

Statement by John Edman,

Director of Explore Minnesota Tourism to the

Minnesota House Environment and Natural Resources Finance Division

January 22, 2019

This statement from Explore Minnesota to the House Environment and Natural Resources Finance Division is in regard to the impact of the current partial federal government shutdown on travel and tourism in Minnesota.

The Minnesota tourism industry is a \$15.3 billion industry generating \$42 million per day for the state. Approximately 24% of traveler expenditures come during the winter months from December to March.

Tourism supports jobs for over 270,000 Minnesotans in the leisure and hospitality sector and fuels \$5.8 billion in wages for workers. In 2017, leisure and hospitality businesses brought in \$996 million in state sales tax – 18% of the total sales tax revenue in the state.

Explore Minnesota Tourism is a small state agency that is funded through general fund appropriations by the Minnesota legislature. Our agency receives no direct federal dollars and there is no direct impact to our operations due to the federal shutdown.

However, there may be some impact to travelers due to closures of federal lands, and potentially, impact on travel due to delays and perceptions of delays at airports throughout the state. Depending on the length of the shutdown, and the media coverage internationally, there may be impact on the perception of the U.S. as a travel destination, and the perceived accessibility to national parks.

There are six federal areas in Minnesota that may impact tourism due to the current shutdown, including: Grand Portage National Monument; the Mississippi River National River and Recreation Area; the North Country National Scenic Trail; Pipestone National Monument; the St. Croix National Scenic River Way; and Voyageurs National Park.

There are also 21 U.S Fish and Wildlife Service areas and two National Forests in Minnesota (Superior and Chippewa). These additional areas offer further opportunities for winter hiking, cross-country skiing, ice fishing and snowmobiling throughout the winter months.

Some of these areas are closed during the winter, while some visitor services may be available when provided by concessioners or other entities. For most areas, there will be no federal employees or contractors to provide visitors with services such as restroom maintenance, trash collection, facilities management or road maintenance.

Tourism industry officials have expressed concerns regarding the lack of plowed trails and safety responses for travelers. Many are concerned about the impact on both the number of current travelers as well as the number of future visitors to these areas. Others have expressed the concern regarding the impact of the shutdown on future hiring.

Officials at MSP Airport have indicated that essential Transportation Security Administration (TSA) employees continue to report for work and perform duties. TSA has been understaffed at MSP for several months leading up to the shutdown due to challenges recruiting during a strong economy. It has been reported that staffing shortages are having a significant impact on screening operations at this time.

Regarding international travel, the federal shutdown may have an indirect impact by deterring international travelers already planning to travel to the United States. International leisure travel decisions are generally made months in advance, making it difficult to determine the immediate impact.

Brand USA is the official tourism marketing agency for the U.S. and continues to enthusiastically promote the USA while emphasizing that the partial shutdown will have a limited impact on travel to and throughout the country. I currently serve as Brand USA Co-Chair and will be monitoring this situation as it develops.

In conclusion, there is no direct financial impact of the federal shutdown on Explore Minnesota. However, as the shutdown continues, there could be an indirect impact on perceptions of the Minnesota travel product, the number of current and future travelers visiting the state, the safety of tourists and workers, and the desire to travel to destinations throughout Minnesota. We will continue to monitor the situation and provide updates to consumers as circumstances warrant.

Thank you for the opportunity to provide a statement. If you have any questions or wish to discuss further, please don't hesitate to let us know.