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Explore Minnesota Tourism

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AT A GLANCE

Explore Minnesota is the state’s official tourism promotion agency. Through advertising, marketing, education and other programs, we support the thousands of businesses and organizations that make up Minnesota’s tourism industry. The tourism industry in Minnesota generates:

- **Sales:** \$15.0 billion in gross sales in 2016.
- **Jobs:** More than 265,000 full- and part-time jobs in 2016, or 11% of total private sector employment.¹
- **Wages:** \$5.4 billion in wages.¹
- **Revenue:** \$969 million in state sales tax revenue in 2016, or 18% of state sales tax revenues.
- **Return on Investment:** Every \$1 in state tourism advertising results in \$9 in state and local taxes and \$92 in spending by travelers.²

1: Source: Bureau of Labor Statistics, U.S. Department of Labor, 2016

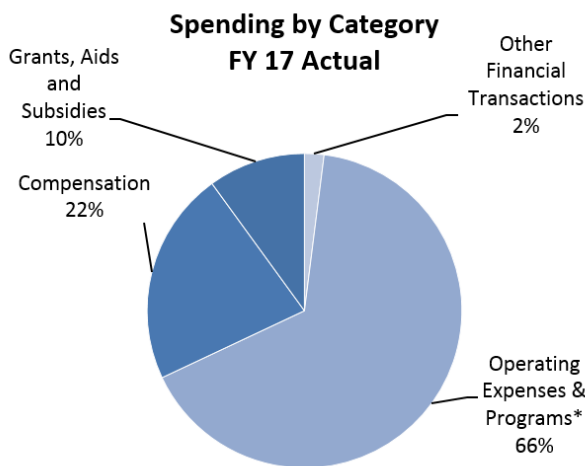
2: Source: June 2018 Longwoods International [Minnesota 2017 Image and Return on Investment Evaluation](#)

PURPOSE

The mission of Explore Minnesota Tourism is to inspire consumers and facilitate their travel to and within Minnesota. We do this by marketing Minnesota tourism, including destinations, lodging, museums, attractions, restaurants, events and outdoor recreation, to consumers. Through consumer advertising, public relations, publications, websites, social media, international marketing and other efforts, we reach millions of potential travelers each year.

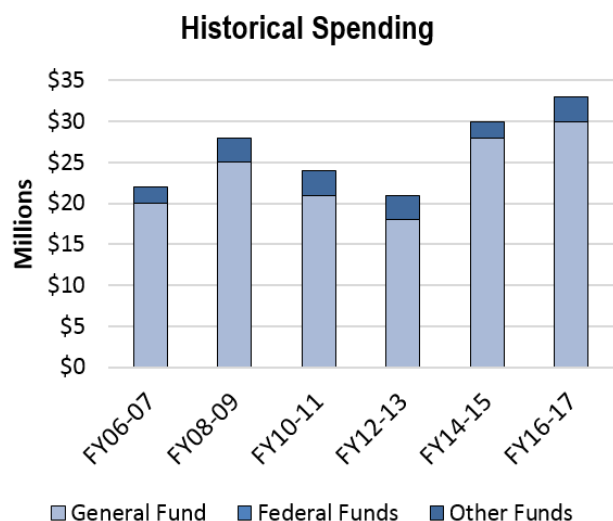
Our work to promote tourism in Minnesota contributes to **a thriving economy that encourages business growth and employment opportunities.**

BUDGET



Explore Minnesota’s Operating Expenses include advertising, marketing, public relations and other tourism promotion efforts

Source: Budget Planning & Analysis System (BPAS)



Historical Spending is inclusive of pass-through appropriations

Source: Consolidated Fund Statement

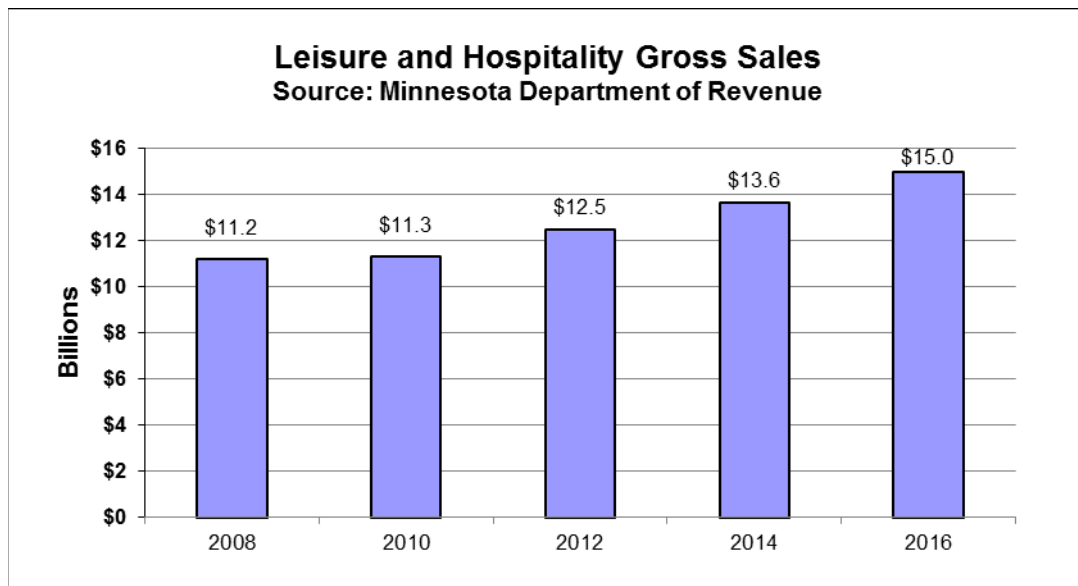
Explore Minnesota Tourism has a total biennial budget in FY18-19 of \$28.4 million in general fund appropriations, and \$2 million in revenue through advertising sales and marketing programs. We also partner with public and private organizations to maximize resources and reach more consumers.

STRATEGIES

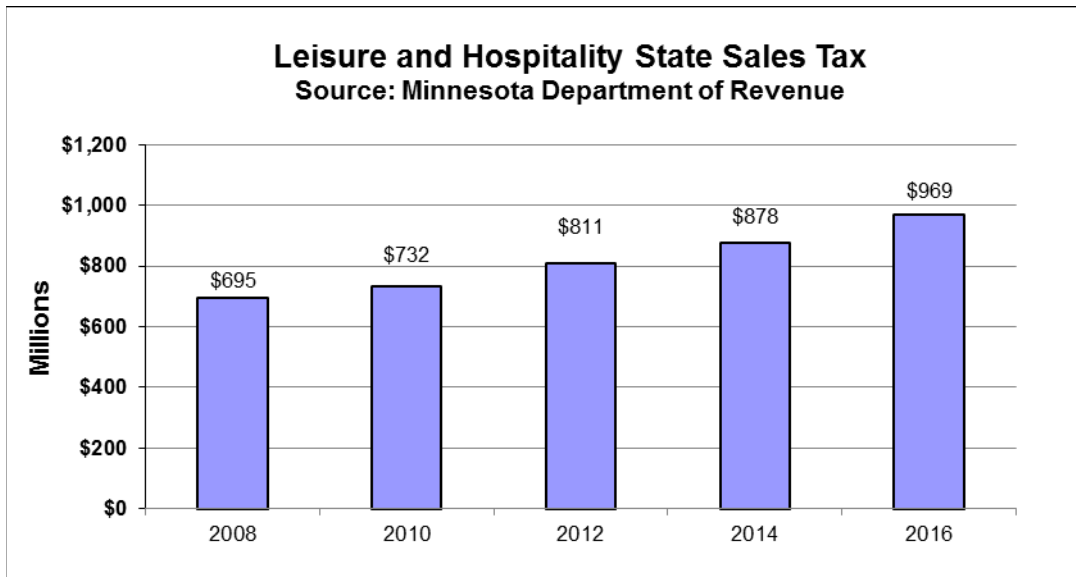
Explore Minnesota Tourism:

- Drives economic vitality by influencing visitation from new and existing domestic and global markets, and takes an entrepreneurial approach to invest in public/private partnerships.
- Creates innovative advertising and promotions that market Minnesota as a travel destination, reaching new audiences through highly-targeted marketing tactics.
- Increases consumer reach and engagement through creation of unique content and innovative campaigns for digital, social media and public relations platforms and channels.
- Provides personalized customer service through diverse touchpoints and mediums, continually improving traveler experiences and satisfaction.

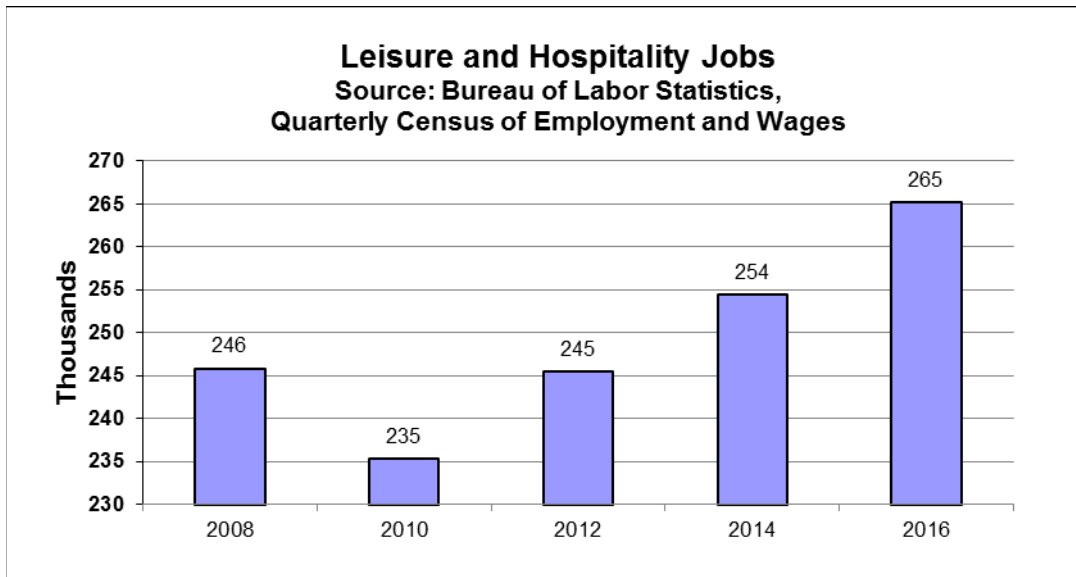
RESULTS



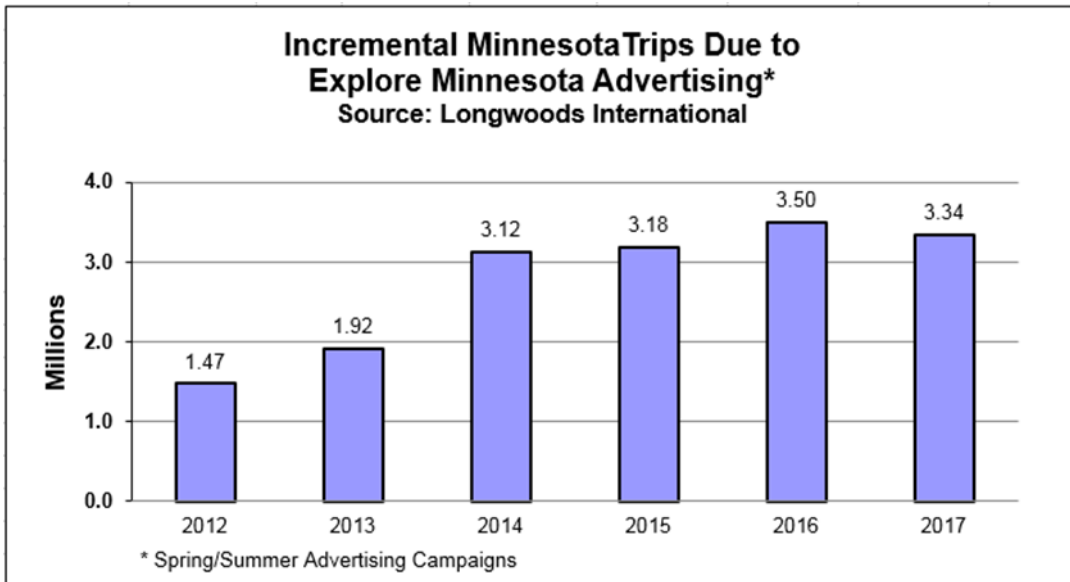
Minnesota’s leisure and hospitality industry is a major provider of tourism services. The increase of gross sales in this sector illustrates the effect of successfully advertising to inspire travel to and throughout Minnesota.



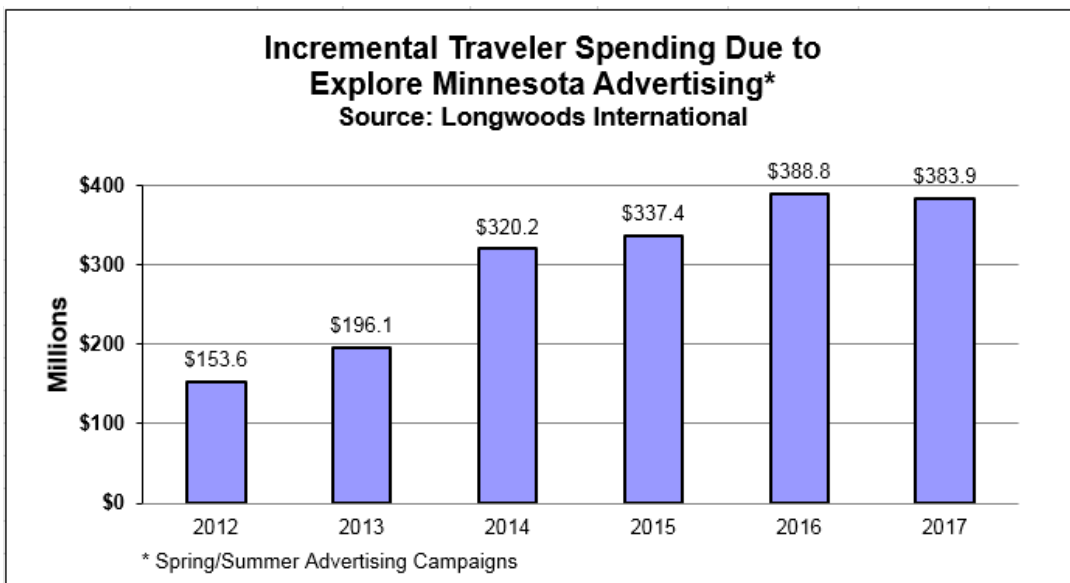
Minnesota’s leisure and hospitality industry is crucial to the state’s vitality, accounting for 18% of total state sales tax revenue. This chart represents substantial 39% growth since 2008 compared with 23% growth over the same period for all other industries.



Minnesota’s 265,000 leisure and hospitality jobs accounted for 11% of the state’s total private sector employment in 2016. The increase to 265,000 jobs in 2016 brought leisure and hospitality employment well above the pre-recession high for the industry.



Explore Minnesota Tourism’s spring/summer advertising campaigns generate millions of Minnesota trips that would not otherwise take place. The impact of Explore Minnesota’s last major budget increase in FY 2014 correlates with the 63% increase in incremental trips in 2014.



Incremental traveler spending also increased in tandem with Explore Minnesota Tourism’s budget increase in 2014, with well over \$300 million in incremental spending due to spring/summer advertising every year since.

MS 116U.30 (<https://www.revisor.mn.gov/statutes/?id=116U>) provides the legal authority for Explore Minnesota Tourism.

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base FY20 FY21		Governor's Recommendation FY20 FY21	
<u>Expenditures by Fund</u>								
1000 - General	13,858	15,703	14,833	15,167	14,344	14,344	15,344	15,344
2000 - Restrict Misc Special Revenue	1,325	1,291	1,155	1,519	1,210	1,210	1,210	1,210
Total	15,184	16,994	15,988	16,686	15,554	15,554	16,554	16,554
Biennial Change				497		(1,566)		434
Biennial % Change				2		(5)		1
Governor's Change from Base								2,000
Governor's % Change from Base								6
<u>Expenditures by Program</u>								
Explore Minnesota Tourism	15,184	16,994	15,988	16,686	15,554	15,554	16,554	16,554
Total	15,184	16,994	15,988	16,686	15,554	15,554	16,554	16,554
<u>Expenditures by Category</u>								
Compensation	3,590	3,822	3,782	4,001	4,226	4,463	4,226	4,463
Operating Expenses	10,852	11,152	10,592	11,907	10,583	10,360	10,583	10,360
Grants, Aids and Subsidies	741	1,761	1,604	770	740	726	1,740	1,726
Capital Outlay-Real Property	2	1						
Other Financial Transaction	(1)	258	10	8	5	5	5	5
Total	15,184	16,994	15,988	16,686	15,554	15,554	16,554	16,554
<u>Full-Time Equivalent</u>								
	46.54	48.46	45.85	45.45	45.45	45.45	45.45	45.45

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In		382		835				
Direct Appropriation	14,118	15,321	15,669	14,332	14,344	14,344	15,344	15,344
Transfers In	100							
Transfers Out	100							
Balance Forward Out	260		835					
Expenditures	13,858	15,703	14,833	15,167	14,344	14,344	15,344	15,344
Biennial Change in Expenditures				439		(1,312)		688
Biennial % Change in Expenditures				1		(4)		2
Governor's Change from Base								2,000
Governor's % Change from Base								7
Full-Time Equivalent	45.81	47.72	45.45	45.45	45.45	45.45	45.45	45.45

2000 - Restrict Misc Special Revenue

Balance Forward In	806	916	793	688	249	231	249	231
Receipts	1,422	1,168	1,051	1,080	1,192	1,192	1,192	1,192
Balance Forward Out	903	793	688	249	231	213	231	213
Expenditures	1,325	1,291	1,155	1,519	1,210	1,210	1,210	1,210
Biennial Change in Expenditures				57		(254)		(254)
Biennial % Change in Expenditures				2		(10)		(10)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalent	0.73	0.74	0.40					

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
Direct				
Fund: 1000 - General				
FY2019 Appropriations	14,332	14,332	14,332	28,664
Base Adjustments				
Pension Allocation		12	12	24
Forecast Base	14,332	14,344	14,344	28,688
Change Items				
Community Event Grant Program		1,000	1,000	2,000
Total Governor's Recommendations	14,332	15,344	15,344	30,688
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,519	1,210	1,210	2,420
Forecast Base	1,519	1,210	1,210	2,420
Total Governor's Recommendations	1,519	1,210	1,210	2,420
Revenue Change Summary				
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	1,080	1,192	1,192	2,384
Total Governor's Recommendations	1,080	1,192	1,192	2,384

Explore Minnesota Tourism

FY 20-21 Biennial Budget Change Item

Change Item Title: Community Event Grant Program

Fiscal Impact (\$000s)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund				
Expenditures	1,000	1,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	0	0
FTEs	0	0	0	0

Request:

The Governor recommends \$1 million in FY20 and \$1 million in FY21 for the Community Event Grant Program administered by Explore Minnesota Tourism. This program is intended to increase tourism and the number of diverse events throughout the state.

Rationale/Background:

The Event Grant Program was introduced and initially funded during the 2016 legislative session. Explore Minnesota Tourism received \$673,000 in funding to launch a one-year pilot grant program to generate economic impact and awareness through new events held throughout the state. The program supported 22 events: eight in the metro area and 14 in greater Minnesota.

During the 2017 legislative session, the Major Event Grant Program, received \$900,000 for the continued support of Minnesota events with funding available until June 30, 2021. The positive, statewide reception to this program along with the demand for funding led to all funds being awarded in less than one year. Touching every corner of Minnesota in FY18, the program supported 20 events: 10 in the metro area and 9 in Greater Minnesota plus 1 metro bid award.

Proposal:

This recommendation is for continued funding of the Community Event Grant program. Funding for this grant program will grow the image of Minnesota as a tourism destination through the creation, implementation and promotion of events in communities both large and small throughout the state. Events created under this program are an integral part of destination development and create a more competitive tourism product overall.

Events have the potential to shine a spotlight on Minnesota by lifting the overall awareness of the destination, highlighting individual communities, driving first-time and repeat visitation, and increasing overall spending. New events also fill the voids left by seasonal travel patterns by stimulating travel in traditionally slower seasons. Events are the building block of tourism infrastructure and destination development, adding to the cultural fiber and overall marketability of the destination. A beneficial byproduct of events is civic pride: coming together around a shared purpose helps bolster a thriving community and enhances the quality of life for its residents.

State funding would be available for up to one-third of total cash expenditures associated with submitting a bid for a new event or for the operation of a new event. A minimum of 25% of the program funds will be reserved for use in greater Minnesota. Planning and implementing major events requires significant lead time, so it is

recommended that the funding be available until June 30, 2022, for the FY20 program and June 30, 2023, for the FY21 program.

Bid Funds

Up to \$24,000 per event would be available to help defray the cost of bid or sponsorship fees. Minimum eligible funding for a bid request would be \$1,000.

Operating Funds

A maximum of \$200,000 per event would be available for hosting/operating a major event. Criteria for scoring includes room nights generated; length of event; regional impact; documented significant economic and public relations impact. Funding could be used for operating and promotional expenditures as well as to offset direct state services (such as traffic control). Minimum eligible funding for an operating request would be \$5,000.

Eligible applicants must be a legally organized non-profit organization which may include: tourism organizations; event organizations; colleges and universities; and major facilities (facilities with staff; hosting responsibility and history of hosting major events). All applicants must demonstrate coordination with area tourism or economic development organizations, including a letter of support from the CVB or chamber, and references from events rights holders and vendors when applicable.

Eligible events are defined by: new to Minnesota (not held in the state in the previous three years); overall attendance; length of event/overnight travel generated; time of year/available capacity; PR/branding/destination awareness potential; meaningful programming from diverse racial, ethnic and linguistic groups; and estimated economic impact.

Ineligible events would include events with fundraising beyond the operating budget of the event as a purpose; political events; meetings and conventions; and events that have received other state funding or appropriations.

The program is structured to ensure statewide access to funding, with set parameters for both the metro and greater areas of Minnesota, as well as scalable evaluation to the varying sizes of the host communities and funding for this program contributes to the long-term vitality of Minnesota communities by raising awareness and visibility among consumers.

The Community Event Grant Program is 100% pass through funds to the grantee and as such there are no administrative dollars associated with these funds.

Equity and Inclusion:

One of the opportunities for tourism in Minnesota is to highlight the multicultural aspects that diverse ethnic populations have brought to communities through things like performances, food and cultural traditions. This program supports meaningful programming from diverse racial, ethnic and linguistic groups and people with disabilities. This could positively impact any community experiencing economic disparities.

Explore Minnesota Tourism encourages communities of color, veterans, women, low socioeconomic status, rural, LGBTQ and people with disabilities to apply for these grants. Award scoring will show preference to events that have an emphasis on cultural diversity. In addition, up to 25% of the funds are initially set aside for greater Minnesota

This proposal does not directly impact the agency's diversity and inclusion work.

Results:

In order to receive all of its awarded funds, each grantee must submit a post-event report, detailing specific performance measures including:

- Length of event
- Event attendance in person- day counts
- Lodging (Rooms rented at a lodging establishment both event attributed and non-event attributed)
- Media Outreach (state, multi-state regional, and national/international)
- Support for the event /committed finances (reported cash and In-kind match)

Performance measures provided by the grantee are used by the agency to estimate direct visitor spending. The event report-out varies based on event occurrence and will continue to be on-going until all events are satisfied.

A minimum of 25% of the program funds were reserved for use in greater Minnesota. The actual amount awarded to greater Minnesota events accounted for 28% of the total.

The performance of this grant program is communicated on a regular basis to the Governor's Tourism Council at quarterly meetings, and to the tourism industry through an electronic newsletter.