

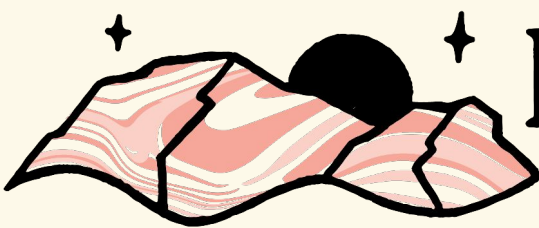


From Promotion to Stewardship: **Funding Sustainable Outdoor** **Communities**

How Tourism Can Fund Progress for Locals

Presented By

Jeremy Johnson



Kona Hills

CAMPGROUND

MARQUETTE, MI



Marquette County Trails By The Numbers

450,000+ total visits and 247,000+ local visits each year

Over \$41.5 million in annual economic output to Marquette County

Every \$1 = **+\$0.53**
of trail user spending of additional spending in the local economy

Value-added

Regional income, also called gross regional product, which includes labor income

\$22.1 million

\$15.2 million direct

\$6.9 million indirect and induced

Labor income

The total value employees and business owners earn by working

\$12.5 million

\$8.5 million direct

\$4.0 million indirect and induced



Source: Public Sector Consultants

Michigan's outdoor recreation + tourism industries generate massive economic impact, but strains rural community infrastructure.

\$69.9B

Economic Impact Generated (value add) according to Michigan DNR in 2024

476,257 Jobs

And \$6.9B in wages supported across Michigan in 2024

As consumers increasingly prioritize experiences in nature over material goods, rural trail communities are experiencing rapid growth in visitation.

This economic shift requires moving from merely promoting destinations to **actively stewarding them**, ensuring that recreation demand does not overwhelm infrastructure capacity or negatively impact resident quality of life.

Source: Michigan DNR

Michigan's primary extractive economies generates less and have greater environmental impact

\$30B

Economic Impact Generated according to Michigan DNR in 2024

119,646 Jobs

These numbers point to a world wide shift that has primarily been labeled the "experience economy." Increasingly, consumers are putting more value on memorable interactions, community, and personal growth over material possessions.

Today, people are willing to spend thousands of dollars to travel to a remote destination -- if they deem the experience worth it.

- **Outdoor rec + tourism generates 79% more in impact and 82% more in jobs over mining and logging**

Source: Michigan DNR

CURRENT TOURISM TAX MODEL



Contributors

Who funds the tourism tax



Fiduciary

Who spends it



Investments

What's funded



Community Impact



The Limits of Traditional Tourism Funding

HISTORIC FOCUS ON MARKETING

Historic focus on funding marketing and driving "heads in beds" without holistic destination support.

DIMINISHING RETURNS

Yields diminishing returns without direct reinvestment into community infrastructure and local capacity.

LACK OF LOCAL CONTROL

Municipalities lack local control and legal authority to direct generated funds to pressing community needs.

OUTDATED FUNDING MODEL

Current model does not capture the full range of tourism accommodations as market supply has evolved.

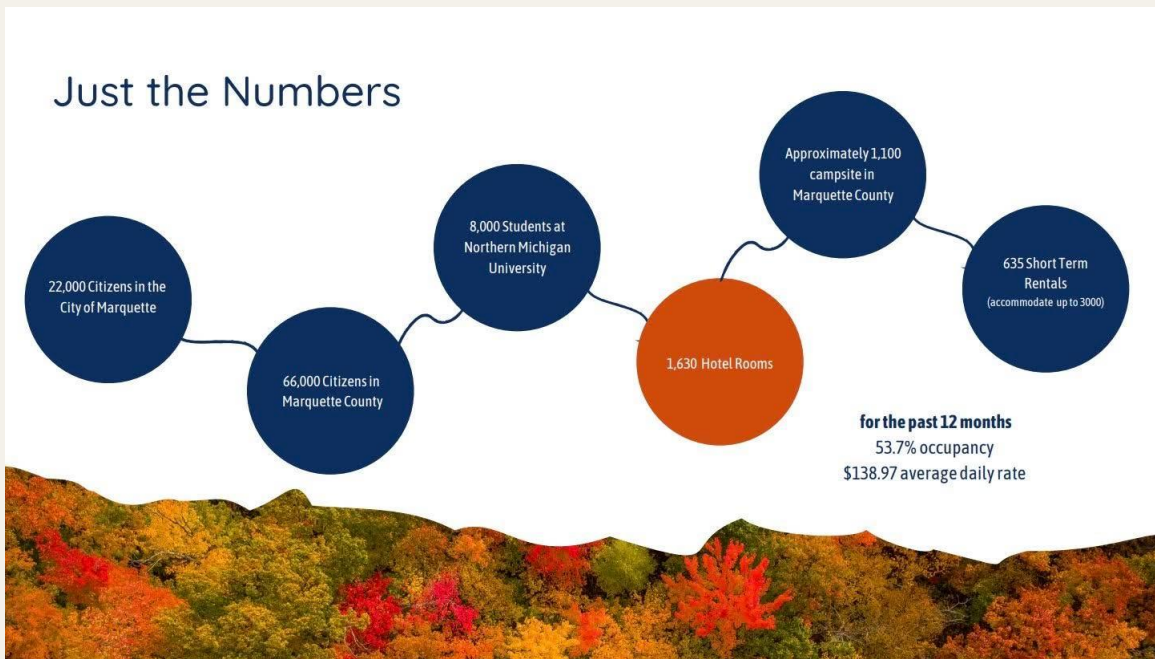
EXPANDING ASSESSMENTS TO INCLUDE SHORT-TERM RENTALS AND CAMPGROUNDS CAPTURES THE MODERN OUTDOOR ECONOMY.

Marquette County has over **1,735 campsites and short-term rentals**, exceeding the total number of hotel and motel rooms (**1,630**).

Currently, a **\$170-per-night glamping tent pays zero tourism taxes**, while a \$70-per-night motel room does.

Modernizing the tax base to include all lodging types creates a more equitable system and accurately reflects changing travel preferences in the outdoor economy.

Source: Travel MQT



Marquette County Misses Over 50% of Potential Lodging Tax Revenue by Excluding Alternative Stays

\$2.2M / YR

UNCOLLECTED ANNUAL REVENUE

Exclusion of alternative accommodations leaves massive funding on the table.

\$4.2M / YR

IN POTENTIAL ANNUAL REVENUE

Marquette County Convention & Visitors Bureau, Inc.

Statements of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis

	Without Donor Restrictions	
	Year Ended December 31	
	2023	
	2024	(As Restated)
Revenue and other support:		
Room assessments	\$ 1,995,053	\$ 1,892,818
Room assessment late fees	1,120	2,207
Grant income	203,176	-
Other income	-	1,000
Investment income, net	56,523	66,640
Total revenue and other support	2,255,872	1,962,665

2024 VISITOR SPENDING BREAKDOWN (UPPER PENINSULA)

County	Visitor Spending, millions						Percent Change (2024/2023)	State and Local Tax Revenue (millions)
	Lodging*	F&B	Retail	Recreation**	Transport***	Total		
Upper Peninsula	\$471.5	\$326.3	\$186.6	\$376.3	\$291.2	\$1,652.0	2.5%	\$172.9
Alger County	\$18.8	\$11.8	\$6.2	\$10.4	\$11.2	\$58.5	1.6%	\$6.0
Baraga County	\$12.2	\$9.8	\$6.3	\$13.4	\$9.2	\$51.0	5.4%	\$5.4
Chippewa County	\$45.2	\$24.1	\$13.5	\$73.4	\$27.5	\$183.7	4.3%	\$17.8
Delta County	\$34.6	\$26.4	\$15.1	\$13.8	\$29.2	\$119.1	3.3%	\$12.0
Dickinson County	\$19.7	\$22.1	\$12.6	\$13.0	\$21.3	\$88.6	2.4%	\$9.8
Gogebic County	\$25.9	\$17.6	\$9.9	\$22.8	\$14.9	\$91.1	8.0%	\$9.9
Houghton County	\$30.1	\$25.2	\$16.4	\$12.2	\$20.6	\$104.5	2.6%	\$10.6
Iron County	\$17.1	\$12.4	\$6.1	\$7.4	\$13.6	\$56.6	1.2%	\$6.0
Keweenaw County	\$7.9	\$6.0	\$3.6	\$3.6	\$4.5	\$25.5	3.7%	\$2.7
Luce County	\$15.9	\$10.3	\$6.2	\$6.5	\$8.5	\$47.3	-2.6%	\$5.2
Mackinac County	\$109.8	\$60.8	\$32.7	\$66.7	\$41.5	\$311.4	0.6%	\$33.8
Marquette County	\$84.2	\$64.7	\$37.8	\$33.5	\$49.4	\$269.6	0.5%	\$30.0

- **Total Visitor Spending:** \$269.6M total, with lodging accounting for \$84.2M.
- **5% Assessment Collected:** Travel Marquette captured \$1.995M from traditional hotels/motels in 2024.
- **Alternative Accommodation Gap:** ~\$39.55M in lodging stays goes unassessed, missing \$2.2M annually.

Increased tourism significantly strains local infrastructure, requiring proactive reinvestment.

Tourists place a disproportionate strain on local utilities. *Estimates based on average water usage of locals vs tourists

1.5M ANNUAL TOURISTS

510M

GALLONS OF WATER / YEAR

In Marquette, 1.5 million annual tourists staying an average of 4 days consume approximately 510 million gallons of water per year.

7,409 UNIVERSITY STUDENTS

113M

GALLONS OF WATER / YEAR

In contrast, 7,409 university students use about 113 million gallons annually.

Without continued investment, rural communities cannot sustain the increased demand on roads, utilities, and emergency services. Marquette County supports 67,000 full year residents and sees over 1.5 million visitors every years. A 22x increase in traffic; the effects of which are multiplied further by the habits of short-term stays such as increased water usage and garbage generation

EXAMPLES OF COMMUNITY & INFRASTRUCTURE FUNDING OPPORTUNITIES

Targeted allocation of regional lodging tax revenue can directly subsidize critical municipal infrastructure, environmental protection, and high-impact community amenities.

\$3.3M

Marina Repairs

Downtown Marquette Cinder Pond Marina is in need of \$3.3m+ in repairs right now to restore critical waterfront infrastructure.

Local Trail Maintenance

Local trails in Marquette (NTN, IOHT, RAMBA, etc) generates \$40m+ in economic impact but relies primarily on volunteer and grant funding currently.

\$14M

Wastewater Facilities

City of Marquette has identified \$14m in updating waste water facilities to handle growing capacity.

PFAS Treatment Facility

Sands Township is building a multi-million dollar PFAS treatment facility to safeguard local water quality.

SUBSIDIZING INFRASTRUCTURE COSTS WITH TOURISM TAXES DIRECTLY REDUCES THE FINANCIAL BURDEN ON LOCAL PROPERTY TAXPAYERS.

+55%

HOME PRICE GROWTH (2019–2026)

Average home price in Marquette increased from \$180k to \$280k.

\$5,365

AVERAGE ANNUAL TAX BILL

Direct financial strain placed on local property taxpayers.

INFRASTRUCTURE & TAX RELIEF: HB 5140

Property taxes in Marquette have increased dramatically, with the average home price rising 55% from \$180k in 2019 to \$280k in 2026, leading to an average \$5,365 annual tax bill.

Passing legislation like HB 5140 allows communities to charge existing tourism demand for the strain they put on infrastructure, subsidizing costs and ultimately lowering effective property taxes for local residents.

Bend, OR has one of the lowest property tax rates in the US and tourism fully pays for their fire and police services. **What is their effective rate again??**

Current and Proposed Legislative models in Michigan allow communities to fund critical infrastructure through lodging taxes.

HOUSE BILLS 5138, 5139 & 5140

Proposes allowing communities to add a lodging tax to fund critical infrastructure, including roads, utilities, and emergency services.

Currently stalled and opposed by the **Michigan Hospitality and Tourism Alliance** unanimously opposed the bill, calling it ***“general government tax that does nothing to strengthen Michigan’s local businesses.”***

That statement directly conflicts with the MTC’s stated goals of improving infrastructure and resident quality of life.

KENT COUNTY MODEL (HB 5048)

3%

Tourism Tax Added

Utilized expanded authority to generate approximately \$9 million in 2025 (1 year) for new developments.

LOCAL REINVESTMENT

These models provide a clear pathway for rural communities to capture and reinvest tourism revenue locally to sustain public services.

Additionally, they allow for the expansion of taxes to include alternative accommodations.

Traditional tourism taxes strictly fund marketing, leaving communities unable to offset the financial burden of increased visitation.

UP TO 5%

Tourism Promotion Restriction

Current Michigan tourism taxes are restricted primarily to promoting tourism (up to 5%)

Marquette is 5% to Travel MQT and 1% to UPTRA for 6% total

UP TO 8% (total)

Tourism Focused Projects

Entertainment facilities, convention centers, museums, music venues, etc. However, most communities in Michigan are not eligible for these taxes due to population requirements



The Resulting Infrastructure Gap

This creates a disconnect where communities can market themselves to attract more visitors, but cannot legally use tourism dollars to keep up with the resulting demands on local roads, utilities, and emergency services.

No communities in the UP are eligible for tourism infrastructure taxes and no communities in Michigan can apply taxes to local infrastructure

Example Proposal: A 10% Allocation Balances Destination Marketing with Critical Infrastructure and Public Facility Investments

A proposed 10% total lodging tax would evenly distribute the financial benefits of tourism. Based on current lodging spending, this could generate nearly \$6 million annually in Marquette County. A more progressive approach could see a 12% total tax with 5% continuing to go to marketing, 1% to UPTRA, and 6% to public facilities + critical infrastructure.

3%

Marketing & Promotions

Allocated to marketing and promotions to drive sustainable destination awareness and economic benefit.

3%

Public Facilities

Allocated to public facilities like museums and non-motorized trails for residents and visitors alike.

3%

Critical Infrastructure

Allocated to critical infrastructure including local roads and essential emergency services.

1%

Regional Promotion

Allocated to broader regional travel promotion and collaborative tourism initiatives.

A more progressive approach could see a 12% total tax: 5% continuing to go to marketing, 1% to UPTRA, and 6% to public facilities + critical infrastructure.

CURRENT TOURISM TAX MODEL



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PROPOSED TOURISM TAX MODEL



Contributors

Who funds the tourism tax



Fiduciary

Who spends it



Investments

What's funded



Community Impact



IT'S BEEN DONE! BEND, OREGON

TAX REFORM DRIVES COMMUNITY PROSPERITY

In 2015, Bend raised its total tourism tax to **11.9%**, proving that increased lodging taxes do not hurt tourism demand, but fuel local investments.

In only 10 years...

+68%

TOURIST SPENDING GROWTH

Grew to **\$1.113 Billion** following the tax adjustment.

+115%

TAX REVENUE INCREASE

Tax revenue expanded from **\$28M to \$61M**.

LOCAL ALLOCATION BREAKDOWN

The city allocates **10.4% locally**: **68.8%** directly funds police and fire services, while **32.2%** goes to Visit Bend.



Deschutes County

Direct Travel Impact Summary

	2003	2017	2018	2019	2020	2021	2022	2023	2024	2025	Avg. Annual % Chg.	
											2024-25	2003-25*
Spending (\$Millions)												
Total	318.7	759.6	814.5	886.5	568.1	913.3	1,132.0	1,107.3	1,098.6	1,113.1	▲ 1.3%	▲ 5.8%
Other	29.6	80.4	94.9	97.2	43.1	82.3	133.2	128.5	133.0	133.2	▲ 0.2%	▲ 7.1%
Visitor	289.1	679.2	719.7	789.4	525.1	831.0	998.8	978.9	965.6	979.9	▲ 1.5%	▲ 5.7%
Earnings (\$Millions)												
Earnings	78.3	202.5	226.2	246.2	218.1	250.7	300.5	337.9	352.8	377.6	▲ 7.0%	▲ 7.4%
Employment (Jobs)												
Employment	4,180	7,110	7,560	7,870	6,600	7,230	8,040	8,570	8,670	8,930	▲ 2.9%	▲ 3.5%
Tax Revenue (\$Millions)												
Total	13.8	35.3	37.5	41.9	36.8	49.0	56.9	58.7	59.3	61.0	▲ 2.9%	▲ 7.0%
Local	6.4	14.0	14.6	17.0	16.0	22.7	26.2	26.5	26.3	26.7	▲ 1.6%	▲ 6.7%
State	7.3	21.2	22.9	24.9	20.8	26.3	30.8	32.2	33.0	34.3	▲ 4.0%	▲ 7.3%

Notes: House Bill 2267 established Travel Oregon in 2003; we include this year to track the long-term growth of the industry. The category "Other" represents a portion of resident spending on air travel to leave Oregon and travel arrangement activity. Local taxes include transient lodging tax (TLT), food and beverage tax (where applicable), auto-rental tax (where applicable), and airport facility charges (where applicable). State taxes include transient lodging tax (TLT), personal & business income tax, and motor fuel excise taxes.
*Compound Annual Growth Rate (Ending Value / Starting Value)¹^(1/(Number of Periods))-1.

VISIT BEND REINVESTMENT

\$3.4M

REINVESTED INTO COMMUNITY PROJECTS

Visit Bend has funneled lodging tax revenues directly back into **31 community projects** since 2021, strengthening local infrastructure and public resources.

Visit Keweenaw

Successfully directs tourism revenue into community infrastructure and public amenities.

VK views tourism infrastructure as tourism marketing. Better facilities creates more demand.

\$300,000+

Reinvested in 4 Years via Destination Development Fund

\$25,000

2025 Highlight: Bike Skills Park

Maasto Hiitho Trailhead project supported directly by tourism revenue.

Funded Infrastructure Scope



- **Trails & Recreational Networks:** Direct allocation of revenue toward expanding, building, and maintaining multi-use trails and parks across the region.
- **Signage & Wayfinding:** Clear, accessible orientation systems improving visitors' and locals' navigation and safety throughout public areas.
- **Accessibility Improvements:** Upgrading facilities and public access points to ensure outdoor amenities accommodate diverse mobility needs.
- **Historic Interpretation:** Preserving local cultural sites and establishing educational signage celebrating Keweenaw's rich history.
- **Search-and-Rescue Resources:** Essential funding for emergency response equipment and safety assets to safeguard remote trail users.

PLANNED, SUSTAINABLE TOURISM CAN BENEFIT BOTH VISITORS AND RESIDENTS.



SUSTAINABLE RECREATION & RESOURCE MANAGEMENT

In many places in Michigan, tourism is already a powerful economic engine. By leveraging this industry more completely, we can improve our communities and the lives of those who live here.



STEWARDSHIP MODEL & LOCAL INVESTMENT

Transitioning from a promotion-only model to a stewardship model ensures that tourism generates revenue that benefits locals while protecting the character and infrastructure of rural destinations.

EXAMPLES OF OTHER SUCCESSFUL COMMUNITIES USING LODGING TAXES

DOOR COUNTY, WI • \$3.9M Invested since 2023

Public infrastructure including downtowns, marinas, and a bird sanctuary.

PORT ARANSAS, TX • Airbnb Tax Revenue

Funds ~\$500,000 per year directly to the local school district via Airbnb owners.

WEST YELLOWSTONE, MT • 4% Resort Tax

Funds water wells, wastewater facilities, streets, snow removal, police, and fire.

WHITEFISH, MT • 3% Resort Tax

65% historically dedicated to street improvements, plus trails and city parks.

BIG SKY, MT • 4% Resort Tax

Infrastructure, public transit, parks/trails, emergency services, and housing.

KEYSTONE, CO • 2% Lodging Tax

Capital infrastructure, Hwy 6 safety, streets, trails, and public safety.

CHAFFEE COUNTY, CO • 1.9% Lodging Tax

Infrastructure, workforce housing, childcare, police/fire/EMS & marketing.

HILLSBORO, OR • 3% Transient Lodging Tax

Funds roads, public safety, parks, and event/conference infrastructure.

DARE COUNTY / OUTER BANKS, NC • 6% Occupancy Tax

Beach nourishment, public access, garbage, police, and emergency services.

EAGLE, CO • 4% Lodging Tax

Directly supports local workforce development and affordable housing.

LET'S CONNECT

REACH OUT

Feel free to reach out for inquiries, discussions, or collaboration on sustainable community initiatives.

EMAIL

Jeremy@campkonahills.com

LINKEDIN

[/in/jeremystephenjohnson](https://www.linkedin.com/in/jeremystephenjohnson)

