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Economic Impact of the Utah Alpine Ski Industry

by Alan E. Isaacson, Bureau of Economic and Business Research, U of U

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While the 2002 Olympic Winter Games showcased Utah's winter sports worldwide, alpine skiing has a long history in Utah. Miners skied between canyons in the Wasatch Mountains as early as the 1870s and the state's first ski resorts opened during the 1930s. These first ski resorts have developed into 13 operating ski areas in Utah and one additional ski area which is currently closed until further notice (Table 1). The alpine ski resorts are concentrated in the Wasatch Mountains in Northern Utah, with four in Salt Lake County, three each in Summit and Weber Counties, and one in Cache County. In Southern Utah, Brian Head Resort is located in Iron County on the Markagunt Plateau east of Cedar City and the currently closed Elk Meadows is in the Tushar Mountains east of Beaver. Wolf Mountain, listed in Table 1, is the former Nordic Valley Resort in the Ogden Valley and not The Canyons Resort near Park City, which was known at Wolf Mountain under previous ownership.

Table 1
Alpine Ski Resorts in Utah

Resort	County	Vertical Drop, feet	Skiable Acres
Alta	Salt Lake	2,020	2,200
Beaver Mountain	Cache	1,600	664
Brian Head	Iron	1,320	540
Brighton	Salt Lake	1,745	1,050
The Canyons	Summit	3,190	3,500
Deer Valley	Summit	3,000	1,825
Elk Meadows	Beaver	1,300	420
Park City	Summit	3,100	3,300
Powder Mountain	Weber	2,005	5,500
Snowbasin	Weber	2,950	3,300
Snowbird	Salt Lake	3,120	2,500
Solitude	Salt Lake	2,047	1,200
Sundance	Utah	2,150	450
Wolf Mountain	Weber	1,000	100

Note: Elk Meadows is currently closed until further notice.

Source: www.utah.com

During the recently completed 2005/2006 ski season, Utah's 13 operating alpine ski resorts recorded 4,062,188 skier days, up 4.3 percent from 3,895,578 skier-days during the 2004/2005 ski season (Table 2). Business at Utah's ski resorts has been steadily increasing over the past decade, with skier-days increasing by 34 percent from the 1996/1997 season to the 2005/2006 season. For comparison, ski resorts in Colorado, Utah's main rival for attracting visiting skiers, experienced 12.5 million skier-days during the 2005/2006 season.

Table 2
Skier-days at Utah Ski Resorts, 1996-2006

Season	Skier-days	Season	Skier-days
2005 - 2006	4,062,188	2000 - 2001	3,278,291
2004 - 2005	3,895,578	1999 - 2000	2,959,778
2003 - 2004	3,429,141	1998 - 1999	3,095,347
2002 - 2003	3,141,212	1997 - 1998	3,101,735
2001 - 2002	2,984,574	1996 - 1997	3,042,767
Source: Ski Utah			

Utah residents participated in winter sports at much higher rates than the nationwide average. Participation rates for both downhill skiing and snowboarding by Utah residents are more than twice those for the country as a whole. Approximately 10.1 percent of the state's residents downhill ski, compared to 4.1 percent for the entire country. Similarly, 5.3 percent of Utahns snowboard while the rate is 2.4 percent for the nation.

Residents of Utah have lifestyles more oriented towards winter sports than the average United States citizen. When considering the benefit to the state's economy, the important point to think about is the amount of money the ski industry brings in from outside of the state's boundaries. Approximately 55 percent of Utah skier-days are due to out-of-state and international visitors, with Utah residents accounting for the remaining 45 percent. The spending by the visitors from outside of Utah results in the alpine skiing industry having a positive economic impact on Utah. Persons visiting Utah to ski enhance the Utah economy with out-of-state dollars and create additional jobs. This type of spending is distinguished from resident spending on skiing, which merely redistributes income and wages among sectors in the Utah economy and has no impact on the creation of additional jobs and wages. For example, if a resident chooses to spend income on skiing or snowboarding rather than dining out, there is no impact on wages and employment; there is only a change in the distribution of local economic activity from restaurants to the ski industry. The economic activity in the ski industry increases while restaurant activity decreases, leaving no net gain in jobs or income. One sector benefits at the expense of another sector.

During the 2005/2006 ski season, out-of-state visitors to Utah spent an estimated \$745 million, based on results of past survey data updated with the increase in skier-days and the consumer price index. This spending represents all costs associated with ski trips by visitors to the state,

including lift tickets, meals, lodging, entertainment, and transportation expenses. Not all of this spending occurred at the state's ski resorts. It also included spending at other businesses. Visiting skier spending spread among numerous businesses results in the creation of jobs throughout the Utah economy, not just jobs at the ski resorts.

Economists use input-output models to model local economies and calculated the economic impact of spending that originates outside of a regional economy. The Bureau of Economic Analysis of the U.S. Department of Commerce calculates one such model, known as the Regional Input-Output Modeling System (RIMS II).

Applying the RIMS II model to the estimated spending of \$745 million by nonresident skiers and snowboarders in the 2005/20056 ski season, an estimated 19,323 jobs were generated and the total earnings of Utah workers were increased by \$416,936,054 (Table 3). These jobs and earnings are equivalent to 1.7 percent of all jobs and 1.2 percent of all earnings in Utah. While 1.7 percent of all jobs may not initially appear to be a significant contribution to the Utah economy, it should be noted that a 1.7 percent change in the unemployment rate is very significant.

Table 3
Economic Impact of Spending by Visitors to Utah for Skiing and Snowboarding, 2005/2006

Sector	Purchases	Production Requirements	Earnings Coefficient	Earnings Generated	Jobs Coefficient	Jobs Generated
Accommodation	\$141,914,110	\$141,914,110	0.632	\$89,689,718	0.00002882	4,163
Food Service	165,008,833	165,008,833	0.719	118,641,351	0.00003808	6,395
Retail	175,519,892	56,166,366	0.670	37,631,465	0.00002796	1,598
Auto Rental	32,066,134	32,066,134	0.385	12,345,462	0.00001437	469
Transportation	11,221,667	11,221,667	0.788	8,842,673	0.00002475	283
Recreation	219,305,118	219,305,118	0.683	149,785,396	0.00002874	6,415
Totals	\$745,035,754	\$625,682,227		\$416,936,064		19,323
Economic Impact				\$416,936,064		19,323
Source: Calculated by Bureau of Economic and Business Research						

Ski resort infrastructure represents a sizeable investment in the state. Total replacement value of the state's 13 operating ski resorts and one idle resort is estimated at \$874.6 million. This includes the cost of ski lifts, runs and day lodges. Additionally, the alpine ski industry is often a catalyst for additional real estate development such as hotels, restaurants, condominiums and other hospitality and entertainment venues.

In contrast to many other businesses, the alpine ski industry draws a majority of its business from outside of the state's boundaries. This results in a positive economic impact on Utah.

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