

Presentation of study results:

## **Quantifying the impact of tourism on Barcelona's municipal budget**

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## Objective of the study

**QUANTIFYING THE IMPACT OF TOURISM ON BARCELONA CITY COUNCIL'S MUNICIPAL BUDGET FOR THE 2011-2019 PERIOD.**

We want to know what additional public spending Barcelona City Council must undertake to compensate for tourism's impact on the quality of services provided to the city's residents by the City Council.

## Methodology used

Indirect estimate of the net impact of tourism on Barcelona City Council's budget, calculated by quantifying the average impact of one tourist on non-financial spending and revenue in relation to a city resident, in a representative sample of Spanish tourist towns, and taking into account the weighting of tourism in Barcelona.

- We will quantify the **NET IMPACT** on the budget:

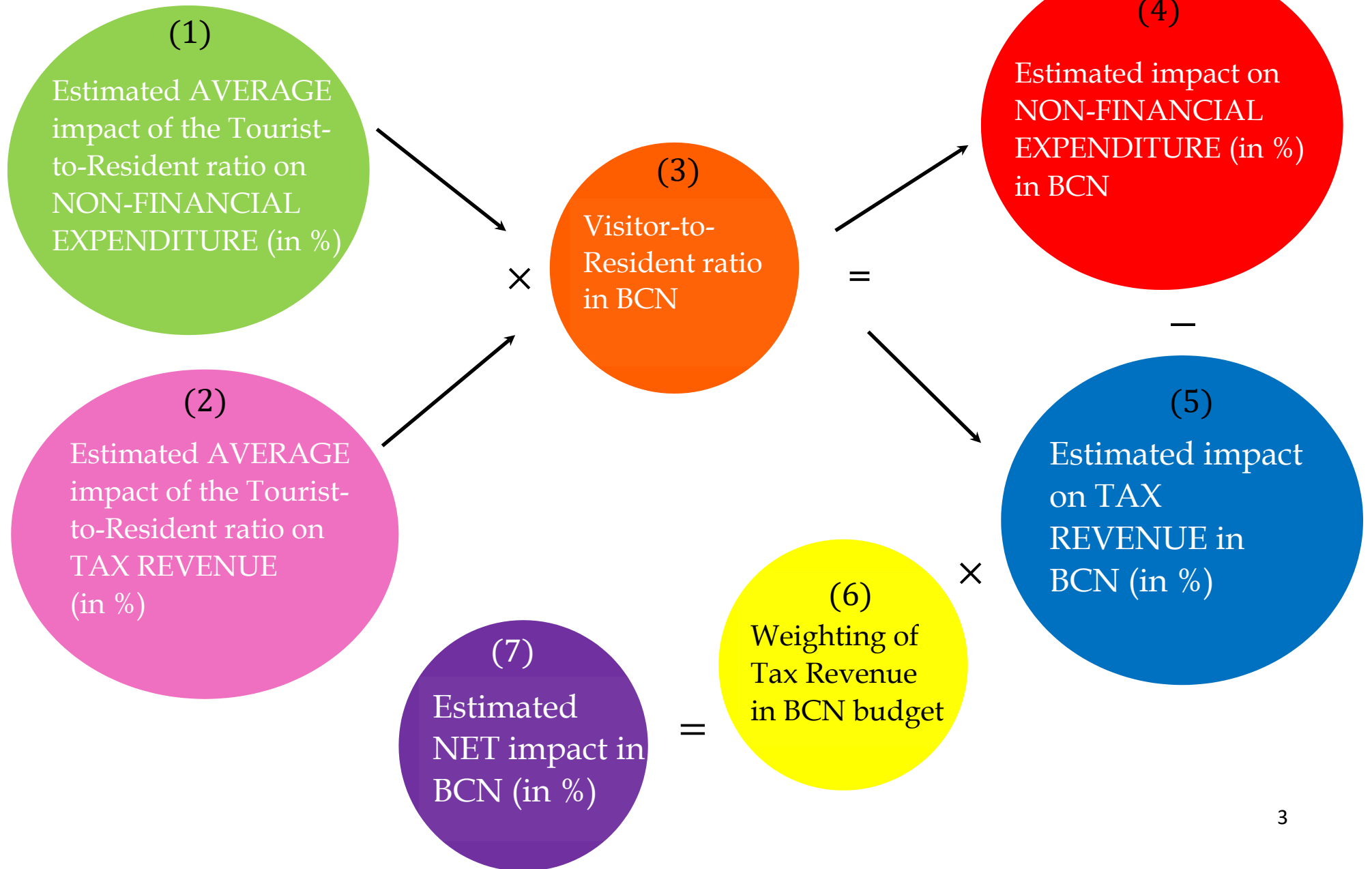
Impact on **PUBLIC EXPENDITURE** – Impact on **REVENUE**

- **INDIRECT** or 'COMPARATIVE' method:

**AVERAGE IMPACT OF ONE TOURIST**

× **WEIGHTING OF TOURISM IN  
BARCELONA**

# Outline of the methodology



## Main results

- **THE AVERAGE IMPACT OF ONE TOURIST ON EXPENDITURE** is **52.8%** of that of one resident during the 2011-19 period.
- **THE VISITOR-TO-RESIDENT RATIO IN BARCELONA** is calculated at **10.3%** for 2019.
- **IMPACT ON BARCELONA CITY COUNCIL'S EXPENDITURE** is equivalent to **5.82%** of non-financial expenditure.
- **THE IMPACT ON BARCELONA CITY COUNCIL'S TAX REVENUE** is equivalent to **2.05%** of tax revenues.
- **THE NET IMPACT** on budgets is equivalent to **4.68%** of non-financial expenditure.

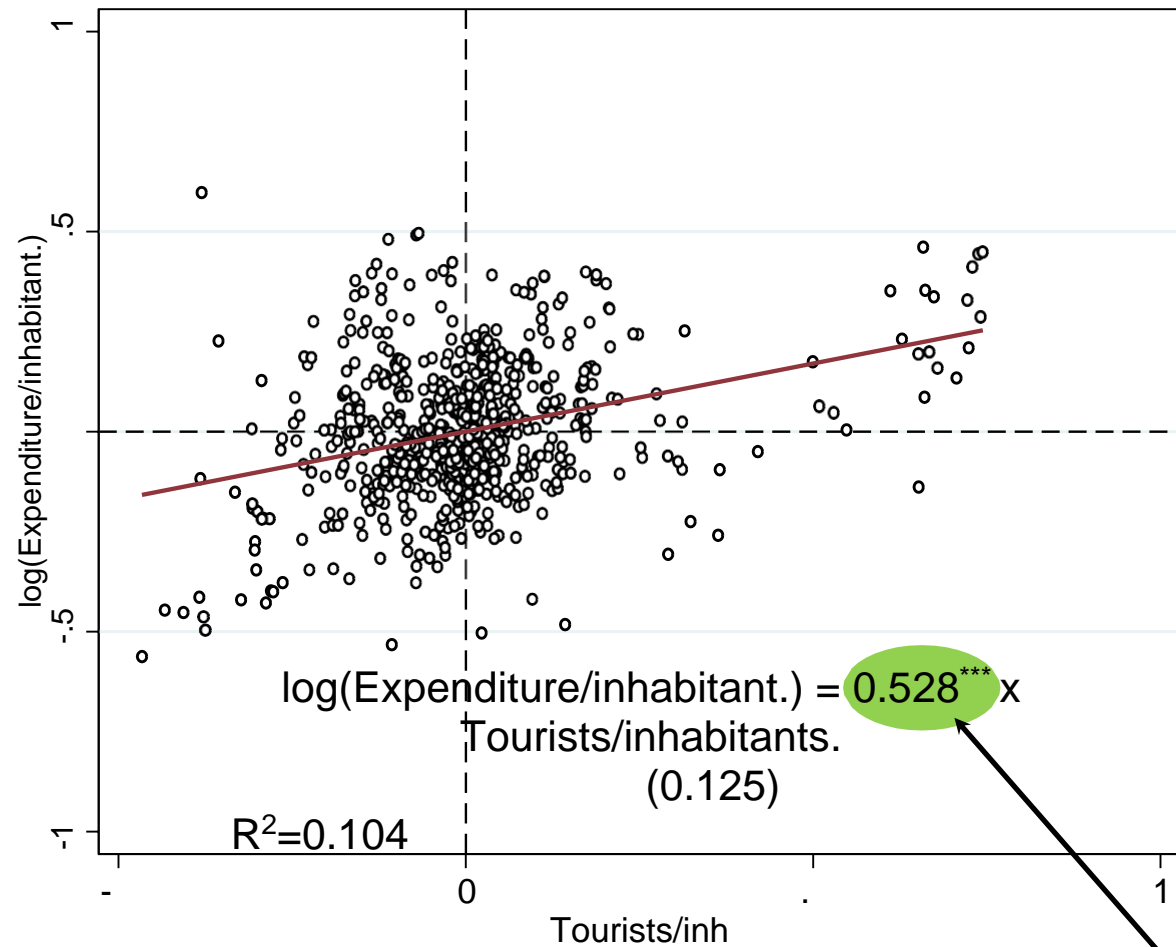
# Average impact of one tourist on expenditure

(1)

Estimated AVERAGE  
impact of the Tourist-  
to-Resident ratio on  
NON-FINANCIAL  
EXPENDITURE(in %)

Comparison group used:  
Spanish tourist towns with  
over 20,000 inhabitants.

The expenditure data have  
been 'cleaned' of the effects  
of other variables related to  
the weighting of tourism  
(population, fiscal capacity)



Going from 0 to 1 Tourist/inhabitant. (in  
equivalent overnight stays) caused an average  
increase in non-financial expenditure of 52.8%

# Average impact of one tourist on revenue

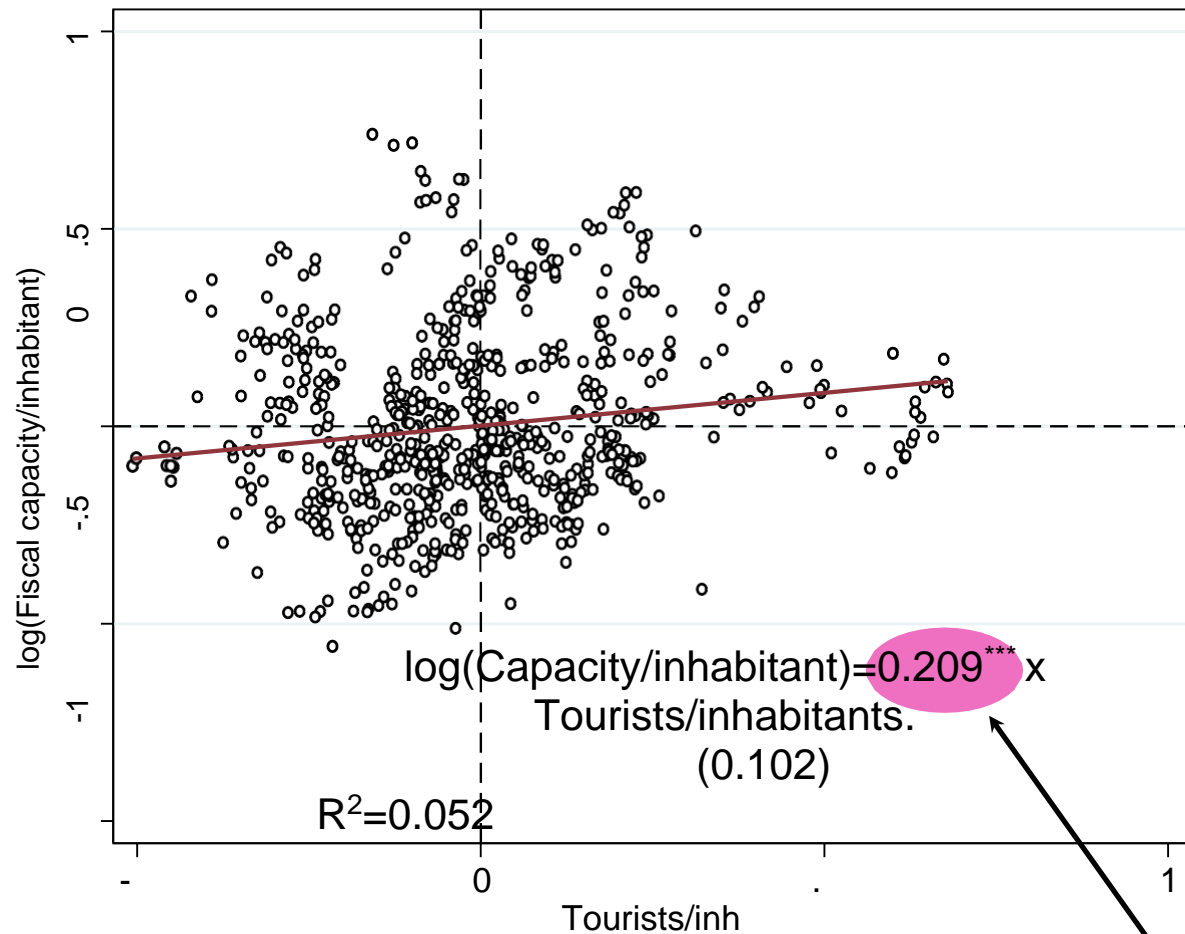
(2)

Estimated AVERAGE  
impact of the Tourist-  
to-Resident ratio on  
TAX REVENUE (in %)

Comparison group used:  
Spanish tourist towns  
with over 20,000 inhabitants.

The analysed variable is an  
indicator for Fiscal  
capacity/inhabitant = tax  
revenue which would be  
obtained with a fiscal effort  
equal to the average

Important: in the case of  
Barcelona, IEET revenue is not  
included.



Going from 0 to 1 Tourist/inhabitant.  
(in equivalent overnight stays) caused an  
average increase in tax revenue of 20.9%

# The weighting of tourism in Barcelona

Table 1. Visitors to Barcelona

(3)  
 Visitor-to-Resident ratio in BCN

Data from Barcelona City Council for 2016, 'Strategy for Tourist Mobility' (extrapolated to 2019)

Data for Visitors = Tourists + Excursionists

Excursionist weighting=0.75

	2019	
	Total	/Inhabitants
Visitors (Overnight stays)	60,830,462	<b>0.103</b>
Tourists (Overnight stays)	53,727,259	<b>0.091</b>
Hotels and Apartments	21,902,145	0.037
Tourist flats	18,300,962	0.031
Hostels	4,316,183	0.007
Private accommodation	9,207,968	0.016
Excursionists	7,103,204	<b>0.012</b>
Cruise passengers	1,451,005	0.002
Overnight stays in Barcelonès region	1,053,110	0.002
Tourists in rest of Catalonia	4,599,089	0.008

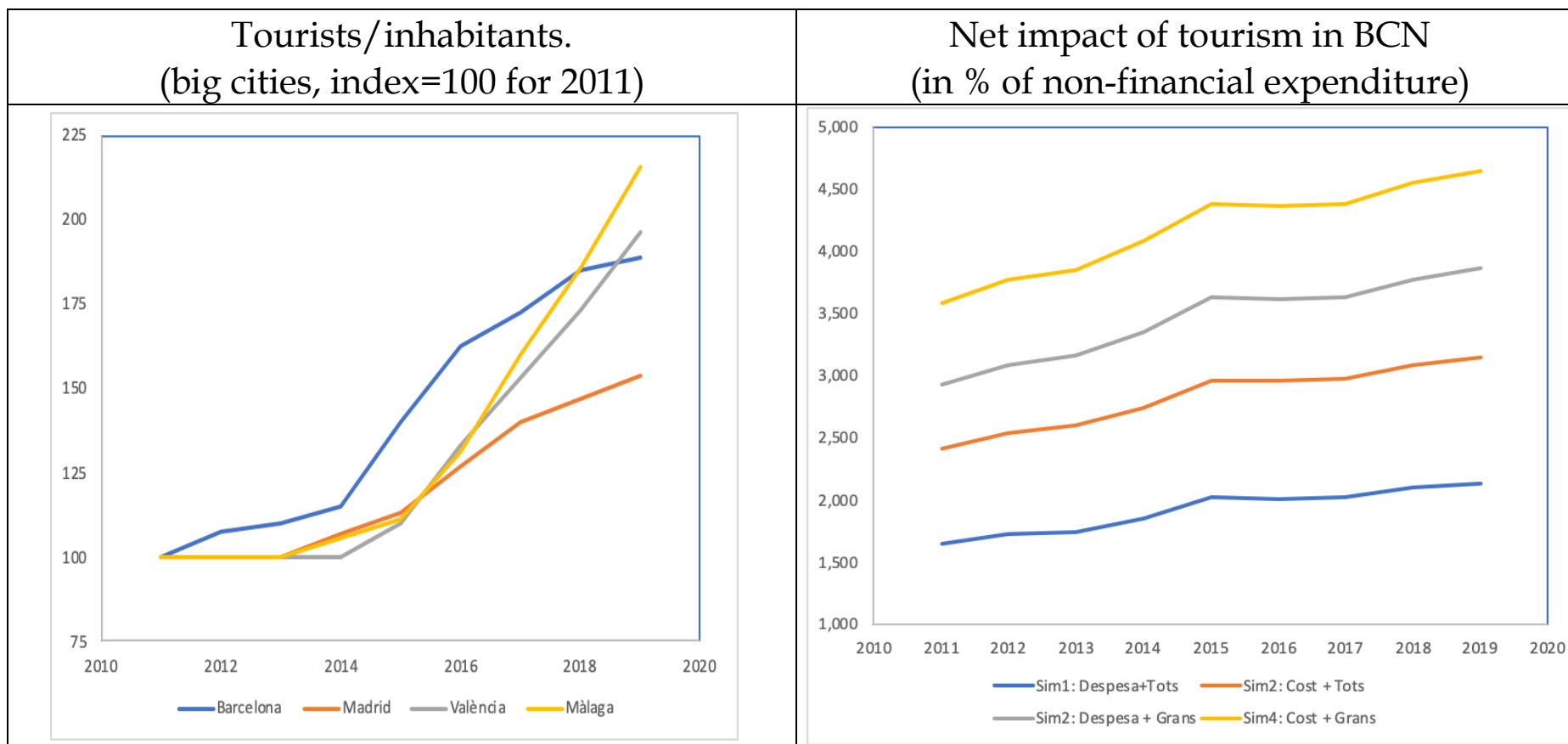


## Detailed results

Table 4: Effects of Tourism on Barcelona City Council's Budget

	i) Increased <b>expenditure</b> in %					
	Method I: <i>Effect on expenditure</i>			Method II: <i>Effect on cost</i>		
<i>Comparison group:</i>	$\Delta$	$\Delta \acute{e}$	$\Delta$ ( <i>net</i> )	$\Delta$	$\Delta \acute{e}$	$\Delta$ ( <i>net</i> )
a) <i>All municipalities</i>	<b>3.13</b>	<b>1.77</b>	<b>2.14</b>	4.14	1.77	3.16
b) <i>Large municipalities</i>	5.02	2.05	3.87	<b>5.82</b>	<b>2.05</b>	<b>4.68</b>
	ii) Increase in <b>millions of €</b>					
	Method I: <i>Effect on expenditure</i>			Method II: <i>Effect on cost</i>		
<i>Comparison group:</i>	$\Delta$	$\Delta \acute{e}$	$\Delta$ ( <i>net</i> )	$\Delta$	$\Delta \acute{e}$	$\Delta$ ( <i>net</i> )
c) <i>All municipalities</i>	<b>80.75</b>	<b>45.64</b>	<b>55.34</b>	106.89	45.64	81.46
d) <i>Large municipalities</i>	129.44	52.84	100.00	<b>150.22</b>	<b>52.84</b>	<b>120.79</b>

## Seasonal evolution 2011-19



In the 2011-19 period, the net impact of tourism in BCN rose from **3.51%** to **4.68%** of non-financial expenditure (an increase of 33%, from €80 million to €120 million)

## Comparison with the IEET

Table 5: IEET Revenue /  $\Delta$ Expenditure (net), in %

Scenarios:	Year				
	2019	2020	2021	2022	2023
Method I: <i>Effect on expenditure</i>					
a) All municipalities	28.80	54.40	72.78	92.79	111.9
b) Large municipalities	15.93	30.10	40.27	51.35	61.97
Method II: <i>Effect on cost</i>					
a) All municipalities	19.96	36.95	49.44	63.04	76.08
<b>b) Large municipalities</b>	<b>13.19</b>	<b>24.92</b>	<b>33.34</b>	<b>42.51</b>	<b>51.3</b>
Maximum surcharge (in €/overnight stay)	0	1	1.75	2.25	3.25
Revenue (in thousands of €)	15,936	30,102	40,726	61,975	72.60

The IEET (tax on stays in tourism establishments) makes it possible to recover a substantial part of tourism's impact on the City Council's budget.

## Additional results

- In terms of **expenditure**, there is a higher impact on the following programmes: Safety, Community Well-being, Tourism
- In terms of **revenue**, there is a higher impact on the taxes: IBI, IAE, IIVTU, ICIO
- Tourism has no impact on **transfers and shares**
- Tourism increases **fiscal pressure**
- **Type of accommodation:**  
Overnight stays in hotels, tourist flats and second homes have a similar impact on expenditure  
Hotels seem to have a greater impact on revenue
- **Type of tourism:** The impact is higher for urban tourism

## Conclusions and interpretation

- Tourism has a negative impact on the **quality of municipal public services** and generates **greater expenditure** and more **fiscal pressure**.
- Tourism has a positive impact on **tax revenue** (on fiscal capacity), but this does not compensate for its impact on expenditure.
- In the case of **Barcelona**, tourism's net impact on the budget is equivalent to **4.68%** of non-financial expenditure (in the main scenario), which represents **€121 million**.
- Is this figure big or small?

It represents 13% of IEET revenue for 2019 and could represent around 50% of its future revenue.

The impact could be greater if we break it down further (e.g. by neighbourhood)