



February 24, 2022

Representative Rick Hansen, Chair
House Environment and Natural Resources Finance and Policy Committee
407 State Office Building
St. Paul, MN 55155

Mr. Chair and Members,

On behalf of the Minnesota Tourism Growth Coalition, a statewide group of public, private, and nonprofit tourism organizations, and businesses, we want to strongly share our support of HF 3616 - the Tourism Industry Recovery Grant Program.

The tourism and hospitality industry was the first sector shut-down at the beginning of the COVID-19 pandemic and while there has been some recovery in the industry – that recovery has not been consistent, there have been multiple starts and stops, recovery is not even across the state or across tourism sectors, and full recovery will take several years.

HF 3616 directs \$6 million in one-time funding to the Tourism Industry Recovery Grant Program which will flow through Explore Minnesota Tourism, with 100% of the funds going directly toward accelerating tourism recovery. The grants will be used to support meetings, conventions and group business, multi-community and high-visibility events, and tourism marketing. It is important to note, that no other state agencies are serving the needs of Minnesota's destination marketing organizations, event organizers, or meetings industry with a grant recovery program and this request does not overlap with existing Explore Minnesota programs.

Data from Explore Minnesota shows that Minnesota's tourism industry has suffered nearly \$12 billion in travel spending losses since 2019.

- Leisure and Hospitality Gross Sales fell from \$16.6 billion in 2019 to \$11.7 billion in 2020.
- State Sales Tax collections fell from \$1.1 billion in 2019 to \$731 million in 2020.
- And jobs in these categories are down by approximately 70,000 workers.

We know that the success of the tourism and hospitality industry plays a strong role in the success of a community, regional centers, and the state. Local, regional, and state taxes provide support for community services and increased tourism activity benefits local bars and restaurants, gas stations, grocery stores, theaters, event planners, stage crews, printing shops, outdoor recreation providers and many more businesses.

Thank you for your consideration of HF 3616 and the Tourism Industry Recovery Grant Program, we look forward to a full return of the state's vibrant tourism and hospitality industry!

Sincerely,

Minnesota Tourism Growth Coalition Leadership Team

Terry Mattson, Visit Saint Paul

Paul Larsen, Ed-Ventures, Rochester

Megan Christensen, Visit Grand Rapid

Luci Botzek, Visit Roseville Board



Increase Funding for Explore Minnesota Tourism

Position: Hospitality Minnesota supports an increase to the budget of Explore Minnesota Tourism. Additional funding will allow the state to better compete with neighboring states in efforts to bring visitors and their dollars to Minnesota communities and attractions, especially when specifically directed to marketing and promotions activities. We also support the MN Tourism Growth Coalition's request for \$6 million in economic recovery grant funds in 2022 to support the restoration of meetings, conventions, events and general tourism through marketing and other programs.

Background: The current budget for Explore Minnesota lags well behind the budget of neighboring states, further limiting our ability to compete for tourism dollars and travelers. Increased spending on marketing and promotions supports a wide variety of Main Street businesses and supports jobs across numerous sectors.

Supporting Facts:

- Minnesota tourism is currently a \$16 billion industry (\$44 million per day) and supports one-in-ten Minnesota jobs paying \$6.1 billion in wages in communities across the state. Minnesota Tourism generates 18% of all state sales tax collections (over \$1 billion per year). Tourism spending creates jobs, drives spending and has a positive return-on-investment.
- Explore Minnesota Tourism indicates that in 2019 for every \$1 invested in tourism marketing, \$180 in visitor spending was generated along with \$18 in tax revenue benefit to Minnesota residents.
- The average Minnesota household would pay an additional \$625 per year without the tax revenue generated by travel and tourism.

For more information contact:

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Version Date: February 7, 2022