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OMB/RECORDS MANAGEMENT DIVISION

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ROLL NUMBER

DESCRIPTION

3039

2005 HOUSE INDUSTRY, BUSINESS AND LABOR

HCR 3039

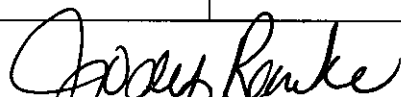
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3039

House Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 2-14-05

Tape Number	Side A	Side B	Meter #
1	x		0-9.6
Committee Clerk Signature 			

Minutes: **Chairman Keiser:** Open HCR 3039. Rep. Dosch

Rep. Dosch, Dist. 32 - South Bismarck, ND: Today we are asking for your support on the House Resolution 3039. Which basically is seeking for a study to determine what the appropriate level of funding for the state tourism is. As you know, tourism is the second largest industry in the state of North Dakota. It is the industry that according to studies done nationally; for every dollar invested into tourism the return is 5 to 7 times that. People that come to visit our state spend money in our stores, sleep in our hotels, buy our gas, eat in our restaurants. All new money in our state. The question is how much. Are we properly funding tourism at the level we are, or are we way under. These are some of those questions that there have not been good answers to. What this study does is take a deeper look at that, and find some answers to the questions. We hope that you will give this some serious consideration, and support HCR 3039.

Rep. Ekstrom: (2.0) Rep. Dosch, you are the owner of a hotel. Do you keep track of how many guests that are from out of state verses in state?

Rep. Dosch: Right now our business, approximately 55-60% is out of state.

Chairman Keiser: Any one else here in support of this resolution?

Tracey Potter - Executive Director of the Fort Abraham Lincoln Foundation: (2.7) I am here in support of this resolution. North Dakota, in comparison to other states, is the weak sister when it comes to supporting tourism. We are ranked 48th or 49th in the nation in what we spend. More significantly, in comparison to SD, Minnesota, Montana, and Manitoba matters, and we are well behind all of those states. It is year after year that you see your tourism industry come to your Appropriations Committee or the governors office and ask for more money. This is an attempt to let the legislature have a hand in shaping the budget. What is the appropriate level of funding for tourism? And where should it come from? Last session we had a 60% increase the state tourism budget that was paid for entirely by the lodging tax. I would like to say what would be the more appropriate levels of funding from various elements. The whole state is benefiting from tourism.

Rep. Nottestad: (3.7) You were saying that SD spends much more than we are. From statistics that I have seen in the last couple of years, our tourism has increased to that above SD.

Wouldn't be more appropriate the bang we get for the buck rather than the amount we spend.

Tracey Potter: Yes, but the bang we get for the buck is significant enough that if we spend more we will bring in more. Yes, we are being effective, and part of that has to do with being so close to Canada and the changing exchange rates. As that market becomes more viable we will benefit more than SD will. The fact is that tourism does return the bang for the buck, and while there will be diminishing returns, the next million we spend won't be as effective as the last million we spent. The returns are still in excess of one to one. They are still a good investment.

That is why we just want to take a look and have an interim study say what would be the appropriate level, what is right in comparison to our neighbors?

Chairman Keiser: (4.9) To follow up, in reference to the percent of change, which can get us into trouble in comparison to other states with higher revenue. 100% for us is a 10% increase for them.

Tracey Potter: That is correct. SD, if you look at the national statistics, it typically does show ND's tourism industry at par or above what SD is doing in total number of dollars coming in. It does vary from decade to decade based on Canadian exchange and other factors as well. We get more cross border shopping than SD.

Sara Otte Coleman - Director for the Tourism Division with the North Dakota Department of Commerce: (5.8) I am here in support of HRC 3039. Just to answer a few questions in terms of payback and return on investments. In 2003 we inducted \$775,000 in advertising, and we found that we returned \$63.2 million in a nine month period. Four million of that went directly back into the state office. It is important that we determine how effective we are being in our advertising, and be accountable to what we are doing. We are seeing a better return on our investment than our competitors who are using the same researching company. Our ranking was much above the national average getting \$83 back for every \$1 we spent. Just to give some background information on some of the other questions. The Tourism Industry of America is the one who does the analysis and comparing the statistics. In the last two years we have been below SD. However not significantly.

Rep. Nottestad: (6.6) Are you able to make quick changes in your advertising, in order to get the most for what we spend?

Sara Coleman: We do react very quickly, I feel to that. For example, we already added some Canadian dollars to the market because our research showed that we got a better payback from our Canadian components than our US components this year. We can even get more specific based on new research that we just got back and still analyzing it. We were able to determine that our television advertising motivated better this year than last year. That was right on target. Our magazine adds this year did not work as well as last year. We continue to compare and respond.

Rep. Nottestad: How much did you tie on to the Hockey World Cup in Grand Forks.

Sara Coleman: We gave them a \$25,000 grant and offered them our staff assistance. And provided a complementary coop ad that went into Canada.

Chairman Keiser: No opposition to HRC3039 and hearing closed. What are the wishes of the committee?

Rep. Thorpe: Move a DO PASS on HCR 3039.

Rep. Nottestad: SECONDS the motion.

Motion carried. **VOTE: 14-YES 0-NO**

Representative Ekstrom will carry bill on the floor.

Date: 2-14-05

Roll Call Vote #: 1

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HCR 3039

House

INDUSTRY, BUSINESS AND LABOR

Committee



Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Do PassConsent Calendar

Motion Made By

Rep. Thorpe

Seconded By

Rep. Nottestad

Representatives	Yes	No	Representatives	Yes	No
G. Keiser-Chairman	X		Rep. B. Amerman	X	
N. Johnson-Vice Chairman	X		Rep. T. Boe	X	
Rep. D. Clark	X		Rep. M. Ekstrom	X	
Rep. D. Dietrich	X		Rep. E. Thorpe		
Rep. M. Dosch	X				
Rep. G. Froseth	X				
Rep. J. Kasper	X				
Rep. D. Nottestad	X				
Rep. D. Ruby	X				
Rep. D. Vigasaa	X				

Total

(Yes)

14

No

0

Absent

0

Floor Assignment

Rep. EkstromConsent Calendar

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

REPORT OF STANDING COMMITTEE (410)
February 14, 2005 10:41 a.m.

Module No: HR-29-2742
Carrier: Ekstrom
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3039: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** and **BE PLACED ON THE CONSENT CALENDAR** (14 YEAS,
0 NAYS, 0 ABSENT AND NOT VOTING). HCR 3039 was placed on the Tenth order
on the calendar.

2005 SENATE INDUSTRY, BUSINESS AND LABOR

HCR 3039

2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3039

Senate Industry, Business and Labor Committee

☐ Conference Committee

Hearing Date 3-15-05

Tape Number	Side A	Side B	Meter #
1	xxxx		1720-3000
Committee Clerk Signature <i>Lisa Van Berkom</i>			

Minutes: **Chairman Mutch** opened the hearing on HCR 3039. All Senators were present.

HCR 3039 directs Legislative Council to study the appropriate level of state-sponsored tourism marketing.

Rep. Dosch introduced the bill.

Rep. Dosch: There are a lot of questions about tourism marketing. Are we spending too much or not enough? What is the appropriate amount? A lot of times, when you take a look at tourism and the industry, when you look at the return on the dollars, are we doing enough? So this resolution would take time to study the issue.

There were no questions from the committee.

Dana Bohn, North Dakota Tourism Alliance Partnership, spoke in support of the bill.

Bohn: For every dollar that we have spent from the funds we received last session, four dollars went back into the general fund. We would like to see the legislature become a part in determining what is the best level of marketing in our area.

There were no questions from the committee.

Sara Otte Coleman, North Dakota Tourism Director, spoke in support of the bill.

Sara: The lodging tax increase has taken us from forty-seventh in spending to forty-third. It was a huge increase in terms of our budget and how it is tracked. This year, the current research shows that there are only three states spending less than we are. Iowa, Nebraska, and Rhode Island, and our research has proven that we have made a good investment with our advertising dollars. New research shows that for every dollar we spent last year, we got fifty-five dollars back in increased visitor spending. Just because they saw our advertising. That doesn't include all of the other marketing efforts that are happening across the state. There are a lot of different ways to fund tourism spending, and I think that's part of the reason Rep. Dosch introduced this legislation. We were looking at how to raise the dollar.

Senator Krebsbach: Is there a sunset on the one percent sales tax increase?

Sara: There is. That tax will sunset after this next biennium.

Senator Klein: How do you know what a tourism dollar is?

Sara: The research that I sighted is measuring just the advertising results. We sent out twenty-four hundred mail panel surveys to Iowa, Nebraska, South Dakota, and Minnesota.

Senator Espegard: You passed out something here with regard to our tourism results a couple of weeks ago. On that, hotel taxes are in there, but it also showed that tourism was down. What is your explanation to that?

Sara: That's correct. There was some sectors of the industry that were down in terms of visitation this past year. We tend to call it, "The summer that never was".

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Senate Industry, Business and Labor Committee

Bill/Resolution Number HCR 3039

Hearing Date 3-15-05

Senator Espegard: When you look at lodging tax, that's everybody. How can you take credit for that in tourism?

Sara: We feel that the reason that the room rates have gone up, is demand.

Senator Heitkamp: Is there any way your office can track the past history with gas prices?

Sara: Gas prices are a concern, although AAA and a number of national organizations does there rankings, as a percentage, it isn't a huge factor. It also encourages those to travel closer to home and we just market regionally.

There was no opposition.

Senator Nething moved a DO PASS. Senator Krebsbach seconded.

Roll Call Vote: 7 yes. 0 no. 0 absent.

Carrier: Senator Nething

Date: 3-15-05
Roll Call Vote #: 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 3039

Senate Industry, Business, and Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Nothing

Seconded By Krebsbach

Senators	Yes	No	Senators	Yes	No
Chairman Mutch	X		Senator Fairfield	X	
Senator Klein	X		Senator Heitkamp	X	
Senator Krebsbach	X				
Senator Espegard	X				
Senator Nething	X				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Nothing

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

REPORT OF STANDING COMMITTEE (410)
March 15, 2005 1:04 p.m.

Module No: SR-47-5005
Carrier: Nething
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HCR 3039: Industry, Business and Labor Committee (Sen. Mutch, Chairman)
recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
HCR 3039 was placed on the Fourteenth order on the calendar.