

## GROWING MINNESOTA'S VISITOR ECONOMY

**Tourism is a \$16 billion industry for Minnesota, touches almost every industry in the state and is vital for Minnesota's economy. With 229,000 jobs for Minnesotans, tourism is a gateway to economic expansion through attraction and retention of workforce and business investment.**

The pandemic changed the travel and tourism industry forever, requiring a new direction for a stronger future. While Minnesota's tourism industry continues to recover, we are falling behind the rest of the country. Minnesota was one of only three states not to receive a budget increase during the pandemic. Due to stagnant funding, Minnesota significantly trails our regional neighbors when it comes to investing in tourism. According to U.S. Travel Association, Minnesota currently ranks #27\* of state tourism marketing budgets and lags behind the national average annual budget.

The time is now to increase investments in tourism to support Minnesota's communities and small businesses and to elevate our state as a top tier destination for national and international travelers. Rightsizing our state's investment in tourism will increase total visitation to Minnesota, grow jobs created by tourism and increase the local economic impact of tourism.

The budget recommendation of Governor Walz and Lt. Governor Flanagan will make Minnesota more competitive in relation to our regional neighbors and other similar-sized states, create a more welcoming Minnesota through new initiatives to reach more diverse visitors, and offer a more future-focused budget with the largest proportion of the funding to be allocated to state marketing initiatives.

### THE GOVERNOR'S BUDGET INVESTS IN THREE KEY AREAS TO GROW OUR TOURISM ECONOMY

#### 1. Increasing Explore Minnesota Tourism's Base Budget (current annual budget = \$14.4 million)

- » The Governor and Lt. Governor recommend increasing Explore Minnesota Tourism's base budget by \$3,884,000 in FY 2024 and \$746,000 in FY2025 to maintain the current level of service delivery at Explore Minnesota Tourism.
  - EMT has not received a base budget increase since FY2014, and the budget recommendation represents inflation over the past 10 years.
  - Minnesota sales revenue loss is pacing at -4.6%, while the U.S. is experiencing an average growth rate of +0.3%. **Minnesota currently ranks #27 for state tourism marketing budget.**
- » Supported base budget programs include advertising, marketing, promotions and public relations, market development and international marketing, tourism marketing grant programs, improvements to customer touchpoints and welcome centers, co-operative marketing opportunities, filling of vacant EMT staff positions and adjusting for increased technology costs. These initiatives are critical components to the work Explore Minnesota Tourism does to elevate our state to be a top domestic destination.

*\*40 states report annual tourism budgets to U.S. Travel, this does not include California, New York, Illinois or Florida, which have the highest budgets in the country.*



## 2. New Initiatives to Create a Welcoming Experience for All Visitors While Supporting the Local Tourism and Hospitality Economy

- » The Governor's budget allocates one-time funding of \$5.9 million in FY24 and \$5.9 million in FY25 to support Explore Minnesota Tourism's new initiatives to create a welcoming experience for all visitors while supporting the local tourism and hospitality economy.

### GRANTS AND CO-OPS

Expanded funding will support grants to develop DEI&A initiatives, support large-scale sporting events and other major events, and expand cooperative marketing programs for tourism-related businesses and communities statewide.

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Funding will allow Explore Minnesota Tourism to expand targeted consumer travel marketing and diversity marketing, expand marketing partnership opportunities, make language and accessibility improvements for exploreminnesota.com, modernize marketing research and data collection, expand public relations initiatives and tourism and hospitality workforce initiatives across the state.

### CREATE A WELCOMING EXPERIENCE FOR ALL VISITORS

Minnesota's tourism industry is focused on creating welcoming experiences for all visitors. The Governor and Lt. Governor recommend supporting Tribal Nation destination development opportunities through grant funding for Minnesota's 11 Tribal Nations, expansion of the Explore Minnesota Tourism training programs including cultural sensitivity training, expansion of tourism signage and marketing materials in multiple languages, and enhanced electronic servicing technologies and delivery of materials.

### MAXIMIZE PARTNER AND STAKEHOLDER ENGAGEMENT WHILE ELEVATING DESTINATION STEWARDSHIP

Explore Minnesota Tourism will increase industry outreach, prioritizing underserved and diverse communities, encourage collaboration with Explore Minnesota and other state agencies; develop educational and communication resources specifically designed to serve and benefit diverse and developing tourism communities; expand the annual Explore Minnesota Tourism Conference and Tourism Industry Education Library; facilitate a Global Sustainable Tourism Council Destination Assessment; and, focus on sustainable travel and tourism resource development.

## 3. Opening Explore Minnesota For Business

- » With one-time funding of \$12 million in FY24, Explore Minnesota will establish Explore Minnesota for Business, a new division within the office to support the state's economic development efforts and position Minnesota as a top market for livability and economic opportunity. The division will:
  - Develop marketing campaigns to attract new talent to grow Minnesota's stagnant workforce and population.
  - Create new marketing materials to support the benefits of starting a business in the state and highlight other economic opportunities.
  - Research and identify new markets, nationally and internationally, to market living and investing in Minnesota.
  - Develop more consistent marketing materials for other state agencies to use when promoting programming to attract new residents and businesses.