

# Should Salt Lake Host the Olympics Again?

## A Fiscal Analysis on Potentially Hosting the 2034 Winter Olympics

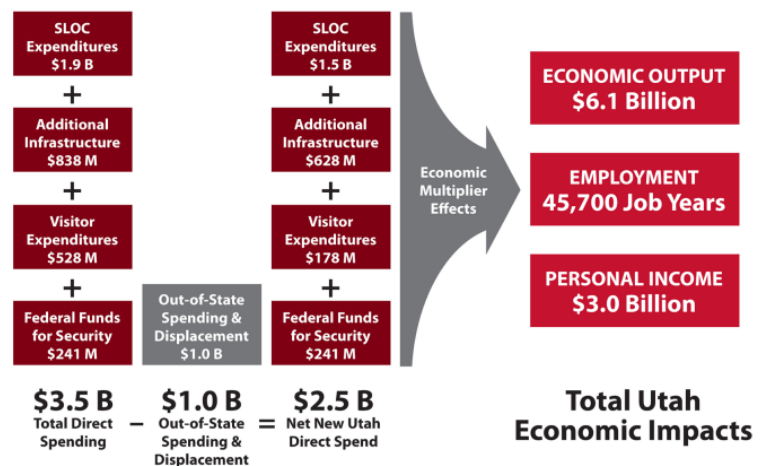
### Background:

Salt Lake City hosted the 2002 Winter Olympics, and Utah has grown a lot since then. Now, Utah has been working to get a bid to Host the Olympics again and has been announced as the preferred host of the 2034 Winter Olympics.

### Overview:

The 2002 Olympics were extremely successful and turned over \$163 million in surplus. Facilities used for the 2002 Olympics are still used in Utah today. With major infrastructure projects already underway, Utah seems more ready than ever to host the Olympics again. With little spending downside, as the Salt Lake City Committee for the Games has not budgeted any money to come from the state, Utah lawmakers and financial planners have an eye or two on the 2034 Winter Olympics.

**Economic Impacts of the 2002 Olympic Winter Games in Utah**  
1996-2003; Constant 2018 Dollars



Graphic from the Kem C. Gardner Policy Institute

### Conclusion:

There is little downside in general to hosting the Olympics. Although Utah is a bit crowded and there may be air quality issues, the state has made it clear that they are willing to do things that are necessary to ensure Salt Lake City can host the Olympics. Aside from potential yet minor issues, from a fiscal standpoint having the Olympics back in Utah is a no-brainer for the state. Little to no additional expenditures and more revenue coming in for the state is huge, and it is one of those things that exemplifies the effectiveness of capital investments over extended periods.

**Data source:** Data for the 2002 Winter Olympics and Economic Impacts are provided by the Kem C. Gardner Institute in the policy briefing "Utah's Olympic Economic Legacy" by Natalie Gochnour, Juliette Tennert, Jennifer Leaver, and Meredith King.<sup>1</sup>

## The 2002 Winter Olympic Games:

**General:** Salt Lake City Utah hosted the Winter Olympic Games in 2002. 21 years later, there is talk about Utah hosting them again. Many consider the 2002 Winter Olympics to be the most successful Winter Olympic Games ever held. It also turned out to be a financial success, with a surplus of \$163.4 million from the games.

**2002 Olympics Expenditures by Utah:** Hosting the Olympic games was not cheap. Total Utah net spending for the event was \$2.5 billion, quite a hefty tab (In 2002, the total State budget was \$7.2 billion). This included SLOC expenditures of \$1.5 billion, \$628 million for additional infrastructure, \$178 million in visitor expenditures, and \$241 million from the Federal Government for security funds.

**2002 Olympics Revenues:** The 2002 Winter Olympics had an economic impact of over \$6 billion on Utah. That is quite a return on investment! For the financial institutions involved, the event generated a surplus of \$163.4 million. This surplus went to the following places:

**-Endowment to maintain facilities:** \$76 million, the largest amount from the surplus, went on to fund the Utah Athletic Foundation. This funding primarily went to the funding and maintenance of Olympic venues and facilities after the games.

**-The State of Utah (taxpayer repayment):** \$59 million of the surplus went back to the state of Utah, as repayment for the taxpayer money that was used as a loan for this event.

**-Charity:** \$11.2 million of the surplus was donated or used for charity.

**-Olympic Legacy Plaza:** \$10.2 million of the surplus was used to build Olympic Legacy Plazas, such as Snowflake Fountain.

**-U.S. Olympic Committee Credits:** \$7 million was given to the United States Olympic Committee per agreements.

### Economic Impact of the 2002 Winter Olympics:

**Short-term:** The short-term impacts of the 2002 Winter Olympics were over \$6 billion of economic output, including 45,700 job years and \$3 billion of personal income. Visitor spending with Visa cards was up 30% in February of 2002 compared to February of 2001. 220,000 visitors, 350 venture capitalists and 600 corporate guests, and huge amounts of exposure to the state all as an immediate result of the 2002 Winter Olympic Games.

**Long-term:** In the 14 years since Salt Lake City, Utah hosted the 2002 Winter Olympic Games, Utah saw a 43% increase in the average annual number of skier days, a 25% increase in annual national park visits, a 60% increase in average annual accommodation sales, a 25% increase in average annual passengers at the Salt Lake City International Airport, and a 47% increase in employment in leisure and hospitality. Additionally, the capital investments made toward infrastructure have benefitted the transportation of a growing Utah.

## The Potential 2034 Winter Olympic Games:

**General:** Utah has put in a bid to host the 2034 Winter Olympic Games. In November of 2023, The International Olympic Committee announced that Salt Lake City is the preferred host of 2034. Unless a critical requirement isn't met, Salt Lake City will be the host again.

**Projected Expenditures for the 2034 Winter Olympics:** One may anticipate that the general expenditures for this event will be lower. This would make sense as many of the facilities used in the 2002 Winter Olympics would be used again, as the Utah Athletic Foundation has been keeping up those facilities; even improving them as winter sports have grown in Utah. According to an article by Lisa Riley Roche of Deseret News<sup>2</sup>, Fraser Bullock, CEO of the Salt Lake City Committee for the Games, the budget for the Olympics is about \$2.2 billion, comparable to the 2002 budget. However, in the article, Roche states that Bullock ensured that the budget contained no state or local money, and the Olympic Games would primarily be funded through sponsorships, broadcast rights, and tickets.

**Capital Investments:** Although the \$2.2 billion budget for the 2034 Winter Olympics does not contain government funds, capital investments by the government are something that should be considered. Current capital investment projects by the state of Utah are often considered to be concerning a potential hosting of the Winter Games. Currently, Utah is working on the expansion of the Salt Lake City International Airport, the expansion of Legacy Highway and Highway 89, and other capital investments. However, with or without the Winter Olympics, these investments are made, though they will undoubtedly help the Games run smoother.

**Projected Revenue for the 2034 Winter Olympics:** Based on data from "Utah's Olympic Economic Legacy", it is projected that the Games will be about 8% larger than it was in 2002. A 25-60% growth trend is also anticipated for the previously mentioned industries, similar to the growth trends after the 2002 Olympic Games. It was finally estimated that the future Olympic Games will have at least the same economic impact as the 2002 Games, but likely more.

**Potential Roadblocks:** The biggest roadblock for Salt Lake City to host the 2034 Winter Olympics is that of air quality. Utah experiences inversion at elevated levels in the wintertime, and air quality gets relatively low. It is unclear whether current levels would preclude Salt Lake City from hosting the games. However, the proportion of electricity from coal burning has decreased in recent years, and solar energy has gotten bigger in Utah. If Beijing could host the Summer Olympics given their air quality situation, it seems unlikely Utah will be excluded due to air quality issues.

**Summary:** The future Olympic Games will be much more efficient and cost-friendly than the 2002 Winter Olympics, especially regarding Government Budgets. In all reality, many of the upgrades that will help the games be as efficient as possible are already underway or have been done. Facilities have been constructed and have had upkeep, infrastructure, and other capital investment projects that are already otherwise underway, and it will cost taxpayers little to no money.

## Should Salt Lake Host the 2034 Winter Olympic Games?

**Expenditures vs Revenues:** For the State of Utah, it seems clear that it would be fiscally and economically beneficial to host the 2034 Winter Olympics. With the investments necessary already made, or already in the process regardless, it does not seem that it will cost the State of Utah anything in addition to what is already done. Hosting the 2034 Winter Olympic Games seems to bring in revenue, growth, and economic surge. If it were 2002, the conversation would be different, but as we see it now, the revenue potential far outweighs expenditures.

**Efficiency vs Equity:** A big concern in many areas of Public Finance is whether hosting the 2034 Winter Olympic Games seems to be an efficient or equitable fiscal decision. This is one of the beautiful parts of the market, bringing the Olympic Games back to Utah would simply grow the economic pie. It would increase efficiency as more money would be circulating in the market, industries would expand, and the economy would grow. Not to mention the games themselves are efficient due to previously invested resources that will prove useful. Hosting the Winter Games would not necessarily increase proportional equity, however, due to a growing economy, industries and wages would expand, creating better opportunities for impoverished people.

**Public Process:** How will the public policy process impact this decision or be impacted by this decision? Well, Utah Governor Spencer Cox, many legislators, and other parts of the State Government have expressed high degrees of enthusiasm regarding hosting the Olympics. Aside from a paradigm shift among Utahns creating growing descent, the only way the public policy process would be involved would be the facilitation of the event. This facilitation could include things such as ensuring pollution levels are low or decreased so Utah can host the Olympics and other necessary coordination efforts. The public policy process could be impacted in several ways, it may create more funds for things such as the Utah Athletic Foundation, it would bring in tax revenue for the state and localities, and it may impact the political sphere in Utah should it have a similar impact on people moving here as it did in 2002.

**Conclusion:** Should Utah host the 2034 Winter Olympic Games? Signs certainly point to yes. There is little fiscal downside if any at all to hosting them. The revenue and economic boost it would bring to the state would be incredibly valuable. The State of Utah has the potential for long-term tax revenues from growth in industries. Growth is good for the economy, citizens, and even the stability of the state. If Utah can ensure that air pollution does not prevent the 2034 Winter Olympics from being in Utah, the economy will grow, and Utah will experience another period of growth like the growth seen after the 2002 Winter Olympic Games. Though the state of Utah is getting a little crowded, some anticipate enough growth will push Utah's population outside of the geographically restricted Wasatch Front.

## Work Cited:

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2. Roche, Lisa Riley. "'Exceptionally high' support in Utah for spending tax dollars on Olympic facilities", Deseret News, Sept 1st 2023.  
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