

TESTIMONY OF

**Sara Otte Coleman, Director of the Tourism & Marketing Division, North Dakota
Department of Commerce**

Chairperson Barta and members of the committee:

My name is Sara Otte Coleman, and I serve as the Director of the Tourism and Marketing Division within the North Dakota Department of Commerce. I am here today to provide testimony in favor of Senate Bill 2154, which clarifies the definition of a primary sector business to explicitly include tourism operations. This legislation is critical to the continued growth and recognition of tourism as a key economic driver for our state.

Tourism is one of North Dakota's leading industries, generating \$3.3 billion in 2023. It creates new wealth for our state by attracting visitors from across the nation and around the globe. These visitors spend money on lodging, dining, attractions, and other services, driving economic activity and supporting local businesses in both rural and urban communities. Despite the significant contributions of the tourism industry, current statutes inconsistently define and include tourism as part of the primary sector. SB 2154 provides a necessary update to ensure clarity and consistency.

The proposed language in SB 2154 ensures that tourism businesses demonstrating the creation of new wealth through out-of-state visitor attraction are explicitly allowed to apply for a primary sector business designation. This clarification aligns tourism with other industries such as agriculture, energy, and manufacturing, which have long benefited from access to vital programs and incentives. Importantly, these programs would continue to require primary sector certification, maintaining the rigor and accountability that safeguards their purpose.

Tourism projects differ from other primary sector industries in their application process, reflecting the unique nature of the industry. While tourism businesses and infrastructure are also enjoyed by North Dakota residents, the certification process ensures a focus on attracting out-of-state visitors. Applicants must provide detailed information such as:

- The number of days per year the business will be operational.
- How the business generates out-of-state revenue and attracts and retains visitors for extended stays.
- Whether the business is unique or fills a gap in current tourism offerings.

Furthermore, applicants are required to report or project their revenue sources, including the percentage derived from within North Dakota, other U.S. states, and international markets. A minimum of 25% of revenue must originate from outside North Dakota to qualify for primary sector status.

By enacting SB 2154, we will:

1. Clean up inconsistencies across statutes that cite primary sector definitions.
2. Recognize and reinforce the significant economic contributions of the tourism industry.
3. Provide tourism businesses with equitable access to programs and incentives already available to other primary sector industries.

Tourism is a critical pillar of North Dakota's economy, and its inclusion as a primary sector will help drive continued investment and innovation in this vital industry which also supports workforce attraction and retention. I urge your support of SB 2154 to ensure that tourism businesses can thrive and contribute even more to our state's prosperity.

Thank you for the opportunity to testify. I am happy to answer any questions you may have.