SHORT-TERM RENTALS IN MONTANA
ECONOMIC CONTRIBUTIONS AND TRENDS

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Contents

Executive Summary 1
Introduction 2
  Scope of the Analysis 2
Short-Term Rentals in Montana 2
  Short-Term Rental Categories 5
Methods 8
Economic Impact of Short-Term Rentals 10
Total Economic Contribution of Short-Term Rentals 13
  Employment Contribution Details 14
  Labor Income Contribution Details 17
  Value-Added Contribution Details 19
  Taxes 21
Conclusion 23
References 23
Appendix 24

Executive Summary

Short-term rentals (STRs) in Montana have played a critical, and sometimes controversial, role in the tourism industry and broader economy. The expansion of short-term rentals – made easier by platforms like Airbnb or Vrbo – has benefited Montana's economy through the supplemental income for homeowners, increased visitor spending in local communities, and additional state tax revenue. This study analyzes trends in short-term rental supply and demand and quantifies the role that STR visitor spending plays in Montana's economy.

While the number of short-term rental guests in Montana grew rapidly after 2020, following pandemic-era trends, the growth rate has slowed to only 1.8% in 2025 from the year prior. A significant portion of the short-term rental activity is found in and around Montana's national parks, but STRs also bring guests to new areas of the state, expanding lodging and attracting new visitation to places with less tourism activity.

In 2025, guests booked over 430,000 STR reservations in Montana. Each guest represents a contribution to the local economy that positively impacts residents, businesses, and the households that host them. This study examined the daily spending associated with these reservations to estimate the economic contributions associated with short-term rentals.

In total, short-term rental guests spent around $754.5 million on lodging and non-lodging goods and services in 2025. Across the state, the expenditures associated with STR guests in 2025 supported approximately:

- 5,559 jobs statewide
- $277 million in labor income
- $796.6 million in total value added to Montana's GDP, including $356 million in rental income for STR hosts

The unique nature of STRs allows travelers to directly pay hosts for one of the largest parts of their trip expenditures: accommodation. Of the $754.5 million spent by guests, $510.5 million went toward their lodging. The revenue was received by hosts, increasing local household consumption and contributions to the economy. Through their own spending, hosts accounted for 42% of employment, 48.5% of personal income, and 51.2% of the total value-added contributions.

While STRs provide many benefits to the Montana economy, STRs have also generated concerns that their presence strains an already tight housing market. The potential housing market effects of STRs are highly localized and analyzing them would require detailed local analysis that is beyond the scope of this report.

Introduction

Montanans and visitors alike value proximity to the state's abundant natural amenities, and short-term rental platforms expand access to lodging near the rivers, lakes, and mountains that so many enjoy. The flexible supply of accommodations eases lodging constraints and enables travelers to enjoy stays in rural or remote destinations across the state. Short-term rentals have facilitated growth in Montana tourism, particularly in smaller communities where visitor spending can make a large impact.

The analysis combines Airbnb and Vrbo reservation patterns with visitor spending estimates to study the expenditures associated with STRs. These expenditures stimulate the local economy and create ripple effects that support jobs, businesses, and household income.

Scope of the Analysis

The analysis examines spending that was generated by visitors who reserved an Airbnb or Vrbo property in Montana. To focus on the economic contributions generated by STRs, listings that are defined as Hotels/Hostels or B&Bs are excluded from the study. The report analyzes trends in the STR market and categorizes listings by characteristics and frequency of rental activity, but an analysis of STR impacts on housing markets is beyond the scope of this study. A January 2026 report from The Institute of Tourism and Travel Research (ITRR) at the University of Montana is more focused on housing market impacts and the views of local officials regarding short-term rentals.

Each year, visitors spend millions of dollars on goods and services while traveling through Montana. To better understand the unique nature of STR income streams, this study analyzes lodging and non-lodging expenditures separately:

1. **Non-lodging Trip Spending:** A variety of businesses receive non-lodging expenditures, made by short-term rental guests, where each dollar spent cycles through supply chains and eventually supports household income. This includes spending on retail, gasoline, or food purchases.
2. **Direct Spending on Short-term Rental Lodging:** Generally, hosts receive lodging expenditures, which immediately increase household income and skip the supply chain entirely. In some cases, hosts may use revenues to support operational costs, such as cleaning and maintenance services or property management services.

Short-Term Rentals in Montana

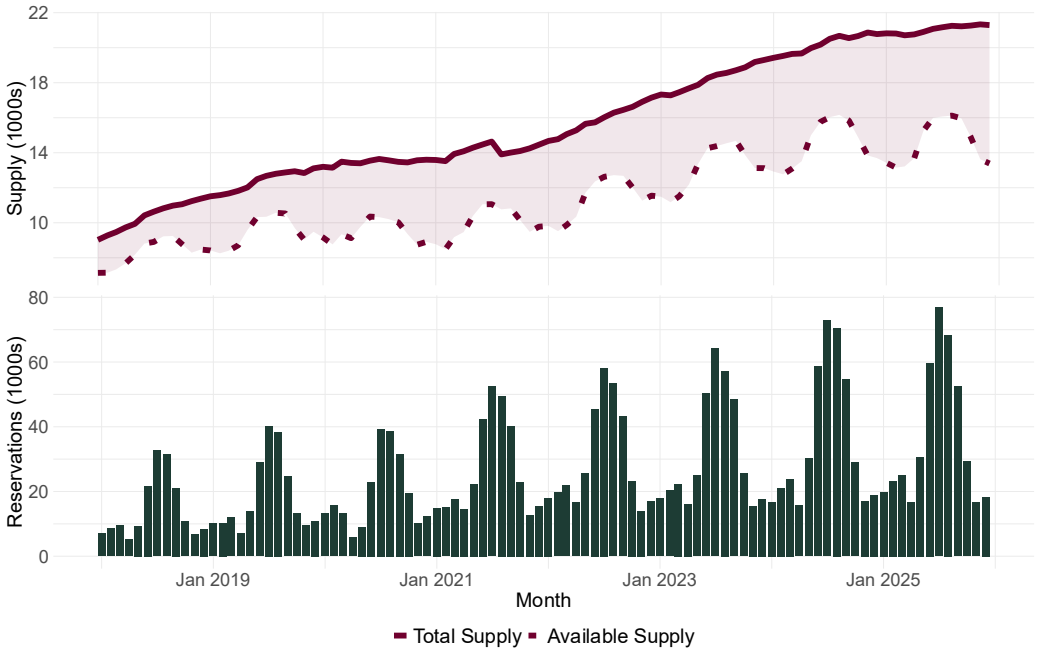
Trends in the short-term rental market are analyzed using data from AirDNA. For each property listed on popular home-share platforms, AirDNA provides the activity associated

with the listing and the characteristics that describe the listing. Measures are taken to avoid double counting properties listed on multiple platforms.

Vacation rentals have always been present in Montana, operating through property management services or hospitality networks. As centralized home-sharing marketplaces have become increasingly popular, existing vacation rentals have expanded their reach, and additional properties have entered the STR market. By 2026, over 21,000 properties were operating on Airbnb or Vrbo, associated with over 8,000 hosts. This includes properties that have operated as a short-term rentals prior to joining platforms that facilitate hosting and marketing STRs.

While most properties remain listed throughout the year, hosts often block their listing's availability for unrestricted periods of time. This flexibility allows hosts to respond to anticipated demand without dedicating the space as a short-term rental. As a result, available supply fluctuates seasonally with demand while total supply, the number of listings listed on a platform that aren't necessarily available, tends to be more consistent, shown in Figure 1. The seasonal variation in available supply is not as extreme as the seasonality observed in demand, as measured by the number of reservations booked each month. Demand for lodging in Montana peaks during the summer – the number of days reserved between June to September is three times the number between November to April.

Figure 1 Monthly Airbnb and Vrbo Supply and Demand in Montana



Total supply (solid line) consists of all listings that are publicly viewable on the Airbnb website. Available supply (dashed line) is defined as any listing that is either booked or available to be booked for at least one day during the month. The shaded area represents the number of listings that are not available in a given month.

In addition to seasonal fluctuations, the magnitude of supply and demand varies regionally. The map in Figure 2 defines market regions in Montana and the number of STR listings in each region in 2025. The Bozeman and Kalispell regions consistently supply the largest number of available listings and host the largest share of STR reserved nights, accounting for over two-thirds of the days reserved in Montana each year. Many of these are clustered in gateway communities with access to Yellowstone National Park and Glacier National Park. Figure 3 displays the differences in reservation patterns across each region. The seasonality in the Kalispell region has become more intense over time, with nearly 10 times the reservation days booked during July than November. The Bozeman region, while still experiencing seasonal fluctuations, has a second peak in demand during the winter months as travelers seek out the region's world-class skiing. The remaining regions, particularly the Billings and Butte regions, experience lower levels of seasonality. At their peak, Billings and Butte host 2.5 and 2.6 times the reservation days, respectively. At lower overall levels of reservation nights and less seasonality, STRs in these areas may be less geared toward tourism and more utilized by businesses and residents.

Visitation would continue in the absence of STRs – especially in areas with high concentrations of outdoor amenities – and some lodging would shift to hotels or other traditional accommodations. However, the supply of STRs grows visitation across Montana in two ways. First, STRs increase the variety of lodging experiences, attracting new visitors to fill the expanded lodging capacity. Second, STRs put downward pressure on lodging prices, which makes destinations more affordable (Horn et al., 2025). Within cities, STRs also change the geographic distribution of tourists. While traditional accommodations are typically clustered in urban centers and suburban commercial areas, home-sharing platforms often provide lodging beyond conventional tourist zones, including rural locations. The new patterns generated can positively impact businesses by spreading tourist spending into new areas with less economic activity (Basuroy et al., 2020; Xu & Xu, 2021).

Figure 2 Average Monthly Available Airbnb Supply in Montana Regions, 2025

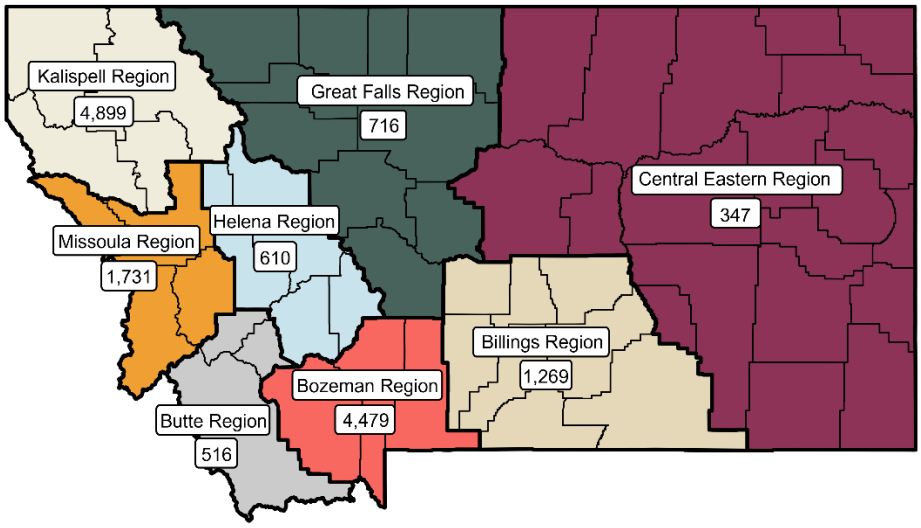
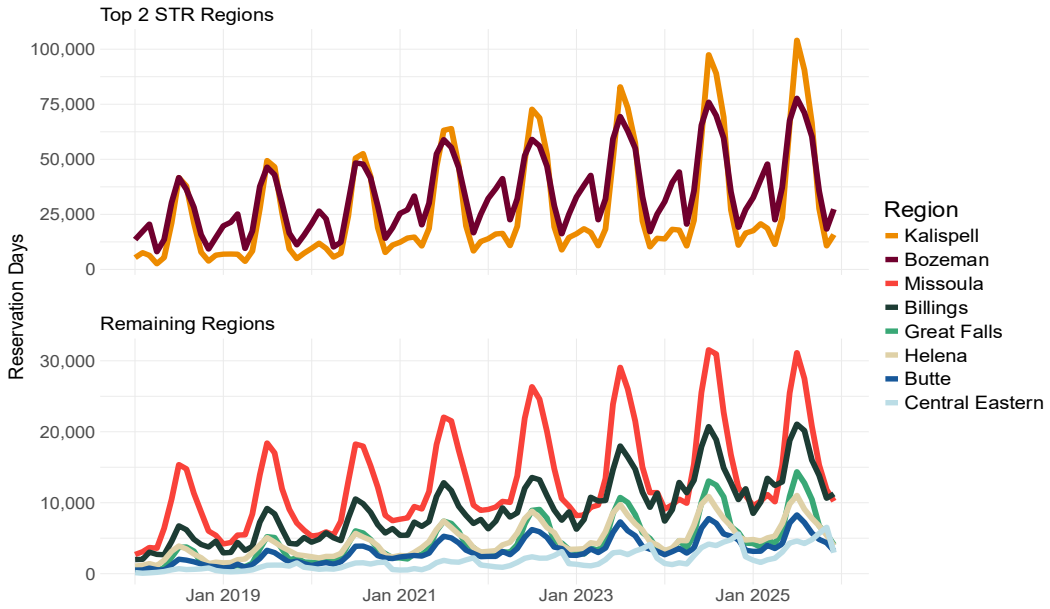


Figure 3 Monthly Airbnb Reservation Days by Region



The top panel shows the monthly STR reservation days between January 2018 to December 2025 for the two regions with consistently higher reservation quantities. The bottom panel shows monthly reservation days for the remaining six regions.

Short-Term Rental Categories

Different property types interact with the lodging and housing markets in unique ways. Using property characteristics and availability patterns, short-term rentals can be categorized as one of three types:

1. **Dedicated properties** are entire homes (not guest houses or guest suites) that are available for 270 days and have 90 reservation nights in a 12-month period.

2. **Home share properties** are listings defined as private rooms, guest suites, or guest houses, or entire homes that are not categorized as dedicated. Examples include a host renting out a spare bedroom, an additional dwelling unit on the host's property, or a host's second home that is rented out occasionally when it is not being used by the owner.

3. **Unique listings** are spaces made available by hosts that would not typically be included in the region's housing stock. Examples include tents, campers/RVs, and yurts.

Because property owners leverage short-term rentals in a variety of ways, it is difficult to perfectly identify whether a property is dedicated as a short-term rental or a home share property. The appendix shows how the number of dedicated rentals would change under differing definitions. The number of dedicated listings should not be interpreted as the number of properties that would become long-term housing options in the absence of

short-term rentals. Without a short-term rental option, some dedicated properties would be used exclusively as a second home for the owner, while others might shift to medium-term rentals, which cater to guests who stay between 1-6 months.

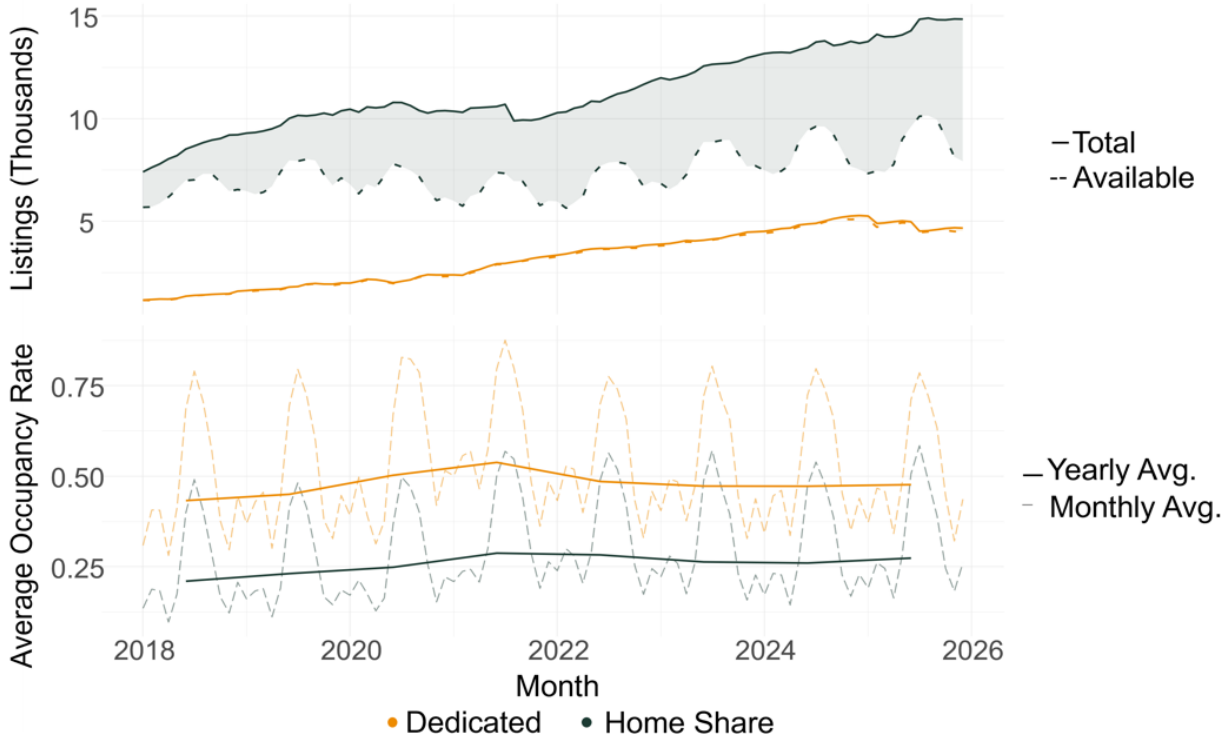
Table 1 describes the presence and market share of each listing type. Unique listings play a smaller role than dedicated or home share listings, making up only 8.5% of all listings and 7.7% of the reservations hosted in Montana throughout 2025. During 2025, there were just under 5,000 dedicated rentals, notably less than the number of home share listings. Despite making up a quarter of STR supply, dedicated listings account for nearly half of the reservation activity that occurred in 2025.

Table 1 Short-Term Rental Presence by Listing Type, 2025

	Listings	Share of Listings	Reservations	Share of Reservations	Reservation Days
Dedicated	4,816	22.9%	203,516	46.6%	766,992
Home Share	14,447	68.6%	199,915	45.7%	770,670
Unique	1,787	8.5%	33,557	7.7%	112,977
Total	21,050		436,988		1,650,639

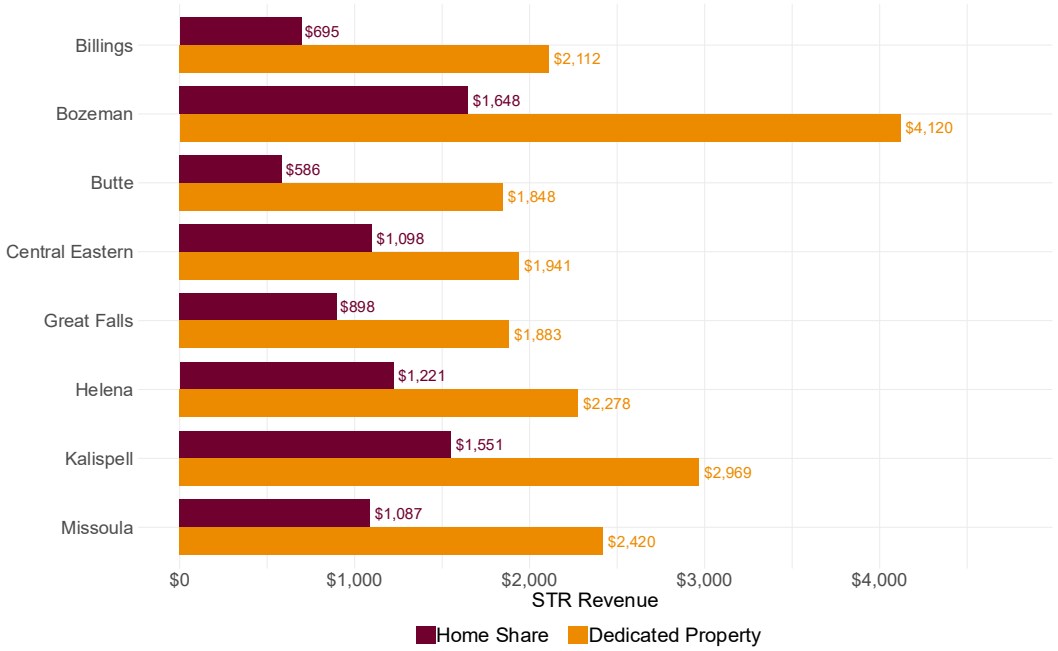
Figure 4 reports the number of dedicated and home share properties during a given month, as well as the average occupancy rate for each. The stock of home share properties fluctuates seasonally, whereas there is a very small difference between the number of dedicated properties listed and the number of dedicated properties available in the market. The average occupancy rate for dedicated properties is roughly 25 percentage points higher than the average rate for home share properties. Both categories of STRs experience similar trends – seasonal demand peaks during the summer bring occupancy rates between 50-80%.

Figure 4 Trends in Dedicated and Home Share Short-Term Rentals in Montana



Short-term rentals provide an opportunity for property owners to benefit from the tourism industry. Figure 5 presents the median revenue across counties in each region during 2025. For home share properties, the monthly revenue ranges between $586 and $1648. This revenue is a significant source of supplemental income to households. Earnings are higher for dedicated properties, reflecting a difference in demand, amenities, and occupancy limits. Dedicated properties in the Bozeman region have substantially higher median monthly earnings, in part due to having a strong winter season. While dedicated properties have higher revenues, they also have higher costs. In this study, a portion of the revenue earned by non-home share properties is allocated toward expenses on goods and services that support business operations, and the remainder of earnings supplements household income.

Figure 5 Median Monthly STR Earnings by STR Type, 2025



Each region's earnings represent the average of the county median revenues, weighted by county population. Median county revenue for STRs is calculated as the median of all listings' average monthly revenue for the year, only including months where the listing is available.

Methods

BBER estimated the total economic contribution of visitor spending using IMPLAN, an input-output model calibrated to Montana's economy. The IMPLAN model captures the direct effect of STR-related spending, as well as the indirect and induced effects that occur as dollars cycle through supply chains.

Figure 6 illustrates the flow of spending that occurs from a short-term rental reservation. Direct effects measure the immediate impact of visitor spending, as well as host spending on goods and services purchased to prepare the STR, while indirect effects measure the impacts as supply chains interact. Induced effects measure the impacts of household spending that results from an increase in income, whether that be through increased employment or through revenue earned from hosting a short-term rental.

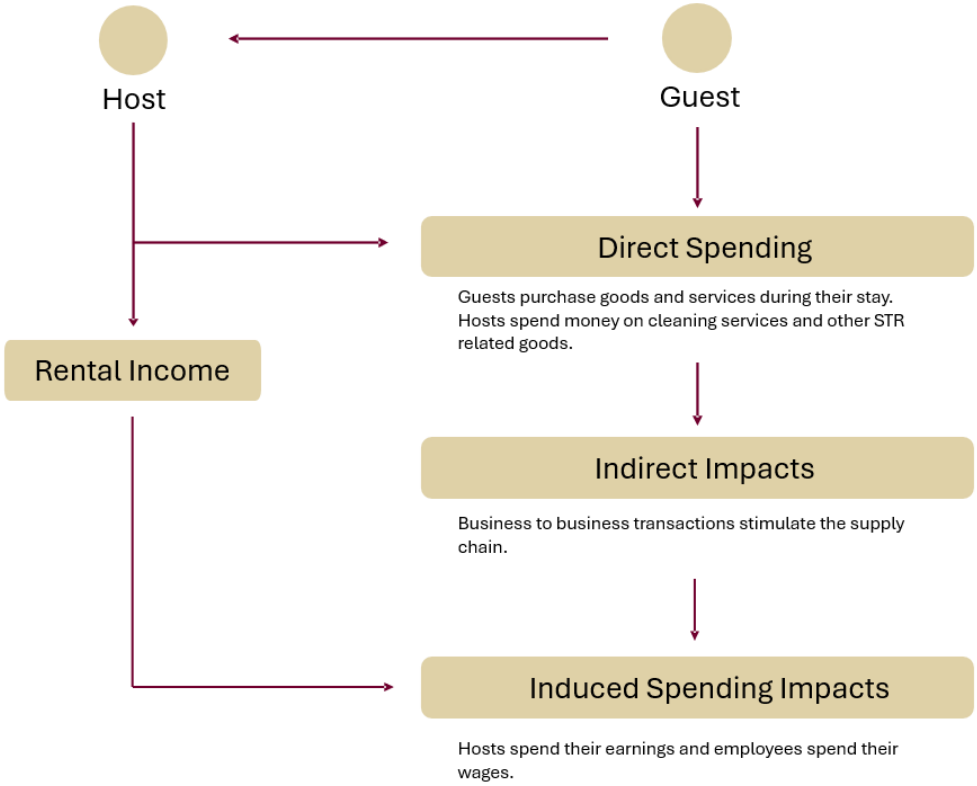
Taken together, the total contribution provides an extensive picture of the benefits that short-term rentals offer Montana communities. Impacts are measured for four standard outcomes:

- **Output:** the value of industry production, including intermediate costs.
- **Employment:** an industry-specific mix of full-time, part-time, and seasonal positions reported as an annual average. This measure follows the same definition

used by the Bureau of Labor Statistics and the Bureau of Economic Analysis and is not equivalent to full-time equivalents.

- **Labor Income:** all forms of employment income, including employee compensation (wages and benefits) and proprietor income.
- **Value Added:** the difference between an industry's total output and the cost of its intermediate inputs, representing its contribution to GDP.

Figure 6 Spending Activity Related to Short-Term Rentals



To estimate the contributions from non-lodging activity, a daily spending profile for visitors who stayed at a short-term rental while visiting Montana was constructed using 2025 visitor spending survey data from the Institute of Tourism and Recreation Research at the University of Montana. The profile was applied to every STR reservation day regardless of region or time of year. Each spending category – dining, gasoline, retail, etc. – was assigned to the corresponding IMPLAN industry.

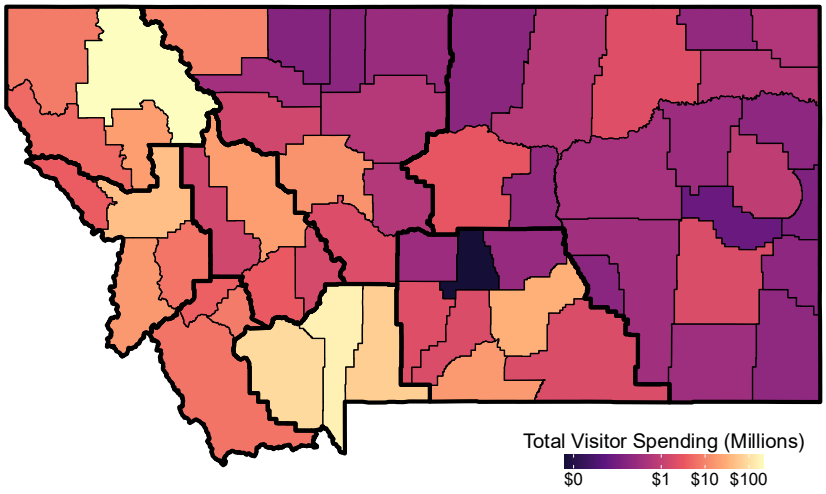
Lodging expenditures are categorized as home share and non-home-share properties. We assume that resident home-share hosts receive the full amount of revenue generated by their property as household income, minus platform service fees. Home-share hosts who do not live in Montana typically spend a portion of their generated revenue locally by hiring property management companies, cleaning services, or restocking supplies. These

expenses are allocated to the corresponding industry in IMPLAN. For non-home-share properties, there are ownership costs that factor into STR profit, in addition to the operational costs associated with each reservation. After the operational expenses, mortgage interest payments, and start-up costs, the remaining revenue is received by resident hosts as rental income. The earned rental income supplements household consumption and leads to additional induced impacts in the economy.

Economic Impact of Short-Term Rentals

While visiting Montana, guests spend money on lodging, food and beverages, entertainment, and other goods and services. The amount they spend is a direct contribution to the economy. Figure 7 presents the total visitor spending by STR guests that occurred throughout Montana counties during 2025.

Figure 7 Total Visitor Expenditures, 2025



Montana economic regions are outlined in the bold. Visitor spending is reported in millions of dollars and presented on a logarithmic scale for presentation purposes. This does not change the actual values associated with each county.

STRs in Flathead County generated the largest amount of visitor spending ($207 million) in 2025, followed by Gallatin ($152.2 million), Madison ($85.8 million), and Park ($64.3 million) counties. Together, the two regions associated with Glacier National Park and Yellowstone National Park account for over three-quarters of the total revenue generated by all short-term rentals.

The primary expense for travelers is lodging costs, which is about double the estimated total of non-lodging expenditures. In the short-term rental market, lodging expenses affect the economy in a unique way. While traditional lodging spending flows through businesses to households, STR revenues are received by households and used to support costs or boost income.

At the state level, home-share properties made up the largest amount of revenue generated by STR reservations. This is particularly true for the Kalispell and Bozeman region. In other regions, the amount was roughly equivalent for dedicated and home share listings. Billings is an exception, generating almost $6 million more in dedicated STR revenue, partly due to a proportionally larger share of dedicated properties. Table 2 reports the total lodging expenditures by type of property and region. Unique properties are included in the analysis but make up a small share of the revenue.

Table 2 Total Lodging Expenditures by Property Type (Millions), 2025

		Non-Home Share		
	Home Share	**Dedicated**	**Unique**	**All Properties**
Billings	$11.13	$17.1	$1.16	**$29.39**
Bozeman	$112	$105.13	$5.53	**$222.66**
Butte	$4.5	$4.85	$0.29	**$9.63**
Central Eastern	$2.72	$3.47	$0.39	**$6.59**
Great Falls	$9.27	$6.87	$1.04	**$17.18**
Helena	$6.83	$6.17	$0.9	**$13.9**
Kalispell	$100.62	$58.8	$9.94	**$169.36**
Missoula	$20.2	$19.9	$1.73	**$41.83**
State Total	**$267.27**	**$222.29**	**$20.98**	**$510.54**

Numbers may not add up to total due to rounding.

With some local regulatory exceptions, hosts are not required to have their primary residence in the same city or state as their short-term rental. Consequently, a share of the income received by STR owners is not received by a Montana resident. To address this, our analysis reduces host supplemental income using the share of out-of-state residential properties estimated from county-level property tax records. No adjustment is made for dedicated property expenses such as cleaning, maintenance, and utility expenditures as these are all expenditures assumed to occur in Montana for both in-state and out-of-state property owners. Table 3 provides a look at how short-term rental revenue is allocated across Flathead County, which has an out-of-state residential property share of 15.4%, as an illustrative example. The total revenue generated at the region or state level is summed over its counties.

Table 3 Flathead County STR Revenue Allocation (Thousands), 2025

	Home Share		Non-Home Share	
Revenue Generated	$86,439		$62,286	
	Resident	**Nonresident**	**Resident**	**Nonresident**
Share of Revenue	$73,102	$13,337	$52,676	$9,610
Household Income	$70,909	$0	$38,639	$0
Property Management (15%)		$2,000		$1,442
Cleaning (8%)		$1,067	$4,983	$769
Maintenance (4%)		$533	$2,491	$384
Supplies and Other Goods (4%)		$533	$2,491	$384
Trash (2%)		$267	$1,246	$192
Electric (2%)		$267	$1,246	$192
Out-of-State Income		$8,269		$5,958

We assume all hosts face a 3% service fee on reservations booked through STR platforms.

According to ITRR nonresident visitor survey data (Grau, 2026), visitors who stayed at a short-term rental spent the most on arts, entertainment, and recreation, followed by restaurants and food and beverage stores. This is a distinction from the average visitor to Montana, who typically spends the largest amount on gasoline. This spending pattern suggests STR visitors are spending multiple days in one location with comparably less driving. The STR visitor spending pattern can have more economic impact than other visitors because it is more weighted toward labor-intensive services like outfitters and restaurants with comparatively less spending on gasoline and retail goods. A detailed breakdown of total visitor spending on non-lodging goods and services is presented in Table 4.

Table 4 Total Non-Lodging Expenditures by STR Guests (Millions), 2025

Category	**Expenditure**
Arts, Entertainment, and Recreation	$79.71
Food Services	$61.9
Food and Beverage Stores	$31.86
Gasoline Stations	$31.53
Retail Trade	$22.39
Rental and Leasing Services	$14.71
Other Services	$1.76
Transit and Ground Passenger Transportation	$0.11
Total	**$243.95**

Numbers may not add up to total due to rounding.

Total Economic Contribution of Short-Term Rentals

As discussed above, visitors who stayed in STRs spent $243.9 million on non-lodging goods and services and $510.5 million on STR lodging in 2025, resulting in activity that supported jobs, personal income, and GDP in Montana. While non-lodging expenses directly interact with the local supply chains creating direct employment, the impacts from STR lodging expenses depend on the circumstance. Some hosts may receive revenue and supplement household income, whereas other hosts use the revenue by hiring local services that support STR operations.

To better understand the differing impacts, Table 5 summarizes the total economic contributions by spending type. A detailed breakdown of the impacts by direct, indirect, and induced impact for each outcome is discussed in later sections. Home-share lodging expenses provide a greater proportional boost to other income and generate employment and labor income through the hosts' local consumption. Non-home-share lodging expenses create proportionally more employment and labor income because more of the revenue is used to purchase local goods and services to support the STR operation. Despite the total spending on lodging more than doubling the expenses for non-lodging goods and services, the gains in employment and labor income associated with non-lodging expenses surpassed the gains from lodging. Much of this spending goes directly to labor-intensive business establishments like restaurants.

Table 5 Total Economic Contributions of Short-Term Rentals in Montana

		Value-Added			
	Employment	**Labor Income**	**Other Income**	**Rental Income**	**Output**
Lodging, Home Share	1,023	$62	$50.6	$206.9	$400.3
Lodging, Non-Home Share	1,313	$72.4	$40.4	$149.2	$355.4
Non-Lodging	3,223	$142.9	$72.2		$370.3
Total	**5,559**	**$277.3**	**$163.2**	**$356.0**	**$1,126.0**

The values for Labor Income, Other Income, and Output are reported in millions of dollars. Numbers may not add up to total due to rounding.

Most of the revenue generated by STR reservations is received by hosts as rental income. In 2025, Montana residents received an estimated $356 million in income from hosting a short-term rental. This income was spent in the broader economy and generated additional economic activity across the state.

In total, the economic activity resulting from short-term rental presence supported 5,559 jobs, generated $277.3 million in labor income and $1,126 million in total output, and contributed $796.5 million in economic value-added to the Montana GDP, including the rental income received by hosts. Other income, which includes taxes on production and

other property income such as business profits, made up 26% of the value-added contributions.

Demand for short-term rentals and the prevalence of each property type varies by region. There are also differences in the regional labor markets and supply chain networks. Table 6 breaks down the total economic contribution across each region. Short-term rental activity in the Bozeman and Kalispell regions accounted for 65% of the supported employment, 68% of labor income, and 69% of total value-added contributions to the Montana economy.

Although the largest share of economic contributions occurred in the two national park regions near Bozeman and Kalispell, guests who stayed at short-term rentals in other regions made notable contributions to the local economies. At the lowest activity level, the Central Eastern region hosted over 40,000 reservation nights in 2025, resulting in an estimated 112 jobs, $4.3 million in labor income, and $12 million in value-added to the region's GDP.

Table 6 Regional Economic Contributions of Short-Term Rentals

		Value-Added			
	Employment	**Labor Income**	**Other Income**	**Rental Income**	**Output**
Billings	463	$21.8	$12.6	$22.1	$84.1
Bozeman	1,730	$101	$56.2	$146.3	$407.6
Butte	160	$6.1	$3.6	$7.4	$25.3
Central Eastern	112	$4.3	$2.6	$5.1	$18.7
Great Falls	253	$10.8	$6.2	$13.8	$45.1
Helena	179	$7.8	$4.3	$2.7	$28.8
Kalispell	1,644	$74.5	$47.1	$126.4	$342.5
Missoula	623	$31	$17.7	$32.2	$126.7

The values for labor Income, other Income, and output are reported in millions of dollars. The total across all 8 regions may not add up to state total due to differences in regional supply networks.

Employment Contribution Details

The economic activity associated with short-term rentals in Montana supported 5,559 jobs, including full-time and part-time payroll jobs, as well as self-employed sole proprietors. Property owners who host and manage their own short-term rentals are not included in these employment estimates as their supplemental income is classified as investment income. Table 7 presents the employment contributions across direct, indirect, and induced impacts. The total STR lodging expenses directly and indirectly supported 842 jobs by hiring cleaning and maintenance companies or property management services. The expenses supported a similar total number of jobs through the induced spending of households. The money generated supplements household income, which is then spent in the broader economy.

Non-lodging expenditures play a direct role in supporting employment. By filling up a tank at the gas station or making a purchase from a local store or restaurant, the immediate

impact of the dollars spent directly supported 2,621 jobs in those businesses. As the money circulates through the supply chains that make production possible, the same immediate dollars spent indirectly supported approximately 242 jobs that supply those businesses. Finally, the resulting household income from the direct and indirect impacts supported 360 additional induced jobs through local household consumption.

Table 7 Statewide Employment Contributions by Impact and Expenditure Type

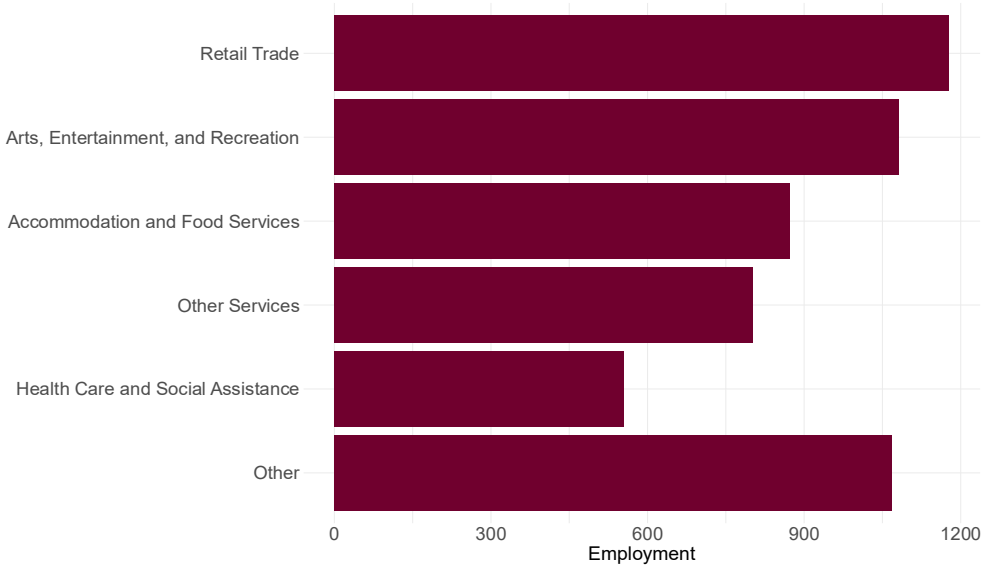
	Direct	Indirect	Induced	Total
Lodging, Home Share	148	25	850	**1,023**
Lodging, Non-Home Share	592	77	643	**1,312**
Non-Lodging	2,621	242	360	**3,223**
Total	**3,361**	**344**	**1,853**	**5,558**

Numbers may not add up to total due to rounding.

Visitor spending while staying at a short-term rental supported jobs across several industries, not only those typically associated with tourism. Figure 8 displays the distribution of employment contributions across industries. The largest employment contributions occurred in the retail sector, including gas stations and food/beverage stores, with 1,178 supported jobs. Arts, entertainment, and recreation was a close second for employment impacts at 1,082 supported jobs. Employment in the other services industry, which includes cleaning services and repair and maintenance services, also benefited from STR visitor spending, as did accommodation and food services.

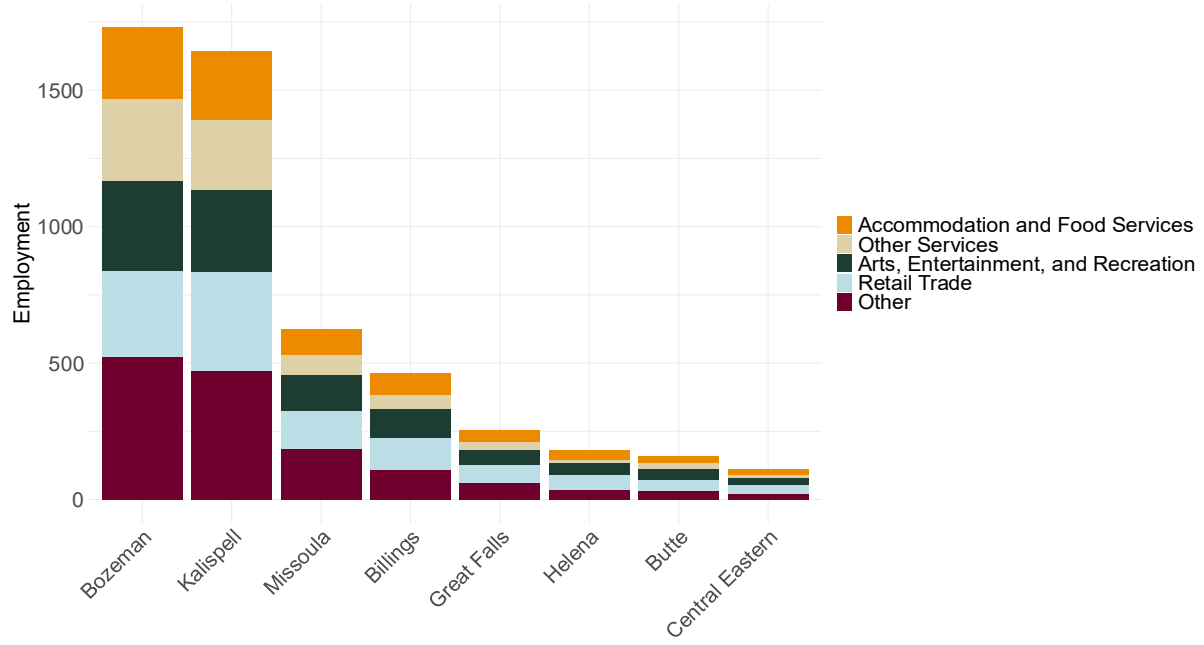
While health care isn't traditionally considered part of the tourism industry, visitor spending increases local household and business income and tax revenue. Health care is one of the largest local spending categories for households and businesses, which creates induced health care and social assistance jobs. Because of this, visitor spending supported 555 jobs in the health care and social assistance industry to round out the top five industries for employment impacts.

Figure 8 Statewide Employment Contributions by Industry



At the regional level, visitor spending supported 1,730 jobs in the Bozeman region, followed by 1,644 jobs in the Kalispell region, and 1,790 jobs in the remaining regions. Figure 9 illustrates the employment contributions across all regions by industry. In nearly every region, STR expenditures supported the most jobs in the retail trade industry. Employment in other services leads in the Bozeman region, while arts, entertainment, and recreation employment leads in the Butte region. The supported employment in other services varies across region due to differences in short-term rental supply composition. For example, areas with larger proportions of home-share properties will experience less spending on cleaning and maintenance services.

Figure 9 Regional Employment Contributions by Industry



Labor Income Contribution Details

Labor income consists of the total payroll cost of wage and salary employees - including benefits and taxes - and the income of proprietors. It reports the earnings that employees and proprietors receive generated by visitor spending. It does not include the revenue that hosts receive from lodging expenditures, but rather the income generated by the induced spending of the hosts after receiving the revenue from STRs.

Table 8 presents the labor income contributions from each category of spending across impact type. In total, guests who stayed at short-term rentals in Montana contributed $277.3 million in labor income. Non-lodging expenses accounted for just over half of the income gains.

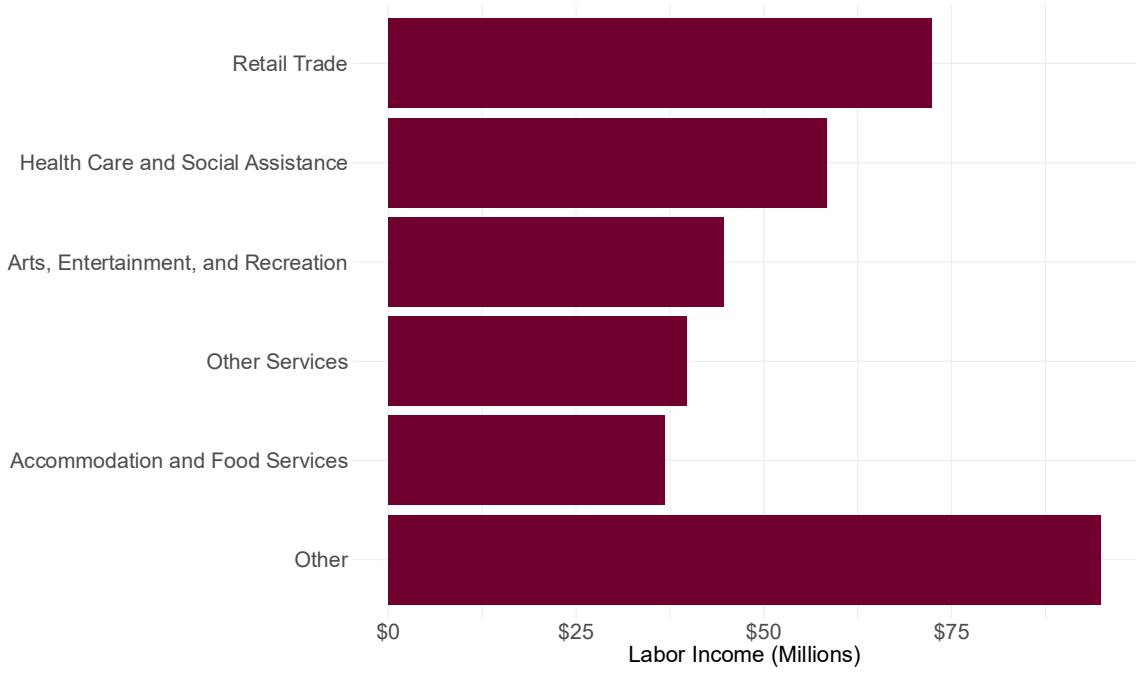
Table 8 Statewide Labor Income Contributions by Impact and Expenditure Type (Millions)

	Direct	Indirect	Induced	Total
Lodging, Home Share	$6.5	$1.8	$53.8	**$62.0**
Lodging, Non-Home Share	$26.9	$5.8	$39.8	**$72.4**
Non-Lodging	$104.0	$16.5	$22.4	**$142.9**
Total	**$137.3**	**$24.0**	**$116.0**	**$277.3**

Numbers may not add up to total due to rounding.

For lodging expenditures, the induced spending made a significant contribution to labor income, accounting for 70% of the lodging contributions. The relevance of induced spending is visible when viewing the contributions by industry in Figure 10. Although the health care industry ranked fifth in employment gains, the higher salaries associated with the health care industry resulted in larger income gains, bringing it second to the retail industry. This further illustrates the unique benefits associated with short-term rentals - residents receive a boost to household income and spend their earnings in the broader economy, supporting employment and labor income across all industries.

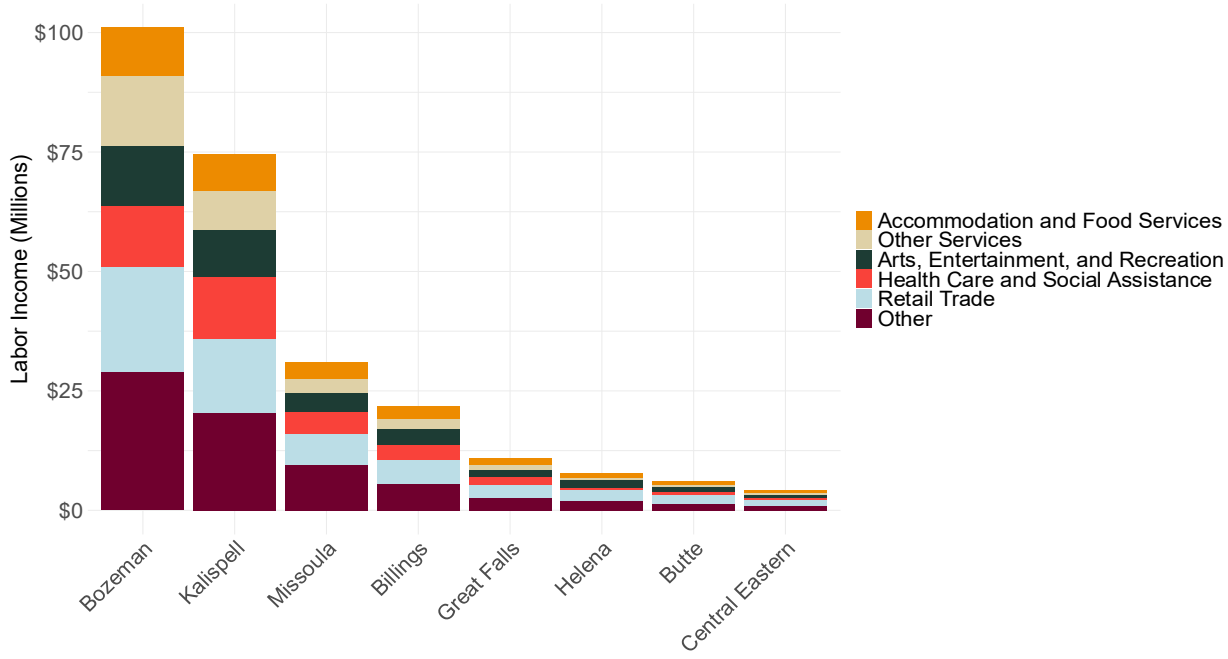
Figure 10 Statewide Labor Income Contributions by Industry



Across regions, one supported job in an industry does not result in the same level of supported income. Regional differences in labor markets and their wages lead to differences in labor income generated. Although STR visitor spending supported only 86

more jobs in the Bozeman region than the Kalispell region, the Bozeman region experienced $26.5 million more in labor income gains, seen in Figure 11, due to higher wages. This can be illustrated by the retail industry, where STRs supported $6.5 million more in labor income for Bozeman, despite supporting 50 less jobs than Kalispell in the same industry.

Figure 11 Regional Labor Income Contributions by Industry



Value-Added Contribution Details

Value-added captures the difference between sum of all sales for goods and services and the cost of the intermediate inputs used in production. In other words, it measures the contribution of STRs to Montana's GDP. It includes the value of labor earnings, taxes, and property income. Rental income received by STR hosts is property income and a key component of value-added. However, it is not listed in the IMPLAN economic impact results because it modeled as household and industry spending patterns to capture the indirect and induced effects of these revenue streams. Thus, we report the estimated amount of rental income received by households as a separate component of value-added.

Lodging expenditures contributed $225.5 million to Montana's GDP, 80% of which resulted from the induced spending of households. The induced spending from home sharing alone generated $102.4 million in value-added contributions, illustrating the benefits associated with secondary purpose STRs. Nonresidents who operate a home-share property, perhaps a second home, still spend a portion of revenue locally – the operation expenses supported $10.2 million in direct and indirect value-added contributions. Table 9 further breaks down the value-added contributions by expenditure and impact type.

Through their spending on non-lodging goods and services, short-term rental guests contributed $215.1 million in value-added. Most of this contribution occurred directly – the immediate amount that visitors purchased added $146.7 million in value to Montana's GDP. Non-lodging expenditures indirectly added $25 million in value, representing the supply chain interactions resulting from spending.

Table 9 Statewide Value-Added Contributions by Impact and Expenditure Type (Millions)

	Direct	Indirect	Induced	Total
Rental Income				**$356.0**
Lodging, Home Share	$7.3	$2.9	$102.4	**$112.6**
Lodging, Non-Home Share	$26.0	$9.6	$77.2	**$112.9**
Non-Lodging	$146.7	$25.0	$43.4	**$215.1**
Total	**$180.0**	**$37.6**	**$223.0**	**$796.6**

Numbers may not add up to total due to rounding.

Table 10 reports the value-added contributions by region and impact type. In addition to the differences in supply chain networks, the composition of STR type varies by region. These distinctions influence the share of value-added that is driven by direct, indirect, and induced effects. In every region, the rental income received by hosts and the resulting induced spending was the largest driver of value-added contributions. For the Butte, Helena, and Central Eastern regions, lower STR prices and differences in demand result in proportionally lower levels of induced spending. While overall STR activity is lower, the visitor spending brought in directly supports local businesses and their production.

Table 10 Value-Added Contributions by Region and Impact Type

	Rental Income	Direct	Indirect	Induced	Total
Billings	$22.1	$16.4	$3.5	$14.5	**$56.5**
Bozeman	$146.3	$67.4	$12	$77.7	**$303.5**
Butte	$7.4	$5.2	$0.9	$3.6	**$17.1**
Central Eastern	$5.1	$3.9	$0.6	$2.3	**$12**
Great Falls	$13.8	$8	$1.5	$7.6	**$30.8**
Helena	$2.7	$6.9	$2.1	$3	**$14.8**
Kalispell	$126.4	$48.5	$9.5	$63.6	**$248.0**
Missoula	$32.2	$19.3	$6.8	$22.6	**$80.9**

The total across all 8 regions may not add up to state total due to differences in regional supply networks.

Taxes

Short-term rental activity supports tax revenue in a number of ways. Each STR stay is subject to state taxes of 8%. The 8% in total state taxes consists of two equal parts: 1) a 4% lodging sales tax that is allocated to the Montana general fund, and 2) a 4% lodging facility use tax allocated to support tourism. These taxes are calculated from the total price paid by the guest, including cleaning fees and STR platform fees. In 2025, each of these taxes generated $20.4 million for a combined total of $40.8 million in state tax revenue. In certain tourism-heavy locations, resort taxes impose an additional 3-4% tax on the total reservation price. Just over 20% of the STR listings in Montana are located in one of the 13 current resort communities. During 2025, these communities generated $6.7 million in local tax revenue from STR reservations. The allocation of resort taxes are unique to the community and often support infrastructure, property tax relief, or community resource grants. A local resort tax can be imposed when the population of a community is below a certain threshold and a major portion of the economy is driven by tourism.

Table 11 presents the total tax revenue generated by region. Only three regions do not have a community that imposes a local resort tax: Butte, Central Eastern, and Great Falls. Most of the tax revenue generated, locally and at the state level, originates from the Bozeman and Kalispell regions.

Table 11 Regional Tax Revenue Generated by Lodging Facilities Tax and Local Resort Tax

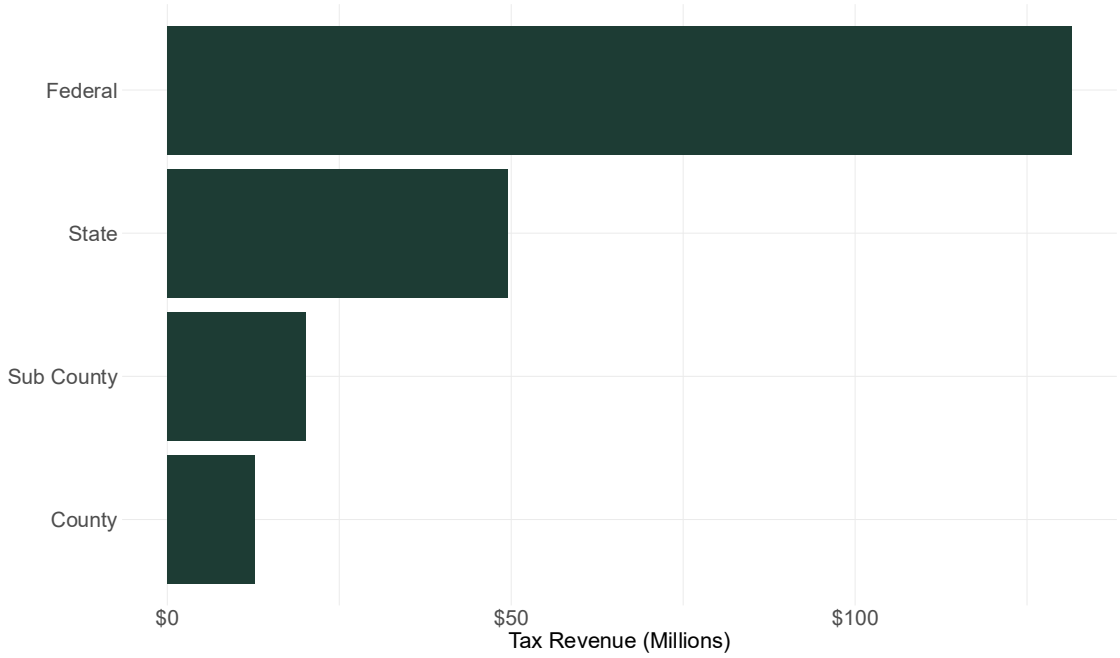
	Local	State	Total
Billings	$0.22	$2.4	**$2.6**
Bozeman	$4.87	$17.8	**$22.7**
Butte	$0	$0.8	**$0.8**
Central Eastern	$0	$0.5	**$0.5**
Great Falls	$0	$1.4	**$1.4**
Helena	$0.01	$1.1	**$1.1**
Kalispell	$1.62	$13.5	**$15.2**
Missoula	$0.01	$3.3	**$3.4**
State Total	**$6.73**	**$40.8**	**$47.6**

Numbers may not add up to total due to rounding.

Visitor spending generates additional tax revenue beyond taxes paid on STR reservations. Expenditures on lodging and non-lodging goods and services stimulate the economy, supporting production, employment, and household income. As a result, producers pay taxes on production and imports, employers pay social insurance taxes, and households pay income taxes and other various personal taxes.

Tax revenue generated by visitor spending totaled $214 million and is reported at the federal, state, and local levels in Figure 12. Tax revenue is primarily allocated to the federal government, with $131.5 million generated in 2025. The state government generated $49.5 million in addition to the direct lodging facilities tax revenue discussed above. Local governments and counties receive 15% of the total tax revenue generated.

Figure 12 Tax Revenue Generated by Short-Term Rentals, 2025



Conclusion

Tourism has been a fundamental industry in Montana for decades, and the expansion of short-term rentals from the growth in internet-hosting platforms has unlocked new destinations available to visitors, both residents and nonresidents alike. Those who stay at STRs stimulate the local economy by purchasing goods and services while also transferring income to Montana households for their lodging. In 2025, the 430,000 short-term rental reservations made by visitors supported 5,559 jobs and $277.3 in labor income in Montana. It also directly supported approximately $356 million in supplemental household income to STR hosts. In total, STR guest spending contributed $796.6 to Montana's GDP. These contributions extend well past the industries typically associated with hospitality and tourism. The induced spending associated with higher income contributes to economic activity in all industries - especially retail, food service, and health services.

There are significant differences in effects across regions. The Bozeman and Kalispell regions experience the largest contributions from STR activity across all indicators. This is not a trend that shifted once short-term rentals were introduced, but an ongoing reflection of the amenities and experiences the region offer as the center of the state's tourism industry and the main gateways to Montana's two iconic national parks. Regions with lower levels of tourism may benefit from an expanded supply of overnight stays, especially in rural areas where traditional accommodations may be limited.

By dining at restaurants or purchasing goods from local vendors, visitors contribute to growth in Montana communities. The personalized and geographically unique nature of short-term rentals brings visitors to new areas, benefiting residents through increased incomes and businesses through increased economic activity.

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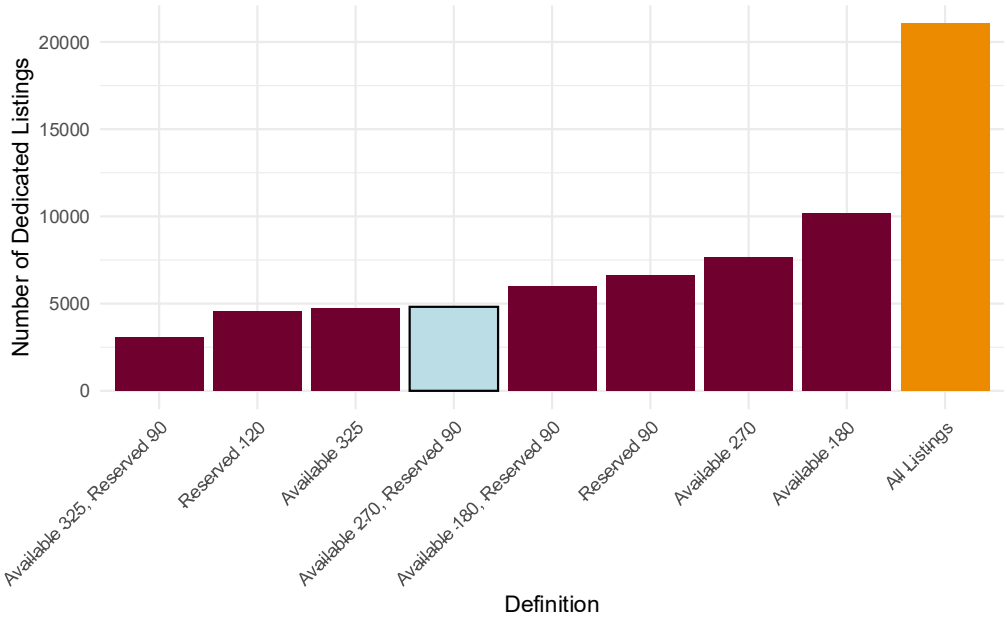
Appendix

Dedicated properties are those for which the primary purpose is to operate as a short-term rental. Distinguishing these properties from home-share and unique properties was important for this study in order to make adjustments for non-resident ownership and different operating expenses for property management. Dedicated properties are also the most likely to compete for long-term housing supply, but we caution against drawing conclusions about the housing market from our estimates of dedicated rentals. Many dedicated properties would not shift to long-term housing in the absence of STRs, and some were built specifically to be a vacation rental and would not have been constructed otherwise.

There is no perfect definition of a dedicated short-term rental. The AirDNA data does not observe how a property is being used when it is not being rented as a STR, so it can be difficult to draw the distinction between dedicated rentals and home-share properties. Properties are classified as dedicated when they are available for rent most of the time and are rented for a substantial number of days. Where to draw the line is a judgement call. This study uses a threshold of 270 available days in a year and rented 90 days as the determining factors. Figure A1 shows how the number of dedicated rentals varies under different definitions.

Figure A1 Dedicated Short-Term Rentals Operating in Montana, 2025



The threshold used in the study is distinguished by the blue, outlined column. The total number of listings – dedicated, home share, and unique – is distinguished by the orange.

Using availability thresholds alone risks overestimating the number of dedicated rentals. Hosts may leave their availability open despite not accepting reservations, overstating the number of properties truly available in a month. However, relying too heavily on the number of reservation days booked can underestimate the number due to the intense seasonality associated with Montana tourism. We chose a threshold of 270 available days with 90 of those days booked with the goal that properties categorized as dedicated are available throughout the year and are accepting reservations as they are requested. By including the reservation requirement, the number of dedicated properties was reduced by around 2,500 (relative to properties that are available for 270 days). Under any definition, dedicated rentals are less than half the total STR listings in Montana. In most cases, dedicated rentals account for around one-fourth of all listings.