



February 4, 2021

RE: Supporting HB 247, Transient Room Tax Amendments (Rep. Albrecht)

Dear Members of the House Revenue and Taxation Standing Committee:

During 2020, counties, along with cities, towns and the State, lived through the significant impact of the beginnings of the COVID-19 pandemic. As CDC COVID-19 and Health Department guidelines came into effect, internal tourism exploded. Utahns began exploring more of their own state, including the National Parks and Recreation Areas within our borders. While this fortunate uptick in economic activity restored what economic impact was lost at the beginning of the pandemic, a critical, missing component remains: infrastructure and public safety.

Many areas saw an almost 20 percent increase in hotel occupancy. With Utah growing in population and tourism increasing each season, promoting our natural wonders has been significant. Zion National Park, Utah's most popular National Park, is contemplating a limit on visitation due to a lack of infrastructure in the surrounding area. Now is the time to improve the visitor experience.

HB 247 would allow counties of the 4-6th class with National Parks and National Recreation Areas to reduce their TRT promotion spending from 45 to 37 percent and focus those efforts on infrastructure and public safety. Reducing traffic and improving roads will help visitors (many of whom are first-time guests to these areas) to visit and recreate safely. This is a modest move on a tax that is already collected, without imposing an additional burden to the State.

Visitors and tourism are a vital component to Utah's robust and enduring economy. TRT flexibility at the local level allows counties to address impacts from our guests. We urge your support on HB 247 to allow for improved infrastructure, public safety, and coordination by county auditors and the Tax Commission appropriate collection of TRT.

We are in full supportive of this effort, and commit to work with UTIA and other stakeholders to ensure an appropriate balance of marketing, promotion and infrastructure management. Additionally, we would resist any efforts to amend further the change in distribution that has been agreed to in the bill. This is a small step for our most impacted counties and should be limited as such.

Sincerely,

Lincoln Shurtz



4 February 2021

RE: Neutral HB 247 1st Substitute, Transient Room Tax Amendments (Rep, Albrecht)

Dear Members of the House Revenue and Taxation Standing Committee -

With the changes in 1st substitute HB 247, the Utah Tourism Industry Association (UTIA) takes a neutral position. This position is a result of the limitations in the scope of the amendments to a county that has more than one national park and a base population of 9,000 or more. As well as the addition to repeal in five years.

With visitation increases in areas of the state particularly during the later months of 2020, the overall impacts of COVID-19 year over year were still felt by the industry. Transient Room Tax experienced an overall statewide year over year decline of 22.3%. With 4-6th class counties with National Parks and National Recreation areas experiencing a year over year decline of 23.4%. Although the occupancy levels were performing, the industry experienced a drop in revenue per available room (RevPAR) year over year. Overall statewide year over year RevPar was -35.70%, with 4th-6th class counties with National Parks and National Recreation areas experiencing a -31.68%.

The importance to maintaining this vital component to Utah's robust and enduring economy is finding sustainability in the visitor spend model. Great efforts were placed into encouraging Utahns to responsibly stay close to home during COVID-19, and we have seen the impacts in the industry from this Utahn investment. However, as state borders reopen that spend is not one that is sustainable to the visitor economy. Historically we see out of state visitors tend to spend 87.5% more than in-state visitors, and stay 31.9% longer.

Ensuring that an appropriate balance in the Transient Room Tax distribution formula remains is essential to continue to support Utah's economy as well as quality of life for Utahns. To support this, during the 2021 interim, UTIA is committed to developing a more sophisticated tourism model and continuing efforts of engagement initiated by the UAC Tourism Affiliate group in 2019. These efforts were interrupted in 2020 by COVID-19. We commit to full efforts to develop this with the Utah Office of Tourism and local governments.

These engagements will require the partnership from the industry, businesses, local officials, and legislators. This sophisticated model is to be more focused on Destination/Economic Development and