Jonathan Schechter – "Corpus Callosum" Column
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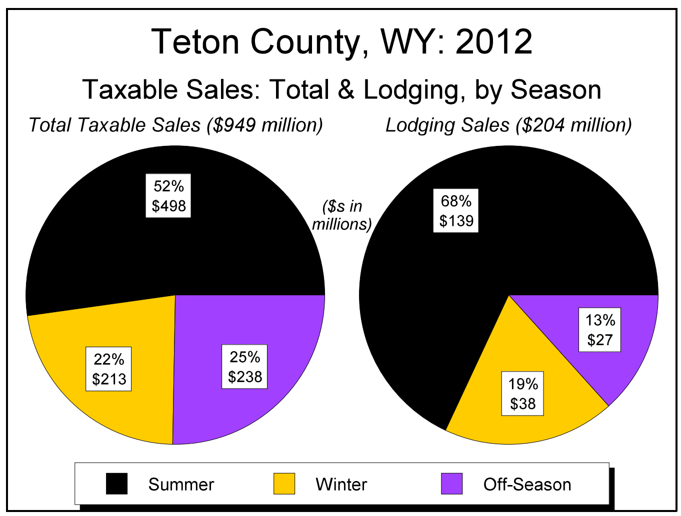
Between great snow and great crowds, there was quite a buzz in the air over this season's Christmas holiday. (The was also a virulent flu/cold bug in the air, but in 2013, let's focus on the positive, shall we?)

The crowds at the Jackson Hole Mountain Resort swelled with each passing post-Christmas day, which got me to wondering about the amount of economic activity generated in Teton Village. Unfortunately, this is a very hard question to answer, because taxable sales - our readiest gauge for measuring economic activity - excludes many of the Village's major revenue generators, including lift tickets and lessons. On the positive side, though, 2012 marked the first year the Wyoming Department of Revenue reported monthly data about where taxable sales are generated within Wyoming counties. For Teton County, this means that, with a bit of work, we can now figure out the proportion of taxable sales occurring in town, Teton Village, and the remainder of the county.

What do the numbers show? For the 12 months of data reported in 2012, Teton County's merchants sold a total of $948.6 million worth of taxable goods, generating $56.9 million in sales taxes. Of the total sales, $203.6 million was subject to lodging tax, producing an additional $4.1 million in lodging tax revenues. Add in the two percent "resort district" tax levied by Teton Village merchants, and another $1.85 million more was collected in taxes specifically designated for use in Teton Village.

Combine these figures, and Teton County merchants collected a total of $62.85 million in sales taxes of one form or another. Divide that into our total taxable sales of $948.6 million, and the effective rate for all taxable goods sold in Teton County during 2012 was 6.6%,

Looking at when those sales were made, 52 percent occurred during the four summer months of June-September; 22 percent occurred during the four winter months of December-March; and the remaining 25 percent occurred during the four shoulder months of April, May, October, and November. (Graph 1)



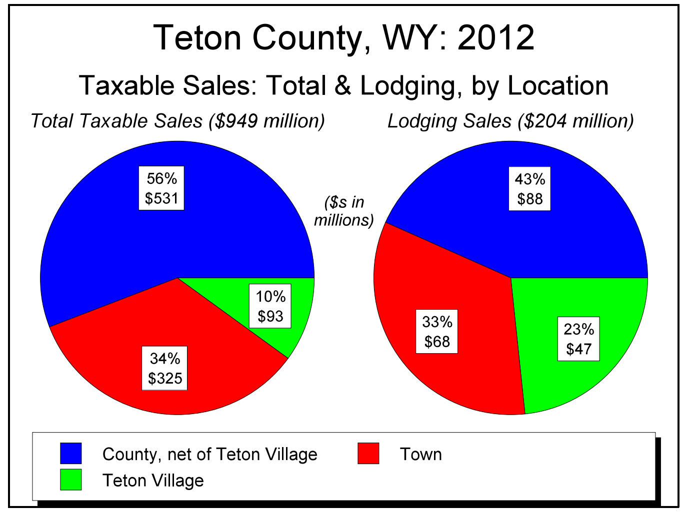
Graph 1

This "shoulders greater than winter" number seems somewhat counter-intuitive, for how can the shoulder seasons account for more taxable sales than winter? Three explanations. First, locals pay sales tax too, and more people are living here in October and May than in the past.. Throw in the tourism industry's steps to promote Jackson Hole in May and October, and you end up with an increasingly vigorous off-season, numerical proof that there is, indeed, a need to "Bring Back Off-Season."

Second., the data aren't perfect. For example, if Cheyenne records a business's monthly tax returns a couple of days late, that figure gets kicked into the next month. As a result, any given month's or season's numbers should be considered more suggestive than spot-on accurate. Still, because winter 2012 wasn't a record-beater, and because the data collection problems occur year-round, the big picture patterns still hold.

Third, there are significant demographic differences between the people generating taxable sales and those generating lodging sales, with the latter figure much more representative of tourism's ebbs and flows. As the other half of Graph 1 shows, over two-thirds of lodging sales occur during the summer, roughly one-fifth during the winter, and the remaining eighth during the off-season.

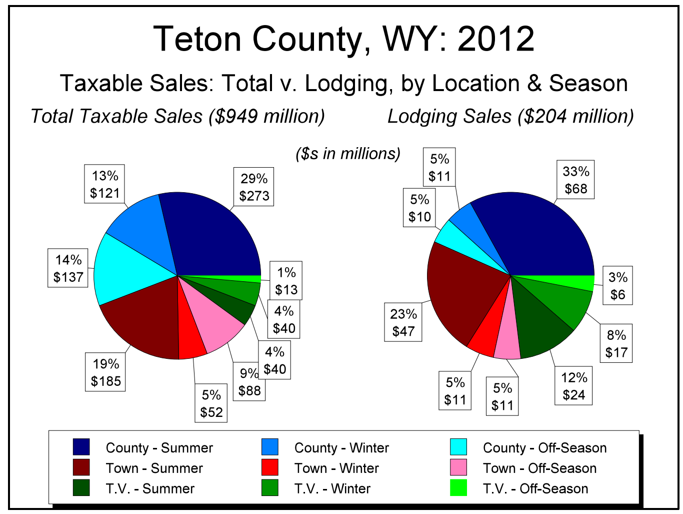
So we know when sales occur. Where do they occur? Looking at total taxable sales, in 2012 56 percent of all taxable sales occurred in the unincorporated portions of Teton County which were not Teton Village. Teton Village accounted for 10 percent, and the town of Jackson for roughly one-third. (Graph 2)



Graph 2

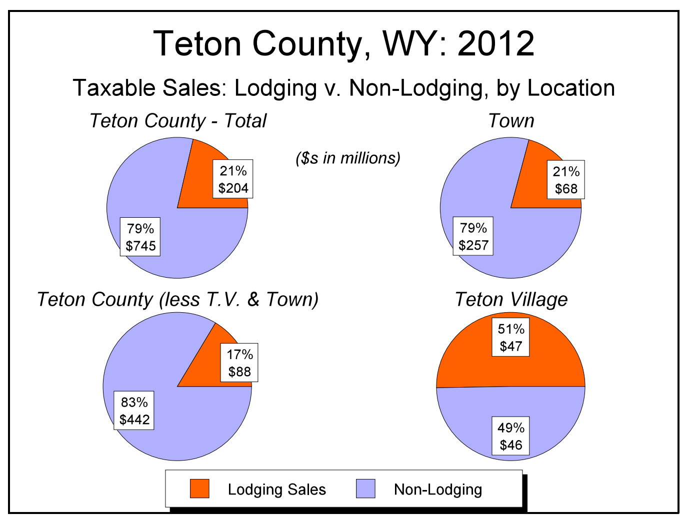
As is the case with seasonality, there are also big differences between where all sales occur and where lodging sales occur. The unincorporated portion of Teton County accounts for a majority of all sales, but just a plurality of lodging sales. In contrast, the town accounts for around one-third of both total and lodging sales, while Teton Village's share of lodging sales is over twice its share of all taxable sales.

Combining the data in Graphs 1 and 2, Graph 3 shows how important national park tourism is to local taxable sales. Because the unincorporated portions of Teton County include the summer-only facilities in Grand Teton and southern Yellowstone national parks, summer spending in those areas accounts for the largest share of both total and lodging sales.



Graph 3

What's striking about Graph 3, however, is how unbalanced sales are in Teton Village. Graph 4 makes this same point in a much clearer fashion. Simply put, in both the Town of Jackson and Teton County as a whole, lodging accounts for roughly one-fifth of all taxable sales. In Teton Village, it accounts for one-half, a staggering difference.



Graph 4

Among some locals, there's a long-held belief - if not fear - that if Teton Village grows, the Town of Jackson will suffer. From a New Age perspective, that's clearly not an abundance mentality. From a market forces perspective, the tremendous imbalance between Teton Village's economy and the rest of the county's suggests that, in coming years, there will be a lot of pressure to expand Teton Village's non-lodging businesses. Given the way the county hamstrung the Village's expansion plans during the Shooting Star approval process, significant expansion, or even alteration, of the current Village configuration will be difficult. However, it seems inevitable that all those lodging guests are going to demand an increasing array of goods and services more conveniently located than in town. Achieving a balance in Teton Village more in line with that of the entire community will be one of the community's great land use battles of the next 15 years or so.