



Council Agenda Report

From: Paul Sloan, Economic Development Manager

Subject: Receipt of Tourism Impact Study – Beacon Economics

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: February 18, 2025

Facts

1. Tourism is a primary sector of the economy in Paso Robles. The previous analytical study on the economic impact of tourism in the City of Paso Robles was conducted in 2017.
2. The [Paso Robles City Council Adopted Goals for Fiscal Years 2024-2026](#) include: “Tourism Impact Study – Conduct a study to understand the fiscal benefits and service demands of tourism on the community.” (Council Goals Section 5, #3)
3. In accordance with City policies, staff sourced project proposals from multiple agencies possessing expertise in tourism impact studies.
4. Beacon Economics was selected from among the proposals to conduct the Tourism Impact Study.
5. In alignment with Council Goals, the study explores the economic, fiscal, and social impact of tourism in the City of Paso Robles.
6. Work on the study commenced in September 2024 and was completed in February 2025.

Options

1. Take no action;
2. Receive and file the Tourism Impact Study;
3. Provide alternative direction to staff.

Analysis and Conclusions

The Tourism Impact Study was undertaken in support of City Council Goals for Fiscal Years 2024-2026.

The study was conducted by Beacon Economics, a leading independent research and consulting firm with extensive experience in economic analysis. The Beacon Economics report (Attachment 1) highlights the economic, fiscal, and social impacts of tourism for the City of Paso Robles in 2023.

Key findings of the report show that direct spending by tourists in Paso Robles generates millions in economic output, supports thousands of local jobs, and serves as a major source of tax revenue, providing essential funds to support economic development and enhance the quality of life for residents.

In addition to its direct economic and fiscal benefits, tourism supports significant downstream economic activity. Tourism spending at local restaurants, retail outlets, and lodging establishments creates a ripple

effect throughout the broader county economy, fueling growth in secondary industries such as Transportation, Property Management, and Insurance Services.

This interconnected economic activity sustains a dynamic ecosystem that extends well beyond the immediate area. Notably, every dollar spent by tourists in the City of Paso Robles generates \$1.34 in the county economy, highlighting the significant multiplier effect of tourism on regional prosperity.

The 3,424 local jobs supported by tourism underscore its vital role in providing diverse employment opportunities across various skill levels. From hospitality staff and retail workers to tour guides and service providers, the Tourism sector is a key driver of local employment, contributing \$156.6 million in labor income to the community.

Tourism's contribution extends beyond economic benefits, as tax revenue generated by tourists plays a crucial role in funding essential city services. In 2023, tourism accounted for an estimated \$20.9 million in local tax revenue. Of this, \$17.5 million was allocated to the General Fund through taxes attributable to tourists, including sales taxes, property taxes, transient occupancy taxes (TOT), and other related revenue streams, representing 37% of the city's General Fund for the year.

Visitor contributions to the supplemental sales tax revenue generated by the 1.5% increase approved through Measures E-12 and J-20 accounted for approximately \$5.0 million, or 35%, of the \$14.4 million spent on public services in 2023. In particular, \$3.3 million, derived from sales taxes on tourist spending, was directed to the Measure J-20 Supplemental Sales Tax Fund, contributing 25% of the fund's total revenue. This enabled the equivalent hiring of 5 of the 20 police officers, 4 of the 15 emergency services personnel, and 1 of the 2 public works employees funded by Measure J-20 in 2023.

Without the revenue generated by tourism, each Paso Robles household would need to contribute an additional \$1,779 annually in taxes to maintain the current level of city services and infrastructure.

The Tourism Impact Study delves into detail and analysis on the above points and additional study results, providing valuable insights for economic planning and development. Representatives from Beacon Economics and City staff will provide a presentation on the report.

Fiscal Impact

There is no fiscal impact by receiving and filing this report.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Recommendation (Option 2)

Receive and file the Tourism Impact Study.

Attachments

1. Paso Robles Tourism Impact Study - Beacon Economics