

Taos economy: Tourism at plateau

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The Taos News, 9/1/2011

Reviving *el corazòn*: Part one of a series

Most conversations about economic development in Taos are grounded in the same basic premise: “Taos is a tourism-based economy.”

But Taos economist Bill Stevens says the emphasis on tourist dollars is overblown — and he has the numbers to prove it.

To gauge the tourism industry’s contribution to the Taos County economy, Stevens combines revenue numbers reported to the state from four business categories: eating, drinking, lodging, and amusement/ recreation. It’s not a perfect picture, he says, but it gives us a good idea.

According to this model, tourism had a meteoric rise in the 1980s and early 1990s — from about \$20 million in revenue in 1980 to \$75 million by 1994. But in the subsequent 17 years, income from tourism has been relatively flat, hovering steady between about \$72 million and \$78 million.

While tourism held steady, the county’s economy as a whole went from \$500 million in 1994 to nearly \$1 billion in 2006.

As such, tourism contributed less and less. In 1994, tourism accounted for 12 percent of the total economy. Last year it was just 8 percent.

It’s not that tourism dollars have been plummeting. It’s just that other parts of the economy left the tourism industry in the dust.

So what’s responsible for the swelling Taos economy over the last 15 years?

In Stevens’ opinion, an enormous wave of “in-migrants” caused the big economic boost. Between 1994 to 2005, the county’s population went from 25,000 to almost 32,000 people, and 35 percent of those people were 55 and older.

Using data collected from IRS tax returns, Stevens notes the majority of these “in-migrants” were older, out-of-state newcomers. The majority of them were well-educated and were coming to Taos with retirement and savings to spend.

They bought or built homes. They filled their homes with furniture and art. They skied and shopped for groceries. And many started small businesses. The biggest boom, by the numbers, was in construction.

From 1990 to 2006, the construction industry rose by an average of more than 8 percent per year, and building permits in the town and county were flying off the shelves. The housing craze employed a lot of locals, and had the effect of beefing up the economy as a whole, Stevens says.

But when the nationwide recession crippled the housing market, it stopped the boom dead in its tracks. The construction industry as a whole dropped by 30 percent from 2006 to 2009, and general contracting fell by more than half. Hundreds of construction workers are still out of a job.

In-migrants stopped coming in droves, and Stevens thinks local businesses in all areas are now feeling the hangover.

The end of the massive influx may be exposing the vulnerability of the Taos tourism business, or at least highlighting how small a role it plays.

More importantly, Stevens argues, people should recognize that the minor ups and downs in the visitor tally have little to do with the general health of Taos businesses.

Consider this: Numbers provided by the town show that more people walked into the Taos Visitor Center last year than in any of the previous five years. But many businesses, especially those in the historic district, are struggling .

Meanwhile, Taos is losing at least half its local dollars to retailers and businesses outside of the area. According to a 2006 study, less than 50 percent of the purchases made by Taos County residents were local. And the percentages for higher priced items like construction materials and vehicles were even lower.

Stevens thinks Taos has been left aimless amid the economic maelstrom. Few people understand what really drove the economy in the 2000s, and decision-makers and business owners don't fully understand what needs to be done to save Taos from slipping farther. Whether it's a renewed focus on tourism, or an approach that explores burgeoning industries and sectors that could find a home in Taos, Stevens says something needs to change.