

Economic, Fiscal, and
Social Impact of Tourism

City of
Paso Robles

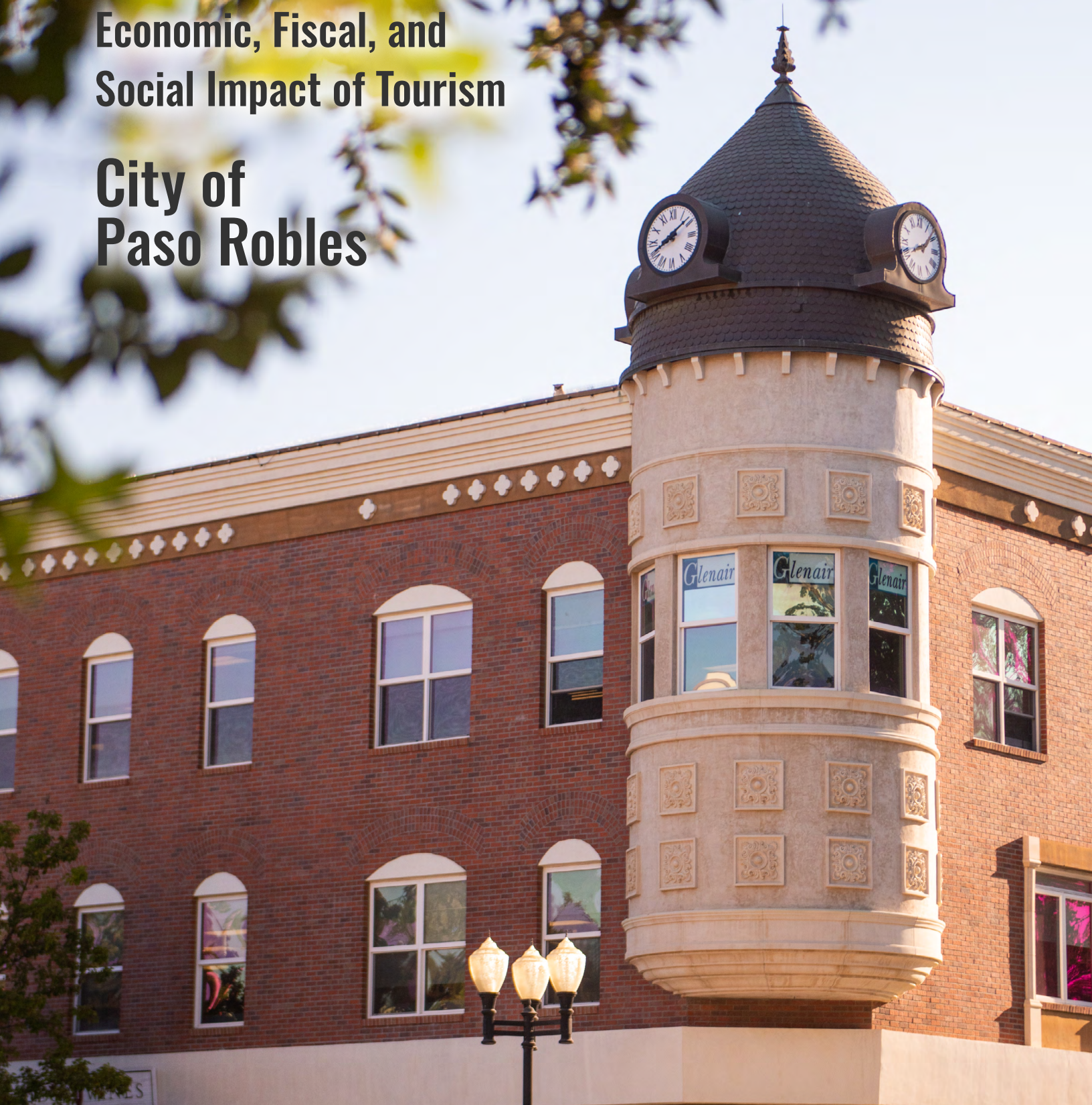


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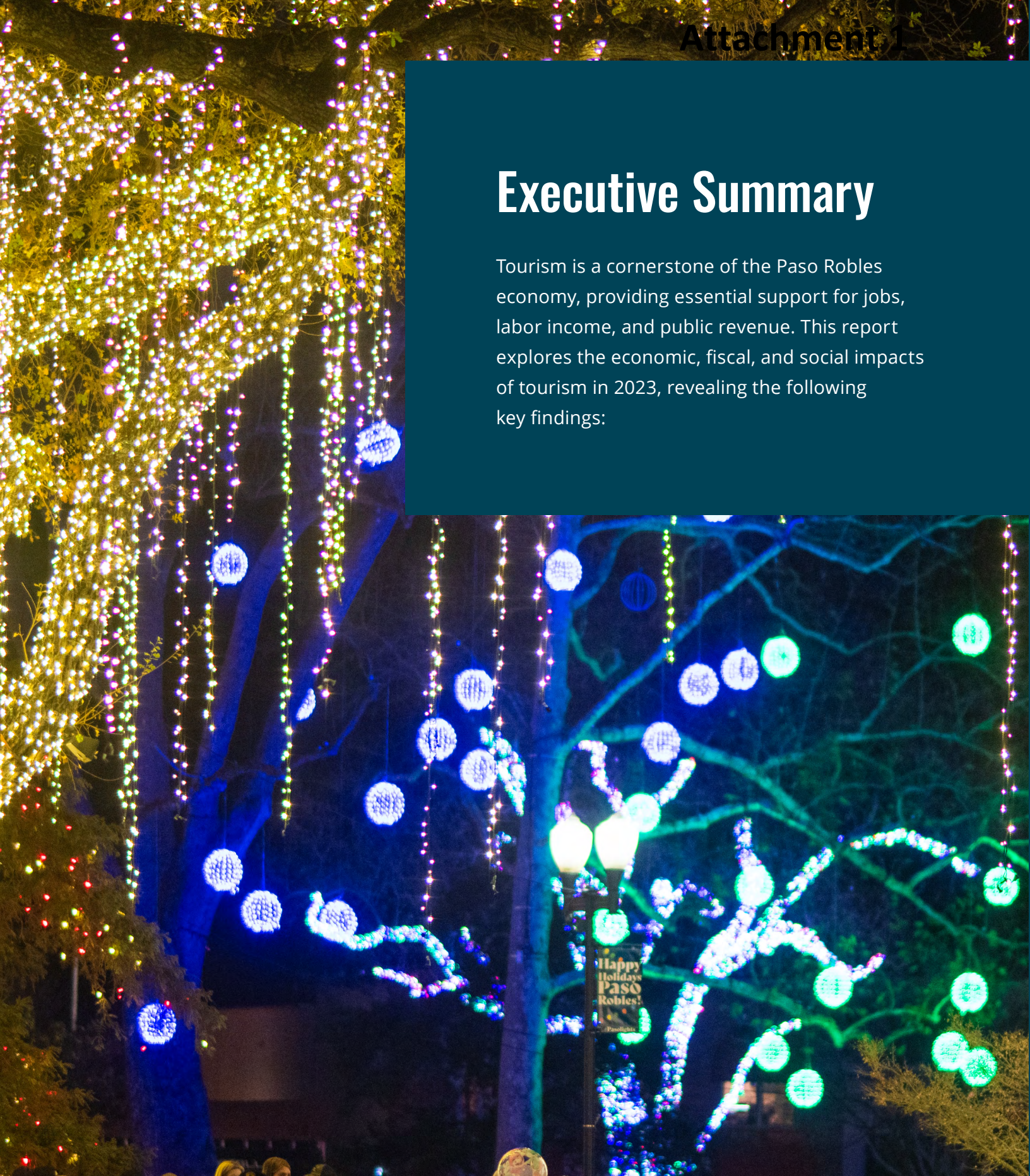
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Executive Summary

Tourism is a cornerstone of the Paso Robles economy, providing essential support for jobs, labor income, and public revenue. This report explores the economic, fiscal, and social impacts of tourism in 2023, revealing the following key findings:



Key Findings



\$450.8 Million
Direct spending
by tourists



\$467.6 million
Output impact
in Paso Robles



\$727.7 million
Output impact
in California



3,424 Jobs supported by tourism in Paso Robles

(one-fifth of all jobs in the city)



\$20.9 million generated tax revenue from visitors

(provides 37% of the city's General Fund)



\$156.6 million

Labor income generated
in Paso Robles



\$10 million

City lodging taxes
paid by tourists



\$117.8 million

Total tax
revenue generated



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 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 \$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.



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.

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 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.

Employees Funded by Visitor Contributions to Measure J-20 in 2023



5 of 20

police officers



4 of 15

emergency services personnel



1 of 2

public works employees

Tourism has contributed to the quality of life in Paso Robles by supporting cultural attractions, a growing culinary scene, and creative projects. The year-round lighting of 21 trees in Downtown City Park and Sensorio—an art installation by Bruce Munro featuring over 100,000 solar-powered fiber-optic lights and wine bottle displays—highlights how visitor spending supports creative projects tied to the region’s heritage. Additionally, tourism has elevated the city’s dining scene, which now includes two Michelin-starred restaurants—Six Test Kitchen and The Restaurant at JUSTIN—and two Michelin-listed restaurants, Les Petites Canailles and The Hatch. These developments support local jobs, generate economic activity, and improve the well-being of residents and visitors.



Introduction



Attachment 1



Paso Robles, renowned for its world-class wineries, fine dining, and small-town charm, is a leading tourist destination on California's Central Coast. Tourism not only fuels the city's economy by supporting jobs and sustaining local businesses but also generates critical tax revenues that fund public services and community amenities, contributing to the city's overall quality of life.

This report examines the economic, fiscal, and social impacts of tourism in Paso Robles. By quantifying visitor spending and analyzing its direct, indirect, and induced effects, the study highlights the sector's vital role in the city's prosperity while also addressing its contributions to public services and the broader community.

Paso Robles' status as a premier tourist destination highlights the need to understand how tourism shapes the local economy, public services, and community well-being. The city has held great appeal for visitors for decades, but recent developments in the Tourism industry, both locally and globally, have introduced new opportunities and challenges. Examining these trends offers essential insights into the evolving role of tourism and its future prospects in Paso Robles.

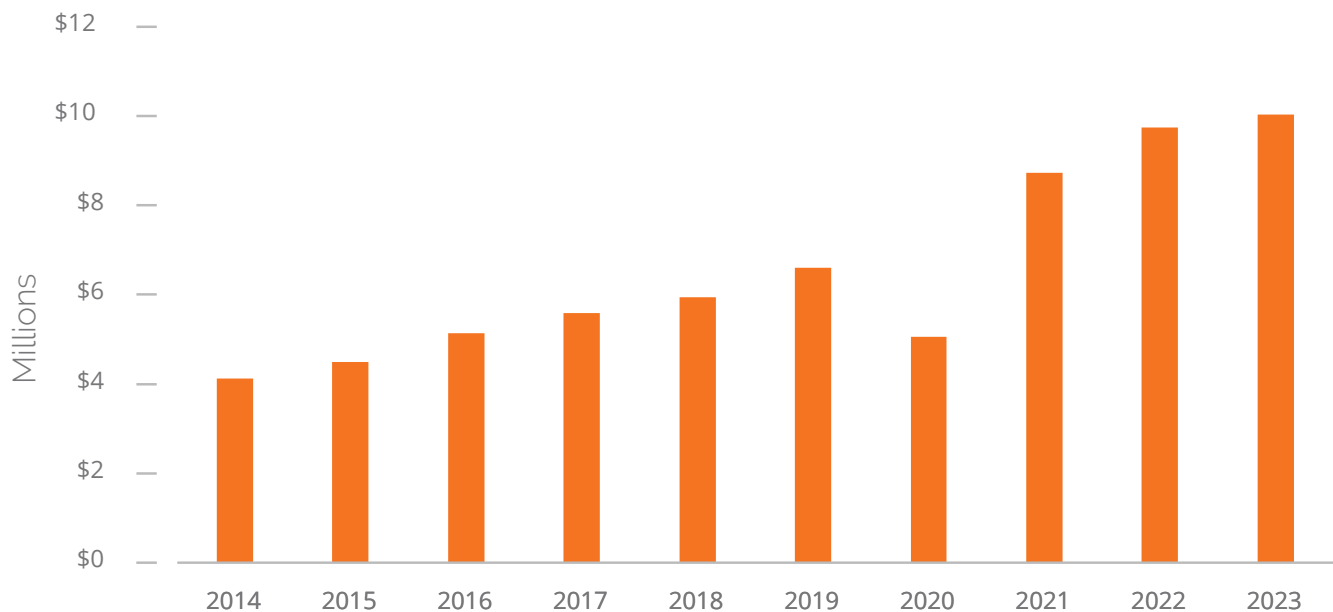
Recent Trends in the Tourism Industry



TOT revenues rose from \$5.1 million in 2020 to \$8.7 million in 2021, exceeding the 2019 pre-pandemic level of \$6.6 million.

The Tourism sector in Paso Robles and greater San Luis Obispo County has shown a robust recovery from the economic challenges of the pandemic. In Paso Robles, the Transient Occupancy Tax (TOT)—a tax levied on short-term lodging such as hotels, motels, vacation rentals, and RV parks—is a key indicator of tourism activity, as it reflects the demand for local accommodation. TOT revenues rose from \$5.1 million in 2020 to \$8.7 million in 2021, exceeding the 2019 pre-pandemic level of \$6.6 million. By 2023, revenues reached an all-time high of \$10.0 million, signaling a significant rebound in travel and renewed vitality in the local tourism economy (Figure 1).

Figure 1 – TOT Revenue by Calendar Year, City of Paso Robles



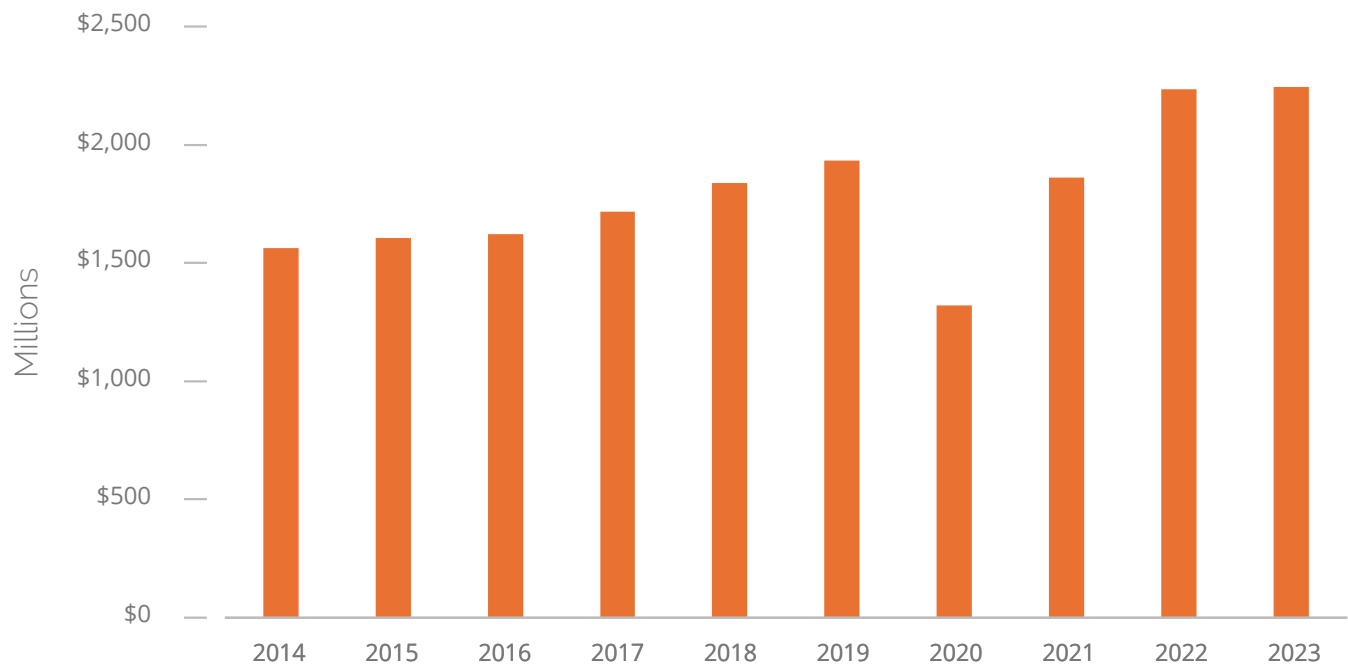
Source: City of Paso Robles. Analysis by Beacon Economics.

Paso Robles' recovery is consistent with trends across San Luis Obispo County. Countywide visitor spending fell sharply during the pandemic, dropping 31% from \$1.9 billion in 2019 to \$1.3 billion in 2020. However, the region saw a swift turnaround, with visitor spending reaching \$2.2 billion by 2022—surpassing pre-pandemic levels—and continuing strong growth into 2023 (Figure 2).



Visitor spending reached \$2.2 billion by 2022—surpassing pre-pandemic levels.

Figure 2 – Direct Visitor Spending, San Luis Obispo County



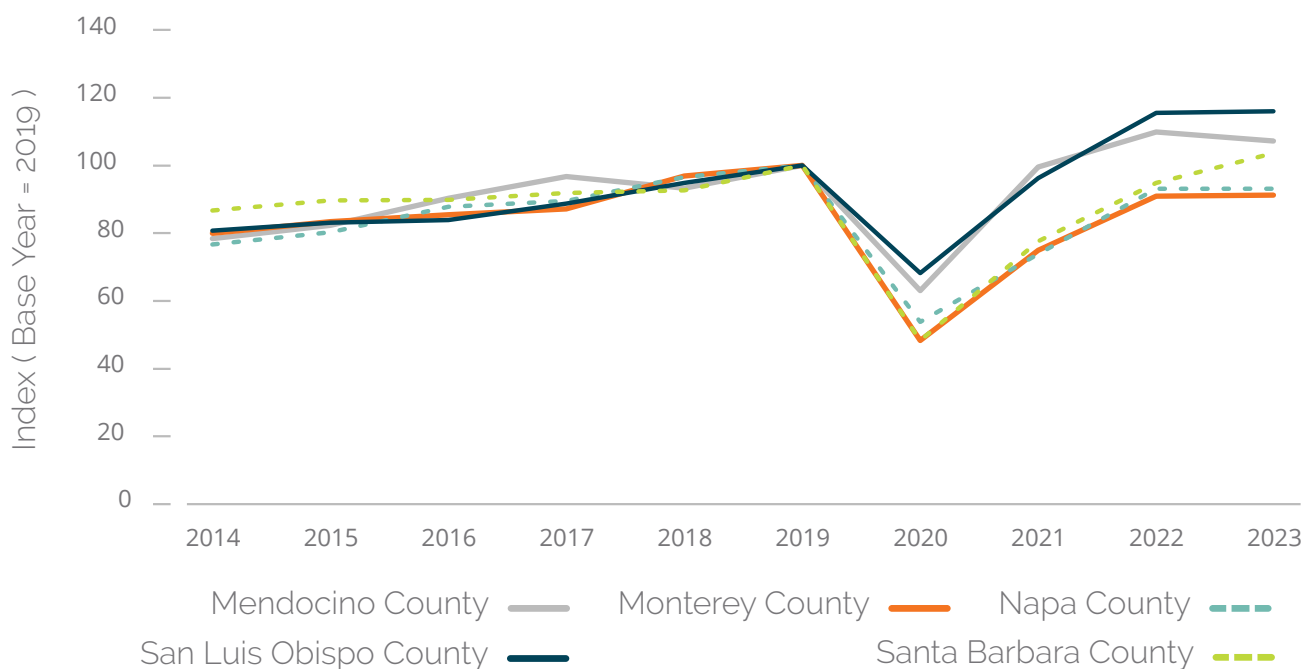
Source: Visit California. Analysis by Beacon Economics.



By 2023, visitor spending in San Luis Obispo County reached 116% of 2019

Paso Robles' recovery, bolstered by its proximity to major markets like Los Angeles and the Bay Area, highlights the growing demand for regional leisure travel. And it becomes even more impressive when comparing San Luis Obispo County to other major wine regions in California. By 2023, visitor spending in San Luis Obispo County reached 116% of 2019 levels, outpacing Napa County (93%), Monterey County (91%), Santa Barbara County (104%), and Mendocino County (107%) (Figure 3).

Figure 3 – Direct Visitor Spending 2014-2023, Wine Counties

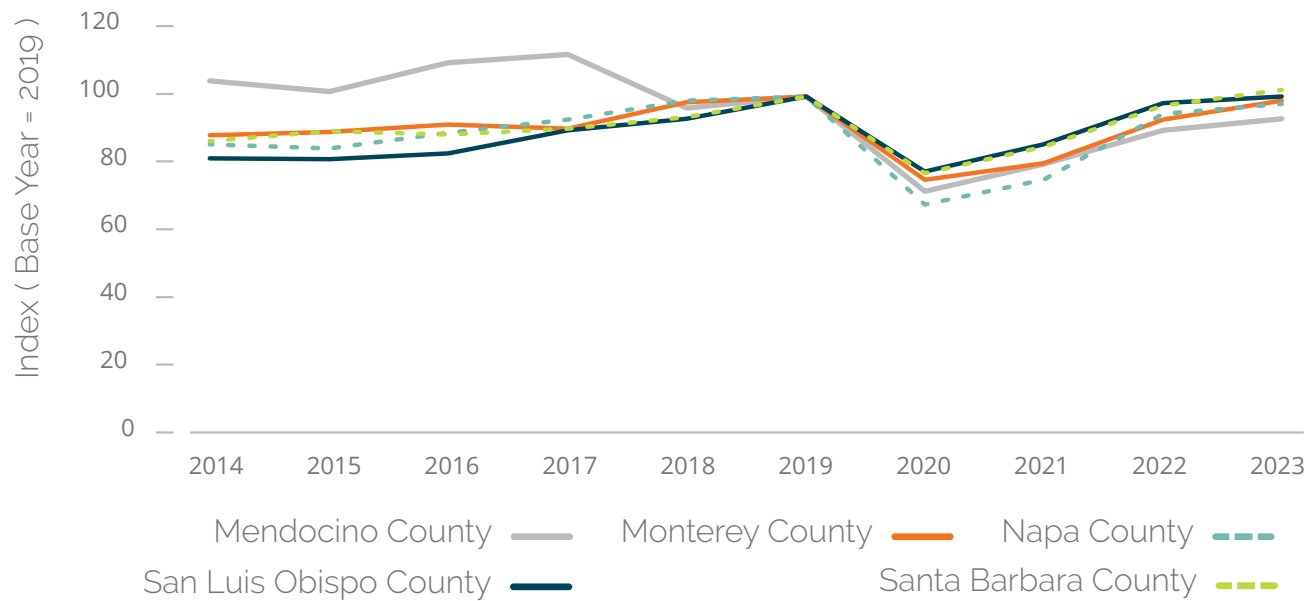


Source: Visit California. Analysis by Beacon Economics.

Attachment 1

Employment trends further reflect this strong recovery. In 2023, travel industry employment in San Luis Obispo County returned to 100% of 2019 levels, exceeding Mendocino County (93%), Napa County (98%), and Monterey County (99%), while slightly trailing Santa Barbara County (102%). (Figure 4).

Figure 4 – Direct Travel Industry Employment 2014-2023, Wine Counties



Source: Visit California. Analysis by Beacon Economics.

These figures highlight Paso Robles' pivotal role in San Luis Obispo County's economic recovery, reinforcing its reputation as one of the most resilient and vibrant of California's wine regions. The significant economic contributions—spanning job creation, direct spending, and tax revenue generation—mark Paso Robles as a key player in the broader regional economy.

To understand the scope of tourism's impact and the specific mechanisms that drive these outcomes, it is essential to explore the methodology behind these estimated economic and fiscal impacts of Paso Robles' tourism. The following section outlines the approach used to gather data, analyze economic contributions, and estimate the total economic impact of tourism in Paso Robles. A combination of direct spending analysis, job and income modeling, and tax revenue assessment provides a comprehensive view of the Tourism sector's role in the Paso Robles economy.

Methodology



Multi-Regional Input-Output Model

Beacon Economics analyzed the economic and fiscal impact of tourism spending in the City of Paso Robles, examining how this spending flows through the local economy and generates broader economic benefits across San Luis Obispo County and the State of California. Using IMPLAN, a state-of-the-art multi-regional input-output (MRIO) modeling system, the analysis estimates how tourism-related spending ripples through various industries to produce total economic and fiscal impacts.

This study categorizes these impacts into three types of effects:



- **Direct Effect:** The immediate economic activity generated by visitor spending in Paso Robles, such as money spent at local hotels, restaurants, wineries, shops, and other tourism-related businesses directly contributing to the city's economy.



- **Indirect Effect:** The economic activity resulting from business-to-business transactions driven by tourism. For example, local businesses purchasing supplies, food, equipment, and services to meet the demands of visitors create indirect effects that benefit suppliers and vendors throughout the economy.



- **Induced Effect:** The economic ripple effects caused by increased household spending from individuals who earn income as a result of direct and indirect tourism activities. For example, employees of hotels, restaurants, and suppliers spending their wages on housing, groceries, and other goods and services further stimulate the local economy.

The indirect and induced effects of tourism are often referred to as “ripple” or “multiplier” effects. When combined, these are referred to as “secondary” impacts. Initial direct expenditures, such as visitor spending at hotels, restaurants, wineries, and shops, trigger sequential rounds of secondary spending throughout the economy. Together, the direct, indirect, and induced effects represent the total economic impact of tourism in Paso Robles.

The following metrics were used to report the economic and fiscal impacts of tourism:



- **Employment:** The total number (headcount) of part-time, full-time, and temporary jobs supported by tourism-related spending at the city, county, and state levels. This includes jobs created directly through visitor spending (e.g., hotel staff, servers, retail employees) as well as those indirectly supported through supplier and consumer spending.



- **Labor Income:** The total value of wages, salaries, and benefits (such as healthcare and retirement contributions) earned by workers whose employment is supported by tourism. This includes income generated through direct employment (e.g., hospitality workers) and secondary impacts (e.g., employees of local suppliers or businesses serving tourists).



- **Output:** The total economic value of goods and services generated by tourism spending. This includes direct spending (e.g., hotel stays, dining, wine purchases) as well as the value of intermediate inputs (e.g., food supplies, wine distribution, and other services) and additional economic activity resulting from secondary spending.

Although IMPLAN provides an excellent framework for conducting impact analysis, Beacon Economics takes extra care to ensure model results are valid, employing decades of experience to tailor the model to the unique demands of each economic impact analysis conducted. Procedures and assumptions are thoroughly and systematically inspected for validity and individual project appropriateness before any analysis is performed.

For more information on the IMPLAN modeling process, visit IMPLAN.com.

Direct Expenditures

To estimate direct tourism expenditures in the City of Paso Robles, Beacon Economics used data from the Quarterly Census of Employment and Wages (QCEW), which provides monthly information on the number of employers, employees, and payroll for all establishments in the city. The data, provided by the California Employment Development Department's Labor Market Information Division, along with weighted San Luis Obispo County tourism shares and weighted U.S. BEA figures to fill remaining data gaps, allowed for a comprehensive estimation of tourism spending patterns by aligning local employment data with broader tourism-related economic trends.

Economic Impact of Tourism



Attachment 1

Tourism is a cornerstone of the Paso Robles economy, fueling diverse local industries. Visitors to the region contribute significantly to the hospitality sector, filling hotels, inns, vacation rentals, and RV parks throughout the year. Restaurants, cafes, and bars also benefit from crowds seeking memorable dining and social experiences that showcase the city's vitality and charm. Wineries, the region's premier attraction, drive significant economic activity by offering wine tastings, vineyard tours, and wine-focused events. Supporting this industry, transportation services—from local shuttles and rideshares to regional bus tours—ensure visitors can easily navigate the area.

While tourism brings undeniable economic benefits to Paso Robles, it can also present challenges for residents. During peak tourist seasons, concerns arise over traffic congestion, overuse of public spaces, and the strain on resources such as water and parking. However, the positive effects for the community often outweigh these inconveniences. Tourism supports local businesses, generates tax revenue that funds public services and infrastructure, and fosters cultural exchange by showcasing the region's unique identity. Additionally, the success of the Tourism sector helps create jobs and sustain industries that benefit visitors and residents alike, ensuring a dynamic local economy.

Impact of Tourist Spending on Output

Tourism spending in the City of Paso Robles multiplies through the local economy, generating a total economic impact that far exceeds initial visitor spending. This sustained influx of tourism activity bolsters demand for local businesses across industries such as Accommodation, Dining, Retail, and Transportation, creating a ripple effect that creates jobs, raises household incomes, and supports broader economic growth within the community.

Based on estimates of total tourism-related spending, tourism generated approximately \$467.6 million in economic output in the City of Paso Robles, \$134.1 million in the county balance (areas outside Paso Robles but still in San Luis Obispo County), and \$126.0 million across the rest of California.

Table 1 – Impact on Output

Impact Type	City of Paso Robles (\$ Millions)	County Balance (\$ Millions)	Rest of California (\$ Millions)
Direct	450.8	-	-
Indirect	13.9	82.4	87.0
Induced	2.9	51.7	39.0
Total	467.6	134.1	126.0

Source: Bureau of Economic Analysis and IMPLAN. Analysis by Beacon Economics

- Of the \$467.6 million in economic output generated in the City of Paso Robles, \$450.8 million represented direct spending by tourists, while \$13.9 million stemmed from secondary spending by suppliers and \$2.9 million resulted from spending by employees supported by the Tourism industry.
- The \$134.1 million in economic output generated in the balance of the county includes \$82.4 million in secondary spending by businesses linked to tourism and \$51.7 million driven by worker expenditures.
- In the rest of California, economic output totaled \$126.0 million, with \$87.0 million arising from secondary spending by tourism-related suppliers and \$39.0 million supported by worker expenditures across the state.

Impact of Tourist Spending on Employment

In addition to the economic output driven by tourism, related expenditures also support significant employment in the City of Paso Robles, the county balance, and the rest of California. Tourism spending helps sustain thousands of jobs in the Hospitality, Retail, Food Services, and Transportation industries, contributing to workers' livelihoods throughout the region.

Tourism activities are estimated to support approximately 3,424 jobs in the City of Paso Robles, 745 jobs in the county balance, and 524 jobs in the rest of California.

Table 2 – Impact on Employment

Impact Type	City of Paso Robles	County Balance	Rest of California
Direct	3,331	-	-
Indirect	71	446	341
Induced	22	299	183
Total	3,424	745	524

Source: Bureau of Economic Analysis and IMPLAN. Analysis by Beacon Economics

- The City of Paso Robles supported 3,424 jobs through tourism—3,331 directly tied to tourism, 71 generated by secondary spending from suppliers, and 22 through employee spending within the industry.
- In the county balance, 745 jobs were supported, including 446 from secondary spending by businesses linked to tourism and 299 driven by worker expenditures.
- In the rest of California, a total of 524 jobs were supported, with 341 stemming from secondary spending by tourism-related suppliers and 183 from worker spending.

The jobs supported by tourism in Paso Robles extend well beyond the traditional Hospitality sector, benefiting industries such as Wholesale Trade, Professional and Technical Services, Food and Beverage Manufacturing, Transportation, and Property Management. Property Management plays an important role not only in maintaining vacation rentals and short-term accommodations but also in managing commercial properties that serve the growing needs of tourists, such as retail spaces, wineries, and dining establishments.

Tourism-related spending generates employment opportunities across these sectors, supporting workers at a range of skill and income levels. This far-reaching impact underscores the importance of tourism in driving economic growth and sustaining livelihoods throughout the region.

Impact of Tourist Spending on Labor Income

Tourism spending in Paso Robles also contributes significantly to local labor income. The wages generated by tourism reflect both the direct compensation of workers in tourism-related industries and the ripple effects of supply chain activity and income-driven spending by employees.

Tourism activities in Paso Robles are estimated to support \$156.6 million in wages for workers in the city, \$42.1 million for those in the county balance, and \$46.9 million across the rest of California. These figures highlight how tourism significantly contributes to the economic well-being of communities across the region.

Table 3 – Impact on Labor Income

Impact Type	City of Paso Robles (\$ Millions)	County Balance (\$ Millions)	Rest of California (\$ Millions)
Direct	151.3	-	-
Indirect	4.2	25.7	33.5
Induced	1.1	16.5	13.4
Total	156.6	42.1	46.9

Source: Bureau of Economic Analysis and IMPLAN. Analysis by Beacon Economics

- Of the \$156.6 million in labor income generated in the City of Paso Robles, \$151.3 million came directly from tourism, with \$4.2 million resulting from secondary spending by suppliers and \$1.1 million from spending by employees supported by the Tourism industry.
- In the county balance, \$42.1 million in labor income was generated, including \$25.7 million from secondary spending by tourism-related businesses and \$16.5 million from worker expenditures.
- The rest of California saw \$46.9 million in labor income, with \$33.5 million attributed to secondary spending by suppliers and \$13.4 million supported by worker expenditures across the state.

The substantial impact of tourism spending on labor income in Paso Robles highlights its pivotal role in supporting economic well-being across the city, the surrounding county, and the state. However, the benefits of tourism extend beyond wages and employment. A key aspect of its contribution is the fiscal revenues it generates, supporting essential public services and infrastructure. Examining tourism's fiscal impact offers a better understanding of its importance to local government finances and community development.



Fiscal Impact of Tourism



Attachment 1

Tourism in Paso Robles generates significant tax revenues for the city, for San Luis Obispo County, and the State of California. In 2023, tourism contributed a total of \$117.8 million in tax revenues at local, state, and federal levels. A detailed breakdown of these contributions is as follows:

- \$20.9 million in tax revenues for the City of Paso Robles
- \$11.2 million in tax revenues for San Luis Obispo County and local governments outside of Paso Robles
- \$35.2 million in tax revenues for the State of California
- \$50.5 million in federal tax revenues

In 2023, direct visitor spending generated \$8.3 million¹ in sales tax revenue, accounting for approximately 25%² of the city's total sales tax revenue.

The demand for overnight accommodations, driven by visitor spending, added another \$10.0 million to city revenue through the Transient Occupancy Tax (TOT). Visitor spending also boosted property tax revenues by increasing demand for hospitality properties, short-term rentals, and vacation homes, spurring new developments, real estate investments, and property upgrades that expanded the tax base. These combined effects supported an estimated \$1.6 million in property tax revenues, accounting for approximately 12%³ of the city's total property tax revenue. Other miscellaneous taxes also tied to tourism activity, added \$0.9 million to the city's revenue base.

1 \$5.0 million flowed to Paso Robles' General Fund, where \$3.3 million flowed to Measure J-20 Supplemental Sales Tax Fund

2 This result was calculated by dividing the city's tourism-generated sales tax revenue (\$8.3 million) by its total reported sales tax revenue for FY 2022/2023 (\$33.4 million).

3 This result was calculated by dividing the city's tourism-generated property tax revenue by its total reported property tax revenue.

In total, direct visitor spending generated an estimated \$17.5 million in General Fund tax revenues for the City of Paso Robles in 2023, representing approximately 37%⁴ of the city's General Fund. Without revenue from tourism, households in Paso Robles would need to contribute an additional \$1,779⁵ annually in taxes to sustain the current level of city services and infrastructure funding.⁶



Road Repairs in Paso Robles

Tourism plays a vital role in funding Paso Robles' infrastructure and public safety initiatives. Visitors to the city contribute 25% of local sales tax revenue, easing the financial burden on residents while improving services. Since the approval of Measure E-12 (a ½ cent supplemental general sales tax passed by Paso Robles voters in November 2012) \$46.4 million has been spent on completing 27 street maintenance projects, with an additional \$32.2 million allocated for projects that are planned or currently underway.

Including both direct and secondary effects, tourism spending in Paso Robles generated \$20.9 million in tax revenues for the city, \$7.4 million for San Luis Obispo County, \$26.4 million for the State of California, and \$29.0 million for the federal government.

-
- 4 This result was calculated by dividing the city's direct tourism-generated tax revenue allocated to the General Fund which totals \$17.5 million, by the FY 2022-23 General Fund revenues, which totaled \$47.6 million.
 - 5 This result was calculated by dividing the estimated direct tourism-generated annual tax revenue received by the City of Paso Robles by the number of households in the city (11,676), as reported by the U.S. Census Bureau.
 - 6 Tourism, along with the economic activity and transient population associated with it, increases demand for government services. Therefore, in the absence of tourism, reduced service costs would likely partially offset the \$1,779 figure.

Attachment 1

Table 4 - Fiscal Impacts, City of Paso Robles

	Direct	Secondary	Total
City	\$20,774,702	\$129,378	\$20,904,080
Sales Tax	\$8,278,561	\$67,388	\$8,345,949
Transient Occupancy Tax	\$10,044,919	\$0	\$10,044,919
Property Tax	\$1,594,229	\$40,338	\$1,634,568
Income Tax	\$0	\$0	\$0
Social Insurance Tax	\$0	\$0	\$0
Corporate Profits Tax	\$0	\$0	\$0
Other Tax	\$856,992	\$21,652	\$878,644
County	\$7,186,786	\$180,960	\$7,367,746
Sales Tax	\$827,856	\$20,086	\$847,942
Property Tax	\$5,728,322	\$144,941	\$5,873,264
Income Tax	\$0	\$0	\$0
Social Insurance Tax	\$0	\$0	\$0
Corporate Profits Tax	\$0	\$0	\$0
Other Tax	\$630,608	\$15,933	\$646,540
State	\$25,862,198	\$557,517	\$26,419,715
Sales Tax	\$19,868,547	\$368,803	\$20,237,350
Property Tax	\$509,865	\$12,901	\$522,766
Income Tax	\$1,539,451	\$61,394	\$1,600,845
Social Insurance Tax	\$563,664	\$18,363	\$582,027
Corporate Profits Tax	\$1,823,597	\$55,691	\$1,879,288
Other Tax	\$1,557,073	\$40,366	\$1,597,439
Federal	\$28,005,751	\$955,064	\$28,960,815
Sales Tax	\$0	\$0	\$0
Property Tax	\$0	\$0	\$0
Income Tax	\$6,331,728	\$253,656	\$6,585,385
Social Insurance Tax	\$16,147,270	\$543,123	\$16,690,393
Corporate Profits Tax	\$3,536,426	\$107,999	\$3,644,424
Other Tax	\$1,990,327	\$50,286	\$2,040,613

Source: Bureau of Economic Analysis and IMPLAN. Analysis by Beacon Economics

Attachment 1

Table 5- Fiscal Impacts, County Balance

	Secondary
City	\$936,372
Sales Tax	\$486,918
Property Tax	\$293,004
Income Tax	\$0
Social Insurance Tax	\$0
Corporate Profits Tax	\$0
Other Tax	\$156,450
County	\$1,313,066
Sales Tax	\$145,132
Property Tax	\$1,052,811
Income Tax	\$0
Social Insurance Tax	\$0
Corporate Profits Tax	\$0
Other Tax	\$115,122
State	\$4,860,875
Sales Tax	\$2,664,828
Property Tax	\$93,708
Income Tax	\$1,005,735
Social Insurance Tax	\$154,600
Corporate Profits Tax	\$623,398
Other Tax	\$318,606
Federal	\$10,185,659
Sales Tax	\$0
Property Tax	\$0
Income Tax	\$4,131,559
Social Insurance Tax	\$4,481,820
Corporate Profits Tax	\$1,208,930
Other Tax	\$363,349

Source: Bureau of Economic Analysis and IMPLAN. Analysis by Beacon Economics

Table 6 - Fiscal Impacts, Rest of CA

	Secondary
City	\$825,720
Sales Tax	\$303,862
Property Tax	\$342,561
Income Tax	\$0
Social Insurance Tax	\$0
Corporate Profits Tax	\$0
Other Tax	\$179,298
County	\$694,300
Sales Tax	\$43,568
Property Tax	\$591,849
Income Tax	\$0
Social Insurance Tax	\$0
Corporate Profits Tax	\$0
Other Tax	\$58,883
State	\$3,929,485
Sales Tax	\$1,475,812
Property Tax	\$69,510
Income Tax	\$1,297,583
Social Insurance Tax	\$210,916
Corporate Profits Tax	\$607,115
Other Tax	\$268,548
Federal	\$11,377,180
Sales Tax	\$0
Property Tax	\$0
Income Tax	\$5,025,095
Social Insurance Tax	\$4,990,649
Corporate Profits Tax	\$1,177,353
Other Tax	\$184,083

Source: Bureau of Economic Analysis and IMPLAN. Analysis by Beacon Economics

Secondary spending from Paso Robles tourism, within the county balance, generated \$0.9 million in tax revenues for cities within the county balance. Additionally, it contributed \$1.3 million to San Luis Obispo County, \$4.9 million to the State of California, and \$10.2 million to the federal government.

Secondary spending outside Paso Robles and San Luis Obispo County, but within the State of California, generated \$0.8 million in tax revenues for cities in the rest of California, \$0.7 million for other counties in California, \$3.9 million for the State of California, and \$11.4 million for the federal government.

The Tourism industry in Paso Robles has become a key driver of local economic and community development, serving as an example of how strategic investment in visitor services can benefit both residents and visitors. Beyond generating tax revenue, tourism supports a variety of cultural and recreational activities, such as wine tours and community events, that enhance the area's appeal while contributing to the local economy.



Year-Round Downtown Lighting

The City of Paso Robles recently installed year-round lighting in Downtown City Park as part of its efforts to enhance public spaces and support tourism. The new lighting improves the park's suitability for hosting events and activities, contributing to the city's goal of increasing foot traffic and engagement in the downtown area. This infrastructure investment aligns with broader strategies to boost the local economy through tourism while also providing a benefit to residents.⁷

7 <https://pasoroblespress.com/news/government/city-of-paso-robles/year-round-lights-illuminate-downtown-city-park/>

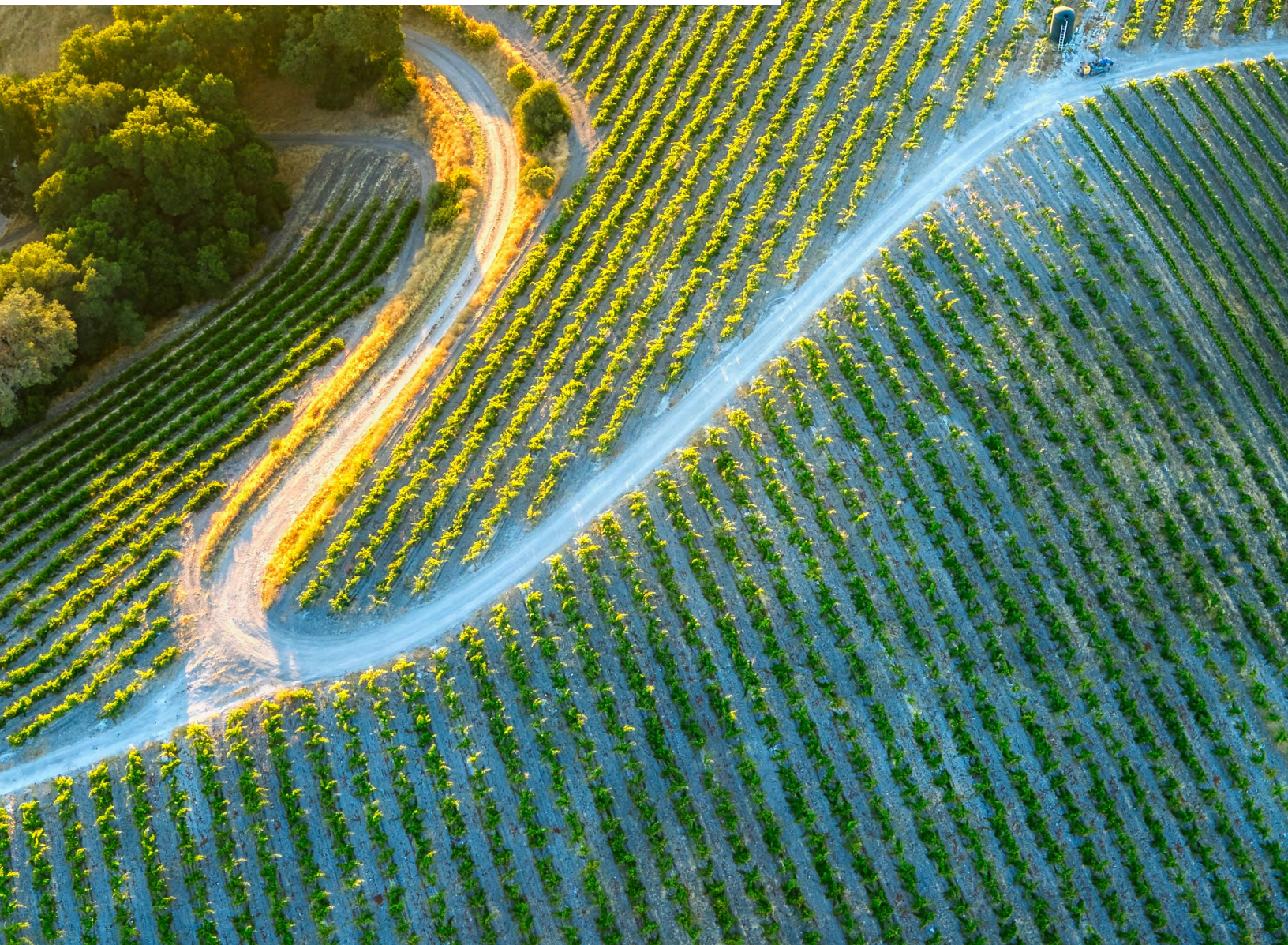
As tourism continues to grow, it not only strengthens the economy but also supports public services through tax revenues. By addressing the needs of both visitors and the local community, the Tourism sector plays a meaningful role in improving the quality of life and contributing to the city's overall sustainability.



Social Impact of Tourism



Tourism plays a vital role in enhancing the quality of life for Paso Robles residents. Tourism-generated tax revenue provides essential funding for expanding city services and infrastructure, while visitor spending supports local attractions, strengthens the culinary scene, and boosts various industries.



Attachment 1

However, some residents voice concerns over the downsides of tourism, such as increased congestion and rising living costs. According to a 2023 Visit SLO Cal survey,⁸ 59% of Paso Robles residents were concerned about tourism’s effects on crowds and traffic, while 62% felt it contributed to higher prices.

The following section explores the social impacts of tourism, focusing on both its positive and negative effects on the local community. Beacon Economics finds that business investment and tax revenue generated by tourism play a key role in the city’s efforts to elevate the quality of life in Paso Robles. Sustaining this quality of life depends on the city’s continued investment in infrastructure and support services to balance resident needs with the benefits of a growing visitor presence.

Recognizing the broader need to enhance residents’ quality of life and foster sustainable growth, the Paso Robles city council has adopted key goals⁹ for the 2024-2026 fiscal years. These goals guide resource allocation and policymaking, ensuring that investments align with the city’s priorities. The main goal areas include:

- **Transportation and Infrastructure**
- **Public Safety**
- **Cultural, Recreational, and Open Spaces**
- **Homelessness Response**
- **Community and Economic Development**
- **Engaged and Responsive Government**

8 VISIT SLO CAL

9 https://www.prcity.com/DocumentCenter/View/38668/04_Adopted-Goals-2024-2026

Impact on Quality of Life

Most Paso Robles residents acknowledge that tourism enhances the quality of life in several ways, with 81% recognizing its role in supporting local wineries and sustaining the region’s wine industry, and 70% agreeing that it enhances local events such as festivals, arts, and cultural activities. Beyond these traditional contributions, tourism also drives the development of unique attractions that contribute to the region’s culture and economy. This aligns with the Paso Robles city council’s goal to foster cultural, recreational, and open spaces, emphasizing arts and community engagement to enhance the city’s prosperity.



Beyond the Vines: Art and Light in Paso Robles

Sensorio is an immersive experience designed by acclaimed artist Bruce Munro, featuring over 100,000 solar-powered, fiber-optic lights spread across 15 acres of rolling hills, creating a captivating visual experience. Complementing this is Light Towers, an installation of 69 towers constructed from over 17,000 wine bottles, reflecting Paso Robles’ viticultural heritage. Attractions like this are a testament to tourism’s vital role in fostering innovative projects.¹⁰

10 <https://www.travelpaso.com/things-to-do/attractions/field-of-light/>

Attachment 1

However, residents also highlight tourism-related challenges, such as traffic congestion, overcrowding, inadequate infrastructure, and an increased tax burden. While residents have experienced tax increases, the resulting revenues are being used to support improvements in **Transportation and Infrastructure** as well as **Public Safety**. These investments align with city council goals, ensuring enhanced mobility, safety, and an improved quality of life for both residents and visitors alike. Several key measures have contributed to these funding efforts:

- Measure E-12 (2012) - Increased the sales tax by 0.5%
- Measure J-20 (2020) - Increased the sales tax by 1%
- Measure F-22 (2022) - Increased the Transient Occupancy Tax (TOT) by 1%

Additionally, the expansion of public services and infrastructure improvements funded by tax increases comes at a reduced cost to residents, thanks to the significant contributions from visitors. For instance, the \$10.0 million in Transient Occupancy Tax (TOT) is essentially borne by tourists. Visitor contributions to Measures E-12 and J-20 in 2023 also accounted for approximately \$5.0 million, or 35%, of the \$14.4 million spent on essential public services.

These funds supported street maintenance, police staffing, fire and emergency services staffing, the construction of Fire Station No. 3, safety equipment, police supplies, and additional infrastructure maintenance.

*\$10.0M in Transient
Occupancy Tax (TOT)
is essentially borne
by tourists.*



*Visitor contributions to
Measures E-12 and J-20
in 2023 also accounted
for approximately 35%, of
public services spending*

Employees Funded by Visitor Contributions to Measure J-20 in 2023



5 of 20

police officers



4 of 15

emergency services personnel



1 of 2

public works employees

Notably, visitor contributions, which account for 25% of Measure J-20 revenues, enabled the 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. These investments have strengthened the city's ability to provide essential services, enhancing the quality of life for residents while accommodating the needs of a growing visitor base.¹¹

Recognizing the critical role of sustainable funding for long-term improvements, voters approved Measure I-24 in November 2024, extending the ½ cent sales tax increase originally established by Measure E-12, which was set to expire in 2025.

While 41% of residents believe tourism increases their tax burden, each Paso Robles household would actually need to contribute an additional **\$1,779 annually** to maintain the current level of city services and infrastructure development.

With 37% of the city's general fund revenue directly attributed to tourism, visitor contributions play a crucial role in funding initiatives that enhance the quality of life in Paso Robles. These contributions support both past expenditures and future investments outlined in the city council's goals, which focus on improving infrastructure, enhancing public safety, and expanding amenities—all of which make Paso Robles an even better place to live and visit.

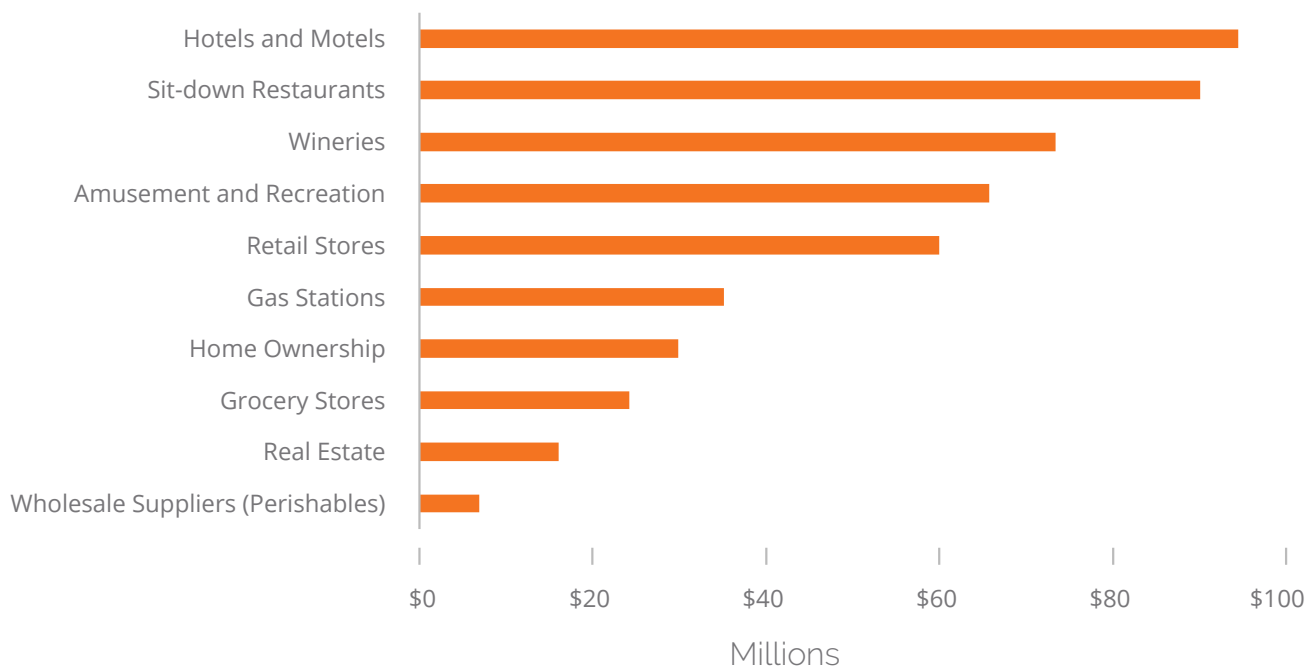
11 <https://www.prcity.com/DocumentCenter/View/38176/FY-2024-25-and-FY-2025-26-Adopted-Budget-Report-PDF>

Socioeconomic Impacts

According to the 2023 Visit SLO CAL survey, more than 72% of residents acknowledge that tourism is essential to the city’s economic health, but only 51% believe it enhances Paso Robles as a place to live. This disconnect stems from the perception that the benefits of tourism do not fully extend to residents and instead contribute to rising living costs.

Yet, the significance of tourism is difficult to overstate. Beacon Economics estimates that **nearly one in five jobs in the city is tied to the Tourism sector**, which generates \$156.6 million in labor income annually. Beyond direct employment, tourism supports secondary jobs in industries such as Property and Facility Services, Goods and Supply Services, and Business and Employment Services. These sectors play a vital role in ensuring the tourism ecosystem functions smoothly by maintaining facilities, delivering essential goods, and providing businesses with the staff and resources they need. Figure 5 illustrates the top 10 industries impacted by Paso Robles tourism.

Figure 5 – Top 10 Industries Impacted by Tourism



Source: Bureau of Economic Analysis and IMPLAN. Analysis by Beacon Economics

Attachment 1

Despite the economic benefits of tourism, residents in Paso Robles remain deeply concerned about the high cost of living. Housing costs, the largest contributor to living expenses, are particularly troubling, with only 24.8% of residents believing the city offers a diverse range of single-family and multi-family housing options that are affordable for all income levels. While tourism can put pressure on housing markets through increased demand, Paso Robles has taken steps to address this. To expand the housing supply, the city has approved 4,372 housing units spread across various development plans.¹² One example is Arrive Paso Robles, a 200-unit apartment complex at 1387 Creston Road, completed in November 2024. These projects aim to expand housing options and promote a balanced market, ensuring the city meets the needs of its growing community.¹³



While tourism can put pressure on housing markets through increased demand, Paso Robles has taken steps to address this.

Despite concerns over the high cost of living, house prices in Paso Robles are in line with broader trends across San Luis Obispo County and California. As of 2023, the latest available data, the median gross rent in Paso Robles is \$1,947, closely matching the county median of \$1,899 and the state median of \$1,956. For homeowners, median monthly costs in Paso Robles are slightly lower at \$2,565 compared to \$2,830 in San Luis Obispo County and \$2,865 statewide.¹⁴

Higher costs for residents, particularly for recreational activities, can be partly attributed to the enhanced quality of services and amenities driven by tourist demand, such as upscale dining and premium experiences.

12 <https://www.prcity.com/DocumentCenter/View/37963/240426-2024-Development-Presentation---City-Manager-Coffee>

13 <https://www.sanluisobispo.com/news/local/article295947284.html>

14 As reported by the Census Bureau



Paso Robles' Culinary Scene

In recent years, the growth of the Paso Robles wine industry and the influx of visiting wine enthusiasts and food lovers have driven local chefs to new heights of creativity. This culinary innovation has earned the city the distinction of hosting San Luis Obispo County's only two Michelin-starred restaurants—Six Test Kitchen and The Restaurant at JUSTIN—alongside two Michelin-listed restaurants, Les Petites Canailles and The Hatch. These establishments are a testament to the city's culinary excellence, sustained by the continuous support of its tourist community.¹⁵

While residents have expressed concerns over congestion, cost of living, and its broader impact, tourism directly supports investments in essential areas like transportation, public safety, and community amenities. Without the revenue generated by visitors, these improvements would be far more challenging to achieve, placing a greater financial burden on residents. Ultimately, tourism not only bolsters the local economy but also plays a key role in improving the community's quality of life.

15 <https://guide.michelin.com/us/en/california/paso-robles/restaurants?sort=distance>

Conclusion



\$467.6 Million

economic output generated
by tourism related spending

3,424 Jobs

supported by tourism

\$156.6 Million

labor income
supported by tourism

\$20.9 Million

tourism-related tax revenue

37%

of Paso Robles' General Fund
generated by tourism

Tourism continues to play a crucial role in the economy of Paso Robles, significantly contributing to economic output, employment, and the fiscal health of the city. In 2023, tourism-related spending in the area generated an impressive \$467.6 million in total economic output for the City of Paso Robles. Of this, \$450.8 million came from direct spending, primarily through lodging, food, beverages, and entertainment. This economic activity not only supports local businesses but also generates a substantial number of jobs. Specifically, tourism supported approximately 3,424 jobs, creating labor income totaling \$156.6 million in the City of Paso Robles.

The benefits of tourism extend far beyond job creation, with tourism-related tax revenues contributing a vital \$20.9 million to the city's coffers in 2023. This revenue came from various sources, including sales, transient occupancy, and property taxes, and represents nearly 37% of Paso Robles' General Fund. This means that tourist dollars play a central role in funding essential services such as public safety, infrastructure, and community programs that enhance the quality of life for residents.

Despite some concerns voiced by residents about tourism's impact on housing costs, traffic congestion, and the availability of public spaces, the positive contributions of tourism are clear. Tax revenue from tourism has helped fund infrastructure improvements that benefit both visitors and locals. Investments in transportation, roadways, and public services, made possible by tourism-generated taxes, not only accommodate the influx of visitors but also enhance day-to-day life for residents.

Ultimately, while there are valid concerns surrounding the growth of tourism, the economic, fiscal, and social benefits it brings to Paso Robles are undeniable. Tourism generates vital revenue, supports local employment, and enhances the city's infrastructure and quality of life. By continuing to invest in tourism-driven development, while addressing local needs, Paso Robles can maintain a delicate balance, ensuring long-term prosperity for both its residents and the many visitors who are drawn to the region's unique charm.



About Beacon Economics

Founded in 2006, Beacon Economics, an LLC and certified Small Business Enterprise with the state of California, is an independent research and consulting firm dedicated to delivering accurate, insightful, and objectively based economic analysis. Employing unique proprietary models, vast databases, and sophisticated data processing, the company's specialized practice areas include sustainable growth and development, real estate market analysis, economic forecasting, industry analysis, economic policy analysis, and economic impact studies. Beacon Economics equips its clients with the data and analysis they need to understand the significance of on-the-ground realities and to make informed business and policy decisions.

Learn more at beaconecon.com

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