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SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1473

2007 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1473

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1473

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2512

Committee Clerk Signature

Morgan Bennett

Minutes:

Rep. Glassheim: *This little bill basically originated in discussions at our appropriations committee last time. When we were going through the Historical Society budget the main focus then was the \$5 million dollars for the expansion of the Historical Society facilities and you all know how that ended. During the discussion some of the members of the committee were almost annoyed with the Historical Society. We are not being better known. We are not having better signage. You could run around Bismarck and not even know what was here. Also, for not making better use of all of the educational materials that they had on the web. They had a failure to do sufficient marketing and promotion and signage. So I brought this bill in to try to promote the Historical Society, to make it more visible, to increase signage, and to increase the website. The dollar amounts can be talked about in appropriations. The policy question is whether we should place a higher priority on promotion, marketing, telling the public what we have. We really have a diamond in the rough there, and this bill would help us to let its light shine.*

Rep. Boehning: This dollar amount of \$60,000, will that even begin to start the promotion it needs? A lot of legislature campaigns run into \$40,000 mark. Will this cover the whole state for two bienniums?

Rep. Glassheim: Well you could always find more. This was a modest amount to start with. To make sure that there is signage on the highway and stuff like that. This is not a full blown marketing campaign, it's a modest start to say we are here.

Rep. Haas: I think you alluded to this briefly, but why isn't something like this included in the Historical Society budget as a necessary part of their ongoing budget?

Rep. Glassheim: I wondered about that myself.

Rep. Froseth: We've seen several bills come through like this in various committees, and never being a member of appropriations, how is this money going to be spread out? Is all the money spent and this comes out of the ending balance?

Rep. Glassheim: I think it is reconciled from legislative council. They give you a running total of how much you spend. It would serve to the fund and the running balance.

Rep. Froseth: I guess that the part that confused me is that it comes out of the general fund or state treasury, not otherwise appropriated.

Rep. Glassheim: That language is for full appropriations, not specific to this bill. You can't spend more than you have.

Rep. Kasper: Do you have any idea what the amount of money the state appropriates to the Historical Society without this request?

Rep. Glassheim: No I don't.

Sen. Warner: The Historical Society is very under represented and its not near was well known as it deserves to be. It's an excellent collection and really remarkable history of the northern plains. I think this is a very modest effort to make that better known.

Merl Paaverud: Testimony Attached.

Rep. Meier: Where did the funding come from?

Merl Paaverud: We were able to scrape that together from our Lewis and Clark money. We do have a few dollars that we keep and that is about \$50,000. Our foundation also helps with that.

Rep. Meier: Is there money remaining in that Lewis and Clark fund?

Merl Paaverud: We have used virtually all of it up. We are at the tail end of that. All of our projects are basically completed. We are just working on filling these things up and promoting.

Rep. Potter: Is there a reason why this can't be with that appropriation budget?

Merl Paaverud: We did include this in our budget, but it didn't make it.

Rep. Haas: So you are saying that it went to the executive budget but it was taken out of the budget?

Merl Paaverud: That is correct.

Rep. Weiler: How many visitors do you get in an average of a week or month?

Merl Paaverud: ND Heritage Center gets 100,000 visitors a year, 250,000 in the historic site. We get about 500,000 a biennium.

Rep. Haas: Would you describe for us the relationship between the ND Heritage Center and the State Historical Society, with respect to money flow?

Merl Paaverud: ND Heritage Center is our headquarters, so what we do is operate out of there. Facility Management takes care of the bills, we take care of things like light bulbs, and all of that.

Rep. Kasper: What is the biannual budget that you ask for?

David Skalsky: Assistant Director. Our current appropriations for the 05-07 bienniums is \$19 million. \$10 million of that is salaries and operating expenses.

Rep. Kasper: And for your 07-09 bienniums what are you asking for?

David Skalsky: I think the total executive operations will be about \$13 million.

Rep. Kasper: You dropped from \$19 million to \$13 million?

David Skalsky: The big increase there is because of the archives. We got \$5.7 million for the archives.

Rep. Kasper: You have a foundation correct? Could you give me an idea on how many dollars you raise on an annual basis through the foundation?

Virginia Nelson: Executive Director of the State Historical Society Foundation. Our foundation is a non profit organization. We are working on a fundraising campaign right now for the society. We have raised about \$2 million in pledges. We have about 215,000-300,000 for our operating budget. We probably have 100-200,000 set aside.

Rep. Kasper: So what I am trying to get at is if you have cash on hand in your accounts, why aren't you using it?

Virginia Nelson: That money is set aside for management and stuff like that.

Merl Paaverud: The foundation is growing. We've had our foundation for five years. It is still in adolescence stage. We have made very good progress. We ask for great support. We do get help with advertisement and promotion.

Virginia Nelson: Testimony Attached.

Rep. Amerman: The \$60,000 mentioned, is that the amount that was cut from your budget?

Virginia Nelson: It was sustained.

Rep. Kasper: You mentioned earlier about your \$2 million campaign. Based upon your testimony, you've already raised that. Wouldn't you find it a very wise use of your \$2 million to take your \$60,000 out of here to fulfill the one time expenditures that your asking for?

Virginia Nelson: That is not a bad idea. As we move forward we will continue to raise more money and add it to those things. I think something so basic as marketing is something that

the Society should have in their regular budget. Our purpose right now is to expand and that is where we have been directing our efforts.

Rep. Kasper: Have you ever thought of having a fundraising campaign of your donors to present the problem and ask them to be a part of your marketing, ongoing budgeting, so that will enhance what you are trying to do?

Virginia Nelson: A lot of what we have done has been involved with marketing. Marketing to members, to take part in the publications, marketing to donors. Our foundation does indulge these things. What I do everyday is part of marketing the organizations. We are working with that to get more information out.

Rep. Boehning: What kind of dollars is the tourism contributing with this?

Virginia Nelson: I'm not sure what the total amount in the tourism budget is.

Rep. Boehning: I guess what I'm getting at is how much do they contribute to the marketing or to the Heritage Center. Do they have a set dollar amount that they use?

Virginia Nelson: My understanding is that the general budget is there to market the major tourism attractions of ND. The Heritage Center and the Historic Sites fall under that. There money is used to bring people to the state and engaging in this process.

Al Jaeger: *I hadn't intended to testify, but since I'm on the State Historical Board I will. The society's budget has really never had any money for marketing. There are several of us on the board who have talked about this. You can drive by some of our locations and not even know that they are there. When I travel, it is the signs that pull me off the road to view a historic site. I just want to address that based on the compensation, traditionally the society has not had a lot of money to do basic things. They are wrapped in with tourism and parks. You will see that if you pick up a tourism brochure that you will see the Heritage Center, and some other things that are featured. It is part of a collage, part of a big thing. When you actually drive by some of*

these places, there is no sign. From the perspective of not being part of the agency, it has been a continual challenge. As indicated, it was others who came forward and suggests that this money be put in.

Rep. Haas: IS there any more testimony on HB 1473? If not we will close the hearing on HB 1473.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1473

House Government and Veterans Affairs Committee

Check here for Conference Committee

Hearing Date: February 1, 2007

Recorder Job Number: 2520

Committee Clerk Signature

Morgan Lester

Minutes:

Rep. Haas: I will open the floor for some pre motion discussion.

Rep. Amerman: I'll move a do pass.

Rep. Potter: I second that.

Rep. Haas: Is there discussion?

Rep. Amerman: I guess the \$13 million budget that was proposed, I guess the executives of \$60,000, hopefully at one time they will be improving their budget. I really don't have heartburn for \$60,000. As far as the policy branch of government goes, I think it's a good policy. It's a policy that may be signed up and they need that \$60,000.

Rep. Froseth: I think if we get this to appropriations soon enough, if they haven't dealt with this budget, they can possibly amend this into their budget.

Rep. Kasper: I think this is another example of an inept organization being run by people.

When I asked them about their fundraising efforts, they said they have \$2 million but they can't take \$60,000 from promotion to help them raise money. They have a \$13 million dollar budget and they can't find \$60,000? The governor took this line item out and they still have money in there to be able to do what they want to do. The solution is having the legislature give us more money so we can spend more money. I say be more efficient in what you are doing and take it

out of your own budget. So then they come before us and this is an appropriations bill that should have never been here in the first place.

Rep. Haas: Just one comment. The \$2 million that you referred to, they have designated specifically for the capital campaign, and I think that is the reason why they aren't willing to take it out of there.

Rep. Kasper: I understand that, but however they certainly could have written their objective on their capital campaign to help promote the societies for \$60,000.

Rep. Boehning: I think I'm going to support this motion. They are saying that there is no signs out there and they want to put them in. We spend anywhere from \$20-40,000 on campaigns for 2-3 months, so I think its only appropriate for them to have some signs up so people can find the place. Let people know what we have.

Rep. Potter: I agree with you, but just one other comment. It's not just for the historical museum, but all historical sites across ND, and I see that as a good reason to take it out of the \$2 million. I can't imagine not having funds taken out of the budget. The amount of money that you make off of tourism, especially the small individual sites, may not amount to a lot.

Rep. Boehning: One thing I think we should do is find out why the OMB took the \$60,000 out.

Rep. Haas: Well we don't have time to do that. We have a do pass and re referred to appropriations on HB 1473. We will take a roll call vote. The do pass motion passes with a vote of 9-2-2. Is there a volunteer to take this on the floor?

Rep. Weiler: I will.

Date: 2-1-07
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. "Click here to type Bill/Resolution No."

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number HB 1473

Action Taken DO PASS + BE REFERRED TO APPROP.

Motion Made By Rep. Amerman Seconded By Rep. Potter

Representatives	Yes	No	Representatives	Yes	No
Rep. C. B Haas Chairman	X		Rep. Bill Amerman	X	
Rep. Bette Grande VC			Rep. Louise Potter	X	
Rep. Randy Boehning	X		Rep. Jasper Schneider		
Rep. Stacey Dahl		X	Rep. Lisa Wolf	X	
Rep. Glen Froseth	X				
Rep. Karen Karls	X				
Rep. Jim Kasper		X			
Rep. Lisa Meier	X				
Rep. Dave Weiler	X				

Total (Yes) 9 No 2

Absent 2

Floor Assignment Rep. Weiler

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1473: Government and Veterans Affairs Committee (Rep. Haas, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (9 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). HB 1473 was rereferred to the Appropriations Committee.

2007 HOUSE APPROPRIATIONS

HB 1473

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1473**

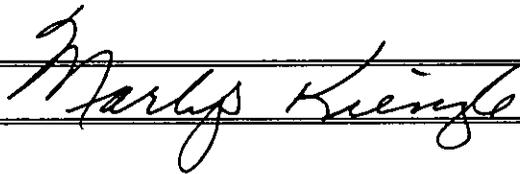
House Appropriations Committee

Check here for Conference Committee

Hearing Date: 2/5/07

Recorder Job Number: #2787

Committee Clerk Signature



Minutes:

Chairman Svedjan: Opened the hearing for HB 1473.

Rep Haas: HB 1473 has an appropriation of \$60,000 in addition to the other Historical Societies other General Fund Appropriation. This is simply to assist the society with marketing and promoting Heritage Center.

We had the question of Mr. Pavenrud isn't it possible to fund some of this marketing out of the foundation they are creating. See attachments:

If this fund was appropriated it would probably be considered an on going appropriation in subsequent biennium's. I was going to tell of the 2 past bill we would rather have the other bill.

Chairman Svedjan: You tell us why this would not have been included in the regular agency budget?

Rep Haas: They said that their actual amount appropriated expense line item for the whole biennium is 1.5 million dollars and 1.2 of that is General Fund money and 400,000 is Federal Funds, and then they gave the information that the majority of that money is for personnel costs. They just do not have enough in that budget.

Rep Thoreson: What is the vote out of your committee?

Rep Glasheim: This came out of discussions in the session in our sub committee it was thought that the Historical Society was not well advertised within Bismarck and that it has a lot of things that should be put available to the general public and better signage tell where we have this gem quality assists. I really don't think it has to be more than a 1 time thing. It is for signage and for operation development of a Web Site. I am seeing this as a one time request.

Rep Haas: This is the breakdown of the Budget for the \$60,000 is \$15,000 for the Website, \$10,000 for improving State Highway Signage for the Heritage Center, \$26,400 for leasing 2 promotion signs for the ND Heritage Center one located E of Bismarck and one W and then \$8,600 is for developing new products based on the states collection.

Those products through the gift center sell very, very well.

A motion was made for a "Do pass" by Rep Hawken and seconded by Rep Klein.

A Roll Call Vote was taken with 6 yes, 16 no, 2 absent.

The motion failed.

A motion was made by Rep Pollert for a "Do not Pass" and seconded by Rep Kempenich.

A Roll Call vote was taken with 18 yes, 4 no and 2 absent.

The carrier is Rep Pollert.

Date: 2/15/07
 Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1473

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass - motion failed

Motion Made By Hawken Seconded By Klein

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich		✓			
Representative Wald		✓	Representative Aarsvold	✓	
Representative Monson		✓	Representative Gulleon	✓	
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson		✓			
Representative Carlson		✓	Representative Glassheim	✓	
Representative Carlisle		✓	Representative Kroeber		✓
Representative Skarphol		✓	Representative Williams		✓
Representative Thoreson		✓			
Representative Pollert		✓	Representative Ekstrom	✓	
Representative Bellew		✓	Representative Kerzman		
Representative Kreidt		✓	Representative Metcalf		
Representative Nelson		✓			
Representative Wieland		✓			

Total (Yes) 6 No 16

Absent 2

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 2/5/07
 Roll Call Vote #: 2

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1473

House Appropriations Full Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken D. Not Pass

Motion Made By Pollert Seconded By Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Representative Wald	✓		Representative Aarsvold		✓
Representative Monson	✓		Representative Gulleon		✓
Representative Hawken	✓				
Representative Klein	✓				
Representative Martinson	✓				
Representative Carlson	✓		Representative Glassheim		✓
Representative Carlisle	✓		Representative Kroeber	✓	
Representative Skarphol	✓		Representative Williams	✓	
Representative Thoreson	✓				
Representative Pollert	✓		Representative Ekstrom		✓
Representative Bellew	✓		Representative Kerzman	✓	
Representative Kreidt	✓		Representative Metcalf	✓	
Representative Nelson	✓				
Representative Wieland	✓				

Total (Yes) 18 No 4

Absent 2

Floor Assignment Pollert

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 5, 2007 3:41 p.m.

Module No: HR-24-2193
Carrier: Pollert
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1473: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO NOT PASS (18 YEAS, 4 NAYS, 2 ABSENT AND NOT VOTING). HB 1473 was placed on the Eleventh order on the calendar.

2007 TESTIMONY

HB 1473

**HB 1473 – Marketing Monies for the State Historical Society
House Government and Veterans Affairs Committee
Chairman: Representative CB Haas
Thursday, February 1, 2007 - 8:30 am Fort Union Room**

Testimony by:

**Virginia A. Nelsen, Executive Director
State Historical Society of North Dakota Foundation
Registered Lobbyist #490 for SHSND Foundation**

Good morning Chairman Haas and members of the committee. My name is Virginia Nelsen and I am the executive director of the State Historical Society of North Dakota Foundation and I am a registered lobbyist for the Foundation.

We thank Representative Glassheim and Senators Flakoll, Triplett and Warner for recognizing the need for the Historical Society to have an adequate budget for marketing the North Dakota Heritage Center as well as the regional historic sites, educational and programming services.

As a business owner for more than 25 years it is unimaginable to me to think about running a service or retail business without marketing dollars. As a business counselor for a number of years with the Small Business Development Center, working up an adequate and targeted marketing plan and budget was foremost to the success of any existing or new business.

When I began working with the Society and Foundation, I was amazed to learn that the Society had not had marketing dollars in their budget. And only in the last four or five years, had the agency been able to cobble together about \$50,000 to begin addressing marketing needs. These dollars are a place to start, but certainly not an adequate amount to support an agency with a \$10 million dollar mandate to preserve and interpret the state's history and contribute to tourism development.

The Society understands the need for marketing. They have a marketing plan. They have asked for funding. Funds have not been forthcoming.

In the last year the Foundation conducted a statewide Feasibility Study to measure the level of support for the expansion plans for the North Dakota Heritage Center and to test the fundraising capacity of the Foundation.

This study measured many areas of concern to the Society and Foundation and one question asked all people interviewed was:

“What do you perceive to be the major weaknesses of the Society?”

I have attached the comments. From the first comment to the last comment the most often mentioned criticism was lack of marketing and promotion.

The average business will direct about 5% of their annual income to promotion and advertising and marketing. The two-year budget for the Society is approaching \$10 million. Their marketing budget should be \$500,000.

The Society works in partnership with state parks and the tourism division and coordinates promotion of parks and historic sites and other attractions under the "legendary campaigns." However, those dollars are targeted to out of state visitors. About fifty percent of the visitors to historic sites are local. And even though state tourism does have marketing dollars, it certainly does not have funding like many other states do for their tourism industry.

Marketing dollars are seed dollars. In the case of state owned entities like historic sites, marketing will grow visitation and visitation will grow surrounding regional restaurant, gas station, motel and retail businesses. 500,000 visitors came to the North Dakota Heritage Center and state historic sites in the last biennium. If you help the Society market their attractions, you are adding to the economies of every region in the state.

If we are going to have a "Smithsonian of the Plains" here on the capitol grounds with an expanded North Dakota Heritage Center, and a network of world class heritage tourism sites across the state, then let's not forget to market these heritage tourism attractions, so that every corner of the state can reap the benefits of marketing dollars sown into the state's tourism economy.

The history of the state is a product. Marketing is the means of selling that product. What new business would open its doors and never run an ad or set up a front door sign or design a local bill board or run newspaper or radio ads when they opened? What business? None.

Because these tourism assets are in the public trust, this makes it even more essential that those resources are utilized to maximize their benefits to our citizens, our visitors and our local economies.

Let's see that this \$60,000 is funded, but let's also have some serious discussion about the value of marketing and let's make a plan to see that there is a strong marketing budget for this organization and its partners in tourism development. Thank you.

Feasibility Study Report – \$60 Million Capital Campaign

August, 2006

**State Historical Society of
North Dakota Foundation**

Prepared By:



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- *Coordination with regions to retain and enhance specific items of history*

Location (mentioned 5 times)

- *Location in Bismarck*
- *Location next to the Capitol is very good*
- *Its location in Bismarck*
- *Location in Bismarck*
- *Its location/proximity to the Capitol*

Current Enthusiasm and Excitement (mentioned 4 times)

- *New energy of the Society, including ideas and money*
- *Enthusiasm*
- *Excitement of this new potential project*
- *Inspiration - capturing as the capital theme*

4. What do you perceive to be the major weaknesses of the Society?

Lack of Communication and Marketing (mentioned 40 times)

- *Not as well known as they should be - lack of familiarity*
- *Many North Dakotans aren't aware of the positive work of the Society*
- *Should consider example of public radio in Minnesota to market Heritage Center*
- *Heritage Center has lack of access to the public*
- *Not very visible, PR efforts in eastern part of state aren't very good*
- *Lack of visibility*
- *Lack of advertising - marketing what's there to see*
- *Promotion is weak*
- *General public doesn't understand the existence or mission of the Society*
- *Marketing or image needs to be strengthened*
- *Marketing - promotion is weak*
- *Inability to convey a message*
- *Visibility and communication of what the Society does*
- *Need additional staff for marketing and other purposes*
- *Need marketing money*
- *Many people don't know much about the Society - their mission*
- *Public perception or knowledge of the work of the Society not well known*
- *They do a poor job of advertising*
- *Lack of advertising and promotion*
- *I know nothing about it - they need to market themselves*
- *Don't communicate their role or involvement to the general public*
- *There is a weakness in promotion, including signage*
- *Not many people know about it*
- *Lack of awareness*
- *Lack of awareness*
- *Lack of statewide awareness*
- *Not visible enough in many areas of ND*

- *Marketing is weak - I've only visited the Heritage Center once*
- *Aren't as well known as they should be*
- *Lack of personal "singing the song and telling the story"*
- *Not enough marketing - visibility; more advocacy for tourism*
- *Shallow image - don't know who we are*
- *Usage should be increased – marketing*
- *The message needs to get out to save the relics of the past*
- *They don't communicate very much with the Trustees*
- *Need to promote itself*
- *Awareness*
- *Confused by content of brochure - could be more specific*
- *Negative element in the political process - need a lot of energy to overcome*
- *Confused mission*

Funding Difficulties (mentioned 15 times)

- *Lack of adequate funding*
- *Inadequacy of funding for staff*
- *Lack of necessary funding*
- *Lack of funds*
- *Never have enough money for what they are required to do*
- *Operational funding is lacking*
- *Financing stability*
- *Don't have the resources they need*
- *Lack of financial resources*
- *Lack of money and access to significant wealth*
- *Lack of funding to continually support its work*
- *It is a given that state funding is going to be a problem*
- *Tendency to just get by or downsize*
- *Need to leverage the federal funds better*
- *It appears to be funded subject to political influences*

Heritage Center Weaknesses (mentioned 15 times)

- *The signage for the Heritage Center is a weakness*
- *The Heritage Center is perceived to serve only Bismarck and the surrounding region*
- *Lack of parking*
- *Lack of space to showcase the displays*
- *Gift shop needs improvement - concentrate more on selling items made by local artisans*
- *Facilities are limited as to space for archives and displays*
- *Location is remote for majority of the state's population - also hard to find on the capitol campus*
- *The exhibits need to be rotated more often*
- *Too few people know about Heritage Center*
- *Not enough input as to what is displayed by people outside the staff*



History's

Foundation

State Historical Society
of North Dakota Foundation

HB1473

February 2, 2007

House Governmental Affairs Committee
Chairman, Representative CB Haas
State Capitol
Bismarck, ND 58504

Dear Chairman CB Haas:

On Thursday, February 1, 2007, the State Historical Society of North Dakota Foundation testified in behalf of the State Historical Society of North Dakota and a bill for \$60,000 in additional marketing monies for the promotion of the North Dakota Heritage Center and other state historic sites and programs.

A question was posed by Representative Kasper as to what monies the Foundation had that could be used to pay for the marketing needs of the Society—such as the \$60,000 being requested in HB 1473.

The Society and Foundation boards have been directing the efforts of the Foundation toward capital building projects as their major concern since its inception. The Foundation has been on a five year process of growing the organization's membership and fundraising capacity in order to respond to the need for expansion of the properties of the Society. Historically the legislature has asked for private participation in the funding of projects like the North Dakota Heritage Center expansion. Staff time and special funds have been directed to mature and prepare the Foundation for this need in the last five years.

According to the most recent quarterly financial statement for the Foundation from our accounting firm, September 2006, there are three categories of assets totaling \$364,965.79: Unrestricted Assets, \$201,304.19, annual operating funds; Temporarily Restricted and Permanently Restricted Assets, \$163,661.60 are monies raised for special building projects in the past that must remain in these funds—such as monies for the refurbishing of the Sakakawea statue, work on the Stutsman County Courthouse and monies for special operating costs of the Pembina Museum. None of these dollars can be used for anything besides the original intent from the board authorized fundraising efforts.

The Society and Foundation boards have authorized Foundation fundraising for the proposed expansion of the North Dakota Heritage Center and Phase II projects in fall of 2006. These monies are accruing through a five to six year pledge process. Currently the

Foundation has \$1,221,555 in signed pledges to the campaign; \$800,490 in verbal pledges; and \$2,645,605 in outstanding requests for the expansion campaign. Again, these dollars are restricted to the campaign and building projects in Phase II expansion efforts for the Society. The authorized capital campaign has a goal to raise \$12,000,000 over the next five to six years to partner with monies from the state legislature and federal and grant funding for building projects.

One hundred percent of the normal annual operating budget of the Foundation which has been \$140,000 to \$250,000 in the last three years is directed to program expenses, membership development, management and general expenses, and fundraising expenses all in support of outreach efforts and public relations for the Society. In the last five years the Foundation has raised membership from 876 to 2001; developed a Trustee network of over 200 corporations and leaders from around the state who are partners in our expansion efforts; and has developed a team of professionals and consultants in the organization that have the capacity to tackle large fundraising projects. These goals are mutually determined and supported by both the Society and the Foundation boards.

We thank you for your interest in the work of the Foundation. The Foundation was created over 30 years ago for fundraising for the building of the North Dakota Heritage Center and it continues to work towards supporting major capital campaigns for building projects.

Most Sincerely,



Virginia Nelsen, Executive Director
State Historical Society of North Dakota Foundation

CC: Merlan E. Paaverud, Jr., Director, State Historical Society of North Dakota

HB 1473
House Government and Veterans Affairs Committee
February 1, 2007

Testimony by Merl Paaverud, Director
State Historical Society of North Dakota

Introduction

Mr. Chairman and members of the Committee, my name is Merl Paaverud and I am the director of the State Historical Society of North Dakota. The mission of the State Historical Society of North Dakota is to identify, preserve, interpret, and promote the heritage of North Dakota and its people. Our great state has a colorful and important story to share with our children, our families, neighbors, and visitors from around the world. The State Historical Society is always looking for new ways to inform and educate people about our history. The State has museums and historic sites that have been, and are being, developed for recreational and educational purposes. Marketing and advertising is needed so potential visitors know about these North Dakota destinations. Maximizing visitation and usage adds up to economic development for North Dakota.

Project Overview

The State Historical Society completed a Marketing Plan in 2002. The plan made a number of recommendations. The first was to strengthen our image through brand positioning, graphics standards, and signage. Our Sakakawea logo was developed and provides a strong image that catches the attention of the public. Another step that has been completed was to develop graphics standards for our publications and signage.

While highway signs have been added, we need to do more. The Society paid for the production of new highway signs. The most recent addition was one located on Highway 83 north of Bismarck which advertises the State Capitol and the Heritage Center. Larger signs and better signage on State Street would make it easier for visitors to find the Capitol and Heritage Center. The Capitol Grounds Planning Commission has future plans to develop a signage graphics and location plan. This will help considerably when people wish to find points of interest or service locations.

Developing strong media connections was another recommendation. We now work extensively with newspaper and radio editorial boards and put out hundreds of media releases. The media does not hesitate to come to us for stories and specials. We are currently working with two local television stations to do early morning history segments and special reports on the collections and projects. We have partnered with Public Radio to produce the popular "Dakota Date Book" series. Our staff are regularly featured on the "Hear It Now" program. You might also recall that the Snow Angel Guinness World Record project that started in our agency in 2003.

A signature brochure was needed. We produced an excellent brochure that is widely circulated. We have worked with North Dakota Tourism and North Dakota Parks and Recreation to produce and circulate many radio and newspaper advertisements. North Dakota Tourism's Travelers Guide is also a very important tool for getting the word out about many of our state destinations. We work with North Dakota Parks and Recreation to help promote state parks and other local points of interest, at the Heritage Center and historic sites. The Society's website is a very important source of information for people from around the world as it averages over 1,300 hits a day.

We believe that a good marketing program provides accurate information about local, state, and national points of interest and makes people want to visit those sites. North Dakota Tourism works hard to get the word out to the region and international markets. We must do more on the State level to bring visitors to the exact locations of our points of interest. This need became very clear during the last legislative session when the point was made to improve the promotion of the North Dakota Heritage Center.

Budget Summary

The State Historical Society is asking for a very modest sum to continue our efforts to promote our history points of interest. We hope that our efforts in this area can be expanded in the future so that additional sites are included in the marketing plan. We are requesting \$60,000 for this purpose.

List of proposed projects:

- Improve state highway signage for Heritage Center \$ 10,000
- Lease two new promotional signs for the North Dakota Heritage Center - one located east of Bismarck and one west. (See Attachment 1) \$ 26,400
- Upgrade the Society's web page \$ 15,000
- Develop new products based on the State's collections. \$ 8,600

Conclusion

I believe that this will help promote heritage tourism in our state. North Dakota Tourism has provided information about the rollover affect of each dollar put into advertising and marketing over the past years. This information has shown a good return on the investment. We are working to do our part to promote North Dakota and its history resources.

I will be glad to answer any questions that you might have.

Attachment I

**State Historical Society of North Dakota
Cost of Billboard Advertising**

<u>Billboards</u>	<u>Per Month **</u>	<u>Annual</u>	<u>Biennium</u>	<u>36 Months</u>
1	\$550	\$6,600	\$13,200	\$19,800
2	\$550	\$13,200	\$26,400	\$39,600
3	\$550	\$19,800	\$39,600	\$59,400
4	\$350	\$16,800	\$33,600	\$50,400
5	\$350	\$21,000	\$42,000	\$63,000
6	\$350	\$25,200	\$50,400	\$75,600
7	\$350	\$29,400	\$58,800	\$88,200
8	\$330	\$31,680	\$63,360	\$95,040
9	\$330	\$35,640	\$71,280	\$106,920
10	\$330	\$39,600	\$79,200	\$118,800

**Monthly estimates were provided by the Newman Sign Company in Jamestown
Contract Length - 36 months for each sign.

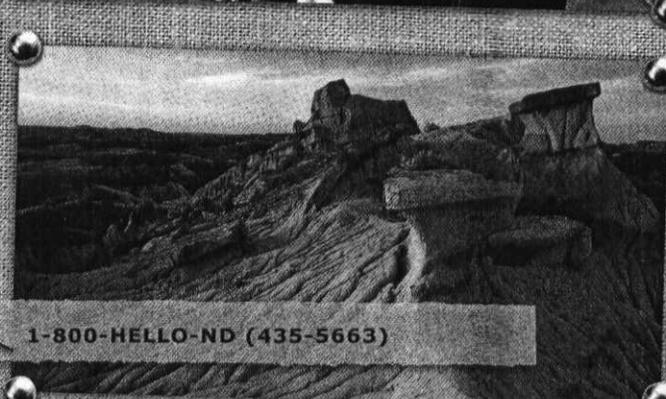
Major Sites

North Dakota Heritage Center - Bismarck
Chateau De Mores State Historic Site - Medora
Fort Abercrombie State Historic Site - Abercrombie
Fort Buford State Historic Site - Williston
Fort Totten State Historic Site - Devils Lake
Pembina State Museum - Pembina

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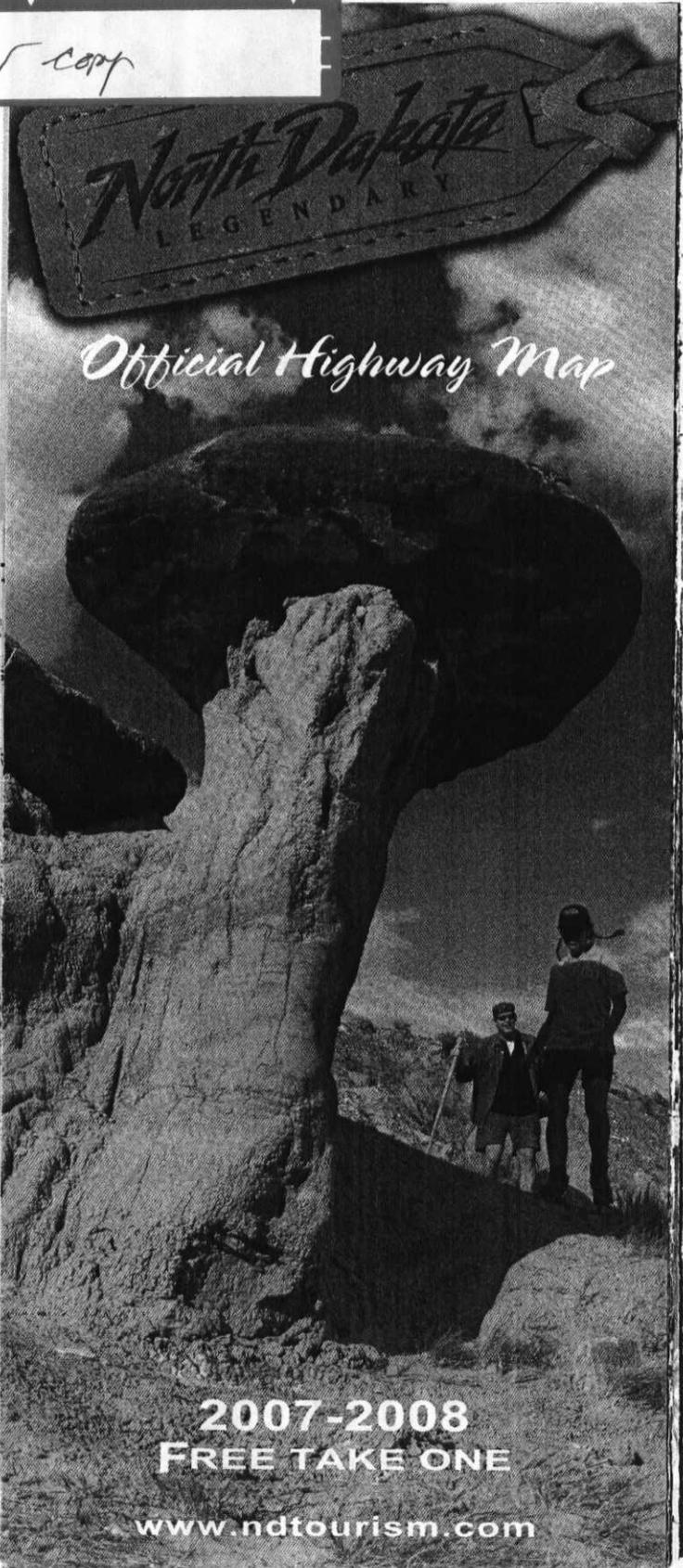
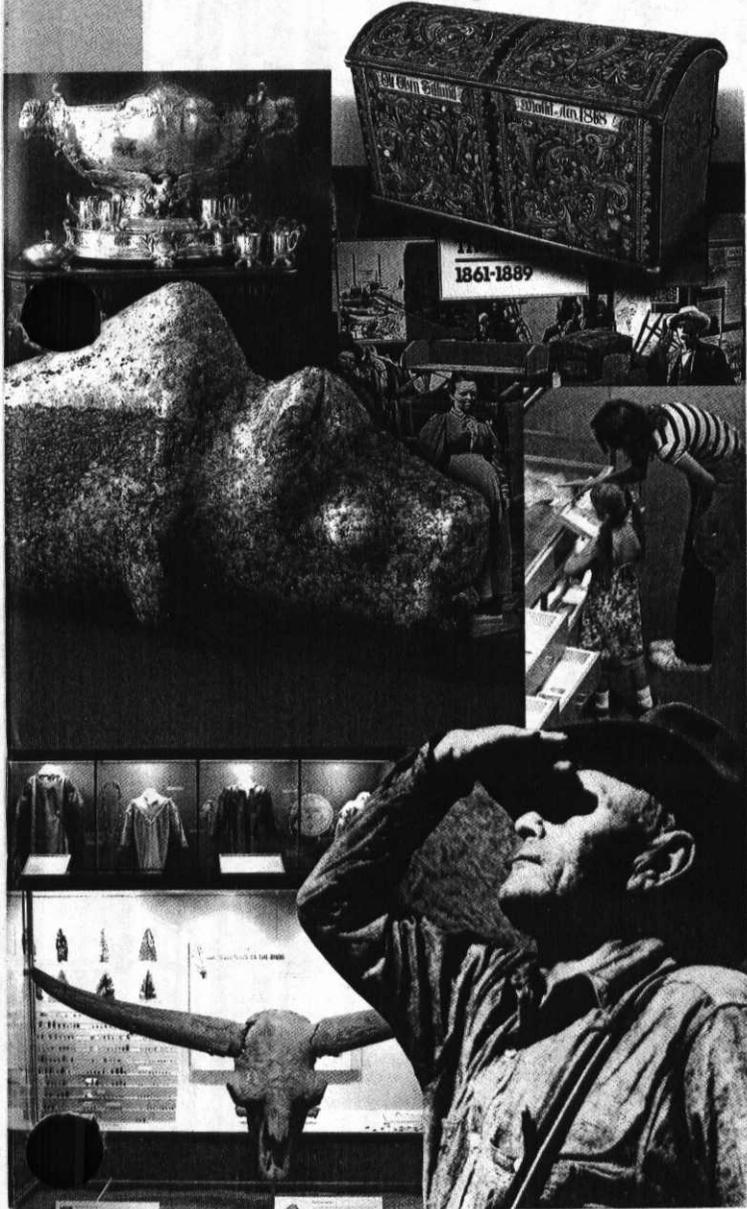
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Tourism for all



**STATE
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North Dakota Heritage Center



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