So, politics is about decision-making: how decisions are made, who is involved in the process, and how decisions are implemented. The politics of tourism is usually about how decisions concerning use of scarce resources are made. In a way, economics is about the *quantity of life*, whereas politics involves debates over the *quality of life*.

Often, decision-making about promoting and developing tourism does not happen through a rational decision-making process in which all interested parties have a chance to voice their opinions or vote for their favorite alternatives. Frequently, the most influential "players" in tourism are outsiders—developers from other areas, even other countries, who see profit opportunities from developing tourism-related businesses. Development of tourism in an area frequently leads to heated political debates over the benefits and costs of tourism, creating political tugs of war among constituent groups (covered later in the chapter).

The Role of Government in Tourism

Governments, from the local to the national level, can and often do play an important role in tourism development. Why do governments devote scarce funds to the promotion and development of tourism? As we discussed in the first half of the chapter, tourism can provide many economic benefits. First, a wide variety of jobs are created through the development of the hotels, restaurants, retail shops, and other facilities and services required to satisfy the needs of travelers. Second, additional jobs are generated to serve the needs of the employees of the tourism industry. These jobholders earn wages that, in turn, are re-spent in the local economy, creating the multiplier concept. Third, and may be most important from a government perspective, revenues are boosted by taxing the goods and services that visitors buy. Taxing visitor shifts a portion of the tax burden from local residents to tourists (see Table 11.3). As can be seen in this table, auto rental companies have become especially concerned about what they consider to be "hidden taxes," because cities, counties, and states have frequently added additional taxes to rental agreements to fund projects from building major league stadiums to subsidizing operating budgets.

For example, the small country of Monaco receives virtually all of its tax revenues from taxes paid by tourists, primarily through Monaco's famous gaming casinos.[16] The same is true for the city of Macao where the government receives about 85% of its revenue from gaming taxes.[17] Communities and other governmental units commonly tax hotel rooms, restaurant meals, and gasoline, and often add **passenger facility charges**

Table 11.3 Examples of Tourism-Related Taxes

				Auto Rental		
City	**Hotel/Lodging Tax (%)**	**Restaurant Tax (%)**	**Gasoline Tax per Gallon ($)**	**Base Tax Rate (%)**	**Dollar Surcharge ($)**	**Off Airport Fees (%)**
Baltimore	8.00	5.00	0.419	11.50	6.00	
Chicago	14.90	9.25	0.573	18.00	10.00	
Houston	17.0	8.25	0.384	15.00	3.00	8.15
San Francisco	14.00	8.50	0.67	8.65		7.00
New York	13.25	8.75	0.674	13.25	18.00–21.00	
Miami	12.50	8.50	0.534	6.9		9.00
Seattle	15.6	8.90	0.559	18.3	3.00	10.00
Washington, D.C.	14.50	10.00	0.419	8.0	6.00	10.00

Note: Although many in the tourism industry believe these tax revenues should be used for travel/tourism programs, much of it goes directly to the general fund or to programs unrelated to travel. Airline taxes collected from travelers are significant revenue sources for the federal government. Consumers pay a 10% federal air ticket tax on each airline ticket sold in the United States. Additionally, many airports impose a passenger facility charge (PFC).