

The State of Outdoor Tourism, Recreation and Ecotourism

**Testimony
of
Joe Henry, Executive Director, Lake of the Woods Tourism**

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**Before the Senate Commerce, Science & Transportation's
Tourism, Trade & Export Promotion Subcommittee**

Good afternoon Chairwoman Rosen, Ranking Member Scott, and Distinguished Members of the Subcommittee. Thank you for holding this important hearing.

I would like to first thank Senator Klobuchar for her ongoing efforts to support and represent not only the Lake of the Woods area but all of tourism and outdoor recreation throughout Minnesota.

My name is Joe Henry and I am the Executive Director of Lake of the Woods Tourism located in Minnesota. It is my honor and privilege to provide testimony on *The State of Outdoor Tourism, Recreation, and Ecotourism*.

I represent the tourism industry within Lake of the Woods County of Minnesota. Tourism in our area and throughout the state of Minnesota is a very important industry. For every dollar spent on lodging in Minnesota, there is a 5–7-time trickle down affect to the local economy.

Among the many industry, business and civic organizations I have served, and specific to this discussion, I have served as the Chair of the Minnesota Association of Convention and Visitor Bureaus, am a licensed charter captain through the U.S. Coast Guard, on the Board of Directors with the Association of Great Lakes Outdoor Writers and a member of Minnesota’s Outdoor Recreation Task Force.

Let me begin by discussing the area I represent, Lake of the Woods. Lake of the Woods is known as The Walleye Capital of the World. We are a well-known fishing destination with other forms of outdoor recreation such as hunting, snowmobiling, off-roading also being popular. Tourism is our top industry.

The pandemic has certainly created winners and losers. This is true even in our own area. Resorts located on the south end of the lake and on the Rainy River are doing very well. Business is strong with people from across the Midwest coming up to fish, relax and make memories. Charter boats, fresh air and walleye fish fries are staples.

On the north end of our lake, we have an absolute treasure of an area called the Northwest Angle. The NW Angle is the northernmost point of the contiguous United States, it is where the 14,552 islands of Lake of the Woods begin and is home to 12 resorts, a number of fishing guides and a few small businesses.

In order to drive to the Angle, one must travel 40 miles through a remote area of Canada, before re-entering back into Minnesota. With the pandemic, the border has been closed to non-essential travel. Consequently, businesses have been “cut off” from their customers for 18 months.

This winter, out of desperation, area businesses organized a NW Angle Guest Ice Road. This 30-mile-long road was built across a huge expanse of Lake of the Woods called Big Traverse Bay and for a per vehicle fee, allowed guests to drive their vehicles north to the Angle and stay at our resorts enjoying ice fishing and snowmobiling. For eight of the twelve resorts who ice fish, this ice road was a savior. It didn’t provide normal winter revenue, but it was at least something and more importantly, provided hope.

As America is coming out of the pandemic and things are starting to open up again, resorts and businesses up at the NW Angle are once again “cut off” from their customers. They are now facing their second summer of little to no business and their customers not being able to reach them.

Customers can travel across the big lake via boat staying in MN waters, however, with 40 miles across a huge lake with waves reaching over eight feet tall at times, is unrealistic for most. There are many scary stories where various groups including families with young children have had close calls.

We have been working on two initiatives. One, to open the 40 miles through Canada to the NW Angle. Ultimately, allowing Americans to access America.

The second initiative is to provide some kind of forgivable loan program to the businesses up at the Angle who have faced unprecedented loss due to the pandemic and border closure. We are appreciative of the legislation presented by Senators Klobuchar and Smith that addresses this.

These are hardworking Minnesotans who don't want handouts. Running a resort, you wear a lot of hats and work long hours. As beautiful as the Angle is, it is a harsh environment that goes from -40 in the winter to 100 degrees in the summer. It is the hard work of resort owners and their employees that make it possible for visitors to experience this area.

So far, these hard-working Americans who own businesses up at the Angle have not received one penny more than any other business throughout the state whose customers were actually able to access them. This just doesn't feel right with all of the money being distributed to those in need as a result of COVID-19.

Many of the resorts are down 75 – 90% in revenue. They are hanging on by a thread. We are hoping our government steps up to retroactively support these Americans put in this predicament to no fault of their own.

Human nature being what it is, what was the NW Angle customer base has been forced to vacation in other areas, and guess what, they like them. We believe a percentage of what were NW Angle customers have found some new traditions and this segment of customers will have to be built up again.

Some local business owners and their families are considering moving out of the area. There are 120 residents at the Angle and having good families move away will hurt.

There has been an effort for a NW Angle airport which would provide both residents and guests quicker access to medical facilities, a way to avoid the border crossing as well as a new kind of tourist, but efforts are running into roadblocks.

Shifting away from the NW Angle and looking at Minnesota's tourism and hospitality industry as a whole, there are many positives and things are improving. We see occupancy numbers in lodging increasing and tourism in on the rise.

With that being said, there are some challenges facing the industry.

The first big challenge is labor, or lack thereof. It is a well-known fact businesses across the country are struggling to gain workers. This is true within Minnesota as well. Businesses throughout Minnesota, and most certainly those involved in tourism and hospitality are having a difficult time attracting workers both in the metro areas as well as greater Minnesota.

As they are out of options in finding and attracting employees, some businesses are reducing hours. Some have implemented different business models to accommodate a reduced workforce. As an

example, there are resorts only offering meals to those staying at the resort and no longer offering meals to other visitors as they cannot accommodate them due to lack of staff.

Some resorts have actually closed down various segments of their business such as the bar and restaurant. It is very difficult to find anyone to work.

Even larger, well-known companies are having a hard time attracting workers. Many offer hiring bonuses, free lodging for 90 days and good pay with benefits. Imagine trying to compete with that if you are a small business.

Second, if you are able to recruit workers from outside the area, there is no short-term lodging available for them to live. Larger resorts are using their own cabins or building employee housing to accommodate as a desperate measure. Medium and small resorts don't have these options.

Many prominent resort owners find themselves working around the clock just trying to keep up. One example this past week was a resort owner making breakfast at 5:00am, performing their normal tasks during the day and answering phones and catching up with paperwork at night. There is definitely burnout within the tourism and hospitality industry.

Lack of workers is affecting the reputation these businesses strive for, the kind of service they want to provide and ultimately, their brand is going downhill.

The third issue affecting Minnesota is daycare. There isn't enough of it to satisfy demand. In some areas where there are industries running two or three shifts, daycare is only offered during daytime hours.

Finally, broadband. Not all areas of the state have reliable broadband and this is a detriment to both business as well as those in school.

Shifting gears, allow me to shed some light on outdoor recreation in Minnesota. This past year, I had the privilege of participating in an outdoor recreation task force for the state of Minnesota.

Minnesota is known as the land of 10,000 lakes with a plethora of natural resources along with the accessibility to these resources for both residents and visitors alike.

From April 2020 to March 2021, the Minnesota Outdoor Recreation Task Force worked to develop a set of recommendations intended to support accessible and equitable outdoor recreation across multiple sectors as well as build a stronger outdoor recreation community in Minnesota. The Task Force identified three key action areas and recommended the creation of an Office of Outdoor Recreation to accomplish them. The key action areas are:

- Increase participation to advance equity, diversity and inclusivity
- Unite Minnesota's outdoor recreation community
- Unify communications amongst Minnesota's diverse outdoor recreation sector

As mentioned, and widely known, outdoor recreation during the pandemic has been strong throughout Minnesota and the rest of the United States.

Data from the Minnesota Department of Natural Resources shows park visitation, state trail use and fishing licenses sales are up. Hunting licenses, state park permits, biking, hiking, ATV riding, camping, it's all up.

Not only are the activities up, but the sales of products that are involved with these activities are up as well. In many cases, this has led to shortages in the supply chain for many of these items. Potential sales are available, but the products to sell are not.

In addition to people who were already getting outside to recreate, we are seeing a variety of new groups getting outside and enjoying outdoor recreation.

There are many positives with this trend of increased interest and participation in outdoor recreation. It is one of the good things that has happened as a result of the Americans not congregating and having to take safety measures during the pandemic.

Thank you again for the opportunity to testify. We are grateful for your leadership and support of the outdoor tourism, recreation and ecotourism industries. We need to ensure these businesses and their workers can survive the remaining challenges ahead. I look forward to your questions.

Thank you.