

## HERITAGE TOURISM - BACKGROUND MEMORANDUM

### INTRODUCTION

This memorandum provides background information regarding heritage tourism; identifies the state agencies, boards, and commissions that may play a role in heritage tourism in this state; and discusses possible economic and noneconomic impacts associated with heritage tourism.

### HERITAGE TOURISM

Heritage tourism is a type of tourism generally based on visiting historic sites or participating in historic activities. Heritage tourism lets visitors to an area learn about the past, experience a variety of recreational opportunities, and enjoy the natural environment of an area. States and communities are interested in encouraging and regulating heritage tourism for a variety of reasons. Heritage tourism affects residents of this state in economic and noneconomic ways. Individuals residing in this state may travel within the state on day trips or on overnight trips for the primary or secondary purpose of visiting historic sites. Additionally, state residents may be employed directly or indirectly through heritage tourism. Tourism is the United States' third largest industry and the nation's second largest employer. In addition to being an educational tool for residents, students, and tourists, historic resources may be important sources of revenue for this state and this state's communities.

#### Noneconomic Impact

The preservation and development of historic sites have social impacts on states and communities. Historic sites are effective tools to educate residents of this state and residents of other states. Educators at all levels can use history and historic sites to enrich a broad range of disciplines and subject matters, including history, geography, and social studies. In addition to onsite field trips, a historic place may offer teacher training to familiarize a teacher with a certain area of history and may offer mobile classroom programs. Another social effect of heritage tourism, separate from education, is the social value of preserving historic sites and cultural history.

#### Economic Impact

Tourism in general and historic tourism specifically have significant economic impacts. The direct and indirect effects of tourism include new jobs, new income, increased gross domestic product, and increased taxes collected. Examples of direct economic impacts that may stem from heritage tourists' expenditures are food, lodging, recreation, and fuel. Indirect economic impacts stemming from

heritage tourists' expenditure consist of the secondary and induced purchases by businesses and households that receive the direct expenditures of travelers within the state and the associated payroll, employment, and tax receipts. Examples of indirect economic impacts stemming from heritage tourists' expenditures may include business supplies, legal services, financial services, communication expenses, and technology purchases. New jobs stemming from heritage tourism may include jobs in retail, service, or manufacturing. The direct effects may have a significant impact on the area immediately surrounding a historic site; however, less direct effects and induced effects may affect an entire state and may have out-of-state effects as well.

#### Incentives

Financial tools that may be useful in preserving historic resources and encouraging heritage tourism include revolving funds designed to provide a preservation organization with the financial capacity to buy, sell, and maintain property without large sources of long-term financing; state, federal, and private grants; local preservation program contracts with federal agencies, state agencies, local agencies, private developers, and regulated industries to carry out the surveys, evaluations, and other studies that may be required under state and federal law; syndication that brings together investors and preservation interests into legally constituted syndicates for the purpose of carrying out a project from which all parties benefit; development bonuses; land cost subsidies; and reduced interest rates on construction loans or mortgages.

Legal tools that may be useful in preserving historic resources and encouraging heritage tourism include community historic preservation ordinances, historic district ordinances, zoning ordinances, easements, covenants and reverter clauses, transfer of development rights, tax advantages, state and local environmental laws, social impact ordinances, and regulating consultant quality.

### LEGISLATIVE BACKGROUND

The 56th Legislative Assembly approved and the Legislative Council gave priority to House Concurrent Resolution No. 3028, relating to the study of heritage tourism and specifically directing a study of the relationships among the private sector and state actors, including the State Historical Society, Parks and Recreation Department, Tourism Department, and the Department of Economic Development and Finance.

#### 1999-2000 Interim Studies

The only study during the 1999-2000 interim which is directly relevant to heritage tourism is Section 16 of House Bill No. 1019 (and which is assigned to the Commerce and Labor Committee). This section provides for a study of economic development efforts in the state, including the provision of economic development services statewide and the related effectiveness, the potential for the privatization of the Department of Economic Development and Finance, and the appropriate location of the North Dakota Development Fund, including the potential transfer of the fund to the Bank of North Dakota.

### 1999 Legislation

The 56th Legislative Assembly enacted the following bills relevant to heritage tourism: House Bill No. 1012, which allows for the purchase of a commemorative Lewis and Clark motor vehicle license plate; House Bill No. 1208, which transfers supervision of the International Peace Garden from the State Historical Board to the Parks and Recreation Department; Senate Bill No. 2015, which provides for a \$25,000 appropriation to the Council on the Arts for a grant to the Plains Art Museum for the Lewis and Clark bicentennial event; Senate Bill No. 2020, which provides for a \$931,345 appropriation to the State Historical Society for the Lewis and Clark bicentennial (and removes the \$190,000 appropriation requested in the executive budget for the Gingras Trading Post planning and design); and Senate Bill No. 2022, which provides for a \$123,995 appropriation to the Tourism Department for the Lewis and Clark Bicentennial.

### Previous Studies

Although Senate concurrent resolutions relating to the study of tourism were approved in 1997 and 1995, a tourism study has not been conducted since 1989. During the 1989-90 interim, under Senate Concurrent Resolution No. 4056, the Jobs Development Commission studied the state's bountiful natural resources and outdoor recreation activities with an emphasis on the state's wildlife resources and enhancement of the resources for the benefit of North Dakota citizens and economic development.

The 1989-90 Jobs Development Commission joined with the Tourism Promotion Division of the Economic Development Commission to hire a consultant for the development of a tourism master plan and for the performance of related research. A consortium of tourism specialists known as International Tourism and Resort Advisors was selected to prepare the master plan and related research. The master plan and research addressed three primary concerns of state tourism promotion:

1. The formulation of information on who is visiting the state and why, and what state residents are doing insofar as visitations in the state and outside the state.

2. An analysis of the economic effects tourism and recreational experiences have on the state, including employment generated by tourism.
3. The development of a master plan for tourism and natural resource development in the state, including a five-year action plan, a monitoring tool to measure what effect the state's tourism effects are having in the state, and insight into how the state can invest in the tourism industry to get the maximum returns from its investments.

The master plan and research was consolidated and bound in a two-volume set. Volume I contains a long-range master plan for the expansion of tourism in the state, presents a short-range action plan, and describes the methodology for monitoring effectiveness of the state's tourism program. Volume II contains profiles of travelers in the state and describes the economic impacts of travel throughout the state. A copy of the two-volume set is on file in the Legislative Council office.

### Previous Legislation

The 1989-90 interim Jobs Development Commission recommended the following eight bills relevant to heritage tourism:

1. House Bill No. 1044 to adopt a state tourism policy that guides the growth of the state's tourism sector. (Enacted)
2. House Bill No. 1045 to revise the definition of a bed and breakfast facility to allow four-bedroom units and to place limitations on the county and city governments' authority to impose stricter health and safety, licensure, and inspection requirements on the bed and breakfast facilities. (Enacted)
3. House Bill No. 1046 to repeal state law relating to the conduct of business on Sunday and to provide for one day of rest in seven. (Enacted)
4. Senate Bill No. 2054 to establish a state Department of Tourism for the purpose of fostering and promoting tourism to and within the state and for full development of the state's tourism resources. The bill established a Tourism Advisory Board for the purpose of advising the Governor regarding the promotion and development of tourism in the state. (Enacted)
5. Senate Bill No. 2055 to provide that all sales tax revenues on lodging accommodations collected under North Dakota Century Code (NDCC) Chapter 57-39.2 would be placed in a tourism promotion fund and to appropriate \$890,000 from the fund for the Department of Tourism. (Failed)
6. Senate Bill No. 2056 to establish a matching grant program for tourism promotion and

development in the state. The bill would have included an appropriation of \$375,000 for the program during the 1991-93 biennium. (Failed)

7. Senate Bill No. 2057 to increase the maximum annual permit fee on motor vehicles entering state parks to \$20 and to eliminate the free senior citizen entrance permits. (Enacted)
8. House Bill No. 1047 to require the Department of Transportation to establish rules for the erection and maintenance of tourist-oriented directional signs. (Enacted)

The 1993 Legislative Assembly enacted the following legislation relevant to heritage tourism:

1. House Bill No. 1400 to remove tourism from the State Parks and Tourism Department, to create a State Tourism Department, and to create an Outdoor Recreation Interagency Council.
2. Senate Bill No. 2419 to allow rural agricultural business attractions to use tourist-oriented directional signs.

The 1995 Legislative Assembly enacted the following legislation relevant to heritage tourism:

1. Senate Bill No. 2156 to remove Camp Hancock from the properties the State Historical Board maintains and operates as a historic house museum.
2. Senate Bill No. 2157 to decrease the number of members on the State Historical Board from nine members to seven members.
3. Senate Bill No. 2207 to allow the North Dakota Heritage Center to charge admission fees for leased exhibitions.

The 1997 Legislative Assembly did not enact legislation specifically addressing heritage tourism.

## **PERSONS INTERESTED IN HERITAGE TOURISM**

There are a variety of persons at the federal, state, local, and private levels working to encourage and regulate historic tourism.

### **State Agencies, Boards, and Commissions**

State agencies, boards, and commissions that closely affect heritage tourism are created by federal law, the Constitution of North Dakota, the North Dakota Century Code, and by directive or executive order of the Governor.

### **Economic Development and Finance**

The Department of Economic Development and Finance is created by NDCC Section 54-34.3-01, which provides:

The North Dakota department of economic development and finance is established to assume the functions, powers, and duties of the economic development commission with

respect to programs and other efforts intended to enhance the economic development of the state. The mission of the department is to develop strategies and programs to:

1. Facilitate the growth, diversification, and expansion of existing enterprises and the attraction and creation of new wealth-generating enterprises in the state;
2. Promote economic diversification and innovation within the basic industries and economic sectors of this state, including strategies and programs designed to specialize and focus the state's economy on advanced agriculture and food processing, energy byproduct development, export services and tourism, and advanced manufacturing;
3. Promote increased productivity and value added products, processes, and services in the state, and the export of those goods and services by North Dakota enterprises to the nation and to the world;
4. Maintain and revitalize economically depressed rural areas by working in close collaboration with local communities and by encouraging communities to enter into cooperative relationships for more efficient and effective education, health care, government service, and infrastructure maintenance;
5. Forge a supportive partnership with the Bank of North Dakota, the board of higher education and the state's institutions of higher education, regional planning councils, local development organizations and authorities, the Myron G. Nelson Fund, Incorporated, the state's nonprofit development corporations, and other appropriate private and public sector organizations in achieving the economic goals of the state; and
6. Identify those statutes, administrative rules, and policies that impede the attraction, creation, and expansion of businesses and job creation in this state.

### **Indian Affairs Commission**

The Indian Affairs Commission is created by Section 54-36-01, which provides the commission is composed of:

[T]he governor, four members appointed by the governor from the state at large, three of whom must be of Indian descent, must be enrolled members of a tribe, and must be

current voting residents of the state of North Dakota, and the chairpersons of the Standing Rock, Fort Berthold, Fort Totten, and Turtle Mountain Indian Reservations or in the absence of the chairperson, the vice chairperson.

The commission's powers and duties are provided under Section 54-36-03, which provides:

The Indian affairs commission shall have the power to assist and to mobilize the support of state and federal agencies in assisting Indian individuals and groups in North Dakota, especially the five tribal councils, as they seek to develop their own goals, project plans for achieving those goals, and implement those plans. The commission's duties are:

1. To investigate any phase of Indian affairs and to assemble and make available the facts needed by tribal, state, and federal agencies to work effectively together.
2. To assist tribal, state, and federal agencies in developing programs whereby Indian citizens may achieve more adequate standards of living.
3. To assist tribal groups in developing increasingly effective institutions of self-government.
4. To work for greater understanding and improved relationships between Indians and non-Indians.
5. To seek increased participation by Indian citizens in local and state affairs.
6. To confer with and coordinate officials and agencies of other governmental units and congressional committees with regard to Indian needs and goals.
7. To encourage and propose agreements and accords between federal, state, and local agencies and the several tribal governments, and, pursuant to chapter 54-40.2, to assist in monitoring and negotiating agreements and accords when asked by an affected tribe.

#### **Parks and Recreation Department**

The Parks and Recreation Department is created by Section 55-08-01.1, which provides "[t]he parks and recreation department shall plan and coordinate government programs encouraging the full development and preservation of existing and future parks, outdoor recreation areas, and nature preserves."

The department's director has a variety of duties, including managing state parks and recreation areas; acquiring, leasing, selling, or exchanging property for park purposes and adopting rules relating to the state parks and recreation areas. Under Section 55-08-03.1(3), the department's director may "[u]nder-

take the development of broad recreation policies for the state as a whole and a long range plan for their implementation" and Section 55-08-05 provides the director may charge for providing certain services.

#### **Tourism Department**

The Tourism Department is created by Section 54-34.4-01(1), which provides:

The tourism department is established to foster and promote tourism to, and within, the state and the full development of the state's tourism resources, and to serve as a planning and coordinating agency for tourism-related programs of the state and the state's political subdivisions.

Section 54-34.4-02 provides the duties of director:

1. Implement the state's tourism policy;
2. Prepare and update annually a tourism master plan for the development of tourism in the state which identifies the state's tourism resources, estimates the impact of tourism on the state's economy, and proposes a five-year plan for activities of the division;
3. Measure and forecast visitor volume, receipts, and related social and economic impacts;
4. Work with the private sector and local, state, and federal agencies to develop the state's tourism-related infrastructure, facilities, services, and attractions, including the state's highways and parks;
5. Organize and coordinate programs designed to promote tourism to, and within, the state through various means. Those means may include:
  - a. Display advertising in magazines and newspapers;
  - b. Advertising on radio and television or other advertising media;
  - c. Publishing pamphlets, brochures, and other graphic and pictorial materials; and
  - d. Aiding and assisting representatives of the media to ensure greater coverage of the state's visitor attractions;
6. Participate in travel shows;
7. Supervise and administer visitor information centers that receive funding from the state;
8. Develop opportunities for professional and technical education and training in the visitor industry;
9. Foster an understanding among the state's residents of the economic importance to the state of hospitality and tourism;

10. Cooperate with local, state, and federal agencies and organizations and the private sector for the promotion and development of tourism to, and within, the state;
11. Provide advice and technical assistance to local, public, and private tourism organizations in promoting and developing tourism; and
12. Monitor the policies and programs of state agencies that significantly affect the visitor industry, notify those agencies of the effects of their actions on travel to, and within the state, and if necessary recommend programs or policy changes to those agencies.

#### **North Dakota Council on the Arts**

The North Dakota Council on the Arts is provided for under Section 54-54-02. The council's duties are to stimulate and encourage the study and presentation of performing and fine arts. The prime function is to regrant funds to art disciplines that apply for grants. Members are broadly representative of all fields of the performing and fine arts.

#### **Game and Fish Advisory Board**

The Game and Fish Advisory Board is provided for under Section 20.1-02-23. The board advises the Game and Fish director regarding any policy pertaining to hunting, fishing, trapping, and other outdoor activities.

#### **State Historical Board**

The State Historical Board is provided for under Section 55-01-01. Board members are appointed by the Governor and ex officio members include: the director of the Department of Transportation, director of Parks and Recreation, State Treasurer, Secretary of State, and the director of Tourism. The board's powers are provided in Section 55-01-02, which provides:

The state historical board is authorized to:

1. Faithfully expend and apply all money received from the state, to the uses and purposes directed by law.
2. Hold all its present and future historical collections and property for the state.
3. Dispose of or transfer such articles in the collections as it deems appropriate. However, the board may not make any disposal or transfer before hearing an assessment of any proposed disposal or transfer by the superintendent of the state historical board. Disposal or transfer is to be by any appropriate means including but not limited to sale or exchange, provided that the proceeds from sale of articles must be

deposited in the state treasury in a special revolving fund. All moneys in such fund are hereby appropriated on a continuing basis for the purchase of other items for the collections. Unless other conditions are specified in a deed or gift, a reasonable attempt must be made to return articles to the original donor prior to disposal by any other means.

4. Permit withdrawal from its collections and property of such articles as may be needed for exhibition purposes.
5. Permit the withdrawal of books and collections from the library and museum temporarily under such rules as the board may prescribe.
6. Select and appoint a superintendent to carry out the policies and directives of the board.
7. Acquire in behalf of the state of North Dakota, lands, materials, and easements for historical purposes by lease, purchase, or gift.
8. Set aside for historical purposes such lands as are now owned by the state and not held or acquired for some other purpose.
9. Supervise, control, care for, maintain, preserve, and develop any such lands, materials, and easements held for historical purposes as trustees for the state.
10. Administer any such lands, materials, and easements held for historical purposes as an agent of the national park service, bureau of reclamation, corps of engineers, or any other division of federal, state, or local government.
11. Cooperate with historical societies and associations duly organized under the laws of the state of North Dakota, and to provide the same with publications, technical assistance, and advice, and administer a grant system to assist with the development and operation of such societies and associations.
12. Establish standards by the adoption of rules to create such classes of membership in the state historical society of North Dakota as it deems desirable, to determine the qualifications of any class of membership, to set forth the fees for such membership, and to provide for membership benefits.

The board, however, may not sell, mortgage, transfer, or dispose of any of its collections or property except as authorized by law.

### **State Historical Records Advisory Board**

The State Historical Records Advisory Board is created by federal Public Law 90-620. The board coordinates and awards grants made to the National Historical Publications and Records Commission and serves as the state liaison for the programs of this commission. The board plans the development and improvement of historical records programs in North Dakota and establishes priorities for grant funding. All members are appointed by the Governor and are individuals representing public and private archival and research institutions and organizations.

### **North Dakota Humanities Council**

The North Dakota Humanities Council is a not-for-profit corporation formed under the National Foundation on the Arts and Humanities Act of 1965. The council supports and encourages public humanities in the state.

### **International Peace Garden, Inc., Board of Directors**

The Board of Directors of the International Peace Garden, Inc., is incorporated by the Professional Grounds Management Association. The board of directors sets policy and regulations and gives direction to the superintendent of the Peace Garden. Twenty members serve on the board of directors--nine from the United States, nine from Canada, one appointee of the Premier of Manitoba, and one appointee of the Governor of North Dakota.

### **Lewis and Clark Bicentennial Advisory Committee**

The Lewis and Clark Bicentennial Advisory Committee is created by directive of the Governor. The committee helps North Dakota maximize the tourism potential of the Lewis and Clark Bicentennial celebration. The Lewis and Clark Expedition Bicentennial years are 2003-06. The committee is headquartered out of the North Dakota Lewis and Clark Interpretive Center in Washburn.

### **Rural Development Council**

The Rural Development Council is provided for under Chapter 16.1-09. The council's goal is to leverage state, federal, and private programs and resources to address current and future economic development needs in the state.

### **Commission on the Status of Women**

The Commission on the Status of Women is provided for under Chapter 54-34.3. The commission coordinates activities and serves as a clearinghouse and an advisory group to the Department of Economic Development and Finance for information relating to economic development programs that focus on career development for women. The commission prepares for and performs followup duties in connection with

state, regional, and national conferences; encourages interest, participation, and cooperation with state departments, agencies, and other organizations in developing needed services, facilities, and opportunities; and provides consultant help to local organizations created for the purpose of coordinating activities for the economic and career development of women.

### **North Dakota Workforce Development Council**

The North Dakota Workforce Development Council is created by the Governor's Executive Order 95-01. This council advises the Governor and the public concerning the nature and extent of workforce development and economic development needs in North Dakota, and how to meet these needs effectively while maximizing the efficient use of available resources and avoiding unnecessary duplication of effort. The mission is to establish an effective and responsive workforce development system and support policies that will provide every North Dakotan the opportunity for self-sufficiency and a superior workforce that can compete in the global marketplace.

### **Yellowstone-Missouri-Fort Union Commission**

The Yellowstone-Missouri-Fort Union Commission is provided for under Section 55-06-01. The commission, in cooperation with Montana and the National Park Service, explores the historical significance of the Yellowstone and Missouri River confluence area. The commission seeks to project the point of view of the state as to the historical significance of the confluence area and promotes the preservation of the historic sites in the area. Ex officio members include the Lieutenant Governor as chairman, President of the Senate; Speaker of the House; superintendent of the State Historical Board; and director of the Department of Economic Development and Finance.

### **Local Actors**

Local governments such as cities, townships, and counties may choose to become active in heritage tourism as a form of economic development. A local government's involvement may be direct, such as a museum or historic park, or the involvement may be indirect, such as offering tax breaks or other development incentives.

### **Private Actors**

Private persons may be involved in historic tourism in a variety of ways. A person may be directly involved by preserving a historic site or may be indirectly involved by offering tourism information or services such as fuel, food, lodging, or souvenirs.

## **STUDY SUGGESTIONS**

There are a variety of study approaches the committee may consider. First, the committee might receive reports from persons interested in heritage tourism in order to gain perspective on the current status and future goals of persons involved in heritage tourism in this state. The gathering of this information may assist the committee in evaluating whether the state is duplicating services, offering conflicting services, or failing to offer certain services related to heritage tourism.

Additionally, the committee might consider the positive and negative social and economic impacts heritage tourism may have on this state. Consideration of the impacts of heritage tourism may lead the committee to consider whether legislative changes are appropriate to encourage heritage tourism or to regulate heritage tourism. If the committee recommends legislative action, it may be helpful to evaluate actions taken by other states and to explore approaches taken in other states.