

# HOW CAN A TOURISM SUPPORT FEE FACILITATE ECONOMIC DIVERSIFICATION IN CLEAR CREEK COUNTY?

## PROJECT INTRODUCTION

Clear Creek County's property tax revenue has declined about **47.3%** from 2013 to 2022 due to the waning of Henderson Mine (Source: *Annual Comprehensive Financial Report*). It is expected to cause negative multiplier effect on the local economy and have a ripple effect on the local job market (Source: *REDI 2022 report*).

Meanwhile, Clear Creek County's economy has become more specialized over time compared to the rest of the state of Colorado. Clear Creek County's coefficient of specialization has *increased* from **0.436** in 2001 to **0.501** to 2019 (Figure 1). Lack of economic diversification imposes long-term challenge to the sustainable development of Clear Creek County's economy.

What is Tourism Support Fee?

How could this fee facilitate Economic Diversification?

This internship included working with the committee, the Clear Creek County Commissioners, and local stakeholders to evaluate the prospective implications of collecting a tourism support fee (Table 1). Our analysis reveals that a tourism support fee could potentially generate over **\$1 million in tax revenue** annually, **create more jobs**, and provide development resources to encourage **entrepreneurship and economic diversification**.

## INTERNSHIP GOALS

1. Understand the state of economy in Clear Creek County.
2. Assess the implications of a tourism support fee based on economic indicators.
3. Present the analysis to the Clear Creek County Commissioners.
4. Lay the groundwork for future community and economic development collaboration.

## HOW DOES THIS APPLY TO YOUR EDUCATION

This internship provided an opportunity to apply quantitative methods analyzing the local economy. Additionally, I engaged with local officials, business owners, and economic professionals during both remote and in-person meetings. Finally, I honed my skills of professional writing and professional presentation to better translate academic findings to a diverse group of stakeholders.

## WHAT YOU DID

**Step 1.** Combined field visits with in-depth literature review to understand the state of the economy in Clear Creek County.

**Step 2.** Met with the committee to identify prospective research topics: reliance on mining and tourism industry, lack of affordable housing, and inadequate entrepreneurship opportunity, etc.

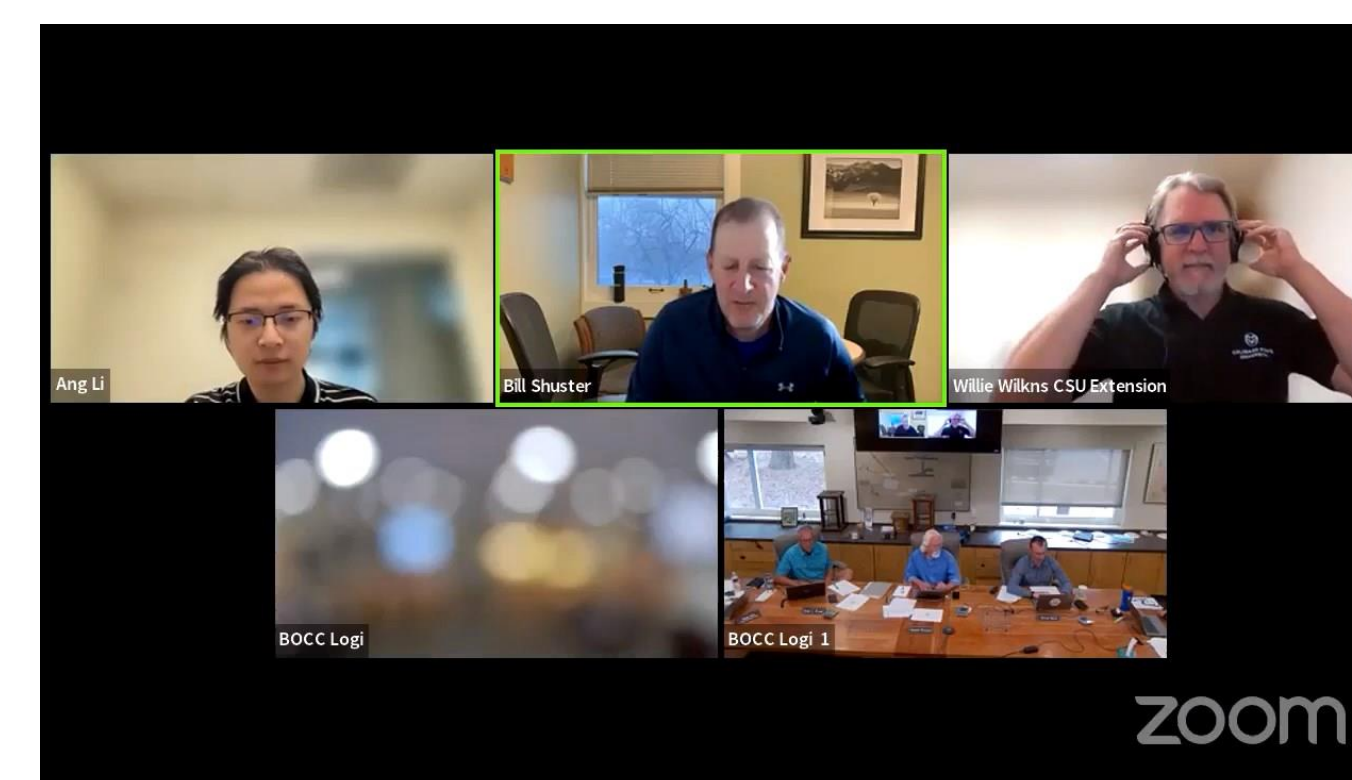
**Step 3.** Met with Clear Creek County Commissioners to refine the focus of study.

**Step 4.** Employed various methods to estimate the lower and upper boundaries of a tourism support fee.

Preliminary model was based on I-70 traffic data. We then took a more nuanced approach utilizing tourism sales data from Lightcast. To validate our methods of estimation, we also consulted with local economic professionals and census data.

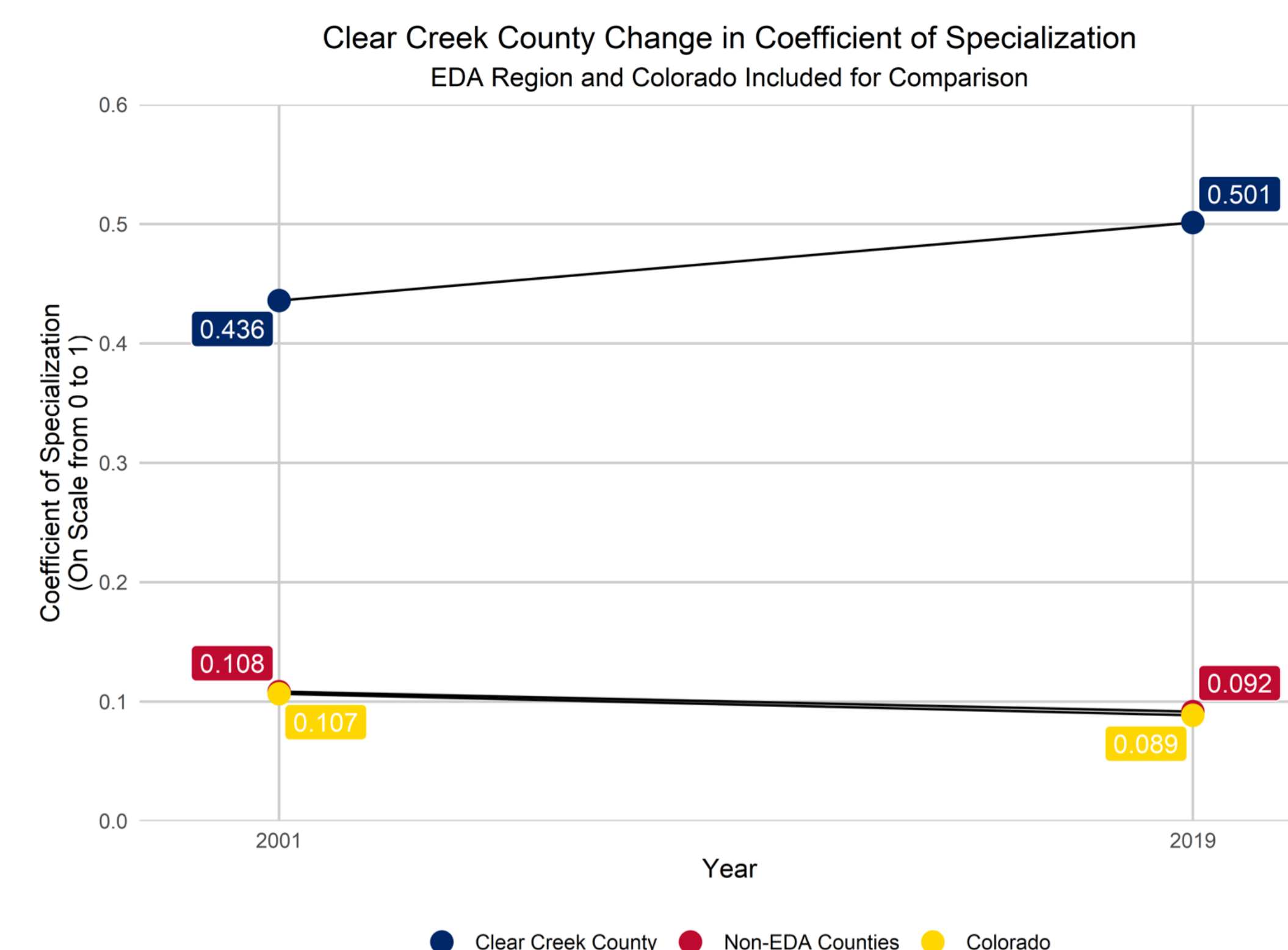
**Step 5.** Turned data analysis into spreadsheets and created data visualizations (Table 1).

**Step 6.** Presented findings to the Clear Creek County Commissioners.



Video available at:  
<https://www.clearcreekcounty.us/1374/Board-Commission-Meetings>

Figure 1. Clear Creek County's Coefficient of Specialization, 2001-2019



Source: REDI Economic Indicator, Clear Creek County

## WHAT YOU LEARNED

Pros & Cons of Tourism Support Fee

### Pros:

- Low-hanging fruit, over \$1 million annual tax revenue.
- Create more jobs, help retain local talent.
- Learn from success in neighboring Counties: Lake, Chaffee, and Routt.
- Produce positive spillover effects on the local economy.

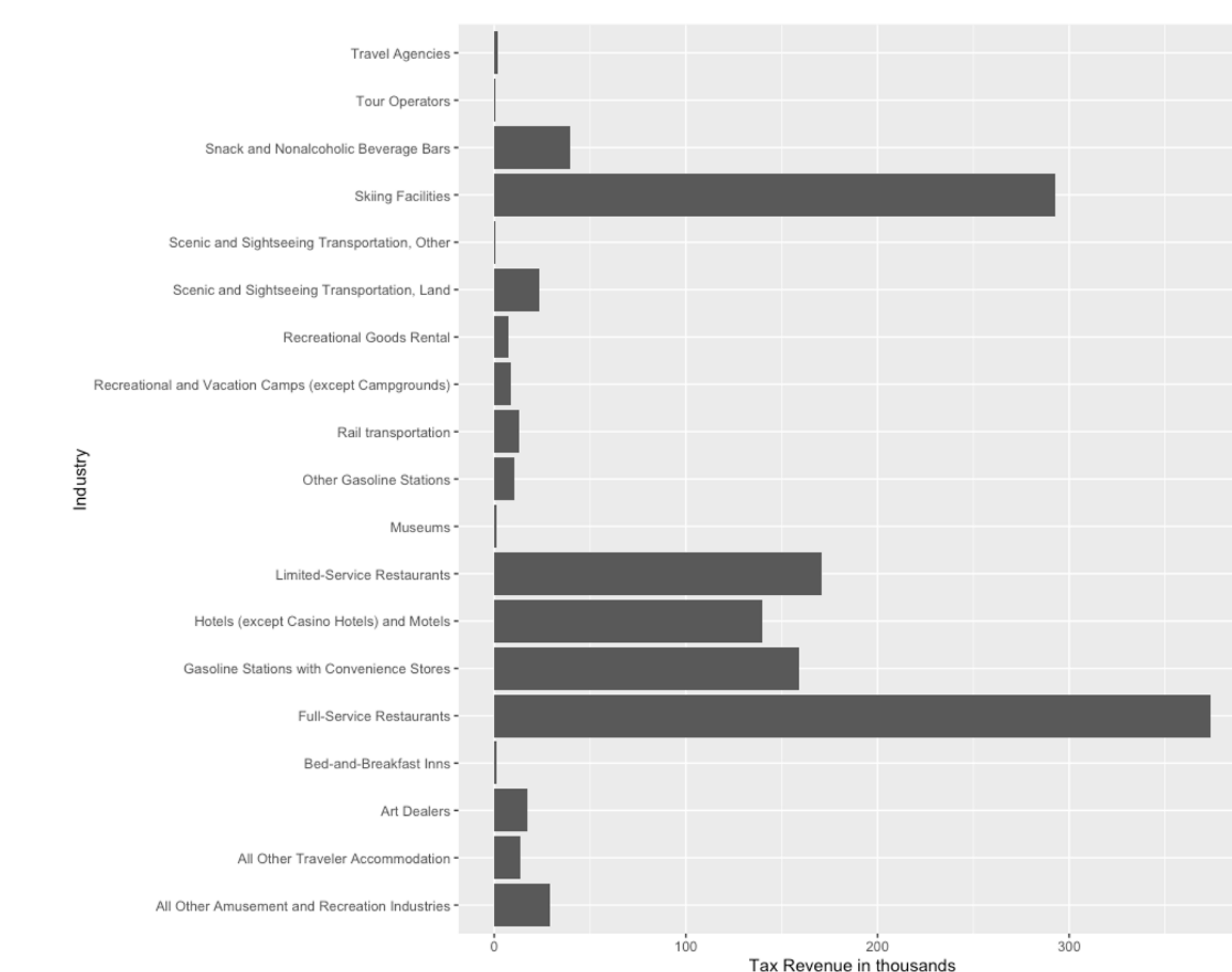
### Cons:

- High-level Tourism Support Fee could cause unintended consequences, such as travelers avoiding stopping in Clear Creek.
- Tourism Support Fee alone is not enough to compensate for loss of mining tax revenues.

Table 1. Estimate of Tourism Support Fee, Clear Creek County

Year	AATD	YTD	Expenses	1% Tax Rate
2021	37000	13505000	33762500	337625
2020	33000	12045000	30112500	301125
2019	38000	13870000	34675000	346750
2018	36000	13140000	32850000	328500
2017	37000	13505000	33762500	337625
5-Year Average	36200	13213000	33032500	330325

I-70 commuters contribute to **\$330,325** tax revenue based on **\$25** per vehicle.



The Top 5 tourism industries (by sales) contribute to **\$1.13 million** tax revenue based on **1%** tax rate, or **87%** of all tourism support fee.

Source: Colorado Department of Transportation, Lightcast™ Analyst 2023

## NEXT STEPS

The committee recommends continuing study of the dynamics of a regional labor market. The County Commissioners expressed an interest in attracting commuting workers, given the county's proximity to Denver, while also acknowledging the challenges of inadequate housing. Today, one-third of the labor force in the Clear Creek County consists of commuting workers, primarily concentrated in the mining and tourism industries. I was thrilled to work with the committee members and the County Commissioners. Thank you to the Clear Creek County officials.