

The Economic Contributions of Tourism in Utah A Regional Comparison

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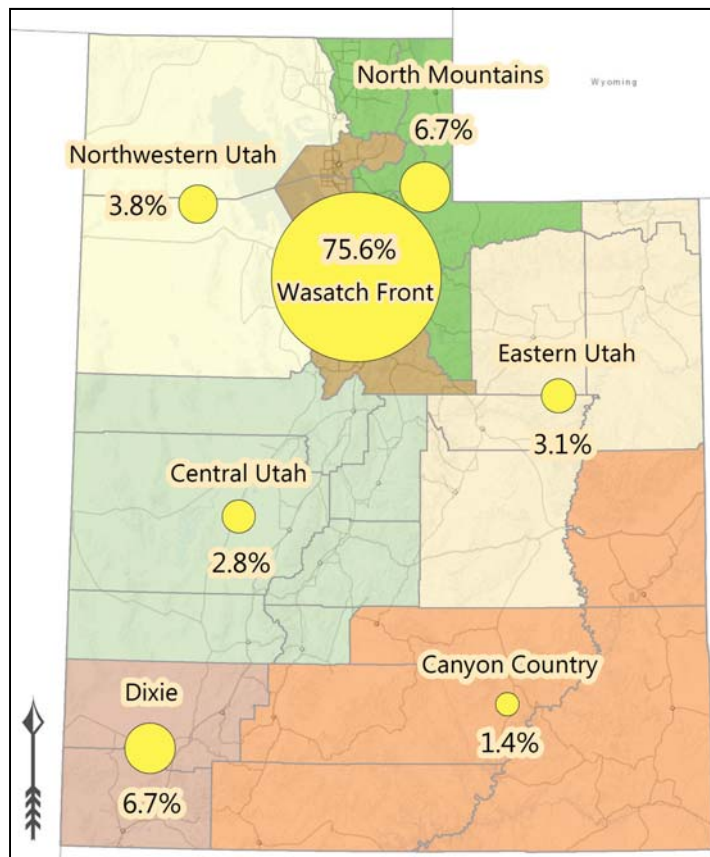
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Highlights

- Utah is an urban state with 75 percent of its population residing within the four counties of the Wasatch Front, and 91 percent of its population living in U.S. Census-defined urban areas.
- Over 80 percent of rural Utah is publicly owned land, while almost half of urban Utah is privately held.
- Out-of-state leisure visitors are drawn to Utah's natural amenities and outdoor recreational opportunities. One in three out-of-state leisure tourists reported visiting Utah's state and national parks and participating in rural sightseeing in the summer months of 2013.
- In 2013, the urban Wasatch Front had by far the greatest tourism-generated *taxable sales* in Utah, but the actual share of taxable sales to total taxable sales in rural Utah was almost three times that of urban Utah. The Utah counties with the greatest shares of tourism-generated taxable sales were all rural counties.
- Even though in 2013 the Wasatch Front region collected more than twice the tourism-related *county sales tax revenue* of any other region in Utah, the tourism-related share of sales tax revenue in rural Utah was more than twice that of urban Utah. The Utah counties with the greatest tourism shares were all rural counties.
- In 2013, there were almost twice the number of private tourism-supported *jobs* in the Wasatch Front region compared to the rest of the state; however, the share of private tourism-supported jobs in rural Utah was more than double urban Utah's share.

Utah, a western state with abundant natural amenities and a unique cultural past, draws a variety of leisure and business travelers to both its urban center and rural regions. While in Utah, visitors spend their money on goods and services, supporting tourism-related businesses, contributing to the state and local tax base and generating jobs. Data presented in this research brief show that while tourism is an important contributor to urban Utah's diverse economy and to the state as a whole, it is especially important to Utah's less populated counties where public land dominates and outdoor recreation opportunities are many.

Figure 1
Utah Travel Regions



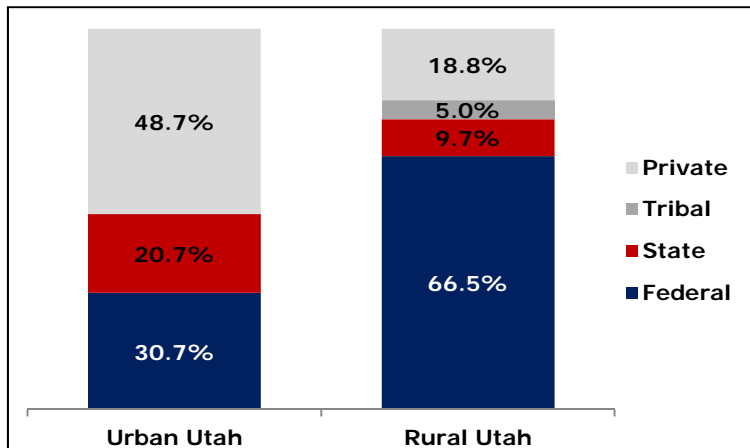
Utah is considered an urban state with 91 percent of its population residing in U.S. Census Bureau-defined urban areas.¹ For the purpose of this brief, Utah is divided into seven travel regions, including the urban Wasatch Front region and six additional regions considered “rural” by definition. As shown on Figure 1, over 75 percent of the state's population resides in the Wasatch Front region, with the remaining quarter spread out across the state.

Only about one-fifth of Utah land is privately owned. In fact, Utah contains the second highest share of federally

1. The U.S. Census Bureau defines an urban area as: “densely developed residential, commercial and other nonresidential areas.” The U.S. Census Bureau currently considers two types of urban areas, which are “urbanized areas” that include 50,000 or more people and “urban clusters” of at least 2,500 and less than 50,000 people. In March of 2012, the U.S. Census Bureau reported that 81 percent of the U.S. population lived in an urban area. U.S. Census Bureau, 2010 Census.

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Figure 2
Rural and Urban Utah by Land Ownership, 2014



Source: Bureau of Economic and Business Research, University of Utah

owned land in the U.S. (Nevada is ranked first). **Figure 2** shows that rural Utah has more than twice the share of federally-owned land than the urban Wasatch Front. This is important when considering economic development opportunities for both urban and rural areas of the state.

Utah Visitation

Leisure Travel

Based on Utah traveler survey data collected by TNS Global, Utah's natural amenities and outdoor recreation opportunities are top attractions for out-of-state leisure visitors. **Table 1** lists the most common activities out-of-state leisure visitors participated in, by quarter, in 2013.² As shown in Table 1, visiting national and state parks, rural sightseeing, wildlife viewing, hiking, backpacking, camping and other forms of nature travel were the most popular nonresident leisure activities during the summer and shoulder seasons of spring and fall. Activities considered more "urban," such as visiting historic sites and churches (e.g. Temple Square), shopping and urban sightseeing were popular activities in the fall, while golf, skiing, and fine dining (rural/urban mix) were most noted in the winter and spring.

Business Travel

Throughout the year, Utah hosts numerous meetings, conventions, and trade shows, at a variety of convention centers located in and around the state. According to Visit Salt Lake, the Salt Palace Convention Center in downtown Salt Lake City experienced record-setting attendance in 2014, not only at the Outdoor Retailer Summer Market (which attracts over 25,000 attendees), but also at six other trade shows and conventions. Utah's convention, conference and trade show industry has grown substantially over the past 20 years. In 1995, Utah was home to only the Salt Palace Convention Center located in Salt Lake County. Since 1995, however, six additional convention centers³

have been built in five other counties. Several smaller-scale hotel conference center venues have also been constructed across the state since 1995. For instance, Park City, Utah, currently has over 125,000 square feet of meeting space and 4,000 committable rooms among 17 of its resort hotels, all located in Summit County.⁴

The Economic Contributions of Tourism

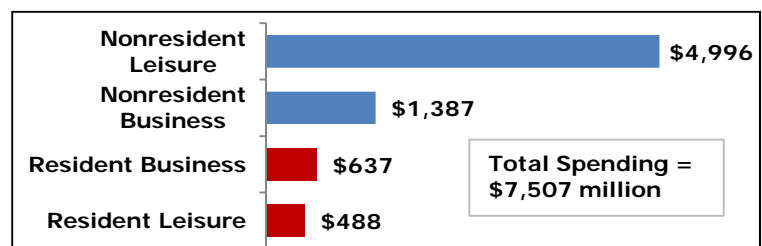
There are many ways in which travelers and tourists contribute to Utah's economy from the moment they touch down at the airport or cross into Utah on rails or wheels. Tourism is considered an important *export* industry because nonresident visitors purchase Utah goods and services as part of their "touristic experience," thereby bringing outside money into the state. In a recent U.S. Department of Commerce report, U.S. Travel Association's senior vice president of research and economics, David Huether, touted the travel industry as the United State's number one industry export. He stated that when comparing the first eight months of 2013 to the same

Table 1
Utah Out-of-State Leisure Visitor Activities,
By Quarter, 2013

Activity	Q1	Q2	Q3	Q4
Visiting State/National Park	19%	27%	39%	22%
Visiting Relatives	19%	34%	28%	35%
Rural Sightseeing	8%	26%	40%	25%
Visiting Friends	15%	21%	14%	21%
Shopping	18%	15%	13%	25%
Wildlife Viewing	4%	17%	22%	6%
Historic Sites/Churches	7%	13%	15%	23%
Hiking/Backpacking	11%	13%	17%	8%
Urban Sightseeing	4%	8%	17%	19%
Fine Dining	17%	17%	12%	8%
Nature Travel	6%	13%	16%	6%
Museums	11%	5%	13%	11%
Camping	9%	11%	12%	1%
Skiing/Snowboarding	10%	0%	0%	0%
Golf	7%	5%	2%	0%

Source: TNS Global

Figure 3
Utah Tourist and Traveler Spending, 2013
(In Millions)



Source: TNS Global

2. Respondents could select more than one activity.
3. Includes only venues with over 50,000 square feet of meeting space.
4. <http://www.visitparkcity.com/meeting-and-group-planning/hotels-venues/>

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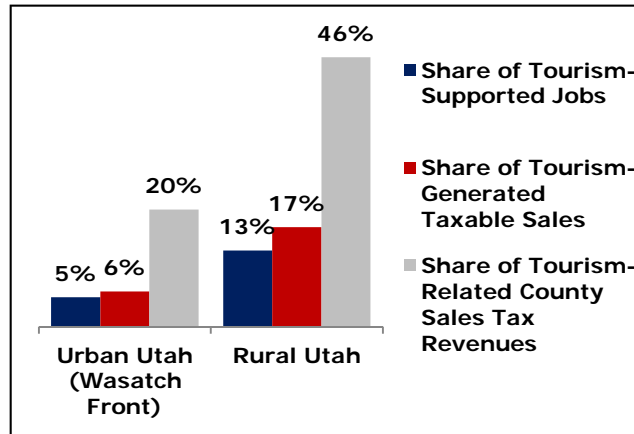
period of 2014, travel exports had increased by nearly 6 percent, which was 84 percent faster than other U.S. export growth.⁵ In fact, in 2013, the tourism industry (\$6.4 billion in nonresident visitor spending) was Utah's second largest export behind primary metals (\$8.3 billion) and well ahead of computers and electronics (\$2.6 billion).⁶

Visitor Spending. According to travel research firm TNS Global, total traveler spending in Utah was at a record high of \$7.5 billion in 2013. Nonresident leisure travelers spent the most in Utah (\$5.0 billion) followed by nonresident business travelers (\$1.4 billion), resident business travelers (\$636.7 million) and resident leisure travelers (\$487.8 million) (Figure 3). Leisure and business travelers, both resident and nonresident, spent the most money on auto transportation (gasoline, car rental), public transportation (airfare, bus, train, taxi), accommodations, food (including groceries), shopping and entertainment. The purchase of these tourism-related goods and services, and the payment of service tips, directly supported tourism-related businesses and their employees, as well as contributed to Utah's economy through generated sales tax revenue.⁷

Taxable Sales. Utah's sales and use taxes are transaction taxes, meaning the transaction — not the actual goods or services — is taxed, making the buyer the actual taxpayer. Every taxable sale in Utah generates state and local tax revenue. Although not all tourist purchases are taxable transactions (e.g. transportation fares), the majority of tourism-related purchases are. For purposes of this brief, "tourism-generated taxable sales" include sales in the arts,

entertainment and recreation, accommodations, foodservice, retail, and other tourism-related sectors (e.g. car rental and auto repair). All tourism-generated taxable sales highlighted in this report have been weighted in order to present the most accurate estimates.⁸

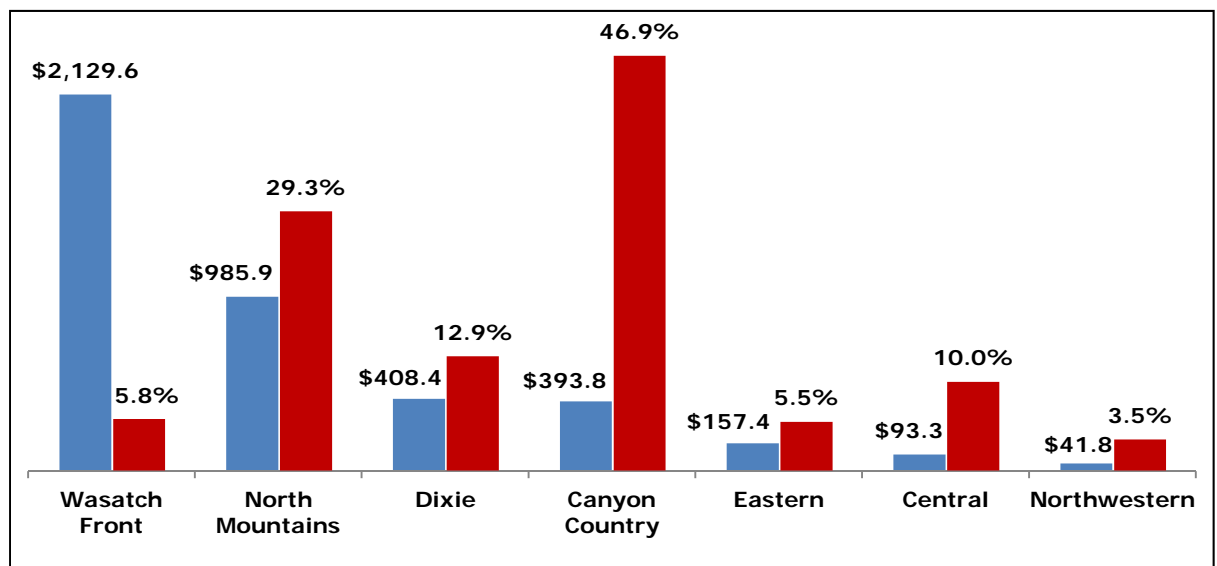
Figure 4
Tourism Indicators, 2013



Source: BEBR Analysis of Utah State Tax Commission, Utah Department of Workforce Services, and U.S. Bureau of Labor Statistics data.

According to 2013 Utah State Tax Commission sales data, rural Utah's share of tourism-generated taxable sales⁹ (to total taxable sales) was three times urban Utah's share (Figure 4). However, when Utah is divided into seven travel regions, the urban Wasatch Front region had by far the highest estimated tourism-related taxable sales,¹⁰ followed by the North Mountains, Dixie, and Canyon Country regions. As Figure 5 illustrates,

Figure 5
Estimated Tourism-Generated Taxable Sales (In Millions) and Share of Estimated Tourism-Generated Taxable Sales to Total Taxable Sales, 2013



Source: BEBR Analysis of Utah State Tax Commission data

5. U.S. Travel Association, 2014.

6. TNS Global and World Trade Association of Utah, 2014.

7. Although tourism generates tax revenue in several ways, such as tourism industry property tax payment and tourism industry employee income tax payment, taxes outside of county sales tax revenue are not addressed in this brief.

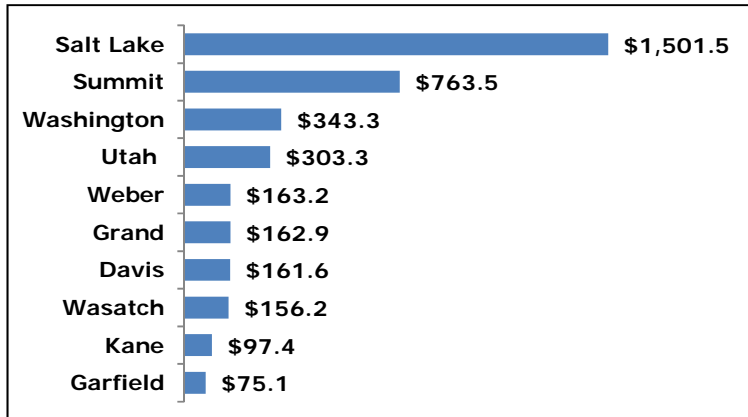
8. Weights have been calculated by BEBR using national and local traveler spending data and national traveler commodity ratios (as per the U.S. Bureau of Economic Analysis).

9. In this report, "tourism-generated" means that out-of-state or non-local residents made the taxable transactions, contributing non-local dollars to the economy.

10. It should be noted that "taxable sales" are not the same thing as "traveler spending" because not all traveler spending is taxable.

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Figure 6
Estimated Tourism-Generated Taxable Sales,
Ranked by County, 2013



Source: BEBR Analysis of Utah State Tax Commission data

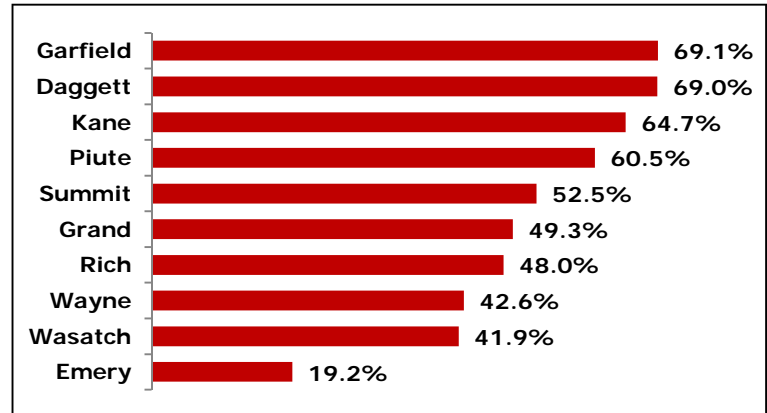
even with the highest tourism-generated sales, the Wasatch Front still had one of the smallest tourism-generated shares compared to several other rural travel regions. This is due to the Wasatch Front's larger and more diverse economy, and the rural regions' (Canyon Country, North Mountains and Dixie) access to scenic and cultural amenities like national and state parks and outdoor recreation opportunities (e.g. skiing, mountain biking, and golf).

Figure 6 shows a ranking of counties by total estimated tourism-generated taxable sales, with Salt Lake, Summit and Washington counties on top. **Figure 7** ranks the Utah counties with the estimated largest *share* of tourism-generated taxable sales to total taxable sales. The top ten tourism-impacted counties were all rural counties, highlighting the relative importance of the tourism industry to these particular counties.

Tourism-Related Sales Tax Revenue. Each taxable sale in Utah generates a combination of state and local tax revenue. In general, the Utah state sales tax on a taxable transaction is held in trust until it is collected by the Utah State Tax Commission. State sales tax revenue funds a variety of statewide public services, including highways, colleges, universities, law enforcement, justice systems, environmental protection and health and human services. A portion of state sales tax is earmarked for things such as natural resource protection, water, wastewater, transportation and other projects.¹¹

Local sales tax revenue is collected in the same manner as state sales tax, but is distributed back to the counties and municipalities in which the taxes are imposed. In most counties, a portion of local sales tax revenue is earmarked for tourism-related purposes, such as marketing local tourism (TRCC taxes), supporting local arts and entertainment establishments (ZAP tax), funding hospitals

Figure 7
Share of Estimated Tourism-Generated Taxable Sales to
Total Taxable Sales, 2013



Source: BEBR Analysis of Utah State Tax Commission data

(Rural Hospital tax), and supplementing transportation projects (Mass Transit, Fixed Guideway, 2nd Class Airport, Highway and Transit taxes).

Calculating the share of tourism-related *county* sales tax revenue to total county sales tax revenue is one way to compare the economic contributions of tourism in Utah's urban and rural counties, and thus, in Utah's seven travel regions. As expected, the Wasatch Front region, with total tourism-related county sales tax revenue of \$81.2 million (**Figure 8**), collected more than four times the tourism-related county sales tax revenue of any other region in Utah. In fact, although a healthy portion of all counties' sales tax revenue was tourism-related, the Canyon Country, North Mountains, and Dixie travel regions had by far the largest shares. When ranked by the highest tourism-related county sales tax revenue, the Wasatch Front counties (Davis, Salt Lake, Utah and Weber) were in the top six (**Figure 9**).

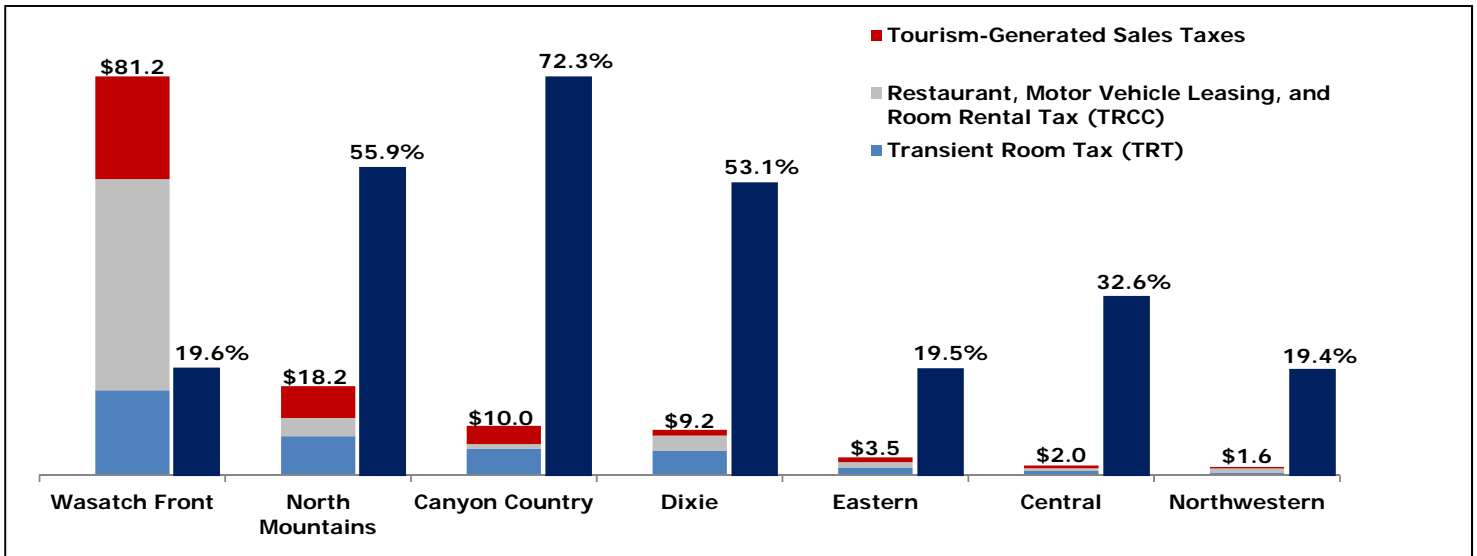
Despite the fact that urban counties dominate when it comes to actual tourism-related county sales tax revenue, the *share* of tourism-related county sales tax revenue to total county sales tax revenue in rural Utah was more than twice that of the Wasatch Front (**Figure 4**). **Figure 10** ranks the top ten counties by the estimated tourism-related portion of total county sales tax revenue. Again, all ten counties were rural counties.

Tourism-Supported Employment. Tourist spending directly supports Utah jobs in a variety of sectors across the state, including transportation, leisure and hospitality, retail, and tourism-related service industries. Based on 2013 estimates, approximately 5 percent of all private Wasatch Front jobs were directly supported by tourist and traveler spending, while outside of the Wasatch Front, the share

11. Utah State Tax Commission, Annual Report, 2012-2013 Fiscal Year.

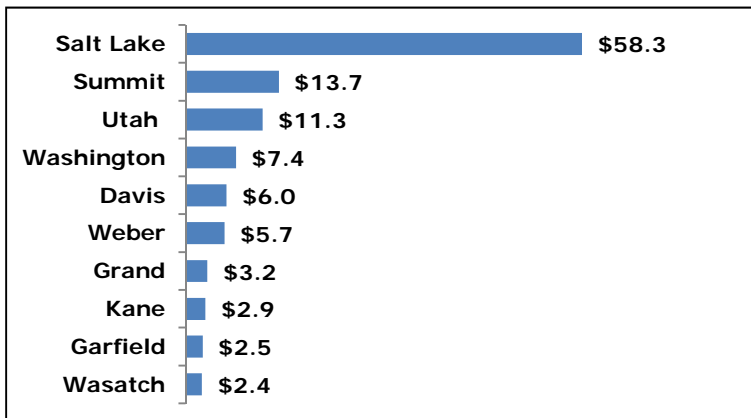
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Figure 8
Estimated Tourism-Related County Sales Tax Revenue (In Millions) and Share of Total County Sales Tax Revenue*, Ranked by Region, 2013



Note: Includes the county portion only (not municipality) of local sales, county option, ZAP, rural hospital, mass transit, supplemental state, fixed guideway and county of 2nd class airport, highway & transit tax revenue.
Source: BEBR Analysis of Utah State Tax Commission Data

Figure 9
Estimated Tourism-Related County Sales Tax Revenue, Ranked by County, 2013

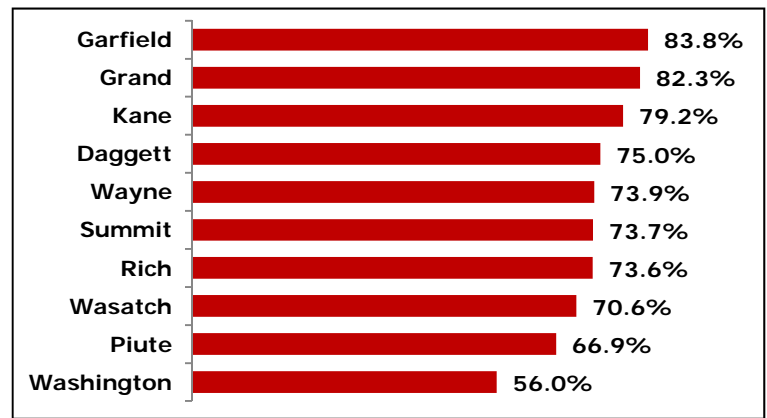


Source: BEBR Analysis of Utah State Tax Commission Data

was more than double that (Figure 4). However, in 2013, there were nearly twice the number of private tourism-supported jobs along the Wasatch Front than in all of rural Utah. Again, this is due to the Wasatch Front's larger population base, access to an international airport, and more diverse economy.

Within the Wasatch Front, it is estimated that over 21,000 private accommodations and foodservice¹² jobs were directly supported by tourists and travelers, as well as 12,000 jobs in transportation and its related sectors.¹³ According to labor statistics, in 2013 tourism supported a

Figure 10
Share of Estimated Tourism-Related County Sales Tax Revenue to Total County Sales Tax Revenue, 2013



Source: BEBR Analysis of Utah State Tax Commission Data

significantly greater number of transportation-related jobs in urban Utah, due in large part to the influence of the Salt Lake International Airport located in Salt Lake County. Outside of the Wasatch Front, in the more rural regions of the state, tourism and travel supported the greatest number of jobs in accommodations followed by the foodservice, amusement and recreation, and tourism-related retail sectors (Figure 11). It should be pointed out that there were almost the same number of tourism-

12. Includes restaurant and bars.

13. Includes passenger air, rail, bus, ground transit, taxi, limo, car rental agencies, auto repair, parking lots and travel agencies and reservation services.

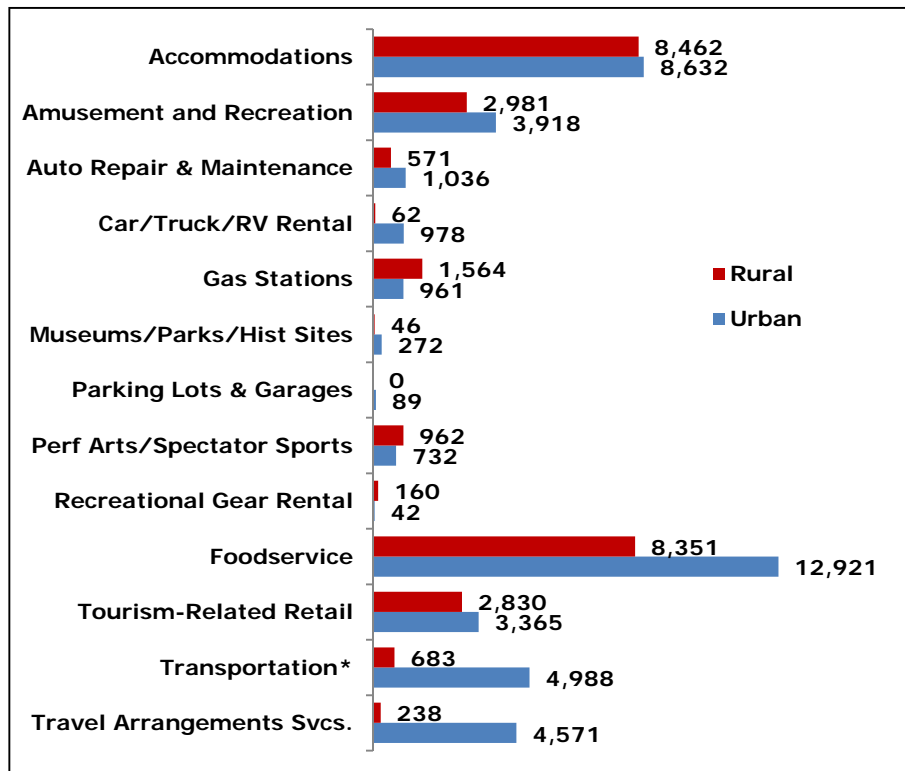
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supported accommodations jobs in both rural (8,462) and urban (8,632) Utah. That said, 64 percent of rural Utah's accommodations jobs were located in three counties: Summit, Washington and Grand.¹⁴ Based on 2013 estimates, rural Utah had even more tourism-supported jobs than urban Utah in the gas station, performing arts/spectator sports, and recreational gear rental industries.

In the public sector, total tourism-related job shares were similar in urban (5.1 percent) and rural (6.5 percent) Utah (Table 2). Of the over 1,500 public museums, parks and historical sites jobs in Utah, more than a third were National Park Service jobs.¹⁵ In addition, in 2013 there were over 4,000 local government jobs in the amusement and recreation industries across the state.¹⁶

Nonresidents traveling to or within Utah for business or leisure contribute to the state and local economy by supporting direct, indirect, and induced jobs. For instance, the National Park Service recently released a report¹⁷ showing that non-local visitors to Utah's five national parks and eight of its ten national places spent upwards of \$611 million in 2013, which supported close to 8,000 jobs in surrounding gateway communities. Jobs directly supported by visitor spending generate additional *indirect* jobs in business sectors that support the tourism sectors. Direct and indirect tourism sector employees further generate additional *induced* jobs when they spend their paychecks on goods and services in the local economy.

Figure 11
Utah Private Sector, Estimated Tourism-Supported Jobs, 2013



Note: Transportation includes passenger air, rail, ground transit, and scenic/sightseeing transportation.
Sources: BEBR Analysis of U.S. Bureau of Labor Statistics and Utah Department of Workforce Services data.

Table 2
Utah Public Sector, Total Tourism-Related Jobs, 2013

Tourism-Related Sector	Urban	Rural	Utah
Accommodations	32	9	41
Air Transportation	5	0	5
Amusement and Recreation	3,165	1,276	4,441
Foodservice	22	28	50
Museums, Parks & Historical Sites	767	817	1,584
Performing Arts & Spectator Sports	46	60	106
Scenic and Sightseeing Transportation	0	32	32
Support Activities for Transportation	883	26	909
Transit and Ground Passenger Transport	3,751	1,402	5,153
Total Public Sector Tourism-Related Jobs	8,671	3,650	12,321
Total Public Sector Jobs	170,129	55,785	225,914
Percent Share	5.1%	6.5%	5.5%

Source: Utah Department of Workforce Services

In economics, this is known as a multiplier effect.

On a statewide basis, it is estimated that tourism and travel supported 132,681 direct, indirect and induced Utah jobs (public and private) in 2013 with a corresponding \$3.72 billion in total wages. This means that, in 2013, approximately one out of every ten jobs in the state's economy was attributed to the tourism industry.

Conclusion

Tourism and travel are significant contributors to Utah's economy both within and outside of the urban Wasatch Front. However, travel regions outside of

Utah's urban center—especially those with resort towns and gateway communities adjacent to national parks, monuments, recreation areas, and forests—are more economically dependent on tourism due to a combination of relatively larger portions of publicly owned land, scenic attractiveness, outdoor recreation opportunities, and relatively smaller population bases. Overall,

tourism plays an important role in Utah by adding to the diversity of the economy, supporting jobs, and generating state and local tax revenue.

14. Homes to the resort towns of Park City, St. George, and Moab.

15. Utah has five national parks, seven national monuments, two national recreation areas and one national historic site within its borders.

16. Amusement and recreation sector jobs include amusement/theme parks, arcades, golf courses, skiing facilities, marinas, recreation centers, bowling centers, and other amusement and recreation industries.

17. http://www.nature.nps.gov/socialscience/docs/NPSVSE2013_final_nrss.pdf