

Legislative Committee Presentation 1/8/11

Thank you for the opportunity speak to this legislative committee on not only the importance of the tourism industry on the economic and social well being of Montana, but more importantly on the critical decisions concerning the tourism industry that this legislative session will face. Your decisions will dramatically affect JOBS, BUSINESS SUSTAINABILITY & EXPANSION, STATE & COUNTY TAX COLLECTIONS, AND OUR MONTANA WAY OF LIFE.

1st, I would like to state a few facts about the industry in Montana

- 10 million visitors contribute over \$3 billion dollars in new revenue to Montana businesses every year. In 2009, that's \$3,000 for every man, woman and child living in MT. That makes Montana, 7th highest in the nation in per capita visitor spending. These expenditures produced \$153 million in state and local taxes. Each Montana household would have had to pay an additional \$392 in taxes in 2009 if not for the contribution of these out of state visitors.
- Last year tourism supported 42,210 Montana jobs. That's nearly 10% of our total work force.
- These jobs generated over \$661 million in personal income.
- Then there is the ripple effect of tourism
As tourism does well it radiates through the community because tourism businesses invest in other areas of your communities. They pay utilities, purchase insurance, and

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invest in legal and other professional services. Main Street needs tourism.

How many Montana businesses would not be profitable without both the incremental revenue provided by non-resident visitors and the dollars spent by tourism businesses in communities all around the state? How many businesses could not afford to stay in business and service their communities without this additional revenue? I don't have to tell you. You live, work and represent these communities. The people I am talking about are your neighbors. Tourism dollars help make it possible for them to live and pay taxes in Montana.

Finally,

- It is the life style opportunities provided the tourism industry that attracts entrepreneurs and staff to work in important new businesses like Right Now Technologies.

What is it that this legislature must do to protect and help prosper the 2nd leading industry in the State? In reality – not much except staying true to the original intent of the “Bed Tax”. It was enacted in 1987 when the lodging industry went to the legislature and proposed a 4% lodging tax to be statutorily set aside to primarily fund tourism promotion for the State of Montana.

- These promotional funds must be protected. Being diverted to any non promotional uses will hurt the economy. Department of Commerce research shows that for every dollar spent on tourism promotion \$2.30 is returned to the state in tax revenues. Montana must have a competitive promotional budget to retain tourism market share and the legislature needs the revenues tourism provides.
- Important tourism partners like the Historical Society, Montana Arts Council, Tribal Tourism Alliance, Heritage Commission, Historic Preservation Commission and State Parks that the legislature deems to need funding should be funded from the 3% Special Facility Use Tax collected by the accommodations facilities and car rental agencies not from the Bed Tax. This is not a new concept. Both houses of the legislature approved by better than 80% this type of measure in 2007 only to have it vetoed over budget squabbles requiring a special session.
- The Bed tax must stay statutorily protected as originally mandated and not break good faith with the tourism industry. Don't put a further sales tax on one industry.

In essence, please keep the state's promise and partnership with the tourism industry intact and honor the 1987 agreement that has served Montana so well.