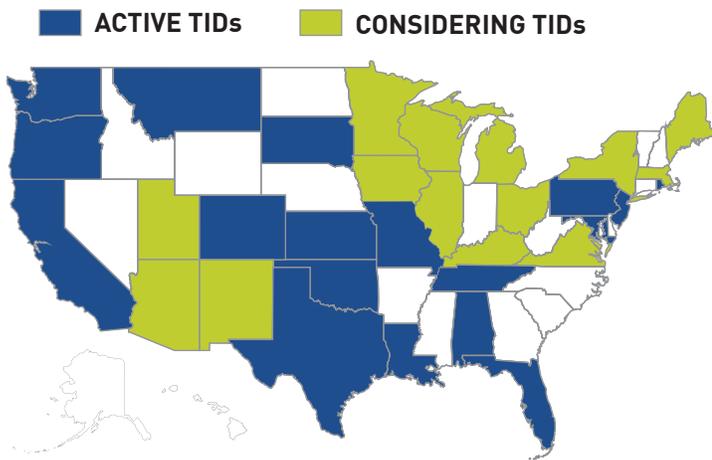


FUNDING THE RECOVERY AND FUTURE OF TOURSIM

Tourism Improvement District
State Enabling Legislation
House File 1066/Senate File 968



Almost 200 cities in 18 states have authorized Tourism Improvement Districts and a growing number of states are considering them.

- **Mission:** Promoting and improving tourism in designated boundaries
- **Activities include:** marketing and advertising, visitor services, sales lead generation, website operations, and other significant sales and marketing programs

What businesses will be included in the TID?

The TID will include only lodging businesses within designated boundaries that decide to form a district. Those businesses will establish a Tourism Improvement Association (TIA) which will oversee the use of these funds.

How will it work?

- The lodging business in a defined area votes to create a TID: a service charge on lodging businesses within a certain geographic area, with the funds used only for specific purposes associated with driving visitation and hotel occupancy – in turn, benefitting the business, the local government and the entire community through increased economic activity.
- Development of a service charge plan to define TID parameters including, but not limited to, programs to be funded, budget, boundaries, term, rate and fund management through the local government ordinance process.
- Lodging businesses may pass the service charge on to customers.
- Convention and Visitors Bureau (CVB) manages and directs programmatic spending on behalf of, and with oversight from, the industry via a committee representative of the assessed lodging businesses.
- Defined term which must be renewed by the impacted businesses.
- The established TIA will work with the CVB to manage the funds generated and direct investments for specified tourism activities.

Legislative Language:

SECTION 1, SUBD. 2 ACTIVITY

“Activity” means, but is not limited to, all of the following:

- Promotion of tourism within the district;
- promotion of business activity, including but not limited to tourism, of businesses subject to the service charge within the tourism improvement district;
- marketing, sales, and economic development;
- other services provided for the purpose of conferring benefits upon businesses located in the tourism improvement district that are subject to the tourism improvement district service charge.

SECTION 3, SUBD. 1 AUTHORITY

Service charges may not be imposed to finance an activity or improvement if the activity or improvement is ordinarily provided by the municipality from its general fund revenues unless the activity or improvement is provided in the district at an increased level.

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ECONOMIC IMPACT: *Pre-COVID-19 TRAVEL & TOURISM IN MINNESOTA GENERATES:

SALES

 **\$16.0**
Billion in gross sales

 **\$44**
Million a day

JOBS

 **273,000**
Full- and part-time jobs

 **11%**
of total private
sector employment

 **\$6.1**
Billion in wages

REVENUE

 **\$1.04**
Billion in state sales tax

 **18%**
of total state sales
tax revenue

Note: Data for leisure & hospitality sector, 2018

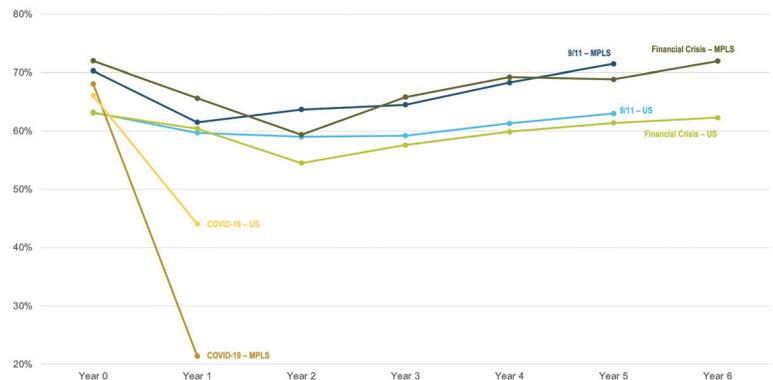
Source: Explore MN Tourism
2018 Tourism & Minnesota's Economy

Overview:

It is clearer now than it ever has been that tourism drives economic activity in communities of all sizes across Minnesota. This proposal authorizes the establishment of Tourism Improvement Districts (TID) through a partnership among private businesses, local governments and tourism promotion organizations. The TID is a public-private partnership to provide supplemental funding for specific tourism activities. Through a TID, a service charge is placed on lodging businesses, within a designated geographic area. The funds generated may only be used for new tourism specific activities that must benefit these businesses. The TID service charge is a tool to supplement existing funding of Convention and Visitor Bureaus (CVBs), not supplant it.

As the impacts of COVID-19 continue to ravage the hospitality industry, we look to the future and the recovery of this far-reaching economic driver. Past economic shocks have shown that recovery times can be uneven and unpredictable. This tool is a self-funded stimulus that will shorten the time it will take to return to pre-COVID-19 levels, enabling organizations to have a greater impact on the recovery of our industry.

Historical Occupancy Rates in Previous Shocks



Source: CBRE Hotels Research, STR

Economic Impact Overview:

The economic impact of the hospitality industry is undeniable, as the COVID-19 pandemic continues to demonstrate. By providing the industry with this additional tool, it will help to accelerate the recovery timeline and put hospitality workers back to work while helping promote Minnesota as a year-round destination. In communities where TIDs are already established, the program has raised additional funding for the tourism industry from those who use those resources.