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# MEMORANDUM

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Date: September 3, 2020

To: The Honorable Chairman and Members  
Pima County Board of Supervisors

From: C.H. Huckelberry  
County Administrator 

Re: **COVID-19 Adverse Impacts on the Tourism Industry**

Attached are two sheets from Visit Tucson and the State Tourism Bureau that indicates the adverse impact of the COVID-19 pandemic on the tourism industry in Pima County and Arizona.

In summary, travel spending has decreased 58 percent year over year. Revenues to Pima County are down \$8.8 million and unemployment ranges from 45 percent to 30 percent of the travel related employment or workforce. These are significant adverse impacts and some of the reasons the County has set aside \$500,000 of our CARES Act funding from the federal government to offset the revenue losses specifically for Visit Tucson. Visit Tucson's revenues come exclusively from the specific shares of tourism related taxes.

Board of Supervisors Vice Chair and Visit Tucson Board of Directors Member Sharon Bronson has also asked the City of Tucson Mayor to consider a similar appropriation from the City. Given the significant adverse impact on tourism revenues, spending and employment, it is important we actively support this economic sector of our community.

CHH/anc

Attachments

c: Jan Leshar, Chief Deputy County Administrator  
Diane Frisch, Director, Attractions and Tourism  
Brent DeRaad, President and CEO, Visit Tucson

**COVID-19 Impacts on Pima County Travel**  
**Updated: August 2020**

**Baseline Data**

2019 Visitor Spending Breakout in Pima County

\$731.8 million – food service

\$481.6 million – accommodations

\$464.1 million – retail sales

\$316.0 million – local transportation & gas

\$254.0 million – visitor air transportation

\$202.0 million – arts, entertainment & recreation

\$160.4 million – food stores

**\$2.609 billion – total (10% of \$25.6 billion spent in Arizona by visitors in 2019)**

Source: Dean Runyan Associates, July 2020

2019 Jobs Generated by Travel Spending in Pima County

14,550 – accommodations & food service

5,030 – arts, entertainment & recreation

2,510 – retail

1,490 – \*other travel

1,010 – ground transportation

170 – visitor air transportation

**24,760 – total (13% of 194,300 Arizona travel jobs)**

\*includes ground transportation and air travel impacts for travel to other Arizona visitor destinations and travel arrangement services

Source: Dean Runyan Associates, July 2020

2019 Earnings by Those Employed in Travel in Pima County

\$476.7 million – accommodations & food service

\$107.0 million – arts, entertainment & recreation

\$85.8 million – retail

\$68.4 million – \*other travel

\$45.7 million – ground transportation

\$12.5 million – visitor air transportation

**\$796.1 million – total (10% of \$7.7 billion in Arizona travel job earnings)**

\*includes ground transportation and air travel impacts for travel to other Arizona visitor destinations and travel arrangement services

Source: Dean Runyan Associates, July 2020

2019 Tax Receipts Generated by Travel Spending in Pima County

\$80.6 million – local tax receipts

\$139.1 million – state tax receipts

**\$219.7 million – total (10% of \$2.2 billion in Arizona local and state tax revenue generated by travel)**

Source: Dean Runyan Associates, July 2020

Visitor spending in Arizona also generated \$1.57 billion in federal tax revenue in 2019, per Dean Runyan Associates. Federal tax revenue was not broken out among counties.

**COVID-19 Impacts on Pima County Travel  
Updated: August 2020**

National Impacts Leisure & Hospitality (L&H) through July 2021

- 40% of excess U.S. employment is in L&H, despite that sector accounting for 11% of all pre-pandemic employment in the U.S.
- Despite some jobs being slowly restored in spring/summer, more than a quarter of all L&H workers remain unemployed—double the next most hard-hit industry.
- Nearly half of the 16.9 million jobs in the L&H sector were wiped out in March and April 2020.
- Through the end of 2020, the travel industry is projected to lose \$505 billion for a total of \$81 billion in lost federal, state and local taxes. The travel industry is not expected to recover fully until 2024.

Source: Tourism Economics, August 2020

Pima County Impacts L&H through July 2021

- On the U.S. Travel Association’s website ([https://www.ustravel.org/sites/default/files/media\\_root/document/Coronavirus\\_WeeklyImpacts\\_08.27.20.pdf](https://www.ustravel.org/sites/default/files/media_root/document/Coronavirus_WeeklyImpacts_08.27.20.pdf)), Tourism Economics provides weekly breakouts by state of: 1) travel spending; 2) year-over-year net change in travel spending; 3) year-over-year percentage change in travel spending; 4) year-over-year change in federal tax revenue generated by the travel industry; 5) year-over-year change in state tax revenue generated by the travel industry; and 6) year-over-year local tax revenue generated by the travel industry.
- Considering that visitor spending in Pima County was 10% of the state’s total in 2019 and that local and state tax revenue generated in Pima County equaled 10% of that generated in Arizona in 2019, COVID-19’s travel-related impacts on Pima County from March through July are estimated at 10% of the impacts on Arizona.

State of Arizona Data—March-July 2020

	<u>Travel Spending</u>	<u>YOY Net Change</u>	<u>YOY % Change</u>
Arizona	\$3,883,000,000	-\$5,388,000,000	-58%
Pima County	\$388,300,000	-\$538,800,000	-58%
	<u>YOY Federal Tax Revenue</u>	<u>YOY State Tax Revenue</u>	<u>YOY Local Tax Revenue</u>
Arizona	-\$367,000,000	-\$155,000,000	-\$88,000,000
Pima County	-\$36,700,000	-\$15,500,000	-\$8,800,000

Source: Tourism Economics, April-August 2020

Pima County Travel-Related Employment

- Tourism Economics study does not break out travel-related employment—only spending.
- Based on the national figures listed above, following is how that would impact travel employment in Pima County.

March and April: 45% unemployed – 24,760 x .45 = 11,142

May: 40% unemployed – 24,760 x .4 = 9,904

June: 35% unemployed – 24,760 x .35 = 8,666

July: 30% unemployed – 24,760 x .3 = 7,428