

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1022

2001 HOUSE APPROPRIATIONS

HB 1022

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1022

House Appropriations Committee
Education and Environment Division

☐ Conference Committee

Hearing Date January 15, 2001

Tape Number	Side A	Side B	Meter #
1 of 2		Starts at 4090	
2 of 2	x		3,500
Committee Clerk Signature <i>Judith Schick</i>			

Minutes:

Representatives Aarsvold, Boehm, Gulleeson, Martinson, Monson, Wald, Wentz.

Allen Stenehjem: (4190) State Tourism Director. See attached.

Joanne Burke: (5413) State Tourism Deputy Director. See attached.

David Borlaug: (110) President of the ND Foundation. This is truly the opportunity of our life time. You can not appropriate enough money to do the job as we would like. History is our press agent. Public relations is much more valuable than paid advertising. That is very limiting, we also need paid advertising.

Representative Gulleeson: (300) I think you are right. We are selling history. What are you doing for horse enthusiasts, trail riders etc.

David Borlaug: Nothing in particular. The private sector has seen to that, and counting on the tourism to be the marketing arm.

Tracy Potter: (530) Executive Director of the Fort Abraham Lincoln Foundation. I recommend that you do extend more than the Governor has budgeted. The costs per media have sky rocketed. Advertising works to boost out image. In the year 2000, there was no out of state television advertising for ND. There just wasn't the resources. We are ready to host tourists. We need the State to do the out of state marketing. Advertising works. It will come back to the State.

Randy Hatzenbuehler: President of the Theodore Roosevelt Medora Foundation. Tourism is much larger than Medora. If it takes 900,000 to reach the market to Minneapolis, I strongly encourage that that is what we should be doing. We in Medora want to go from 100 motor coaches to 300 motor coaches. It takes money to do that. Within 2 years we have grown 40 percent. 60-65 Percent of their visitors are from ND, the rest are from out of state. We think in 5 years we need to flip flop that. Once again we need to do the television marketing. Tourism is much larger than just Medora.

Representative Wald: (1490) Governor Hoeven had a new proposal to create a new Department of Commerce, which includes tourism as I understand it. Do you have any feelings you would like to express to this committee? Would you not loose some of your identity becoming a part of a larger umbrella organization?

Randy Hatzenbuehler: I have addressed this with Governor Hoeven. Tourism needs a strong voice at the table. Tourism can be an important part of economic development. I believe there is that risk of loosing identity. I believe the Governor and Lee Peterson when they say we won't.

Sara Coleman: (1645) Director of Bismarck-Mandan Convention and Visitors Bureau. See Attached.

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Education and Environment Division
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Jeff Altizer: Williston's Convention and Visitors Bureau. Our State has a unique opportunity in bird watching, canoeing, and mountain biking. We need increased funding for all of these areas in tourism. Our competition is Disney Land and the attractions in Canada. People in other states have never heard about the Lewis and Clark bicentennial. We need the 2 million dollars to compete.

Jeff Evenson: (2400) President of Western Waters. We have developed the Lewis and Clark cook book. We are private business men. I support the additional funding. Lewis and Clark is part of North Dakota's future. Since September 15th, we have sold 3,000 copies, at 19.95 a book. That is 60,000 dollars that has been infused along the Lewis and Clark Trail. The dollars spent will come back to ND.

Kristie Frieze: Executive Director of the Lewis and Clark Interpreter Center. This summer our visitation increased. Over 70 percent of our visitors are from out of state at this time. Our ND Tourism Department is our marketing agent we need their support.

Terri Thiel: Executive Director for the Convention Bureau of Dickinson. We have top 5 needs to increase out of state marketing funding for tourism budget. So we are also asking for the 2 million dollars. We need ND ads in magazines.

Marsha Dupre: (2995) Executive Director of the Minot Convention Bureau. See attached.

Representative Wentz: Does anyone else wish to appear in opposition of HB1022? Seeing none we will close the hearing on HB1022.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1022

House Appropriations Committee
Education and Environment Division

☐ Conference Committee

Hearing Date February 06, 2001

Tape Number	Side A	Side B	Meter #
1 of 1	Starting at 400		1,185
Committee Clerk Signature			

Minutes:

Representatives Boehm, Martinson, Monson, Wald, Wentz.

Representative Martinson: See amendment of an extra 750,000 for Lewis and Clark marketing.

This will be a one time deal. If we don't properly market this it will be gone after biennium.

Representative Wald: What triggers liquor on Thanksgiving Day.

Representative Martinson: That came from some of the hospitality people who thought that would be beneficial to restaurants etc. that are open and I think that would be all day.

Representative Wentz: I am opposed to it all day long and it is not just restaurants every thing is open. I would rather that it would not be included, and that it was a separate amendment.

Representative Martinson: That being the case, I would at this time move that all the amendments except the Thanksgiving, section 2.

Representative Boehm: I second the motion.

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Education and Environment Division

Bill/Resolution Number HB1022

Hearing Date February 06, 2001

Representative Martinson: We could include language drafted that not to carry to the next biennium. I will talk to Legislative Council and this will be a part of my motion.

Five yes, 0 no, and 2 absent.

Representative Martinson: I make a motion on do pass as amended.

Representative Boehm: I second the motion.

Five yew, 0 no, and 2 absent. Representative Martinson to carry to the full committee.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1022

House Appropriations Committee
Education and Environment Division

☐ Conference Committee

Hearing Date February 8, 2001

Tape Number	Side A	Side B	Meter #
02-08-01 tape #2	3017-3654		
Committee Clerk Signature <i>Archie Hall</i>			

Minutes:

The committee was called to order, and opened committee work on HB 1022, the Tourism budget.

Rep. Martinson: Handed out the amendments - 18022.0103 - already voted upon. The committee wanted to view the amendments before the final voting.

Chairman Wentz: The intent clause is the only addition to the other amendment that we had passed out when we adopted them.

Rep. Martinson: He would like to add the emergency clause to Section #4, just on that section.

Moves to reconsider the action in adopting the amendments on a previous date, seconded by Rep. Wald.

Rep. Monson: Asks why the emergency clause on just section 4, why not section 3 also?

Rep. Martinson: Could do that too, but it is not as critical. (It is decided that adding in Section 4 would have a fiscal impact).

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Government Operations Division

Bill/Resolution Number HB 1022

Hearing Date February 8, 2001

Rep. Aarsvold: Believes this amendment, as well as most of the budget, will be very controversial, and to loose the emergency clause would be counter to what the subcommittee would like to do. Can we do this so we can insure the emergency clause being passed on the floor of the house.

Rep. Martinson: Moves to adopt the amendment, and add the emergency clause to section 4.

Seconded.

Voice vote adopted the amendment.

Rep. Martinson: Moves DO PASS AS AMENDED. Seconded by Rep. Wald.

Vote on Do Pass as Amended : 7 yes, 0 no. Motion carries.

Rep. Martinson is assigned to carry this to the full committee.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB1022**

House Appropriations Committee

☐ Conference Committee

Hearing Date **February 9, 2001**

Tape Number	Side A	Side B	Meter #
1		x	4504 - 5730
Committee Clerk Signature <i>L. L. Lantieri</i>			

Minutes:

HOUSE APPROPRIATIONS COMMITTEE ACTION ON HB1022.

Rep. Martinson: Introduced the bill and outlined the amendments to the bill and compared the executive budget to the proposed amendments. He also outlined some of the new functions of the Tourism Department. With that Rep. Martinson moved a DO PASS on the amendments.

Seconded Rep. Boehm. Amendment (.0104)

Rep. Timm: Any discussion on the amendments? Where did you come up with the \$750,000, how did you determine that particular amount of money?

Rep. Martinson: In all honesty, it wasn't scientific, I don't mean to be flippant about it, but I thought it was a figure that we might be able to pass. I seems like a lot of money, but if you look through some of the documentation that's handed out, \$325,000 extra to market North Dakota is just such a small amount, Montana Tourism spends \$9 million dollars a year, compared to our \$2 million and we can't even afford to advertise in the MPLs market because Television

commercials are so expensive, and what the Dept. Has done has concentrated on is bringing writers in and if you would like to see some of the stuff or articles that we have received in international and in national magazines relative to the Lewis & Clark celebration, the Tourism Department and the Historical Society hosted a camp out a couple of weeks ago and actually charged people to go to it, and among that group were 4 reporters, one from local North Dakota, the Mpls Tribune, St. Louis Dispatch, and the Los Angeles Times, so far the Mpls. Tribune generated a full page in the travel section and two full pages on the inside, and the Los Angeles Times generated a full page story , and you have to figure that those types of things are worth several thousands of dollars so that's the area they are looking toward to generate more publicity.

Rep. Wentz: I think it might be worth mentioning that last session we significantly cut the dollars that the governor had in the budget for the Lewis & Clark celebration, because we said that we intended to put those dollars in this session, when it was closer to the actual dates of the event.

Rep. Timm: My only comment is that, we are looking for money and yet were adding \$750,000.

Rep. Martinson: I absolutely agree with you, but I've never really viewed the session to start until after crossover and I rather doubt that the senate will just go along with it right off the bat, so we will have it in conference committee and if push comes to shove we can talk about it another day.

Rep. Kerzman: I guess I'm going to resist the amendments, I think it is to much of an increase.

Rep. Glasshelm: Just to offer support for this, I view some things as expenditures and some things as investments, and the point of this is the hope that we will get much more than \$750,000

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House Appropriations Committee
Bill/Resolution Number HB1022
Hearing Date February 9, 2001

back, we want to bring people here, we want to bring money, which all has economic impact to the state and for the cost, its quite reasonable.

Rep. Warner: I to would like to lend my support to this bill.

Rep. Timm: Any other discussion? We have a motion on the amendments. All those in favor of adopting the amendments say AYE. Voice vote. Motion carried. Amendments are adopted. Rep. Martinson moved a DO PASS as amended. Seconded by Rep. Boehm. Any further discussion? Roll Call vote will be taken for DO PASS as amended. (20) YES (1) NO. Motion Passes. Rep. Martinson will carry the bill to the floor.

End of committee action on HB1022.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1022

Page 1, line 2, after "department" insert "; to create and enact a new section to chapter 54-34.4 of the North Dakota Century Code, relating to copyright and trademark; and to amend and reenact sections 5-02-05 and 54-34.4-04 of the North Dakota Century Code, relating to celebrations and the motion picture advisory board"

Page 1, line 10, replace "3,220,437" with "3,250,437"

Page 1, remove line 12

Page 1, line 13, replace "655,863" with "1,405,863"

Page 1, line 14, replace "4,960,778" with "5,710,778"

Page 1, line 16, replace "4,597,778" with "5,347,778"

Page 1, after line 16, insert:

"SECTION 2. AMENDMENT. Section 5-02-05 of the 1999 Supplement to the North Dakota Century code is amended and reenacted as follows:

5-02-05. Dispensing prohibited on certain days - Penalty. Any person who dispenses or permits the consumption of alcoholic beverages on licensed premises after one a.m. on Sundays, before twelve noon on Sundays, or between the hours of one a.m. and eight a.m. on all other days of the week, or who dispenses alcoholic beverages or permits consumption of alcoholic beverages on licensed premises on Christmas Day, ~~after one a.m. on Thanksgiving Day,~~ or after six p.m. on Christmas Eve is guilty of a class A misdemeanor.

SECTION 3. AMENDMENT. Section 54-34.4-04 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-34.4-04. North Dakota motion picture development office - Advisory board. The North Dakota motion picture development office is a part of the tourism department. The office shall promote North Dakota as a location for shooting films, television shows, documentaries, and commercials, and shall provide technical expertise to persons desiring to use the state as a filming location. The director of the tourism department shall appoint staff necessary to fulfill the functions and duties of the office and ~~shall~~ may appoint an advisory board of no more than ten members to assist in advising the office and to provide technical expertise to offer prospective film companies seeking locations and advice. The board shall serve without compensation, except reimbursement for actual and necessary expenses at the same rate as allowed other state officers to be paid from funds available to the office within the limits of legislative appropriations.

SECTION 4. A new section to chapter 54-34.4 of the North Dakota Century Code is created and enacted as follows:

Copyright and trademark. The director of the tourism department may obtain copyright or trademark protection for anything that may be used to promote the policies listed in section 54-34.4-03. The director may license and charge a fee for photographs and logos and anything with copyright or trademark protection."

HB 1022

Date: Feb 6, 01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. Appropriations Education and Environment Division

House _____ Committee _____

☒ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 5102

Action Taken None. Amendment except section 2
2nd Language drafted not carry over next session
Motion Made By Rep. Mathison Seconded By Rep. Buckner

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	✓				
Rep. James Boehm - Vice Chairman	✓				
Rep. Ole Aarsvold					
Rep. Pam Gulleon					
Rep. Bob Martinson	✓				
Rep. David Monson	✓				
Rep. Francis J. Wald	✓				

Total (Yes) 5 No _____

Absent 2

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

AD 10 2 8

Date: Feb 6
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. Appropriations Education and Environment Division

House _____ Committee _____

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number _____

Action Taken As passed by Amendment

Motion Made By Reps. Martinson Seconded By Reps. Boehm

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	✓				
Rep. James Boehm - Vice Chairman	✓				
Rep. Ole Aarsvold					
Rep. Pam Gulleon					
Rep. Bob Martinson	✓				
Rep. David Monson	✓				
Rep. Francis J. Wald	✓				

Total (Yes) 5 No _____

Absent 2

Floor Assignment Reps. Bob Martinson & full

If the vote is on an amendment, briefly indicate intent:

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1022

Page 1, line 2, after "department" insert "; to create and enact a new section to chapter 54-34.4 of the North Dakota Century Code, relating to copyright and trademark; to amend and reenact section 54-34.4-04 of the North Dakota Century Code, relating to the motion picture advisory board; to provide legislative intent; and to declare an emergency"

Page 1, line 10, replace "3,220,437" with "3,250,437"

Page 1, remove line 12

Page 1, line 13, replace "655,863" with "1,405,863"

Page 1, line 14, replace "4,960,778" with "5,710,778"

Page 1, line 16, replace "4,597,778" with "5,347,778"

Page 1, after line 16, insert:

"SECTION 2. LEGISLATIVE INTENT. It is the intent of the fifty-seventh legislative assembly that for the purpose of preparing a budget request for the 2003-05 biennium, the base budget request for the department of tourism not include the \$750,000 appropriation provided by the fifty-seventh legislative assembly for additional marketing relating to the Lewis and Clark bicentennial.

SECTION 3. AMENDMENT. Section 54-34.4-04 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-34.4-04. North Dakota motion picture development office - Advisory board. The North Dakota motion picture development office is a part of the tourism department. The office shall promote North Dakota as a location for shooting films, television shows, documentaries, and commercials, and shall provide technical expertise to persons desiring to use the state as a filming location. The director of the tourism department shall appoint staff necessary to fulfill the functions and duties of the office and ~~shall~~ may appoint an advisory board of no more than ten members to assist in advising the office and to provide technical expertise to offer prospective film companies seeking locations and advice. The board shall serve without compensation, except reimbursement for actual and necessary expenses at the same rate as allowed other state officers to be paid from funds available to the office within the limits of legislative appropriations.

SECTION 4. A new section to chapter 54-34.4 of the North Dakota Century Code is created and enacted as follows:

Copyright and trademark. The director of the tourism department may obtain copyright or trademark protection for anything that may be used to promote the policies listed in section 54-34.4-03. The director may license and charge a fee for photographs and logos and anything with copyright or trademark protection.

SECTION 5. EMERGENCY. Section 4 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1022 - Department of Tourism - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$1,039,100		\$1,039,100
Operating expenses	3,220,437	\$30,000	3,250,437
Equipment	15,378		15,378
Grants	30,000	(30,000)	
Lewis and Clark Bicentennial	655,863	750,000	1,405,863
Total all funds	\$4,960,778	\$750,000	\$5,710,778
Less estimated income	363,000		363,000
General fund	\$4,597,778	\$750,000	\$5,347,778
FTE	11.00	0.00	11.00

Dept. 740 - Department of Tourism - Detail of House Changes

	DECREASE GRANTS - INCREASE OPERATING EXPENSES ¹	INCREASE FUNDING FOR LEWIS AND CLARK MARKETING ²	TOTAL HOUSE CHANGES
Salaries and wages			
Operating expenses	\$30,000		\$30,000
Equipment			
Grants	(30,000)		(30,000)
Lewis and Clark Bicentennial		750,000	750,000
Total all funds	\$0	\$750,000	\$750,000
Less estimated income			
General fund	\$0	\$750,000	\$750,000
FTE	0.00	0.00	0.00

¹ The recommended grants line item of \$30,000 is removed and the funding is transferred to the department's operating expenses line item. The grant was previously provided to the Greater North Dakota Association for publication of the North Dakota Horizons magazine.

² The recommended appropriation for the Lewis and Clark Bicentennial is increased by \$750,000 from the general fund to provide additional funding for marketing relating to the Lewis and Clark Bicentennial event.

This amendment also adds the following sections:

- Section 2 - This section provides legislative intent that the additional \$750,000 general fund appropriation included in the House version is not to be considered part of the department's base budget request for the purpose of preparing the budget request for the 2003-05 biennium.
- Section 3 - This section amends North Dakota Century Code (NDCC) Section 54-34.4-04 to provide that the director of the Department of Tourism may appoint an advisory board to assist the North Dakota Motion Picture Development Office. Section 54-34.4-04 currently requires the appointment of such a board.
- Section 4 - This section creates a new section to NDCC Chapter 54-34.4 to provide that the director of the Department of Tourism may obtain copyright or trademark protection for any item used to promote the state tourism policies, as established by NDCC Section 54-34.4-03.
- Section 5 - This section provides that Section 4 is an emergency measure and will be effective upon passage of the bill.

Date: 2-8-01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. Appropriations Education and Environment Division

House Appropriations Committee

☒ Subcommittee on Education Environment
or
☐ Conference Committee

Legislative Council Amendment Number 18022 0104

Action Taken DO PASS AS AMENDED

Motion Made By Rep. Martinson Seconded By Rep. Wald

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	✓				
Rep. James Boehm - Vice Chairman	✓				
Rep. Ole Aarsvold	✓				
Rep. Pam Gulleon	✓				
Rep. Bob Martinson	✓				
Rep. David Monson	✓				
Rep. Francis J. Wald	✓				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Rep. Martinson

If the vote is on an amendment, briefly indicate intent:

Date: 02/01/01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1022

House APPROPRIATIONS

Committee

☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number DO PASS AS AMENDED

Action Taken _____

Motion Made By MARTINSON Seconded By BOEHM

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold	✓		Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Deizer	✓		Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleeson	✓		Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman		✓			
Rep - Kliniske	✓				

Total (Yes) 20 No 1

Absent 0

Floor Assignment MARTINSON

If the vote is on an amendment, briefly indicate intent:

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1009 - Department of Agriculture - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$3,519,782	(\$6,287)	\$3,513,495
Operating expenses	1,361,357		1,361,357
Equipment	30,400		30,400
Grants	161,700		161,700
Board of Animal Health	538,614		538,614
Ag mediation	1,075,808		1,075,808
Ag in the classroom	96,000		96,000
State meat inspection	711,964	(80,214)	631,750
Waterbank program	900,000		900,000
Pride of Dakota	157,050		157,050
Wildlife services	779,694		779,694
Safe Send	599,369		599,369
Noxious weeds	1,346,836		1,346,836
Total all funds	\$11,278,574	(\$86,501)	\$11,192,073
Less estimated income	5,636,291	159,893	5,796,184
General fund	\$4,642,283	(\$246,394)	\$4,395,889
FTE	55.50	0.00	55.50

Dept. 602 - Department of Agriculture - Detail of House Changes

	ADJUST MARKET EQUITY SALARY INCREASE 1	UNFUND 1 FTE MEAT INSPECTOR POSITION	FUNDING SOURCE CHANGE 2	TOTAL HOUSE CHANGES
Salaries and wages	(\$6,287)			(\$6,287)
Operating expenses				
Equipment				
Grants				
Board of Animal Health				
Ag mediation				
Ag in the classroom				
State meat inspection		(\$80,214)		(\$80,214)
Waterbank program				
Pride of Dakota				
Wildlife services				
Safe Send				
Noxious weeds				
Total all funds	(\$6,287)	(\$80,214)	\$0	(\$86,501)
Less estimated income		40,107	200,000	159,893
General fund	(\$6,287)	(\$40,107)	(\$200,000)	(\$246,394)
FTE	0.00	0.00	0.00	0.00

1. This amendment reduces from \$12,965 to \$6,562, the amount provided for a market equity salary increase for the commissioner and deputy commissioner. The amount included in the bill will provide for a monthly increase of \$166.25 for the commissioner and \$151.67 for the deputy commissioner and related fringe benefits for the next 18 months of the biennium.

2. This is Governor Hoeveler's recommended change from Governor Schuler's budget recommendation for the Department of Agriculture. This proposed amendment reduces \$200,000 of general fund moneys with game and fish funds for the wildlife services line item. The total amount from the game and fish fund for the wildlife services line item is \$400,000.

A section is added authorizing funds from the environment and rangeland protection fund to be used for harmonization of crop protection product standards.

A section is added continuing the \$350 biennial pesticide product registration fee. Under current law, the fee would have reverted on July 1, 2001.

A section is added requiring the Agriculture Commissioner, in consultation with the advisory board for the Safe Send program, to establish fees for collection of select chemicals. The fees are to be established at a level sufficient to generate \$100,000 during the 2001-03 biennium, to be deposited in the environment and rangeland protection fund, to defray the costs of Project Safe Send.

A section is added requiring the Agriculture Commissioner, in consultation with the advisory board for the Safe Send program, to research the potential of recycling selected products collected under Project Safe Send.

REPORT OF STANDING COMMITTEE

HB 1022: Appropriations Committee (Rep. Timm, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (20 YEAS, 1 NAY, 0 ABSENT AND NOT VOTING). HB 1022 was placed on the Sixth order on the calendar.

Page 1, line 2 after "department" insert "; to create and enact a new section to chapter 54-34.4 of the North Dakota Century Code, relating to copyright and trademark; to amend and reenact section 54-34.4-04 of the North Dakota Century Code, relating to the motion picture advisory board, to provide legislative intent; and to declare an emergency"

Page 1, line 10, replace "3,220,437" with "3,250,437"

Page 1, remove line 12

Page 1, line 13, replace "655,863" with "1,405,863"

Page 1, line 14, replace "4,960,778" with "5,710,778"

Page 1, line 16, replace "4,597,778" with "5,347,778"

Page 1, after line 16, insert:

SECTION 2. LEGISLATIVE INTENT. It is the intent of the fifty-seventh legislative assembly that for the purpose of preparing a budget request for the 2003-05 biennium, the base budget request for the department of tourism not include the \$750,000 appropriation provided by the fifty-seventh legislative assembly for additional marketing relating to the Lewis and Clark biennial.

SECTION 3. AMENDMENT. Section 54-34.4-04 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

54-34.4-04. North Dakota motion picture development office - Advisory board. The North Dakota motion picture development office is a part of the tourism department. The office shall promote North Dakota as a location for shooting films, television shows, documentaries, and commercials, and shall provide technical expertise to persons desiring to use the state as a filming location. The director of the tourism department shall appoint staff necessary to fulfill the functions and duties of the office and shall may appoint an advisory board of no more than ten members to assist in advising the office and to provide technical expertise to offer prospective film companies seeking locations and advice. The board shall serve without compensation, except reimbursement for actual and necessary expenses at the same rate as allowed other state officers to be paid from funds available to the office within the limits of legislative appropriations.

SECTION 4. A new section to chapter 54-34.4 of the North Dakota Century Code is created and enacted as follows:

Copyright and trademark. The director of the tourism department may obtain copyright or trademark protection for anything that may be used to promote the policies listed in section 54-34.4-03. The director may license and charge a fee for photographs and logos and anything with copyright or trademark protection.

SECTION 5. EMERGENCY. Section 4 of this Act is declared to be an emergency measure.

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1022 - Department of Tourism - House Action

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$1,129,782	\$0.00	\$1,129,782
Operating expenses	3,220,437	\$0.00	3,220,437
Equipment	30,400	\$0.00	30,400
Grants	161,700	\$0.00	161,700
Travel and other non-personnel	1,075,808	\$0.00	1,075,808
Total all funds	\$4,597,778	\$0.00	\$4,597,778
Less estimated income	850,000	\$0.00	850,000
General fund	\$4,597,778	\$0.00	\$4,597,778
FTE	100.00	0.00	100.00

Dept. 740 - Department of Tourism - Detail of House Changes

	EXECUTIVE BUDGET	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$1,129,782	\$0.00	\$1,129,782
Operating expenses	3,220,437	\$0.00	3,220,437
Equipment	30,400	\$0.00	30,400
Grants	161,700	\$0.00	161,700
Travel and other non-personnel	1,075,808	\$0.00	1,075,808
Total all funds	\$4,597,778	\$0.00	\$4,597,778
Less estimated income	850,000	\$0.00	850,000
General fund	\$4,597,778	\$0.00	\$4,597,778
FTE	100.00	0.00	100.00

Business and expenses	\$50,000		\$50,000
Operating expenses			
Grants			(30,000)
Lease and Clark Bicentennial		150,000	150,000
Total all funds	\$0	\$750,000	\$750,000
Estimated income			
General fund	\$0	\$750,000	\$750,000
Gifts	0.00	0.00	0.00

The recommended grants line item of \$30,000 is removed and the funding is transferred to the department's operating expenses line item. This grant was previously provided to the Greater North Dakota Association for publication of the North Dakota Horizons magazine.

The recommended appropriation for the Lewis and Clark Bicentennial is increased by \$750,000 from the general fund to provide additional funding for marketing relating to the Lewis and Clark Bicentennial events.

This amendment also adds the following sections:

- Section 2 - This section provides legislative intent that the additional \$750,000 general fund appropriation included in the House version is not to be considered part of the department's base budget request for the purpose of preparing the budget request for the 2003-05 biennium.
- Section 3 - This section amends North Dakota Century Code (NDCC) Section 54-34.4-04 to provide that the director of the Department of Tourism may appoint an advisory board to assist the North Dakota Motion Picture Development Office. Section 54-34.4-04 currently requires the appointment of such a board.
- Section 4 - This section creates a new section to NDCC Chapter 54-34.4 to provide that the director of the Department of Tourism may obtain copyright or trademark protection for any item used to promote the state tourism policies, as established by NDCC Section 54-34.4-03.
- Section 5 - This section provides that Section 4 is an emergency measure and will be effective upon passage of the bill.

REPORT OF STANDING COMMITTEE

HB 1023: Appropriations Committee (Rep. Timm, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 5 NAYS, 1 ABSENT AND NOT VOTING). HB 1023 was placed on the Sixth order on the calendar.

Page 1, line 7, replace the first "section" with "sections" and after "54-27-25" insert "and 61-01-26.1."

Page 1, line 9, after "fund" insert ", supplementing the water resources of eastern North Dakota," and after the semicolon insert "to provide an exemption from payment of fees; and"

Page 1, line 18, replace "8,966,759" with "9,066,759"

Page 1, line 19, replace "6,477,485" with "6,503,485"

Page 1, line 20, replace "514,833" with "499,833"

Page 1, line 22, replace "22,625,067" with "22,475,067"

Page 2, line 2, replace "93,917,341" with "93,878,341"

Page 6, after line 8, insert:

"SECTION 10. AMENDMENT. Section 61-01-26.1 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

61-01-26.1. Findings and declaration of policy - Water to eastern North Dakota a critical priority - Water supplementation study - Employment of staff. The legislative assembly finds that many areas and localities in eastern North Dakota do not enjoy safe drinking water and that the water in those areas and localities contains iron, sulfates, and salt nitrates, fluoride, and other hazardous and diseasing substances. It is also found that other areas and localities in eastern North Dakota do not have sufficient quantities of water to ensure a dependable, long-term water supply. The legislative assembly further finds that supplementation of the water resources of eastern

North Dakota with water supplies from other available sources, including the Missouri River, may be the only alternative to provide eastern North Dakota with a dependable source of safe, good quality water and an adequate quantity of water.

It is further declared that effective development and utilization of the land and water resources of this state; the opportunity for greater economic security; the protection of health, property, enterprise, and the preservation of the benefits from the land and water resources of this state; and the promotion of the prosperity and general welfare of all of the people of North Dakota involve necessities and require the exercise of the sovereign powers of the state and concern a public purpose. Therefore, in order to accomplish this public purpose, it is declared necessary that a means to supply and distribute water to the people of eastern North Dakota for all beneficial purposes, including domestic, agricultural, water, municipal, industrial, and irrigation, agriculture, and other uses must be developed. In furtherance of this public purpose, the supply and delivery of water to eastern North Dakota is established as a critical priority and the state water commission shall continue to cooperate in cooperation with the Garrison diversion conservancy district addressing and the communities and local water systems in eastern North Dakota address this critical priority by developing a plan and estimate of the costs for supplementing the water resources of eastern North Dakota with water supplies from other available resources, including the Missouri River.

The state water commission may employ full-time personnel and consultants, such other personnel as are necessary for the administration of this section, as appropriated funds permit. Notwithstanding section 61-02-04, funds appropriated from the contract fund or appropriated for purposes of administering this section may be used for salaries and expenses of persons employed pursuant to this section.

Page 6, line 19, replace "thirty" with "thirty-six"

Page 6, line 20, replace "eight" with "three"

Page 6, line 21, after the underscored period insert "The commission may utilize up to five million five hundred thousand dollars from the water development trust fund, the resources trust fund, or from bond proceeds to provide cost share for a flood control channel and levy project designed to provide protection from overland flooding to a city with a population in excess of one hundred thousand of the 2000 federal census. The amount provided may not exceed 75 percent of the city's share of the cost to construct the project."

Page 6, line 24, replace "purpose of funding the 2001-03 project" with "purposes set forth in this section"

Page 7, line 19, after "INTENT" insert "STATEWIDE WATER PROJECT FUNDING LIMIT"

Page 7, line 21, replace "\$30,600,000" with "\$36,600,000" and replace "that" with "that"

Page 7, line 22, replace "sixty-two" with "sixty-seven"

Page 7, line 23, replace "three" with "eight"

Page 8, line 3, replace "13" with "14"

Page 8, after line 3, insert:

"SECTION 16. EXEMPTION FROM PAYMENT OF FEES. For purposes of charging fees or requiring payment for services pursuant to sections 54-01-01, 54-12-08, and 54-21-25, the state auditor, attorney general, and the director of the office of management and budget shall consider the funds appropriated to the state water commission from the water development trust fund in the same manner as if the funds were appropriated from the general fund for the 2001-03 biennium."

Renumber accordingly.

STATEMENT OF PURPOSE OF AMENDMENT

House Bill No. 1023 - Water Commission - House Action

2001 SENATE APPROPRIATIONS

HB 1022

2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1022

Senate Appropriations Committee

☐ Conference Committee

Hearing Date February 21, 2001

Tape Number	Side A	Side B	Meter #
Tape #1		x	1.8-51.0
Tape #2	x		0.0-14.0
Committee Clerk Signature <i>Anna Petach</i>			

Minutes:

Senator Nething opened the hearing on HB1022 - Tourism Department.

Allan Stenehjem, Director of Tourism for North Dakota testified in support of the bill which provides a general fund appropriation for defraying the expenses for the State Tourism Department (a copy of the written testimony is attached). Copies of newspaper and magazine articles describing tourism activities in ND , while at a international meeting in Norway, were distributed for the review of the committee. He distributed copies of the "Vittles in the Vast Lane" (a copy is attached). Advertising good places to eat in ND - which may be somewhat out of the way for the ordinary traveler.

Senator Solberg: Have you checked about highway signs? Hear the Lady Bird story about stopping them?

Senator Andrist: To amplify some on Senator Solberg's statement -- traffic does stop when they read billboards --- does attract individuals -- have you checked with the transportation department regarding some, modify some?

Allan Stenehjem: We seek every opportunity to partner -- 2 weeks into the job someone indicated the sign -- went to the department of transportation -- there is a need to identify businesses, tourism spots.

Senator Thane: Is it your responsibility or the Department of Transportation for the now closed tourism information center on interstate 29? Used to be a lot of tourism information, now eliminated?

Allan Stenehjem: Tourism did have the funds -- then funding was cut; now the department of transportation's responsibility.

Joanne Burke, Deputy Director of North Dakota Tourism: This is example of one of the ways we work with other agencies-- the Department of Transportation has responsibility for all rest stops, whether new or established --- we have the information within each rest stop at no expense to our department.

Joanne Burke, Deputy Director of North Dakota Tourism, spoke on the Lewis and Clark Trail promotion within the department (a copy of her written testimony is attached). She distributed copies of newspaper articles from Los Angeles and Minneapolis, regarding tourism activities in North Dakota. She also made available for review a copy of the marketing plan used by the department. She described the brochure which was printed along with several other sponsors which will be placed at strategic spots along the Lewis and Clark Trail and will be placed at all interpretive centers --- important that all the information be uniform (no copy available for the files).

Senator Robinson: Merit on news releases? Doing TV? Airline magazines? Seems the airlines would/could profit from visits to NID.

Joanne Burke: All those things we've considered or are considering.

Senator Lindaas: Know you've talked about Europe -- but what about the travelers from the far east?

Joanne Burke: We have used very specific research to decide areas we need to get to --- using our dollars more cost effective in the markets we are now focused on.

Senator Grindberg: Total dollars in the Lewis and Clark project?

Joanne Burke: 1.2 million

Allan Stenehjem: 655 thousand; 1 FTE; 750 thousand promotional dollars

Senator Nething: 1915 --- the 1,4/5 thousand in there?

Joanne Burke: All in there.

Senator Grindberg: Lewis and Clark portion? House not consider 750 thousand gift --- 655 thousand included FTE?

Senator Grindberg: ¼ M ---more ad space?

Allan Stenehjem: We were caught short -- project should have begun 2 years ago --- House felt the 750 thousand needed.

Senator Grindberg: Expect the Department of Commerce bill which adds 100 thousand for the Lewis and Clark project -- perhaps will be in conference committee -- the discussion will be around the 650 thousand difference--- just a statement, be sure to document, ready to respond to questions. It's not cutting what's not in budget -- but understand, if the department of commerce bill is killed -- back to tourism.

Allan Stenehjem: Hope legislature recognized funding for Lewis and Clark is an opportunity --- need to put dollars behind us. Need to move forward -- not backward; a great opportunity.

Senator Robinson: Lewis and Clark whole? TV media dollars?

Allan Stenehjem: Currently don't see it happening -- need to penetrate gross rating points -- 250 thousand 5 years ago now cost 500 thousand for 1000 gross points. Need to promote where we can best use our dollars.

Senator Thane: Sent time on web site development?

Allan Stenehjem: Work on the web site is a priority. Been 6-8 years since it was work on --- looking at redoing it. 70% of travelers go to web sites --- hopefully we can form partnerships -- perhaps with the higher education regarding marketing strategies.

Senator Nething: See removal of 30,000 for the Horizons magazine? Reaction?

Allan Stenehjem: None; we have four line items --- we will need to review and see what's best way to spend dollars; if Horizons is one of them; we'll see that we do not discontinue.

Senator Nething: Couple of objectives -- not only in state but out of state and perhaps even internationally.

Allan Stenehjem: Yes, move in that direction.

David Borlaug (Lobbyist #368) North Dakota Lewis and Clark Bicentennial Foundation, Inc., spoke in support of HB1022. He distributed bookmarks (one is attached).

Senator Schobinger: Web linked to tourism?

David Borlaug: Yes working on it; cost is high but believe it is right thing to do.

Ron Wanner, Golden Valley rancher and owner of the Knife River Ranch Vacations testified in support of HB1022. He also attended the Norway conference at a personal expense of \$3,500.

No bookings from it thus far, but great exposure, learning experience.

Tracy Porter, Fort Lincoln Foundation, testified in support of HB1022. Cost of everything is going up --- tourism dollars seem flat --- little for marketing. Need to make the investment-- brings many dollars back to the North Dakota economy.

Sara Otte Coleman, Bismarek-Mandan CVB, testified in support -- especially of the Lewis and Clark project. Comparison figures show that many cities spend more on tourism than we do as a state (a copy of her wirtten testimony is attached).

Senator Nething: We understand the need, you understand the need -- how do we get the word out to the voters?

Sara Otte Coleman: Is difficult -- we are just beginning to work on this -- educating others to understand the value of tourism.

Senator Thane: Have you been in the school system with your story?

Sara Otte Coleman: We do, during national tourism week we had junior/senior high school students design T-shirts --- had them judged by local artist --- sold them, and had a great story on local television.

Bill Shalhoob (Lobbyist #301) North Dakota Hospitality Association, testified in support of the bill. Hopes the legislature looks favorably on this. Approximately 3 percent of revenues are spent on marketing by his association. So if 74 million generated, 3 percent would be about 21 M --- perhaps a little out of the current range.

Senator Nething: But you're looking at profit versus service --- to promote tourism, we need to reach the voters?

Bill Shalhoob: Tourism hasn't taken care of itself -- needs to tell its story -- need to advance partnerships --- individuals need to come together to SELL ND.

Page 6
Senate Appropriations Committee
Bill/Resolution Number HB1022
Hearing Date February 21, 2001

Jeff Altizer, Williston, testified in support of HB1022 (a copy of his written testimony is attached). (Also attached is a copy of the School of Forestry, The university of Montana in Missoula -- The Institute for Tourism and Recreation Research report he referred to in his testimony).

No additional testimony; hearing closed by Senator Nething.

3-28-01 Full Committee Action (Tape #1, Side A, Meter # 44.3-54.7; Tape #1, Side B, Meter # 0.0-6.7)

Senator Nething reopened the hearing on HB1022- Tourism Department.

Senator Andrist, Chair of the Subcommittee reported on the Committee's finding. Discussion; followed by a motion to move the amendments (#108022.0201) as presented by the Committee, by Senator Andrist; seconded by Senator Grindberg. Discussion; verbal vote moved the adoption of the amendments. Discussion on the bill. Senator Andrist moved a DO NOT PASS AS AMENDED; Senator Grindberg seconded the motion. Discussion; call for the vote. Roll Call Vote: 14 yes; 0 no; 0 absent and not voting.

Senator Andrist accepted the floor assignment.

Date: 5-28-01

Roll Call Vote #: _____

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 1022

Senate Appropriations Committee

☐ Subcommittee on _____
or

☐ Conference Committee

Legislative Council Amendment Number 18020000

Action Taken Do not pass as amended

Motion Made By

Senator Andrist

Seconded

By

Senator James Berg

Senators	Yes	No	Senators	Yes	No
Dave Nothing, Chairman	✓				
Ken Solberg, Vice-Chairman	✓				
Randy A. Schobinger	✓				
Elroy N. Lindaas	✓				
Harvey Tallackson	✓				
Larry J. Robinson	✓				
Steven W. Tomac	✓				
Joel C. Heitkamp	✓				
Tony Grindberg	✓				
Russell T. Thane	✓				
Ed Kringstad	✓				
Ray Holmberg	✓				
Bill Bowman	✓				
John M. Andrist	✓				

Total Yes 14 No 0

Absent _____

Floor Assignment Senator Andrist

If the vote is on an amendment, briefly indicate intent:

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1022

Page 1, after line 14, insert:

"Grants 100,000"

Page 1, line 15, replace "1,405,863" with "755,863"

Page 1, line 16, replace "5,710,778" with "5,160,778"

Page 1, line 18, replace "5,347,778" with "4,797,778"

Page 1, line 21, replace "\$750,000" with "\$100,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1022 - Department of Tourism - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$1,039,100	\$1,039,100		\$1,039,100
Operating expenses	3,220,437	3,250,437		3,250,437
Equipment	15,378	15,378		15,378
Grants	30,000		\$100,000	100,000
Lewis and Clark Bicentennial	<u>655,863</u>	<u>1,405,863</u>	<u>(650,000)</u>	<u>755,863</u>
Total all funds	\$4,960,778	\$5,710,778	(\$550,000)	\$5,160,778
Less estimated income	<u>363,000</u>	<u>363,000</u>		<u>363,000</u>
General fund	\$4,597,778	\$5,347,778	(\$550,000)	\$4,797,778
FTE	11.00	11.00	0.00	11.00

Dept. 740 - Department of Tourism - Detail of Senate Changes

	ADD GRANT FOR COWBOY HALL OF FAME	REDUCE PROPOSED INCREASE FOR LEWIS AND CLARK ¹	TOTAL SENATE CHANGES
Salaries and wages			
Operating expenses			
Equipment			
Grants	\$100,000		\$100,000
Lewis and Clark Bicentennial		<u>(650,000)</u>	<u>(650,000)</u>
Total all funds	\$100,000	(\$650,000)	(\$550,000)
Less estimated income			
General fund	\$100,000	(\$650,000)	(\$550,000)
FTE	0.00	0.00	0.00

¹ The House version increased the Schafer executive recommendation by \$750,000 for marketing relating to the Lewis and Clark Bicentennial. The Senate version reduces the House version by \$650,000, to provide \$100,000 more than the Schafer executive recommendation for Lewis and Clark targeted marketing.

Date: 3-28-01

Roll Call Vote #: _____

2001 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1232

Senate Appropriations Committee

- ☐ Subcommittee on _____
or
☐ Conference Committee

Legislative Council Amendment Number 1.86.2.1.1.2.1

Action Taken Original Amendment

Motion Made By Senator Andrist Seconded By Senator Grindberg

Senators	Yes	No	Senators	Yes	No
Dave Nething, Chairman					
Ken Solberg, Vice-Chairman					
Randy A. Schobinger					
Elroy N. Lindas					
Harvey Tallackson					
Larry J. Robinson					
Steven W. Tomac					
Joel C. Heitkamp					
Tony Grindberg					
Russell T. Thane					
Ed Kringstad					
Ray Holmberg					
Bill Bowman					
John M. Andrist					

Total Yes _____ No _____

Absent _____

Floor Assignment Senator _____

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1022, as engrossed: Appropriations Committee (Sen. Nething, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1022 was placed on the Sixth order on the calendar.

Page 1, after line 14, insert:
"Grants

100,000"

Page 1, line 15, replace "1,405,863" with "755,863"

Page 1, line 16, replace "5,710,778" with "5,160,778"

Page 1, line 18, replace "5,347,778" with "4,797,778"

Page 1, line 21, replace "\$750,000" with "\$100,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1022 - Department of Tourism - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$1,039,100	\$1,039,100		\$1,039,100
Operating expenses	3,220,437	3,250,437		3,250,437
Equipment	15,378	15,378		15,378
Grants	30,000		\$100,000	100,000
Lewis and Clark Bicentennial	<u>655,863</u>	<u>1,405,863</u>	<u>(650,000)</u>	<u>755,863</u>
Total all funds	\$4,080,778	\$5,710,778	(\$550,000)	\$5,160,778
Less estimated income	<u>363,000</u>	<u>363,000</u>		<u>363,000</u>
General fund	\$4,597,778	\$5,347,778	(\$550,000)	\$4,797,778
FTE	11.00	11.00	0.00	11.00

Dept. 740 - Department of Tourism - Detail of Senate Changes

	ADD GRANT FOR COWBOY HALL OF FAME	REDUCE PROPOSED INCREASE FOR LEWIS AND CLARK ¹	TOTAL SENATE CHANGES
Salaries and wages			
Operating expenses			
Equipment			
Grants	\$100,000		\$100,000
Lewis and Clark Bicentennial		<u>(\$650,000)</u>	<u>(650,000)</u>
Total all funds	\$100,000	(\$50,000)	(\$550,000)
Less estimated income			
General fund	\$100,000	(\$650,000)	(\$550,000)
FTE	0.00	0.00	0.00

¹ The House version increased the Schafer executive recommendation by \$750,000 for marketing relating to the Lewis and Clark Bicentennial. The Senate version reduces the House version by \$650,000, to provide \$100,000 more than the Schafer executive recommendation for Lewis and Clark targeted marketing.

2001 TESTIMONY

HB 1022

January 15, 2001

Department 740 - Tourism Department
House Bill No. 1022

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	11.00	\$4,597,778	\$363,000	\$4,960,778
1999-2001 Legislative Appropriations	11.00	4,016,000	363,000	4,379,000 ¹
Increase (Decrease)	0.00	\$581,778	\$0	\$581,778

2001-03 Hoeven Executive Budget	0.00	\$0	\$0	\$0
Hoeven Increase (Decrease) to Schafer	(11.00)	(\$4,597,778)	(\$363,000)	(\$4,960,778)

¹ The 1999-2001 appropriation amounts include \$3,106 from the general fund for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$868 from the general fund for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing \$35 per month minimum salary increases in July 1999 and July 2000.

Major Schafer Recommendations Affecting Tourism Department 2001-03 Budget

	General Fund	Other Funds	Total
1. Provides funding for an equity salary increase of \$145 per month for the director effective January 1, 2002 (the amount included in the executive budget is \$83 less than the required amount of \$3,046).	\$2,963		\$2,963
2. Provides funding for an equity salary increase of \$257 per month for the deputy director effective January 1, 2002 (the amount included in the executive budget is \$2,458 more than the required amount of \$5,402).	\$7,860		\$7,860
3. Provides \$655,863 for initiatives relating to the Lewis and Clark Bicentennial, a general fund increase of \$531,868 compared to the 1999-2001 biennium appropriation of \$123,995:			
1 FTE tourism marketing specialist III	\$110,793		\$110,793
Operating expenses for television advertising	500,000		500,000
Other operating expenses	45,070		45,070
Total recommended appropriation	\$655,863		\$655,863

**Major Hoeven Recommendations Affecting Tourism Department
Compared to the Bill as Introduced (Schafer Budget)**

	General Fund	Other Funds	Total
1. Eliminates the Tourism Department and includes those duties in the proposed Department of Commerce. [Recommended funding for the Department of Commerce is \$60.97 million (\$17.4 million from the general fund; \$43.6 million from other funds), which is \$3.5 million (\$2.4 million from the general fund; \$1.1 million from other funds) less than the Schafer recommendation for the combined agencies of the Tourism Department, the Division of Community Services, and the Department of Economic Development and Finance.]	(\$4,597,778)	(\$363,000)	(\$4,960,778)

Major Legislation Affecting the Tourism Department

Senate Bill No. 2032 - This bill consolidates the Division of Community Services, the Department of Economic Development and Finance, and the Tourism Department into a department of commerce.

**Department 740 - Tourism Department
House Bill No. 1022**

	FTE Positions	General Fund	Other Funds	Total
2001-03 Schafer Executive Budget	11.00	\$4,597,778	\$363,000	\$4,960,778
1999-2001 Legislative Appropriations	11.00	4,016,000	363,000	4,379,000 ¹
Increase (Decrease)	0.00	\$581,778	\$0	\$581,778

2001-03 Hoeven Executive Budget	0.00	\$0	\$0	\$0
Hoeven Increase (Decrease) to Schafer	(11.00)	(\$4,597,778)	(\$363,000)	(\$4,960,778)

¹ The 1999-2001 appropriation amounts include \$3,106 from the general fund for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$868 from the general fund for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing \$35 per month minimum salary increases in July 1999 and July 2000.

Major Schafer Recommendations Affecting Tourism Department 2001-03 Budget

	General Fund	Other Funds	Total
1. Provides funding for an equity salary increase of \$145 per month for the director effective January 1, 2002 (the amount included in the executive budget is \$83 less than the required amount of \$3,046).	\$2,963		\$2,963
2. Provides funding for an equity salary increase of \$257 per month for the deputy director effective January 1, 2002 (the amount included in the executive budget is \$2,458 more than the required amount of \$5,402).	\$7,860		\$7,860
3. Provides \$655,863 for initiatives relating to the Lewis and Clark Bicentennial, a general fund increase of \$531,868 compared to the 1999-2001 biennium appropriation of \$123,995: (The House increased this line item by \$750,000 from the general fund for additional Lewis and Clark Bicentennial marketing.)			
1 FTE tourism marketing specialist III	\$110,793		\$110,793
Operating expenses for television advertising	500,000		500,000
Other operating expenses	45,070		45,070
Total recommended appropriation	\$655,863		\$655,863

**Major Hoeven Recommendations Affecting Tourism Department
Compared to the Bill as Introduced (Schafer Budget)**

	General Fund	Other Funds	Total
1. Eliminates the Tourism Department and includes those duties in the proposed Department of Commerce. [Recommended funding for the Department of Commerce is \$60.97 million (\$17.4 million from the general fund; \$43.6 million from other funds), which is \$3.5 million (\$2.4 million from the general fund; \$1.1 million from other funds) less than the Schafer recommendation for the combined agencies of the Tourism Department, the Division of Community Services, and the Department of Economic Development and Finance.]	(\$4,597,778)	(\$363,000)	(\$4,960,778)

Major Legislation Affecting the Tourism Department

Senate Bill No. 2032 - This bill consolidates the Division of Community Services, the Department of Economic Development and Finance, and the Tourism Department into a proposed new agency, the Department of Commerce.

Senate Bill No. 2195 - As introduced, this bill provided a \$100,000 general fund appropriation to the Tourism Department for a grant to the North Dakota Cowboy Hall of Fame. As amended by the Senate Appropriations Committee, this bill provides legislative intent that \$100,000 of the grants line item appropriated to the Tourism Division of the Department of Commerce be used to provide a grant to the Cowboy Hall of Fame.

STATEMENT OF PURPOSE OF AMENDMENT:**House Bill No. 1022 - Funding Summary**

	Executive Budget	House Changes	House Version
Department of Tourism			
Salaries and wages	\$1,039,100		\$1,039,100
Operating expenses	3,220,437	30,000	3,250,437
Equipment	15,378		15,378
Grants	30,000	(30,000)	
Lewis and Clark bicentennial	655,863	750,000	1,405,863
Total all funds	\$4,960,778	\$750,000	\$5,710,778
Less estimated income	363,000	0	363,000
General fund	\$4,597,778	\$750,000	\$5,347,778
FTE	11.00	0.00	11.00
Bill Total			
Total all funds	\$4,960,778	\$750,000	\$5,710,778
Less estimated income	363,000	0	363,000
General fund	\$4,597,778	\$750,000	\$5,347,778
FTE	11.00	0.00	11.00

House Bill No. 1022 - Department of Tourism - House Action

	Executive Budget	House Changes	House Version
Salaries and wages	\$1,039,100		\$1,039,100
Operating expenses	3,220,437	30,000	3,250,437
Equipment	15,378		15,378
Grants	30,000	(30,000)	
Lewis and Clark bicentennial	655,863	750,000	1,405,863
Total all funds	\$4,960,778	\$750,000	\$5,710,778
Less estimated income	363,000	0	363,000
General fund	\$4,597,778	\$750,000	\$5,347,778
FTE	11.00	0.00	11.00

Department No. 740 - Department of Tourism - Detail of House Changes

	Decrease Grants - Increase Operating Expenses ¹	Increase Funding for Lewis and Clark Marketing ²	Total Net Changes
Salaries and wages			
Operating expenses	30,000		30,000
Equipment			
Grants	(30,000)		(30,000)
Lewis and Clark bicentennial		750,000	750,000
Total all funds	\$0	\$750,000	\$750,000
Less estimated income	0	0	0
General fund	\$0	\$750,000	\$750,000
FTE	0.00	0.00	0.00

The recommended grants line item of \$30,000 is removed and the funding is transferred to the department's operating expenses line item. The grant was previously provided to the Greater North Dakota Association for publication of the North Dakota Horizons magazine.

² The recommended appropriation for the Lewis and Clark Bicentennial is increased by \$750,000 from the general fund for provide additional funding for marketing relating to the Lewis and Clark Bicentennial event.

This amendment also adds the following sections:

- Section 2 - This section provides legislative intent that the additional \$750,000 general fund appropriation included in the House version is not to be considered part of the department's base budget for the purpose of submitted the budget request for the 2003-05 biennium.
- Section 3 - This section amends NDCC Section 54-34.4-04 to provide that the director of the Department of Tourism may appoint an advisory board to assist the North Dakota motion picture development office. Section 54-34.4-04 currently requires the appointment of such a board.
- Section 4 - This section creates a new section to NDCC Chapter 54-34.4 to provide that the director of the Department of Tourism may obtain copyright or trademark protection for any item used to promote the state tourism policies, as established by NDCC Section 54-34.4-03.
- Section 5 - This section provides that Section 4 is an emergency measure and will be effective upon passage of the bill.

Testimony of Allan Stenehjem, State Tourism Director
House Appropriations Committee
HB 1022

Madam Chair and members of the committee, I am Allan Stenehjem, Director of Tourism for North Dakota and I'm here in support of House Bill 1022 which provides a general fund appropriation of \$4,597,788 for defraying the expenses and opportunity costs of the State Tourism Department. This amount added to special funds of \$363,000 gives the department authority to spend up to \$4,960,778.

I am sure you are all aware of the huge opportunity we now have before us with the approaching commemoration of the Lewis & Clark Corps of Discovery Bicentennial. Our current budget request is for an increase of \$531,868 over last biennium's budget. We feel this budget increase is timely and appropriate to allow us to take advantage of this unique opportunity that now exists for North Dakota. Joanne Burke, Deputy Director of the Tourism Department will go in further detail on specific activities the Department will be doing relative to Lewis & Clark. The increase in funding for Lewis & Clark will:

- Provide continued funding for one position to be involved with the Lewis & Clark Bicentennial promotion.
- Provide funding to implement the agency's marketing plan specifically related to Lewis & Clark.

Tourism is North Dakota's third largest industry. There are nearly 20,000 jobs generated directly or indirectly by the tourism industry. Total visitor expenditures are over the one

billion-dollar mark annually. State sales tax revenue directly attributable to tourism is over \$30 million annually and gasoline tax receipts are over \$42 million annually.

Tourism is a growing industry in North Dakota. Tourism is also a growing industry nationally and internationally. The Travel Industry Association of America projects that expenditures by national and international travelers will exceed \$549 billion in 2000, an increase of over 65 percent since 1990. In order for North Dakota to expand its tourism industry we need to have a strong presence in this competitive national and international market.

Tourism is made up of attractions such as Medora, the International Peace Garden, Dinosaur Museum, Custer House, On-A-Slant Indian Village, the Lewis and Clark Interpretive Center and Fort Union. Tourism is also made up of small businesses throughout the state...businesses in rural North Dakota...working ranches, guides, outfitters, bed and breakfasts, hotels, marinas, horseback riding concessionaires, restaurants, canoe rentals to name just a few. All these attractions and businesses depend on tourists. There is no way they can individually afford to do the advertising to be competitive in a global market. We are the state's marketing agent.

The Tourism Department spends its \$3.2 million marketing budget promoting the North Dakota tourism industry. To be effective with these dollars the Tourism Department identifies markets that can be influenced with an effective campaign...markets that we can influence to see North Dakota as a travel destination. Current research tells us that

70 percent of people travel within 500 miles of their home. For North Dakota that includes the Minneapolis/ St. Paul metropolitan area with a population base of nearly one million people. This is a market that we are not able to effectively penetrate with the limited resources we have. It would cost us \$900,00 per biennium to run an effective television campaign.

What we have successfully done is be very diligent with our marketing dollars and identified markets that we can influence to make North Dakota a travel destination.

International

Tourism has made a commitment to the international market. Europeans have 4-6 weeks mandated vacations and take their vacations very seriously. The US is a travel destination for them, they stay longer and spend more money than the domestic traveler. Because of our strong heritage ties to Norway, North Dakota is a destination for the Scandinavian market.

Selling to the international market is a long-term process. Our response in this market has been overwhelming. In a short period of time we have seen visitors to the state as a result of our efforts.

One of the ways we measure our success is by listings in tour operator catalogs. However, North Dakota had listings with tour operators within a year. We have hosted tour operators and media that help us sell North Dakota. Our quick success in Norway has lead to expansion in the Scandinavian market. Last year we hosted a Swedish film crew that filmed two travel segments for a popular Swedish television show that aired to an audience of 1.5 million. We have just returned from travel shows in Norway, Sweden and Finland.

This is a brochure that we produced for that market.

Motorcoach

In addition to attending motorcoach market tradeshowes we develop promotional pieces that keep North Dakota out in front of them. This is one of the pieces we mailed to 400 motorcoach tour operators and 200 international tour operators and media.

National

Nationally we have invested marketing dollars to promote the Maah Daah Hey Trail. This is a 96-mile trail that connects the north and south units of Theodore Roosevelt National Park running through the Little Missouri National Grasslands. This non-motorized trail is for mountain biking, horseback riding and hiking. It has received national attention as the new trail in the US. National Geographic Adventure listed the top 100 outdoor adventures in America. Number one is rafting the Colorado through the Grand Canyon. Maah Daah Hey trail was number 24...ahead of the Boundary Water area in MN. The Maah Daah Hey is a destination for outdoor Adventists. Last summer we hosted six media people who rode the trail and wrote articles in major mountain biking magazines. Most of the attention now is for mountain biking but we are seeing more horseback riding and hiking.

In State

One of the ways that we can effect travel to rural areas is to get people to travel off-the-beaten path to see and feel the heart of North Dakota's small towns. Everyone loves to eat. And what's better than having some Vittles in the Vast Lane.

Local

Tourism is involved in partnerships with local communities to help them develop destination travel. In 2002 Bismarck/Mandan is hosting the international curling championship. One of the purposes is not to just get people here for these events but to get them to talk about North Dakota when they go home. That's why we get involved in local partnerships. The number one reason people choose a travel destination is through word of mouth.

Testimony of Joanne Burke
State Tourism Deputy Director
House Appropriations Committee

HB 1022

Madam Chair and members of the committee, I am Joanne Burke, Deputy Director of North Dakota Tourism. I am the person in the Tourism Department who has worked with the Lewis and Clark Trail promotion. I will explain how the Tourism Department has used marketing dollars for Lewis and Clark promotion and how we would spend the additional \$500,000 requested for Lewis and Clark promotion in this budget.

First some background to understand our marketing strategy. Our research tells us that the people most likely to follow the Lewis and Clark Trail are those that have an awareness of the Bicentennial Commemoration. These people are history buffs. History buffs take vacations to gain knowledge of history and want to see and do new things that enrich their perspective on life. They are more likely to travel to undiscovered destinations. They tend to travel more frequently, are well educated and have a higher median income. Their preferred method of travel is by automobile. There is a close relationship between income, amount of travel and heavy magazine readership. This is the key market that we can influence to travel the Lewis and Clark Trail in North Dakota.

We know that people most interested in following the Lewis and Clark Trail have a strong interest in Sakakawea and the history and culture of the Native People. North

Dakota is where Lewis and Clark met Sakakawea. This is where her son, Jean Baptiste, was born. And this is where the Mandans and Hidatsas shared their food and knowledge that helped the members of the expedition survive that first winter of 1804-1805 at Fort Mandan. From these great Indian people Lewis and Clark learned what was ahead of them as they left Fort Mandan and entered unknown territory. No one can tell the story of Sakakawea, or the story of the Mandans and Hidatsas rich life along the Missouri, better than North Dakota. It is a story that history buffs will travel to learn about.

This is a story of national and international interest. North Dakota will be a destination for people who want to learn the history of Native People and commemorate the expedition's historic journey. History buffs live across this nation and across the seas.

Before you is a Lewis and Clark ad developed for print placement to reach this market. For \$9,600 we placed this ad in the AAA North Central Tour Book. We placed this ad in the "Along the Trail with Lewis and Clark Travel Planner and Guide" for \$2,100. Currently, we don't have the dollars to run an effective national print campaign to reach our Lewis and Clark target market. We were not able to place ads in national magazines where we could reach the travelers most likely to follow the Lewis and Clark Trail...magazines that history buffs read. Historic Traveler has a circulation of 500,000. One ad costs \$19,000. One ad in American Heritage with a circulation of 340,000 costs \$25,160. One ad in National Geographic Traveler, circulation 466,000, costs \$21,795. It is not effective to run a one-time ad.

Our research tells us that an increase in awareness of the commemoration and promotion of sites and attractions along the trail can increase visitation within this target market. So we have used our limited Lewis and Clark marketing dollars primarily for a strategic public relations effort to raise the awareness of North Dakota's place in history with the Bicentennial Commemoration. We have been very successful.

One example of our efforts is the Heritage Outbound Winter Adventure Trip at Fort Mandan coming up on January 20-21. This event is a collaborative effort of North Dakota Tourism, State Historical Society of North Dakota, North Dakota Council of the Arts, the Three Affiliated Tribes, North Dakota Parks and Rec, Knife River Indian Villages and the Lewis and Clark Interpretive Center.

This event was created to give people the opportunity to come to North Dakota and to recreate the winter experience of Lewis and Clark at Fort Mandan. It is a combination of a challenging outdoor and enriching educational experience. We offered a program where people can have the opportunity to learn Native traditions and culture directly from members of the Three Affiliated Tribes—the descendants of the Mandans and Hidatsas that were here 200 years ago; the chance to explore the Dakota winter environment and learn the natural history of the Missouri River and the chance to steep themselves in the history of Lewis and Clarks stay at Fort Mandan.

We were confident that history buffs and adventurers would find this a unique opportunity. We were also confident that the national media would find this a unique

story. We were right. This coming weekend we have 25 people who have paid to participate in this event...people who have paid to sleep outside during a North Dakota winter. We have people from IL, MN, OR, WA, CA, NV and ND. Included in this number are media participants from the Minneapolis Star Tribune, St. Louis-Post Dispatch, and the LA Times. With very few dollars invested we will receive front-page stories in all these papers. We will reach markets where we can not afford to place advertising.

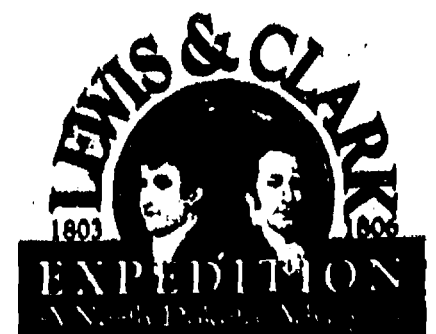
The Lewis and Clark story is a compelling one that captures the interest of travelers and media nationally and internationally. We have proven this. This is North Dakota's opportunity to reach beyond our state borders and be forefront in national markets. The Tourism Department will judiciously spend the proposed Lewis and Clark marketing budget increase in a mix of public relations and media placement. No step in our marketing strategy will occur without research validating that our limited dollars are having the greatest impact.

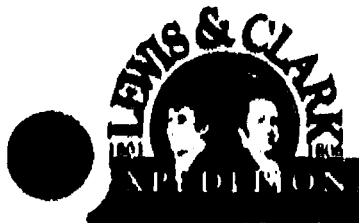
Here is a copy of a marketing plan that we had developed that shows how to most effectively spend marketing dollars to reach our target market.

Lewis & Clark Marketing Funds

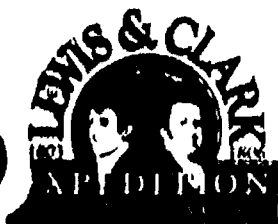
**2001-2003
Estimate**

**Submitted by
North Dakota Tourism**





The following information is to serve as a planning reference for the promotion of the Lewis & Clark Bicentennial Celebration. With the exception of the 1999 and 2000 actual schedules, all other costs are estimates. They are the media's best prediction of future expenses given the existing data as of September 2000. Depending upon the amount of funding, and when the dollars are allocated, these numbers could change. We have divided the promotional activities into three areas: public relations, television and magazine.

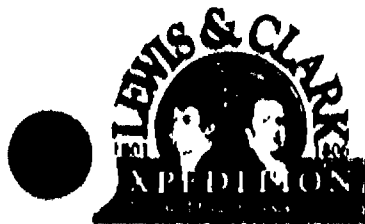


An aggressive public relations effort is critical to the success of this campaign. Recent research has told us that many people are not as familiar as we would like about the Lewis and Clark Bicentennial Celebration and consequently don't understand the importance of the upcoming anniversary. An organized effort to aggressively seek publicity in national media should cumulate in coverage which would address the above concern. It is a very expensive proposition to attempt to educate people through advertising. But soliciting articles in major publications is a way to educate and promote at the same time. This method has proven in the past to be an effective use of funds because the dollars invested have been returned many times over when national publicity has been obtained.

Public Relations Recommendations

Dedicate \$75,000 per year for public relations activities.
This would include:

- Publicity solicitation
- FAM tours (bringing groups of editors and writers to North Dakota to familiarize them with the area)
- Travel to conferences
- In-state travel



Television advertising is an effective medium to use when your message is visual and emotional. Because our message fits these criteria, and since we have two previously produced, very high quality Lewis and Clark television commercials, we would recommend using television as our primary medium. However, as the chart below illustrates, \$250,000 per year does not go far when trying to reach our proximity markets.

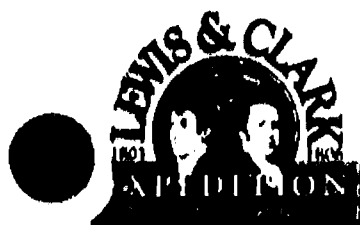
Market	CPP	1000 GRP's	DMA Audience Population
Minneapolis/St Paul	\$450	\$450,000	1,353,800
Madison	\$100	\$100,000	195,300
Green Bay	\$80	\$80,000	99,800
LaCrosse	\$45	\$45,000	59,300
Wausau	\$40	\$40,000	115,200
Marquette	\$40	\$40,000	85,600
Omaha	\$110	\$110,000	302,700
Sioux Falls	\$50	\$50,000	75,500
Des Moines	\$80	\$80,000	228,700
Sioux City	\$50	\$50,000	48,500
Cedar Rapids	\$60	\$60,000	82,500
Mankato	\$40	\$40,000	42,700

***Based on an estimated :60 second CPP, Adults 25-54

See "Definitions" on page 7 to explain the meaning of several terms used in the following discussion about television.

It is our recommendation that television be allocated at the 1000 point level. This will ensure adequate levels of reach and frequency. With the exception of Minneapolis, most of the listed markets have not had ongoing exposure to any television message about North Dakota. We feel the 1000 point level is necessary to raise awareness and compete with the many other travel related messages currently utilizing broadcast.

Costs per point range from \$40 to \$450 depending upon the market.



This is a factor of market size, national rank, population, competition, plus supply and demand. The chart shows the huge difference in population between Minneapolis and Mankato, both DMAs are in Minnesota. What it doesn't show is the fact that the Minneapolis market is in high demand from advertisers. In 1999 and 2000, national and regional "dot.com" advertisers competed for available television inventory and dramatically increased the CPP.

Many regional buys are determined by market rank. This rank is determined by population. If advertisers cannot afford to buy everything, they often start with the top ten, or top twenty markets in the country. Minneapolis is ranked number fifteen. That again, is another reason why the Minneapolis CPP is higher.

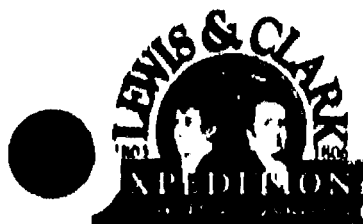
Television Recommendations

As you can see by the chart, we do not have nearly enough money to reach all of our target proximity markets. It is much more effective to pick fewer markets and be able to buy the levels of media which are effective than to buy more markets at lower levels.

As a way to narrow down this target market to an area that we can afford, we recommend a "Lewis and Clark Corridor" Strategy. We propose focusing our television efforts on cities along the Missouri River including Sioux Falls, South Dakota; Sioux City, Iowa; and Omaha, Nebraska. We feel that these are locations where there is already an interest in Lewis and Clark. Also, because these cities are located on the river, we feel there will be ample future publicity regarding the Lewis and Clark trip anniversary. Our television will not have to do the "educating" but can do the "persuading" instead. Because we do not have sufficient funds to reach this area for two years, we would suggest delaying the television media schedule until the second year of the biennium so that we can achieve our target of 1000 GRPs.

This will also give us a year to concentrate on public relations and should make the market more receptive to persuasion. We suggest another research project to assess interest in Lewis and Clark along this river corridor.

Total cost for television: \$210,000



Research has shown that the people most interested in Lewis & Clark are history buffs and frequent travelers in an older demographic group. To best capture that audience, we have selected several publications. Those publications are listed below, along with their cost per insertion.

Historic Preservation

March/April 2001 issue will feature Midwest, with specific articles on the Dakota's.

Cost for March/April 2001 Midwest Edition	\$9,215
Circulation 210,000 Full Page, 4-Color	CPM \$43.90)

Historic Traveler

Estimated Circulation of 500,000 quarterly	\$19,000
Full Page, 4-Color	(CPM \$38.00)

Trailer Life

Midwestern Edition, Full Page, 4-Color	\$13,055
Circulation 275,000	(CPM \$47.50)

National Geographic

West Central Edition, Full Page, 4-Color	\$21,795
Circulation 466,000	(CPM \$47.50)

Midwest Living

Full Edition, Full Page, 4-Color	\$37,500
Circulation 815,000	(CPM \$46.80)

American Heritage

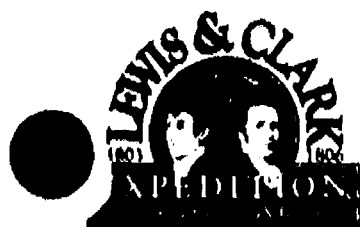
Full Page, 4-Color	\$25,160
Circulation 340,000	(CPM \$74.00)

All costs are estimates

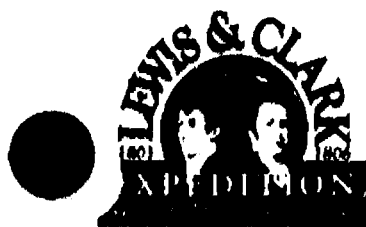
Magazine Recommendations

Place full-page, four-color advertisements in the above. Tie the advertising into as many "value-added" features as possible, including editorial copy, directories, free placement on magazine's web site, and inclusion into other sections of the magazine which are related to travel destinations.

Total Magazine Cost: \$140,000



Public Relations	\$150,000
Television	\$210,000
Magazine	\$140,000
<hr/>	
Total	\$500,000



To help simplify the charts provided, we are including a brief explanation of some standard media terms.

Reach: The percentage of different people exposed at least once to an advertising message.

Frequency: The average number of times a member of the target group is exposed to an advertising message.

Reach times frequency equals gross rating points (GRPs). For example, if 50% of your target audience saw your advertising message four times, you would have 200 GRPs. A single rating point represents 1% of the target population within the designated market.

Cost per point (CPP): The average cost within a given market to purchase a single rating point. Broadcast markets are usually evaluated using a cost per point for comparison. For example, the cost per point in the Minneapolis market is \$450, whereas the cost per point in Des Moines is \$80. So, obviously, you could buy the same amount of GRPs in Des Moines much less expensively than in Minneapolis. This cost varies depending upon the market size, rank, population and advertising competition.

Designated Market Area (DMA): The geographic region designated by the Nielsen Television Company for the purpose of measuring television viewers. It includes a group of counties assigned to one market region.

Cost per thousand (CPM): The cost to reach a thousand people. This is a term used most commonly in the magazine and newspaper industry. The cost of a standard ad size (usually a full page, 4-color magazine ad) is divided by the circulation in thousands. The circulation is reflective of actual copies of the magazine and does not include pass-along readership.

Testimony of Sara Otte Coleman:
Bismarck-Mandan Convention and Visitors Bureau
1600 Burnt Boat Drive 701-222-4308

House Bill No. 1022 ND Tourism Department Budget

I am sure I am not alone in asking you to appropriate more money. We are all happy to see an increase for marketing the Lewis and Clark Bicentennial, however that money is not enough. The Tourism Department needs additional dollars to fund out-of-state marketing. Our flat budget does not allow us to educate people on the unique treasures our state has to offer. Not only have we not kept up with other states (our ranking is 49th in spending), but also a recent survey shows that out of 83 **cities**, 65 have annual tourism marketing budgets larger than our **entire state**. Although we do not expect to ever reach Las Vegas's annual budget of \$127.7 million, our state should be able to compete with cities like: Cleveland's \$8.2 million, Denver's \$6.7 million and Buffalo's \$3.1 million.

We are at a critical time for North Dakota, a time when Agriculture and Energy are not enough, a time when tourism is growing and ND is well positioned to see major growth. We need to look at tourism spending as an investment. Last year you spent \$ 2.19 million dollars for a return on your investment of over 1 billion dollars. Investing in the tourism industry is economic development, but the beauty is that this is economic development for the entire state not just one community. I cannot think of another investment that has more potential to reach more North Dakotans than increased tourism. Every corner of North Dakota will benefit. According to Precision Marketing of Fargo, state sales and gas taxes generated by visitors to ND was \$73.7 million in 1998.

During our statewide Tourism Alliance Partnership (TAP) meetings, the number one concern from all 6 meetings was increased dollars for out-of-state marketing. Our State CVB association has adopted a goal of a \$2 million increase.

Tourism is the fastest growing industry in the world. One in eight Americans is employed in the tourism industry. The cities of North Dakota have been successful in increasing their budgets and increasing visitation. In Bismarck-Mandan, we have been very successful in bringing large groups like the Airstream rallies, the Women's Bowling Tournament and next years World Curling Championships. Last year alone we booked 188 national groups that will bring in 84,000 out-of-state visitors to ND. I hope you will see that now it is the States turn to invests more in tourism.

PO Box 4966
Minot, North Dakota 58702-2066 USA
Tel 701 857 8206
Fax 701 857 8228
800 264 2626
(US & Canada)
E-mail: cvb@minot.ndak.net
Web Site: www.visitminot.org

Minot Convention & Visitors Bureau

January 15, 2001

Mr. Chairman and committee members,

We're here today to talk about the product that brings 1/3 of the economic impact to the state of ND. Tourism - our third largest industry. It is our third largest industry, yet we are the least traveled state in the US. We have so much potential for economic growth through tourism it is hardly imaginable! The least traveled state, yet it still supplies 1/3 of our economic impact.

The ND Tourism department is ND's promotional department. It is their job to market ND! You understand the implications of promoting a business. The cost of advertising out of state is unbelievable. Yet marketing in state does little to improve the economy of our state, instead it just spreads it around!

It cannot be that we do not believe in ourselves. We know that ND is not in the middle of no where - We're in the middle of everywhere! We are the heart of Ecotourism!

Ecotourism is tourism that is based upon the natural rather than the synthetic attractions of a locality. It is nature at its best. It is what ND represents. Eco tourism is the tourist industry's most rapidly expanding sector (Alpine, 1986; Groom et al., 1991) A number of states and local communities in the US have come to recognize ecotourism as a significant facet of their economic strategy. In several western states it has become the largest private employer (Vickerman 1988).

Ecotourism is our valleys; rolling plains of sunflowers, our untouched lands, walking and biking trails, fresh air you want to bottle and drive by shootings which are people pulling over to take pictures. Ecotourism is our fog that freezes and our ice that cracks, yet is safe to drive on! Ecotourism is our Badlands (which consumers of tourism, due to our lack of marketing dollars, believe to be in SD)

Can you imagine what would happen if our state had a budget comparable to our neighboring states? A budget that would supply us with the funds necessary to market out of state, with a repetition to our message intensive enough to be heard.

Allow me to repeat my opening message - We're here today to talk about the product that brings 1/3 of the economic impact to the state of ND. Tourism - our third largest industry. It is our third largest industry, yet we are the least traveled state in the US. We have so much potential for economic growth through tourism it is hardly imaginable!

The least traveled state, yet it still supplies 1/3 of our economic impact?



A marketer knows that a message must reach the consumer a minimum of three times before it is truly heard. The previous paragraph repeated "Least traveled state and ND's third largest industry" three times so that you would hear it. PLEASE increase the marketing budget of the ND Tourism department giving them the financial means *to repeat the message - - - a message that's worth being heard.*

Thank you for your patience and interest in an industry that is important to all of ND. After repeating it six times in this presentation I'm confident you've received the message!

Sincerely,

Marsha Dupre

Marsha Dupre
Executive Director
Minot Convention and Visitors Bureau

Support \$2 mill. increase

**Testimony of Allan Stenehjem, State Tourism Director
Senate Appropriations Committee
HB 1022**

Mr. Chairman and members of the committee, I am Allan Stenehjem, Director of Tourism for North Dakota and I'm here in support of House Bill 1022 which provides a general fund appropriation for defraying the expenses and opportunity costs of the State Tourism Department. Our appropriation as originally introduced in the House provided us 100 percent of the funds we currently receive plus enhancements for marketing the Lewis and Clark Bicentennial. Let me start by explaining the changes made by the House so that I am talking about the engrossed bill passed by the House.

1. The House removed the grant line item of \$30,000 and transferred it to the department's line item. The grant was previously provided to the Greater North Dakota Association for publication of the North Dakota Horizons magazine.
2. They made a minor change for the motion picture development office. Current law required the Director to appoint an advisory board. This simply changes shall to may appoint an advisory board.
3. They added language to provide that the director may obtain copyright or trademark protection for any item used to promote tourism in ND.
4. They also increased the appropriation for the Lewis & Clark Bicentennial by \$750,000.

I am sure you are all aware of the huge opportunity we now have before us with the approaching commemoration of the Lewis & Clark Corps of Discovery Bicentennial. Our current budget request is for an increase of \$531,868 over last biennium's budget. The House added an additional \$750,000 over our original request for Lewis & Clark promotion, bringing the total Lewis & Clark appropriation to \$1,405,863. The budget increase is timely and appropriate and will allow us to take advantage of this unique

opportunity that now exists for North Dakota. Joanne Burke, Deputy Director of the Tourism Department will go into further detail on specific activities the Department will be doing relative to Lewis & Clark. The increase in funding for Lewis & Clark will:

- Provide continued funding for one position to be involved with the Lewis & Clark Bicentennial promotion.
- Provide funding to implement the agency's marketing plan specifically related to Lewis & Clark.

Tourism is North Dakota's third largest industry. There are nearly 20,000 jobs generated directly or indirectly by the tourism industry. Total visitor expenditures are over the one billion-dollar mark annually. State sales tax revenue directly attributable to tourism is over \$30 million annually and gasoline tax receipts are over \$42 million annually.

Tourism is a growing industry in North Dakota. Tourism is also a growing industry nationally and internationally. The Travel Industry Association of America projects that expenditures by national and international travelers will exceed \$549 billion in 2000, an increase of over 65 percent since 1990. In order for North Dakota to expand its tourism industry we need to have a strong presence in this competitive national and international market.

Tourism is made up of attractions such as Medora, the International Peace Garden, The National Buffalo Museum Dinosaur Museum, Custer House, On-A-Slant Indian Village, the Lewis and Clark Interpretive Center and Fort Union. Tourism is also made up of small businesses throughout the state...businesses in rural North Dakota...working

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The Tourism Department spends its \$3.2 million marketing budget promoting the North Dakota tourism industry. To be effective with these dollars the Tourism Department identifies markets that can be influenced with an effective campaign...markets that we can influence to see North Dakota as a travel destination. Current research tells us that 70 percent of people travel within 500 miles of their home. For North Dakota that includes the Minneapolis/ St. Paul metropolitan area with a population base of nearly one million people. This is a market that we are not able to effectively penetrate with the limited resources we have. It would cost us \$900,000 per biennium to run an effective television campaign.

What we have successfully done is be very diligent with our marketing dollars and identified markets that we can influence to make North Dakota a travel destination.

February 20, 2001

Chairman and Senators

My name is Jeff Altizer and I am here to support HB 1022 . I would like to visit with you about why you should make this investment in tourism and what the return on your investment will be. You all have heard that the tourism industry is the state's third largest industry and provides a great number of jobs for our state. By now you know that the approaching Lewis and Clark Bicentennial will bring many new visitors to our state over the next six years. I can't tell you exactly how many visitors North Dakota should expect because we as a state have not invested in that research. However the state of Montana has made that investment, and their research shows that Montana can expect 8.9 million additional visitors above the current level of visitation over the next six years. That's an average of 1.5 million visitors per year. If you assume that North Dakota's level of visitation is similar and that those visitors are in family groups of 2.4 people per group that's an average of 625,000 additional hotel rooms per year. Hotel rooms in Williston average \$45 per night at that rate the Lewis and Clark Bicentennial should generate an additional \$28 million dollars in hotel room sales per year. The additional sales tax generated would be \$1.4 million per year.

Of course these figures are probably low because we would expect that visitors to our state will stay more than one night and hotel rooms in the major centers like Bismarck are higher cost than they would be in Williston. In addition these figures do not include any food, gas, or retail sales.

In supporting HB 1022 I believe that the Lewis and Clark Bicentennial and the tourism industry in general is a good investment for our state. I hope you will support this investment in our future by supporting HB 1022 .

LSB 1022
Jeff Alliger testimony

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Title of Report: Lewis & Clark National Estimation and Awareness Study

Report Number: Research Report 76

Authors: Issues & Answers Network, Inc.

Month Published: May 2000

Executive Summary

Objectives

- Determine the level of awareness that exists for the Lewis and Clark Expedition.
- Establish a benchmark of interest in attending the bicentennial celebration to be held in Montana.
- Provide an estimate of the number of potential visitors to Montana for the event.
- Determine profile of potential visitors and where these visitors are most likely to go in the state.

Methodology

The Institute for Tourism and Recreation Research, administrator of the University Travel Research Program, on behalf of Montana's Tourism Advisory Council contracted with Issues & Answers Network, Inc., to conduct a national telephone survey in January 2000. A nationally projectable sampling of the continental U.S. less Montana was interviewed. A total of 2,020 interviews were conducted with adults at least 21 years old. The data were weighted to national gender, race, and age statistics.

Results: Visitor Projections

Montana should expect a total of 8.9 million additional visits for the Lewis & Clark Bicentennial Commemoration in addition to the "base" visitation that would normally be expected. This increase could occur in one of two ways:

1. If all the increase takes place in 2005 and 2006, the anniversary of the Expedition in Montana, visitation levels would be 16.1 million in 2005 and 14.6 million in 2006 given that 60% of the increase occurs during 2005 when the most "adventurous" encounters took place.
2. If all the increase takes place over the years 2003-2006 with 40% in 2003-2004 and 60% in 2005-2006, expectations amount to 11.7 million in 2003, 12.7 in 2004, 14 million in 2005, and 13.2 million in 2006.

While these projections may be hard to grasp when viewed on an annual basis, discussing them in light of the travel season puts them into the perspective. Based on a June 1 through October 31 visitation season with the 4-year projection from above, increases over "base" visitation would be as follows:

<u>Year</u>	Additional Individuals Statewide		Additional Groups Statewide*	
	<u>Total Season</u>	<u>Per Day</u>	<u>Total Season</u>	<u>Per Day</u>
2003	1.4 million	9,150	583 thousand	3,813
2004	2.1 million	14,379	875 thousand	5,991
2005	3.2 million	20,915	1.3 million	8,715
2006	2.1 million	14,379	875 thousand	5,991

* Based on a group size of 2.4 people.

Results: Profile of Lewis & Clark Visitors

- 48% were male and 52% were female, which is nearly identical to the US population.
- 52% had children in the household, compared to only 38% of the US population with children in the household. This suggests that family groups may be common Lewis & Clark travelers.
- 79% were Caucasian, compared with 81% of the US population.
- 18% reside in the Northeast, 44% in the South, 17% in the Mid-West, and 22% in the West. This is compared with US population residences, which are 20% Northeast, 38% South, 20% Mid-West, and 22% West. Southerners appear to be more likely to attend Lewis & Clark Bicentennial events in Montana than groups from other areas.
- Respondents 41-50 years old expressed more interest in visiting Montana for Lewis & Clark Bicentennial events than other groups, with 26% of those very likely to attend falling into this age category compared to 21% of the US population. 20% of those very likely to attend were 21-30 years old, 24% were 31-40 years old, 15% were 51-60 years old, and 15% were 61 years or older.
- Surprisingly, there was no gradient of likelihood exhibited among income levels. Respondents very likely to attend Lewis & Clark Bicentennial events in Montana nearly mirrored the US population in terms of household income, with 20% making \$30,000 or less, 16% with \$30,000 to \$45,000, 13% with \$45,000-\$60,000, 14% with \$60,000-\$90,000, and 13% with more than \$90,000.

Implications

- It is more successful to plan for a managed event than to plan for the unknown. Marketing and infrastructure go hand-in-hand for managing this event successfully. Montana should do all it can to disperse visitation over the years 2003-2006 and throughout the state in order to reduce social and environmental impacts.
- Marketing is the key to dispersion - visitors must be persuaded to come to Montana during all four years and to visit all areas of the state. This will disperse the positive economic impacts while avoiding concentration of negative environmental impacts. Marketing will shape the Lewis & Clark Bicentennial visitation and provide event organizers with a plan for how the Bicentennial will proceed.
- Beef-up infrastructure along the trail, especially in rural Montana, to provide services to additional visitors. This should be done according to the marketing objectives of the state so that services are situated in appropriate areas at appropriate times.

Limitations of the Study

- The anniversary of the Expedition in Montana is still five years away - a lot can happen!
- This is the first Lewis & Clark research to be conducted. Estimates may be revised as more research occurs.

*See the full text for more information - downloadable free of charge at
www.forestry.umt.edu/itr.*



House Bill No. 1022 ND Tourism Department Budget

We are all happy to see an increase for marketing the Lewis and Clark Bicentennial, however that money is not enough. The Tourism Department needs additional dollars to fund out-of-state marketing. Our flat budget does not allow us to educate people on the unique treasures our state has to offer. Not only have we not kept up with other states (our ranking is 49th in spending), but also a recent survey shows that out of 83 cities, 65 have annual tourism marketing budgets larger than our **entire state**. Although we do not expect to ever reach Las Vegas's annual budget of \$127.7 million, our state should be able to compete with cities like: Cleveland's \$8.2 million, Denver's \$6.7 million and Buffalo's \$3.1 million.

We are at a critical time for North Dakota, a time when Agriculture and Energy are not enough, a time when tourism is growing and ND is well positioned to see major growth. We need to look at tourism spending as an investment. Last year you spent \$2.19 million dollars for a return on your investment of over 1 billion dollars. Investing in the tourism industry is economic development, but the beauty is that this is economic development for the entire state not just one community. I cannot think of another investment that has more potential to reach more North Dakotans than increased tourism. According to Precision Marketing of Fargo, state sales and gas taxes generated by visitors to ND was \$73.7 million in 1998.

During our statewide Tourism Alliance Partnership (TAP) meetings, the number one concern from all 6 meetings was increased dollars for out-of-state marketing. Our State CVB association has adopted a goal of a \$2 million increase. We need dollars to implement a long-term advertising program aimed at delivering visitors and dollars to your constituents.

Tourism is the fastest growing industry in the world. One in eight Americans is employed in the tourism industry. The cities of North Dakota have been successful in increasing their budgets and increasing visitation. In Bismarck-Mandan, we have been very successful in bringing large groups like the Alstream rallies, the Women's Bowling Tournament and next years World Curling Championships. Last year alone we booked 188 national groups that will bring in 84,000 out-of-state visitors to ND. I hope you will see that now it is the States turn to invest more in tourism.

Sue Otter Coleman



Why should you increase Tourism spending by \$2 million?

- North Dakota Ranked 49th in spending for Tourism development.
- A \$2 million increase will bring us up to 47th.
- In a recent survey of 85 cities – 65 cities outspent ND in tourism marketing
- Research shows that taxes paid by visitors will allow the state to recoup the dollars spent in the same year.
- Nearly 20,000 North Dakotans earn their living in the Tourism Industry.
- Tourism is North Dakota's 3rd largest industry and growing.
- Tourism is the fastest growing industry in the world.
- Tourism is Economic Development: Visitors spent! 1.12 billion in 1999.
- Increase spending on tourism results in Economic Development for all of North Dakota not selective communities.
- Return on Investment: by spending \$2.19 million you net \$1.12 billion for our state.
- N.D. has the products that are of interest to potential visitors.
- We can't afford to miss the opportunity to Grow North Dakota
- The Lewis and Clark Trail commemoration will allow N.D. to be the destination.

Vittles in the Vast Lane

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North Dakota Tourism Department
1 800 435 5663 www.ndtourism.com



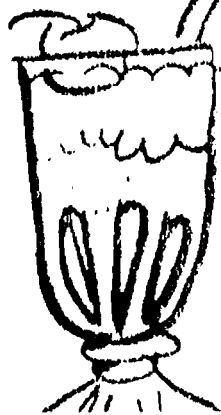
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