

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

2337

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Deanna Ballin  
Operator's Signature

10/22/03  
Date

**2003 SENATE FINANCE AND TAXATION**

**SB 2337**

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10/22/03

Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2337

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 3, 2003

Tape Number	Side A	Side B	Meter #
1		X	200-end

Committee Clerk Signature *Margaret K. Kline*

Minutes:

Senator Urlacher opened the hearing on SB2337. All committee members are present. This bill relates to an additional sales tax on lodging for promotion of the Lewis and Clark Bicentennial celebration.

Senator Thane (mtr #295) - Prime sponsor of this bill, introduced intent of the bill. This bill includes a sunset clause.

Senator Tollefson (mtr #600) - Question about the promotion by surrounding states.

Senator Thane (mtr #620) - Do not have those numbers

David Borlaug, President of ND Lewis and Clark Bicentennial Foundation (mtr #655) -

Presented testimony in support of SB2337 along with reasons why this would benefit ND.

Written testimony is attached.

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*10/22/03*  
Date

Page 2

Senate Finance and Taxation Committee

Bill/Resolution Number SB2337

Hearing Date February 3, 2003

Teri Thiel, Executive Director of Dickinson Convention and Visitors Bureau (mtr #1154) -

Testified in support of 2337. Written testimony is attached. Referenced TAP Into Tourism Stakeholders meeting report.

TJ Russell, CEO and President of Cloverdale Foods Company (mtr #1490) - Testified in support of 2337. Written testimony along with copy of New Economy Initiative meeting notes attached.

Randy Hatzenbuehler, President of the Theodore Roosevelt Medora Foundation (mtr #1743) -

Testified in support of 2337. Written testimony is attached.

Senator Urlacher - Question on the amount of local taxes going to tourism.

Mr. Hatzenbuehler (mtr #2200) - Provided answer and listed comparables to other states.

Dana Bohn (mtr #2200) - Works with tourism cluster. Referenced Tourism Cluster meeting minutes and Legendary Tourism Legislation printout.

Tracy Potter (mtr #2466) - Testified in support of 2337. Written testimony is attached.

Representative Mark Dosch (mtr #3325) - Testifying as a private citizen. Testified in opposition to this bill. Written testimony is attached.

Senator Warnder (mtr #4040) - Verified that Rep. Dosch feels other goods be taxed as well.

Rep. Dosch - Feels state should fund.

Senator Tollefson (mtr # 4182) - Proposing an additional sales tax?

Rep. Dosch (mtr #4188) - Suggesting that the state should pay.

Lyle Schneider, GM of Radisson Inn (mtr #4351) - Agrees with Rep. Dosch. Testified in opposition to SB2337.

Senator Tollefson (mtr #4494) - Lewis and Clark promotion is a good one. How would you propose funding?

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Operator's Signature

10/22/03  
Date



Page 3

Senate Finance and Taxation Committee

Bill/Resolution Number SB2337

Hearing Date February 3, 2003

Mr. Schneider - Proposed taxing all.

Senator Wardner (mtr #4597) - Questioned if people look at room tax before booking rooms.

Mr. Schneider (mtr #4660) - Believes that they do. Bottom line is important. Reiterated Bis/Man current room tax.

Tim Brick, Country Suites (mtr #4760) - Collecting tax is a burden. Burden should be elsewhere. Opposes 2337.

Terry Harzinski, Executive Director of the Bismarck-Mandan Convention and Visitors Bureau (mtr #4861) - Testified in opposition to 2337. Written testimony is attached. Referenced printout showing room tax in competing cities.

Gary Grandbous, Ramada Plaza Fargo - Testified in opposition to 2337.

Senator Urlacher - Closed hearing on SB2337

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Deanna Hall  
Operator's Signature

10/22/03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2337

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 3, 2003

Tape Number	Side A	Side B	Meter #
2		X	1400 2500 1,400
Committee Clerk Signature <i>Wendy H. H. H.</i>			

Minutes:

Senator Urlacher opened the discussion on SB2337. All committee members are present. This bill pertains to an additional sales tax on lodging for the Lewis and Clark Bicentennial Celebration.

Senator Wardner (mtr #1414) Letting the committee members know that he plans to amend the bill from 2% to 1%.

Senator Tollefson (mtr #1444) - What would that raise with the change?

Senator Wardner (mtr #1477) - Spoke on amount of fiscal note with change. Move to amend SB2337 on line 9. change 2% to 1%.

Senator Tollefson (mtr #1580) - 2nd the motion to amend SB2337.

Senator Wardner (mtr #1600) - I'll run up to Legislative Council and get amendment drafted.

Senator Urlacher - Have a motion on the floor from Senator Wardner to amend SB2337, seconded by Senator Tollefson. Further discussion? Given no discussion, call the roll.

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*Dennis Waller*  
Operator's Signature

10/22/03

Date

Page 2

Senate Finance and Taxation Committee

Bill/Resolution Number SB2337

Hearing Date February 3, 2003

Roll call vote 6 yea, 0 nay, 0 absent. Carrier Senator Wardner

Senator Wardner - Moves a Do Pass as Amended and rerefer to Appropriations.

Second by Senator Seymour.

Senator Wardner (mtr #1729)- Gave reasons he is supporting the bill with the amendment.

Senator Tollefson (mtr #1837) - This is a golden opportunity. Questioned testifiers on what other way we could raise this money. We must go with this, opportunity of the century.

Senator Nichols (mtr #1900) - Lodging is the primary benefactor of this promotion. Difficult to broaden.

Senator Wardner - Understand that hotel have contracted rooms in advance. Hope they can work with it at a lower tax.

Senator Tollefson (mtr #2032) - On a \$100.00 room, it is a dollar. I don't think that is impossible.

Senator Syverson (mtr #2054) - Any thoughts from tourist people that we can recover some of the funds we are giving up by reducing the tax.

Senator Wardner (mtr #2108) - Their concern that Appropriation may take this away from them. Feel this is better than what we have.

Much general discussion on bill by all Senators.

Senator Urlacher (mtr #2364) - Question for John Walstad on the effect of the amendment.

John Walstad, Legislative Council (mtr #2390) - safe bet new fiscal note will be half of current fiscal note.

Senator Wardner (mtr #2540) - This will need to be rerefered to Appropriations. Will add that to the motion.

Page 3

Senate Finance and Taxation Committee

Bill/Resolution Number SB2337

Hearing Date February 3, 2003

Senator Uriacher - a motion on the floor to Do Pass as amended and rerefer to Appropriations.

Roll call vote 6 yea, 0 nay, 0 absent. Carrier is Senator Wardner

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Deanna Wallin  
Operator's Signature

10/22/03  
Date

2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB2337

Senate Finance and Taxation Committee

☐ Conference Committee

Hearing Date February 5, 2003

Tape Number	Side A	Side B	Meter #
2		X	1449-2572
Committee Clerk Signature <i>Mary Kay Lanning</i>			

Minutes:

Senator Urlacher opened discussion on SB2337. All committee members are present. This bill relates to an additional sales tax on lodging for the Lewis and Clark Bicentennial.

Senator Urlacher (mtr #1456) - Asked for a motion to reconsider SB2337.

Senator Wardner made a motion to reconsider the actions of the committee on SB2337. 2nd by Senator Seymour. 6 yea, 0 nay, 0 absent.

Senator Urlacher - we have SB2337 back in committee for reconsideration of amendments.

Senator Wardner - Reason for reconsideration, changing some wording. Referenced Lewis and Clark, but want amendment to be able to market the State as well as Lewis and Clark.

Senator Seymour - Asked for clarification on the number of amendments under consideration.

Senator Syverson - On the new amendment, it includes the same working as .0201 along with new wording needed.

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*Deanne Waller*  
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10/22/03  
Date

Page 2

Senate Finance and Taxation Committee

Bill/Resolution Number SB2337

Hearing Date February 5, 2003

Senator Wardner - Move to reconsider our actions on .0201. 2nd by Senator Syverson. Voice vote to remove .0201 6 yea, 0 nay, 0 absent.

Senator Urlacher - The bill is clean and without amendments.

Senator Wardner (mtr #1946) - Moves to amend SB2337 with amendment .0202

Senator Tollefson (mtr #1959) - Who requested the change on this amendment. It is more generalized.

Senator Wardner (mtr #1988) - The tourism group people requested this change.

Senator Tollefson (mtr #2054) - This bill was specific to the Lewis and Clark Bicentennial.

Senator Nichols (mtr #2081) - Tougher to support with the change. Important for the next 4-5 years to target Lewis and Clark.

Senator Tollefson - The change could water down the bill entirely.

Senator Syverson (mtr #2235) - After reading the amendment, seems to dilute the intent of the bill.

Senator Urlacher (mtr #2283) - reasonable support from the committee is important. A motion is on the floor to amend the bill with .0202. For lack of a second the motion dies.

Senator Wardner (mtr #2372) - Moves to amend SB2337 with amendment .0201. 2nd by Senator Nichols. Roll call to amend with .0201. 6 yea, 0 nay, 0 absent.

Senator Wardner moved a Do Pass as Amended and refer to Appropriations. 2nd by Senator Seymour. Roll call vote 6 yea, 0 nay, 0 absent. Carrier Senator Wardner.

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Date

10/22/03

**FISCAL NOTE**  
Requested by Legislative Council  
04/02/2003

Amendment to: SB 2337

**1A. State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$2,900,000			
Expenditures						
Appropriations			\$2,900,000			

**1B. County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Engrossed SB 2337 with House Amendments imposes a new, separate 1% sales tax on hotel and motel rooms. The revenue from this 1% tax is not considered in the distribution to the state aid distribution fund. Eng. SB 2337 with House Amendments is expected to generate \$2,900,000 during the 2003-05 biennium. Section 2 of the bill appropriates \$2,900,000 to the Department of Commerce - Tourism Division for out-of-state marketing relating to the Lewis and Clark bicentennial celebration.

**3. State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

**A. Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

**B. Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

**C. Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	04/02/2003

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10/22/03  
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**FISCAL NOTE**  
Requested by Legislative Council  
03/31/2003

Amendment to: SB 2337

**1A. State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$4,010,000			
Expenditures						
Appropriations			\$2,900,000			

**1B. County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Engrossed SB 2337 with House Amendments imposes a new, separate 1/4% sales tax on gross receipts from the sale of hotel rooms, restaurant meals, and all beverages except alcoholic beverages sold for consumption off the premises. The revenue from this 1/4% tax is not considered in the distribution to the state aid distribution fund. Eng. SB 2337 with House Amendments is expected to generate \$4,010,000 during the 2003-05 biennium. Section 2 of the bill appropriates \$2,900,000 to the Department of Commerce - Tourism Division for out-of-state marketing relating to the Lewis and Clark bicentennial celebration.

**3. State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

**A. Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

**B. Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

**C. Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Kathryn L. Strombeck	Agency:	Tax Department
Phone Number:	328-3402	Date Prepared:	04/01/2003

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Deanna Hall  
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10/22/03  
Date



**FISCAL NOTE**  
Requested by Legislative Council  
02/07/2003

Amendment to: SB 2337

**1A. State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$2,900,000		
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

Engrossed SB 2337 imposes a new, separate 1% sales tax on hotel rooms. The revenue from this 1% tax is to be deposited in the Lewis and Clark bicentennial celebration fund. Eng. SB 2337 is expected to generate \$2.9 million for the fund during the 2003-05 biennium.

**3. State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

**A. Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

**B. Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

**C. Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

Name:	Kathryn L. Strombeck	Agency:	Tax Dept.
Phone Number:	328-3402	Date Prepared:	02/11/2003

**FISCAL NOTE**  
Requested by Legislative Council  
01/28/2003

Bill/Resolution No.: SB 2337

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$5,800,000		
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

SB 2337 imposes a new, separate 2% sales tax on hotel rooms. The revenue from this 2% tax is to be deposited in the Lewis and Clark bicentennial celebration fund. SB 2337 is expected to generate \$5.8 million for the fund during the 2003-05 biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Kathryn L. Strombeck	Agency:	Tax Dept.
Phone Number:	328-3402	Date Prepared:	01/31/2003

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Operator's Signature

Date

30597.0201  
Title.0300

Prepared by the Legislative Council staff for  
Senate Finance and Taxation  
February 4, 2003

*JB*  
2-4-3

PROPOSED AMENDMENTS TO SENATE BILL NO. 2337

Page 1, line 9, replace "two" with "one"

Renumber accordingly

Page No. 1

30597.0201

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*Deanna Hall*  
Operator's Signature

*10/22/03*  
Date

Date: 2.3.03  
Roll Call Vote #:

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.**

Senate Finance and Taxation Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Amend 2337 w/ #.0201

Motion Made By Sen. Urlacher Seconded By Sen. Tollefson

Senators	Yes	No	Senators	Yes	No
Senator Urlacher - Chairman	<u>1</u>		Senator Nichols	<u>1</u>	
Senator Wardner - Vice Chairman	<u>1</u>		Senator Seymour	<u>1</u>	
Senator Syverson	<u>1</u>				
Senator Tollefson	<u>1</u>				

Total (Yes) 6 No 0

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

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Deanna Haller 10/22/03  
Operator's Signature Date

Date: 2.3.03  
Roll Call Vote #: 2

2003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2337

Senate Finance and Taxation

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do pass as amended and refer to Appropriations

Motion Made By Sen. Leland Seconded By Sen. [Signature]

Senators	Yes	No	Senators	Yes	No
Senator Urlacher - Chairman	/		Senator Nichols	/	
Senator Wardner - Vice Chairman	/		Senator Seymour	/	
Senator Syverson	/				
Senator Tollefson	/				

Total (Yes) 6 No 0

Absent \_\_\_\_\_

Floor Assignment Sen. Leland

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Operator's Signature

Date

30597.0202  
Title.

Prepared by the Legislative Council staff for  
Senator Wardner  
February 5, 2003

PROPOSED AMENDMENTS TO SENATE BILL NO. 2337

Page 1, line 2, after "for" insert "tourism" and remove "of the Lewis and"

Page 1, line 3, remove "Clark bicentennial celebration"

Page 1, line 9, replace "two" with "one"

Page 1, line 14, replace "Lewis and Clark bicentennial celebration" with "tourism marketing"

Page 1, line 16, after "amounts" insert "collected from the tax imposed under this section and deposited" and replace "Lewis and Clark bicentennial" with "tourism marketing"

Page 1, line 17, remove "celebration"

Page 1, line 18, after "out-of-state" insert "tourism" and remove "relating to the Lewis"

Page 1, line 19, remove "and Clark bicentennial celebration"

Renumber accordingly

Page No. 1

30597.0202

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Deanna Hall  
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10/22/03  
Date

Date: \_\_\_\_\_  
Roll Call Vote #: \_\_\_\_\_

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2337**

Senate	Finance and Taxation	Committee
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☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Amend with CAC

Motion Made By Sen. Wroblewski Seconded By Sen. Nichols

[illegible]

Total (Yes) 1 No 0

**Absent** \_\_\_\_\_

### Floor Assignment

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

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Operator's signature Deanna Waller Date 10/22/03

Date: 2.5.03  
Roll Call Vote #: 2

**2003 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 2337**

**Senate Finance and Taxation Committee**

☐ Check here for Conference Committee

**Legislative Council Amendment Number** \_\_\_\_\_

**Action Taken** Do pass as Amended & Report to Appraiser

Motion Made By Sen. McQuinn Seconded By Sen. Sargent

[illegible]

Total (Yes) 6 No 0

**Absent** \_\_\_\_\_

Floor Assignment Sharon Wagner

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

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Operator's Signature

10/22/03  
Date



**REPORT OF STANDING COMMITTEE (410)**  
February 5, 2003 3:57 p.m.

Module No: SR-22-1773  
Carrier: Wardner  
Insert LC: 30597.0201 Title: .0300

**REPORT OF STANDING COMMITTEE**

**SB 2337: Finance and Taxation Committee (Sen. Uriacher, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2337 was placed on the Sixth order on the calendar.**

Page 1, line 9, replace "two" with "one"

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

SR-22-1773

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*Deanna Hall*  
Operator's Signature

10/22/03  
Date

**2003 SENATE APPROPRIATIONS**

**SB 2337**

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10/22/03

Date

# 2003 SENATE STANDING COMMITTEE MINUTES

## BILL/RESOLUTION NO. SB 2337

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 2-12-03

Tape Number	Side A	Side B	Meter #
1		X	562-5033
Committee Clerk Signature <i>Sandra Darsen</i>			

Minutes: (Meter 400) Chairman Holmberg opened the hearing to SB 2337. A bill relating to an additional sales tax on lodging for promotion of the Lewis and Clark bicentennial celebration; to provide a continuing appropriation. (Meter 562) Senator Thane, District 25: Primary sponsor of the bill, supports this bill and read the bill. (Meter 734) Senator Krauter: Supports this bill as the cosponsor on this bill. (Meter 788) Randy Hatzenbuehler, President of the Theodore Roosevelt Medora Foundation: Tourism season in Medora is June, July, August and September. See written testimony Exhibit 9. (Meter 1205) Terri Thiel, Dickinson Convention & Visitors Bureau: See written testimony Exhibit 1. (Meter 1495) Dana Bohn: See written testimony Exhibit 2. (Meter 1609) David Borlaug, President of ND Lewis and Clark Bicentennial Foundation: see written testimony Exhibit 3. (Meter Tracy Potter, New Economy Initiative- Tourism Alliance Partnership: See written testimony Exhibit 4. (Meter 2496) Representative Mark Dosch, District 32: Opposed to SB 2337, see written testimony Exhibit 5. (Meter 3198) Lyle Schneider, Manager of the Radisson Hotel of Bismarck: Opposed, see written testimony Exhibit 6. (meter 3400)

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*Dennis Darsen*  
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10/22/03

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Senate Appropriations Committee

Bill/Resolution Number *Click here to type Bill Number*

Hearing Date *Click here to type Hearing Date*

Shannon Gangl, VP of LWZ Hospitality and Fargo Doublewood: opposed, see written testimony

Exhibit 7. (Meter 3500) Terry Harzinski, Bismarck-Mandan Convention and Visitors Bureau:

See written testimony Exhibit 8. (Meter 3640) Patty Lewis ND Hospitality Association: Her

organization opposes SB 2337. (Meter 3722 Keith Holzer, Manager of the Kelly Inn in

Bismarck: Opposes SB 2337. (Meter 3953) Senator Robinson question directed at Rep. Dosch:

Being aware of the deficits, would you be supportive of a higher income tax? Or sales tax?

(Meter 4021) Rep. Dosch: No I would not. I believe that there is money that can be available.

Additional tourism brings more money into the state. The more money the state spends on

tourism the bigger return we get back which will help our budget situation. (Meter 4101) Senator

Robinson: Where is that money suppose to come from? If we don't have it in the budget, where

do we take it from, Human Services, Education? We are all supportive of tourism. Nobody

wants a tax, we voted down the cigarette tax yesterday and nobody wants a tax. It's not in the

cards, is it? (Meter 4140) Rep. Dosch: It is tough decision but we need to look at the overall side

of the government of ND. Some of the programs will benefit some areas of the state. (Meter

4233) Chairman Holmberg: Did you have the opportunity to present your testimony to the

Finance and Tax committee? (Meter 4259) Rep. Dosch: Yes, I did. (Meter 4273) Senator Thane:

This bill was heard over a week ago in the Finance and Tax committee and I didn't find out from

anybody in the Wahpeton community that there was any opposition until last Saturday at coffee

with the legislators. Do you know why? (Meter 4338) Rep. Dosch: No, I do not. (Meter 4341)

Senator Andrist: Clarification that this is a tax on motel customers not the motels. Do you think

we will lose customers because of the 1% tax? (Meter 4433) Rep. Dosch: Referred to many years

ago when there was a 2% tax to promote tourism. Now state wants 1%, when do you start

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Date

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Senate Appropriations Committee

Bill/Resolution Number *Click here to type Bill Number*

Hearing Date *Click here to type Hearing Date*

drawing the lines? If you think it is important, broad neck it. Why just one particular industry?

(Meter 4569) Shannon Gangl: We will lose more customers throughout the year from meetings

and conventions than I gain in tourism in three months, if this passes. (Meter 4635) Senator

Krauter clarifies to Rep. Dosch that he is missing a part of the bill to comment on is line 18, this

is an out of state promotion. (Meter 4697) Rep. Dosch: I understand that the proceeds are going

to be used to market outside the state but also understand that you are taxing 65% of the people

that are in state. The state benefits and believes that the needs to fund this. (Meter 4808) Senator

Krauter: If we make the investment in this and do the out of state promotion, is that 60-65%

going to stay there or is it going to go down? Are we going to get more out of state travelers?

(Meter 4823) Rep. Dosch: I hope that percentage will go down: (Meter 4846) Senator Grindberg:

How many customers complain about the taxes on their bill during conventions? (Meter 4861)

Rep. Dosch: The convention hotel planners are the ones taking a look at the total package. (Meter

4962) Senator Grindberg stated that he felt we are one of the lowest compared to other states, i.e.

Minneapolis. (Meter 5033) Chairman Holmberg closed the hearing on SB 2337.

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## 2003 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2337 vote

Senate Appropriations Committee

☐ Conference Committee

Hearing Date 2-12-03

Tape Number	Side A	Side B	Meter #
3	X		3625-4141
Committee Clerk Signature <i>Sandra Dawson</i>			

Minutes: Chairman Holmberg opened the hearing to vote on SB 2337. (Meter 3666) Senator Andrist made a motion for a DO PASS and Senator Krauter seconded. (Meter 3697) Discussion: Senator Robinson stated he supports this, his people back home support it. He knows there is some disagreement in the industry but there will be a host of discussion as this bill moves through the legislative process. We need to be prepared to take advantage of economic development with this Lewis & Clark thing. People are reading about this all over the world. (Meter 3798) Senator Lindaas: The concerns that the motel folks have could look at this as seed money in the long run. If it will attract more people in the state, that should make up for that. ((Meter 3892) Senator Kringstad: He's been wrestling with this and has folks concerned about this Their (motel managers) concern if we go up to 12% unrelated to the Lewis & Clark is going to affect them with other cities for conventions, etc. They feel it will have an affect on them. I am going to vote NO. (Meter 4077) A roll call vote of DO PASS was taken, 7 yeas, 4 nays, 3 absent. Bill to be carried by the Finance & Tax committee with Senator Wardner.

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10/22/03

Date

2337

Date: 2-12-02  
Roll Call Vote #: 12003 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO.Senate Appropriations Committee☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do PASSMotion Made By Andrist Seconded By Krauter

Senators	Yes	No	Senators	Yes	No
Senator Holmberg, Chairman		✓			
Senator Bowman, Vice Chair					
Senator Grindberg, Vice Chair	✓				
Senator Andrist	✓				
Senator Christmann					
Senator Kilzer		✓			
Senator Krauter	✓				
Senator Kringstad		✓			
Senator Lindaas	✓				
Senator Mathern					
Senator Robinson	✓				
Senator Schobinger		✓			
Senator Tallackson	✓				
Senator Thane	✓				

Total (Yes) 7 No 4Absent 3Floor Assignment F & T Carver Wardner

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

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Deanna Wallin 10/22/03  
Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)  
February 13, 2003 7:32 a.m.

Module No: SR-28-2511  
Carrier: Wardner  
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SB 2337, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)  
recommends DO PASS (7 YEAS, 4 NAYS, 2 ABSENT A. 11 NOT VOTING).  
Engrossed SB 2337 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

SR-28-2511

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2003 HOUSE FINANCE AND TAXATION

SB 2337

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2337

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 4, 2003

Tape Number	Side A	Side B	Meter #
1	X		0.1
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

**REP. WES BELTER, CHAIRMAN** Called the hearing to order.

**SEN. RUSSELL THANE, DIST. 25, WAHPETON** Introduced the bill. This is a bill which will put an additional 1% sales tax on hotels, and motels, for periods of fewer than thirty days. This section does not apply to bed and breakfast accommodations. This tax must be deposited in the Lewis & Clark Bicentennial Celebration Fund, it will not be deposited in the general fund. The tax is for out of state marketing for the Lewis & Clark Bicentennial Celebration. There is a sunset after July 1, 2007. He related to the book entitled "Courage" regarding the Lewis & Clark expedition. We all know prime time television is very expensive. This tax will raise approximately 2.9 million dollars. He stated we are about 49th in the nature on the amounts we spend on tourism. A 1% tax on a sixty dollar motel room is only .60 cents. It won't buy a beer in the lounge.

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House Finance and Taxation Committee  
Bill/Resolution Number SB 2337  
Hearing Date March 4, 2003

**SEN. RICH WARDNER, DIST. 37, DICKINSON** Testified in support of the bill. He stated his background is in education and the last three or four years he was involved in chamber work in Dickinson. If you want to get things done, you have to market. Marketing is a very important thing if you want to bring people to an event, and that's what we are talking about here. He mentioned that some of the opposition to the bill is, when people want to get conventions into the state. He stated, whenever he travels, he never asks what the tax is to a motel room. Gave an example of ninety dollar rooms which would be ninety cents per room per day, he felt people would not stop coming to a convention because of the one percent tax. He felt, if we don't help ourselves, and market the Lewis & Clark Bicentennial, who will. When people come to the Lewis & Clark Bicentennial, they will also stop at other things, so all of the state will be impacted by this.

**REP. RAE ANN KELSCH, DIST. 34, MANDAN** Testified in support of the bill. Referred to the article in the Bismarck Tribune this morning (3-4-03) The article stated, we are in the center of one of the greatest stories, referring to the Lewis & Clark Bicentennial. She also referred to the bowling convention which was held in this area, a few years ago, the women supposedly were allowing themselves one hundred dollars per day for motel costs, however, the rooms were only sixty dollars. The women had an additional forty dollars per day to spend on something else. Coming to North Dakota is a bargain. She stated, when she travels out of state, she asks what the lodging tax is and what the tax is spent on, and in almost every circumstance, she was told the money is going toward tourism. That is what we need to do. We spent \$370,000 on out of state advertising in 2002. It produced 29 million dollars in new spending in North Dakota. Just imagine what we could do if we had 2.9 million dollars, what we could be bringing into this

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Hearing Date March 4, 2003

state for revenue. I understand there is opposition, but I don't think a 1% lodging tax will decrease visitors to North Dakota. She visited with people during the Midwestern Legislative Conference, telling them about the Lewis & Clark Bicentennial and other events in North Dakota, and these people want to come. We have a great story to sell, but we need money to sell it.

**REP. ELIOT GLASSHEIM, GRAND FORKS** Testified in support of the bill. North Dakota needs to be more aggressive in taking advantage of opportunities that present themselves. We have something that other people want. We happened to be located in the center of a major exploration and discovery of America's formative past. For once, we are in the right location at the right time. We are also part of a remarkable story of friendship between native American leaders and representatives of the American president. We only have a couple of years to make the most of the world's potential interest in what happened here. It is probably true that the best way to fund tourism, is a broad tax from the general fund, however, we know that will not happen. Either we add a penny to the lodging tax and add a million and a half dollars a year to sell our story, or we do a modest job of promotion and get a modest return. I support the lodging tax increase, because it is good for the state, even though Grand forks is not on the main route to benefit much from Lewis & Clark travelers. He related to a proposed amendment which was drafted. The amendment would allow the tourism department to use some of the money generated from the increase in hotel tax, to advertise eastern destinations. The main focus of the tax would be for Lewis & Clark, but this amendment would allow some of the tax to be used in areas that were helping to generate the income.

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House Finance and Taxation Committee

Bill/Resolution Number SB 2337

Hearing Date March 4, 2003

**RANDY HATZENBUHLER, PRESIDENT, THEODORE ROOSEVELT MEDORA**

**FOUNDATION**, Testified in support of the bill. See written testimony.

**DAVID BORLAUG, PRESIDENT OF THE NORTH DAKOTA LEWIS & CLARK**

**BICENTENNIAL FOUNDATION, WASHBURN**, Testified in support of the bill. See the attached written testimony.

**AMY MOSSETT, DIRECTOR OF TOURISM FOR THE THREE AFFILIATED**

**TRIBES, NEWTOWN** Testified in support of the bill. She stated she is a national presenter, spokesperson and advisor on Sakakawea, the most celebrated woman in American history and in North Dakota. She related to her travels throughout North Dakota and other areas, talking about Sakakawea. She stated she has been involved in planning for the Lewis & Clark Bicentennial Commemoration for the past seven years, which began January, 2003, at Monticello, the home of Thomas Jefferson. The largest representation there, was from North Dakota. We, in North Dakota, are one of the biggest stories on the Lewis & Clark Trail. The Lewis & Clark Bicentennial Commemoration is a once in a lifetime opportunity that North Dakota may never experience again.

**MIKE QUINN, HAZEN, ND** Testified in support of the bill. He stated he owned and operated a charter business on Lake Sakakawea. He stated he has tried to develop this business for several years. He related his visits with customers who come to North Dakota, and the impact they have with other events and businesses in the area as they come through. Mr. Quinn presented a brochure relating to the Lewis & Clark Trail. See attached copy.

**TERRI THIEL, EXECUTIVE DIRECTOR OF THE DICKINSON CONVENTION &**

**VISITORS BUREAU**, Testified in support of the bill. See attached written testimony plus

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House Finance and Taxation Committee

Bill/Resolution Number SB 2337

Hearing Date March 4, 2003

meeting notes from other convention & visitors meetings regarding tourism. Also included is testimony from Diana Knutson, President of the Dickinson Convention & Visitors Bureau.

**DANA BOHN, TOURISM ALLIANCE PARTNERSHIP LOBBYIST** Testified in support of the bill. See written testimony plus tourism packet meeting reports.

**TRACY POTTER, CO-CHAIRMAN OF THE NEW ECONOMY INITIATIVE**

**TOURISM ALLIANCE PARTNERSHIP** Testified in support of the bill. The entire tourism industry supports this bill or at least half of it. We know the importance of the state's marketing efforts. It has been shown as economic proofs, that an extra million dollars invested in tourism marketing returns a million dollars to the general fund in the very biennium in which it is appropriated. And yet, year after year, with the industry united, shoulder to shoulder in support of the state tourism director, we see the budgets remain flat or even cut, as this year, the House passed a two hundred thousand dollar cut. Whenever the state's tourism leaders gather, the biggest issue on every agenda, is how to grow that budget. The opposition says it is the whole state's responsibility to fund tourism marketing, we agree. But, it should also be clear, that no one benefits quite so directly as do the hoteliers, who earn one hundred forty seven million dollars a year in revenue. This bill will mean millions to their bottom lines. We know when a convention comes to town, exactly how many rooms we have rented, we know how much we have discounted those rooms to get the business, but if someone shows up in Fargo on a Friday night, with their family, and rents a room at the Holiday Inn, we don't know that was because Sara Coleman did some advertising that brought them there, and they paid the full rate. We don't see that. We believe you should not tie the hands of the tourism director in being able to promote the state.

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House Finance and Taxation Committee  
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**OLE GOLDBERG, MAYOR OF MEDORA AND OWNER OF THE AMERICINN IN**

**MEDORA, ND** Testified in support of the bill. I am speaking in support of this as a property owner of probably the most expensive rooms in this state at this time, I have no problem with collecting this tax. Hopefully, this will enhance visitation to our properties.

**BOBBY KOEPPLIN, PRESIDENT OF THE SNEYDEN RIVER VALLEY NATIONAL**

**SCENIC BYWAY, VALLEY CITY** Testified in support of the bill. If we can get people from out of state, our byway and our Valley City and Barnes County area will do better.

**REP. FROELICH** What is the cost of the Minnesota, South Dakota and Montana lodging tax.

Someone commented from the sidelines, that Montana had a 4% lodging tax.

**REP. IVERSON** Asked why are we only singling out one industry.

**REP. MARK DOSCH, DIST. 32** Testified in opposition of the bill. See written testimony.

**COLE CARLEY, EXECUTIVE DIRECTOR, FARGO-MOORHEAD CONVENTION &**

**VISITORS BUREAU** Testified in opposition of the bill. See written testimony.

**TERRY HARZINSKI, EXECUTIVE DIRECTOR OF THE BISMARCK-MANDAN**

**CONVENTION & VISITORS BUREAU** Testified in opposition of the bill. See written testimony plus a handout showing the lodging tax for 2002.

**MARSHA DUPRE, MINOT CONVENTION & VISITORS BUREAU** Testified in

opposition of the bill. She stated the Lewis & Clark Bicentennial gives us an opportunity to promote our state, but it goes beyond the Lewis & Clark Trail and we have not taken the opportunity to invest in our state. We are the least traveled state in the United States. We also have to maintain that our state goes from the International Peace Gardens to the north, to the southern border, to the east border to the west border. All of the state should be promoted.

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House Finance and Taxation Committee

Bill/Resolution Number SB 2337

Hearing Date March 4, 2003

She submitted several signatures of names who are also opposed to the bill.

**PATTY LEWIS, NORTH DAKOTA HOSPITALITY ASSOCIATION,** Testified in

opposition of the bill. The association and its members do oppose this bill strongly. Their reasons are very simple. The question is, will tourism get the money out of this bill, if it does pass. If this bill does pass, it will have a huge impact on the hoteliers. We are not talking about one percent, we are talking about one percent, often on top of nine percent, and nine and a half percent, etc., this is a huge issue. You are looking at those kinds of total dollars on a convention that probably would be near a twenty or thirty thousand dollar bill. We urge you to support tourism in a more equitable fashion.

**JEFF ALTIZER, WILLISTON CONVENTION & VISITORS BUREAU** Testified in

opposition of the bill. See written testimony.

**LYLE SCHNEIDER, MGR. OF THE RADISSON HOTEL, BISMARCK** Testified in

opposition of the bill. See attached written testimony.

**DOUG ANSELMIN, FARGO HOLIDAY INN** Testified in opposition of the bill. He stated

they increased the room supply in Fargo by ten percent, new this year. This bill would be in direct conflict of what we are trying to accomplish. We want to encourage more travel to North Dakota. There is already a discrepancy in tax between Minnesota and North Dakota, let's not make it more expensive to come to North Dakota.

**SHANNON GANGL, SEVEN SEAS INN & CONFERENCE CENTER, MANDAN, AND**

**DOUBLEWOOD INNS IN BISMARCK & FARGO,** Testified in opposition of the bill. See written testimony.



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House Finance and Taxation Committee  
Bill/Resolution Number SB 2337  
Hearing Date March 4, 2003

**PETE ZIMMERMAN, HOLIDAY INN, MINOT** Testified in opposition of the bill. He stated in Minot the lodging tax is now ten percent, if this passes it will be eleven percent. If we need to do something to attract conventions in Minot, we will probably be at thirteen percent. Keep our tax rate for our industry where they are now.

**GARY GRANDBOISE, REGIONAL SALES MANAGER, RAMADA PLAZA SUITES IN FARGO**, Testified in opposition of the bill. Voiced his concerns about the contracts which are already signed and have a guaranteed set rate for American Express Travel and Microsoft Great Plains, people that travel the state day in and day out, where will the adjustments be made in those rates.

**CINDY AAFADT, EL RANCHO MOTEL, WILLISTON** Testified in opposition of the bill. She stated she has a 92 room motel, and approximately seventy five percent of her business is North Dakota or surrounding area salesmen or construction workers. She stated she quizzed a lot of these people within the last month, and they are on a per diem, there is only a certain amount they can spend on their motel rooms, if they go over that, it comes out of their pocket. In Williston, we are close to that per diem, with that one percent we just passed there, it will probably come out of their pocket. Their bosses don't raise their per diem because of sales tax going up.

**KEITH HOLZER, KELLY INN, BISMARCK** Testified in opposition of the bill. Made the point, regarding the state travel budget, they have to pay that extra one percent also, when figuring budgets, that will have to be taken into consideration. South Dakota has a six million dollar budget for their lodging, and their lodging tax is eight and nine percent. I don't think the hotels need to be taxed anymore to fund the North Dakota tourism.

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House Finance and Taxation Committee

Bill/Resolution Number SB 2337

Hearing Date March 4, 2003

**REP. WINRICH** Question to convention and visitor's bureau representatives. You have taken the position against this type of funding, but you all indicated support for tourism, have any of your organizations taken a position about how tourism should be funded?

**COLE CARLEY, FARGO** Answered the question, stated their board has not taken up a position on how the fund should be increased. Can only echo what several people have said, if the legislature believes as we do, that tourism is important, and that it is an investment not an expense, that the general fund should be used to increase tourism's marketing promotion because that is money that will come back. Other than that, we haven't taken a position.

**REP. WINRICH** Did you testify representing your organization when the tourism budget was heard in the appropriations committee and opposed the cut to the tourism budget?

**COLE CARLEY** Stated he was out of town at that time. When the tourism budget is heard in the next House, I plan to be there, assuming my travel schedule does not get in the way. He stated the travel is to increase business for North Dakota!

**REP. WEILER** to Pete Zimmerman, Minot You said Minot is at ten percent, and you might have a three percent increase?

**PETE ZIMMERMAN** In Minot, and maybe other communities, what the proponents of this bill do, is "pass through" to customers, what is going on in the community. In Minot, for instance, we have a two percent lodging tax that is dedicated solely to marketing. We also have a one percent tax as a maintenance fee that goes to buildings on the North Dakota Fair Grounds. We are looking at another one here. My comment was that, if in the future in Minot, we decide that we need a Fargo Dome or an Alerus Center to compete with those communities, you can bet the first industry they will look to help bear the brunt of those costs, will be the lodging industry.

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House Finance and Taxation Committee

Bill/Resolution Number SB 2337

Hearing Date March 4, 2003

**REP. WINRICH TO JEFF ALTIZER** You indicated one of the reasons you opposed this bill

was because you felt Williston's tourism was more broadly based than just the Lewis & Clark

Bicentennial, in view of that, do you support the amendment, which will allow the tourism

department to spend these funds on general tourism, in addition to promoting Lewis & Clark?

**JEFF ALTIZER** We oppose the tax as principle because of our competition at four percent. It

doesn't matter if you give the tourism department the ability to spend the money just to promote

the state in general, we are still going to have taxes too high. Responded to the question earlier

about how should we fund the tourism department, I would have two suggestions, if it is the

second largest industry in the state, you have to have more money for it, take it out of the

Department of Commerce, and the other suggestion is in the form of a question, why are we

taxing hotels at ten percent and camp grounds at zero?

With no further testimony, the hearing was closed.

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10/22/03  
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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2337

House Finance and Taxation Committee

☐ Conference Committee

Hearing Date March 11, 2003

Tape Number	Side A	Side B	Meter #
2		X	20
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

COMMITTEE ACTION

**REP. WEILER** Made a motion for a **DO NOT PASS**

**REP. IVERSON** Second the motion. The motion failed. 7 yes 7 no

In discussion, several committee members felt this is a once in 100 years event that should be promoted. However, several committee members felt the one percent tax was not fair to hotels and motels. Some committee members felt we are doing as much as we can in promoting the event. Some committee members felt, it was poor planning as we have known about Lewis & Clark for 100 years, and now it is coming down to the wire and there isn't enough money for the promotion of it.

**REP. DROYDAL** Made a motion to amend page 1, line 18, by deleting the word "relating" and inserting the word "during"

**REP. CLARK** Second the motion. Motion failed 7 yes 7 no

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*Deanna Hall*  
Operator's Signature

10/22/03

Date

Page 2

House Finance and Taxation Committee

Bill/Resolution Number SB 2337

Hearing Date March 11, 2003

**REP. WINRICH** Made a motion for a **DO PASS**.

**REP. CLARK** Second the motion. Motion failed 7 Yes 7 no.

**REP. IYERSON** Made a motion to pass the bill out of committee without recommendation.

**REP. DROYDAL** Second the motion. **MOTION CARRIED**

14 YES      0 NO      0 ABSENT

**REP. WEILER** Was given the floor assignment.

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Deanna Waller  
Operator's Signature

10/22/03  
Date

Date: 3-11-03  
Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 58 2337

House FINANCE & TAXATION

Committee

☐ Check here for Conference Committee

*Failed*

Legislative Council Amendment Number \_\_\_\_\_

Action Taken

D N P

Motion Made By

Rep Weiler

Seconded By

Rep Iverson

Representatives	Yes	No	Representatives	Yes	No
BELTER, CHAIRMAN	✓				
DROVDAL, VICE-CHAIR		✓			
CLARK		✓			
FROELICH		✓			
GROSZ	✓				
HEADLAND	✓				
IVERSON	✓				
KELSH	✓				
KLEIN		✓			
NICHOLAS		✓			
SCHMIDT		✓			
WEILER	✓				
WIKENHEISER	✓	✓			
WINRICH		✓			

Total (Yes)

7

No

7

Absent \_\_\_\_\_

Floor Assignment

Rep

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

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Operator's Signature

Deanna Waller

Date

10/22/03

Date: 3-11-03  
Roll Call Vote #: 1

**2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO.**

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken

adopt Amendment

Motion Made By

Rep. Drowdal

Seconded By

Rep. Clark

Representatives	Yes	No	Representatives	Yes	No
BELTER, CHAIRMAN		✓			
DROVDAL, VICE-CHAIR	✓				
CLARK	✓				
FROELICH	✓				
GROSZ		✓			
HEADLAND		✓			
IVERSON		✓			
KELSH	✓				
KLEIN	✓				
NICHOLAS		✓			
SCHMIDT	✓				
WEILER		✓			
WIKENHEISER		✓			
WINRICH	✓				

Total (Yes) 7 No 7

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

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Deanna O'Brien  
Operator's Signature

10/22/03  
Date

Date: 3-11-03  
Roll Call Vote #: 2

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2337

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number failed

Action Taken D P

Motion Made By Rep. Winrich Seconded By Rep.

Representatives	Yes	No	Representatives	Yes	No
BELTER, CHAIRMAN		✓			
DROVDAL, VICE-CHAIR	✓				
CLARK	✓				
FROELICH					
GROSZ		✓			
HEADLAND		✓			
IVERSON		✓			
KELSH		✓			
KLEIN	✓				
NICHOLAS	✓				
SCHMIDT	✓				
WEILER		✓			
WIKENHEISER		✓			
WINRICH	✓				

Total (Yes) 7 No 7

Absent \_\_\_\_\_

Floor Assignment Rep.

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



Date: 3-11-03  
Roll Call Vote #: 3

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SB 2337

House FINANCE & TAXATION Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken

No Recommendation

Motion Made By

Rep. Iverson

Seconded By

Rep. Drovdal

Representatives	Yes	No	Representatives	Yes	No
BELTER, CHAIRMAN	/				
DROVDAL, VICE-CHAIR	/				
CLARK	/				
FROELICH	/				
GROSZ	/				
HEADLAND	/				
IVERSON	/				
KELSH	/				
KLEIN	/				
NICHOLAS	/				
SCHMIDT	/				
WEILER	/				
WIKENHEISER	/				
WINRICH	/				

Total (Yes) 14 No 0

Absent 0

Floor Assignment

Rep. Weiler

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

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Operator's Signature

Deanna Ballin

Date

10/22/03

**REPORT OF STANDING COMMITTEE (410)**  
March 11, 2003 3:54 p.m.

Module No: HR-43-4500  
Carrier: Weller  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
SB 2337, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)  
recommends **BE PLACED ON THE CALENDAR WITHOUT RECOMMENDATION**  
(14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2337 was placed  
on the Fourteenth order on the calendar.

2003 HOUSE APPROPRIATIONS

SB 2337

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Deanna Walker  
Operator's signature

10/22/03

Date

# 2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2337

House Appropriations Committee

☐ Conference Committee

Hearing Date 03-<sup>26</sup>16-03

Tape Number	Side A	Side B	Meter #
1	X		33.6 - end
1		X	0.0-21.0
2B	X	X	35.5 - 11.9
Committee Clerk Signature <i>Chris S. Nyhus</i>			

Minutes:

**Chairman Svedjan** Called the meeting to order. A quorum was present.

**Rep. David Drovdal** We sent this out with recommendations that expected it to generate 2.9 million dollars.

**Rep. Carlisle** Is there a continuing appropriation on line 3?

**Chairman Svedjan** Yes, but it has an expiration date four years out.

**Rep. Monson** This is a sales tax that averts the general fund and goes to tourism?

**Rep. Drovdal** That wasn't discussed.

**Rep. Timm** This wouldn't change the fact about us paying sales tax?

**Rep. Drovdal** No.

**Rep. Delzer** We could take out the continuing appropriation. I have concerns about it not being termed a sales and use tax on line 14 - 16.

**Alan Knudson, LC** This wouldn't apply to the State Aid Distribution formula.

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*Deanna Hall*  
Operator's Signature

10/22/03

Date

Page 2  
House Appropriations Committee  
Bill/Resolution Number SB 2001 1337  
Hearing Date 03-26-03

**Rep. Delzer** How can you legislate to not call something what it is?

**Rep. Carlson** We should at least take out the continuing appropriation to be accountable and responsible.

**Rep. Koppleman** Is it common to generate a tax and designate its revenue to a specific expenditure?

**Rep. Drovdal** There is one on coal and oil and they go toward research.

**Rep. Carlisle** I move to take out the continuing appropriation. 2nd by Rep. Carlson.

**Rep. Wald** What does that really get you? I resist that motion.

**Chairman Svedjan** The tax would still be assessed and the Department of Commerce gets money but we'd look at this again in two years.

**Rep. Glassheim** If you commit to a fund, let them use it. Long range planning for advertising works that way.

**Rep. Carlisle** Why isn't this in the Governor's budget? This is an add on?

**Rep. Delzer** The removal of the continuing appropriation gives it more validity. There is no guarantee this will be around for 4 years.

**Rep. Glassheim** This is another example of the legislature knowing more than the Governor.

**Motion Carries**

**Rep. Carlson** I move to amend lines 13 - 19 to deposit the revenue in the general fund and appropriate it out to the Department of Commerce Tourism Division for out of state marketing for Lewis and Clark. 2nd by Rep. Skarphol.

**Rep. Warner** How does the money flow?

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Deanna Hall  
Operator's Signature

10/22/03  
Date

Page 3  
House Appropriations Committee  
Bill/Resolution Number SB 2004 2337  
Hearing Date 03-26-03

**Rep. Carlson** Money is collected up to 2.9 million dollars and it is given to the general fund, then re-appropriated to the Department of Commerce for Lewis and Clark for out of state marketing. This is not to exceed 2.9 million dollars.

**Rep. Delzer** Do you mean to decide what next session's legislators will appropriate?

**Rep. Carlson** Whatever the correct language is.

**Rep. Glasshelm** Can't the next legislature do what they want?

**Rep. Delzer** True.

**Rep. Wald** This is a moot point because there is a sunset on this.

**Chairman Svedjan** Should we appropriate for 03-05 specifically, or use language designating the tax's revenue specifically is the question.

**Rep. Carlson** I just want the money accounted for and watched.

**Motion Carries**

**Rep. Carlson** I've got an amendment for Rep. Dosch. He argued this on the floor. I move amendment number .0303 to SB 2337. 2nd by Rep. Thoreson.

**Rep. Carlson** This broadens the base of the tax.

**Rep. Warner** There is a better correlation between lodging and nonresidents than restaurants and nonresidents.

**Rep. Carlson** there is a stronger correlation, but it isn't true. 60% of residents are in motels.

That's a strong correlation.

**Rep. Wald** I request you to resist this motion. This falls to a policy committee.

**Rep. Skarphol** This makes the bill more acceptable.

**Rep. Timm** On this bill, the policy is fiscal. You can't separate the two. Support this motion.

Page 4  
House Appropriations Committee  
Bill/Resolution Number SB 2001 3331  
Hearing Date 03-26-03

**Rep. Delzer** Do we have fiscal affects from this amendment?

**Knudson, LC** No.

**Rep. Glassheim** The bill sponsors thought about this and decided against it. We'd change ground rules if we put this amendment on.

**Rep. Drovdal** There is no money on the floor for this.

**Rep. Carlson** That's not true. There's already \$853,000 that stays in their appropriation bill. This is additional money to what they had in the Governor's budget. This has no affect on what we passed before. If this bill passes in its form there will be an additional appropriation.

**Rep. Drovdal** By passing this then we are back to where we were originally changing the policy that the Finance and Tax Committee decided they didn't want to do and what the floor of the House decided they didn't want to do when they debated this measure. Thank you very much.

**Rep. Carlson** Even though he left the room, the comment is that they changed our existing appropriation policy, we didn't change their. We budgeted what came to us in the Governor's proposal. Changes came from the rest of the body in a not very overwhelming vote.

**Chairman Svedjan** My comment was to address the bill as we have it.

**Rep. Kroeber** I request a fiscal note on this.

**Rep. Carlson** Rep. Dosch had done work on this. He received estimates.

**Rep. Wald** These restaurants have cash registers, is a quarter of a percent cumbersome to do?

**Chairman Svedjan** I presume it is possible.

**Rep. Wald** This would apply to on-premises sale of alcoholic beverages.

**Chairman Svedjan** Yes.

**Rep. Glassheim** I want to divide the amendments when they go on the floor.

*Dennis D. Hall*  
Operator's Signature

10/22/03

Date

Page 5  
House Appropriations Committee  
Bill/Resolution Number SB 2001 2337  
Hearing Date 03-26-03

**Chairman Svedjan** Recessed the committee.

**Chairman Svedjan** Opened HB 2337 for discussion.

**Gary Anderson, Director of Special Taxes, ND Tax Department** The fiscal note is a .25% on gross receipt of all hotel rooms, restaurant meals, and all alcoholic beverages sold for consumption off the premises. The .25 % would generate revenue for hotel rooms alone at \$737,000 per biennium, restaurant food would be 2.476 million, and on-sale alcohol would be 497,000. The combined affect would be \$4,010,000. We weren't sure that the amendment includes bars and I was told by LC it included them.

**Rep. Wald** "Bar" includes anyone with a liquor license?

**Anderson** Yes.

**Chairman Svedjan** Do these numbers include only restaurants with a bar license?

**Anderson** Strictly bars would reduce the projected numbers.

**Rep. Aarsvold** What established drink prices?

**Rep. Martinson** They'd increase the price or eat the costs.

**Rep. Glassheim** Does any money go into the State Aid Distribution Fund?

**Anderson** Yes, 8% of the total collections would go in it.

**Rep. Wald** What about the motion not to exceed 2.9 million?

**Chairman Svedjan** It is per biennium.

**Rep. Martinson** I move to include licensed on-sale liquor establishment. 2nd by Rep.

**Skarphol.** That clears up confusion to defining the term "bar."

**Rep. Skarphol** That would include all bars?

**Rep. Martinson** Yes.

*Deanna Waller*  
Operator's Signature

10/22/03

Date



Page 6  
House Appropriations Committee  
Bill/Resolution Number SB ~~2004~~ 3337  
Hearing Date 03-26-03

**Motion Fails**

**Rep. Warner** We deleted the 797 in the 3rd line?

**Chairman Svedjan** No.

**Rep. Timm** I move Rep. Martinson's previous motion. 2nd by Rep. Martinson.

**Motion Fails**

**Rep. Wald** I move a Do Pass As Amended. 2nd by Rep. Monson.

**Rep. Aarsvold** We've handled this wrong and I can't support. There was no testimony on this.

**Rep. Rennerfeldt** I can't support it either. We compete with Montana.

**Motion Fails**

**Rep. Carlisle** I move a Do Not Pass As Amended. 2nd by Rep. Thoreson.

**Rep. Glassheim** I want to divide the amendments on the floor, does it matter how I vote?

**Motion Carries 14-7-2, Rep. Carlson will carry this bill.**

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Operator's Signature

10/22/03  
Date

REPORT OF STANDING COMMITTEE (410)  
March 27, 2003 5:49 p.m.

Module No: HR-54-5988  
Carrier: Carlson  
Insert LC: 30597.0304 Title: .0400

**REPORT OF STANDING COMMITTEE**

SB 2337, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (14 YEAS, 7 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2337 was placed on the Sixth order on the calendar.

Page 1, line 2, after "lodging" insert "and restaurant sales"

Page 1, line 3, replace "a continuing" with "an"

Page 1, line 9, after the first "of" insert "one-fourth of"

Page 1, line 11, after "days" insert "and upon the gross receipts of a restaurant from any sales of prepared food or beverages that are subject to state sales taxes under this chapter, not including sales of alcoholic beverages for consumption off the premises where purchased"

Page 1, line 13, after "must" insert "not" and remove "deposited in the"

Page 1, remove line 14

Page 1, line 15, remove "section 57-39.2-26 or"

Page 1, line 16, remove "The amounts in the Lewis and Clark bicentennial"

Page 1, replace lines 17 through 19 with:

**"SECTION 2. APPROPRIATION - DEPARTMENT OF COMMERCE - TOURISM DIVISION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,900,000, or so much of the sum as may be necessary, to the department of commerce division of tourism for the purpose of defraying the expenses of out-of-state marketing relating to the Lewis and Clark bicentennial celebration, for the biennium beginning July 1, 2003, and ending June 30, 2005. The amount spent pursuant to this section may not exceed the amount of revenue generated from the separate and additional tax imposed under section 1 of this Act, for the biennium beginning July 1, 2003, and ending June 30, 2005."

Page 1, line 20, replace "This" with "Section 1 of this"

Renumber accordingly

2003 TESTIMONY

SS 2337

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Deanna Hallmark  
Operator's Signature

10/22/03

Date

LA

GARRISON AREA IMPROVEMENT ASSOCIATION

January 30, 2003

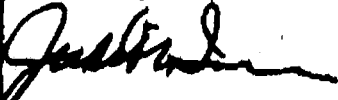
Dear Ms. Bohn,

I am writing in response to the request from TAP for support of SB2337 regarding increased funding for tourism marketing through an additional sales tax on lodging. The Garrison Area Improvement Association would like to go on record as strong supporters of this legislation. Our organization works with economic development in the Garrison area and is keenly aware of correlation between tourism and our economy.

With Ft. Stevenson State Park and Lake Sakakawea just four miles from our community, tourism and recreation play a major role in the retention of many of our local businesses. Our future will be heavily dependent upon continued tourism growth, especially with the coming Lewis and Clark event rapidly approaching. Garrison is located on Highway 1804 and we anticipate a lot of traffic if the event is properly promoted.

I am also contacting the District 4 and 8 legislators to encourage their support of this bill.

Sincerely,



Judith Iverson  
GAIA Exec. Director

7014632634

=&gt; ND WATER

TEL=7012234645

01/30'03 12:11

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Operator's Signature



10/22/03

Date



GARRISON DIVERSION  
CONSERVANCY DISTRICT  
P.O. BOX 140  
CARRINGTON, N.D. 58421  
(701) 682-3194  
FAX (701) 682-3195  
gdc@ndd.net  
www.garrisondiv.org

January 31, 2003

Dear Honorable Urlacher and Senate Finance and Taxation Committee members:

This letter is written in support of Senate Bill 2337, creating additional funding for tourism marketing.

Garrison Diversion has been a strong advocate for nature-based tourism development in North Dakota. Through federal and state partnerships, we have over 47 separate areas which are developed for natural resources, including the 30,000 acre Lonetree Wildlife Management Area near Harvey. The Dakota Water Resources Act authorized \$6.5 million for recreation and natural resource interpretation. The Garrison Diversion Board of Directors realizes opportunity lies in our resources, and has directed nature-based tourism to be one of the future initiatives for the District.

I am enthused and re-energized about the opportunities available to our citizens every time I go to a community and hear the ideas people have to create economic opportunity and development by simply showing off what they have in their own backyard. I've met ranchers in Binford that are ready to start a horseback trail ride business. They are going to work with the local restaurant owner to provide chuck wagon dinners and hire local entertainment and bird experts to teach the rest of the world about our resources. This opportunity will benefit the rancher, other businesses and the region, without sacrificing the family farm and the environment.

This one example is only the tip of the iceberg in ideas North Dakotans have to provide opportunity to their community and family. We know it can be done, we just need help in getting our message to the rest of the world.

SB 2337 calls for a two-percent dedicated lodging tax increase to be used for out-of-state tourism marketing. For every great nature-tourism idea that is developed, the challenge lies in bringing those concepts to life and marketing our resources. This legislation will enable the North Dakota Tourism Department to work with nature tourism entrepreneurs and regional tourism entities by bringing their message to a larger audience.

Your support of this legislation will show that our leadership cares about North Dakota and supports the creative ideas and thinking for the future of our state.

Sincerely,

Maria Effertz Hanson  
Communications Director

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Operator's Signature

10/22/03

Date



*North America's Largest Scandinavian Festival*

January 31, 2003

Dear Chairman Urlacher and members of the Senate Finance and Taxation Committee:

We urge you to support Senate Bill 2337, which provides for a two percent dedicated lodging tax increase to be used for a Lewis and Clark Bicentennial fund, beginning August 1, 2003, with a July 2007 sunset.

The importance of tourism to North Dakota's economy is evident in the fact that tourism has grown to become the second largest industry in the state – this in spite of the fact that North Dakota allocates fewer dollars toward tourism development than our neighboring states of Montana, Minnesota, South Dakota, Colorado, and Iowa.

The upcoming Lewis and Clark Bicentennial holds great potential to dramatically increase tourism in this state. We strongly believe that tourists who visit North Dakota are likely to return. The Norsk Høstfest in Minot, now moving into its 26<sup>th</sup> year, demonstrates that fact. In a random survey of recreational vehicle owners who attended Norsk Høstfest in 2001, 17 had attended for 20 – 25 years, 16 for 15 – 19 years, 38 for 10 – 14 years, 69 for 5 – 9 years, and 95 for 2 – 4 years!

A targeted marketing campaign in 2002 to widen Norsk Høstfest's RV audience resulted in an increase of 36% in RVers from the previous year. The number of RV nights at the 2002 Høstfest increased from 4,505 to 6,165 in one year. There is no doubt that marketing reaps results, but to market effectively, adequate funding must be available.

*Celebrating the Heritage and Traditions of the Scandinavian Countries*  
**NORWAY • SWEDEN • DENMARK • ICELAND • FINLAND**

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*Deanna Waller*  
Operator's Signature

10/22/03

Date

Tourism benefits ripple throughout the state. While the Lewis and Clark Bicentennial will promote the Lewis and Clark trail through North Dakota, cities and areas off the trail will benefit also. Høstfest attracts 50,000-60,000 people to Minot each year; hotel accommodations are filled within a 100-mile radius. Many of our visitors stop in other areas of North Dakota enroute to Minot or after they leave the festival. The same holds true with any tourism venture that brings travelers into North Dakota. We all benefit!

We strongly believe the Lewis and Clark Bicentennial affords our state an opportunity — unequaled in our history — to promote North Dakota as a first choice for tourist destinations. Our success will depend on how hard we are willing to work, and whether or not we have the funds necessary to effectively market North Dakota.

The work and fervor that has already gone into readying the state for the Lewis and Clark Bicentennial demonstrates that we do indeed have the people with the talent it takes. But we don't have adequate funding.

We strongly believe North Dakota must increase funding for tourism marketing. Bill 2337 is a step in the right direction! Please vote in favor of Bill 2337.

Sincerely,

*Chester Reiten*

Chester M. Reiten  
President

*Pamela Alme Davy*

Pamela Alme Davy  
Executive Director

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*Deanna Wallis*  
Operator's Signature

10/22/03

Date



## BOARD OF DIRECTORS

Roy Johnson, Pres.  
Edward Barlow, 1st V. Pres.  
Jim Baird, 2nd V. Pres.  
Blaine Fleming, Sec./Treas.  
Harold Greenough  
Lita Hutchinson  
Mary Nelson  
Susan Rague  
Claire Strawn



CASS COUNTY HISTORICAL SOCIETY  
A Tax Exempt, Non-Profit Corporation

EXECUTIVE DIRECTOR  
Steve Stark

To Honorable members of the committee for SB 2337

When Theodore Roosevelt got off the Northern Pacific train at three in the morning on the sleepy streets of Medora, Dakota Territory in 1883, he headed directly for a place to sleep.

There's no record I know of that recalls the *lodging tax* the New Yorker paid during his first stay here.

But TR was arguably the most prominent tourist to Dakota Territory for many years. In fact, unlike Lewis or Clark, he came back...a dozen times!

TR's Dakota trip from Fargo to the badlands was the prologue that has called millions to visit us ever since.

That was in 1883. Today in 2003, North Dakota is still welcoming visitors as they discover the beauty and activity that our great high plains have to offer. Unfortunately, the low key history of self promotion for our state has not been able to send our welcome mat out as effectively as virtually every other state in the nation.

Those of us involved in North Dakota attractions know the significance of tourism.

At Bonanzaville USA in West Fargo, we celebrate our history by offering the region's only history museum and prairie village.

Our key tourism season is a brief one. In a little over five months time Bonanzaville serves as a crossroads to the world. In the 2002 summer season we had visitors, as we always have, from every state in the nation. Perhaps more impressively were the figures from the rest of the world. We recorded residents of 45 countries who came through our gates.

In the Fargo Moorhead area, Bonanzaville, the Red River Zoo and the Heritage Hjuemkomst Center (two of which are only open in the summer) still play host to over 100,000 people a year who are paying admission prices to experience our culture.

PO Box 719 • West Fargo, ND 58078 • (701) 282-2822 • Fax (701) 282-7606 • [www.bonanzaville.com](http://www.bonanzaville.com)

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=&gt; ND WATER

, TEL=7012234645

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As non-profit organizations were are on shoestring marketing budgets but the small financial success we have goes directly back into our community and state through salaries, suppliers, hoteliers, gas stations, restaurants, sales tax and more.

The profile of North Dakota tourism has been raised recently. The impact that tourism has on the state's economy has been well documented. The potential impact is even more impressive....and challenging.

A little over a decade ago, on a national television show, North Dakota was the brunt of jokes because we were the least visited state in the country. That is an unacceptable label for me and I hope it is for you as well. Since then, the tourism department has taken new leadership.

The current leadership holds promise, experience and optimism. Much of our optimism will be based on the state resources we have. We want to spend wisely to compete with the rest of the region, nation and world for the tourist market and the potential wealth it holds.

The income that would be raised through this lodging tax could directly supplement the ailing tourism appropriation. (I believe it should be a supplement and not a replacement). We simply must raise the tourism budget in order to raise awareness through marketing North Dakota.

The very name Dakota means an alliance of friends. Our state tourism department is also representing friends, those of us in attractions and those who benefit from it. All of us are offering a separate piece of our state's bounty, heritage and culture.

We, as friends, want to welcome tourists: new friends to our state. To see her beauty, to learn her history, to know her story.

Without adequate funding for marketing North Dakota, her beauty is invisible, her history is lost, her story is untold.

*Steve Stark*  
executive director  
Cross County Historical Society  
of Bonanzaville

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*Deanna Hall*  
Operator's Signature10/22/03  
Date



## Convention & Visitors Bureau

January 31, 2003

Dear Legislators:

As the President of the Dickinson Convention and Visitors Bureau, I would like to urge you to support SB 2337 which will provide additional funding for the tourism industry in North Dakota. As you are aware, tourism is emerging as the state's second largest industry and is taking a prominent role in the state's overall economic viability. This legislation would assist us in further enhancing the tourism industry during a particularly critical window of opportunity.

The Lewis and Clark Bicentennial is upon us and North Dakota has a tremendous opportunity to capitalize on this momentous national and international celebration. We are in a very fortunate position to be featured as one of the pivotal points along the Corp of Discovery's expedition. As a result, our state should be preparing to welcome visitors to our state from across the globe. To do so, we will need additional funds to make this possible.

That is why I ask you to support this important funding legislation. I believe it will be a wise investment that will have untold benefits for the tourism industry and the state in general.

Sincerely,

Diana Knutson

President of the Dickinson Convention and Visitors Bureau

72 East Museum Drive  
Dickinson, North Dakota 58601  
Web Site: [www.dickinsonvb.com](http://www.dickinsonvb.com)

Phone: (701) 483-4688  
(800) 278-7391  
Fax: (701) 483-8281  
E-mail: [cvb@dickinsonvb.com](mailto:cvb@dickinsonvb.com)

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**Remarks of Tracy Potter, Co-chair, New Economy Initiative Tourism Alliance Partnership, on Senate Bill 2337**

Chairman Uhrmacher and members of the Senate Finance and Tax Committee, my name is Tracy Potter. I am the executive director of and a registered lobbyist for the Fort Abraham Lincoln Foundation, but I do not rise in that capacity. The board of the Fort Abraham Lincoln Foundation has never discussed this legislation. I am here today as a co-chairman of the New Economy Initiative Tourism Alliance Partnership. The Tourism Alliance Partnership supports SB 2337.

In debate the process is proponent, opponent, rebuttal. Our legislative process is a little different, if I am to rebut the arguments of the opponents, I need to do it right now. So please excuse me if I put words in someone's mouth.

Opponents will say they agree that the state's tourism promotion is very important and that they want to see the Governor's budget for tourism approved or even improved. Also, while they will concede that it is not the hotels that actually pay the tax and that they already have the mechanism in place for collecting the tax, they oppose the bill, partly because they feel unfairly targeted. But it isn't the hotels being targeted, except as beneficiaries - they will in fact benefit the most from this legislation. Tourism is good for the state as a whole, we all agree. But it's more directly important to some people than others. Hotels are the first to benefit from increased visitation. The people who should feel targeted are the out-of-state tourists. This is certainly the single best way to let people who live and vote in other states contribute to North Dakota's budget.

Some will say the two percent places our hotels at a competitive disadvantage. It won't. You have seen the numbers, according to the AAA 2002 vacation cost survey a two percent increase in the cost of a whole North Dakota vacation, not just the hotels but the whole vacation, a two percent increase wouldn't even move us up to 50th on the list. But we don't need statistics to prove this case. One of the great things about tourism is that we're all experienced in it. You can ask yourself, have you ever booked a hotel room based on lodging tax? Have you ever even asked when you're making a reservation what the local tax rate is?

If anyone asks, it's convention planners and motorcoach operators, people making detailed arrangements for other people and counting every penny. But is there a competitive disadvantage - no, not when everyone in the city and state are charging the same tax. In-state groups are having their conventions somewhere and it better not be East Grand Forks. Out-of-state groups are coming for many reasons: they love our attractions, they've been lured here by our CVB's (funded by a two percent lodging tax); we're on the way ... whatever the reason, it trumps the two percent on hotel rooms.

Passage of this bill won't cause anyone to stay away from North Dakota. But what if it did? What if we did lose some room nights to furious pencil-pushing? Look at the trade-off. Shouldn't a doubling of our advertising budget lead to a five percent

increase in visitation? Shouldn't it? Legislatures and governors for 30 years must have thought our tourism office was at least that effective or it wouldn't be funded at all. So, five percent, a five percent increase in tourism spending is \$140 million, seven million in sales tax collections alone, not counting the impact of the spending on incomes and income tax. It means tens of millions in revenue for hotels and motels, increasing the amount collected for CVBs and the state through the lodging tax, allowing more promotional activity bringing more visitors ... you see the positive cycle.

Longwoods International studied the impact of \$370,000 in media placement in the most recent tourism campaign. Beyond all the positives in creating awareness, the campaign generated \$29 million in new spending within the same year it was placed. What could \$3 million more have done? Let's talk about that briefly: you are the CEO's of a company called North Dakota. After years of building infrastructure, you have a fabulous product, with a specialty ... you have the finest attractions in the world related to the epic Lewis and Clark story. Through no fault of your own - you find that the world's attention is turning to that story. At this very important moment, your competition weakens. Everywhere state budgets are in trouble. We have the opportunity of a generation to leapfrog our marketing to a new level of effectiveness. Passage of this bill would move North Dakota's tourism budget ahead of Iowa. We'd move from being 40% of South Dakota's and 30% of Montana's budgets to being closer to 80% and 70%, respectively. Better, this sudden influx is going to a lean operation. The money will be spent on out-of-state media, completely, no new FTEs needed. None of it will be lost on administration. As CEO's this is the time to push the green button on this ambitious project.

My friends opposed to the bill will say that the hotels are always asked to step up for tourism, pointing to the two percent local CVB tax and one percent local tax for local capital tourism projects. There was grumbling about those local taxes as they began to be approved across the state, but there's no grumbling today. Virtually every town with a motel has authorized the taxes - and the local hotels are among the most enthusiastic supporters of the work of the CVBs, funded by a tax identical to the one proposed today, with one exception. This one will put North Dakota on TV in Minneapolis and Winnipeg and other regional markets. Only the state can do that for our industry. The CVB directors will unanimously tell you that only the state can fill that role.

Some will express concern for the guests - the payers of this tax. This is the key argument. If we all agree that tourism advertising needs to be supported - and we all do - who should pay for it? This is the single source of funds most likely to come from people who are not residents of North Dakota. Something like half of this tax will be paid by people from other states, provinces and countries. It's like we get a matching grant.

If you believe in tourism, you're for this bill. The opposition will say that's not true. They're for tourism, but not for SB 2337. They are sincere, Mister Chairman. Everyone in this room believes in North Dakota and North Dakota's tourism

industry. The opposition is sincere. They are merely wrong. This bill is good for North Dakota. We have the chance of a generation to promote our state. This is the vehicle. Now is the time. Thank you.

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10/22/03

Date

**SB 2337**  
**Finance and Tax**  
**February 3rd, 2003 10:00am**

Chairman Urlacher and members of the Finance and Tax Committee, for the record my name is Mark Dosch, Representative from District 32 Bismarck. I come before you today as a private citizen engaged in the lodging industry, and strongly **OPPOSE** this bill.

We all agree that the Lewis and Clark bicentennial celebration will be a very important event, and represents a great opportunity for our State however ...

- The lodging industry is already the **HIGHEST TAXED** industry in the State at 9%. Customers already think the tax is too high.
- Who will benefit from Lewis & Clark? Just the hotel industry? No virtually every industry and segment will benefit, so why just place the burden on hotels?
- Why not extend the tax to every sector that will benefit, including Gas stations, Food, Retail, and especially the tourist attractions like Fort Lincoln.
- Fact is, If the entire State will benefit it should be **STATE FUNDED**. After all, shouldn't it be the States obligation to fund it's 2nd largest industry?
- Not one of the bill sponsors is in the effected industry - Easy to propose a 22% tax increase on someone else.  
Hotels **ALREADY SUPPORT TOURISM** in their respective towns.
  - \* Lodging Tax already funds the Convention and Visitor Beau's to promote tourism.
  - \* Lodging Tax funds Civic Center Expansion
  - \* Funds and subsidizes convention costs.
  - \* Already struggling to attract conventions. Hotels are forced to keep prices down to help offset high air fare costs.
- Competition:
  - \* South Dakota 8-9%
  - \* Montana 4%
  - \* Nebraska 5%
  - \* Casinos 0%
- New tax would make us the highest around. **NO NEW TAX INCREASES!**
- Currently approx. 65% of our business is North Dakotans. Making this a tax on US.
- What message are we sending? ND the high tax state. Come visit but don't stay.
- **RECAP - The hotel industry is already the highest tax industry. Tourism is the States 2nd MOST IMPORTANT INDUSTRY. It should be funded by the State -**  
**EVERYONE PARTICIPATES, AND EVERYONE ENJOYS THE BENEFITS.**

Al though we understand the intentions of the bill, it is wrongly and unfairly directed to single out one industry for the benefit of the entire state. For this reason we strongly **OPPOSE THIS BILL AND URGE A DO NOT PASS.**

This concludes my testimony, I would be happy to answer any questions.

Deanna Waller  
Operator's Signature

10/22/03  
Date

**SENATE BILL 2337**

**Testimony  
Of  
Terry Harzinski**

Chairman Urlacher and members of the Committee, my name is Terry Harzinski, Executive Director of the Bismarck-Mandan Convention and Visitors Bureau. I am representing our Board of Directors in opposition to Senate Bill 2337.

I'd like to concentrate my brief remarks on one of the largest segments of our local tourism industry, meetings and conventions. Meeting and convention delegates make up a large part of the visitors to our community. In a good year, that would be well over 100,000 people. These visitors are significant contributors to our local economy, spending between \$35 and \$40 million dollars a year.

Over the years we have been very successful at attracting national and regional conventions. One of the reasons is because of our lower hotel rates compared to larger cities who we often compete against. Since September 11, 2001 larger city hotels have been dropping their rates, which makes ours look less and less attractive. Lower room rates and lower airfares to the larger cities make it more difficult for us to compete.

We don't need another two percent tax on our hotel rooms. I can't imagine that Minot, who is already at 10 percent, would want to be at 12, right up there with Minneapolis at 13 percent. This would put us at 11 percent, Fargo would be at 11.5, Grand Forks at 11.75 and even Dickinson would be at 11.5. It's easy to say the hotels don't pay it and the visitors won't care anyway. Well, meeting planners care. They want to know how much the taxes are pushing up the room rates. We have surveyed some North Dakota cities and some of the cities that we compete against, and we feel that 9 percent is high enough for us.

The proponents of this bill are my colleagues, and although we do not agree on an increased lodging tax for additional marketing money for tourism, we do agree that the North Dakota Tourism Division needs more money to market our state's tourism product. Tourism generated \$140 million dollars in revenue last year for the State of North Dakota. Increasing the general fund appropriation for the Tourism Division's marketing budget is a sound investment that will return additional revenues to the State in a few months time.

## Lodging Tax 2002

Location	State	City	Lodging	Special	Hosp.	Total
<b>North Dakota:</b>						
Bismarck-Mandan	5.0%	1.0%	2.0%	-	1.0%	9.0%
Dickinson	5.0%	1.5%	2.0%	-	1.0%	9.5%
Fargo	5.0%	1.0%	3.0%	0.5%	-	9.5%
Grand Forks	5.0%	1.75%	3.0%	-	-	9.75%
Jamestown	5.0%	1.0%	2.0%	-	-	8.0%
Medora	5.0%	2.5%	2.0%	-	-	9.5%
Minot	5.0%	2.0%	3.0%	-	-	10.0%
Williston	5.0%	1.0%	2.0%	-	-	8.0%
Albuquerque, NM						10.8%
Anchorage, AL						8%
Billings, MT						4%
Boise, ID						11%
Madison, WI	5%				8%	13%
Minneapolis, MN						* 13%
Omaha, NE						5%
Rapid City, SD						8%
Sioux Falls, SD						9%
Spokane, WA						10.1%

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10/22/03

Date





## Convention & Visitors Bureau

February 3, 2003

Mr. Chairman and members of the Finance and Taxation Committee, my name is Terri Thiel and I am the Executive Director of the Dickinson Convention & Visitors Bureau. I am in support of Senate Bill 2337.

During the fall of 2000, while I was president of the ND Association of Convention & Visitors Bureau, our association hosted six meetings, all of which were held basically on the same day throughout the state. Meetings were held in Devils Lake, Grafton, Mandan, Medora, New Town and Valley City.

These grassroots businesses, historical entities and local attractions summarized their concerns and hopes for the future of the tourism industry in the state of North Dakota. Those details are presented in front of you in the Statewide Stakeholders Meeting Report that I have passed out to you.

The number one key finding for the ND tourism industry was the increased funding for out of state marketing for the ND Tourism Division (Department at that time). There were other areas that were also addressed as concerns and hopes for the future. Let me say that all other identified areas have made progress in some form or another with the exception of the number one need, the need for additional out of state marketing dollars for the ND Tourism Division.

By implementing a 2% lodging tax to be dedicated to the ND Tourism Division for out of state marketing during the period of the Lewis & Clark Bicentennial, we will have answered the demand that this Statewide Stakeholders Meeting Report asks for. We will begin to leverage the state of North Dakota against other states in the marketing efforts. Time and time again, we hear that North Dakota has no image. We have a wonderful image to present; we have just always fallen short on the ability to purchase that image.

This past Friday, Dickinson hosted a workshop entitled "Creating Wealth through Rural Tourism". Three other communities across the state also participated this past week with their own workshops, Bottineau, McClusky and New Town. This daylong seminar, just in Dickinson, brought seventeen communities together in one room dedicating the entire day, working together packaging entire regions of southwest North Dakota as an authentic rural experience. Tourism is real in North Dakota, it's growing all across the state. The residents have created the product, now is the time to market it to the rest of the world.

I urge you to support Senate Bill 2337.

Sincerely,

  
Terri Thiel  
Executive Director

Enclosure

72 East Museum Drive  
Dickinson, North Dakota 58601  
Web Site: [www.dickinsoncvb.com](http://www.dickinsoncvb.com)

Phone: (701) 483-4988  
(800) 279-7391  
Fax: (701) 483-9281  
E-mail: [cvb@dickinsoncvb.com](mailto:cvb@dickinsoncvb.com)

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**Senate Finance and Taxation Committee Hearing on  
Senate Bill 2237, Monday, February 3**

*Testimony of David Borlaug, President, North Dakota Lewis & Clark  
Bicentennial Foundation, Washburn*

Mr. Chairman and members of the Committee, I am here today as someone who has been working on the Lewis & Clark Bicentennial and tourism activities for the past 12 years, most of those years as a volunteer. I am now the full time president of the North Dakota Lewis & Clark Bicentennial Foundation, which maintains both Fort Mandan and the Lewis & Clark Interpretive Center at Washburn.

Among my volunteer positions has been serving for three years as president of the National Council of the Lewis & Clark Bicentennial. I have traveled to virtually every significant Lewis & Clark attraction on the Trail, from Charlottesville, Virginia to Fort Clatsop, Oregon. And everywhere I have gone, the people who live in those places envy what North Dakota, with Fort Mandan and so much more, has to offer. This fact is borne out by over 35,000 visitors coming to our Interpretive Center this past year, continuing a string of increases dating back to when we opened in 1997. And Fort Mandan, following over \$1 million in enhancements from our Foundation, saw visitation jump over 80 percent!

Truly, we ARE a Land of Legends, and a visit to North Dakota offers a Legendary Experience. From Lewis and Clark to Sakakawea to Custer and Sitting Bull to Teddy Roosevelt, we are a heritage traveler's dream come true.

But most people in America don't know that. They don't know that so many of their historic heroes lived out the greatest chapters of their lives here, on the North Dakota prairie. In the river valley earthlodge villages, in forts, ranches and farms. The rich depth of our multi-cultural past, from our first farmers, the Mandan and Hidatsa, who planted corn in this very river valley hundreds of years ago; to the homesteaders who came with new cultures of their own, is now being revealed to the world, because of the great illumination that only a Bicentennial national commemoration can bring.

This is our moment. It's a generational sea-change opportunity, with thousands of new visitors ready to come our way—because they have read a

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book or article, seen a television program or witnessed the new IMAX film—and can't wait to get North Dakota.

But our non-profit Foundation can't bring the world to Fort Mandan alone. We count on the Tourism Division of the Commerce Department to be our marketing agent. We are the "content provider" and the state is our promoter. We must give the Tourism Division the firepower it needs to tell the rest of America and indeed the world that we are one of the last great places.

The two percent lodging tax, dedicated to tourism marketing, will enhance our relatively small tourism budget, giving the professional people who work there the tools they need. By comparison, South Dakota's tourism budget is more than double ours—Montana's is nearly five times North Dakota's. And every study will tell you of the incredible payback for every dollar invested in tourism.

This is our moment. Please, help us "seize the day" and begin promoting our state for what it deserves. Not only will the benefits be felt immediately, in this biennium, but the continued benefits will be enjoyed by our children and grandchildren, for generations to come.

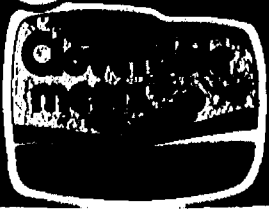
I will be happy to answer any questions the committee may have. Thank you.

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# The Label That Guarantees Quality



## Testimony of T.J. Russell

Chief Executive Officer and President, Cloverdale Foods Company

on Senate Bill 2337

February 3, 2003

Chairman Urlacher and members of the Senate Finance and Taxation Committee:

My name is T.J. Russell and I am the chief executive officer and president of Cloverdale Foods Company in Mandan. Today, I am here to encourage you to support SB 2337.

Cloverdale was founded in 1915 and is a \$50-55 million business, founded in 1914, and currently in its 4<sup>th</sup> generation of family leadership. Our plans are evolving as we determine our needs in our race to achieve \$75 million in sales.

Cloverdale has been extremely supportive of tourism development and the development of the Tourism Alliance Partnership. I am here today to encourage you to do the same.

This bill provides an opportunity to invest in two of the industries that have been identified as having the greatest growth potential for North Dakota, through research by the New Economy Initiative and by the Department of Commerce. Those two industries are tourism and food processing.

Food processors are very interested in attracting more people to North Dakota because while people are visiting North Dakota, they buy and eat North Dakota food products. An investment in tourism is an investment in Cloverdale, ND food processors and an investment in North Dakota. One cannot argue about the many contributions of the tourism and the hospitality industry. Nearly

Russell Page 1

### CLOVERDALE FOODS COMPANY

3015 34th Street NW • P.O. Box 667 • Mandan, ND 58554  
Phone 701-663-9511 • Fax 701-663-0690 • WATS 1-800-669-9511  
[www.cloverdalefoods.com](http://www.cloverdalefoods.com)

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# The Label That Guarantees Quality



half of Cloverdale's sales are North Dakota based and the Cloverdale brand can be found in both retail foodservice establishments from border-to-border.

Competitive marketing is the key to success for both industries. That is why Cloverdale annually invests more than \$2 million in marketing. We are also doing creative things to attract attention to North Dakota and bolster sales, including the creation of the world's largest hotdog, the development of a Cowboy Hall of Fame hotdog, the ND Cowboy Hall of Fame Smoked Beef Sausage, sports marketing at all levels; including professional teams like the Seattle Mariners, Seahawks, and Sonics. Lastly, building a frontier town in place of traditional office space. A place where people are provided the opportunity to experience something different, not just work, but something that can only happen in North Dakota (attachment).

Tourism and food processing are two industries that have tremendous growth potential. I encourage you to support SB 2337 and I assure you that the return on your investment will be great.

Russell testimony in support of SB 2337.

Russell Page 2

## CLOVERDALE FOODS COMPANY

3016 34th Street NW • P.O. Box 667 • Mondon, ND 58554  
Phone 701-663-9511 • Fax 701-663-0690 • WATS 1-800-669-9511  
[www.cloverdalefoods.com](http://www.cloverdalefoods.com)

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*Deanna Hallmark*

Date

10/22/03

# Reprinted from THE WALL STREET JOURNAL.

WEDNESDAY, JUNE 19, 2002

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## Workspaces/A Look at Where People Work

### T.J. Russell, Cloverdale Foods Co.

■ **Where:** 3015 34th St. NW, Mandan, N.D.

■ **What you see:** A frontier town. With storefronts erected in hallways and scenery painted on walls, a stroll through the headquarters of this pork-products manufacturer takes visitors back to the turn of the century. Rusty pails, whiskey jugs and wagon wheels are left by weather-beaten fence posts, while hobbyhorses are tied to a railing outside an office. The smell of frying bacon wafts from the chuck wagon. In this Old West settlement, the chief operating officer acts as de facto mayor, meriting a wood-sided, Victorian facade adorned with a brass eagle. The chief financial officer works in a brick bank, the human resources director goes to a little white schoolhouse and the safety manager gets marshal's star above his door. Mr. Russell's position, however, isn't as lofty. The 36-year-old president and chief executive likens himself to the stable hand, whose job it is to "take care of the people. I'm here to serve," he says.

Accordingly, he occupies a red barn, with grain-sack curtains and a sliding door that's nearly 100 years old. (A cement pig sleeps under a faux tree outside.) Mr. Russell hung period name plaques on all of the offices except his own to drive home the importance of his executive team. "This is their town," he explains. "They live here. And if I'm not doing what they want, they can get rid of me." Dressed like a wrangler, with a black hat and leather vest, he shares his office with his father and uncle, both semi-retired. A portrait of his great-grandfather, who founded the business in 1915, is



Photographs by William R. Kincaid/Getty Images

flanked by pictures of subsequent generations. Mr. Russell took the top job in 2000 and began remodeling last year. His own decor is nostalgic, with black-and-white photographs tracing the history of the company and community. Souvenirs and tourism posters celebrate present-day North Dakota. An enormous hot-pink pig attests to a funny side. This CEO even has a mural on the door of his private bathroom, which shows Gen. George Custer reviewing his battle plan in an outhouse. On the inside, Chief Sitting Bull reads his.

■ **What he sees:** "A community. I built a Western town to reflect the spirit of the pioneers who settled the Dakota territories. I wanted to do something mindful of the history of the land, and it evolved into something bigger. There's a sense of place. The false storefronts have helped people really understand their role in the business. The office environment has helped reinvigorate the company. We're having a great time with it."

—Nancy D. Holt

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*Dennis Hallen*

Date

10/22/03



## TOURISM CLUSTER GROUP

### MISSION STATEMENT—VISION 2020

*North Dakota is the destination of choice for a global population wishing to have an authentic, customized, quality experience in the wide-open spaces of the American West.*

Tourism is a rapidly expanding industry worldwide and in North Dakota. Exciting new trends such as eco-tourism, combined with the upcoming commemoration of the Lewis and Clark Expedition, provide an important impetus for tourism industry growth.

Tourism will flourish statewide with providers of unique and high-quality tourism "experiences" and networks of conference and business tourism providers.

The Tourism Cluster is a comprehensive industry organization that includes local CVBs, hotel/motel/resort operators, owners of attractions, the state Tourism Department, developers and anyone interested in growing the state's tourism industry.

### Key issues:

- Better use of technology to market, sell and operate tourism businesses.
- State assistance with the growth of tourism.
- Identifying the steps needed to grow tourism industry revenues.
- Effective use of tourism as a lead generator for expanding economic development.
- Expanding revenues to promote tourism.

### To join the Tourism Cluster or learn more, contact:

**Cole Carley**, Co-chair, Fargo-Moorhead CVB  
PO Box 2164, Fargo, ND 58103 Tel: 282-3653  
e-mail: cole@fargomoorhead.org

**BW Sorensen**, Co-chair Bismarck Mayor  
1003 E. Interstate, Bismarck, ND 58501 Tel: 224-1193  
e-mail: sorensen@teambis.com

**Tracy Potter**, Co-chair Ft. Abraham Lincoln Foundation  
401 West Main St., Mandan, ND 58554 Tel: 683-4758  
e-mail: falf@tlo.bisman.com

**GNDA**, 2000 Schafer St., Bismarck, ND 58501  
1-800-382-1405  
[www.gnda.com/neweconomy](http://www.gnda.com/neweconomy)

Please see other side for action initiatives

P.O. Box 2639 • Bismarck, ND 58502  
Phone: 701-222-0929 • 800-382-1405 • Fax: 701-222-1611  
[www.gnda.com/neweconomy](http://www.gnda.com/neweconomy)  
A project coordinated by the Greater North Dakota Association

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### **ACTION INITIATIVES (TO DATE)**

#### **Tourism Cluster Partnership**

An ongoing private sector-led organization for North Dakota tourism stakeholders to meet, develop coordinated public-private strategies, and oversee the implementation of tourism initiatives statewide.

CHAMPIONS: Bill Sorensen, Tracy Potter, Cole Carley, Randy Hatzenbuehler, Al Stenehjem, Bob Koepplin and Maria Effertz Hansen

#### **Tourism Marketing Fund**

This is a broad-based strategy for increasing tourism marketing funds by implementing a 1 percent user tax on restaurant food and hotel rooms. The revenues used would replace and augment the general funds currently allocated to North Dakota Tourism Department.

CHAMPIONS: Cole Carley and Randy Hatzenbuehler

#### **Theodore Roosevelt Institute: Leadership and Management Training Retreat Center**

A world-class leadership and management training/retreat facility in the Badlands based on the philosophy and ideals of Theodore Roosevelt.

CHAMPION: Randy Hatzenbuehler

#### **Conserving Natural Assets and Developing Nature-Based Tourism**

This initiative calls for an inventory of natural assets and nature-based tourism opportunities, initiating local and regional models for creating sustainable business opportunities, and implementing strategies for statewide tourism development.

CHAMPIONS: Joe Satrom

#### **North Dakota Zoo Alliance: We feed more than animals**

This initiative creates a North Dakota Zoo Alliance to jointly market North Dakota's four zoos and support nature-based tourism in the state of North Dakota.

CHAMPION: Geoff Hall

#### **Dakota: Let's call our state Dakota!**

This initiative explores the costs, benefits and opportunities of shortening our state's name to Dakota.

CHAMPION: Katherine Satrom

#### **Marketing Tribal Arts and Products**

The goal of this initiative is to create a handicraft manufacturing center at Turtle Mountain Reservation to produce and market authentic Native American arts and crafts.

CHAMPION: Sandra Poitra

#### **Inter-Tribal Heritage Park**

This initiative calls for designing, developing, building and operating an interactive "living culture" educational heritage park to showcase the diverse tribes of North Dakota and offer educational adventures to visitors.

CHAMPIONS: Karen Fox and Bill Sorensen

Tourism Cluster Group  
October 2001

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## TOURISM CLUSTER - MEETING TWO

Title or Name of the Initiative:

Bed Tax for Marketing

Motivation: What is the problem (the initiative will address) and why is it important?

Need more money for marketing to be competitive.

Initiative Summary: Describe the initiative in two or three phrases.

Create a bed tax for State marketing.

Key Next Steps and Dates: What are the next steps to take and when will they be taken?

Fill out attached form.

- Talk to Legislature NOW - Industry Stake Holders
- Research for percentage or numbers that are good - CVB's
- Tax Department for numbers - Tracy Potter

Expected Outcome: How much of what will have changed by when?

Support for Funding Money.

Resources: What are the resources required to implement the initiative (human, financial)?

- Legislature's numbers
- Educated public on benefits of Tourism

Champion: Who will ensure the initiative is implemented and gets results (name, tel, email)?

Kristie Frieze  
Randy Hatzembuhler  
Terry Harzinski

# TOURISM CLUSTER - MEETING TWO

Name of Initiative:

Funding Bed Tax

Priority Action Tasks

#	What	When	Who (tel, email) Industry Leaders	What's Fun?	Notes, Incl. any needed follow-up
1	Talk to Legislators about meeting for the next session	Now			
2	Research numbers from the Tax Department 2% = 2.8 million	Done	Tracy Potter		
3	Talk to Tourism Director about having Marketing Advisory Group from Industry	April	Randy, David, Tracy		
4					
5					
6					
7					
8					
9					

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**New Economy  
INITIATIVE**

## **TOURISM CLUSTER**

**Meeting #1, February 1, 2001**

### *Meeting Notes*

The inaugural meeting of the Tourism Cluster was held on February 1, 2001, at the Radisson Hotel in Bismarck, ND. The Tourism Cluster is co-chaired by Cole Carley, Executive Director of the Fargo-Moorhead Convention and Visitors Bureau, Bill Sorensen, Mayor of Bismarck and President of Business Information Systems, Inc., and Amy Mossett, Tourism Director of Three Affiliated Tribes. There were 70 participants at this session. A list of participants is attached.

Facilitators for the meeting were: Dr. Eric Hansen and Polla Pratt from the Economic Transformations Group, Inc.

#### **I. Introduction and Welcome**

The Tourism Cluster meeting was facilitated using Open Space Technology - an innovative meeting method designed to facilitate the greatest possible involvement by all participants. Cole Carley, Amy Mossett, and Bill Sorensen "opened the space" by welcoming the participants, thanking them for investing their time, and challenging them to be creative in the construction of their action planning. They emphasized the necessity of working together and industry interdependence to achieve new gains for Tourism.

Randy Hatzenbuehler from the Theodore Roosevelt Foundation and member of the New Economy Initiative Committee gave an overview of the New Economy Initiative (NEI). He highlighted the focus of the NEI, which is about mobilizing private and public leaders to generate action initiatives in five key industry clusters that will enhance growth, competitiveness, and agility of North Dakota's companies, clusters, governments, educational institutions, and communities to succeed in the new economy.

Those five key industry clusters include:

- Tourism
- Information Technology
- Flexible Food Manufacturing
- Aerospace
- Energy

#### **II. Open Space Technology Session**

Dr. Eric Hansen and Polla Pratt from the Economic Transformations Group, Inc. facilitated the meeting using a creative meeting methodology called Open Space Technology (OST). OST is a self-organizing meeting process that allows groups of any size to deal with hugely complex issues in a short period of time. The basis of OST is "passion and self-responsibility." Participants volunteered to convene meetings on topics/issues/actions that they are passionate about, and took the responsibility to input their notes into a final report and report back in the closing session.

In just over four hours, 18 official meetings were held and 18 bold action initiatives to move the tourism industry forward were identified.

Meeting leaders reported back on issues ranging from "Let's call our state, DAKOTA" to "Venture Capital and finance for Tourism" to "Building Indian tourism collaboration among tribes, state and federal government." Please

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go to the New Economy Initiative web site at [www.gnda.com/neweconomy](http://www.gnda.com/neweconomy) for a full copy of the 50-page report that includes discussion and recommendations and action plans for each of the meetings, which will be posted in the near future.

### III. Next Steps

In our next meeting we will continue to develop breakthrough strategies and action initiatives, prioritize those initiatives and create business plans. We are gaining momentum and need your full participation at this event. *Be sure to invite three colleagues and register soon!*

The next meeting will be held in conjunction with the North Dakota Tourism Conference in Bismarck, Tuesday, February 27, at the Bismarck Civic Center from 2 p.m. to 5:30 p.m.

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## TOURISM CLUSTER

Meeting #2, February 27, 2001

### Meeting Notes

The second meeting of the Tourism Cluster was held Tuesday, February 27, 2001 at the Bismarck Civic Center in Bismarck, ND. This meeting brought together almost 80 individuals and followed on the heels of the Tourism Conference held Monday and Tuesday in Bismarck. That's dedication to Tourism!

#### I. Introduction and Welcome

Cluster Co-Chairs Cole Carley of the Fargo-Moorhead CVB, Bill Sorensen, Mayor of Bismarck, and Amy Mosset of Three Affiliated Tribes opened the meeting with an introduction of the project, a review of the agenda and nearly 80 self-introductions (see Attachment #2 for list of Participants). Cole Carley discussed the meeting objectives, which included refining the cluster map and vision, identifying breakthrough strategies and initiatives, and creating action initiatives.

#### II. Project Update

NEI Committee Member Randy Hatzenbuehler of the Theodore Roosevelt Medora Foundation gave an update on the New Economy Initiative emphasizing that our objective in this series of three meetings is to create action initiatives that will grow value added tourism in North Dakota. As a group we will collaborate to identify a shared vision and strategies, and develop priority action initiatives that we, as individuals in this group, will implement and champion.

#### II. Market Analysis— Tourism Cluster Factbook

Dr. Eric Hansen presented highlights from the Tourism Cluster Factbook including Standard & Poors DRI's Market Opportunities Analysis of key global trends and market opportunities for N.D.'s tourism. North Dakota's largest competitors are well known for their Tourism industries: the hot spots in the Southwest and Southeast, and the urban draw of New York. Even Montana has earned a place in the top 10 competitors. North Dakota's competitive position is 47<sup>th</sup> in the U.S. In the 7 state neighboring area including Colorado, Montana, Minnesota, South Dakota, Iowa, North Dakota and Nebraska, ND has the smallest tourism budget. Clearly, we have significant opportunities!

The Tourism Cluster "Factbook" is a working document that may need to be tailored to more accurately reflect North Dakota's tourism economy. Input from the cluster participants is welcome - we'd appreciate your feedback within the next two weeks.

If you did not receive a copy of the Tourism Cluster "Factbook," please log on to the NEI websight at [www.gnda.com/neweconomy](http://www.gnda.com/neweconomy). If you cannot access pdf files, please call GNDA at 800.382.1405 to request a copy.

NEI - Tourism Cluster

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### III. Vision for Tourism

Cole Carley presented the following draft of the committee's vision statement:  
**ND is the destination of choice for a global population wishing to have an authentic, customized quality experience in the wide-open spaces of the Great Plains and the American West.**

ND provides a wide array of interactive real life personalized adventures that inform and invigorate families and friend groups from around the world.

Operating as a strong interdependent network of unique small hotels, restaurants, B&B's, hostels, working farms and ranches, and TP encampments, ND tourism industry (using advanced market research and advertising approaches) customizes visits to suit individual interests and needs.

A corps of diverse, knowledgeable well-trained ND hosts – guides, sports coaches, entertainers, historians, storytellers, and naturalists – provide meaningful experiences for urban-weary visitors.

The Vision Committee consists of Cole Carley, Bill Sorensen, Amy Mosset, Gary Davis, and David Borlaug.  
Please provide any feedback to the committee by March 15.

### IV. Breakthrough Strategies Brainstorming

The Tourism Open Space event held on February 1 resulted in 18 meetings on topics/issues ranging from Marketing to New Attractions, to Cluster Development, to Talent and Training, to Finance, and Business to Capital.

This meeting returned to the topics/issues identified at the Open Space event, as well as exploring new ideas and initiatives. Following a leading-edge session mobilizing North Dakotans in the New Economy led by Polla Pratt, the group brainstormed on new ideas and initiatives, as well as further exploring ideas developed from the initial Open Space meeting.

Following the brainstorming session, the participants broke into groups to turn the ideas into the following seven initiatives:

- **Bed Tax for Marketing Dollars** – Need more money for marketing to be competitive. The champion is Kristie Frieze, Randy Hatzenbuehler, and Terry Harzinski.
- **Dakota!** – Make and promote name as Dakota, part of the New Economy plan for the state. The champion is Katherine Satrom.
- **Tourism Advisory Committee** – Need better coordination in Tourism industry, tap the dollars of tourists better. The champions are Maria Efferts-Hansen and Amy Mosset.
- **Build Existing Underdeveloped Tourism Attractions** – Assist and build underdeveloped attractions – increase attendance at existing attractions. The champion is Jeff Altheiser.
- **Tourism as a Targeted Industry** – Natural amenities are not recognized as having "economic" value and policies/regulations work at cross-purposes to the development of tourism. The champions are Joanne Burke and Barb Britsch.
- **Training and Talent** – Attract, train, and retrain a suitable workforce to enhance the visit and return of tourists. The champion is Dr. Larry Wonberg.
- **Better Utilize Marketing \$\$** – We need your committee's action initiatives! Please forward to Sonjia Anderson, [gnda@gnda.com](mailto:gnda@gnda.com) as soon as possible!

#### **X. Homework**

Cluster participants agreed to

1. Contact three key people who would be important to invite and bring to the next meeting to ensure greater representation of the cluster and an orientation to action.
2. Refine the action initiatives that would help their businesses as well as the cluster as a whole become more successful in the New Economy.
3. Provide feedback on the Vision and Cluster Map to Sonjia Anderson at [gnda@gnda.com](mailto:gnda@gnda.com) by March 15.
4. Review the Tourism Cluster "Factbook" and provide feedback to Sonjia Anderson at [gnda@gnda.com](mailto:gnda@gnda.com) by March 15.

For more information go to the New Economy Initiative website at [www.gnda.com/neweconomy](http://www.gnda.com/neweconomy).

The next meeting will be held on Monday, March 19, from 2-5:30 p.m. at the Ramada Plaza Suites in Fargo.

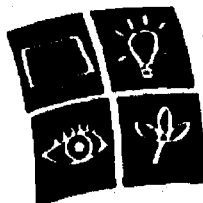
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## New Economy INITIATIVE

### TOURISM CLUSTER

Meeting #3, March 19, 2001

#### *Meeting Notes*

The third meeting of the Tourism Cluster was held March 19 at the Ramada Plaza Suites in Fargo, N.D.

#### **I. Introduction and Welcome**

Cluster Co-Chairs Cole Carley of the Fargo-Moorhead CVB and Bill Sorensen, Mayor of Bismarck, opened the meeting with an introduction of the project, a review of the agenda and nearly 35 self-introductions (See Participant Lists). Cole Carley discussed the importance of turning bold ideas into realistic action plans with precise steps for implementation during this meeting. Dr. Eric Hansen, Polla Pratt, and Myan Baker of ETG facilitated the meeting.

#### **II. Project Update**

New Economy Initiative Chairman Roger Reiersen, president of Flint Communications in Fargo, energized participants by discussing how the Tourism Cluster fits into the overall strategy of the New Economy Initiative and complements the work of other industry cluster groups. He stressed that the top goal of the third meeting is to identify champions who will provide strong leadership to advance and implement the action initiatives. The champions from each cluster group will present their initiatives to a full meeting of the NEI Committee on April 17 in Bismarck. Reiersen said the committee will evaluate the initiatives, identify synergies, and develop an overall action plan and implementation strategy.

Reiersen said cluster members and the committee must ultimately focus on three criteria when crafting and prioritizing the action initiatives:

- 1) Identify the available resources to support the initiative, and if resources don't exist specify where they can be found.
- 2) Focus on initiatives that will have the greatest impact.
- 3) Include some initiatives that create early success.

Reiersen also emphasized that Greater North Dakota Association (GNDA) is committed to the New Economy Initiative and has identified it as its number one priority for the next two years. The work is not going to end with a plan on the table. GNDA and the NEI committee will continue pushing the agenda until the identified goals are accomplished.

#### **III. Overview of Timeline**

Dr. Eric Hansen of ETG, the consultants coordinating the New Economy Initiative, said in all his years of experience, Roger Reiersen is the most energetic and aggressive chair with whom he has ever worked, and stressed what an asset he is for North Dakota.

Hansen outlined the initiative's timeline for the next few months. Action teams kick off March 21 and 22, focusing on three key challenges: Talent, Entrepreneurship and Capital, and Creative Communities. Their second meeting will be held April 11-12 in Fargo and Bismarck.

On April 17, the NEI committee will review all of the cluster group and action team initiatives. On June 11 and 12, the committee will host an NEI Roundup and Action Plan Launch in Medora. Leaders including Gov. Hoeven will

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be invited to this event to hear the results of the cluster and action team meetings and to review the statewide New Economy action and implementation plan for the first time.

#### IV. Update on other Cluster Groups

Eric Hansen provided a brief overview of the vision statements and action initiatives of the Information Technology, Aerospace and Tourism Cluster groups.

#### V. Vision for Tourism in 2020

Eric Hansen presented the following draft of the Tourism Cluster vision statement:

North Dakota is the destination of choice for a global population wishing to have an authentic, customized quality experience in the wide-open spaces of Great Plains and the American West.

ND provides a wide array of interactive real life personalized adventures that inform and invigorate families and friend groups from around the world.

Operating as a strong interdependent network of unique small hotels, restaurants, B&Bs, hostels, working farms and ranches, and Native American encampments, ND tourism industry (using advanced market research and advertising approaches) customizes visits to suit individual interests and needs.

A corps of diverse, knowledgeable well-trained ND hosts— guides, sports coaches, entertainers, historians, storytellers, and naturalists— provide meaningful experiences for urban-weary visitors.

It was decided to continue to develop the vision as the cluster develops.

#### VI. Cluster Map

Eric Hansen reviewed the Cluster Structure Map with participants. The group added Indian Tourism to infrastructure, IT support to advertising, tour companies and non-profit conservation. The cluster map continues to be a working document.

#### VII. Review of Breakthrough Strategies from Meeting #2

The group reviewed the breakthrough strategies generated at the second cluster meeting and then divided into groups to work on the initiatives that had representatives present from the second meeting. A bulk of the meeting was devoted to further developing these initiatives, establishing clear steps and timelines.

#### VIII. Presentation of Final Breakthrough Strategies

Participants presented their refined action initiatives and identified champions. The champions and work groups identified will advance the following initiatives:

- Marketing Funding - Need more money for marketing to be competitive. The champions are Cole Carley, Kristie Frieze, Randy Hatzenbuehler, and Terry Harzinski.
- Training and Talent - Attract, train, and retain a suitable workforce to enhance the visit and return of tourists. This will be moved to the Talent Action Team. Jay Leitch is the champion.
- Tourism Advisory Committee - Need better coordination in Tourism industry, tap the dollars of tourists better. The champions are Maria Efferts-Hansen and Amy Mossett.
- Building Tribal Tourism— Need to build Tribal Tourism Opportunities & Collaboration. The champions are Sandy Poitra, Bill Sorensen and Karen Fox.
- North Dakota "A Cultural Theme Park"—Experience the five tribes of North Dakota. The champion is Karen Fox.
- ND Zoo Alliance--Form ND Zoo Alliance and jointly market zoos in North Dakota. The champion is Geoff

NEI - Tourism Cluster

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Hall.

- Manville Pioneer Village— Develop a pioneer village at Manville. The champion is Annabel Montgomery.
- Conserving Natural Resources and Developing Eco-Tourism— This initiative includes the Tourism as a Targeted Industry initiative and focuses on the fact that natural amenities are not recognized as having "economic" value and policies/regulations that work at cross-purposes to the development of tourism. The champion is Joe Satrom.
- Dakotal - Make and promote name as Dakota, part of the New Economy plan for the state. The champion is Katherine Satrom.

#### IX. Initiatives from Previous Meeting

The follow initiatives were developed at previous Tourism meetings, but did not advance at the third meeting because no one from the original working group attended. Many of these ideas are still valid, and should be pursued or combined into other initiatives by champions interested in doing so.

- 1) Marketing
  - a) Better Utilization of Marketing Dollars
  - b) Creating a "Discover the Spirit" Image of ND by Randy Hatzenbuhler
  - c) Marketing & Maintaining by Tolly Holten
  - d) Tourism Research Needs by Kathy Tweenen
- 2) New Attractions
  - a) New Events & Attractions by Gaylon Baker
  - b) Destination Attraction by Tracy Potter
  - c) Bringing National Sporting Events To North Dakota by Gary Fournier
- 3) Cluster Development
  - a) Build-up Existing Underdeveloped Tourism Attractions by Jeff Altheiser
  - b) Methods of Creating Regional Cooperation by John McQueen
- 4) Talent & Training
  - a) Creating A World Class Leadership & Management Training Facility Based On Theodore Roosevelt's Philosophy by Randy Hatzenbuhler
  - b) Convening To Form An Actors Group To Inform About North Dakota by Gary Davis
- 5) Finance
  - a) Venture Capital & General Finance by Orlan Mertz
- 6) Business Climate
  - a) Tourism Department Or Division? by Tracy Potter
  - b) Balance Hunting & Fishing by Dawn Charging

#### X. Where do we go from here? Cluster Continuation Strategy

- 1) ND Tourism Partnership -- An ongoing private sector-led organization for ND tourism stakeholders to meet, develop coordinated public-private strategies, and oversee the implementation of tourism initiatives statewide
- 2) Tasks
  - a. Establish a core leadership team - Bill Sorensen, Cole Carley, Amy Mossett (3/20)
  - b. Define role, responsibilities, structure and function of the group
  - c. Work with GNDA to establish an agreement to house, staff and support this organization - Randy Hatzenbuhler (3/30)
  - d. Develop initiative tracking and support system (ETG/GNDA)
  - e. Hold monthly leadership team meetings to monitor initiative progress
  - f. Hold cluster stakeholder meetings quarterly or on an as needed basis
  - g. Conduct benchmarking trips to other tourism clusters nationally and internationally
  - h. Work with Tourism Advisory Committee
- 3) Resources:
  - a. Operating budget for staff (GNDA to provide staff support and coordination)

NEI - Tourism Cluster

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- b. In-kind contributions by aerospace stakeholders for meetings & travel
- c. Development of a tourism initiative support fund \$10,000 (to aid the start-up of the Tourism Initiative - travel for benchmarking, feasibility studies, etc.)
- 4) Expected Results: Tourism companies/activities get rich together
- 5) Champions: Bill Sorensen, Cole Carley and Amy Mossett

#### **XI. Next Steps**

##### **Upcoming meetings**

- New Economy Action Teams, March 21 in Fargo & March 22 in Bismarck
- Initiative Champion Tune-up Sessions, April 9, 12 & 13, via conference call.
- NEI Action Team Meetings, April 11 in Fargo & April 12 in Bismarck
- Tourism Initiative Champion Presentations to NEI Committee, April 17 at the Bismarck Civic Center
- NEI Roundup, June 11-12 in Medora

For more information go to the New Economy Initiative website at [www.gnda.com/neweconomy](http://www.gnda.com/neweconomy).

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## *Tourism Cluster*

*January 9, 2002*

### *Meeting #4 Notes*

#### Welcome and Introductions

The meeting of the Tourism Cluster was held in conjunction with Marketplace of Ideas, January 9, 2002 at the Alerus Center in Grand Forks, N.D. The meeting was led by Cluster Co-Chairs Bill Sorensen, Mayor of Bismarck and Tracy Potter, Fort Abraham Lincoln Foundation. More than 50 people participated in the meeting. A list of participants is attached.

North Dakota Agriculture Commissioner, Roger Johnson welcomed everyone to the meeting. Cluster Co-Chair, Tracy Potter, followed with an overview of the Tourism Cluster.

Cluster Co-Chair, Bill Sorensen, also welcomed everyone and introduced Roger Reiersen, NEI Chairman and president of Flint Communications. Reiersen gave introductory remarks about the value of the tourism emphasizing that tourism is an outreach arm and it provides visibility for the state to the rest of the world. Tourism also demonstrates North Dakota's quality of place.

#### Tourism Update/Future Potential and Perspective

Joanne Olson, North Dakota Tourism Department, gave an overview of North Dakota tourism and state priorities for the future. She emphasized the following:

1. Mission
  - To create new wealth for North Dakota through marketing tourism.
2. Extensive Research
  - They are conducting extensive research on what it will take to make North Dakota a vacation destination.
  - They have a contract with Odney Advertising to create a media plan that is research based and the preliminary research has come in and demonstrates the following:
    - 1) Most of the people from out of state are visiting friends or family
      - People that are visiting with friends and family are staying with friends and family.
      - We need to capture out of state people that we can influence to make a decision to put North Dakota in their travel plans.
    - 2) Before visiting North Dakota, people have a low expectation of the state. Once they have been here, North Dakota is a must see destination.
      - We need to capture the 'drive' market (500-1000 miles)
    - 3) They are putting together a media plan that is a mix of television and print that is meaningful (unique and must see), measurable (where we spend our dollars), scalable (ability to scale up, once it is proven to work).
  - The message is important in order to make effective use of our dollars and get the greatest return on investment.

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3. 2002 Travel Guide
  - Reviewed the Travel Guide and discussed how we can make it better.
  - Discussed distribution system improvements (points of contact).
4. North Dakota Tourism web site
  - Discussed restructuring the web site and develop a relationship marketing through the web site.
5. Marketing workshops
  - Planned six marketing workshops during the month of March around the state.
  - Need to answer the questions on what makes an effective brochure or how to market products.
6. Fall Tourism Summit
  - Will share 2003 media plan with Tourism stakeholders in the fall.
7. Communication
  - Discussed the need to educate legislators involved in the Tourism industry.
  - Explained what tourism means to each region.

#### Update on Action Initiatives

- 1) Joe Satrom, Ducks Unlimited, overviewed the Conserving Natural Assets initiative.
  - Investing in state parks
  - Taking resources and investing them in conservation and marketing
  - Research and modeling will prove if opportunity exists
- 2) Randy Hatzenbuehler, Theodore Roosevelt Medora Foundation, reviewed the progress of the Theodore Roosevelt Institute initiative.
  - Need to use tourism to help promote business.
  - Need to think bigger!
  - Initiate
    - 1) Cross sell and know about the areas around them
      - Going to have a 'Medora Certified' program.
    - 2) Developing a resort activity with a world-class golf course and retreat center.
- 3) Sorensen reported there is progress on the Intertribal Heritage Park initiative through the signature event they are planning for the Lewis and Clark Bicentennial.
- 4) It was suggested to look at our demographics in North Dakota and say "are there any bad ideas?" when dealing with the 'Dakota' initiative. Would like to encourage the use of the term 'Dakota' in our state's marketing efforts.
- 5) Potter reviewed the Marketing Tribal Arts and Products initiative. Potter said North Dakota has rich tribal heritage and something to promote.
- 6) The North Dakota Zoo Alliance initiative is still alive. It was suggested to link and have cross selling with all North Dakota Zoos.

#### Nature Based Tourism Keynote Address

Maria Effertz Hanson, Garrison Diversion Conservancy District, presented a report outlining the work Garrison Diversion, North Dakota Game and Fish and the Bureau of Reclamation have been doing on Nature-Based Tourism for the Lonetree Wildlife Management Area near Harvey, North Dakota. They contracted with Fermata, Inc. from Austin, Texas to review the potential for nature-tourism in the area and broadly reviewed the state as a whole.

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GREATER NORTH DAKOTA ASSOCIATION

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The report showed North Dakota does have a potential, but the development of infrastructure, such as bed & breakfasts and restaurants, along with education of people within and outside the state will be important components.

Maria also discussed the report's emphasis on marketing and delivering what is promised to the customer. Using the web as a starting point was highly recommended, along with real time information. It is important to create and experience for the visitor, giving them a memory they can only receive in North Dakota.

The partners are working on developing the Lonetree WMA as a model, for other public lands and to ensure the viability of resources for all populations. Information on the report and the work Garrison Diversion can be found at [www.garrisondiversion.org](http://www.garrisondiversion.org).

#### Legislative Agenda

Potter discussed funding for Tourism including a tax related to the industry and tied to the performance of the industry. Other ideas included a one percent tax on fare and car rentals. The industry needs to come forward and demand the increase. Concerns include the cities paying additional taxes.

David Sprynczynatyk, North Dakota Department of Transportation, said the DOT put out information kiosks in rest areas. These have received positive feedback and they would like to expand the number and the quantity of information. During the last legislative session they discussed logo signs, you can expect this bill to come up again in the next session.

#### Action Initiatives

The group discussed the following as potential issues to be addressed by the cluster in the future.

- Alabama has a \$200 fee to play all of the golf courses in the state. This is something North Dakota should consider.
- Need to have more partnering
  - Work together on opportunities
  - Work with State Tourism.
- Web-based marketing on a regional level
- How does workforce training become involved in tourism?
- Develop an asset list of what communities have.

#### Next Steps

- Tourism Cluster leaders will be meeting to determine how to develop a formal structure for this group to operate under in the future.
- The North Dakota Tourism Conference is planned for February 24-26 in Fargo.

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## T A P M E E T I N G S U M M A R Y

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Tuesday, February 26, 2002

7-8 a.m.

Ramada Plaza Suites, Fargo

### Welcome and Introductions

Cole Carley, Executive Director of the Fargo-Moorhead Convention & Visitors Bureau and Tourism Cluster Co-Chair, welcomed everyone to the Tourism Alliance Partnership (TAP) meeting held in conjunction with the Tourism Conference at the Ramada Plaza Suites in Fargo. Carley introduced the leadership for this effort, which include Bill Shalhoob, Tracy Potter, Randy Hatzenbuehler, Bill Sorensen, Joe Satrom and Cole Carley.

Carley said the New Economy Initiative (NEI) is a statewide effort to mobilize North Dakotans to develop new ideas, to grow the economy and create a more prosperous state. The need for NEI is grounded in two critical challenges. First, North Dakotans must address ongoing economic problems that constantly surface in disturbing demographic trends. Second, North Dakotans must modernize the state's economy and address new challenges and opportunities posed by "New Economy" factors such as globalization and technological advances.

TAP and the NEI Tourism Cluster emerged about the same time. These parallel efforts have merged into one group called the Tourism Alliance Partnership (TAP). Carley said the purpose of the TAP is to create strategies that will bolster growth in our industry and make our stakeholders more prosperous. Response to industry stakeholder clusters has been very favorable from businesses that already see many benefits of working together. TAP will provide an ongoing forum for industry members to network, address mutual problems, work with government and increase their profitability. (See Tourism Alliance Partnership attachment for more details).

Carley said T.J. Russell reported at the NEI December retreat that fifty percent of Cloverdale Foods business is in tourism. He has given the Tourism Cluster \$8,000 to begin organizing a formal group. Tourism cluster leaders have started to go to the private sector to raise funds for the Tourism Alliance Partnership. To date, they have secured pledges of \$20,000.

### Legislative Issues

Carley asked for legislative items that need to be discussed regarding tourism in the state.

1. \$Ten million for tourism industry marketing – Cole Carley
2. Tourism Signage
  - a) Blue logo – Olie Golberg
  - b) Directional/ID – Ron Wanner
  - c) Advance signing on visitor information centers

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3. Hunting/Fishing Industry Support – Orlan Mertz, Randy Frost, Kyle Blanchfield
  - a) Out-of-state hunters/fisherman
4. Lake Level Issues –
5. Land Access for Nature Tourism – Joe Satrom and Maria Effertz Hanson
6. School opening – Randy Hatzenbuehler
7. Tourism industry as a primary sector so we can access public funds. Primary sector brings in new dollars. Primary sector designation for tourism (EDC) – Gene Veeder.
8. Tourism Development Management Master Plan – Document needed to summarize what is happening in the next two years in the state of North Dakota – Roger Reiersen and Cole Carley.

#### Next Steps

1. TAP leadership team to continue fundraising efforts to support TAP.
2. TAP leadership team follow up conference call by the end of March.
3. Legislative issues to be developed by May 2002 for presentation to NEI leadership team and for the June GNDA legislative affairs committee meeting.

Carley thanked Al Stenehjem, North Dakota Tourism Director and Joanne Olson, Tourism Division Deputy Director for their efforts in working together with the Tourism Cluster.

The next meeting will be set by the TAP leadership.

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# Tourism

FIRST	LAST	ORGANIZATION	CITY
David	Borlaug	ND Lewis & Clark Bicentennial Foundation	Washburn
Gary	Davis	Sky Dancer Hotel & Casino	Belcourt
Amy	Mossett	Tourism Director - Three Affiliated Tribes	New Town
Lori	Anderson	Jamestown Promotion & Tourism	Jamestown
Kathy	Tweeten	Extenslon Specialist	Bismarck
Bryan	Miller	City of Carrington	Carrington
Robert	Backman	River Keepers	Fargo
Janine	Webb	ND Council on the Arts	Bismarck
Steve	Silverman	Steve Silverman Imaging	Grand Forks
Karen	Fox	Tribal Tourism	Bismarck
Katherine	Satrom	Satrom Travel & Tour	Bismarck
Randy	Hatzenbuhler	Theodore Roosevelt Medora Foundation	Bismarck
Sara	Otte Coleman	Bismarck-Mandan CVB	Bismarck
Terry	Harzinski	Bismarck-Mandan CVB	Bismarck
John	McQueen	International Peace Gardens	Dunselth
C.P.	Grant	North Dakota Rural Development	Bismarck
Deb	Dosch	Expressway Inn & Suites	Bismarck
Sherri	Ross		Medora
Dean	Hildebrand	ND Game & Fish Department	Bismarck
Kermit	Linstrom	Fort Lincoln Foundation	Mandan
Becky	Stockman	Ducks Unlimited	Bismarck
Jeff	Nelson	Ducks Unlimited	Bismarck
Jim	Fuglie	Kranzler Kingsley Communications Ltd.	Bismarck
Allan	Stenehjerm	North Dakota Tourism Department	Bismarck
JoAnne	Burke	North Dakota Tourism Department	Bismarck
Bill	Sorensen	Mayor of Bismarck	Bismarck
Dean	Ihla	Bottineau CVB	Bottineau
Patty	Patrie	Patrie's Raspberries	Bowdon
Marion	Houn	Theodore Roosevelt Medora Foundation	Bismarck
Kevin	Bucholz	North Winds Lodge	Bowman
Mary	Hines	Cavalier Area Chamber of Commerce	Cavalier
Barbara	Britsch	Devils Lake Chamber of Commerce	Devils Lake
Barbara	McCormick	Devils Lake Chamber of Commerce	Devils Lake
Randy	Frost	Devils Lake Area Chamber of Commerce	Devils Lake
Maria	Effertz Hansen	Garrison Diversion	Carrington
Paul	Wellman	Red River Alternative Enterprise & Rural Tourism C	Grafton
Bill	Shalhoob	N.D. Hospitality Association	Mandan
Diane	Hagen	Williston Chamber of Commerce	Williston
Edna	Hopfauf	N.D. REC Magazine	Mandan
Terri	Thiel	Dickinson CVB	Dickinson
TJ	Russell	Cloverdale Foods Co.	Mandan
Diana	Knutson	Dickinson State University	Dickinson
Rod	Landblom	Roosevelt-Custer Regional Council	Dickinson
Gaylon	Baker	Stark Development Corporation	Dickinson
Steve	Dick	Ransom County Commissioner	Englevale
Sandra	Poltra	United Tribes Technical College	Bismarck
Cole	Carley	Fargo-Moorhead CVB	Fargo
Jay	Leitch	NDSU College of Business Administration	Fargo
Dick	Messerly	Ft. Stevenson State Park	Garrison

# Tourism

Tolly	Holtan	Indian Hills Resort	Garrison
Judith	Iverson	Garrison Area Improvement Association	Garrison
Ronald	Krebsbach	McLean County Commissioner	Garrison
Ron	Wanner	Knife River Ranch Vacations	Golden Valley
Orlan	Mertz	Sheyenne Valley Lodge	Goodrich
Ted	Mertz	Sheyenne Valley Lodge	Goodrich
Laurie	Dietz	Chamber of Commerce Carrington	Carrington
Lyle	Glass	Theodore Roosevelt Medora Foundation	Medora
Arlene	Wells	Wild Prairie Products	Carson
Gary	Fournier	Greater Grand Forks CVB	Grand Forks
Dawn	Charging	Three Affiliated Tribes	New Town
Doug	Anselmin	Holiday Inn	Fargo
Joe	Satrom	Ducks Unlimited	Bismarck
Pat	Mertz	Sheyenne Valley Lodge	Goodrich
Eric	Hansen	ETG	Sausalito
Polle	Pratt	ETG	Sausalito
Dana	Bohn	GNDA	Bismarck
Tracy	Potter	Fort Abraham Lincoln Foundation	Mandan
Anniabael	Montgomery	Manvel Historical Society	Manvel
Diane	Rogness	Chateau de Mores State Historic Site	Medora
Mary	Griffin	Custers Cottage	Medora
Mark "Olie"	Golberg	Mayor of Medora	Medora
Pete	Zimmerman	Holiday Inn Minot	Minot
Pam	Davy	Norsk Hostfest	Minot
Marsha	Dupre	Minot Visitors & Convention Bureau	Minot
Ilene	Hardmeyer	The Hide-A-Way Camp	Mott
Marvin R.	Dick		Munich
Calvin	Grinnell	Three Affiliated Tribes Tourism Dept.	New Town
Clare H.	Aubol	Mayor of New Town	New Town
Michael	Bailey	Pembina State Museum	Pembina
Gary	Greff	Enchanted Highway	Regent
Larrie	Wanberg	Sakakawea Travel	Stanton
Gary	Satern	Rugby Area Job Authority	Rugby
Muriel	Kisse	Taylor Community Activities Inc.	Bismarck
Tressy	Heinle	Tioga Economic Development Corporation	Tioga
Bob	Koepplin	Cass County Electric	Valley City
Jan	Stowman	Barnes Co. Museum	Valley City
Jane	Priebe	Wahpeton Economic Development	Wahpeton
Kathy	Kaiser	Birdwoman Missouri River Adventure	Washburn
Kristie	Frieze	ND Lewis & Clark Interpretive Center	Washburn
Susan	Johnsrud	McKenzie County Tourism Bureau	Watford City
Jeff	Altizer	Williston CVB	Williston
DeAnn	Yunker	Birdwoman Missouri River Adventure	Washburn
Michael	Helt	Student	
Nikki	Hoff	Student	
Jolinda	Horner	Student	
Becca	Speirs	Student	
Genevieve	Thompson	National Audobon Society	Fargo
Thomas	DeVilbliss	Alpha Internet Systems, Inc	Minot
Thomas	Karch	ND Forest Service	Bottineau

*Deanna Hall*  
Operator's Signature

10/22/03

Date

# Tourism

Marge	Dahle		Cando
Michelle	Erickson	Student	
Becky	Arnston	Student	
Michael	Lindblom	Bismarck-Mandan Chamber of Commerce	Bismarck
Carol	Cary	Jamestown Area Chamber of Commerce	Jamestown
Becky	Heise	Barnes County Historical Society	Valley City
Marilyn	Foss	Foss & Associates	Bismarck
Susie	White		Steele
Gregory	Wald	Job Service ND	Bismarck
Anthony	Noa	Northern Plains Ballet	Bismarck
Kent	Anderson	Future Enterprises	Bismarck
Terry	Hoff	Trinity Health	Minot
Jen	Boeckel	Student	
Jess	Farbo	Student	
Nathan	Swenson	Student	
Nathan	Hill	Student	
Geoff	Hall	Red River Zoo	Fargo
Merl	Paaverud	State Historical Society of North Dakota	Bismarck
Sonja	Anderson	Greater North Dakota Association	Bismarck
Phyllis	Hodnefield	Minot Convention & Visitors Bureau	Minot
Julie	Eickhoff	Minot CVB	Minot
Jeff	Essler	INet technologies Inc	Bismarck
Pat	Hertz	ND Tourism	Bismarck
Raymond	Morrell	RCC Western Store % Cowboy Hall of Fame	Minot
Sandy	Dobmeier	Greater Grand Forks CVB	Grand Forks
Rose	Laning		Bismarck
Roger	Emter	Emter Family Dinner Theater	Jamestown



## THEODORE ROOSEVELT MEDORA FOUNDATION

P.O. Box 198  
Medora, ND 58645  
1-800-MEDORA-1  
Fax 701-623-4494  
E-Mail: medora@medora.com

P.O. Box 1696  
Bismarck, ND 58502  
701-223-4800  
Fax 701-223-3347  
Website: www.medora.com

**Testimony of Randy Hatzenbuehler  
President, Theodore Roosevelt Medora Foundation  
on Senate Bill 2337  
February 3, 2003**

Chairman Urlacher and members of the Senate Finance and Taxation Committee:

My name is Randy Hatzenbuehler and I am the president of the Theodore Roosevelt Medora Foundation in Medora. I am here to ask you to support SB 2337.

My education is in accounting. My passion is tourism. The numbers of this tax make sense.

I have a 15-year old son, who has asked me "Dad, what's your job?" Sometimes the simplest question is hardest to answer. This spring, over 300 people will work for us in Medora. If I do my job well, every one of them will answer the question "what's your job?" the same way. They will say, "I am a Romance Assistant"; it is my job to help you fall in love with Medora!

Similarly, I believe it is often hard to answer the question, what is tourism. Don't limit your thinking when you try to define it. It is huge. And it will grow and provide tremendous payback for the state if we give it the opportunity. South Dakota figured it out. They had the same debate. They studied the gross sales of every antique shop, candy store, flea market, gift shop, rock shop, souvenir shop, T-shirt shop, campground, lodging property, motor vehicle rentals, recreational equipment rentals, recreational services, spectator events, and visitor attractions. It was revealing how many of them generated over 50% of their receipts during June, July, August and September (the traditional tourist season)!

Our organization operates lodging properties in Medora. It is not an easy decision to support a bill that increases the tax on these properties. We know that nearly 60% of our visitors are from North Dakota. We are committed to increasing visitation from out-of-



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state travelers. The out-of-state traveler brings new dollars to the state's economy. We also recognize that it is very common around the region and country to see far greater taxes assessed on lodging than what is being proposed by SB 2337. This bill aims to capitalize on anticipated increased visitation from out-of-state travelers. The increased funding will be used specifically to attract more out-of-state travelers to the great state of North Dakota.

The Department of Commerce has identified six key industries that offer great potential for our state. Tourism is one of those six. Tourism is reported to be the fastest growing industry in our state. The ND Department of Tourism has an \$2.65 million annual budget while our surrounding states all have budgets in excess of \$6 million. It is time to invest in Tourism!

More than any other industry, tourism has the ability to make people want to live here. It has people who love what they do and who sell our state everyday.

Last summer I had the wonderful, nightly pleasure of greeting over 100,000 visitors to the Medora Musical. Each night I told them to enjoy the badlands that Theodore Roosevelt called home and credited much of his success to. I also encouraged those visitors to spend time in Bismarck, Mandan and Washburn to learn about the important Lewis & Clark history that is part of our state.

This summer, we in Medora will promote 8 to 12 communities for a week at a time during the nightly welcome at the Medora Musical. And on one night during that week, the community will be invited to set up its booth on the mid-level plaza at the Burning Hills Amphitheatre to let our visitors know about it's attractions. The CVBs from Dickinson, Fargo and Bismarck are already planning to participate!

I share this with you because you need to know that the tourism industry is working to strengthen itself cooperatively. "Romance Assistants" jobs will be redefined to "It is my job to make you fall in love with North Dakota"!

Hundreds of tourism business people met during the past two years at eight meetings of the Tourism Alliance Partnership and several meetings of the New Economy Initiative's Tourism Cluster. They identified that the greatest need in our industry was increased marketing funds for the Department of Tourism. They recognized the potential. We hope you do as well. **Please support SB 2337.**

- 2 -

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February 4, 2003

The purpose of the December 2002 national poll was to gauge the awareness and interest of travelers in the 2003-2006 Lewis and Clark bicentennial. A similar study was conducted in 2000.

#### **What it means for North Dakota**

- The 2002 study shows the state is using its limited Lewis and Clark marketing dollars wisely.
- The Tourism Division's strategy has been to incorporate Lewis and Clark promotion into its overall *Legendary* marketing campaign and its outdoor recreation marketing.
- On a national level, the study shows that travel to Lewis and Clark bicentennial states is projected to be higher than non-trail states with the exception of high-profile tourism states like Florida and California. Of those polled nationally 5% said they were likely to visit North Dakota in the next three years. Only 3% said they were likely to visit Minnesota - an Upper Midwest state without Lewis and Clark sites.
- Although 5% might not seem significant, it's important to remember the survey is a representation of the entire U.S. population and that North Dakota Tourism does not market heavily to leisure travelers beyond the region due to budget limitations.
- North Dakota compares favorably with other states in the Upper Midwest when it comes to the likelihood of visitation, even though other states have significantly larger advertising budgets. The study shows North Dakota's marketing effort is having more impact.
- The study revealed that North Dakota is in the top half of the trail states in awareness of Lewis and Clark advertising even with the smallest marketing budget. This verifies that North Dakota is using its limited advertising dollars efficiently and effectively.

#### **Reasons to continue Lewis and Clark marketing support**

- The study concluded that leisure travelers, the largest segment of the tourism industry, are more likely to visit states with Lewis and Clark sites.
- North Dakota can capitalize on the interest in the Lewis and Clark bicentennial as a platform to get more people to travel here.
- The survey shows those most likely to travel to Lewis and Clark states are history buffs, frequent travelers, venturers (individuals that are adventurous and seek new experiences), and those age 55 and older.

#### **North Dakota Hosting Two Major Signature Events**

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- North Dakota will host two Lewis and Clark Bicentennial Signature Events - one in Bismarck on Oct. 22-31, 2004; and one in New Town on Aug. 17-20, 2006.

- A sustained marketing effort gives us the resources to promote these events to people living within the region and those with a keen interest in the bicentennial.

For more information contact: Sara Otte Coleman, Director, or Rachel Retterath, Lewis and Clark Coordinator, Tourism Division, North Dakota Department of Commerce, 701-328-2525

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GARRISON AREA IMPROVEMENT ASSOCIATION

February 11, 2003

Dear Ms. Schneider,

Please present this letter as testimony in support of SB 2337 regarding the 1% lodging tax to be used for out-of-state tourism marketing efforts.

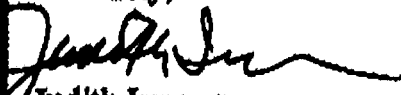
The Garrison Area Improvement Association is involved in economic development projects that are often directly tied to businesses that rely on tourism dollars, not just for profit but frequently for breaking even status.

Garrison is located near Fort Stevenson State Park on the shores of Lake Sakakawea. Tourism and recreation are vitally important to the park as well as our community. As you may know, the low level of Lake Sakakawea continues to impact us and any encouragement for increased tourism efforts are strongly supported by our organization.

A recently completed strategic plan for Garrison included many tourist related projects and local groups have been gearing up for the upcoming Lewis and Clark event. We have much to offer visitors to our area but not a lot of resources for marketing. Help from the State Tourism Department will be critical.

We have been in contact with our legislators regarding this bill and continue to support its passage.

Sincerely,



Judith Iverson  
GAIA Exec, Dir.

7014632634

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, TEL=7012234645

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Exhibit 1



## Convention & Visitors Bureau

February 12, 2003

Mr. Chairman and members of the Senate Appropriations Committee, my name is Terri Thiel and I am the Executive Director of the Dickinson Convention & Visitors Bureau. I am in support of Senate Bill 2337.

During the fall of 2000, while I was president of the ND Association of Convention & Visitors Bureau, our association hosted six meetings, all of which were held basically on the same day throughout the state. Meetings were held in Devils Lake, Grafton, Mandan, Medora, New Town and Valley City.

These grassroots businesses, historical entities and local attractions summarized their concerns and hopes for the future of the tourism industry in the state of North Dakota. Those details are presented in front of you in the Statewide Stakeholders Meeting Report that I have passed out to you.

The number one key finding for the ND tourism industry was the increased funding for out of state marketing for the ND Tourism Division (Department at that time). There were other areas that were also addressed as concerns and hopes for the future. Let me say that all other identified areas have made progress in some form or another with the exception of the number one need, the need for additional out of state marketing dollars for the ND Tourism Division.

I have made partial copies for you of the subsequent meetings that were hosted by the GNDA New Economy Initiative. They carried the TAP meetings further by hosting additional meetings called the Tourism Cluster meetings. One of the tourism initiatives that resulted in the February 1, 2001 meeting was the idea of implementing a bed tax in order to market more competitively. Further meetings, fostered that idea and "Champions" or leaders were identified as to who was signed up to take the lead on this opportunity. The result of those ideas and creative thoughts are here before you today, asking for your support.

By implementing a 1% lodging tax to be dedicated to the ND Tourism Division for out of state marketing during the period of the Lewis & Clark Bicentennial, we will have fulfilled the vision of the Statewide Stakeholders Meeting Report and the GNDA New Economy Initiative Tourism Cluster Meetings. We will begin to leverage the state of North Dakota against other states in the marketing efforts. Time and time again, we hear that North Dakota has no image. We have a wonderful image to present; we have just always fallen short on the ability to purchase that image.

72 East Museum Drive  
Dickinson, North Dakota 58601  
Web Site: [www.dickinsoncvb.com](http://www.dickinsoncvb.com)

Phone: (701) 483-4988  
(800) 279-7391  
Fax: (701) 483-9261  
E-mail: [cvb@dickinsoncvb.com](mailto:cvb@dickinsoncvb.com)

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By adding additional out-of-state marketing dollars to the North Dakota Tourism Division, we will be able to produce additional room nights for our hotels, both rural and urban. The hotel room in Watford City or Valley City will be recipient of the adventure seeker. The hotel room in Fargo or Minot will be recipient for the out of state conventioner who view their organization's choice of destination as a wonderful, new place of history and culture that they can explore while they are there.

Marketing shows that we believe in our product. We need to show others our product; it's a wonderful opportunity that lies ahead of us.

I urge you to support Senate Bill 2337.

Sincerely,



Terri Thiel  
Executive Director

Enclosure

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Exhibit 3

**Senate Appropriations Committee  
SB 2337—Lodging Tax**

*Testimony of David Borlaug, President, North Dakota Lewis & Clark Bicentennial Foundation, Washburn*

Mr. Chairman and members of the Committee, my name is David Borlaug and I am President of the North Dakota Lewis & Clark Bicentennial Foundation, which maintains both Fort Mandan and the North Dakota Lewis & Clark Interpretive Center at Washburn.

Like others here today, I testified before the Senate Finance and Taxation Committee, in favor of a 2 percent lodging tax, dedicated to tourism marketing, and I am very grateful that the Committee, with a 6-0 vote, gave the bill a do pass. Although their action amended the bill to 1 percent, this is still a major step forward in properly funding our state's marketing efforts.

I've been here before. Many of you have heard me predict how important the Bicentennial of the Lewis & Clark Expedition will be for our state. Today I am here as this national commemoration is underway, having launched from the west lawn of Monticello on January 18. For the next three and a half years, the commemoration continues, and America and the rest of the world will be looking for ways to participate.

Already, national media attention has been nothing short of astounding. At last count, 63 major daily newspapers carried coverage of the Bicentennial launch at Monticello, including the New York Times, which featured the story on its front page as well as the Washington Post, Kansas City Star, Pittsburgh Post-Gazette, Portland Oregonian, St. Louis Post-Dispatch, Atlanta Journal-Constitution, Arizona Republic, Baltimore Sun, Boston Globe, Chicago Tribune, Los Angeles Times, Houston Chronicle, Detroit Free Press, Miami Herald, London Daily News and on and on. Every major television network and virtually all of the top 50 TV markets in the nation included coverage of the event.

And although North Dakota was well-represented at Monticello, by both Amy Mossett and Tex Hall of the Three Affiliated Tribes, the major task before us is to make certain that everyone who connects with Lewis & Clark because of the Bicentennial, also connects with North Dakota, as the state central to this story.

That is where marketing comes in. That is why we have the Tourism Division. Last year, over 35,000 visitors, from all 50 states and over 50 countries came to the Lewis & Clark Interpretive Center. Visitation at Fort Mandan, following a year of additional improvements made by our Foundation, was up 81 percent.

Imagine, with the Bicentennial upon us, what the possibilities are! This is the moment, this is when we must step up and do the right thing. There has never been a better time to enhance our marketing capacity, when so many visitors are ready to come and experience what we have to offer. And, what we have to offer is truly "legendary."

Deanna Hallmark  
Operator's Signature

10/22/03  
Date

From Lewis and Clark to Sacagawea to Custer and Sitting Bull to Teddy Roosevelt. From the fur trade to the homesteaders, from the Mandan and Hidatsa, our first farmers, who cultivated crops a thousand years before the Homestead Act, to those Germans and Norwegians who brought their own unique cultures to the prairie—we have the great characters, and great stories, that the world is ready to experience.

No one goes to Philadelphia just to look at the Liberty Bell. When visitors come to North Dakota, they won't be coming up the Missouri River the way Lewis & Clark. They will be coming on I-94 and stopping at the Great Plains Museum in Fargo. They will be coming down I-29 and catching the Pembina State Museum. They will visit our National Park. They will come back for Norsk Høstfest. It's a rising tide that lifts all boats, from harbor to harbor, throughout every corner of the state.

Other states have a problem with tourism marketing. They find that when visitors come to places like Montana, they fall in love and want to stay. That's a problem for some states. That's NOT a problem for North Dakota! We have lots of room, and economic development is yet another payback for the state's investment in tourism marketing. And it will happen, because we have so much to fall in love with.

Visitors can't wait to experience our special place—they just don't all know it yet! Let's get the message out, far and wide! Because of a great national commemoration, our state is now placed on a global platform. For what we can gain today, and what future generations will thank us for, let's seize the day—and make this start of the new millennium a true sea-change for our state, and the way the world views us.

Because for decades beyond the Bicentennial, the word of mouth will continue, as new visitors return home and talk to friends, neighbors and relatives about what a wonderful place this is.

It will happen. It's that important. And it all starts right here.

Thank you for your support of Senate Bill 2337, and I will be happy to answer any questions you may have.

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Exhibit #4

Testimony of Tracy Potter, Co-chair, New Economy Initiative - Tourism Alliance Partnership, to the North Dakota Senate Appropriations Committee on SB 2337.

Chairman Holmberg, members of the Senate Appropriations Committee, my name is Tracy Potter. I am the executive director of and a registered lobbyist for the Fort Abraham Lincoln Foundation, but I do not rise in that capacity. The board of the Fort Abraham Lincoln Foundation has never discussed this legislation. I am here today as a co-chairman of the New Economy Initiative Tourism Alliance Partnership. The Tourism Alliance Partnership supports SB 2337.

Senator Thane has made the case for the bill, as will others involved in promoting North Dakota. I think it falls to me to provide the rebuttal to arguments against the bill.

Opponents will say they agree that the state's tourism promotion is very important and that they want to see the Governor's budget for tourism approved or even improved. Also, while they will concede that it is not the hotels that actually pay the tax and that they already have the mechanism in place for collecting the tax, they oppose the bill, partly because they feel unfairly targeted, in that the hotels are already heavily taxed and that this additional one percent will place them at a competitive disadvantage.

Let's take those one at a time. It's true that sales taxes on hotels in North Dakota are higher than sales taxes on gifts from Five Nations Arts, in the old Depot, on Main Street, in Mandan, open seven days a week. It's also true that if you travel you've paid much higher lodging taxes in Washington, New York, or Minneapolis. You can look at this bill as reciprocity. When our friends say hotels are heavily taxed, they're referring to the two percent local CVB tax. This is an excellent example of what we're proposing today. There was grumbling about those local taxes as they began to be approved across the state, but there's no grumbling today. Virtually every town with a motel has authorized the taxes - and the local hotels are among the most enthusiastic supporters of the work of the CVBs, funded by a tax identical to the one proposed today, with one exception. This one will put North Dakota on TV in Minneapolis and Winnipeg and other regional markets. Only the state can do that for our industry. The CVB directors will unanimously tell you that only the state can fill that role.

The second argument is about this one percent causing a competitive disadvantage. It won't. According to the AAA 2002 vacation cost survey a one percent increase in the cost of a whole North Dakota vacation, not just the hotels but the whole vacation, a two percent increase wouldn't even move us up to 50th on the list. But we don't need statistics to prove this case. One of the great things about tourism is that we're all experienced in it. You can ask yourself, have you ever booked a hotel room based on lodging tax? Have you ever even asked when you're making a reservation what the local tax rate is?

If anyone asks, it's convention planners and motorcoach operators, people making detailed arrangements for other people and counting every penny. But is there a competitive disadvantage - no, not when everyone in the city and state are charging the same tax. In-state groups are having their conventions somewhere and it better not be

Deanna Hall  
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East Grand Forks. Out-of-state groups are coming for many reasons: they love our attractions, they've been lured here by our CVB's (funded by a two percent lodging tax); we're on the way to where they're going... whatever the reason, it trumps the one percent on hotel rooms.

Passage of this bill won't cause anyone to stay away from North Dakota. But what if it did? What if we did lose some room nights to furious pencil-pushing? Look at the trade-off. Shouldn't a quadrupling of our out-of-state advertising budget lead to at least a five percent increase in visitation? Shouldn't it? Legislatures and governors for 30 years must have thought our tourism office was at least that effective or it wouldn't be funded at all. So, take five percent, a five percent increase in tourism spending is \$140 million, seven million in sales tax collections alone, not counting the impact of the spending on incomes and income tax. It means tens of millions in revenue for hotels and motels, increasing the amount collected for CVBs and the state through the lodging tax, allowing more promotional activity bringing more visitors ... you see the positive cycle.

Longwoods International studied the impact of \$370,000 in media placement in the most recent tourism campaign. Beyond all the positives in creating awareness, the campaign generated \$29 million in new spending within the same year it was placed. What could \$1.5 million more have done? Let's talk about that briefly: you are the CEO's of a company called North Dakota. After years of building infrastructure, you have a fabulous product, with a specialty ... you have the finest attractions in the world related to the epic Lewis and Clark story. Through the luck of timing- you find that the world's attention is turning to that story. At this very important moment, your competition weakens. Everywhere state budgets are in trouble. We have the opportunity of a generation to leapfrog our marketing to a new level of effectiveness. Passage of this bill would move North Dakota's tourism budget into effective competition with our neighbors, our competitors. Better, this sudden influx is going to a lean operation. The money will be spent on out-of-state media, completely, no new FTEs needed. So, where your first \$2.5 million in the tourism budget produces a \$400,000 out-of-state campaign, this \$1.5 million will ALL go to out-of-state marketing. None of it will be spent on administration. As CEO's this is the time to push the green button on this ambitious project.

Some will express concern for the guests - the payers of this tax. This is the key argument. If we all agree that tourism advertising needs to be supported - and we all do - who should pay for it? This is the single source of funds most likely to come from people who are not residents of North Dakota. While North Dakotans will also pay this tax, there is no other tax where such a great percentage will be paid by out-of-staters. Something like half of this tax will be paid by people from other states, provinces and countries. It's like we get a matching grant.

If you believe in tourism, you're for this bill. The opposition will say that's not true. They're for tourism, but not for SB 2337. They are sincere, Mister Chairman. Everyone in this room believes in North Dakota and North Dakota's tourism industry. The opposition is sincere. They are merely wrong. This bill is good for our state. We have the chance of a generation to promote North Dakota. This is the vehicle. Now is the time. Thank you.

Exhibit 65

## TESTIMONY

SB 2337

Chairman Holmberg, members of the Senate Appropriations committee, for the record my name is Mark Dosch, Representative from District 32 Bismarck. I come before you today as a private citizen engaged in the lodging industry, and strongly OPPOSE this bill.

We all agree that the Lewis and Clark bicentennial celebration will be a very important event, and represents a great opportunity for our State however ...

- The lodging industry is already the HIGHEST TAXED industry in the State at 9%. Customers already think the tax is too high.
- Who will benefit from Lewis & Clark? Just the hotel industry? No virtually every industry and segment will benefit, so why just place the burden on hotels?
- Why not extend the tax to every sector that will benefit, including Gas stations, Food, Retail, and especially the tourist attractions like Fort Lincoln. - Medora trip.
- Fact is, If the entire State will benefit it should be STATE FUNDED. After all, shouldn't it be the States obligation to fund it's 2nd largest industry?
- Not one of the bill sponsors is in the effected industry - Easy to propose a tax increase on someone else.

Hotels ALREADY SUPPORT TOURISM in their respective towns.

- \* Lodging Tax already funds the Convention and Visitor Beau's to promote tourism.
- \* Lodging Tax funds Civic Center Expansion
- \* Funds and subsidizes convention costs.
- \* Already struggling to attract conventions. Hotels are forced to keep prices down to help offset high air fare costs.
- Competition:
  - \* South Dakota 8-9%
  - \* Montana 4%
  - \* Nebraska 5%
  - \* Casinos 0%
- New tax would make us the highest around. NO NEW TAX INCREASES!
- Currently approx. 65% of our business is North Dakotans. Making this a tax on US.
- What message are we sending? ND the high tax state. Come visit but don't stay.
- RECAP - The hotel industry is already the highest tax industry. Tourism is the States 2nd MOST IMPORTANT INDUSTRY. It should be funded by the State - **EVERYONE PARTICIPATES, AND EVERYONE ENJOYS THE BENEFITS.**

Al though we understand the intentions of the bill, it is wrongly and unfairly directed to single out one industry for the benefit of the entire state. For this reason we strongly OPPOSE THIS BILL AND URGE A DO NOT PASS.

This concludes my testimony, I would be happy to answer any questions.

Exhibit 6

Senate Bill 2337

Chairman Holmberg, and members of this committee.

My name is Lyle Schneider, Manager of the Radisson Hotel, Bismarck. I would like to ask you NOT to support Bill 2337. These are a few of my reasons.

This bill is for everyone's gain or loss, from attractions, campgrounds, retailers, gas stations, restaurants and bars, etc. ...all could loose. Some people for the bill will say this tax to the hotels is a seamless exchange of money that no one will even notice. This is simply not true.

It will be harder for me to attract Regional and National conventions to the State of ND because everyone watches the bottom line. We hear from meeting planners across the nation asking why they should come to ND. They would tell us that our AIR rates are too high, I tend to agree. We tell them we have great prices on room rates and all the other great features of our State. The economy around the nation has left us on the same playing field as major markets, but with this tax, it certainly makes our bids less attractive.

Some would say that it will increase revenue in summer travel. I say that I want to increase revenues all year long. This bill would not increase my chances to put more money in the states pockets, it would hinder that as you can see in the statement above. If you were looking at the Fargo market, for example, you would see that the tax rate would be at 10.5 or 11 percent, Moorhead across the Red River is at 8 or 8.5 percent with a new Convention Center and Marriott. As a meeting planner looking to spend \$50,000 to \$100,000 this would be a no brain move for me. This is one example of \$2000 or \$3000 in tax that would make a difference to the State, this is no matter how you look at it a bigger loss all year, especially the hotels.

I can tell you in talking with other Hotel managers in Grand Forks, Minot, Fargo, Bismarck, and Jamestown, they feel the same. As far as CVB'S most of them do not support this bill, I know Dickinson supports this, but also know they do not have the meeting and convention business as other markets. The ND Hospitality Assoc. does not support this bill. I believe GNDA is neutral on this issue.

I believe in Tourism in the State, in fact I think it is the 2<sup>nd</sup> largest industry in the state. I strongly disagree on this bill increasing the lodging tax, I think it would only hurt our industry trying to attract more revenues to the State. So I'm asking once again to Not pass this bill.

Radisson Hotel Bismarck  
605 East Broadway Avenue • Bismarck, North Dakota 58501  
Telephone: 701-255-6000 • Fax: 701-223-0400  
[www.radisson.com](http://www.radisson.com)

**Radisson**

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Exhibit 7

Senate Bill 2337

Testimony  
Of  
Shannon Gangl

Chairman Holmberg and members of the committee, my name is Shannon Gangl, Vice President of LWZ Hospitality and Fargo Doublewood Inc. I am representing our companies in opposition to Senate Bill 2337.

Over the next several years I believe we have a unique opportunity to market our state to the rest of the world. After careful consideration however, I am convinced that doing so at the expense of our meeting planners and corporate travelers is largely a mistake.

A minimum of 60% of conference hotels business is derived from meetings and corporate travelers. I speak from experience when I tell you that the only advantage North Dakota has in this arena to our neighboring areas is hotel-pricing structure. Hotels are already subsidizing tourism, airlines and civic auditoriums. Meeting planners in the current economy and post 9/11 are extremely cost conscious. Tax and service rates are now a part of nearly every negotiation process and are considered deal breakers within the industry.

We cannot afford any more deal breakers in North Dakota. Thank you for your time.

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## THEODORE ROOSEVELT MEDORA FOUNDATION

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**Testimony of Randy Hatzenbuhler  
President, Theodore Roosevelt Medora Foundation  
on Senate Bill 2337  
March 4, 2003**

Chairman Belter and members of the House Finance and Taxation Committee:

My name is Randy Hatzenbuhler and I am the president of the Theodore Roosevelt Medora Foundation in Medora. I am here to ask you to support SB 2337.

My education is in accounting. My passion is tourism. The numbers of this tax make sense.

I have a 15-year old son, who has asked me "Dad, what's your job?" Sometimes the simplest question is hardest to answer. This spring, over 300 people will work for us in Medora. If I do my job well, every one of them will answer the question "what's your job?" the same way. They will say, "I am a Romance Assistant"; it is my job to help you fall in love with Medora!

Similarly, I believe it is often hard to answer the question, what is tourism. Don't limit your thinking when you try to define it. It is huge. And it will grow and provide tremendous payback for the state if we give it the opportunity. South Dakota figured it out. They had the same debate. They studied the gross sales of every antique shop, candy store, flea market, gift shop, rock shop, souvenir shop, T-shirt shop, campground, lodging property, motor vehicle rentals, recreational equipment rentals, recreational services, spectator events, and visitor attractions. It was revealing how many of them generated over 50% of their receipts during June, July, August and September (the traditional tourist season)!

Our organization operates lodging properties in Medora. It is not an easy decision to support a bill that increases the tax on these properties. We know that nearly 60% of our visitors are from North Dakota. We are committed to increasing visitation from out-of-



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*Randy Hatzenbuhler*  
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state travelers. The out-of-state traveler brings new dollars to the state's economy. We also recognize that it is very common around the region and country to see far greater taxes assessed on lodging than what is being proposed by SB 2337. This bill aims to capitalize on anticipated increased visitation from out-of-state travelers. The increased funding will be used specifically to attract more out-of-state travelers to the great state of North Dakota.

The Department of Commerce has identified six key industries that offer great potential for our state. Tourism is one of those six. Tourism is reported to be the fastest growing industry in our state. The ND Department of Tourism has an \$2.65 million annual budget while our surrounding states all have budgets in excess of \$6 million. It is time to invest in Tourism!

More than any other industry, tourism has the ability to make people want to live here. It has people who love what they do and who sell our state everyday.

Last summer I had the wonderful, nightly pleasure of greeting over 100,000 visitors to the Medora Musical. Each night I told them to enjoy the badlands that Theodore Roosevelt called home and credited much of his success to. I also encouraged those visitors to spend time in Bismarck, Mandan and Washburn to learn about the important Lewis & Clark history that is part of our state.

This summer, we in Medora will promote 8 to 12 communities for a week at a time during the nightly welcome at the Medora Musical. And on one night during that week, the community will be invited to set up its booth on the mid-level plaza at the Burning Hills Amphitheatre to let our visitors know about it's attractions. The CVBs from Dickinson, Fargo and Bismarck are already planning to participate!

I share this with you because you need to know that the tourism industry is working to strengthen itself cooperatively. "Romance Assistants" jobs will be redefined to "It is my job to make you fall in love with North Dakota"!

Hundreds of tourism business people met during the past two years at eight meetings of the Tourism Alliance Partnership and several meetings of the New Economy Initiative's Tourism Cluster. They identified that the greatest need in our industry was increased marketing funds for the Department of Tourism. They recognized the potential. We hope you do as well. Please support SB 2337.

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SB 2337

# **TAP**

## **INTO TOURISM**

*Tourism Alliance  
Partnership*

### ***Statewide Stakeholders Meeting Report***

Analysis Provided by:  
DH Research  
1335 2nd Avenue N, Suite 1  
Fargo, ND 58102

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# Executive Summary

Tourism Alliance Partnership  
2000 Meeting Notes Analysis

Page 1

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## ***Tourism In North Dakota: What Can The 2001 Legislature Do?***

During the summer of 2000; the Tourism Alliance Partnership conducted a series of six discussion groups across North Dakota to determine what needs to be done to increase tourism in the State.

People participating in the meetings were business personnel representing hotels, restaurants, service stations, resorts, bed and breakfast owners, casino operators, guides and other types of businesses that have potential benefit from increased tourism in North Dakota. Others included representatives from convention and visitor's bureaus, chambers of commerce, advertising agencies, and governmental agencies.

### **Meetings were held in:**

- \* Devils Lake
- \* Grafton
- \* Mandan
- \* Medora
- \* New Town
- \* Valley City

### **Key Findings:**

The following are the key components of the discussions that were held around the State during 2000.

1. **Additional Funding for Tourism Promotion.** Increased funding for tourism promotion was one of the key suggestions from all groups. More work needs to be done so that more people travel to North Dakota. But increased tourism will not occur unless additional funds are made available to statewide, regional and local organizations that want to actively promote North Dakota.

Funding is the key to all other aspects of increasing tourism in North Dakota. With out it many of the following additional positive suggestions cannot be carried out to further enhance tourism.

- a. Surrounding states: Minnesota/South Dakota/Montana
- b. United States
- c. Canada
- d. Other countries that may have generational ties to North Dakota
- e. North Dakota

2. **Coordinated efforts to market all of North Dakota.** There are great numbers of individuals and businesses interested in seeing tourism in North Dakota increase. All can do some marketing, but the effect will not be as successful and efficient as it would be if diligent coordination of all promotion activities occurred.

**Update the long-range master plan of activities.** Develop a plan for marketing efforts, product development, and collaboration of work to be done by all agencies involved. Market the entire state.

3. **Utilization of Technology.** Most of the groups were aware that North Dakota has a website, but also felt it could be enhanced. The site needs to be on the cutting edge of technology while also being user friendly. The site should also be dynamic, with constant review of e-commerce options allowing on-line information and bookings.

**Use interactive technology at rest areas to provide information regarding tourism destinations as well as directions.**

4. **Create programs offering financial and developmental assistance for businesses that are tourism related.**

5. **Signage.** Many of the group comments contained feelings that signage regarding site-seeing destinations in North Dakota should be evaluated and improved. Make it easier for travelers to get to where they are going.

6. **Research.** New research should be conducted to:
- Evaluate current advertising effectiveness.
  - Evaluate current awareness of North Dakota.
  - Determine what must be done in the future to draw more people.

**Funding is the key to all other actions that can increase and enhance the tourism experience in North Dakota. Additional funding will:**

- Provide dollars to fund research to solidify future marketing.
- Provide the means to prepare a master plan.
- Make it easier to find North Dakota on the map.
- Make it easier for travelers to find their destinations.
- Allow other tourism-related work to begin or be continued on a larger scale.

# Detailed Analysis

Tourism Alliance Partnership  
2000 Meeting Notes Analysis

Page 4

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## Introduction

This report is a brief analysis of summary data from six meetings regarding the future of tourism in North Dakota, spearheaded by the North Dakota Tourism Alliance Partnership. The meetings were held across the state in the communities of Devils Lake, Grafton, Mandan, Medora, New Town, and Valley City September 26 and 27, 2000.

Business personnel attending represented hotels, restaurants, service stations, resorts, bed and breakfast owners, casino operators, guides and other types of businesses that have potential benefit from increased tourism in North Dakota. All gathered with the idea of ultimately developing a plan that enhances the future of tourism in North Dakota.

This analysis is based on summary data from each of the six meetings. The summary data from each meeting was provided to DH Research to compile a report that represents a third-party perspective of the ideas generated in the meetings. Since a DH Research representative was not present at the meetings, this report is based solely on the feedback from the person at each meeting that compiled meeting notes.

## Tourism Alliance Partnership

The North Dakota Tourism Alliance Partnership concept began in 1998 with the North Dakota Association of Convention & Visitors Bureaus formulating ideas of developing a grassroots tourism/hospitality group that would organize to advance the ND Tourism Industry into the 21<sup>st</sup> Century.

The ND Tourism Department's marketing budget has been relatively flat for more than ten years. At the same time, the state's tourism product has greatly expanded. It is critical to ensure that North Dakota remain competitive in tourism. Over the last decade, the combined advertising budgets of state travel offices have increased by over 26%, while the ND Tourism Department marketing budget has remained stagnant.

Tourism is the third largest industry in the state of North Dakota. According to the Travel Industry Association of America 1997 figures, direct traveler expenditures in North Dakota were \$1.06 billion for the domestic traveler and \$62.1 million for the international traveler, or \$1.12 billion total. Employment related to total visitor travel is over 19,700 jobs in the state.

## Statewide Summary

The Statewide Summary is based on the reports supplied from each of the six regional TAP meetings held in North Dakota. Individual TAP meeting summaries by DH Research follow this Statewide Summary.

Those responsible for each regional meeting identified the top five or six issues they felt needed to be addressed in order for tourism in North Dakota to grow and become an even more significant source of revenue within the state. Notes also included other ideas and topics that, while not the most discussed topics, were nevertheless brought up by someone attending the meeting.

The Tourism Alliance Partnership identified the following five tourism industry needs as most important:

1. *Increase the out-of-state marketing budget for the ND Tourism Department.*
2. *Improve strategic planning for marketing, product development, and inter-agency collaboration.*
3. *Provide more travel information at rest areas with an emphasis on technology.*
4. *Create state finance and development programs for tourism related businesses.*
5. *Market the entire state.*

***Review of these notes suggests, and re-emphasizes, that without MARKETING, the growth of North Dakota tourism will not be maximized.***

***Therefore, to maximize efforts to enhance tourism growth in North Dakota, update the long-range Master Plan to identify who and what must be involved.***

Therefore, individual TAP meeting notes were reviewed to identify:

1. The focus of marketing efforts.
2. What does North Dakota have that it can market? (Products)
3. Ideas and actions that, if taken, will enhance the marketing of North Dakota.

The remainder of this summary report presents the interpretive opinions of DH Research. Our goal was to review summary notes of each of the six regional meetings from a third party perspective, and develop an unbiased overall presentation of important findings from all groups. The order of listing is not necessarily indicative of the level of importance.

### Focus Of Future Marketing Efforts

All groups generally agreed that future marketing efforts must take place at three levels:

- Within North Dakota
- The United States
- Internationally

**North Dakota.** Most of the group notes included discussion of increased, and better, promotion within the borders of the state. Encouraging North Dakota residents to take advantage of all that North Dakota offers.

As will be discussed later in the Statewide Summary, efforts should also be made to have greater collaboration between all that will benefit from a combined marketing effort, including private business, tourism organizations and state agencies.

**Nationwide.** Tourism growth depends heavily on bringing people into the state from beyond its borders. All groups felt that marketing outside of North Dakota needed to increase. Current advertising evidently takes the form of general awareness messages because one group specifically suggested that this approach is not working, and that a shift to "theme" advertising occur. Most of the groups also suggested that research is needed to better understand current perceptions and awareness of North Dakota.

**International.** With our neighbor Canada so close, and the already existing tourism that occurs between the two countries, most felt it beneficial to continue and enhance international marketing. Several comments were made about North Dakota's heritage. Marketing to countries from which the various ethnic groups in North Dakota are derived should also be considered.

### Products To Market

Here, the term product refers to those sites, terrains, locations, or activities that could grab the attention of anyone planning travel and vacations. North Dakota has a great deal to "sell" to travelers; the state must package the product and make the traveler aware that it is available!

There were several products mentioned that could be the focus of marketing efforts. Those that were mentioned most often included:

- ☞ The history of North Dakota
- ☞ Agricultural/Rural setting
- ☞ Bird watching
- ☞ Hunting & fishing
- ☞ The Native American culture
- ☞ Lewis & Clark - take advantage of the upcoming bicentennial
- ☞ The diversity of terrain and corresponding activities

Other activities or sites that could be draws to North Dakota included:

- Trails within the state for a variety of activities
  - Biking
  - Hiking
  - Horses
- Winter sports
- Development of vacation packages
- Vacation theme options/packages
- North Dakota's Grasslands
- North Dakota's wide-open landscape
- Trade shows
- Motor coach tours
- Churches and church tours

Page 8

Tourism Alliance Partnership  
2000 Meeting Notes Analysis

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Deanna Hallmark  
Operator's Signature

10/22/03  
Date

## **What Has To Happen To Better Market North Dakota?**

As stated at the beginning of this section, there will be little growth in North Dakota tourism without marketing. And, secondly, without a Master Plan for growing North Dakota tourism, efforts by individual organizations, agencies and people will not accomplish what a well-coordinated effort can do.

Since the Tourism Alliance Partnership has evolved, and the North Dakota State Legislature will be in session during the first quarter of 2001, now is a good time to re-examine the existing plan and take into account the following thoughts from TAP meetings.

### **Funding**

Since the State Legislature will be in session, it is a good time to look at budgeting for tourism in North Dakota. The six area TAP meetings resulted in a great number of ideas and directions. However, little of it can be accomplished without financing. All of the TAP meeting notes included comments about the need to examine and expand funding for North Dakota tourism.

### **Cooperation Among All Involved With Tourism**

TAP groups also realized that there are several agencies, organizations, groups, and individuals within the state that can have a bearing on tourism. From the North Dakota Tourism Department, to the interested individual there needs to be active coordination within plan guidelines.

### **Commitment by State Organizations**

A few of the meeting notes included comments about the active involvement by those in charge of State organizations. Involvement in meetings, tours of sites, and other activities must be apparent to maximize collaboration and awareness of the tourism destinations North Dakota offers.

### **Tourism Employee Training**

Some of the groups also mentioned that even those involved in tourism as an employee at a site or location should receive basic training about their specific work location as well as a general awareness of the attractions that are available in other areas of the state.

### **New and Additional Research**

Nearly all of the groups mentioned the need for research to assure that future efforts are well developed and well focused. The research needs to include:

- Evaluation of the effectiveness of existing marketing efforts
- Determination of future marketing efforts

### **Technology**

All groups also identified the need to enhance the existing North Dakota Website to make it an even more dynamic tool for attracting tourism dollars to the State. The reach of this tool makes it extremely valuable in any outreach efforts, and appropriate funding and attention will enhance its effectiveness in drawing people to North Dakota.

### **Signage**

Several groups believed that current signs identifying sites and directing travelers to the sites need to be improved, and new signs developed.

### **Utilize Businesses to Promote**

Some of the groups also realized the potential that businesses could have on North Dakota tourism. Especially those that could see direct impact from tourism marketing. Continued efforts to tie businesses to tourism-based organizations, chambers of commerce, and specific events occurring in various communities will further enhance tourism growth.

### **Rest Area Development**

A few of the TAP meetings discussed the value of rest areas along State highways. Several new areas have been developed. Updating and renovation of other existing rest areas would enhance travel by auto or bus.

Another suggestion was to develop information kiosks within rest areas to allow tourists to get their bearings or learn about nearby sites to visit while taking a break.

### **Change The Date of School Opening**

This idea brings with it the task of coordinating efforts of not only those involved with tourism, but also education, resulting in a tough row to hoe. This was one of the top ideas coming out of the Mandan TAP meeting, and from notes it appears that an effort to change the date has been tried before.

Statistics prove that once school activities begin, tourism diminishes. The workforce is lost and North Dakotans cease traveling.

## Devils Lake

### Top 5 Priority Issues (as identified by Devils Lake TAP meeting)

- ② Develop long-range marketing strategies for each region and the State.
- ② Gain more emphasis for eastern North Dakota.
- ② Find ways to educate the employee pool about tourism and the opportunities for employment in the tourism industry.
- ② Convince the Legislature to increase funding for tourism.
- ② Be an active participant with North Dakota Game & Fish Department in drafting regulations that will loosen out-of-state waterfowl and fishing licensing.

### Key words and phrases from Devils Lake TAP meeting notes:

#### ② Marketing:

- Intrastate – to develop sense of pride
- Interstate – to draw in
- Globally – to draw in

#### ② Products to market:

- History of region/state
- Trails
- Water
- Birding
- Rural/Agricultural setting

#### ② What needs to happen in order to better market North Dakota?

- Better coordination of information and efforts.
  - Signage
  - Networking by personnel within the state
  - Funding
- Further tap the potential of North Dakota Tourism Website.
- Obtain better understanding of how and why people look at North Dakota.

## Grafton

### Top 5 Priority Issues (as identified by Grafton TAP meeting)

- ⌘ Annual Tourism Marketplace in eastern North Dakota
- ⌘ Market tourism potential to State Leaders
- ⌘ Tourism Package Development
- ⌘ I-29 Exits identify things to do
- ⌘ Target Marketing

### Key words and phrases from Grafton TAP meeting notes:

#### ⌘ Marketing:

- Intrastate
  - State leaders
  - Businesses
  - College/University Alumni
- Interstate
  - Minnesota
  - College/University Alumni
- International – Winnipeg

#### ⌘ Products to market:

- Vacation packages
- Rural/Ag. Vacations
- Winter sports
- Birding
- Red River Valley
- Hunting/Fishing
- History
- Native America

#### ⌘ What needs to happen in order to better market North Dakota?

- Regional coordination
- Funding
- Greater use of technology
- Determine strengths of North Dakota tourism



## Mandan

### Top 6 Priority Issues (as identified by Mandan TAP meeting)

- ☞ Increase dollars spent on marketing
- ☞ Marketing Lewis & Clark
- ☞ Defining consistent themes and experiences for concentrated marketing
- ☞ Moving school start dates to after Labor Day
- ☞ Conducting consistent research
- ☞ Being consistent with markets

### Key words and phrases from Mandan TAP meeting notes:

#### ☞ Market:

- Interstate
  - Emphasis on themes rather than location of marketing blitz
- Evaluate effectiveness of current marketing efforts

#### ☞ Products to market:

- History of North Dakota
- Lewis & Clark
- Trails
- Theme ideas

#### ☞ What needs to happen in order to better market North Dakota?

- Evaluate current campaign effectiveness
- Install an experienced person into role of Tourism Director and Research Director.
- Better coordination
  - Coordination with Tourism and Transportation Dept.'s, Historical Society, Parks and Recreation, etc.
- Signage
- Tourism employee training
- Funding
- Better utilization of technology as an information resource
- Develop research methods and models

## Medora

### Top 5 Priority Issues (as identified by point system in Medora TAP meeting notes)

- 🔑 Develop information services at rest areas, provide dumpsters on state roads, no more expensive rest areas that do not promote or encourage visitation.
- 🔑 Increase ND Tourism Dept. funding for out of state marketing.
- 🔑 Continually educate people on events that created or impacted the state – history.
- 🔑 Establish a better website for the state, add links to all pertinent venues.
- 🔑 Provide common size brochure racks to local businesses for tourism business.

### Key words and phrases from Medora TAP meeting notes:

#### 🔑 Market:

- Interstate
  - Use Focus Groups
- Intrastate

#### 🔑 Products to market:

- Birding
- Entire state
- Openness of the state
- Grasslands
- Winter
- Lewis & Clark
- History
- Native America

#### 🔑 What needs to be done in order to better market North Dakota?

- Tourism Director needs to actively visit tour sites/locations
- Funding
  - Change school start dates
  - Better signage
  - Better coordination and communication between regions
  - Utilize business help
  - Road map symbols
  - Better research
  - Better use of technology

## New Town

### Top 5 Priority Issues (as identified in New Town TAP meeting notes)

- 🔑 More out of state marketing
- 🔑 Financing programs for tourism related business
- 🔑 Better collaboration between all agencies in the state
- 🔑 More education on North Dakota's diverse cultures
- 🔑 Canadian marketing

### Key words and phrases from New Town TAP meeting notes:

- 🔑 Market:
  - Intrastate
  - Interstate
  - Canada
- 🔑 Products to market:
  - Trade shows
  - Bus tourism
- 🔑 What needs to be done to in order to better market North Dakota?
  - Funding
  - Recognition by Bank of North Dakota
  - More research
  - Better coordination between all interested agencies within the State
  - Use of technology
  - Develop more rest areas
  - Better signage
  - Look at tourism as a business for the State

## Valley City

### Top 5 Priority Issues (as identified in Valley City TAP meeting notes)

- ☞ Increased directional and commercial signs
- ☞ Market the whole State, not just the west
- ☞ Interactive kiosks at rest areas
- ☞ Increase in-state awareness
- ☞ Encourage farm tours and organize more of them

### Key words and phrases from Valley City TAP meeting notes:

#### ☞ Market:

- Intrastate
  - Business partnerships
  - Travel agent partnerships
- Interstate
- Internationally

#### ☞ Products to market:

- The entire state
- Lewis & Clark
- Hunting & Fishing
- Package tours
- Environmental quality
- Farm tours
- History and heritage
- Church tours
- Birding
- Other packages

#### ☞ What needs to be done in order to better market North Dakota?

- More funding
- Interpretive kiosks at rest areas
- Technology coordination
  - With travel agents
  - Website
  - Powerpoint presentations to anyone promoting the state
- More research
- Better signage
- Use Sakajawea dollars for change

**House Finance and Taxation Committee  
SB 2337—Lodging Tax**

*Testimony of David Borlaug, President, North Dakota Lewis & Clark Bicentennial Foundation, Washburn*

Mr. Chairman and members of the Committee, my name is David Borlaug and I am President of the North Dakota Lewis & Clark Bicentennial Foundation, which maintains both Fort Mandan and the North Dakota Lewis & Clark Interpretive Center at Washburn.

The middle of January, I was with thousands of others who gathered in Charlottesville, VA, at Monticello, Thomas Jefferson's home, to launch the Bicentennial of the Lewis & Clark Expedition. This national commemoration will continue through the year 2006, and already, America and the world has been captivated by the story of Lewis & Clark. Major newspapers in 48 states covered the event, and every major television network. And North Dakota, especially through the Three Affiliated Tribes, was front and center in much of that media attention.

Last year, over 35,000 visitors, from all 50 states and over 50 countries came to the Lewis & Clark Interpretive Center at Washburn. Visitation at Fort Mandan, following a year of additional improvements made by our Foundation, was up 81 percent.

Imagine, with the Bicentennial upon us, what the possibilities are! This is the moment, this is when we must step up and do the right thing. There has never been a better time to enhance our marketing capacity, when so many visitors are ready to come and experience what we have to offer. And, what we have to offer is truly "legendary."

No one goes to Philadelphia just to look at the Liberty Bell. When visitors come to North Dakota, they won't be coming up the Missouri River the way Lewis & Clark did. They will be coming on I-94 and stopping at the Great Plains Art Museum in Fargo. They will be coming down I-29 and catching the Pembina State Museum. They will visit our National Park in the Badlands. It's a rising tide that lifts all boats, from harbor to harbor, throughout every corner of the state.

Other states have a problem with tourism marketing. They find that when visitors come to places like Montana, they fall in love and want to stay. That's a problem for some states. That's NOT a problem for North Dakota! We have lots of room, and economic development is yet another payback for the state's investment in tourism marketing. And it will happen, because we have so much to fall in love with.

Visitors can't wait to experience our special place—they just don't all know it yet! Let's get the message out, far and wide! Because of a great national commemoration, our state is now placed on a global platform. For what we can gain today, and what future generations will thank us for, let's seize the day—and make this start of the new millennium a true sea-change for our state, and the way the world views us.

For years, we have all recognized that our state tourism budget cannot give our state the promotion it needs. For the first time ever, we have gone beyond "talking about it," and we now have the firepower, made possible by a nominal 1 percent lodging tax, ready to be offered our state's marketing agency.

It will happen. It's that important. The Senate has started it all. Let's finish it right here in the House, with your Do Pass recommendation for Senate Bill 2337. Thank you for your support.

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David Borlaug  
Operator's Signature

10/22/03  
Date



## Convention & Visitors Bureau

March 4, 2003

Mr. Chairman and members of the House Finance and Taxation Committee, my name is Terri Thiel and I am the Executive Director of the Dickinson Convention & Visitors Bureau. I am in support of Senate Bill 2337.

During the fall of 2000, while I was president of the ND Association of Convention & Visitors Bureau, our association hosted six meetings, all of which were held basically on the same day throughout the state. Meetings were held in Devils Lake, Grafton, Mandan, Medora, New Town and Valley City.

These grassroots businesses, historical entities and local attractions summarized their concerns and hopes for the future of the tourism industry in the state of North Dakota. Those details are presented in front of you in the Statewide Stakeholders Meeting Report that I have passed out to you.

The number one key finding for the ND tourism industry was the increased funding for out of state marketing for the ND Tourism Division (Department at that time). There were other areas that were also addressed as concerns and hopes for the future. Let me say that all other identified areas have made progress in some form or another with the exception of the number one need, the need for additional out of state marketing dollars for the ND Tourism Division.

I have made partial copies for you of the subsequent meetings that were hosted by the GNDA New Economy Initiative. They carried the TAP meetings further by hosting additional meetings called the Tourism Cluster meetings. One of the tourism initiatives that resulted in the February 1, 2001 meeting was the idea of implementing a bed tax in order to market more competitively. Further meetings, fostered that idea and "Champions" or leaders were identified as to who was signed up to take the lead on this opportunity. The result of those ideas and creative thoughts are here before you today, asking for your support.

By implementing a lodging tax to be dedicated to the ND Tourism Division for out of state marketing during the period of the Lewis & Clark Bicentennial, we will have fulfilled the vision of the Statewide Stakeholders Meeting Report and the GNDA New Economy Initiative Tourism Cluster Meetings. We will begin to leverage the state of North Dakota against other states in the marketing efforts. Time and time again, we hear that North Dakota has no image. We have a wonderful image to present; we have just always fallen short on the ability to purchase that image.

72 East Museum Drive  
Dickinson, North Dakota 58601  
Web Site: [www.dickinsonovb.com](http://www.dickinsonovb.com)

Phone: (701) 483-4988  
(800) 279-7391  
Fax: (701) 483-8281  
E-mail: [cvb@dickinsonovb.com](mailto:cvb@dickinsonovb.com)

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*Deanna Waller*  
Operator's Signature

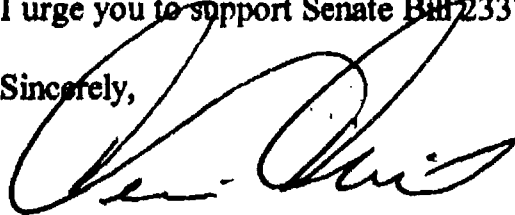
10/22/03  
Date

By adding additional out-of-state marketing dollars to the North Dakota Tourism Division, we will be able to produce additional room nights for our hotels, both rural and urban. The hotel room in Watford City or Valley City will be recipient of the adventure seeker. The hotel room in Fargo or Minot will be recipient for the out of state conventioneer who view their organization's choice of destination as a wonderful, new place of history and culture that they can explore while they are there.

Marketing shows that we believe in our product. We need to show others our product; it's a wonderful opportunity that lies ahead of us.

I urge you to support Senate Bill 2337.

Sincerely,



Terri Thiel  
Executive Director

Enclosure

Deanna Hallmark  
Operator's Signature

10/22/03  
Date



## TOURISM ALLIANCE PARTNERSHIP

Testimony of Dana Bohn

Tourism Alliance Partnership Lobbyist

on Senate Bill 2337

March 4, 2003

Chairman Belter and members of the House Finance & Taxation Committee:

My name is Dana Bohn, and the members of the Tourism Alliance Partnership have asked me to provide support to them in their effort to increase the level of funding for tourism marketing in North Dakota. Today, I am here to encourage you to support SB 2337.

I have been working as the coordinator of the New Economy Initiative (NEI) since it was launched in October of 2000 by the Greater North Dakota Association. The purpose of NEI is to bring people together to find ways to make North Dakota more competitive in the new global economy.

Tourism was identified by one of the world's largest economic forecasting companies in the NEI competitive assessment as one of the industries that has the greatest growth potential in North Dakota. This is also consistent with the work done by the consultants for the Department of Commerce.

During the past two years, I provided staff support for the NEI Tourism Cluster, which built upon the fine work of the original Tourism Alliance Partnership (TAP), and eventually merged with TAP. We held five statewide tourism meetings in various locations across the state as part of the New Economy Initiative, and at every meeting we asked tourism stakeholders to identify what they needed most to grow their industry. I am going to submit the minutes from those meetings to the committee clerk, which will demonstrate that at every meeting the number one action initiative was to increase marketing for tourism in North Dakota.

Other target industries such as food processing are very interested in growing our tourism industry and attracting more people to North Dakota. Food processors are supportive because, while people are visiting North Dakota they buy and eat North Dakota

P.O. Box 2639 • Bismarck, ND 58502  
Phone: 701-222-0929 • 800-382-1405 • Fax: 701-222-1611

[www.gnda.com/neweconomy](http://www.gnda.com/neweconomy)

*A project coordinated by the Greater North Dakota Association*

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*Dana Bohn*  
Operator's Signature

10/22/03  
Date



food products. Growth in tourism calls for growth in other connected target industries including aerospace, information technology, and food processing.

Attached to my testimony is a flier that outlines the economic impacts of tourism, the strong existing base that we have to build on, and why competitive marketing is the key to success for North Dakota.

On the back panel you'll notice that North Dakota has the lowest vacation cost of any state in the country based on the 2002 AAA vacation costs survey. This panel also demonstrates how our tourism budget compares to those of our competitors and how those budgets are funded.

One of North Dakota's largest and fastest growing industries is tourism. It offers some of the best opportunities for economic development. Therefore, I encourage you to support SB 2337 and to watch for a great return on your investment.

Bohn testimony in support of SB 2337.

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10/22/03

Date

# Tourism Legislation

One of North Dakota's largest and fastest growing industries is tourism, offering some of the best opportunities for economic development. Exciting new trends such as eco-tourism, combined with the bicentennial commemoration of the Lewis and Clark Expedition, provide an important impetus for additional industry growth.

North Dakota is one of the most diverse and unspoiled travel destinations in the country. However, the state doesn't market its attraction at the same level as surrounding states. The greatest challenges in growing the tourism industry include:

- Falling behind competitors by not acting quickly and strategically
- Competing for the same market with a smaller budget

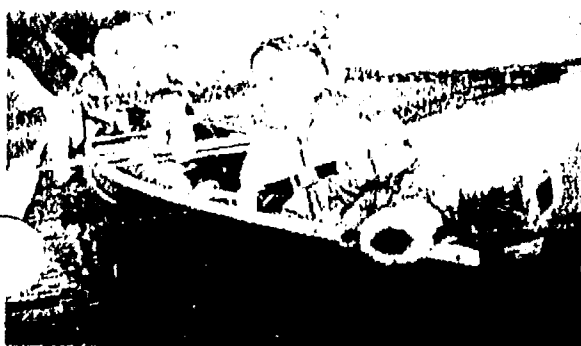
Investing in tourism marketing means growing North Dakota.

*Investing in an Industry with Big Returns*

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## Tourism

- There were \$537.2 billion direct travel expenditures in the U.S. in 2000.
- Tourism is the second largest industry in North Dakota (NDSU Agribusiness study)
- Tourism contributed \$2.8 billion to the state's economy by out-of-state travelers in 2000.
- Tourism makes up 28 percent of the state's economic base.
- Tourism employed 22,400 North Dakotans across the state in 2000.
- Tourism generated \$139.9 million in tax revenue due to out-of-state visitors' expenditures.
- Tourism is the fastest growing industry in North Dakota with a growth rate of 5.7 percent from 1999-2000.

## Strong Industry Base

Tourism has a strong existing base. The state already has a fully functioning travel industry with a well-developed system of state parks, wildlife refuges, historical sites and gaming and convention facilities. Some of the attractions include the following:

- Historical/Cultural sites: Fort Abraham Lincoln, Lewis & Clark Trail, Medora, Bonanzaville, Native American Powwows
- International Peace Garden
- Soft adventure: Theodore Roosevelt National Park, 18 State Parks, Golf Courses, Camp grounds, Red River Valley, National Wildlife Refuges (ex. Sully's Hill National Game Reserve and several waterfowl reserves)
- 150 museums such as North Dakota Museum of Art, National Buffalo Museum and White Cloud, Dakota Dinosaur Museum, Plains Art Museum, and the North Dakota Heritage Center
- Hard Adventure: Maah Daah Hey Trail
- Hunting and Fishing Locations
- Casinos

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Date



- Successful marketing and promotional activities are a priority for this industry.
- The primary source of competition for North Dakota's tourism industry is from its neighboring and nearby states. Each state is competing for its share of domestic (both local and non-local) and foreign tourists.
- Tourism is a unique industry – instead of delivering the product or service to the consumer, the consumer needs to be brought to the tourist attraction which requires travel. The consumer is mobile, not the product/service.
- Clearly identifying the benefits and why a tourist should visit a particular tourist site is essential.
- "Spreading the word" or getting the message out to the consumer is key for success.

#### ***Senate Bill 2337: Lodging Tax for Tourism Marketing (as amended)***

The North Dakota Tourism Alliance Partnership (TAP) supports SB 2337, which is a short-term 1 percent dedicated lodging tax increase. This would be used to fund additional out-of-state tourism marketing, during the Lewis and Clark Bicentennial and would begin after June 30, 2003 and end before July 1, 2007.

The purpose of this legislation is to leverage out-of-state Lewis and Clark Bicentennial income to help level the playing field with competitors and position North Dakota as a tourist destination. This additional proposed 1 percent tax would generate approximately \$3 million per biennium and would be used to supplement, not replace, the current \$5.1 million general fund appropriation for tourism marketing.

TAP was organized within the past two years as part of the New Economy Initiative (NEI) coordinated by the Greater North Dakota Association and the North Dakota Convention and Visitor's Bureau Association. NEI/TAP held eleven meetings across the state to create strategies to bolster growth in the tourism industry and to make their stakeholders more prosperous. The top initiative at every meeting was to increase funding for tourism marketing.

TAP meeting participants included local CVBs, hotel-motel/resort operator, owners of attractions, state tourism officials, outfitters, developers and anyone interested in growing the state's tourism industry. Response to the TAP industry stakeholder partnership has been very favorable from businesses that see the benefits of working together.

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# North Dakota:

North Dakota has the lowest vacation cost of any state in the country, based on the 2002 AAA Vacation Costs Survey, which is \$180 per day for two adults and two children. An additional two percent lodging tax would not significantly impact the costs of visiting North Dakota for families vacationing in the region, in comparison to other regional costs.

## Executive Recommendation

The Governor's budget includes:

- \$5.1 million for Tourism (only \$238,000 is new general fund dollars for additional marketing)
- \$850,000 for the Lewis and Clark Bicentennial

## State Funding Comparison

North Dakota ranks 45th in the nation in tourism funding and the state has the smallest tourism budget compared to its neighbors and competitors:

	2000-2001	2001-2002	Source
North Dakota	\$2.5 million	\$2.5 million	100% General Fund
Colorado	\$8.5 million	\$7.9 million	76.7% General Fund 1.8% Gaming 5% Private 16.5% Advertising Revenue
Montana	\$6.6 million	\$6.9 million	95% Lodging Tax 5% Private
Minnesota	\$11.4 million	\$10.2 million	95.5% General Fund .5% Federal Scenic Byway
South Dakota	\$6.1 million	\$6.1 million	27% Gaming 67% Promotional Tax 6% Coop Partnerships
Iowa	\$6.1 million	\$4.6 million	100% General Fund
Wyoming	\$6.5 million	\$6.5 million	100% General Fund

Source: Travel Industry Association of America

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10/22/03

## SB 2337: Why It's Not a Good Idea for North Dakota

A bill to create and enact a new section to chapter 57-39.2 of the North Dakota Century Code, relating to an additional sales tax on lodging for promotion of the Lewis and Clark bicentennial celebration; to provide a continuing appropriation; to provide an effective date and too provide and expiration date.

*Testimony by Cole Carley, Executive Director, Fargo-Moorhead Convention & Visitors Bureau*

The Board of Directors of the Fargo-Moorhead Convention & Visitors Bureau (FM CVB) unanimously opposes the proposed statewide lodging tax in ND.

Like many other members of the tourism industry, we are enthusiastic about the tourism industry and North Dakota Tourism Promotion. We feel that we should be increasing the funds spent for promoting North Dakota to visitors but we must ask you to oppose this bill because it constitutes a disproportionate tax on the hotel community.

Hotels already worked with the legislature some 20+ years ago to create the current lodging tax that supports promotion of our communities. Their strong support for tourism goes back almost a quarter-century. Frequently, the hotels are 3<sup>rd</sup> in line for visitor dollars, behind restaurants and retail stores. In fact, research shows that the #1 activity of visitors to a destination is shopping. Yet, there is no direct appropriate or surcharge of the food-and-beverage or retail community to support this important industry. Considering the fact that visitors spend money with other segments of the tourism industry as well as hotels, we feel it's unfair to single out hotels and motels to bear the entire burden of a much-needed increase in tourism funding.

Hotels support for tourism goes back over 20 years and every year since then. We feel that it is wrong for them to be disproportionately taxed to promote our industry and we respectfully ask you to oppose SB 2337.

To: Fifty-eighth Legislative Assembly of North Dakota

Re: Opposition to Senate Bill No. 2337

Date: February 28, 2003

Marsha  
Bryant  
Minot

Sample  
of sheets  
turned  
in

We oppose the separate and additional tax of one percent to be imposed upon gross receipts of retailers from all sales at retail within this state from the leasing or renting of hotel, motel, or tourist court accommodations for periods of fewer than thirty consecutive days.

Motel Property

INTERNATIONAL INN  
SUPER 8 MOTEL

Hillcrest Motel  
Days Inn  
Days Inn

Ho Hum

Fairfield Inn by Marriott

Delta Inn

Embury Lodge

Signature

Date

James Mello 2/28/03  
Anurag P. Singh 2/28/03

Marlyn J. Redman 2-28-03  
Bob Wall 2-28-03

Bruce S. Sorenson 2-28-03

Shelly K. Carls 28 Feb 03

William H. Hoffer 28 Feb 03

William H. Hoffer 2-28-03

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Deanna D. Hall  
Operator's Signature

10/22/03

Date

To: House of Representatives  
From: Jeff Altizer, Williston CVB  
Re: Senate Bill 2337  
Date: 3/3/03

Good Morning:

I am requesting that you vote against Senate Bill 2337. The Convention and Visitors Bureau understands that the Lewis and Clark Bicentennial is an important opportunity for the tourism industry, but our local hotels cannot afford to charge their customers an additional 1% tax to fund this opportunity. If Senate Bill 2337 is approved, Williston's hotels will be charging 10% in sales tax, while our competition in Sidney, Mt., will be charging 4% sales tax.

The major Lewis and Clark attraction in this region is the new Confluence Interpretive Center. It is located 23 miles west of Williston. It is quite easy for travelers to continue on to Sidney, Mt., after visiting this site. Our local community is working extremely hard to encourage visitors to stay in Williston rather than Sidney. We cannot afford to put our hotels at a price disadvantage.

We understand that the legislature is very concerned about the state's budget. However, we feel that Senate Bill 2337 is sending the wrong message to our local businesses and to the visiting public.

Again, we encourage you to vote against this measure.

Sincerely,

Jeff Altizer

Williston Convention and Visitors Bureau

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*Deanna Hall*  
Operator's Signature

10/22/03

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Senate Bill 2337 to the House

Dear Representative

My name is Lyle Schneider, Manager of the Radisson Hotel, Bismarck. I would like to ask you NOT to support Bill 2337. These are a few of my reasons.

This bill is for everyone's gain or loss, from attractions, campgrounds, retailers, gas stations, restaurants and bars, etc. ...all could loose. Some people for the bill will say this tax to the hotels is a seamless exchange of money that no one will even notice. This is simply not true.

It will be harder for me to attract Regional and National conventions to the State of ND because everyone watches the bottom line. We hear from meeting planners across the nation asking why they should come to ND. They would tell us that our AIR rates are too high, I tend to agree. We tell them we have great prices on room rates and all the other great features of our State. The economy around the nation has left us on the same playing field as major markets, but with this tax, it certainly makes our bids less attractive.

Some would say that it will increase revenue in summer travel. I say that I want to increase revenues all year long. This bill would not increase my chances to put more money in the states pockets, it would hinder that as you can see in the statement above. If you were looking at the Fargo market for example, you would see that the tax rate would be at 10.5 or 11 percent, Moorhead across the Red River is at 8 or 8.5 percent with a new Convention Center and Marriott. As a meeting planner looking to spend \$50,000 to \$100,000 this would be a no brain move for me. This is one example of \$2000 or \$3000 in tax that would make a difference to the State, this is no matter how you look at it a bigger loss all year, especially the hotels.

I can tell you in talking with other Hotel managers in Grand Forks, Minot, Fargo, Bismarck, and Jamestown, Wahpeton, Dickinson, and Williston they feel the same. As far as CVB'S most of them do not support this bill, I know Dickinson CVB supports this, but also know they do not have the meeting and convention business as other markets. They do not have the support of their local hotels either, such as Best Western, Travelodge, Super 8, Comfort Inn and Select Inn. The ND Hospitality Assoc. does not support this bill. I know GNDA is neutral on this issue.

Radisson Hotel Bismarck  
605 East Broadway Avenue • Bismarck, North Dakota 58501  
Telephone: 701-255-6000 • Fax: 701-223-0400  
[www.radisson.com](http://www.radisson.com)

**Radisson**

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Deanna Walker  
Operator's Signature

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I can also tell you that I have heard a few responses from you folks as Legislators regarding an e-mail that I had sent out. Some for, some against, those for the bill stated that \$ .75 to \$1.25 more would not even matter. I talked to some business people that stay Dickinson and also in Fargo. Their comments to me are as such, it is not just .50 or \$1.25 it is \$3.00 plus from Fargo to Moorhead, and \$5.00 plus from staying in Montana from ND this is just tax. You be the judge.

You will here from Fort Lincoln, Medora Foundation, Lewis & Clark Interpretive Center and others supporting this bill. These groups are attractions and as stated before they will say no one will even notice the tax. I would ask them if they put a surcharge tax of a \$1 or \$2 on an admission would this reaction be the same (no one would notice). I believe in Tourism in the State, in fact I think it is the 2<sup>nd</sup> largest industry in the state. I think marketing the state should come out of the general fund so everyone pays the same. I strongly disagree on this bill increasing the lodging tax; I think it would only hurt our industry trying to attract more revenues to the State. So I'm asking once again to Not pass this bill.

If you wish to contact me on this issue please feel free to I would like to share more of my comments. My phone # at work is 255-6000 or you can e-mail me.

Thank you for your time.

Lyle Schneider

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Deanne Hallmark  
Operator's Signature

10/22/03  
Date



**Best Western  
Seven Seas Inn  
& CONFERENCE CENTER**

2611 Old Red Trail  
I-94, Exit 152  
Mandan, North Dakota 58554  
(701) 663-7401  
Fax (701) 663-0025  
For Reservations Call  
1-800-597-7327

03/04/03

Mr. Chairman and respected members of the committee:

My name is Shannon Gangl. I represent the Seven Seas Inn & Conference Center and the Doublewood Inns of Bismarck and Fargo. I am also the Vice Chair of the Bismarck/Mandan CVB. All of the previously mentioned organizations oppose bill #2337.

There are many problems associated with this bill. I will address a couple. First of all, this bill is mainly supported by tax-exempt attraction sites. They claim that the average tourist traveler does not pay attention to taxes. This claim is a gross misinterpretation of the facts. Meeting planners look at all the "hidden" costs and room tax is a part of nearly every negotiation. With the outrageous costs that our customers are paying to fly in to our great state, room rates are our only advantage. As an industry professional, I can assure you that our conference centers will lose more meeting and convention business in the year then we will gain in a three-month tourist season. Furthermore, contrary to claims by proponents of the bill, the general tourist does look at incremental costs. The gas price increase in the summer of 2000 had a very large effect on tourist travel. We cannot tax higher then our neighboring states and expect to compete.

The second area that we believe to be a problem is the fact that the hotels are being asked to pay the way for the State's second largest industry again. A simple evaluation of who benefits from increased tourism would touch every industry and all walks of life in our state. I ask you, where is the equity? Increased tourism marketing is a great idea. Increased tourism marketing at the expense of one sector is a mistake.

Thank you for your consideration.

Sincerely,

  
Shannon Gangl

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## TESTIMONY

SBA 2337

March 4, 2003

Chairman Belter, members of the Finance and Tax Committee, for the record my name is Mark Dosch, Representative of District 32 south Bismarck.

I come before you today to speak in opposition of this bill, as a matter of fairness to the hospitality industry. I would first like to begin by giving you a little background on taxes surrounding the lodging industry and their contribution to the state of ND. Many years ago, hotels took it upon themselves to ask their cities to impose a lodging tax. The purpose was to fund their local Convention and Visitors Bureau and tourism promotion. Although restaurants and retail establishments were invited to participate, all declined, leaving the hotels to carry the load. This is something the hotels have willingly done, now however the state is also knocking at their doors asking the hotels to also carry the load for the state. Why? Because others are unwilling, including the state to help to carry the load. I ask you, is this fair to the lodging industry?

### THE FAIRNESS ISSUE:

- Is it fair to single out one Industry to carry the "Lewis and Clark" load?
- What about other industries? Implement dealers - Auctioneers - Architects - Banking
- Appropriations will cut the tourism budget if this bill passes. So why should the lodging industry do it? Can we blame them for saying NO? Should it be their sole responsibility to fund Lewis and Clark as well as the states general fund?
- This bill is about TAXING MORE TO SPEND MORE.
- This bill is a "MANDATED TAX" We all know how this Legislative body feels about mandates, so it is right that we do it?
- The hotel customers are already the HIGHEST TAXED consumer. Is it right that we tax them even more?
- 65% of my customers are ND residents. In fact in just a couple of weeks, Bismarck shall host Class B Boys Basketball. 90% of the hotel rooms rented in Bismarck will be from our small rural towns. SB 2337 is without question A TAX INCREASE ON ND CITIZENS.

These hearing today are to hear public comment from those individuals who will be effected by proposed legislation. Today you will hear from lodging representatives from Bismarck, Fargo, Grand Forks, Minot, Williston representing approximately 80% of the lodging industry, and they are saying NO to this mandated tax increase.

If this is so important to ND, then lets have ALL SECTORS step up to the plate. Let's impose the 1% increase in sales tax across the board... But you know as well as I, that the people of ND would never except this. So why are we even considering this bill which will be a tax on ND residents. Is this the right thing to do??

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If the state is unwilling to step up to the plate and provide extra funding for tourism and help to our states 2nd largest industry, then we need to ask ourselves, is it right to even be considering to force one industry to do it either?

Members of finance and tax. The industry is not here asking for any special treatment or tax breaks or anything else. They are simply asking to be treated fairly. They hope this is not asking to much. Please just say NO to SB 2337. Thank You!

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Deanna Wallin  
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10/22/03  
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<dwrangha@state.nd.us>, "Zaiser, Steve L."  
<szaiser@state.nd.us>

cc:  
Subject: North Dakota Lewis & Clark

SB2327

Greetings!

As you are all aware, I am the Lewis & Clark Coordinator for North Dakota. I am housed in the ND Tourism Division and coordinate the ND Lewis & Clark activities with the state and federal agencies, communities and attractions throughout North Dakota. I also work with all the trail states and national organizations involved with the bicentennial planning.

Recently, there was a National Lewis & Clark Awareness & Interest Research survey conducted by the Lewis & Clark Trail States to measure the national awareness and interest in the Lewis & Clark Bicentennial.

I wanted to share a summary of this information with you, if you have any questions please contact me.

I also look forward to answering any Lewis & Clark questions you may have during the session. We've used the Lewis & Clark enhancements to extend our overall North Dakota Legendary marketing efforts and promotions. Free to call or email me with any questions you may have.

Thanks!

Rachel Retterath

*ND Lewis & Clark Coordinator*

North Dakota Department of Commerce

Tourism Division

701.328.2525

[www.ndtourism.com](http://www.ndtourism.com)

[rretterath@state.nd.us](mailto:rretterath@state.nd.us)

## LEWIS & CLARK INTEREST & AWARENESS STUDY - WAVE 2

### WHAT DOES IT MEAN FOR NORTH DAKOTA?

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