

1999 SENATE APPROPRIATIONS
SB 2022

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2022

Senate Appropriations Committee

Conference Committee

Hearing Date 1/15/99; Rehearing Date 2/4/99

Tape Number	Side A	Side B	Meter #
1	x		0-3700
2/4/99 1	x		2475-end
		x	0-284
Committee Clerk Signature <i>Claudia Anderson</i>			

Minutes:

SENATOR NETHING: Opened the hearing on SB 2022, A BILL for an Act to provide an appropriation for defraying the expenses of the tourism department.

BOB MARTINSON: Director of Tourism for North Dakota to testify in support of SB 2022 which provides a general fund appropriation of \$5,035,103 (testimony attached). (tape 123-615)

SENATOR NETHING: How is the Rocky Mountain International Marketing Organization working out? Last session that was not included in your budget, and we put it in, starting it here in the Senate.

BOB MARTINSON: I will have information on our first annual report of our membership there. ED&F has funded the MRI membership the last two years. We paid our own expenses and those types of things. South Dakota has been a member the past 10 years, it took them 7 years to make an impact in Europe and get their first appearance in a travel guide. ND was successful with 2 major publications the first year, and this year we are in 17 travel guides in Europe. It is important to keep it going, two years isn't enough time to show an impact. Travel in the Midwest is pretty level, so states are really going after marketing.

SENATOR NETHING: How do you see the value of your membership during the next biennium?

BOB MARTINSON: We've attended the London Travel Show, and will be attending the International Travel Show in Berlin. Last year we took a private sector delegation to London to call on tour agents and travel companies in an effort to become part of their travel package. We've also arranged for writers to come to ND. There will be two each from Great Britain, France, and Germany. We've also received stories in the International Press. This year it is our hope to go to the Scandinavian Countries. There are 29 percent of North Dakotans that have Norwegian ancestry.

SENATOR BOWMAN: Are you on the web?

BOB MARTINSON: Yes, we are. It is ndtourism.com. We also have a very nice Lewis & Clark web page that you can access from there. That is lewisandclark.com.

SENATOR BOWMAN: Do you have your budget in here for your tourist booths from across the state?

BOB MARTINSON: No.

SENATOR BOWMAN: Is that in a different budget?

BOB MARTINSON: It is not here.

SENATOR BOWMAN: That's completely exempt? That is all privatized now or it is all just shut down?

BOB MARTINSON: To give you just a bit of the history on that. When I took office, the decisions on the budget cuts had not been made. Kevin was appointed ED&F Director I think in April or May and the position was vacant. When I took over we had to make some cuts of some \$200,000. We were giving the Fargo CVB \$20,000, the Grand Forks CVB \$20,000, and the Pembina Museum \$20,000 per year to help them with their facilities. We analyzed it and decided we would rather spend the other \$100,000 per year encouraging people to come to North Dakota rather than subsidizing those locations. Bowman and Beach remained open. Oriska, I think they just have a rack of displays. The only one that didn't stay open was in Hankinson. The other ones all stayed open.

SENATOR ST. AUBYN: The budget includes 2 new FTE's related to the Lewis & Clark Bicentennial. I'm wondering at the end of the biennium, are those FTE's and the funding for those a one-time appropriation?

BOB MARTINSON: We have suggested they be eliminated in 2006, not at the end of this biennium.

SENATOR KRAUTER: I received calls from Development Groups in Beach and Bowman that the contracts with the State Tourism Department were discontinued in the second year of a two-year contract. They did not receive funding at those two locations. Is that correct?

BOB MARTINSON: It is correct they did not receive money for their information centers. Beach received a sizable grant from the state equal to what it would have cost to maintain their information center to be used for other purposes. I think they used part of their budget for their information center.

SENATOR KRAUTER: Where did they get the other grant?

BOB MARTINSON: We gave it to them.

SENATOR KRAUTER: When you said you had to make cuts, why did you have to make cut?

BOB MARTINSON: The legislature met and you decreased our budget by that much. We had a decrease in our budget of approximately \$200,000. We had to cut that from our budget.

SENATOR KRAUTER: If the Tourism Department is one of the performance based budgets that we perform and providing funding with one of those objectives in that performance base for the current biennium, how do we then go back and evaluate our performance if that was one of our performances and we eliminated the funding to it?

BOB MARTINSON: I'm not sure I understand. I can merely tell you we made the decision that we would rather spend money encouraging people to visit the state than subsidizing CBB's in the state. Bismarck is going to build a CVB. Minot just built a CVB, they were looking for funding. At two meetings at the state CVBs they voted unanimously to support our decision to stop the funding for the information centers and put it into advertising dollars. But, quite frankly, if you tell us you want those information centers funded and put it in the budget, that is what we will do.

SENATOR KRAUTER: There is funding here for \$80,000 to move off the Capitol grounds. Can you give us background on that?

BOB MARTINSON: Yes, the Bismarck CVB is building a new facility out west by that big truck stop. We visited with the Governor and OMB and asked them if they would consider the possibility of allowing us to move in there. We figure that move would make us more accessible to the public. They are going to be an information center we are going to be part of. Quite frankly we sell a lot of tourism items when we bring them into the Capitol--like our tourism shirts. We feel we can support most of our rent by selling ND items.

SENATOR TOMAC: The Secretary of State was here yesterday and had some concerns about special funds being set up so he could market some of the software that he had to develop. I'm curious as to what type of system the Tourism Department has to market those logo items, and how that system works within the Tourism Department without being re-appropriated.

BOB MARTINSON: It is re-appropriated. We do have a revolving fund where we are able to sell our merchandise and put it into a revolving fund so that when we are out of shirts we can go and buy new shirts. Our marketing of them basically through our office over there which not a lot of people know about. As an example, we came to the Capitol a couple of days before Christmas during the pre-session and sold almost \$8,000 worth of clothing.

SENATOR TOMAC: Then that goes into the fund so that you can replenish that? Eventually there are some profits or net proceeds--what are those funds used for? Do they go back into turn-back or can those then be expended for other tourism related functions.

BOB MARTINSON: Yes to all of those questions. They do go into the revolving fund. They stay in there, they are not turned back and they can be used for other things.

SENATOR TOMAC: If you make a million dollars in this fund, you could then re-appropriate those to whatever items you wanted to or to your priority lists?

BOB MARTINSON: It is my understanding that is correct.

SENATOR NETHING: What kind of dollars are we talking about?

BOB MARTINSON: That is where the Rocky Mountain money went. We were allowed to receive the Rocky Mountain money from ED&F. It looks bigger than it really is. I think it is a couple hundred thousand dollars, it might be 3 hundred thousand. Half of that would have been Rocky Mountain money so it's about \$100-150,000 that is in the revolving fund.

SENATOR ANDRIST: How much would the move to the Bismarck CVB cost you?

BOB MARTINSON: It is budgeted for \$80,000 per biennium. Our rent would be about \$40,000 per year.

SENATOR ANDRIST: Are you part of the Lewis & Clark Interpretive Center?

BOB MARTINSON: We work very closely together, but we are not related.

SENATOR NETHING: What will be done with the space?

BOB MARTINSON: The Library is very interested, but it is an OMB decision as to what will happen to that space.

SENATOR TOMAC: I'm reading off a sheet from the Legislative Council staff and it talks about turn-backs. Your agency will turn back approximately \$90,000 this session. In view of the cuts you told us about regarding the information centers, I'm wondering what line item that \$90,000 comes from.

BOB MARTINSON: That is in temporary salaries.

SENATOR KRAUTER: The other item I notice on the Council report was reducing some \$84,000 marketing costs? We're in the business to market the state.

BOB MARTINSON: We were told to reduce our budget by 5 percent and that is about the only place we can take it from--marketing. We have 4 line items--salaries, equipment, operating, and I don't recall what the other one is. So if you cut our budget, that is where it comes from--our marketing efforts.

SENATOR NETHING: It shows up as grants?

BOB MARTINSON: No, it is not in grants.

SENATOR NETHING: The four items you have are salaries & wages, operating expense, equipment, and grants. Then we add Lewis & Clark so then we have the total of all funds.

BOB MARTINSON: The grant is for \$30,000 during the biennium that we provide ND *Horizons*.

SENATOR ANDRIST: How do you intend to use the \$698,000 for the Lewis & Clark item?

BOB MARTINSON: We feel we need additional staff, the other \$500,000 will be put totally into marketing, advertising.

SENATOR ANDRIST: Why would you need these positions until 2007?

BOB MARTINSON: The bicentennial is 2003-2006. We feel there will be an impact of Lewis & Clark well after the Bicentennial. We certainly need the staff now and through the Bicentennial.

SENATOR NAADEN: Have you done any research on what the celebration was in 1904?

BOB MARTINSON: No, I have not.

SENATOR GRINDBERG: Have you or your staff had any discussion about a strategy to tie in public sector support for the Lewis & Clark celebration. There are businesses in this state that will benefit from tourism populations during that period. I think it is an option that certainly should be considered to have private sector support as well.

BOB MARTINSON: That is happening. In the west, the establishment of Bed & Breakfasts, Dude Ranches, Lewis & Clark Foundation, and people along the trail are starting to gear and asking us for help with their activities.

SENATOR GRINDBERG: Asking the Tourism Department for help or are they coming to the table and saying here is what we are doing? There are two different ways to look at this. Building a Bed & Breakfast and being part of it is good, but if you're going to spend millions of dollars marketing it, they could maybe contribute to that.

BOB MARTINSON: Most of those coming to us are asking for money. We tell them our business is to promote what we have and we can give them ideas on what we think is marketing, but we basically send them to ED&F if they're looking for money.

ROBERT SCHATZ: Riverdale to testify in support of the Lewis & Clark Bicentennial (2 letters attached).

SENATOR TALLACKSON: What do you do?

ROBERT SCHATZ: I have been a hunting and fishing guide in Riverdale. I have noticed the influx of people from other states and countries, and feel advertising is one of the best things for the state. I plan to open a motel/restaurant in Riverdale.

DAVID BORLAUG: Lewis & Clark Interpretive Center, Chairman. We are a private entity that cooperates with the state. The State Parks and Recreation actually owns the LEWIS & CLARK Interpretive Center; however, our private nonprofit foundation operates and maintains the costs of maintaining that facility. We want to speak in support of all additional funds for the Tourism Department, particularly as dedicated to the LEWIS & CLARK Bicentennial. If we don't enact new dollars this biennium, we will be far behind. If our efforts in Washburn hadn't started 7 years ago, we wouldn't have an Interpretive Center today. I'm also on the National LEWIS & CLARK Bicentennial Planning Council and that planning has been going on for 8 years.

In response to Senator Naaden's question about the 1904 celebration. Yes, there was a goodly amount of interest in LEWIS & CLARK in 1904, there was a World Fair in St. Louis. A whole lot of people traveled the trail. That was prior to the interstate system will greatly enhance tourism this time. We are grateful you are considering adding dollars for the Lewis & Clark Center.

SENATOR NAA DEN: There has been some discussion regarding digging for the actual site for the Lewis & Clark Fort at the Cross Ranch. What has been done with that?

DAVID BORLAUG: We have engaged an archeologist from Montana with funds from the Tourism Department to do a preliminary study as to whether or not the original site of Fort Mandan could still be there. For nearly 200 years historians have felt the site is under water. This archeologist believes at least a portion of this land is still in existence. With funding, we could start a full-fledged search for \$40,000. I believe with one month's activity, we could determine whether or not it is really there.

SENATOR ANDRIST: How are interfacing with the other Lewis & Clark States? It seems like a good thing to have a trail as close to the river as possible, while still being on the pavement.

DAVID BORLAUG: That is one of the roles of the Tourism Department. All but Kansas and Illinois, 9 of the 11 states, banded together and are co-marketing. Getting closer to the river, there are many individuals starting outfitting businesses.

SENATOR TALLACKSON: How are you funded?

DAVID BORLAUG: We are a private nonprofit foundation. We charge a nominal fee--\$2.00 for adults, \$1.00 for children into our facility; we have over 500 dues paying members in our foundation, we have an on-going fund-raising effort. We benefit from cooperation with State Agencies. We get an insurance benefit from the Parks & Recreation Agency, but we get no direct line item funding from any agency at this time. The building itself was construction with 80 percent federal department of transportation money with a 20 percent match from the State of ND. The trade off has been, we have a building, now we run it. Our budget this year is about

\$180,000, and is growing. We are also responsible for the maintenance of the Fort Mandan Replica which is owned by the McLean County Historical Society.

SENATOR TOMAC: I would encourage everyone to visit the Center.

DAVID BORLAUG: I would heartily invite all of you to visit us.

DALE ANDERSON: the Greater ND Association to testify in support of SB 2022. Tourism is one of those important segments of our economy. During the ND Business Conference in Fargo in November. A noted futurist, Frank Feather, spoke at that Conference. His lead statement was, "The future in ND is between your ears, and not between your feet. Creativity and how we use technology was what he was talking about in marketing. Global recreation is at the forefront of what people are talking about. His prediction was that if we did it right, by 2010, tourism would be the largest sector of ND's economy. The power to achieve that vision is in the hands of the legislature in supporting tourism.

SENATOR NETHING: Hearing on SB 2022 closed.

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2/4/99

SENATOR NETHING: Reopened the hearing on SB 2022 (tape 1, side A (2475-4160)

SENATOR ANDRIST: Presented the report of the Subcommittee and reviewed the amendments as provided. The committee focused on building an infrastructure with the intent of building marketing into the budget the next biennium.

SENATOR NETHING: Called for the motion on the amendment to SB 2022.

SENATOR ANDRIST: Moved do pass on the amendment to SB 2022.

SENATOR HOLMBERG: Seconded the motion.

**ROLL CALL: YEAS 14; ABSENT & NOT VOTING 0.
MOTION TO AMEND CARRIED.**

SENATOR NETHING: Called for the motion on the amended SB 2022.

SENATOR ANDRIST: Moved do pass on SB 2022 as amended.

SENATOR GRINDBERG: Seconded the motion.

**ROLL CALL: YEAS 14; ABSENT & NOT VOTING 0
MOTION CARRIED ON SB 2022 AS AMENDED**

SENATOR NETHING: Closed the hearing on SB 2022. (tape 2475-4160)

Date: 2/4/99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2022

Senate APPROPRIATIONS Committee

Subcommittee on _____
or
 Conference Committee

✓ Legislative Council Amendment Number 98044.0102

Action Taken DO PASS AMENDMENT

Motion Made By Sen. Andrist Seconded By Sen. Holmberg

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment ~~Sen~~

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

Date: 2/4/99
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. SB 2022

Senate APPROPRIATIONS Committee

- Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 98044.0102

Action Taken DO PASS AS AMENDED

Motion Made By Sen. Andrist Seconded By Sen. Grindberg

Senators	Yes	No	Senators	Yes	No
Senator Nething, Chairman	✓				
Senator Naaden, Vice Chairman	✓				
Senator Solberg	✓				
Senator Lindaas	✓				
Senator Tallackson	✓				
Senator Tomac	✓				
Senator Robinson	✓				
Senator Krauter	✓				
Senator St. Aubyn	✓				
Senator Grindberg	✓				
Senator Holmberg	✓				
Senator Kringstad	✓				
Senator Bowman	✓				
Senator Andrist	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Sen. Lindaas

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

REPORT OF STANDING COMMITTEE

SB 2022: Appropriations Committee (Sen. Nething, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2022 was placed on the Sixth order on the calendar.

Page 1, line 9, replace "1,005,933" with "985,216"

Page 1, line 10, replace "3,350,437" with "3,270,437"

Page 1, line 13, replace "698,502" with "48,995"

Page 1, line 14, replace "5,100,250" with "4,350,026"

Page 1, line 16, replace "4,737,250" with "3,987,026"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 740 - TOURISM DEPARTMENT

SENATE - This amendment makes the following changes:

	EXECUTIVE BUDGET	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$1,005,933	(\$20,717)	\$985,216
Operating expenses	3,350,437	(80,000)	3,270,437
Equipment	15,378		15,378
Grants	30,000		30,000
Lewis and Clark bicentennial	<u>698,502</u>	<u>(649,507)</u>	<u>48,995</u>
Total all funds	\$5,100,250	(\$750,224)	\$4,350,026
Less special funds	<u>363,000</u>		<u>363,000</u>
General fund	\$4,737,250	(\$750,224)	\$3,987,026
FTE	12.00	(1.00)	11.00

Detail of Senate changes to the executive budget include:

	REMOVE LEWIS AND CLARK ADVERTISING 1	DELAY LEWIS AND CLARK POSITION ONE 2	REMOVE LEWIS AND CLARK POSITION TWO 3	REMOVE RENT FUNDING 4	REDUCE COMPENSATION PACKAGE TO 2/2	ADJUST HEALTH INSURANCE COST
Salaries and wages					(\$10,897)	\$2,566
Operating expenses				(\$80,000)		
Equipment						
Grants						
Lewis and Clark bicentennial	<u>(\$500,000)</u>	<u>(\$50,256)</u>	<u>(\$99,251)</u>			
Total all funds	(\$500,000)	(\$50,256)	(\$99,251)	(\$80,000)	(\$10,897)	\$2,566
Less special funds						
General fund	(\$500,000)	(\$50,256)	(\$99,251)	(\$80,000)	(\$10,897)	\$2,566
FTE	0.00	0.00	(1.00)	0.00	0.00	0.00

	DELAY MARKET SALARY ADJUSTMENTS TO 1/1/2001	TOTAL SENATE CHANGES
Salaries and wages	(\$12,386) ⁵	(\$20,717)
Operating expenses		(80,000)
Equipment		
Grants		

REPORT OF STANDING COMMITTEE (410)
February 5, 1999 7:57 a.m.

Module No: SR-24-1983
Carrier: Lindaas
Insert LC: 98044.0102 Title: .0200

Lewis and Clark bicentennial	_____	<u>(649,507)</u>
Total all funds	(\$12,386)	(\$750,224)
Less special funds	_____	_____
General fund	(\$12,386)	(\$750,224)
FTE	0.00	(1.00)

Senate changes narrative:

- 1 Removes funding added in the executive budget for advertising for the Lewis and Clark bicentennial event.
- 2 Delays hiring one of the two FTE public information specialist positions added in the executive budget related to the Lewis and Clark bicentennial until the second year of the biennium.
- 3 Removes funding for one of the two FTE public information specialist positions added in the executive budget related to the Lewis and Clark bicentennial.
- 4 Removes funding for rent added in the executive budget for the Tourism Department to move off the Capitol grounds. The department is to remain located on the Capitol grounds for the 1999-2001 biennium.
- 5 In addition to the two percent annual salary increases, funding is included to provide the director a market equity salary increase of \$133.92 per month for the final six months of the biennium and the deputy director a market equity salary increase of \$432.58 per month for the final six months of the biennium.

1999 HOUSE APPROPRIATIONS

SB 2022

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SB 2022

House Appropriations Government Operations Committee

Conference Committee

Hearing Date March 3, 1999

Tape Number	Side A	Side B	Meter #
1	x		0-52.9
Committee Clerk Signature <i>Roxanne Kone</i>			

Minutes:

A Bill for an Act to provide an appropriation for defraying the expenses of the tourism department.

1A: .5 Bill Goetz, Chief of Staff Commented on behalf of governor's office. Testified in favor of the bill.

1A: 3.4 Bob Martinson, Director of Tourism Testified in favor of the bill (See attached written testimony). Briefly commented on Senate changes to bill: removed all additional money for Lewis & Clark Bicentennial, removed one FTE requested, delayed hiring of the other FTE until the second year of biennium, removed funding for building move, changed salary line to the 2 and 2 adjustment; total reduction \$762,000. Asked for restoration for marketing money for Lewis & Clark and FTE.

1A: 8.4 Rep. Guleson asked why all state departments don't use the Lewis & Clark theme to help promote the bicentennial and to help save dollars for the state. Bob Martinson replied that they are directing the marketing at certain locations such as the east and are looking at the national media market.

1A: 14.8 Rep. Carlisle asked how many Lewis & Clark publications are printed each year. Bob Martinson replied 100,000 and they are becoming very popular and getting many requests.

1A: 15.3 Dana Bischke, Development Director ND Lewis & Clark Bicentennial Foundation in Washburn Testified in favor of bill. Requested Lewis & Clark marketing money be put back in the bill (See attached written testimony).

1A: 18.1 Rep. Byerly asked where the money came from for the Interpretive Center. Dana Bischke replied the money came from a transportation bill and a grant. The Interpretive Center is a nonprofit organization and receives no support from the state.

1A: 20.2 Bret Taylor, Minot Convention & Visitors Bureau commented on Minot and state tourism, Canadian tourism, and Lewis & Clark Bicentennial.

1A: 26.6 Judith Iverson representing community of Garrison and it's business district (See attached written testimony).

1A: 30.5 Ron Wanner, Knife River Ranch commented on his business, Knife River Ranch Vacations, and how tourism helps it. Commented on economic comparison of agriculture vs. tourism. Handed out brochures of Knife River Ranch Vacations.

1A: 42.0 Dale Anderson, Greater ND Association testified in favor of the bill.

1A: James Tsismanakis, Greater Grand Forks Club commented on Grand Forks tourism and Olympic Committee and athletes that will be coming to Winnipeg Panama Games. Commented on importance of timing/advertising relating to the Lewis & Clark Bicentennial.

1A: 51.0 Rep. Carlisle asked about the motor coach market in ND. Bob Martinson replied they have one staff person designated to that industry. It is really on the rise and a good source of revenue for tourism.

Rep. Byerly closed the hearing on Senate Bill 2022. There was no opposition to the bill.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 8, 1999			
Tape Number	Side A	B Side	Meter #
1	x		10.0-19.1
Committee Clerk Signature		<i>Roxanne Kone</i>	

Minutes:

Chairman Byerly opened the discussion on Senate Bill 2022.

1A: 10.8 Rep. Poolman asked the committee if there was any feeling on putting back the Lewis & Clark money. Rep. Guleson replied she has no problem with putting back a small portion of the money. All four of the different agencies that have Lewis & Clark money should be using the same marketing theme. Rep. Poolman replied there is still \$1.6 million left, that seems like a lot of money, but does not want to take out anymore. Historical society still has \$1.1 million. Rep. Byerly felt that there should be more put into the Tourism than Historical. They made a good point during the hearing of having a solid marketing plan. Recommended talking to Chairwoman Wentz about the intentions of the Historical Society budget and Parks & Recreation.

There was no committee action taken on the bill.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 22, 1999			
Tape Number	Side A	B Side	Meter #
1		x	9.5-35.2
Committee Clerk Signature <i>Roxanne Kohl</i>			

Minutes:

Chairman Byerly opened the discussion on Senate Bill 2022.

1B: 9.5 Rep. Carlisle presented amendment to committee (0201) to reduce \$50,000 in the operating line item. Rep. Carlisle moved the amendment. Rep. Huether 2nd the motion. On a voice vote the motion carried. Rep. Carlisle moved to further amend the bill to add \$100,000 for Lewis & Clark Bicentennial line item. Rep. Tollefson 2nd the motion.

1B: 12.4 Rep. Gulleon asked if that adds back in the one FTE to deal with the Lewis & Clark. Rep. Byerly replied no.

1B: 12.5 Rep. Poolman commented it was his understanding of the sub committee to try and coordinate all the dollars under one agency for Lewis & Clark. Rep. Byerly replied that was not the purpose. Just to sort out all the money for the project. Rep. Poolman asked where the \$1.6 million shake out to afterwards. OMB replied: Historical Society \$700,000, Tourism - \$148,000, Parks & Rec. - ? (all new funding). OMB further commented all dollars are specific regarding the amendment to be used for Lewis & Clark promotion money. Rep. Poolman further commented on importance of adding money to Lewis & Clark promotion for long term investment for the state.

General Discussion

Page 2

Government Operations

March 22, 1999

1B: 18.0 Rep. Poolman commented he felt the governor should have coordinated efforts on Lewis & Clark project into one budget instead of in several. It would have made it more possible to see where we are getting the bang for the buck. Instead of just having to vote up and down on certain budgets. OMB comments and discussion on separation of budgets.

1B: 25.7 Rep. Gulleson made a substitute motion to add \$200,000 to the Lewis & Clark line item for advertising. Rep. Tollefson 2nd the motion. On a Voice Vote the motion carried. Rep. Carlisle moved a DO PASS AS AMENDED. Rep. Tollefson 2nd the motion. On a Roll Call Vote the motion carried.

6 voting YES

0 voting NO

0 voting ABSENT

Rep. Carlisle will carry the bill to the full committee.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date March 23, 1999			
Tape Number	Side A	B Side	Meter #
1	x		29.2-end
Committee Clerk Signature <i>Casey Davis</i>			

Minutes:

SB 2022

CHAIRMAN DALRYMPLE opened discussion on SB 2022.

1A: 29.2 REP. CARLISLE presented the GO subcommittee's recommendation and the proposed amendments 0202. He moved to adopt the amendments, and the motion was seconded by Rep. Byerly.

1A: 31.7 REP. KERZMAN asked if there was discussion on the webpage. Rep. Carlisle said there was not. Rep. Huether later said that it was discussed, as he had questioned Rep. Byerly in the subcommittee about what the cost of the webpage would be.

1A: 32.9 REP. NICHOLS asked if there were specific plans for the \$200,000 addback into the general fund. Rep. Byerly replied that the Governor is moving a coordinated effort forward dealing with tourism and parks. The GO subcommittee believed the Senate had been overzealous in cutting the funds for advertising.

1A: 34.5 CHAIRMAN DALRYMPLE asked if the \$200,000 would go into tv spots. Rep. Byerly replied that it will go into various forms of media advertising.

1A: 45.2 A voice vote was taken and the motion carried.

1A: 45.5 REP. CARLISLE moved for a Do Pass as amended. The motion was seconded by Rep. Byerly. A roll call vote was taken and the motion carried with 14 yeas and 6 nays. Rep. Carlisle will carry the bill.

Date: 3-22-99
Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2022

House APPROPRIATIONS - Government Operations Committee

Subcommittee on Gov't ops
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO PASS ASE AMENDED

Motion Made By Carlisle Seconded By Tollefson

Representatives	Yes	No	Representatives	Yes	No
Rex R. Byerly	/				
Ron Carlisle	/				
Ben Tollefson	/				
Robert Huether	/				
Pam Gulleeson	/				
Jim Poolman	/				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Rep. Carlisle

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

Date: 3-23-99

Roll Call Vote #: 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2022

House Appropriations Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 0202

Action Taken Do Pass as amended

Motion Made By Carlisle Seconded By Byerly

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	✓		Nichols	✓	
Vice-Chairman Byerly	✓		Poolman	✓	
Aarsvold		✓	Svedjan	✓	
Bernstein	✓		Timm	✓	
Boehm		✓	Tollefson	✓	
Carlson		✓	Wentz	✓	
Carlisle	✓				
Delzer	✓				
Gulleson	✓				
Hoffner	✓				
Huether	✓				
Kerzman		✓			
Lloyd		✓			
Monson		✓			

Total (Yes) 14 No 6

Absent _____

Floor Assignment Carlisle

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

REPORT OF STANDING COMMITTEE

SB 2022, as engrossed: Appropriations Committee (Rep. Dalrymple, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 6 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2022 was placed on the Sixth order on the calendar.

Page 1, line 10, replace "3,270,437" with "3,220,437"

Page 1, line 13, replace "48,995" with "248,995"

Page 1, line 14, replace "4,350,026" with "4,500,026"

Page 1, line 16, replace "3,987,026" with "4,137,026"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 740 - TOURISM DEPARTMENT

HOUSE - This amendment makes the following changes:

	EXECUTIVE BUDGET	SENATE VERSION	HOUSE CHANGES	HOUSE VERSION
Salaries and wages	\$1,005,933	\$985,216		\$985,216
Operating expenses	3,350,437	3,270,437	(\$50,000)	3,220,437
Equipment	15,378	15,378		15,378
Grants	30,000	30,000		30,000
Lewis and Clark bicentennial	<u>698,502</u>	<u>48,995</u>	<u>200,000</u>	<u>248,995</u>
Total all funds	\$5,100,250	\$4,350,026	\$150,000	\$4,500,026
Less special funds	<u>363,000</u>	<u>363,000</u>		<u>363,000</u>
General fund	\$4,737,250	\$3,987,026	\$150,000	\$4,137,026
FTE	12.00	11.00	0.00	11.00

Detail of House changes to the Senate version includes:

	REDUCE OPERATING EXPENSES	ADD LEWIS AND CLARK FUNDING	TOTAL HOUSE CHANGES
Salaries and wages			
Operating expenses	(\$50,000) ¹		(\$50,000)
Equipment			
Grants			
Lewis and Clark bicentennial		<u>\$200,000</u> ²	<u>200,000</u>
Total all funds	(\$50,000)	\$200,000	\$150,000
Less special funds			
General fund	(\$50,000)	\$200,000	\$150,000
FTE	0.00	0.00	0.00

House changes narrative:

- The operating expenses line item is reduced by \$50,000 from the general fund. The Tourism Department may determine the specific areas to reduce.
- The Lewis and Clark bicentennial line item is increased by \$200,000 from the general fund for promoting and marketing the Lewis and Clark bicentennial event. The Senate removed the \$500,000 of general fund moneys included in the executive recommendation for marketing the Lewis and Clark bicentennial.

**1999 SENATE APPROPRIATIONS
CONFERENCE COMMITTEE
SB 2022**

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. ENGROSSED SB 2022 C

Senate Appropriations Committee

Conference Committee

Hearing Date 4/5/99; 4/7/99/ 4/8/99

Tape Number	Side A	Side B	Meter #
4/5/99 2	2020-4560		
4/7/99 1		0-1200	
4/8/99	4385-5385		
Committee Clerk Signature <i>Gloria Anderson</i>			

Minutes:

SENATOR ANDRIST: Opened the conference committee hearing on engrossed SB 2022.

ROLL CALL: Present: Senators Andrist, Grindberg, Lindaas; Representatives Carlisle, B. Tollefson, Gulleason.

SENATOR ANDRIST: It appears that the House changes are pretty simple. They put \$200,000 into Lewis & Clark (L&C) advertising money and took \$50,000 out of operations, for a net increase of \$150,000.

REP. CARLISLE: Stated that in Senate action there is a person who is going to be a public information specialist who will be hired the second half of the biennium. Our Committee's theory was that if they're going to have a specialist, she should be given some dollars to work on L&C. We put in \$200,000, but we took \$50,000 out of operating, a net of \$150,000.

REP. GULLESON: There were several L&C dollars spread out over 4 different budgets. We tended to take more out of a couple of the other budgets, and put more into marketing thinking it was most appropriate to start of the marketing effort.

SENATOR ANDRIST: The Senate philosophy was that since the L&C money was spread throughout 4 budgets, one introduced as a House Bill and the other 3 as Senate Appropriations Bills - Parks & Recreation, Historical Society, and Tourism. Our subcommittee sat on all 3 of those committees in order to harmonize those budgets. The Bicentennial is 4 years away, and if we have to limit spending, let's build the infrastructure this year. We tended to take money out of promotion and marketing, and to limit the money in programming somewhat in order to prioritize getting the infrastructure ready.

SENATOR GRINDBERG: What is the Department going to cut back on with the \$50,000 cut to operating?

REP. CARLISLE: That will be up to them. Tourism Director Bob Martinson said he could live with it, and we gave him the flexibility to do that.

SENATOR GRINDBERG: There was no plan on how to spend the original \$500,000 in the Senate as far as the marketing plan--where the dollars were to be applied, how they were going to be spent, how are you going to market, what is your market target? Perhaps that information was provided to the House and if so I would like to see that.

SENATOR ANDRIST: Director Martinson showed us a couple of TV commercials, and talked about spending money in the Wisconsin market, although it was not definitive when we visited with him. I question spending money marketing via TV, I would rather see that money spent with a targeted approach, trying to reach special interest publications--those that are directed to people that travel a lot, i.e. AAA, ARP, National Geographic, Traveler, etc. I envisioned by giving them this specialist they could better plan how to market L&C and then come back in the next session and ask for the money to do it. I didn't honestly feel they had a vision for how to spend this money. They just wanted some money to spend.

REP. CARLISLE: Our committee talked at length about the motor coach industry, German tours, etc. We felt it should be left up to the Department as to how to get the most bang for the buck. We felt the specialist needed some money. Is there a figure in your mind? We have a net of plus \$150,000 if we agree we're taking \$50,000 out of operating.

SENATOR ANDRIST: I think you're trading dollars, and they will find a way to put as much money into marketing as they have left over.

SENATOR LINDAAS: Rep. Carlisle, was the comfort level Mr. Martinson had the \$50,000 if that was contingent upon the \$200,000 being restored?

REP. CARLISLE: Obviously he would like the total, but if there is a figure that we can arrive at and he still does his \$50,000 out of operating, but if we can net him some dollars for this person it is my understanding he could live with this. He would need some of this other money for the specialist the last half of the biennium to start developing the program.

SENATOR ANDRIST: I suspect we wouldn't have any trouble trading the dollars if you wanted \$50,000 for marketing. To do any further than that, I would rather wait until we conference with the Historical Society. They've taken out the whole plan for the L&C Heritage Center Exhibit. I'd like to examine that. It seems to me that is an important part.

REP. CARLISLE: If I understand you, if we took \$50,000 out of the \$200,000, you would be comfortable with that? That would leave that specialist the second half of the biennium, plus \$100,000 to work with.

SENATOR ANDRIST: What I was saying is if you want to take \$50,000 out of operating and put into marketing, so you would take \$150,000 of the \$200,000 out of marketing.

REP. CARLISLE: That doesn't leave the Tourism Dept. a lot to work with.

REP. TOLLEFSON: I know several of us have felt this is a real opportunity for the state of ND. How it is handled, is one thing. I personally don't think we can micro manage what kind of promotion this will have to be. I think it is big enough to hire professionals to really get in here and properly address the people to come into the state and follow the L&C Trail. Thereby, I think the dollars should be in the marketing end as in the House proposed budget. I think we, or I, feel that it seems the dollars are scattered. To me it is disjointed. Putting money into marketing is the way to go.

REP. CARLISLE: It appears we are going to be kind of far apart. We could do a motion for the \$50,000, and if that doesn't fly, we would be willing to take \$50,000 of the \$150,000 and leave the other \$100,000 alone.

SENATOR ANDRIST: It's at \$200,000 right now, and you're proposing to take that down to \$150,000?

REP. TOLLEFSON: I so move to reduce \$200,000 to \$150,000.

REP. CARLISLE: Seconded the motion.

SENATOR ANDRIST: That would be a net decrease of what we're looking at, but a net increase of \$100,000 over what the Senate approved.

SENATOR GRINDBERG: To clarify, is that motion an attempt to show support when we get to the other bill as far as the infrastructure, or what is the intent--to get the middle ground to get this particular bill addressed?

REP. CARLISLE: There may be different conference committees on those other bills, I certainly can't speak for the other committees. I'm just offering to take \$50,000 out of the \$200,000.

SENATOR ANDRIST: It would have been easier to have had the same conference committee members on all 3 of these bills. The Senate was able to prioritize based on the 3 budgets.

REP. GULLESON: What do you have earmarked in your other budgets?

SENATOR ANDRIST: The Historical Society is the one that took the biggest hit in the House. The biggest one was about \$200,000 they wanted to spend on a whole new L&C exhibit at the Heritage Center. The Director that in order to do a good job, it has to be historically researched. I accepted that, but at this point I would like to revisit that now that we are getting into hard negotiations. Other than that, he had 7-8 projects that were relatively small amounts \$5,000-\$15,000 for history camps, kid activities, etc. Parks & Rec we did not affect too much. They took out money for some camp cottages. They also took out of the Historical Society budget 2 major projects at Fort Buford which is an important part of moving people to the

western part of the state, too. I couldn't vote for this motion now, but I might be able to vote for it after we hear the other bills.

REP. CARLISLE: The other subcommittee will be the same for the Historical and Parks & Rec.

SENATOR LINDAAS: I agree with you, I'd rather look at those other budgets before we move positively on this one.

REP. CARLISLE: Is it your intention to leave the motion on the table?

SENATOR ANDRIST: Yes. We'll let the clerk call the roll.

ROLL CALL: Yeas: Carlisle, Tollefson, Gulleeson.

Nays: Andrist, Grindberg, Lindaas

THE VOTE IS 3-3. THE MOTION FAILS TO REDUCE THE BUDGET FROM \$200,000 TO \$150,000.

JOANNE BURKE: Presented the pros on conducting a marketing plan during this biennium, and the plans that have to be in place soon in order to be timely for the L&C celebration in 2003-04.

SENATOR GRINDBERG: I suggest committee members get copies of all 3 budgets, and each group review those budgets.

SENATOR ANDRIST: I suggest committee members from each budget group get together informally and brainstorm alternatives.

SENATOR LINDAAS: Moved to recess the committee.

REP. CARLISLE: Seconded the motion.

MOTION CARRIED BY VOICE VOTE.

4/7/99

tape 1, B, 0-1200

SENATOR ANDRIST: Reopened the conference committee on engrossed SB 2022.

ROLL CALL: Present: Senators Andrist, Grindberg, Lindaas; Representatives Carlisle, Tollefson, Gulleeson.

SENATOR GRINDBERG: I have been in contact with the Plains Art museum in Fargo. They are in the process of submitting a grant to the National Endowment for the Humanities. If we can commit \$25,000 general fund money in language that is contingent on matching money from other sources, it will make it much easier for them to obtain the grant. This is for a "Rolling Plains" exhibit which will travel throughout the ND and the US promoting Lewis & Clark

4-7-99

(L&C). If we're going to market L&C to me, with that process, in my opinion they got lost in the shuffle with the marketing of L&C effort. In my opinion, it should have been in the Tourism or Historical Society budget--not in the Council of Arts.

SENATOR ANDRIST: Originally, L&C money was in 4 different budgets--the 3 bills that went to our side of the aisle and the one that went to your side of the aisle that asked for \$100,000 for this traveling exhibit in the Council of the Arts budget. You excised that. Since the money was related to marketing L&C, that's why Senator Grindberg is suggesting we could appropriately put \$25,000 of it back if they could get federal matching money.

SENATOR GRINDBERG: I would say we write the language that matching money in other sources whether its grants or private donations, etc. of \$25,000. If they come up with \$25,000, they can access a minimum of \$25,000 matching grant from the Tourism Dept.

REP. CARLISLE: I'd be willing to listen to that if we'd take \$75,000 out of the \$150,000 and then put a line item.

SENATOR GRINDBERG: What would your intent be for marketing for Tourism alone?

REP. CARLISLE: \$75,000 plus the additional \$25,000 for the Rolling Plains matching grant for a total of \$100,000.

SENATOR ANDRIST: Right now, we've got \$200,000 for L&C marketing.

DAVE KRABBENHOFT: You could roll that into the L&C line--leave the \$50,000 cut in operating and then the L&C line would be \$100,000 instead of the \$200,000. Then we would put intent language in the L&C line for \$25,000 contingent on other sources of matching money of \$25,000.

REP. CARLISLE: So \$150,000 would be reduced to \$100,000?

KRABBENHOFT: Legislative Council usually drafts your amendments. You can have the funds in L&C for \$100,000 plus the position for the last year of the biennium. You could have intent language for the \$25,000 which is to be used for federal matching funds for the Rolling Plains Gallery.

SENATOR GRINDBERG: I'd like the language to reflect if the federal grant didn't come through, if the Plains Arts come up with \$25,000, perhaps from private dollars.

SENATOR ANDRIST: So, if they get \$25,000 from any means, we'll match it.

REP. CARLISLE: The total of all funds would be \$100,000 instead of \$75,000.

KRABBENHOFT: That is correct.

4-7-99

REP. CARLISLE: We're splitting the difference on the \$150,000 and putting back \$25,000 to give them other

SENATOR ANDRIST: The total change to Tourism is \$50,000? The House added \$150,000, the net increase would be \$100,000.

REP. CARLISLE: We'd be strictly working off the \$150,000, so it would be \$100,000.

KRABBENHOFT: Yes.

REP. CARLISLE: The Senate accedes to the House amendments, and to further amend by reducing the appropriation for L&C marketing by \$100,000, with an intent line that says \$25,000 of the \$100,000.

SENATOR GRINDBERG: I believe that would be further amending by reducing by \$50,000 leaving it at \$100,000 with the intent language for the \$25,000 if they match.

KRABBENHOFT: Allen, what they want to do is to reduce the L&C bicentennial to \$200,000 by \$100,000 with the remaining \$100,000 going to L&C--\$75,000 can go for marketing and \$25,000 can be used as a match to other funds to the Plains Arts Museum on a minimum of one-to-one basis.

REP CARLISLE: They're going to net out the \$150,000 down to \$100,000, but out of that \$25,000 is going to be for the Rolling Plains exhibit of the Plains Arts Museum.

ALLEN KNUDSON: The Plains Arts Museum must certify to the Arts Council they have received the money.

REP. TOLLEFSON: Moved that the House recede from its amendments and that engrossed SB 2022 be amend to reduce operating expenses by \$50,000, to add \$100,000 to L&C funding, \$75,000 of which would be for marketing, \$25,000 would be for a grant to the Plains Arts Museum Rolling Plains exhibit contingent upon raising an equal amount of other funds.

SENATOR LINDAAS: Seconded the motion.

ROLL CALL: 6 ayes; 0 nays; 0 absent & not voting.

MOTION CARRIED.

SENATOR ANDRIST: Adjourned the conference committee, until amendments are ready for preview.

4/8/99

tape 1, A, 4385-5385

SENATOR ANDRIST: Reconvened the conference committee on SB 2022.

4,899

ROLL CALL: Present: Senators Andrist, Grindberg, Lindaas; Representatives Carlisle, Tollefson. Absent: Gulleason.

SENATOR GRINDBERG: This rolling plains gallery for the promotion of Lewis & Clark will be dealt with and added to the OMB bill I said that it was OK with me, if I had those assurances from leadership. They both feel they would like to handle that, attach it to OMB and not part of Tourism. The continuity between Arts and Historical and Tourism. I argued my point that this is marketing Lewis & Clark, but let's do it through OMB. We need to fix that and I agree to do that and if the committee supports that, they gave me their word that's what happens.

SENATOR ANDRIST: To do that, we would take out the \$25,000 and we would lower the Lewis & Clark Bicentennial tot \$50,000, and that would still zero us out with the same amount of money. Is that your motion Tony?

SENATOR GRINDBERG: Just to clarify, that would allow them \$75,000 for marketing.

SENATOR ANDRIST: They have \$75,000 which includes the \$25,000 for Rolling Plains.

SENATOR GRINDBERG: Right which was a total of \$100,000. If we take \$25,000, they still have \$75,000 for marketing.

REPRESENTATIVE CARLISLE: That is the way I hope it works out too, that person the second half of the biennium will have \$75,000 to work with.

ALLEN KNUDSON - LEGISLATIVE COUNCIL: That would be correct, under the conference committee changes toward the bottom of the page, that \$125,000 would be reduced to \$75,000. \$25,000 from the General Fund and the \$25,000 they are supposed to have raised.

REPRESENTATIVE CARLISLE: Then we would in effect be splitting the \$150,000 if we are saying that we have \$75,000?

SENATOR GRINDBERG: I make a motion that we reconsider our action.

REPRESENTATIVE CARLISLE: I second the motion.

SENATOR ANDRIST: We have a motion to reconsider the action by which we amended SB2022, and we have a second. Is there any discussion? A voice vote was taken, and all members present of the conference committee voted AYE. There was no opposition.

SENATOR GRINDBERG: I move that we delete that language in Section 2. A reduction of \$50,000, \$25,000 from the General Fund and \$25,000 from the Special Fund.

REPRESENTATIVE CARLISLE: I would second that motion.

4-8-99

SENATOR ANDRIST: If we pass this motion, we have taken \$50,000 out of operating and we have put \$75,000 into marketing. So they have a net gain of \$25,000 compared to the Senate version. Any further questions? Are we ready to vote? Let the clerk call the roll.

**ROLL CALL: SENATOR ANDRIST, AYE; SENATOR GRINDBERG, AYE;
SENATOR LINDAAS, AYE; REPRESENTATIVE CARLISLE, AYE;
REPRESENTATIVE TOLLEFSON, AYE; REPRESENTATIVE GULLESON, ABSENT
& NOT VOTING**

5 - AYE; 0 - NAY; 1 - ABSENT & NOT VOTING.

SENATOR GRINDBERG: If Allen Knudson could prepare the amendments to the OMB bill SB2015 with this language?

DAVE KRABBENHOFT - OMB: The way the language is now, the \$25,000 in matching funds has to come into the budget. If we could have the matching funds be a separate source and not include them in the budget, I think would make more sense.

ALLEN KNUDSON: Are the appropriations going to be to Tourism, like it is here, or to OMB or who would the appropriation be made to?

DAVE KRABBENHOFT: Council of the Arts.

ALLEN KNUDSON: The Plains Art Museum must certify to the Arts Council. That way OMB can verify that they have the money.

REPRESENTATIVE TOLLEFSON: I make the motion that we adjourn.

SENATOR LINDAAS: I second the motion.

SENATOR ANDRIST: All those in favor, signify by saying AYE. All members present voted Aye. The meeting was adjourned.

(Bill Number) SB 2022 (, as (re)engrossed):

Your Conference Committee

Attendance	SENATORS	Vote	Attendance	REPRESENTATIVES	Vote
P	Andrist	Y	P	Carlisle	Y
P	Grindberg	Y	P	Tollefson	Y
P	Lindaas	Y	A	Gulleson	AB

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)
723/724 725/726 5724/5726 8723/8725
the (Senate/House) amendments on (SJ/HJ) page(s) 873 - 874

and place _____ on the Seventh order.
727

, adopt (further) amendments as follows, and place
SB 2022 on the Seventh order:

having been unable to agree, recommends that the committee be discharged
and a new committee be appointed. 690/515

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: 4, 8, 99
CARRIER: Andrist
LC NO. 98044 . 0204 of amendment
LC NO. 98044 . 0200 of engrossment
Emergency clause added or deleted _____
Statement of purpose of amendment _____

(1) LC (2) LC (3) DESK (4) COMM.

REPORT OF CONFERENCE COMMITTEE

SB 2022, as engrossed: Your conference committee (Sens. Andrist, Grindberg, Lindaas and Reps. Carlisle, Tollefson, Gulleason) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 873-874, adopt further amendments as follows, and place SB 2022 on the Seventh order:

That the House recede from its amendments as printed on pages 873 and 874 of the Senate Journal and pages 954 and 955 of the House Journal and that Engrossed Senate Bill No. 2022 be amended as follows:

Page 1, line 10, replace "3,270,437" with "3,220,437"

Page 1, line 13, replace "48,995" with "123,995"

Page 1, line 14, replace "4,350,026" with "4,375,026"

Page 1, line 16, replace "3,987,026" with "4,012,026"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

DEPARTMENT 740 - TOURISM DEPARTMENT

CONFERENCE COMMITTEE - This amendment makes the following changes:

	EXECUTIVE BUDGET	SENATE VERSION	CONFERENCE COMMITTEE CHANGES	CONFERENCE COMMITTEE VERSION	HOUSE VERSION	CONFERENCE COMPARISON TO HOUSE VERSION
Salaries and wages	\$1,005,933	\$985,216		\$985,216	\$985,216	
Operating expenses	3,350,437	3,270,437	(\$50,000)	3,220,437	3,220,437	
Equipment	15,378	15,378		15,378	15,378	
Grants	30,000	30,000		30,000	30,000	
Lewis and Clark bicentennial	698,502	48,995	75,000	123,995	248,995	(\$125,000)
Total all funds	\$5,100,250	\$4,350,026	\$25,000	\$4,375,026	\$4,500,026	(\$125,000)
Less special funds	<u>363,000</u>	<u>363,000</u>		<u>363,000</u>	<u>363,000</u>	
General fund	\$4,737,250	\$3,987,026	\$25,000	\$4,012,026	\$4,137,026	(\$125,000)
FTE	12.00	11.00	0.00	11.00	11.00	0.00

Detail of Conference Committee changes to the Senate version includes:

	REDUCE OPERATING EXPENSES	ADD LEWIS AND CLARK FUNDING	TOTAL CONFERENCE COMMITTEE CHANGES
Salaries and wages			
Operating expenses	(\$50,000) ¹		(\$50,000)
Equipment			
Grants			
Lewis and Clark bicentennial		\$75,000 ²	75,000
Total all funds	(\$50,000)	\$75,000	\$25,000
Less special funds			
General fund	(\$50,000)	\$75,000	\$25,000
FTE	0.00	0.00	0.00

Conference Committee changes narrative:

- ¹ The operating expenses line item is reduced by \$50,000 from the general fund, the same as the House version. The Tourism Department may determine the specific areas to reduce.
- ² The Lewis and Clark bicentennial line item is increased by \$75,000 from the general fund for promoting and marketing the Lewis and Clark bicentennial event. The Senate removed \$500,000 of general fund moneys included in the executive recommendation for marketing the Lewis and Clark bicentennial and the House restored \$200,000 for promoting and marketing the Lewis and Clark bicentennial.

Engrossed SB 2022 was placed on the Seventh order of business on the calendar.

1999 TESTIMONY

SB 2022

Testimony of Bob Martinson, State Tourism Director House Appropriations Committee

Mr. Chairman and members of the committee. . . I am Bob Martinson, Director of Tourism for North Dakota and I'm here in support of Senate Bill 2022 which provides a general fund appropriation of \$5,035,103 for defraying the expenses and opportunity costs of the State Tourism Department.

I am going to be brief and to the point here today, because I think you are all aware of the tremendous economic impact that tourism has on our state, and I think you are equally aware of the huge opportunities we now have before us with the approaching celebration of the Lewis & Clark Corps of Discovery Bicentennial.

Accompanying this text are a number of charts to give you the necessary overview that support the need for our budget through the next biennium.

The first chart (fig. 1), is a ten-year recap (including our current request) of the Tourism Department budget. I should add here that we are the least funded tourism department in the 48 contiguous states. Though costs for advertising, postage, collateral and other expenses have risen throughout this period, the State Tourism budget has remained fairly constant. Also, as you will see later in this text, in spite of a somewhat level and even decreasing budget, the economic impact of tourism in our state continued to improve dramatically in that same period. As the figures will show, we have been efficient and resourceful in spending the money to accomplish our tourism mission. Our current request, however is for an increase of \$818,134 over last biennium's budget. We feel this budget is timely and appropriate to allow us to access some unique opportunities that now exist for North Dakota.

The next chart (fig. 2), gives you a general breakdown of where our increase in budget requests are going and the following chart (fig. 3) shows you more specifically how our increased appropriation would be used to increase tourism's economic impact in North Dakota.

It is important to ask on occasions such as this, whether or not our budget creates a good return on investment for the people of our state. I think the numbers on the Comparison Chart (fig. 4) illustrate that this is most certainly the case. As you can see from this chart, travelers to North Dakota bring in \$1, 215 in expenditures for every \$1 spent on advertising. This greatly surpasses the return on advertising dollars that many similar surrounding states receive on their advertising expenditures.

To summarize, we have a historic marketing opportunity in North Dakota:

- 1) The Lewis & Clark Bicentennial has already drawn attention to our state and we expect the bicentennial to have a tremendous impact on tourism in North Dakota.
- 2) We have an excellent opportunity to mine the riches of North Dakota's rich cultural heritage through international marketing efforts.
- 3) We have created a strong image in our advertising markets by wisely investing our marketing dollars. We will continue that effort into the new millennium.
- 4) The recommended budget will allow us to capitalize on the opportunities before us while at the same time maintaining a leadership position as far as our return on investment is concerned.
- 5) Over the last five years, in spite of stagnant budgets, the economic impact of tourism in our state has increased from \$787 million in 1995 to \$962 million in 1997. That is a 23% increase in economic impact with no increase in budget (source: Economic and Fiscal Impacts Associated with the Travel and Vacation Industry--PMI, 1997). It is now time to invest in the new opportunities before us. Our goal is to spend this appropriation wisely and boost the economic impact of tourism to over one billion dollars in the new biennium.

Thank you for your support of our tourism efforts in the past. I sincerely hope that you will approve our recommended budget of \$5,035,103 to allow North Dakota Tourism to move boldly and opportunistically forward into the new millennium.

NORTH DAKOTA

Figure 3

Recommended Extra Budget To Be Used For:

- 1) Provide funding for two positions to be involved with the Lewis and Clark Bicentennial - \$188,832 (Salary - \$148,636, Benefits - \$40,196). Agency has requested funding for these positions be terminated 6/30/2007.
- 2) Provide funding to implement the agency's marketing plan for the Lewis and Clark Bicentennial event - \$500,000.
- 3) Provide funding for membership in Rocky Mountain International - \$242,000.
- 4) Provide funding for rent and relocation of the agency to the Bismarck/Mandan CVB building - \$80,000.



**Testimony of Dana Bischke, ND Lewis & Clark Interpretive Center, Washburn,
In Support of SB 2022: House Appropriations, Government Division**

Mr. Chairman and members of the Committee, my name is Dana Bischke, and I am Development Director of the North Dakota Lewis and Clark Bicentennial Foundation in Washburn. Also present today is Kristie Frieze, Director of the Foundation and Interpretive Center.

On behalf of our chairman, David Borlaug, who is out of state this week, and our entire board and membership, I urge you to support the original Executive Budget request for the Tourism Department, with its enhancements for Lewis and Clark marketing.

While the Senate has endorsed the Governor's "Lewis and Clark initiatives" found in the State Parks and Recreation and State Historical Society budgets; we are distressed that all of the money allocated for Lewis and Clark marketing efforts was deleted from the Tourism budget.

We understand the fiscal constraints under which you operate. As a private, non-profit Foundation responsible for the operation, maintenance and programming of both Fort Mandan and the Interpretive Center, we can appreciate that. We also understand the emphasis on developing our state's infrastructure to prepare for the Lewis and Clark Bicentennial...indeed, we are a critical part of that infrastructure.

However, there isn't much time to ensure that potential travelers from across the United States and beyond get the message that North Dakota is a "must see" state on the Lewis and Clark Trail. Today's visitors plan their precious vacation time well in advance. Industry experts say that foreign visitors plan their US excursions five years ahead.

North Dakota has such a great story to tell...with Fort Mandan, the Knife River Indian Villages (the home of Sacagawea)...On a Slant Village...Fort Clark... Fort Buford and more....that we must make certain that message gets out, loud and clear.

And while Lewis and Clark followed the river, today's visitors follow highways and interstates...meaning that every city in North Dakota will benefit from the increased attention our state will be receiving. And that attention will NOT go away come 2006. Once that spotlight has illuminated us, you will continue to see an increase in visitation for many, many years to come.

That's the beauty of marketing. Let's make sure we take full advantage of it!

We respectfully urge you to reinstate the promotional dollars found in the original budget request for this agency. The "return on investment" for this commitment will be of lasting benefit to all of North Dakota for many years to come...well beyond the Bicentennial years themselves.

Thank you.

Phone 1(701)337-5590

March 02, 1999

Oral Testimony of Judith Iverson to the House Appropriations Committee

Dear Chairperson and Appropriations Committee Members,

My name is Judith Iverson and I am here this morning representing the community of Garrison and it's business district.

Our small town of 1500 people is very similar to other small towns in central North Dakota. We are all suffering from the negative effects of the current agricultural crisis on our local economies. Like the farmers in our area, we need to consider diversification. We need to find alternative cash crops to harvest. In recent years the cash crop we have been concentrating on has been tourism.

We have a wide variety of recreational and historical attractions that we feel have strong tourist potential. We also have the willingness of countless volunteers and aggressive businessmen to promote and develop a tourist industry.

One of our greatest assets is the upcoming Lewis and Clark Bicentennial. We hope to capitalize on this phenomenal opportunity. With the aid of the North Dakota Department of Tourism we feel confident that we will be able to meet the challenge ahead of us.

Therefore, my mission today is to lend the support of our community to the Department and to it's proposed budget, including the original \$500,000.00 earmarked for promotion of the Lewis and Clark Bicentennial.

We are concerned that the time frame for adequate promotion may be limited if the budget is cut. Like Lewis and Clark, travelers to North Dakota will first need to learn about us and then make travel plans that may take considerable time to prepare.

Today's tourist takes many forms. Obviously we are not going to attract the same type of visitor that goes to Disney World, buys a 2-day package at a discount for the family of four, stays in budget motels and eats at McDonald's. Historical sites and events tend to attract the older visitor who takes his time studying and learning as he travels. He is more apt to stay in a vicinity longer and spend more money. We have already experienced some of those tourist in our area. They not only come from different parts of the United States but from overseas as well. These potential visitors will need to prepare their plans carefully taking into account many of the same considerations that faced Lewis and Clark.

I am personally connected to a Garrison business, a steak house and lounge, that relies on tourism for approximately one fourth of it's annual gross sales. I can take care of the promotion of my business locally and my methods usually are not to wait until the prime rib comes out of the oven to let my customers know that I have it. It has taken several years to gain recognition of my products. However, I cannot take care of the promotion outside of the area. I cannot attract out-of-state customers on my own. For that I need the efforts of a larger more experienced entity. I need the Department of State Tourism.

The people of Garrison do not begin to assume that they know how to manage such a wide spread promotional campaign but we feel that the Director of North Dakota State Tourism and his staff do know how. We trust the judgment of the request for the additional funding. We want to support any efforts that the Department makes to fulfill the potential of a tourist trade that we so desperately need.

Sincerely,



Judith Iverson

Testimony of Bob Martinson, State Tourism Director Government Operations Division - House Appropriations Committee

March 3, 1999

Mr. Chairman and members of the committee. . . I am Bob Martinson, Director of Tourism for North Dakota and I am here in support of Senate Bill 2022 which provides a general fund appropriation for defraying the expenses of the State Tourism Department.

Our appropriation as originally introduced in the Senate provided us 100 percent of the funds we currently receive plus enhancements for marketing the Lewis and Clark Bicentennial. Let me start by explaining the reductions made by the Senate so that I am talking about the engrossed bill as passed by the Senate and which you have before you.

1. The Senate removed all of the additional Lewis and Clark Bicentennial marketing money.
2. They removed one of the additional FTE's we requested.
3. They delayed the hiring of the other FTE until the second year of the biennium.
4. They removed funding which would have allowed us to move into the new Bismarck-Mandan CVB building.
5. They changed the salary line item to conform to the 2+2 salary adjustment.
6. The total reductions were \$762,610.

When Jack Webb created Dragnet and the character Joe Friday he coined my favorite phrase, one that I liked to use when I was a member of this committee. "Just the facts, Ma'am, just the facts!"

So I'm going to give you, just the facts.

1. **North Dakota has the lowest funded Tourism Department in the United States. We are also the least visited State.** With that said, I could almost rest my case!
2. **Tourism is the State's third largest industry, the fastest growing industry and the only one of the top three that is growing.**
3. Total visitor expenditures in 1997 were \$961.9 million, which is an increase of 11 percent from 1996.
4. Sales tax revenue directly attributable to visitor spending climbed to \$32.7 million in 1997 and gas tax revenue for visitors increased substantially to \$45.6 million.
5. There were 21,334 full time equivalent jobs generated by the travel industry. This is an increase of 1,689 over 1996.

Accompanying my text are a number of charts to give you the necessary overview that support the need for our budget through the next biennium.

The first chart is a ten-year recap (including our current request) of the Tourism Department budget. Though costs for advertising, postage, collateral and other expenses have risen throughout this period, the State Tourism budget has remained fairly constant. Also, as you will see later in this text, in spite of a stagnant budget, the economic impact of tourism in our state continued to improve dramatically in that same period. As the figures will show, we have been efficient and resourceful in spending the money to accomplish our tourism mission. I am respectfully requesting that you restore all but the rent money and salary adjustment money deleted by the Senate. We feel this budget is timely and appropriate to allow us to access some unique opportunities that now exist for North Dakota.

State Tourism Budgets

1991-1993	4,354,752
1993-1995	4,616,776*
1995-1997	4,132,180
1997-1999	4,216,969**
1999-2001	5,035,103 Recommended

* includes \$300,000 federal grant because of the flood.

** includes RMI membership from ED&F.

Budget growth over 10 years 15.6%

Average growth rate per year 1.56%

Current request is \$818,134 over 97-99 Biennium

The next chart gives you a general breakdown of where our increase in budget requests are going and the following chart shows you more specifically how our increased appropriation would be used to increase tourism's economic impact in North Dakota.

Budget Breakdown

	1997-1999 Biennium Actual	1999-2001 Biennium Request	1999-2001 Biennium Recommendation	% Change
Salary	880,969	950,456	950,456	7.89%
Operating Expenses	3,290,622	3,028,437	3,350,437	1.82%
Equipment	15,378	15,378	15,378	0.00%
Grants	30,000	30,000	30,000	0.00%
Lewis & Clark			688,832	
Total	4,216,969	4,024,271	5,035,103	19.40%
General	3,853,969	3,661,271	4,672,103	21.23%
Federal				
Special	363,000	363,000	363,000	0.00%
Total	4,216,969	4,024,271	5,035,103	19.40%
FTE	10.00	10.00	12.00	2.00

The recommended extra funding is to be used for:

1) Provide funding for two positions to be involved with the Lewis and Clark Bicentennial - \$188,832 (Salary - \$148,636, Benefits - \$40,196). Agency has requested funding for these positions be terminated 6/30/2007.

2) Provide funding to implement the agency's marketing plan for the Lewis and Clark Bicentennial event - \$500,000.

It is important to ask whether or not this budget is a good return on investment for the people of our state. I think the numbers on the final chart illustrate that this is most certainly the case. As you can see, travelers to North Dakota bring in \$1, 215 in expenditures for every \$1 spent on advertising. This greatly surpasses the return on advertising dollars that many similar surrounding states receive on their advertising expenditures.

1996 Comparison of Similar States Advertising Efficiencies

Source: Travel Industry Association of America (TIA)

	Travel Expenditure	State Tourism Advertising Budgets	Return per Dollar Spent
Montana	\$1,608,700,000	\$2,442,728	\$658
North Dakota	983,500,000	809,200	1215
South Dakota	975,100,000	1,597,000	610
Wyoming	1,364,800,000	1,280,211	1066

Lewis & Clark Marketing is greatly needed in the 1999-2001 Biennium.

- The approaching 200th Anniversary of the famous Lewis & Clark expedition is generating great national interest.

- This interest is being generated primarily through:
 - Magazine articles
 - Magazine ads from our state and other states on the Lewis & Clark Trail
 - Television programming
 - Television ads from our state and other states on the Lewis & Clark Trail
 - A wealth of Internet-related material
 - Attention to the approaching anniversary in schools
 - Newspaper stories appearing in travel sections
- If we are to capitalize on this heightened awareness, we will need to compete with other states that will also be pushing their destinations as the best way to capture the Lewis & Clark experience.
- Lewis & Clark spent more time on their expedition in what is now North Dakota than in any other state. Due to this and the fact that we have many historical attractions that are related to Lewis & Clark and the Western Frontier experience, we are poised for great economic gain from travelers who will want to explore our region.
- We must begin this effort now. Surrounding states are already pouring hundreds of thousands of dollars into promoting their state as a primary Lewis & Clark destination. Marketing awareness takes time to build. Past research has shown that to reach effective awareness levels among the traveling public, it takes four to five years of sustained marketing efforts.

To summarize, we have a historic marketing opportunity in North Dakota:

- 1) The Lewis & Clark Bicentennial has already drawn attention to our state and should continue to do so through the next three or four bienniums.
- 2) We have an excellent opportunity to mine the riches of North Dakota's rich cultural heritage through international marketing efforts.
- 3) We have created a strong image in our advertising markets by wisely investing our marketing dollars. We must continue that effort into the new millennium.

4) The recommended budget should allow us to capitalize on the opportunities before us while at the same time maintaining a leadership position as far as our return on investment is concerned.

Thank you for your support of our tourism efforts and I look forward to working with the subcommittee on our budget.

Where Incremental Dollars Are Needed:

For Lewis & Clark Marketing In The 1999-2001 Biennium

Lewis & Clark Television Advertising:

Minneapolis/St. Paul	Spring 2000	Spring 2001
LaCrosse/Eau Claire	Spring 2000	Spring 2001
Wausau/Rhineland	Spring 2000	Spring 2001
Sioux City	Spring 2000	Spring 2001
Cedar Rapids	Spring 2000	Spring 2001
Fargo/Grand Forks	Spring 2000	Spring 2001
Bismarck/Minot	Spring 2000	Spring 2001
TOTAL	\$162,050	\$170,300

Lewis & Clark Magazine Advertising

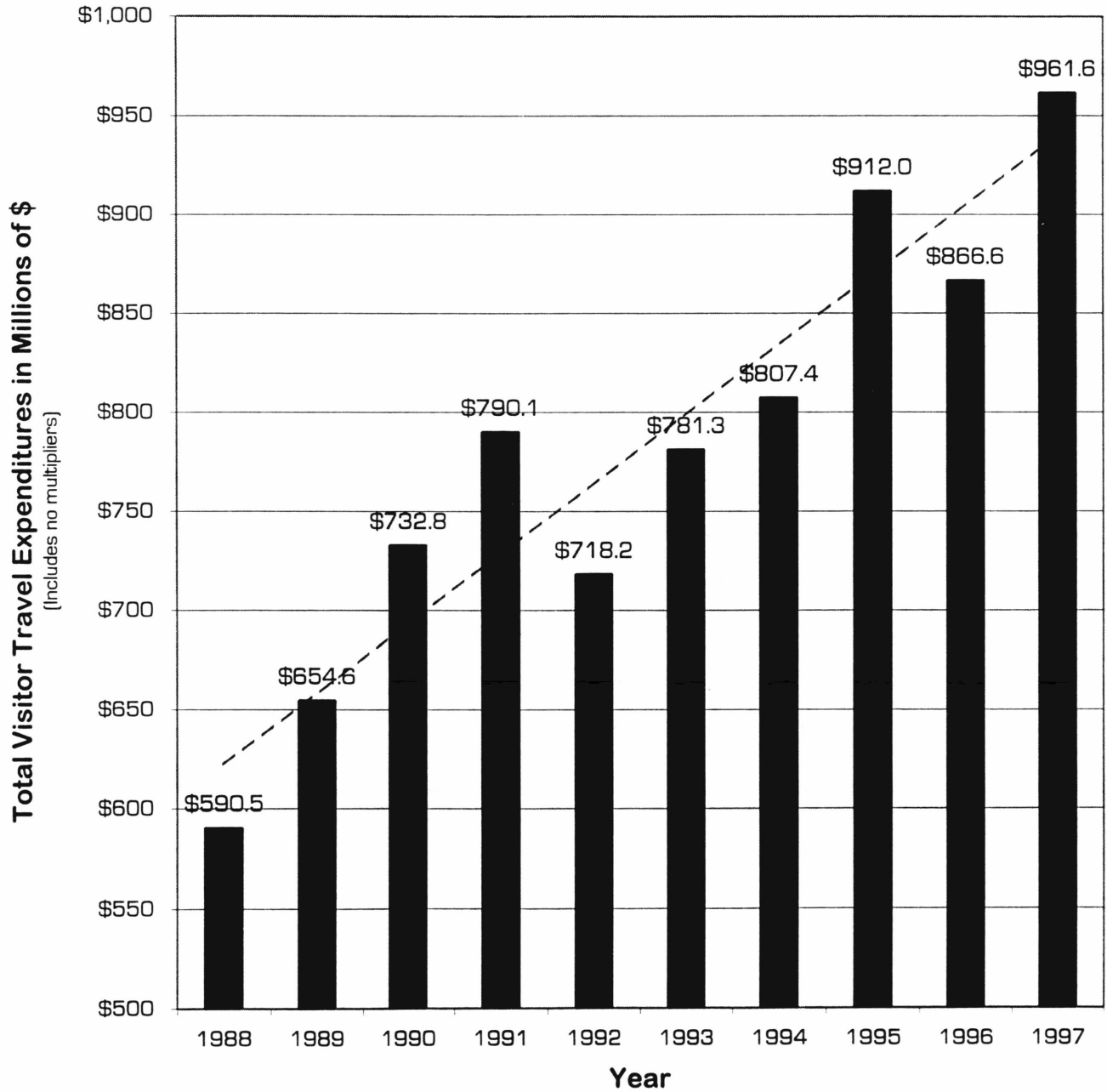
American Heritage	Spring 2000	Spring 2001
Midwest Living	Spring 2000	Spring 2001
Friendly Exchange	Spring 2000	Spring 2001
TOTAL	\$64,200	\$67,400

Lewis & Clark Interactive Advertising

Banner advertising on other targeted web sites and search engines to point people to our own Lewis & Clark web site.	All through 2000	All through 2001
TOTAL	\$18,400	\$27,600
TOTAL PER YEAR	\$244,650	\$265,300
TOTAL BOTH YEARS	\$509,950	

Economic Impact Of Tourism In North Dakota

(Source: Economic and Fiscal Impacts Associated with the
Travel and Vacation Industry in North Dakota)



Lewis and Clark Bicentennial Planning Report



Prepared for:
**The Lewis and Clark
Bicentennial Advisory Committee,
State of North Dakota**

Prepared by:
**Jim FritzHuspen,
Landscape Architect
Bismarck, North Dakota
November, 1998**

LEWIS & CLARK TRAIL GUIDE



NORTH DAKOTA THE REAL ADVENTURE BEGAN HERE

*"We Camped in the plain,
one of the most butifull
Plains I ever Saw, open
& butifully diversified with
hills & vallies all
presenting themselves to
the river covered with
grass and a few scattered
trees, a hansom Creek
meandering thro."*

WILLIAM CLARK
FROM THE JOURNALS OF LEWIS AND CLARK

CONTACT TOURISM FOR A COPY