

UTAH RECREATION & TOURISM MATTERS

Utah State
UNIVERSITY
EXTENSION

Institute for Outdoor Recreation and Tourism

June 2002

No. NR/RF/008

Tourism Challenges for Utah in the 21st Century

Karen Sudmeier-Rieux and Caryl McConkie

Introduction

An estimated 17.3 million visitors traveled to Utah in 2001, according to the Utah Division of Travel Development. These visitors spent an estimated \$4.15 billion, generating \$332 million in state and local taxes. The travel and tourism industry provided direct employment for 72,000 individuals, and an additional 56,500 indirect jobs, or nearly one out of every nine jobs in the state. Tourism is a significant part of Utah's economy and provides broad opportunities for full-time work as well as part-time and entry-level work for younger workers. Tourism is also one of the major growth industries nationwide and worldwide.

But tourism comes in many shapes and forms. Unmanaged tourism can strain community resources through needs for additional garbage collection, increased search and rescue costs, and outside pressures for change. Well-managed tourism can provide greatly needed revenue, quality capital investments, community recreation facilities, and local pride.

Tourists enjoy many of the same qualities about the state that make it a desirable place to live, such as visiting state and national parks, enjoying diverse landscapes and recreational opportunities, and appreciating cultural and historical aspects of the state. Tourists will continue to seek out Utah's diverse landscapes and towns, whether or not communities are prepared to host them. Therefore, tourism needs to be directed and managed to promote quality of life and quality jobs, preserve rural lifestyles and culture, and protect natural resources. The responsibility for this type of long-term strategy for tourism management lies especially with local communities and counties which are often ill-prepared and underfunded to take on the challenges posed by tourism.

Strategic Direction

What follows are some ideas on strategic directions, key elements for developing successful community tourism, and some resources for tourism funding for Utah communities as they face the 21st century tourism challenge. The state's tourism development program, funded through general fund appropriations, is managed through the Utah Division of Travel Development. The Division encourages tourism that has the greatest benefit to local economies, enhances quality of life, and protects the resources valued by residents and visitors alike. The emphasis is on destination tourism rather than drive-through or "windshield tourism," measurement of quality earnings over numbers of visitors, and career employment over pass-through or seasonal employment.

One of the challenges in managing tourism lies in attracting "destination" visitors who spend more money and stay longer than "pass-through" visitors. Destination clients experience their vacation differently, with a greater opportunity to experience local culture, relax and rejuvenate, or explore local activities in-depth. By substituting pass-through tourism with destination visits, fewer miles are driven and fewer resources are used. Additionally, destination visitors emphasize shopping, are interested in tours with local guides and outfitters, often visit heritage and cultural sites, and as a result, generate a different mix of jobs in the local economy.

Finally, destination travelers will often report a higher degree of satisfaction with their vacations than do their "windshield" tourist counterparts. This increased satisfaction contributes to the development of a sense of place, repeat visitation and more stable employment for workers in tourism.

The key to attracting the destination traveler is in creating that unique sense of place that differentiates one tourism site from another. In an era when open space has become a major concern, Utah still provides opportunities for the tourist to experience the vast emptiness and solitude of the West, with the comforts of cities and towns close by. While many attractions in Utah are weighted toward low-spending offerings, the objective of destination tourism is to expand the product range and promote long-term capital investments in quality tourism facilities.

“Make Utah a better place to live by increasing the economic contribution of tourism.”

~Mission statement, Utah Division of Travel Development

Community Tourism Planning

The concerted action needed to enhance local sense of place and ensure that long-range capital investments fit in with the local character can only occur at the community and county level. As a community conserves its unique resources, it will attract more tourists. On the other hand, a community that comes to resemble “Anyplace, U.S.A.,” offers less reason for tourists to visit. Many communities have recognized their unique character and have organized to preserve and promote this asset. Examples include Springdale where new business signs reflect the unique red rock landscapes of Southern Utah, or Park City where the mining facades of Main Street help retain a cohesive, unique feel to its historic downtown. Besides unique cultural features, tourists seek to confirm their impression of the “wild West” which includes plenty of space and wild places.

...high-noon deserts and John Wayne mesas,
long, grassy river valleys ringed by sawtoothed peaks,
expansive stands of aspen and pine, cabins and cowboys.
~Filmmaker Jeff Gersh on perceptions of the West

Developing a sense of place, attracting quality capital investments, and preserving man-made and natural assets are difficult undertakings that require keen leadership, vision and complex planning and financing issues. What follows are some key elements for developing successful tourism communities from the book, *Balancing Nature and Commerce in Gateway Communities*¹:

- *Develop a Widely Shared Vision*: The first step involves identifying attractive and appealing features of the community, articulating a preferred vision, and identifying strategies and steps to realize the community’s vision.
- *Create an Inventory of Local Assets*: Critical to any community development initiative is an inventory of the local historical, cultural, and natural assets, and local demographic and land use trends.
- *Build on Local Assets*: A community’s special assets are what offer visitors a special experience. These special

assets also need to be protected for local use by establishing safeguards through carefully-planned management actions.

- *Minimize the Need for Regulations*: Regulations alone will not ensure that development meets the vision outlined by communities. Successful communities have combined market incentives with sound, widely accepted regulations, such as innovative programs to acquire sensitive lands, tax abatements that promote rehabilitation of historic buildings, incentives to encourage developers to work parallel to the community vision, and citizen involvement in town beautification programs.

- *Meet Both Landowner and Community Needs*: Communities can establish criteria to evaluate future development against the vision and strategies outlined at the outset of planning. This includes a need for both communities and developers to maintain good communications and flexibility in the planning process.

- *Team Up with Public Land Managers*: Public lands, whether national parks or local recreation areas, contribute to residents’ quality of life by providing recreation amenities, natural attractions, and economic opportunities. Public land managers may have technical and financial resources to assist communities willing to work with these agencies where interests meet. An excellent example is the Zion National Park/Springdale partnership, where park managers are working closely with community leaders toward a commonly-shared vision of tourism and recreation.

- *Recognize the Role of Non-Profit Organizations*: These types of groups include economic development councils, chambers of commerce, neighborhood groups, local chapters of the League of Women Voters, senior citizens’ associations, or local environmental organizations. Some groups provide open forums for discussions; others actually implement community ideas.

- *Provide Opportunities for Leaders to Step Forward*: Open, accessible, and well-publicized meetings with clear agendas and objectives will lead to higher and more active participation. Leadership training and management workshops can also boost local participation.

- *Pay Attention to Aesthetics*: Paying attention to aesthetics does not just appeal to the eye, it’s good business as well. Communities that pay attention to the factors that make their towns and countryside appealing — tree-lined streets, attractive signs, historic facades, well-groomed neighborhoods — are finding a renewed sense of community pride and increased interest and business from tourists.

- *Need for a Locally-Driven Process*: Every successful community is unique but they all share a common concern for the future of their community. These communities actively involve a broad cross-section of residents in planning for the future, they capitalize on their distinctive assets, and utilize a variety of private sector tools and market incentives, instead of relying solely on regulations or government programs.

Funding Tourism Development

Once a community vision has been established through an effective planning process, funding quality tourism development presents communities with the next big challenge. A number of public and private resources are available and many communities are using creative means to protect their unique resources.

Examples of communities working to preserve the open character of the West include Bluff where residents have joined forces to protect the last working farm in town. Bluff resident Gene Foushee asks, "In a community established for agriculture, don't you think it's appropriate we preserve at least one farm?" A \$347,550 grant from the Utah Quality Growth Commission will help protect the 159-acre Curtis Jones Farm, with the same amount in matching funds from the nonprofit Bluff Historical Society.

Another example is Swaner Memorial Park, a 700-acre open meadow preserve nestled in between Summit County subdivisions on the outskirts of Park City. The park was created privately by tax-deductible land donations and conservation easements. The idea was to return the meadow to its natural state, while allowing the public to enjoy and learn about the preserve through an education center, trails, kiosks and boardwalks. Although almost entirely privately funded, a local board supervising the distribution of restaurant taxes earmarked for tourism gave the preserve \$75,000 to develop 1.7 miles of trails.

Last, the Great Salt Lake Bird Festival is an excellent example of the link between tourism development and a natural resource, in this case the Great Salt Lake. Under the leadership of Davis County Economic and Community Development, a partnership has evolved between conservation groups such as the Nature Conservancy and Audubon Society, local and state government agencies, and the local business community.

Bird festivals have attracted thousands of visitors from near and far, many who are willing to spend considerable amounts to see their favorite birds. Although off to a modest start, future Great Salt Lake Bird Festivals are expected to generate thousands of dollars in local revenues, and proceeds will be donated to conservation projects that enhance the visitor experience and understanding of the Great Salt Lake.

• *Local Funding Sources: Tourism Taxes by Counties*

In 2000, over \$55 million was collected in tourism taxes, through restaurant, transient room, car rental and resort communities taxes, most of which was disbursed directly to counties and municipalities for tourism promotion and development.

• *Transient Room Tax*

County legislative bodies may impose a transient room tax not to exceed 3% of the room rent (UCA 59-12-301). State law (UCA 17-31-2) allows transient room taxes to be spent on: establishing and promoting recreation, tourism and conventions; film production; and to acquire, lease, construct, furnish, maintain or operate convention meeting rooms, exhibit halls, information centers, museums and related facilities. Counties with populations under 18,000 may also use up to 1/3 of the proceeds from the tax to pay for solid waste disposal, emergency medical services, search and rescue activities, and law enforcement activities.

• *Tourism, Recreation, Cultural, Convention Tax*

This consists of three taxes: a car rental tax, restaurant tax and an additional room rental tax. The revenue from these taxes may be used for the same purposes as the Transient Room Tax (described above), but their use for this purpose is not mandated in the statute.²

• *County Option Funding for Botanical, Cultural, and Zoological Organizations*

With the approval of residents, counties may impose a local sales and use tax of one-tenth of 1% to fund county recreational facilities and botanical, cultural, and zoological organizations. The revenue generated from this tax can be used for financing recreational facilities and ongoing operating expenses of botanical, cultural, and zoological organizations within the county.

• *Recreation Impact Fees*

Authorized during the 1997 Legislature, this bill imposes a search and rescue fee surcharge on hunting and fishing licenses (25 cents), on registration of off-highway vehicles (50 cents), motorboats and sailboats (50 cents). The bill creates a Search and Rescue Financial Assistance Program for counties to receive reimbursement for qualifying search and rescue expenditures. The legislature provided an initial appropriation of \$80,000 for fiscal year 1998.

• *Taxes Levied by Cities*

Four tourism taxes, levied by municipalities, were recently instituted or expanded.

- Municipal Transient Room Tax

- Additional Transient Room Tax to Repay Bonded or Other Indebtedness

- Resort Communities Taxes

- Additional Resort Communities Sales Tax

These taxes may be used for general fund purposes.

• *State Funding Sources*

State funding sources to finance tourism development include Mineral Lease Funds, Main Street Program/Pioneer Communities, Local Economic Development Initiatives, Community Economic Development Fund, Division of Travel Development grants, and Association of Governments Revolving Loan Programs, in addition to grants from various programs administered by the State Division of Parks and Recreation.

• *Federal Funding Sources*

The federal government offers many funding sources that can be used for tourism development. Grants are available from the following federal departments: Department of Agriculture (Cooperative State Research, Education and Extension Service, Forest Service, Natural Resources Conservation Service); Department of Commerce (Economic Development Administration, International Trade Administration); Department of Housing and Urban Development (Community Planning and Development); Department of the Interior through the Bureau of Land Management, National Park Service, U.S. Fish and Wildlife Service; Department of Transportation (Federal Highway Administration), and the Small Business Administration. In addition, the federal government offers dozens of additional funding sources that could conceivably finance tourism development. These funding sources are described in the Catalog of Federal Domestic Assistance (see “For More Information Contact:” following).

• *Private Funding Sources*

In addition to commercial small business loans, other options include: venture capital funds, debt or equity financing, local fund-raising efforts, development of a non-profit corporation, local foundations, organization dues, earned income, corporate/business sponsorships, tax incentives and tax increment financing.

Beyond these general sources of private financing for tourism development, specific information about corporate programs can be obtained from numerous organizations that disseminate information on foundations, corporate giving and related subjects, including Resources for Global Suitability and Environmental Grantmakers Association (see “For More Information Contact:” following).

Conclusion

As tourism in Utah grows, communities around the state are seeking ways to balance growth with quality of life issues. The above actions may provide some ideas for proactive measures. Although not all of these actions will be appropriate for all communities, one commonality is the need for local control of the planning process. Outside agents may be able to provide direction, resources, or expertise, but the communities themselves must have the vision and interest to shape their future.

Contributing Authors:

Karen Sudmeier-Rieux, formerly Research Coordinator at the Utah Division of Travel Development.

Caryl McConkie, Tourism Manager, Division of Community and Business Development, Tourism Office, Juneau, AK

For many small communities, funding quality tourism development and preserving unique cultural and natural assets pose a great challenge. Local and municipal governments throughout Utah are using a variety of funding options such as county tourism taxes, sales tax, property tax, and bonds to fund local tourism development, preservation and restoration projects. Tourism revenues were traditionally used solely for promotion and infrastructure. Increasingly they are used to manage for quality tourism development. To be successful, these strategies need to promote unique character, sense of place, and the preservation of local cultural and natural assets.

Footnotes

¹ Howe, J. (Ed.), McMahon, E. and Propst, L. (1997). *Balancing Nature and Commerce in Gateway Communities*, The Conservation Fund and Sonoran Institute, Washington, D.C.: Island Press.

²The difference was noted in a recent tourism promotion audit conducted by the State Legislative Audit. The report can be found at www.le.state.ut.us/audit/00_06rpt.pdf.

For More Information Contact:

Utah Division of Travel Development
(Utah Travel Council)
Council Hall, Salt Lake City, UT 84114
(801)538-1900 <http://www.utah.com>

Resources for Global Suitability
(800)724-1857
<http://www.environmentalgrants.com>

Environmental Grantmakers Association
(212)373-4260
<http://www.ega.org>

Catalog of Federal Domestic Assistance
General Services Administration
(202)708-5126
<http://www.gsa.gov/fdac>

Institute for Outdoor Recreation and Tourism

This and other publications can be found online at:
www.cnr.usu.edu/iort or you can contact us at:
Institute for Outdoor Recreation and Tourism
Utah State University
5220 Old Main Hill
Logan, Utah 84322-5220

Acknowledgments:

The authors are grateful to Dean Reeder, Director of the Utah Division of Travel Development for his guidance and input and Julie Johnsson at the Governor’s Office of Planning and Budget for her work on funding sources.