

THE OFFICE OF ECONOMIC & DEMOGRAPHIC RESEARCH
Economic Evaluation of Florida's Investment in Beaches

Identifying the State's Brand, Calculating the Return on Investment
of Beach Restoration and Assessing the Risk of Disasters 1/15/2015
<http://edr.state.fl.us/Content/returnoninvestment/BeachReport.pdf>

These highlights prepared by: FLORIDA SHORE AND BEACH PRESERVATION ASSOCIATION
"A League of Cities and Counties on Beach and Coastal Issues"

At A Glance

- **Overall Results and Conclusions**

"The state appropriates funds yearly to repair storm damage and ensure the high quality of the beaches." The state's investment in the Beach Program "generated a positive return on investment of **5.4**" based solely on tangible financial gains or losses to state revenues, not overall effectiveness or societal and ecological benefit (p.1). In-state tourism is not included in this analysis. (p.6)

"The state invested **\$44 million** in the Beach Program resulting in an average increase in **GDP of \$2.4 billion per year**." This "increased the overall collection of **state revenues by \$237.9 million** over the 3 year review period." (p.2)

- **Beaches as the State Brand**

"Results indicate that **beaches are the most important feature of Florida's brand** (25.5%) and have the **strongest effect of attracting tourists**." They are closely followed by theme parks and retail/dining/nightlife, and "then there is a significant drop in the remaining six figures including outdoor recreation, 7.1% and parks/natural site, 2.7%. (p.9)

"**Beach restoration is essentially a form of quality control for that product.**" (p.9)

It is necessary "**to maintain a certain level of beach quality or else visitors will travel elsewhere.**" (p.13)

- **Economic Risk of Disasters**

EDR estimated, using visitors cancelling trips for FY 2012/13 and an average disaster, that **\$921.1 million in visitor spending in Florida would have been lost**, and that would have resulted in \$55.3 million in reduced state revenues. (p. 14)

The report further considered "the costs to the state from potential shocks" (hurricanes and other storm events as well as other disasters like the BP oil spill). "It is estimated that a **high-impact disaster would require the state to appropriate \$79.9 million for beach restoration** while still losing approximately \$56.8 million in tax revenues. (p. 15)

It is estimated that a high impact storm "**would result in \$159.5 billion worth of property damage, of which \$80.4 billion would be uninsured.**" (p. 15)

"**From an economic perspective, it is important to quickly address severe storm-related damage.**"

- **Capturing Economic Benefits in Project Selection**

"While it may not be feasible to determine return on investment on a project-by-project basis, **it is possible to include measures of economic benefit as part of the ranking process.**"

Measures could include "the **value of property protected** as a result of the project or the value of tourist development tax revenues as a percentage of all county revenues". A measure of "each location's attractiveness to visitors can be determined by developing county factors **that weight sales tax collections by tourist accommodations.**" An additional measure might include "county employees in tourism-related occupations as a percentage of all employees in the county." Recognizing that these measures will rank locations by tax revenues generated by visitors," they will be county-based. (p.16)