



March 16, 2021

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

Dear Chair Hansen,

As you know, the tourism and travel industry has been the hardest hit sector of Minnesota's economy during this pandemic. While visits to resorts and campgrounds picked up during summer; travel for meetings, conventions, tournaments, business, and festivals lagged significantly below previous levels and had a devastating impact on bars, restaurants and catering businesses. Convention and Visitor's Bureaus and Destination Marketing Organizations across the state have worked to promote health and safety while encouraging Minnesotans to visit their regions. Even in areas where tourism improved over the summer months, the timeline for full recovery of the industry is unknown and will likely take several years.

With the recent positive February budget forecast, we urge you to support funding for the following tourism grant programs:

- \$1 million in fiscal year 2022 and \$1 million in fiscal year 2023 for a Tourism Recovery Marketing grant program.
- \$1 million in fiscal year 2022 and \$1 million in fiscal year for a Meetings and Conventions Marketing grant program.
- \$1 million in fiscal year 2022 for an Events Assistance grant program.
- \$1 million in fiscal year 2022 for a Business Cooperative Marketing program.

These grants are onetime appropriations and 100 percent of the appropriations will be passed through to grantees – no dollars will be used for administrative expenses. These grants are included in HF 1233 (Christensen) and SF 511 (Ruud) which have bipartisan support in both the House and Senate.

The core mission of tourism is to foster economic growth benefiting the entire state. Pre-pandemic, tourism accounted for \$1.07 billion in state sales tax – 18 percent of the total state sales tax revenue. The hospitality industry provided 275,000 full and part-time jobs, 11 percent of total private sector employment, and provided \$6.4 billion in wages. However, information from Explore Minnesota shows that travel spending in Minnesota decreased \$7.1 billion in 2020. In the February Forecast, MMB reported Minnesota's leisure and hospitality sector lost 123,400 jobs, 44 percent of the sector's employment, between February and December 2020. Job losses in the leisure and hospitality sector disproportionately impacts low-income workers, women, and people of color.

Meetings, conventions, festivals, tournaments, and other events are key drivers of Minnesota's tourism economy and hotel stays. During the pandemic, hotel occupancy in Minnesota hit historic

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lows. Hotel revenue was down 48.5 percent statewide January 2021 verses January 2020, with Minneapolis hotel revenue being down 82.7 percent and Bloomington being down 66.3 percent. Explore Minnesota reports 2020 international travel to Minnesota decreased 80 percent year over year, with a return to pre-pandemic levels forecast for 2024 or later. Domestic travel is expected to return to pre-pandemic levels in 2022, however business travel will likely take twice as long to recover.

The one-time spending investments detailed above and proposed in HF 1233 and SF 511, will provide the catalyst which is desperately needed to jump start the visitor economy in communities of every size, across every region of the state.

Thank you for your consideration of this request, please do not hesitate to reach out to any of our organizations with questions, ideas, or concerns. We value the partnership we have with you, and everyone working to make Minnesota a top tourism, hospitality, and travel destination again in the future.

Sincerely,

Anna Tanski, President
Minnesota Tourism Growth Coalition
Visit Duluth

Anna Thill, Chair
MN Association of Convention & Visitors Bureaus
Visit Mankato

Liz Rammer, President & CEO
Hospitality Minnesota

Clint Mueller, President
Community of Minnesota Resorts
Balsam Beach Resort, Bemidji

cc: Representative Shelly Christensen, Chief Author
Peter Strohmeier, Committee Administrator



Mr. Chair and members of the committee,

As a representative of the **Minnesota Festivals and Events Association**, I am asking for your support of the \$1M Events Assistance Grant Program.

With thousands of festivals in Minnesota throughout the year, the loss of the economic impact from events has been felt throughout the state. These events bring visitors to every corner and bring with them an overall financial impact well into the hundreds of millions of dollars each and every year.

In a time when the cost of putting on festivals had already reached an all-time high, the impact COVID has had on these live gatherings has been devastating, to say the least.

The industry has been hit hard and deep with every aspect taking a hit—not only the festivals themselves, but the ancillary organizations and companies that make events happen and depend on them to survive, including:

- Tent & portable structure services
- Sanitation & Custodial Services
- Recycling
- Portable Power (Ziegler)
- Security
- Traffic management
- Stage Companies
- Transportation Services
- Portable Office and Building Services
- Site Rental from Cities and their services
- Parking Ramps
- Sign Companies
- Temporary Restrooms
- Temporary Fencing
- Audio Visual
- Equipment Rental
- Event Management
- Part time staff, and kids with their summer jobs
- Beverage Service Providers
- Food & Catering – restaurants downtown are asking “when are the events that bring people downtown returning?”

Many of these industries have had a 50%-100% income loss.

There is a dire need for aid in helping the festival and event industry recover. Unlike bars & restaurants that have been able to open with limited capacity, festivals and in-person events have been at a disadvantage since they have been unable to open at any capacity to stay afloat. As events begin to open up with the new restrictions, it's unclear what the landscape will look like, and when patrons will begin to return to 'normal' levels. One thing we can do is give this industry the confidence that there will be help when they return.

Assistance with any budget item is imperative to get these Minnesotans back to work, and marketing dollars through this assistance grant will be vital to the reopening of events in order to market to visitors and partners, as well as to get communications out for reopened jobs.

Thank you again for your consideration in support for the Events Assistance Grant Program.

Sincerely,

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Minnesota Festivals & Events

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