 | 0.0% | 0.0% |
| 8350 | Child Day Care Services | \$ 19,557 | \$ 305,549 | \$ 280,437 | 6.4% | 7.0% |
| 8220 | Colleges- Universities- Schools | \$ - | \$ - | \$ 275,911 | | 0.0% |
| 7230 7240 | Beauty And Barber Shops | \$ - | \$ 306,242 | \$ 271,477 | 0.0% | 0.0% |
| 8730 | Research- Development & Testing Services | \$ - | \$ 1,007,529 | \$ 267,286 | 0.0% | 0.0% |
| 7620 | Electrical Repair Service | \$ 233,947 | \$ 282,555 | \$ 263,638 | 82.8% | 88.7% |
| 8360 | Residential Care | \$ 49,994 | \$ 284,520 | \$ 259,542 | 17.6% | 19.3% |
| 7290 | Miscellaneous Personal Services | \$ 294,914 | \$ 172,626 | \$ 242,496 | 170.8% | 121.6% |

| SIC Code | Industry | Walton | Bay | Orange | Percent of Bay | Percent of Orange |
|--------------------------------|------------------------------------------|----------------|----------------|----------------|----------------|-------------------|
| 4100 | Local- Interurban Passenger Transit | \$ 39,192 | \$ 78,070 | \$ 242,115 | 50.2% | 16.2% |
| 2096 | Potato Chips & Similar Snacks | \$ - | \$ - | \$ 229,427 | | 0.0% |
| 8230 8240 8290 | Other Educational Services | \$ - | \$ 256,770 | \$ 226,647 | 0.0% | 0.0% |
| 7997 | Membership Sports And Recreation Clubs | \$ 196,475 | \$ 244,193 | \$ 225,088 | 80.5% | 87.3% |
| 0134 0161 | Vegetables | \$ 167,421 | \$ 2,395 | \$ 224,757 | 6991.8% | 74.5% |
| 8400 8650 8690 6732 8922 | Other Nonprofit Organizations | \$ 201,577 | \$ 242,822 | \$ 189,950 | 83.0% | 106.1% |
| 0182 | Greenhouse And Nursery Products | \$ - | \$ 71,729 | \$ 173,011 | 0.0% | 0.0% |
| 4940 4952 | Water Supply And Sewerage Systems | \$ 404,612 | \$ 29,025 | \$ 168,637 | 1394.0% | 239.9% |
| 8630 8640 | Labor And Civic Organizations | \$ 160,248 | \$ 191,340 | \$ 168,514 | 83.8% | 95.1% |
| 8330 | Job Trainings & Related Services | \$ 148,189 | \$ 146,889 | \$ 148,340 | 100.9% | 99.9% |
| 8800 | Domestic Services | \$ 109,939 | \$ 161,279 | \$ 144,559 | 68.2% | 76.1% |
| ~ | Other Federal Government Enterprises | \$ - | \$ 579,987 | \$ 144,224 | 0.0% | 0.0% |
| 3210 3229 3230 | Glass And Glass Products- Exc Containers | \$ - | \$ 54,651 | \$ 144,194 | 0.0% | 0.0% |
| 7520 7542 | Automobile Parking And Car Wash | \$ - | \$ 148,864 | \$ 142,284 | 0.0% | 0.0% |
| 4953 4959 4960 4970 | Sanitary Services And Steam Supply | \$ 156,536 | \$ 475,357 | \$ 124,764 | 32.9% | 125.5% |
| | Foreign Trade | \$ 203 | \$ 85 | \$ 91 | 238.7% | 222.8% |
| | Domestic Trade | \$ 63,093,376 | \$ 42,199,036 | \$ 42,274,576 | 149.5% | 149.2% |
| | Total | \$ 245,633,308 | \$ 314,240,059 | \$ 320,819,318 | 78.2% | 76.6% |

Figures 13 through 16 below present comparisons of the density of tourist related services for Walton and the surrounding counties.

Figure 13 - Comparison of the Available Hotel and Motel Rooms by County



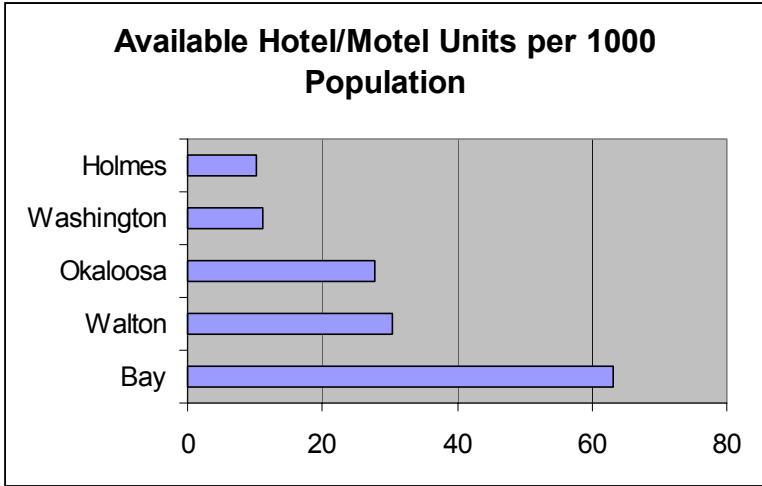


Figure 14 - Comparison of the Number of Food Service Establishments by County

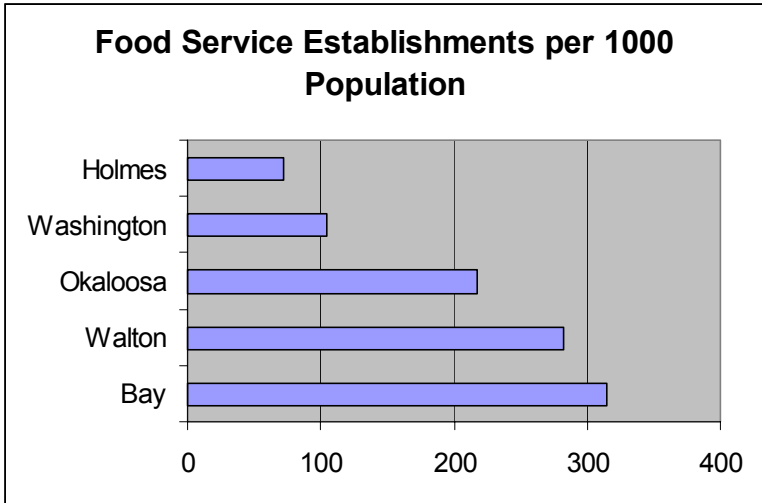
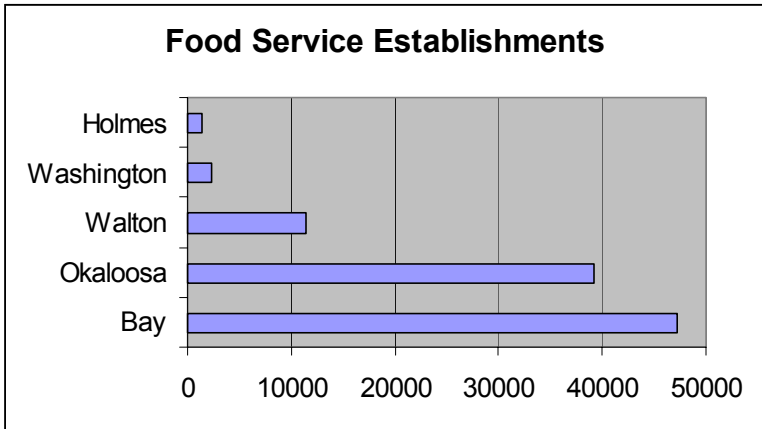


Figure 15 - Comparison of the Number of Amusement and Recreation Services by County

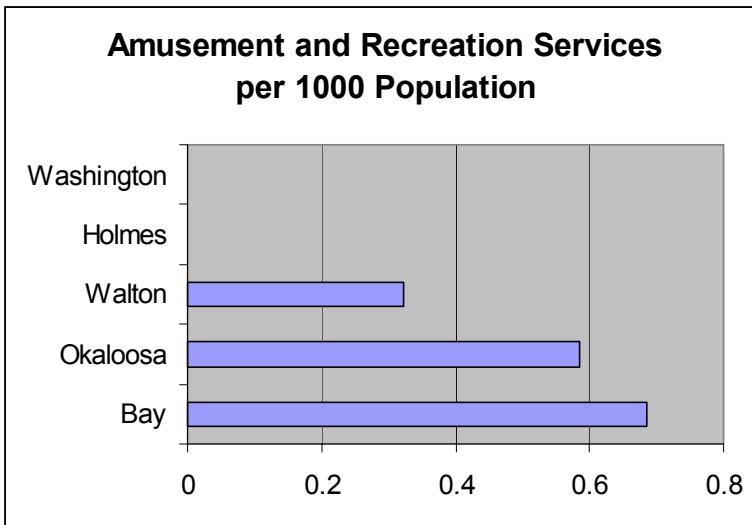
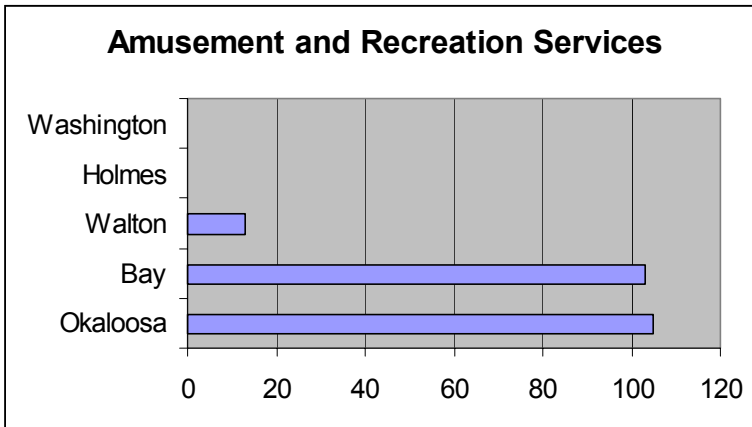
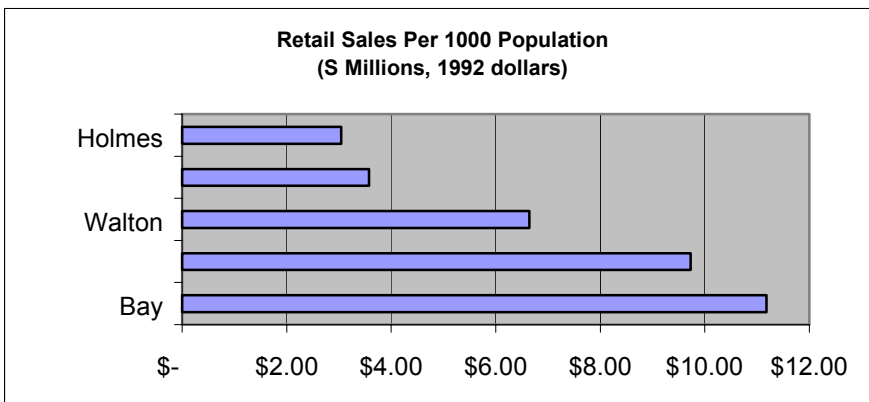


Figure 16 - Comparison of Retail Sales by County



APPENDIX

Glossary Of Terms

| Glossary of Terms | |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Term | Definition |
| Analysis of Economic Impact | An assessment of change in overall economic activity as a result of some corresponding change in one or several activities. |
| Backward Linkage | Links an industry to its suppliers or a household (an institution) and the producers of household goods and services. The figures in this report are measures of backward linkages. Forward linkages, which are links between an industry producing a good or service, and the consumers of the good or service are not measured. |
| Direct effects | The effects of stimuli on economic activity are broken down into three components: direct, indirect, and induced. Direct effects are the changes in the industries to which a final demand change (the stimulus being measured in the study) was made. Industries producing goods and services for consumption purchase goods and services from other producers for final use (final demand). |
| Employment | Employment includes total wage and salary employees as well as self employed jobs in a region. It includes both full-time and part-time workers and is measured in annual average jobs. Data used to determine employment are ES202, Regional Economic Information System (REIS), and County Business Patterns. |
| Final Demand | Final demands consist of purchases of goods and services for final consumption as opposed to an intermediate purchase where the good will be further remanufactured. |
| Indirect Business Taxes | Indirect business taxes consist of excise taxes, property taxes, fees, licenses, and sales taxes paid by businesses. These taxes occur during the normal operation of businesses but do not include taxes on profit or income. Indirect business tax numbers are derived from U.S. Bureau of Economic Analysis Gross State Product data. |
| Indirect effects | The effects of stimuli on economic activity are broken down into three components: direct, indirect, and induced. Indirect effects are the changes in inter-industry purchases as they respond to the new demands of the directly affected industries. These indirect purchases continue until leakage from the region stop the cycle. |
| Induced effects | The effects of stimuli on economic activity are broken down into three components: direct, indirect, and induced. Induced effects typically reflect changes in spending from households as income increases or decreases due to the changes in production. |
| Input-Output Model | An economic model that allows the assessment of change in overall activity as a result of some corresponding change in one or several activities. |
| Institutions | A type of final demand sector. Includes personal consumption expenditures or purchases made by households; federal, state, and local government purchases; investment purchases; and trade. |
| Labor Income | The terms Labor Income and wages are used interchangeably in this study. Labor Income includes changes in employee compensation and proprietor income resulting from the change in final demand measured by the study. Employee compensation is wage and salary payments as well as benefits including health and life insurance, retirement payments, and any other non-cash compensation. It includes all income to workers paid by employers. Proprietary income consists of payments received by self-employed individuals as income. This is income recorded on Federal Tax Form 1040C. Proprietary income includes income received by private business owners, doctors, lawyers, and so forth. Any income a person receives for payment of self-employed work is counted. Income estimates are derived using ES202, County Business Patterns and Regional Economic Information System (REIS) data. |
| Margins | Represents the difference between producer and purchaser prices. Producer prices are the prices of the goods at the site of production for commodity industries. Purchaser prices are prices paid by the end user of the good or service at a retail store. |

| Glossary of Terms | |
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| Term | Definition |
| Multipliers | Industries respond to meet final demands directly or indirectly by supplying goods and services to industries responding directly. Each industry that produces goods and services generates demands for other goods and services. These demands ripple through the economy, multiplying the original economic impact. |
| Output Impact | Total Industry Output is the value of production by industry for an annual calendar year production. Output is measured either by the total value of purchases by intermediate and final consumers, or by intermediate outlays plus value added. Output can also be thought of as value of sales plus or minus inventory. Most output data is from the Bureau of Economic Analysis output series and the Annual Survey of Manufacturers. Construction output is derived from the current Annual Survey of Construction Put-In-Place. State estimates are from the Census and Survey of Construction Activity. |
| Regional Purchase Coefficients (RPC) | Ratios representing the portion of regional demands purchased from local producers. RPC's are used to estimate the trade flows of the model before multipliers are generated. The portion of the specific impact that is imported will not have an indirect or induced effect. |
| State and Local Government Taxes | State and local government income and expenditures by specific category come from the Annual Survey of State and Local Government Expenditures and include the following: Property Tax Total Sales Tax Alcoholic Beverage Tax Amusement License Corporate License Hunting Motor Vehicle Tax Motor Vehicle Operators PU License Occupational Business License Other License Individual Income Tax Corporate Income Tax Death and Gift Tax Document Stock Tax Severance Tax Taxes NEC Interest Earnings Fines Forfeits Rents Royalties State Education Transfers Local Education Transfers State Local Social Security Federal Grants in Aid State and Local Borrowing Corporate Interest Personal Interest Federal Education Transfers Total Education Operations State and Local Sales State and Local Non-education Purchases Federal Transfers Data |

| Glossary of Terms | |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Term | Definition |
| Tax Impacts Report | This report describes taxes related to the chosen impact analysis. Income information is combined with tax information to estimate taxes generated by a change in final demand. These estimates are based on the average for all industries within the model; the average taxes associated with each household income class; the average taxes and transfers associated with each of the government institutions defined by the model. See “State and Local Government Taxes” |
| Total economic output | The effects of stimuli on economic activity are broken down into three components: direct, indirect, and induced. The total effect is the sum of direct, indirect, and induced effects, and is a measure of total inter-industry sales and purchases. |
| Value Added | Payments made by industry to workers, interest, profits and indirect business taxes. |