



To: House Tourism and Outdoor Recreation Committee

From: Steve Yencich, CAE
President/CEO

Re: Informational Hearing on Tourism Industry Issues

Date: February 4, 2015

- The Michigan Lodging and Tourism Association (MLTA) represents every major year-round and seasonal resort in the state as well as the vast majority of signature metropolitan hotels.
- At the same time, roughly 35% of our membership base comes from relatively small properties with 50 rooms or less.
- We also represent over 45 CVB's and Visitor Bureaus including the largest metropolitan and resort areas.
- Hundreds of industry vendors, universities and tourist attractions are also members of MLTA.
- Beginning in 2003, MLTA began to advocate for issues that affected all of tourism businesses and organizations (tourism promotion funding, post Labor Day schools, etc).
- We took this position because our leadership strongly believes that when tourism grows, it puts heads in hotel beds, and increases business for restaurants, golf courses, ski resorts, campgrounds and all other tourism businesses.
- All of the progress made in recent years has come as a result of all segments of our industry collaborating and working together to grow our industry and Michigan's economy.
- When tourism grows, it benefits not just primary employers, but industry vendors (food and beverage companies, camp outfitters, golf club manufacturers, etc).

- Tourism growth also benefits agriculture, grocery stores, gas stations, website designers, ad agencies, accounting firms, business supply companies and other general businesses.
- Tourism is not just woods-n-water. In fact, there are far more hotel rooms and tourism-related businesses, as well as festivals and events in Detroit, Grand Rapids and other metropolitan regions, than all resort areas combined.
- Tourism takes place year-round and in all eighty three Michigan counties.
- Hotel occupancy levels are considered a good barometer of overall tourism outcomes. For five consecutive years, (2005-2009) Michigan hotel occupancy levels were the worst in the United States, a fate no other state has suffered before or since.
- This happened because our industry became overly reliant on the in-state resident base for total tourism outcomes, in the same manner state policymakers had become overly-reliant on auto manufacturing for general economic outcomes.
- During the recent recession total tourism jobs dropped from 200,000 to just 142,000. Now, thanks to Pure Michigan and improvements in the economy, employment levels are back to pre-recession levels and are expected to grow well beyond those levels.
- Tourism provides jobs for all socio-economic levels.
 - Tourism provides jobs for our youth where they can acquire career skills like dependability, initiative, and teamwork that will serve them a lifetime.
 - We also offer jobs for college graduates. In fact, there are over 30 colleges and universities that offer two and four year degree programs in hospitality, hotel, tourism and outdoor recreation management.
 - Tourism also provides jobs to high school graduates and the unemployed. Ours is still an industry where anyone with creativity and talent can aspire to and attain management and/or ownership positions.
- Michigan is uniquely a drive-to destination and doesn't enjoy the benefits of "drive-through" traffic that states like Ohio, Indiana and others do. As such, the maintenance and growth of funding for the Pure Michigan campaign is essential to the continued growth of our industry and state's economy.
- Public/private marketing efforts to increase tourism outcomes work effectively to grow Michigan's economy.

- Travel Michigan invests \$29 million to market our state nationally and internationally, encouraging millions to consider our state as a potential vacation destination.
 - Convention and Visitor Bureaus invest an additional \$45 million to market their region or destination, drawing the interest of potential travelers to visit their area.
 - Individual tourism businesses invest an additional \$180 million** to advertise and market their offerings, drawing guests and customers into their front doors.
 - All of these efforts work hand-in-glove to further grow and diversify Michigan's economy.
- Michigan's tourism product is one of the best in the country, with two peninsulas connected by the Mackinaw Bridge, four Great Lakes, more miles of freshwater beach than any other state in the country, and over 11,000 inland lakes.
 - These attributes are what makes the Pure Michigan campaign as effective as it is.
 - The Pure Michigan campaign has allowed us to reach into states that have far more diversified economies and encourage their residents to come and spend their time and money here.
 - Since the development of the Pure Michigan campaign, our industry has seen steady gains in outcomes and performance.
 - The consistency and growth of state funding for Pure Michigan has also fueled its effectiveness and success.
 - At its inception, the Pure Michigan campaign returned over two dollars for every dollar the State invested. However, repetition and consistency fuel effectiveness.
 - Now, for every State dollar invested, Pure Michigan returns over \$6.60 in new sales taxes revenues, that otherwise never would have been received.
 - Our broad and diverse industry is united like few others and comes together each year at the Pure Michigan Governor's Conference on Tourism, a one thousand attendee event that MLTA produces.
 - In its 2012-17 Tourism Industry Strategic Plan, our industry set a goal of working to gain legislative support to increase funding for Pure Michigan to \$50 million.

- Based on its most recent return on investment (ROI) as calculated by Longwoods International, funding at that level would generate an estimated \$333,000,000 in taxes to the State Treasury.
- The most important product our industry sells cannot be touched. Yes, we sell rooms, campground overnights, rounds of golf, lift tickets and such; but the most important products we sell are "*experiences*."
- A quality tourism experience is dependent on quality roads. Travelers from other states begin to measure their decision to vacation in Michigan the moment they cross the state line and every mile thereafter.
- Our industry supports bipartisan action to repair our crumbling roads and bridges and MLTA pledges to work with you towards this end.
- Increased funding for the Pure Michigan campaign is the safest investment you can make. None of the jobs created in hotels, campgrounds, golf courses, restaurants, attractions or other tourism businesses will ever be outsourced or sent to another state.

TOURISM JOBS STAY PUT!

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