*Research Brief*
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Kem C. Gardner
POLICY INSTITUTE
THE UNIVERSITY OF UTAH
DAVID ECCLES SCHOOL OF BUSINESS

# COVID-19's Impacts on Utah's Travel and Tourism Industry

*By Jennifer Leaver, M.A., Senior Research Analyst, Kem C. Gardner Policy Institute*

**Introduction**

In early 2020, the COVID-19 pandemic rattled the global travel and tourism industry with unprecedented force. As the virus surfaced in the U.S. in February, travel restrictions, flight cancellations, stay-at-home orders, and service-oriented business closures directly impacted visitor spending, tourism-related jobs, and visitation trends.

The pandemic arrived in Utah on the heels of its tourism industry's ninth-consecutive record year. In 2019, Utah visitors spent a record $10.06 billion in the Utah economy, which supported 141,500 jobs and generated $1.34 billion in state and local tax revenue. In fact, in January and February 2020, Utah continued to report increased visitor spending, tourism-related employment, and visitation. When COVID-19 arrived, however, Utah's positive travel and tourism trends quickly reversed. Business travel slowed amidst conferences and convention cancellations, and leisure travel changed course as prospective visitors either scrapped vacation plans or stayed closer to home.

This brief presents tourism-related spending, employment, visitation, tax revenue, and accommodations data from January to present, and examines the pandemic's impact on Utah's travel and tourism industry both before and after COVID-19's arrival.

**Visitor Spending**

In 2019, Utah visitors spent a record $10.06 billion in the Utah economy, which supported 141,500 jobs and generated $1.34 billion in state and local tax revenue. In January and February of 2020, leisure and hospitality taxable sales were up 11.9% and 9.1%, respectively, compared with the previous year. However, as COVID-19 news spread and positive coronavirus cases appeared in the U.S., the Trump administration imposed travel restrictions and state leaders enacted stay-at-home orders, significantly impacting the nation's travel and tourism industry.[1,2]

Although Utah's leisure and hospitality sector has been far from immune to COVID-19's impacts, it has been gradually rebounding since April and has overall performed better than leisure and hospitality nationally. Figure 1 compares Utah's 2019 and 2020 leisure and hospitality taxable sales for January through August. While year-over-year (YOY) leisure and hospitality sales were down by half in April (–52.2%), they were down by only 12.8% by August.

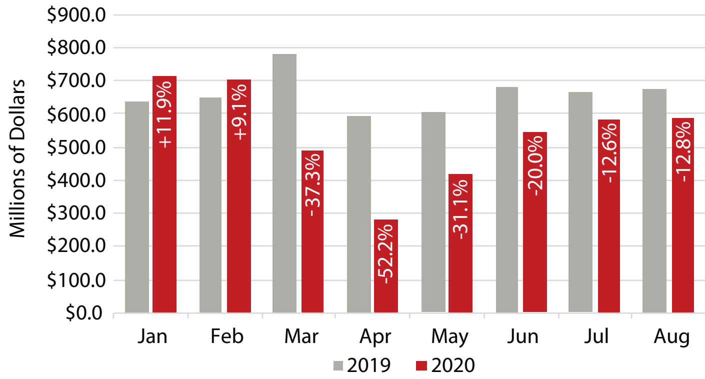
Figure 2 shows YOY percent change in specific Utah tourism-related sales (arts, entertainment, recreation, accommodations, and car rental) along with YOY percent change in average U.S. travel spending. These changes are paired with bars indicating

**Summary of Results**

**The COVID-19 pandemic has affected Utah's travel and tourism economy and visitation in several ways.**

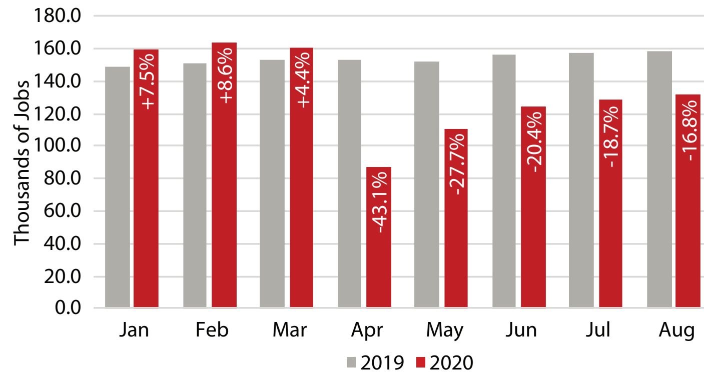
- Taxable leisure and hospitality sales were down 12.8% during the first eight months of 2020.
- In April 2020, Utah lost nearly half (–43.1%) of its leisure and hospitality sector jobs; by August, jobs were down 16.8%.
- Utah leisure and hospitality sector jobs have recovered at a faster rate than U.S. leisure and hospitality employment.
- From January through August 2020, Utah state parks visits were up 28.9% from the previous year, or by an additional 1.8 million visitors.
- National park visitation was down 43.4% for January through August, resulting in around 3.3 million fewer visitors than the prior year.
- Between January and August 2020, year-over-year county transient room tax revenues were down 31.8%.
- Since April 2020, many Utah rural counties have fared better than urban counties in transient room tax revenue collections and hotel occupancy—a reflection of Utah visitors traveling to less populated areas with lower positive COVID-19 cases.

**Figure 1: Leisure and Hospitality Taxable Sales, 2019–2020**



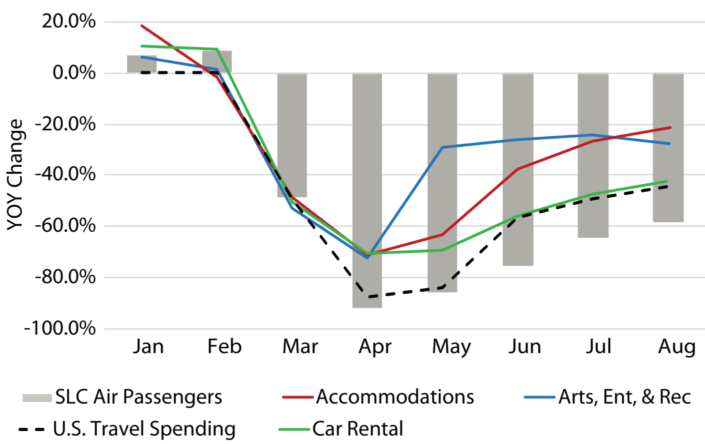

Source: Kem C. Gardner Policy Institute analysis of Utah State Tax Commission data

**Figure 3: Utah Leisure and Hospitality Employment, 2019–2020**



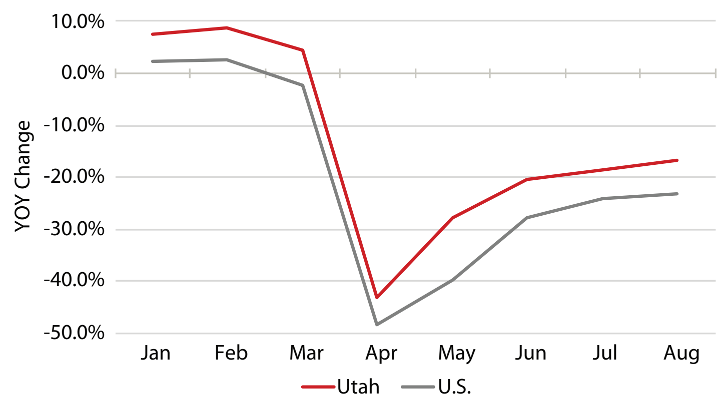

Source: Kem C. Gardner Policy Institute analysis of Bureau of Labor Statistics data

**Figure 2: YOY Change in Travel-Related Spending and SLC Air Passengers, 2019–2020**




Source: Kem C. Gardner Policy Institute analysis of SLC Airport, Utah State Tax Commission, and U.S. Travel Association data

**Figure 4: YOY Change in Leisure and Hospitality Employment, Utah vs. U.S., 2019–2020**




Source: Kem C. Gardner Policy Institute analysis of Bureau of Labor Statistics data

the YOY percent change in SLC airline passengers. This figure highlights the pandemic's negative impact on the airline and car rental industries since March 2020 compared with accommodations and recreation spending, which have bounced back faster. Utah travel-related spending has also shown a speedier recovery than national travel spending. Reasons for this include the fact that the majority of Utah visitors are of domestic origin (vs. international origin) and travel to Utah by car (vs. airplane). Utah is also a relatively less populated state with many outdoor recreation opportunities, which appeals to visitors' desire to physically distance during the pandemic.

### Employment

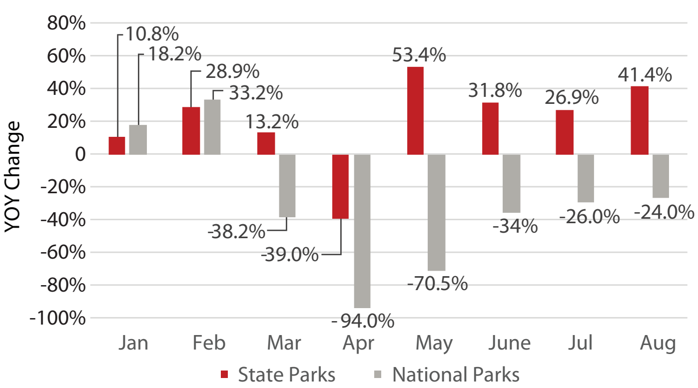
Utah's leisure & hospitality jobs, including jobs in arts, entertainment, recreation, accommodations, and foodservice, took a big hit in April 2020 as the sector shrank nearly to half its original size (see Figure 3). Since April, however, leisure and hospitality jobs have started to return. Whereas total statewide leisure and hospitality jobs were down by 43.1% in April, they were down by only 16.8% in August. Though not ideal, Utah's decline in leisure and hospitality jobs has been slightly better than the YOY change in leisure and hospitality jobs in the U.S. (see Figure 4).

### Visitation

Similar to visitor spending and tourism-related employment, national and state park visitation also experienced YOY increases in early 2020. However, as national parks began to close in late March—and remained closed until mid- to late May—Utah state parks remained open to county residents.

Due to park closures and pandemic-related restrictions, April was the hardest-hit month for all parks. In April 2020, Utah's national parks reported a 94% YOY decline in visitation, while Utah's state parks reported a 39% decline. On April 17th, Utah state parks reopened to non-county visitors, while national parks remained closed. As a result, from May through August, state parks rebounded to significant YOY visitation increases,

## Figure 5: YOY Change in Utah Park Visitation, 2019–2020




Source: Kem C. Gardner Policy Institute analysis of National Park Service and Utah State Parks data

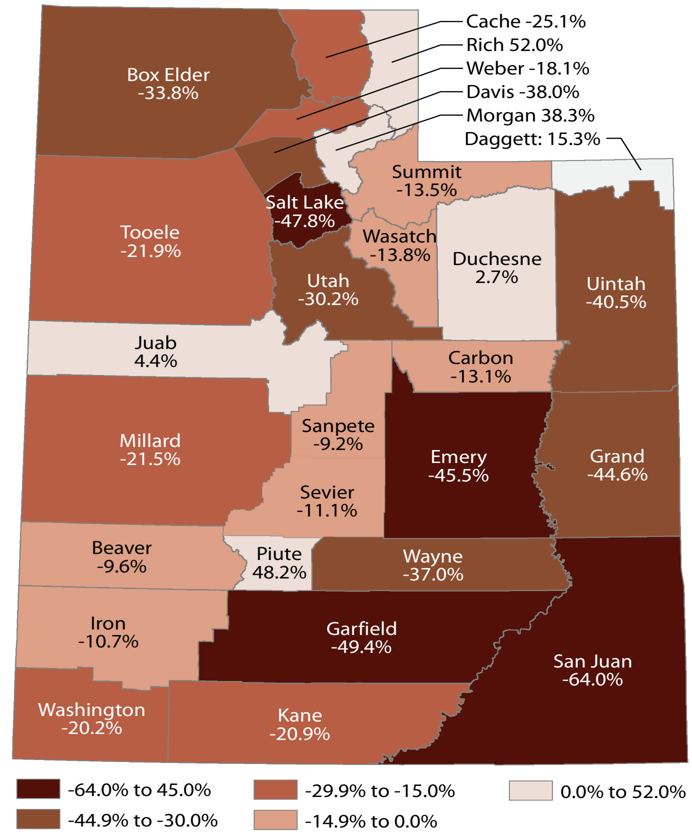
while national park visitation continued to experience YOY declines. National park visitation has been affected by the loss of international visitors (U.S. travel restrictions), the reduction in long-distance domestic visitors (travelers staying closer to home), and park visitor limitations (enacted by the National Park Service to insure social distancing). Figure 5 shows the difference in YOY national and state park visitation by month, which illustrates the distribution of Utah park visitors since early 2020.

### Tax Revenue

County transient room tax (TRT) revenue reflects local travel and tourism trends. Figure 6 compares county transient room tax revenue collected from January to August 2020 compared with the same time frame in 2019. As expected, 2020 transient room tax collections have come in 31.8% below 2019 revenues. Surprisingly, however, a few of Utah's rural counties, including Rich, Piute, Morgan, Daggett, Juab, and Duchesne, have reported positive YOY increases in TRT. These positive increases in some of Utah's most rural counties reflect travelers' desire to visit more remote and less populated areas of the state, which have some of the lowest COVID case counts to date.[3] In contrast, Salt Lake County and Utah County, two of Utah's most populated and highest COVID case count counties have reported 47.8% and 30.2% YOY county TRT declines, respectively.[4]

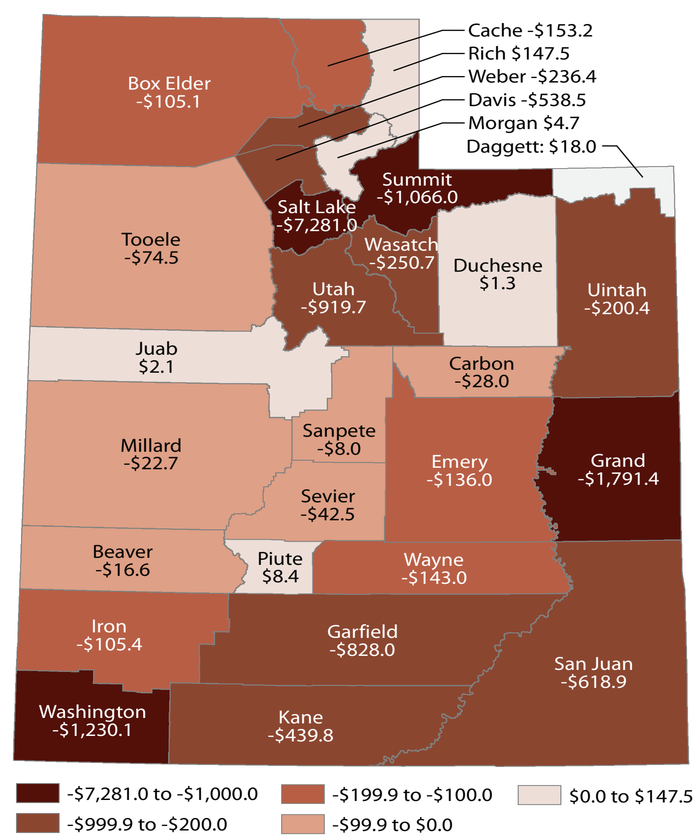
As for the cumulative loss in TRT dollars, so far Salt Lake County has reported a YOY deficit of nearly $7.3 million dollars, followed by Grand County (down $1.8 million), Washington County (down $1.2 million), and Summit County (down $1.1 million) (see Figure 7). County TRT revenue deficits, and other tourism-related tax revenue losses, negatively impact counties' tourism marketing funds, which include funding for tourism marketing, impacts, infrastructure, and even medical emergency services in some gateway communities and tourist towns.[5]

## Figure 6: YOY Change in County TRT, Jan.–Aug. 2020



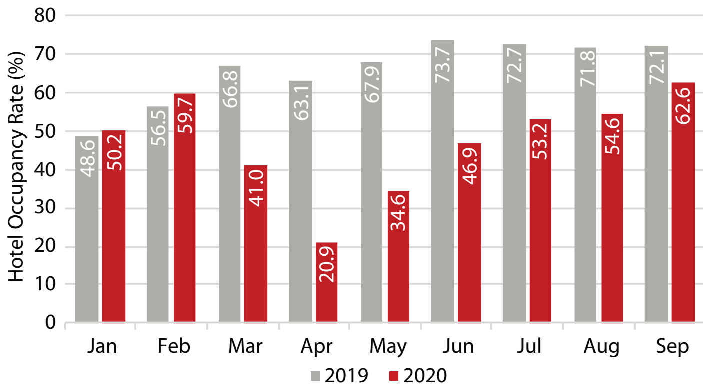

Source: Kem C. Gardner Policy Institute analysis of Utah State Tax Commission data

## Figure 7: YOY Change in County TRT Dollars, Jan.–Aug. 2020
(Thousands of Dollars)



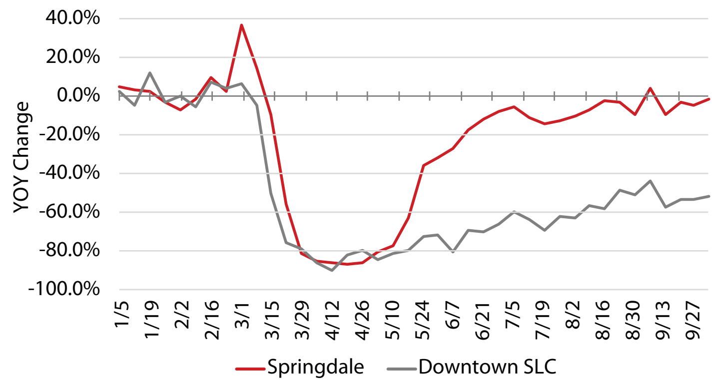

Source: Kem C. Gardner Policy Institute analysis of Utah State Tax Commission data

**Figure 8: Average Statewide Hotel Occupancy Rates, 2019 vs. 2020**




Source: Kem C. Gardner Policy Institute analysis of STR, Inc. data. *Republication or other re-use of this data without the express written permission of STR, Inc. is strictly prohibited.*

**Figure 9: YOY Change in Hotel Occupancy Rates, Springdale vs. Downtown SLC**




Source: Kem C. Gardner Policy Institute analysis of STR, Inc. data. *Republication or other re-use of this data without the express written permission of STR, Inc. is strictly prohibited.*

## Accommodations

Unlike TRT data, which is reported monthly and lags behind by several weeks, Smith Travel Research's (STR's) daily, weekly, and monthly hotel performance data offer a "real-time" view of visitation trends. STR's monthly statewide occupancy data show that after a significant drop in April—from an average statewide occupancy of 63.1% in 2019 to a low of 20.9% in 2020—occupancy rates began to climb each month through September (see Figure 8).[6] According to weekly STR reports, some of Utah's rural hotels began to fill their rooms more quickly than Utah's urban hotels. For instance, Figure 9 shows YOY occupancy rate change for Utah's urban center ("Downtown SLC") compared with one of its most popular rural amenity communities ("Springdale"). Although both downtown SLC and Springdale experienced similar YOY drops in late March and April, from May forward, Springdale hotel occupancy has returned to 2019 levels much more quickly than downtown SLC. In fact, during the last week of September, downtown SLC's average occupancy rate was still down 51% from the previous year. This low Salt Lake City hotel occupancy rate is in large part due to pandemic-influenced conference and convention cancellations.

## Conclusion

With the onset of fall, cooling temperatures, and a resurgence in COVID-19 cases, Utah's travel and tourism industry could face another downturn in the coming months. We know that taxable leisure and hospitality sales were down 12.8% for the first eight months of 2020. If travel dips again in the fourth quarter of 2020, annual tourism-related sales and spending could be down 20%–40% from the previous year. This translates into a significant hit to tourism-generated state and local tax revenues, not to mention the additional loss of jobs right before the holiday season.

Meanwhile, ski resorts continue to prepare for the upcoming ski season by developing enhanced COVID-19 safety measures, restaurant owners brainstorm ways to facilitate safe seating during the colder months, and lodging providers adapt to guest booking times that have dropped from 100 days out to under 10 days. Although no one can predict when things will return to "normal," U.S. Travel Association forecasters believe it could take another three to five years for the travel and tourism economy to return to 2019 levels.[7]

## Endnotes

1. See https://travel.state.gov/content/travel/en/News/visas-news/presidential-proclamation-coronavirus.html.
2. See https://www.nashp.org/governors-prioritize-health-for-all/.
3. See https://www.nytimes.com/interactive/2020/us/utah-coronavirus-cases.html#county.
4. Ibid.
5. See Utah Code 17-31-2.
6. Estimate only; statewide occupancy data for the month of September was unavailable.
7. See https://www.ustravel.org/system/files/media_root/document/Research_Travel-Forecast_Summary-Table.pdf.