



Economic Development Report

Colorado
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COMMUNITY ECONOMIC CONSIDERATIONS OF TOURISM DEVELOPMENT: EXECUTIVE SUMMARY

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- *Colorado has a natural advantage for rural recreation development due to its climate, natural and human history, and topography*
- *Tourism development can create jobs, tax revenue, improved infrastructure, cultural and recreational opportunities for rural communities*
- *Financial leakage, local-tourist conflicts, seasonality, local control, environmental impacts, and community planning are persistent challenges to tourism development*

Some view tourism as the silver bullet to revitalize the economies of the natural amenity rich rural communities of Colorado. However, tourism, like any economic development driver, potentially has both positive and negative influences on communities and the people who live, work and play within them. This report discusses some of the common benefits and costs of natural amenity based tourism development such that local leaders can enter into a decision to encourage or discourage tourism as an engine of community economic development as well informed as possible.

The benefits of tourism are numerous. For example, the community tax burden may be foisted upon visitors rather than residents. These taxes can be used to support a broad array of quality services and infrastructure that benefit tourists and residents alike, but would be beyond the means of a small rural community in the absence of tourism. It also provides residents of rural communities the opportunity to interact with new people and to have more cultural opportunities. The tourism industry has brought cultural events like the Bolshoi Ballet and the Grateful Dead, among others, to rural Colorado communities for summer festivals. Tourism can also cause various problems and conflicts. The degree to which tourism is successful as an economic stimulus in a community is most often dependent on research, planning and community involvement.

Rural areas have a comparative advantage in land and natural resources, which give them great potential recreation, tourism and other nonconsumptive natural amenity based industries. Carlsbad Caverns, New Mexico, once dependent on harvesting bat droppings, is now a mega tourist attraction. Aspen, Colorado was a silver mining town that went into dire straits when the world turned to the gold standard. Following a 60-year economic depression, the ski industry and second

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home market turned Aspen and surrounding Pitkin County into one of the three wealthiest counties in the country.

The new rural exports are becoming tourism and its related services. There is a high demand for tourism and it is generally a low start-up cost industry. Tourism has great potential to create jobs and is perceived as more environmentally friendly than traditional rural industries. However, ski and golf resort development common to the West run counter to these low cost, low risk notions and the environmental effects of such development has been called into question.

Tourism development can come over the course of many years through a slow, locally driven movement or it can come very quickly when outside investors move in to build an integrated, centrally planned resort. Between the two extremes there is an entire spectrum of ways in which tourism can be developed. How tourism is developed and who makes development decisions determines how the costs and benefits of tourism, both economic and non-economic, will affect a community. There is no single recipe for rural tourism development as each community is different, has different potential for tourism and will be affected in different ways.

Finding the right mix of development and conservation can be a difficult balancing act. In many cases the marketplace does not encourage environmental conservation. Rural tourism, however, depends on the environmental quality of an area, yet over developed or poorly planned tourism infrastructure (see, for example, Pigeon Forge outside of the Great Smokey Mountain National Park) can greatly harm the natural and local cultural environment, which can adversely affect the tourism industry. Few rural tourists are truly interested in visiting miles of strip malls filled with indistinguishable national chains and franchises known as "Generica," a contraction for generic America. Consequently, appropriate natural resource management not only holds environmental value, but also economic value.

The biggest factor in what tourism development decisions are made is who makes the decisions. In some instances development decisions are made by outside interests that see potential for profit in a community. Some communities have taken the stance that the best way to develop rural tourism is to bring in outside firms that are willing to invest in tourism infrastructure. This

attitude may stem from a long history of rural communities looking for big businesses to bring in investment for more traditional industries.

Another approach to tourism development is allowing for a local movement to establish the tourism industry. This approach is much slower and rarely leads to a community becoming a big-time tourism destination, but it does leave most of the power in the hands of locals and gives them entrepreneurial opportunities.

As sustainable tourism development becomes the goal in more rural communities community involvement is becoming increasingly sought after. When locals are left out of development decisions conflict is bound to occur, which hurts tourism. Inequality of income distribution can surface when outside interests take control of tourism development in a community so they profit and locals are left with low-paying jobs. Local involvement is also a key factor in protecting the environmental and cultural integrity of a community. The Community Tourism Action Plan, widely used in Alberta and British Columbia, gives residents the opportunity be involved in many aspects of tourism planning with assistance and direction from the Provincial government.

Tourism has acted as an economic stimulus in rural communities worldwide and across Colorado. Communities in Colorado have an advantage over other states in ability to attract tourists because of their natural resource base and the long-time reputation of the state as a tourism destination. Despite Colorado's ability to attract tourism money establishing a tourism industry should not be seen as an economic and social cure-all for every community. Alongside the benefits of the tourism industry, which include revenue, improved infrastructure, jobs and expanded social opportunities, come both economic and social costs.

Correctly assessing the costs and benefits of tourism is necessary to make development decisions about who will develop a community for tourism, what recreational activities will be encouraged and to what degree development will take place. Tourism can change the face of rural communities, both for better and for worse, and these decisions will play a vital role in determining what changes take place.

Establishing tourism in rural communities entails inviting outsiders who often take their own interests, business or otherwise, into consideration before considering the

interests of the community and long-time residents. In order for long-term residents to protect their interests they must be involved in making decisions about tourism development, as well as in local tourism related businesses. If development decisions and entrepreneurial opportunities are left in the hands of outsiders, the bene-

fits of tourism can escape local residents and leave them with only the burdens that the tourism industry can bring. On the other hand, in a community where long-term residents make a long-term commitment to being involved in tourism development opportunity can abound, and the benefits can be locally enjoyed.