

**THE STATE OF THE TRAVEL AND TOURISM  
INDUSTRY: THE MINNESOTA PERSPECTIVE**

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**FIELD HEARING**

BEFORE THE

SUBCOMMITTEE ON COMPETITIVENESS,  
INNOVATION, AND EXPORT PROMOTION

OF THE

COMMITTEE ON COMMERCE,  
SCIENCE, AND TRANSPORTATION

UNITED STATES SENATE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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MAY 27, 2009  
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# **THE STATE OF THE TRAVEL AND TOURISM INDUSTRY: THE MINNESOTA PERSPECTIVE**

**WEDNESDAY, MAY 27, 2009**

U.S. SENATE,  
SUBCOMMITTEE ON COMPETITIVENESS, INNOVATION, AND  
EXPORT PROMOTION,  
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,  
*Duluth, MN.*

The Subcommittee met, pursuant to notice, at 9:09 a.m. in The Depot, St. Louis County Heritage and Arts Center, 506 West Michigan Street, Duluth, Minnesota 55802, Hon. Amy S. Klobuchar, Chairman of the Subcommittee, presiding.

## **OPENING STATEMENT OF HON. AMY KLOBUCHAR, U.S. SENATOR FROM MINNESOTA**

Senator KLOBUCHAR. OK, we call this hearing of the Senate Commerce Committee to order.

I want to welcome everyone. This is actually an official field hearing of the U.S. Senate Commerce Committee so that the whole—statements and all of the testimony and questions will go on the official Senate record.

I wanted to thank all of our witnesses for being here. I want to acknowledge that Mayor Ness is here and also David Ross, from the Chamber, is here, as well, so I want to thank them for being here.

And it's great to be here in Duluth.

I wanted to mention, first of all, who all of our panelists are. We have, at the end here, Joe McInerney, who is President and CEO of the American Hotel & Lodging Association, which is the largest association representing the United States hotel and lodging industry. He has joined us today from Washington, D.C. and I want to thank him for coming all the way to Duluth. And if you question Duluth's value for tourism, I suggest that you look at this picture, today in the paper, of one of the biggest trouts ever caught.

[Laughter.]

Senator KLOBUCHAR. There we are—on Lake Superior, so you can bring that back to the association.

Mr. MCINERNEY. Thank you.

Senator KLOBUCHAR. We'll give that to them.

[Laughter.]

Senator KLOBUCHAR. We also have with us John Edman, who's the Director of Explore Minnesota Tourism, which is the office in the State of Minnesota that promotes tourism. And Explore Minnesota has recently launched an advertising campaign, which I

know a lot of people have seen, because they've mentioned it to me, where the voice in the commercial states, "There's no substitute for a great Minnesota vacation."

We also have with us—and I'm going a little out of order here—Dr. Ingrid Schneider, who is the Director of the University of Minnesota's Tourism Center. And the University of Minnesota's Tourism Center educates students entering Minnesota's tourism and hospitality industry, and also conducts research for the Minnesota tourism industry.

Mary Somnis is the Tourism Marketing Coordinator for the Iron Range Resources, a State of Minnesota economic development agency. We're glad to have her here.

And then, we also have Diane Brostrom, who's from the Grand Marais Area Tourism Association. And I love their website, another thing for you to take back, Joe, to Washington. It says, talking about the Grand Marais area and the North Shore, their website said, "It's safe to say it's like nowhere else on the planet, except for maybe somewhere in New England, but they have funny accents."

[Laughter.]

Senator KLOBUCHAR. So, that's pretty good.

And then we have here, right to my left, David Siegel, who is the President and CEO for Hospitality Minnesota, which is the association that represents Minnesota's restaurants, lodges, and campgrounds.

So, we are going to have a good group to talk about this important issue today.

I first wanted to just say a few words about this hearing and why this is so important to me. Duluth is a site of many family trips for our family. My dad and I bicycled up here many times. We—my daughter, I've taken her to the aquarium several times. And, of course, our family has gone skiing, even just last winter, and done a lot of things up on the North Shore, in the Duluth area, and, of course, on the Iron Range, where all my relatives live. And if I didn't say that, that would be a problem.

And, in fact, we're going to spend 4th of July week up here, and do the Iron Range parades. There are about 1,000 parades in Minnesota, but if I miss the Iron Range parades every year, they remind me of that.

I also love Duluth because whenever my Senate colleagues from California are talking about how beautiful San Francisco is on the ocean, I can always respond by simply saying, "San Francisco is nice, but it is simply the Duluth of the West Coast."

[Laughter.]

Senator KLOBUCHAR. Today's event, as I mentioned, is an official hearing. It is the Senate Subcommittee on Competitiveness, Innovation, and Export Promotion. I chair that Subcommittee, and it has primary jurisdiction over the Commerce Department, as well as tourism.

And I wanted to mention David Strickland. Is he here somewhere? Where did he go? He's the head staff person for that subcommittee and has been very active, not only in this, but in the great work that we did with the toys and some of the problems we were having with dangerous toys coming in. David headed up that,

as well, so I'm glad he came out from Washington. And he helped me when we did a hearing in Washington called, "Tourism in Troubled Times," which actually received a lot of attention nationally. Harry Reid spoke, and a number of the other Senators, about the importance of keeping our tourism industry strong in troubled economic times.

Today, with the help of our witnesses, we're going to discuss both the challenges and the opportunities of the tourism industry in Minnesota. I think we all know that Minnesota has an abundance of travel and vacation opportunities, and I want to make sure that our tourism continues to be strong and a vital part of our economy, drawing visitors from across the country and across the world.

As we head into the summer months, families both in Minnesota and throughout the country are sitting around their kitchen tables looking at their household budgets and wondering what kind of vacation, if any, they can take. Well, the tourism industry is wondering, too.

In our State, Minnesota, tourism is incredibly important. It's the fifth largest industry in Minnesota, generating \$11 billion in annual sales and providing nearly 11 percent of the State's total private-sector employment. Many Minnesotan communities have successfully developed tourism's economic potential, and Duluth is a great example of that.

The community here, as we all know, was hard hit by recessions in the 1970s and 1980s. I remember this from when we would come up to see my grandma, how difficult it was. There was that infamous billboard that used to say, "Will the last one out please turn off the lights?" Well, the lights are still on in Duluth. And, while Duluth, like every city in the country, is experiencing difficult times because of this economic downturn, the lights are still bright here in Duluth.

The port is essential to Duluth's economy, but the city has also transformed itself into a popular tourist destination, welcoming nearly 4 million visitors each year, with an annual economic impact of over \$700 million. This building itself is a symbol of Duluth's transformation as home to the Lake Superior Railroad Museum, the North Shore Scenic Railroad, the Duluth Children's Museum, and much more.

Duluth is also the gateway to the Iron Range and the North Shore, and these areas have also seen substantial growth in tourism in recent years.

Tourism is also a major part of the United States economy. One out of eight Americans are employed somewhere in the tourism industry. And people need to understand, when we talk about the tourism industry, it is not just about the CEOs and the people running the hotels and the airlines; it's the people who make the beds in the hotels, it's the people who make the dinners in the hotels, it's the cab drivers, it's the florists, it's everyone associated with the travel industry.

Each year, travel and tourism contribute approximately \$1.3 trillion to the American economy, and the travel economy contributes \$115 billion in tax revenue to State, local, and Federal Governments. But, today in Minnesota and nationally, the tourism industry is feeling the impact of the economic downturn. Nearly 200,000

travel-related jobs have disappeared in this country in 2008, and the U.S. Commerce Department forecasts the loss of an additional 250,000 jobs in 2009.

Families are cutting back on vacations to save money, and businesses are cutting back on meetings and events for employees and customers. And every time a family decides to forego a vacation, or a business cancels a meeting, there is a ripple effect in our economy. Fewer airline tickets are sold, fewer cars are rented, hotels and lodges rent fewer rooms, and tourist attractions have fewer visitors. These are challenges.

But, even in the midst of these troubled times, as you'll hear today, there are also opportunities to strengthen the tourism industry.

First, we should encourage close-to-home trips and make sure people know that there are affordable deals out there. This year, because of the economy, many families are rethinking their vacation plans, and they maybe are going on shorter trips, but they certainly can get some good deals around Minnesota.

This could actually be a boost to our tourism; instead of maybe going to California or Florida, they will stay close to home. And we also are very happy to welcome people from our neighboring States, like Wisconsin.

Right now, many States, including Minnesota, are offering great values. At our Senate hearing in Washington, we heard from the head of Travelocity, who said that families are constantly looking for vacations right now, at the right price. So, it's important that people of Minnesota understand there are some great deals up here in northern Minnesota. They can find them on the Web, and we'll hear today about how they can find out about them.

Second, we must do more to promote the United States as a destination for international travel. This is especially important for northern Minnesota on the Canadian border. We have the Minneapolis-St. Paul Airport, with nonstop flights to Asia and Europe, and we're home to the world-renowned Mayo Clinic, and, of course, we have the Mall of America.

In economic terms, international tourism counts as an export. Instead of shipping our product to a customer overseas, the customer actually comes here to the United States to spend their money on goods and services, and that's why it's called an export.

International visitors in the United States spend an average of \$4,500 every time they come into our country. Last year, travel and tourism exports accounted for 8 percent of all United States exports and 26 percent of all U.S. services exports. Tourism is actually one of the few areas where we have trade surplus. But, since 9/11, actually we've seen a decline in our percentage of the tourism market in our country. This has nothing to do with the current economic recession, because this was going on before that. We are down 20 percent of foreign visitors visiting our country, and some of that, as you well know, on the northern border, is sort of the confusion and difficulty with some of the visa issues and the passport issues. And I have already talked to the Secretary of Homeland Security about this; we need to do everything we can to make this as understandable and as simple as possible, and, in some countries, to make it—to make a real effort to get the visas processed, because



it has actually hurt our tourism. And when you look at \$4,000 a year that people might spend in this country, it makes a big difference.

Byron Dorgan and I are sponsoring the Travel Promotion Act. It's a bipartisan bill. We actually think it has a good chance of passing, this year, and it, at no cost to taxpayers in our country, basically allows a big focus, like they do in other countries, on promoting our country abroad and bringing in more tourists to our country.

Finally, we must encourage companies to resume responsible, productive spending on business and convention travel. Unfortunately, travel is one of the first things that's cut when a company's budget is tight; and that's understandable. What we've seen recently, though, is companies cutting out travel simply because of a few bad actors that got a lot of publicity for taking trips that they shouldn't have taken, and it's hurt our entire business travel industry. And I've heard countless stories of businesses and conventions and trade conventions being canceled, and actually people having to spend more on the cancellation fee, simply because of the public outcry against some of the bad actors.

So, the U.S. Travel Association has actually put together some ethical guidelines for business travel in this country, and are encouraging people to travel everywhere. And, as you all know in Duluth, this isn't just about Las Vegas and Disneyland; there is business travel—smaller business conventions that come to places like Duluth, that come to the Twin Cities, including large business conventions down there. So, we really want to get the business travel back on track, as well.

Tourism is a powerful engine for job creation and economic growth, both in Minnesota and nationally. And to revive our economy, we need to get the engine back on track and move forward at full steam. That was a little depot analogy for the end.

[Laughter.]

Senator KLOBUCHAR. OK. So, we're going to get started here. I also wanted to mention Jake Spano, from our Minnesota office, who does a wonderful job on all of our business issues, as well as helping to run the office, along with Zack Rodvold, who is here with me somewhere. There he is. And he heads up our office in the Twin Cities. And we've just been on the road, since Memorial Day, visiting flooded areas that are still slightly flooded up near Moorhead. So, it's been great to have both of them with me.

Mr. McInerney, do you want to give us a start, from the national perspective?

**STATEMENT OF JOSEPH A. MCINERNEY, PRESIDENT AND CEO,  
AMERICAN HOTEL & LODGING ASSOCIATION**

Mr. MCINERNEY. Chairman Klobuchar and other distinguished guests, thank you for the opportunity and privilege to appear before you on behalf of the American Hotel & Lodging Association.

I'd like to begin my remarks by thanking the Senator for your leadership in calling these series of hearings on our industry's behalf, and for your recent vote for the 2009 Travel Promotion Act. Your leadership on this issue is essential to making our voices

heard in Minnesota and nationwide and in passing this long-awaited legislation that I will discuss a little bit later.

We have been the main point of contact for our nearly 12,000 members, and have seen and heard their individual stories of how the recession has been hurting their businesses. Therefore, today I'd like to address the topic of the business-related travel, including travel for meetings, conferences, events, and incentive performance programs.

Business travel creates 2.4 million American jobs, \$240 billion in spending, and \$39 billion in tax revenue, and the trickle-down effect of the enterprise and local communities is more impactful because it touches every part of the community.

The business travel segment of our industry has been the source of undeserved and crippling attacks in recent months. Critics have mislabeled many meetings and events as unnecessary and frivolous, causing companies that receive Federal Government funding, plus many that have not, to cancel meetings and travel activities. An environment—this environment has created an America where legitimate business travel is being questioned and canceled. This translates into the additional loss of jobs, taxes, and travel-related revenues for the industry, and is already hard-hitting from the general economic recession.

Business travel is not an operational luxury or perk of well-paid executives. Meetings mean business to the American economy. There is no substitute for the face-to-face, hand-to-hand, and heart-to-heart results of a business meeting.

As an industry, we have lost, as the Senator has said, nearly 200,000 related jobs in 2008, and an additional 247,000 will be cut this year, according to the U.S. Department of Labor. Those who are losing their jobs represent the hard-working faces of American bellmen, the room attendants, the banquet service, cooks, and middle management. And with so much at stake, we seek your support on three key issues:

First, we are asking all Members of Congress and Federal policymakers to change the rhetoric that labels business travel, meetings, and incentive travel as frivolous and unnecessary.

Second, we ask your support for a unified set of meeting standards for companies receiving emergency government assistance and funds that have been developed by hotels, travel, and meeting and incentive industries. These guidelines were submitted to the Treasury Department in February as a policy for companies to guide them in organizing justifiable meetings, events, and incentives. We appreciate if you would contact the people at the Treasury in asking them to pass these best practices on to the TARP recipients.

With business travel as an essential element to our livelihood, leisure travel is also a key to the economic component. In general, the economy is looking up for the average American, and many of the industries have been busy making travel affordable for those who believe it is their right, not a luxury, to travel. The truth is that, with the multitude of value-added promotions at hotels, reduced prices of airlines, and reasonable prices at the gas pump, it's a great time for travelers to see the United States and enjoy their vacation in a cost-effective way.

Last, we'd like to ask for your continued support of the bill dedicated to reviving America's travel industry in both the leisure and the business sectors, the Travel Promotion Act. We're thrilled that this legislation was passed by the Senate Committee on Commerce recently. We would like to acknowledge that it wouldn't have passed its first steps without your important leadership support. The goal of this bill is to increase the number of potential international visitors to the United States which spend, as the Senator said, \$4,500 per person per trip. We fully support this pending legislation as a fundamental strategy to create jobs in travel, tourism, and hospitality. It will make America more competitive in the global travel market and grow the Nation's inbound travel.

As the country starts to recover from the deep recession, our government needs to seize every opportunity for growth and economic stimulation. Today, we ask for your continued support in making that happen.

Thank you, Chairman, for your leadership and engagement in these important issues.

[The prepared statement of Mr. McInerney follows:]

PREPARED STATEMENT OF JOSEPH A. MCINERNEY, PRESIDENT AND CEO,  
AMERICAN HOTEL & LODGING ASSOCIATION

Chairman Klobuchar and other distinguished guests: Thank you for the opportunity and privilege to appear before you on behalf of the American Hotel & Lodging Association, the only national organization dedicated to serving the interests of hoteliers on Capitol Hill. I would like to begin my remarks by thanking Senator Klobuchar for your leadership in calling these series of hearings on our industry's behalf, and for your recent vote for the 2009 Travel Promotion Act. Your leadership on this issue is essential in making our voices heard in Minnesota and nationwide, and in passing this long-awaited legislation that I will discuss a little later on.

For nearly a century, the American Hotel & Lodging Association is the sole national association representing all sectors of the lodging industry, including individual hotel property members, hotel companies, student and faculty members, and industry suppliers. We are headquartered in Washington, D.C., and provide our members with national advocacy on Capitol Hill, public relations and image management, education, research and information, and other value-added services to provide bottom line savings and ensure a positive business climate for the lodging industry. In addition, we are partnered with 43 state associations to provide local representation to our members.

Based on our lobbying efforts, we have been the main point of contact for our nearly 12,000 members, and have heard their individual stories of how the recession has been hurting their business. Therefore, today I would like to address the topic of business related travel, including travel for meetings, conferences, events, and performance incentives. Business travel creates 2.4 million American jobs, \$240 billion in spending and \$39 billion in tax revenues. And the trickle down effect of this enterprise in local communities is even more impactful. Here in Minnesota in 2007, travel spending totals \$10.3 billion and travel tax receipts are \$3.0 billion. Approximately 140,400 Minnesotans are employed by the state's hospitality industry, with a payroll of \$4.1 billion.

Again on the national level, the business travel segment of our industry has been the source of undeserved and crippling attacks in recent months. Critics have mislabeled many meetings and events as unnecessary and frivolous, causing companies that have received Federal Government support—plus many more that have not—to cancel business travel activities. An environment has been created in America where legitimate business travel is being questioned and canceled. This translates into additional loss of jobs, taxes, and travel-related revenues for an industry that is already hard-hit from the general economic recession.

Business travel is not an optional luxury or a perk of well-paid executives. Meetings mean business to the American economy. There is no substitute for the face-to-face, hand-to-hand, and heart-to-heart results of business meetings. They are a strategic tool for training, education, sales, customer interface, new product develop-

ment, and motivating performance. All of these are vital in rebuilding America's economy and creating new jobs that we so badly need at this time.

But the trend is ominous. According to estimates by Smith Travel Research and the U.S. Travel Association, meetings, events and incentive cancellations in January and February of 2009 resulted in more than \$1.9 billion in lost travel spending and cost nearly 20,000 America jobs. Nearly 200,000 travel-related jobs were lost in 2008 and an additional 247,000 will be cut this year, according to data compiled by the U.S. Department of Labor. Those who are losing their jobs represent the hard working faces of America: bellmen, room attendants, banquet servers, cooks, and middle management.

With so much at stake, we seek your support on three key fronts. First, we are asking all Members of Congress and Federal policymakers to change the rhetoric that labels business travel, meetings and incentive travel as frivolous and unnecessary. The unintended consequence of this mischaracterization is job loss, lost tax revenues and further stress on this important industry.

Second, we ask your support for a unified set of meeting standards for companies receiving emergency government assistance funds that have been developed by the hotel, travel, meeting and incentive industries. These guidelines were submitted to the Treasury Department in February as a policy for these companies to guide them in organizing justifiable meetings, events and incentive travel. They also represent a common sense approach that would apply to any business. They serve as a standard of "best practices" for corporations to conduct meetings, incentives and events with complete transparency and accountability.

With business travel an essential element to our livelihood, leisure travel is also a key economic component. In general terms, the economy is looking up for the average American, and many in the industry have been busy making travel affordable for those who believe it is their right—not a luxury—to travel. The truth is that with the multitude of value-added promotions at hotels, reduced prices on airplanes, and reasonable prices at the gas pump, this is a great time for travelers in the U.S. to enjoy their vacations in a cost-effective way.

Lastly, we ask for your continued support of the bill dedicated to reviving America's travel industry in both the leisure and business sectors—The Travel Promotion Act. We are thrilled that this legislation was passed by the Senate Committee on Commerce just recently. We would also like to acknowledge that it wouldn't have passed its first steps without the important leadership from Senator Klobuchar.

The goal of this bill is to increase the number of potential international visitors to the United States, which spend an average of \$4,500 per person, per trip. International travel promotion is part of the solution of stopping domestic job losses and welcome billions in new spending by international visitors.

The bipartisan legislation creates a public-private partnership with a budget of up to \$200 million annually to attract international travelers to the United States by better communicating America's security policies and competing for visitors. According to an analysis by Oxford Economics, the program could drive \$4 billion annually in new spending by international travelers to the United States. The Travel Promotion Act specifies that travel promotion would be paid for by private sector contributions and a \$10 fee on foreign travelers from visa waiver countries that do not pay \$131 for a visa to enter the United States. The legislation requires no contributions from U.S. taxpayers.

We fully support this pending legislation as a foundational strategy to create jobs in travel, tourism and hospitality. It will make America more competitive in the global travel market and grow the Nation's inbound travel.

After the past few months filled with negative press portraying our economically-stimulating industry as a frivolous luxury, more positive news and a renewed confidence are starting to emerge throughout the country. As the country starts to recover from this deep recession, our government needs to seize every opportunity for growth and economic stimulation. Today, we ask for your continued support in making that happen.

Thank you again Chairwoman Klobuchar for your leadership and engagement on these important issues.

Senator KLOBUCHAR. Thank you very much.  
Mr. Edman?

**STATEMENT OF JOHN F. EDMAN, DIRECTOR,  
EXPLORE MINNESOTA TOURISM**

Mr. EDMAN. Thank you, Madam Chair.

On behalf of the entire tourism industry in Minnesota, Madam Chair, I cannot thank you enough for holding this U.S. Congressional hearing about travel and tourism. In the 8 years that I've been Director, and even going beyond that, I cannot remember a time where a Congressional committee took the time to devote to the importance of our industry.

Senator KLOBUCHAR. Thank you.

Mr. EDMAN. So, thank you very much, on behalf of everyone in Minnesota.

Our industry isn't often in the spotlight. And, unfortunately, sometimes it takes a disaster to call attention to the importance that travel and tourism plays in our economy. In the past few years, we've had a wildfire, floods, bridge collapses have all brought attention, media attention, to tourism in Minnesota. And now, unfortunately, a recession has brought attention to tourism and travel, as well, and the negative consequences of a downturn in travel, by business and by consumers. But, I think the point that we're trying to make is that tourism means business. It means business here in Minnesota, in communities all across the State, whether you're in the metropolitan area or in Greater Minnesota.

Madam Chair, you mentioned that tourism is an \$11-billion industry in Minnesota, generating about \$33 million a day. Putting some of that into perspective, tourism is comparable to agriculture, in terms of its importance to the State. We think of this State as being important for agriculture, in terms of contributions to gross domestic product; tourism contributes the same amount. Fifteen percent of all State sales tax in Minnesota comes from travel and tourism, and 10 percent of all the employment in Minnesota is from the travel and tourism industry.

And I could probably spend the entire time today talking about the wonders of the product that we have in the State, and I'm going to leave that up to my colleagues, but there's an estimated 39 million people that travel in Minnesota each year, and they—their travel not only impacts those direct businesses, but those other businesses, as well, the indirect businesses. The car dealerships, the insurance companies, the grocery stores all depend on a healthy tourism economy, and are not even counted in our \$11-billion figure.

Like other industries, the travel business is beginning to feel the economic impact of the downturn. In the past 6 months, both business and leisure travel has declined. We've seen occupancy at hotels and lodging businesses down since last summer, and it's not expected to rebound soon. And this has led to different changes in the way that people are traveling. People are still traveling, but they're traveling differently, and they're looking, not necessarily just for deals, but for value. Those are the things that we're emphasizing—the value that a vacation offers, and the values of reconnecting with family and friends.

We just did a survey of about 315 lodging properties throughout Minnesota, and about half of the businesses expect business this summer to continue at normal levels, with 32 percent anticipating occupancy to match last year, and 21 percent exceeding. But, on the other hand, just about half expect occupancy to drop. And so,

this somewhat more troubling outlook does impact consumers that are frazzled and they're looking to take a break.

Madam Chair, you mentioned our campaign, and I won't go into the details of that, but we're looking at putting together a campaign right now, that there is no substitute for a great Minnesota vacation. People want to get away, and we have the great product here to provide that.

In addition to our leisure marketing, we're also focusing now on the meetings and conventions market. This is something that, as State tourism agencies, we had not been involved in, in any great degree in the past, but now communities throughout Minnesota are trying to work together to say, "We need to keep meetings strong." It's good for business, and it's good for the State. And so, we're launching a PR campaign on that now, and doing some additional marketing, as well.

On the Federal level, there are just a couple of things I want to touch on, legislation that could significantly impact Minnesota. Obviously, Canada is an important international travel market to Minnesota, and we have to, of course, maintain border security, but also the free flow of travel across our borders, and that's vitally important for a State like Minnesota.

The U.S. also needs to promote itself as a travel destination. Other countries throughout the world have a national promotion organization and effort; we do not, in the United States. We are so proud that you're one of the leaders in that effort to get that going.

The travel industry also hires many employees from other countries. Comprehensive immigration reform could help ensure an adequate legal workforce for our industry. Changes in visa processing in the guest worker program to facilitate the hiring of non-U.S. labor would also be beneficial.

And then, we also recently did some 20-20 visioning processes, and what our tourism industry said is that transportation infrastructure is also essential for a thriving travel industry. We need to maintain our Nation's bridges and highways, invest in aviation infrastructure, including modernized air traffic control, runways, air service, et cetera. These are issues that normally are sometimes thought of outside the leisure and hospitality industry, but they're critical to maintaining a healthy industry.

And finally, we need help—Federal help to protect our natural resources. In Minnesota, our woods and our waters are one of the main draws of why people travel here. And it's critical that we do all we can to protect our natural environment, to ensure that these resources are here for Minnesota and for visitors to enjoy in the future.

So, in conclusion, Madam Chair, the tourism industry is a key sector of both our State and national economies. Here in Minnesota, every corner of the State benefits, and it takes actions on all levels, from the community level to State level to the Congressional level, to keep our travel industry thriving.

Thank you very much, Madam Chair, for giving me this opportunity to talk about something I'm very passionate about, travel and tourism in Minnesota.

Thank you.

[The prepared statement of Mr. Edman follows:]

## PREPARED STATEMENT OF JOHN F. EDMAN, DIRECTOR, EXPLORE MINNESOTA TOURISM

I am the Director of Explore Minnesota Tourism, the tourism promotion office of the State of Minnesota. I appreciate the opportunity to discuss the importance of the tourism industry in Minnesota and the areas in which the Federal Government can help states stay competitive in this important area of commerce.

Our industry isn't often in the spotlight. And unfortunately, sometimes it takes a disaster to call attention to the important role tourism plays in the economy. In the past few years, a wildfire, floods and bridge collapse have all brought media attention to tourism in Minnesota. And now, unfortunately, a recession has brought attention to tourism and travel, and the negative consequences of a downturn in travel by businesses and consumers.

Tourism means business. In communities across Minnesota, the dollars that travelers spend at a wide variety of businesses contribute significantly to their bottom line. In fact, tourism is comparable to agriculture in its contributions to the gross state product.

Travel and tourism generates \$11 billion annually for the Minnesota economy, with travelers spending an average of \$33 million a day in the state. It also generates almost \$680 million in sales tax revenue, supporting programs that benefit all state residents. The leisure and hospitality industry accounts for 247,800 jobs across the state, almost 11 percent of private sector employment, with \$3.9 billion in wages. Virtually every county across the state feels the positive economic impact of tourism.

Northern Minnesota, with its thousands of lakes, draws visitors for fishing, golfing and other outdoor recreation, resort stays, incredible scenery, and a wide array of intriguing museums and attractions, including the port of Duluth. This area, including the northeast, central and northwest regions of the state, benefits from \$2.2 billion in gross travel and tourism sales.

But Minnesota tourism isn't all "Up North." In fact, the Minneapolis-St. Paul metropolitan area is the top destination in the state. Visitors come for its arts and culture, family attractions, major festivals and events, sports, conventions and shopping, especially at Mall of America. It all adds up to an economic impact of \$7.3 billion for the metro area.

Southern Minnesota is a travel destination as well, especially for weekend getaways and day trips. Charming towns, B&Bs, bike trails, wineries, art galleries, antique shops, historic sites and festivals are all part of the lure here, with tourism contributing \$1.3 billion to this region.

Many businesses across the state benefit from these tourism expenditures. Hotels/motels, resorts, campgrounds and B&Bs all rely on travelers for their business success, but many more "Main Street" businesses in our communities receive significant income from visitors: restaurants, shops, service stations, grocery stores, museums and theaters, and more. And spending by tourism-related business supports print shops, ad agencies, food and beverage suppliers, accountants and lawyers, hospitals, and many other types of businesses.

In addition to the significant economic benefits of the travel industry, tourism and the visitor spending it generates support local amenities that residents enjoy in communities across the state: theaters, museums, restaurants, trails, amusement parks, shops and much more. In many communities, these amenities could not exist without income generated by tourism.

An estimated 39 million people travel in Minnesota each year. When people travel in Minnesota this summer, their trips will benefit not only them but also the communities and businesses they visit, and everyone whose job is supported by tourism.

Like other industries, the travel business is feeling the impact of the economic downturn. In the past 6 months, both business and leisure travel have declined. Occupancy at hotels and other lodging businesses has declined significantly since last summer and is not expected to rebound quickly. However, people are still getting out on day trips, brief getaways and short vacations. Stable gas prices have consumers looking at driving trips to nearby destinations.

The difficult economy has led to changes in travel patterns, with consumers choosing closer-to-home destinations, taking shorter trips, spending less, making more last-minute reservations and looking for multi-night discounts and other deals.

In spite of the challenging economy, Minnesota tourism businesses are hoping to provide relief to stressed-out consumers by offering the affordable, close-to-home getaways travelers will be looking for this summer. Pent-up demand among consumers to take long-delayed breaks could help Minnesota lodging businesses weather this year's financial storm.

Among the more than 350 lodging and camping businesses across the state responding to a recent poll by Explore Minnesota Tourism, half expect business this

summer to continue at normal levels, with 32 percent anticipating occupancy to match last summer and 21 percent expecting an increase in occupancy. On the other hand, just under half (48 percent) expect occupancy to drop from last summer, and even more, 51 percent, expect their revenues to decline as they lower rates to attract customers.

The somewhat more positive outlook for the upcoming summer tourism season is based on hopes that frazzled consumers will be ready for a break and that Minnesota offers nearby, economical destinations. Campgrounds have the most optimistic outlook for summer, as some travelers choose camping as a more affordable vacation option this summer. Many B & Bs continue to attract guests for quick getaways and special occasion weekends, such as weddings and anniversaries.

However, more than half of resorts, hotels and motels expect a decline in business this summer over last. Hotels and motels, in particular, are feeling the impact of a significant decline in business and convention travel, and also report fewer international travelers. Those resorts with a more positive outlook cite repeat customers returning from previous years, stable gas prices, family reunions, and their own marketing efforts as reasons to be hopeful for a good summer season.

The majority of poll respondents, about 60 percent, rated their business' financial health as "stable, but positive" or "growing," although a significant number also reported declining financial health. Most businesses responding to the poll think that the Minnesota tourism economy will not begin to recover until next year.

Tourism marketing this year is geared toward encouraging consumers to get out and travel, promoting Minnesota as a nearby destination for affordable getaways. Explore Minnesota Tourism markets the state of Minnesota as a travel destination. On the local level, convention and visitor's bureaus and chambers of commerce promote their own communities as travel destinations, playing a significant role in drawing visitors to their cities. These efforts result in significant payback. For instance, every \$1 invested in state tourism marketing generates \$53 in spending by travelers.

Since people will be traveling closer to home this year, Explore Minnesota Tourism is focusing its advertising in Minnesota and nearby markets in neighboring states and provinces. Recognizing that consumers have had a stressful year and that there may be a pent-up demand for getting away after months of reduced travel, the ads remind people that "There's no substitute for a great Minnesota vacation." The current Explore Minnesota ad campaign includes television, online media and travel-related websites, magazines, consumer recommendations, and the "I'd Rather Be on Vacation" Sweepstakes.

Beginning this spring, Explore Minnesota Tourism has teamed up with the Department of Natural Resources (DNR) to promote outdoor recreation and visits to state parks, with ads running now on metro area radio stations. With more travelers looking for affordable, close-to-home getaways, it's the perfect time to remind them to 'go outside and play' in Minnesota's backyard, at our amazing parks and trails.

In addition to promoting leisure travel, Explore Minnesota Tourism is partnering with several convention and visitors bureaus to remind corporations that holding meetings is good for business. Business and convention travel has dropped significantly, due to business spending cutbacks and negative publicity about some types of business travel. This has hurt hotels, motels, convention centers and resorts with conference facilities, and this new promotion was planned to address this area of travel business. The promotion includes a new website promoting meeting and convention travel, providing information about Minnesota venues to meeting planners. This information is at [meetinminnesota.com](http://meetinminnesota.com).

Leisure travel is a major and expanding area of worldwide commerce. As countries such as China grow their economies, the pool of international travelers will grow. The U.S. needs to stay competitive to attract these international travelers and the revenue they bring to our country and our state.

On the Federal level, there are several areas where action on policies, legislation and funding could significantly enable the tourism industry to thrive in Minnesota and other states.

Canada is Minnesota's largest international travel market. In 2007, Canada generated approximately 2.5 million person-visits to Minnesota, with Canadian visitors spending approximately \$278 million. Congress should ensure that the Departments of State and of Homeland Security have the capacity to efficiently implement the new requirement that travelers entering the U.S. from North and South America have a passport or similar, secure travel document. We need to make sure our guests can cross our borders with ease, while still ensuring our national security.

In addition, our country needs to promote itself as a travel destination by launching an international campaign to encourage travel to the U.S. All other major des-



tinations in the world have such travel promotions. This could be accomplished for the U.S. through a public-private partnership, matching funding from the travel industry with Federal funds. A visa-waiver program fee could create a lasting, significant funding source of up to \$100 million annually to support an initiative to attract international visitors to our country. International visitors take longer trips and spend more than domestic travelers, and their spending can be a significant contribution to the U.S. economy. It is critical that the U.S. be competitive, to get a healthy share of the international leisure travel market.

The tourism and hospitality industry also hires many employees from other countries. Comprehensive immigration reform could help ensure an adequate, legal workforce for our industry. Changes in visa processing and the guest worker program to facilitate the hiring of non-U.S. labor would also be beneficial.

Adequate funding for our country's transportation infrastructure is also essential for a thriving travel industry. We need to maintain and improve our Nation's bridges and highways and invest in our Nation's aviation infrastructure, including modernized air traffic control, additional runways, continued air service to secondary markets, and reforms to improve security screening and greater on-time performance. Long-distance, high speed rail service also holds great potential to enhance tourism.

And finally, we need Federal help to protect our natural resources. In Minnesota, our woods and waters and parks are a major part of our appeal, both as a place to live and a place to visit. It is critical that we protect our natural environment to ensure that these resources are here for Minnesotans and our visitors to enjoy in the future.

In conclusion, the tourism industry is a key sector of both our state and national economies. Here in Minnesota, virtually every corner of the state benefits from tourism. It takes actions on all levels, from the local community to Congress, to keep the travel industry thriving.

Thank-you for giving me the opportunity to discuss travel and tourism, a vital interest of importance to this region, the state, and the Nation as a whole.

Senator KLOBUCHAR. Thank you.  
Mr. Siegel?

**STATEMENT OF DAVID SIEGEL, EXECUTIVE VICE PRESIDENT,  
MINNESOTA RESTAURANT, LODGING AND RESORT &  
CAMPGROUND ASSOCIATIONS AND PRESIDENT AND CEO,  
HOSPITALITY MINNESOTA**

Mr. SIEGEL. Well, Madam Chair, thank you very much. You learn as you hear.

Back in 1958, three segments of the hospitality industry in our State decided it would look—probably work better if they collaborated in the way that they operated, so the State Restaurant Association, the State Lodging Association, and the State Resort Association came together in a collaborative partnership and formed a management entity to manage that. And they own that entity. It's called Hospitality Minnesota. And so, there's Hospitality Minnesota and then three State associations, trade associations, underneath Hospitality Minnesota.

So, I serve as the President and CEO of the management entity, and I serve as the Executive Vice President of the three trade associations.

It's a pretty unique arrangement around the country, one of the only States that in the Nation that has this arrangement, and it's really a reflection of—I think, of Minnesota, of the idea of partnership and collaboration and working together. So, I'm here on behalf of those three trade associations and our members. I want to thank you very much for the opportunity.

I want to address three key issues facing the industry. The first is developing and attracting a high-quality work force. The second

is the challenge of regulation, fees, licenses, that, in some cases, can stifle our business and our industry. And the third is the entrepreneurial spirit of our industry and the potential for the future.

Ours is not always perceived as an industry providing excellent career opportunities. Counselors are sometimes loath to recommend the hospitality industry to students in high schools, for example. But, the U.S. Department of Labor has highlighted substantial future need for management personnel in our industry. So, we not only need line employees, as we call them in the industry, we also need a substantial number of management personnel, and that's true in Minnesota, as well.

Ours is certainly an industry that provides an initial experience, work experience, for almost 50 percent of Americans. About half of us got our first job in the hospitality industry and learned the culture of work in the hospitality industry. And certainly we provide great opportunity for immigrants. We're—we teach countless new Americans the culture, we prepare them for work and for great futures in our country. And ours is certainly an industry that welcomes those that have mental or physical disabilities. And we're an industry in which you can advance without a formal education.

All those things are true. But, we're also an industry that doesn't get recognized for providing the substantial career opportunities that exist in the unheralded career path that we have. You can make pretty good money managing a Marriott Hotel or managing a McDonald's. And you can certainly be successful owning your own restaurant or hotel or resort or campground. And while you can advance without a formal education in our industry, as this becomes an increasingly complex world and an increasingly complex industry, the need for education becomes much more apparent. We've started a scholarship program. We gave out \$30,000 in scholarships, this past year, to nine students who are pursuing higher education in the hospitality industry. And we also have a high school curriculum, teaching 1,000 students in restaurant management and lodging management across the State.

So, I guess one important message that I'd like to impart is that there are great jobs and excellent career opportunities in our industry, and we would like to see government agencies pursue policies and allocate resources that encourage today's youth to pursue careers in our industry.

Second, I want to focus attention on the challenges that hospitality business operators face navigating the complex rules, laws, and regulations that impact our industry. I brought one—I have it in a briefcase—we do an annual law review. It's 150 pages of laws and regulations that impact Minnesota's hospitality businesses. And that's not comprehensive. There are another 100 pages of food code, and there are some additional resources that we could certainly provide. But, our operators are expected to know and understand all aspects of those laws, regulations. And that's a challenge for anyone who is in business.

So, I guess, certainly the message that we'd like to share is that we need to provide—we need to have—certainly, we need to have regulation, we need to have oversight, but we want to balance that with the need to have operators' ability to expand and grow their businesses.

We provide, as was stated, somewhere between 10 and 11 percent of the private-sector jobs in our State, and operators just want the chance to do better. We just want to employ more folks to grow our businesses.

Often, our hospitality businesses are the cornerstones of the community. Think of the Little League team that celebrates at the Dairy Queen, for example, after the tournament, or think of the—before the high school dance evenings at family restaurants, and think of honeymoons on the North Shore and women’s weekends on the Gunflint Trail.

Senator KLOBUCHAR. Or the guy with the fish.

Mr. SIEGEL. Yes, and the guy with the fish.

[Laughter.]

Mr. SIEGEL. Think of the family reunions in Brainerd and the corporate meetings in Minneapolis.

Past president of our Resort and Campground Association once read a letter at one of our meetings. She had received this letter from the family of a mother who was dying of cancer, and the mother’s wish was to spend a week at a Minnesota resort. So, they made that happen. They stayed at the resort. And the family sent this letter afterward. It was just a gut-wrenching letter about what that experience had meant to her and how important it had been to her family to spend that week, really, shortly before she passed away.

So, finally, I want to recognize the entrepreneurial spirit of all those in our industry. It takes guts to sell your home, cash in your investments, maybe get some help from family and buy a resort or open a small restaurant. One of my members financed his first hotel by maxing out multiple credit cards. I’m not recommending it, but it’s an option.

[Laughter.]

Mr. SIEGEL. Credit is tight these days.

These business operators want to succeed so they can provide a service to their communities and hire and train workers. They see their employees as family, and they want to simply provide the maximum benefits and growth opportunities.

The answer is not always to raise prices. A resort operator I spoke with last week said he’s never seen such pressure on rates. The question at the end of the conversations he’s having with prospective guests are, “Is that the best that you can do?” So, there certainly is pressure on rates, and I think lawmakers need to understand that raising rates isn’t always the answer, that we have to address costs of business operations. So, whether it be menu labeling, increased taxes, Department of Health rules, Department of Labor standards, sales tax definitions, we would just ask that government agencies acknowledge the reality of the economic impact of their activities.

So, in conclusion, the industry provides a wonderful career path and a wonderful way to make a living, in addition to its reputation for excellent entry-level opportunities, and we’d just ask policy-makers and agencies to truly understand the business model and provide balanced regulation and taxation so that our Minnesota hospitality industry operators can grow, create jobs, pay more taxes, and continue to be the cornerstones of their communities.

And we'd like to acknowledge the entrepreneurial spirit of our operators so that they'll continue to take risks and that the industry then has a bright future in our State.

So, Madam Chair, thank you again for giving me the opportunity to highlight those three areas for the tourism industry in our State.

[The prepared statement of Mr. Siegel follows:]

PREPARED STATEMENT OF DAVID SIEGEL, EXECUTIVE VICE PRESIDENT, MINNESOTA RESTAURANT, LODGING AND RESORT & CAMPGROUND ASSOCIATIONS AND PRESIDENT AND CEO, HOSPITALITY MINNESOTA

In 1958, three major segments of the hospitality industry in Minnesota—restaurants, lodging and resorts—considered the benefits of working collaboratively. Their elected leadership decided it would make sense to bring these three independent trade associations together in a cooperative arrangement that would maximize their impact.

The three agreed to retain their unique identities, but to be managed collectively by a common management company. This is how the Minnesota Restaurant Association, Minnesota Lodging Association and Minnesota Resort & Campground Association came together to form their own management entity, Hospitality Minnesota, which they continue to own today.

I serve as the Executive Vice President of the three Associations and President & CEO of Hospitality Minnesota, the management company they collectively own. It is a privilege and honor to serve this industry and I am equally pleased to be provided this opportunity to share a broad perspective drawn from the thousands of hospitality businesses across our state.

I plan to address three key issues facing our industry. The first is developing and attracting a high-quality work force. The second is the challenge of regulation, fees and licenses that in many cases stifle our industry. The third is the entrepreneurial spirit of our industry and the potential for the future.

Our industry is not often perceived as providing excellent career opportunities. Counselors are sometimes loath to recommend a career in hospitality. But the U.S. Department of Labor has highlighted a substantial future need for management personnel in our industry.

True, ours is an industry that provides that initial work experience for nearly 50 percent of America's adult work force—entry level jobs. We provide jobs for recent immigrants. We teach countless new Americans our work culture and prepare them for great futures in our country. Ours is an industry that welcomes those with mental or physical disabilities. We are an industry in which one can advance even without a formal education.

But we are also an industry providing a tremendous and unheralded career path. You can make pretty good money managing a Marriott or a McDonald's. And you can certainly be successful owning your own hotel, resort or campground. And while you can advance without a formal education in the field, as the world becomes increasingly complex, technology and marketing become ever more sophisticated, it is clear that education in our industry is the future.

To that end, we have introduced a high school curriculum for 11th and 12th graders called ProStart for restaurants and Lodging Management Program for hotels that teaches young people about our industry. We are presently in 34 high schools throughout the state and are teaching 1,000 students. Our goal is 75 schools and 2,000 students annually.

Further, we are providing scholarships for graduates from this high school program who go on to pursue higher education in our field. Just last week, we gave \$30,000 in scholarships to students with amazing career goals.

So if I could impart an important message regarding our industry, it is simply that the jobs are excellent and the career path is real. Government agencies would be wise to pursue policies and allocate resources that encourage today's youth to consider a career in hospitality.

Secondly, I want to focus attention on the challenges that hospitality business operators face navigating the complex regulations and laws that impact our industry. Our Associations produce an annual law review that is 150 pages long regarding laws and regulations impacting our industry. That's not even comprehensive. It doesn't include the Minnesota Food Code, which is another 100 pages or more.

To further complicate matters, hospitality business operators, and most are truly small businesses, must navigate between Federal, state and local statutes. While

regulation and inspection is necessary and important, we would urge government to do all in its power to reduce burdensome regulations and laws.

We need to create an environment in which these small business owners can grow and provide more jobs to Minnesotans. We provide nearly 11 percent of the private sector jobs in our state. Our operators simply want the chance to perform even better. We have to understand that the collective burden of multiple mandates can be stifling. Recognizing the very real impact of regulation and laws, and developing a balanced approach to governance is extremely important.

Often, these hospitality businesses are the cornerstones of their community. Think of the little league celebrations at the local ice cream store or the before-high-school dance evenings at a family restaurant. Think of the honeymoons on the North Shore and the womens' weekends on the Gunflint Trail. Think of the family reunions in Brainerd and the corporate meetings in Minneapolis.

A past president of the Minnesota Resort & Campground Association once read a letter she had received from a family with a mother, dying of cancer, whose wish was to spend a week with her family. The family spent the week at her resort and shortly thereafter the mother died. You couldn't read the letter from that mother's family without tearing up. The week together meant the world to that family. That's what this industry is all about.

Finally, I want to recognize the entrepreneurial spirit of those in our industry. It takes guts to sell your home, cash in your investments, get some help perhaps from a family member and buy a resort, or open a small restaurant. One of my members financed his first hotel by maxing out multiple credit cards.

These business operators want to succeed so they can provide a service to their communities and hire and train workers. They see their employees as family—and they want to provide maximum benefits and growth opportunities. That has certainly been difficult in this economic environment. It would be unrealistic to suggest that government simply get out of the way. We have always advocated for health inspections, for example. But hearkening back to the second point, for entrepreneurs to grow, and to invest more resources, government must create policies that foster development.

I recently heard from a small restaurant in southern Minnesota that was debating whether to dig into savings to continue operations or whether, facing a challenging minimum wage increase, it would be required to close its doors. The decisions that elected officials at both the Federal and state level make really do have an impact on business. If the costs of operation get too great, the business is not sustainable.

And the answer is not simply to raise prices. A resort operator I spoke with last week said he's never seen such pressure on rates. The question at the end of each conversation with a prospective guest is, "is that the best you can do?" I hope lawmakers understand that the resistance to raising rates is real—both on the part of the owner and his or her guest.

Whether it be menu labeling, increased taxes, department of health rules, department of labor standards or sales tax definitions, we would ask that government agencies acknowledge the reality of the economic impact of their activities.

In conclusion, the hospitality industry provides a wonderful career path and a tremendous way to make a living, in addition to its reputation for excellent entry-level opportunities. The industry needs policymakers and agencies to truly understand its business model and provide balanced regulation and taxation so that our Minnesota hospitality operators can grow, create jobs, pay taxes and continue to be the cornerstones of their communities. Finally, we need to acknowledge the entrepreneurial spirit of the operators in this industry and encourage them to continue to take risks so that the hospitality business in our state has a bright future.

Thank you for giving me the opportunity to discuss the hospitality industry in our state and reflect on its significance and importance to our economies and our communities.

Senator KLOBUCHAR. Thank you. I'm learning a lot, too. This is good.

OK. Dr. Schneider?

**STATEMENT OF DR. INGRID E. SCHNEIDER, PROFESSOR,  
FOREST RESOURCES AND DIRECTOR, TOURISM CENTER,  
UNIVERSITY OF MINNESOTA**

Dr. SCHNEIDER. Great, thank you so much for the opportunity to be here.

I'm a professor in the University of Minnesota's Department of Forest Resources in the College of Food, Agricultural, Natural Resource Sciences, and director of the University's Tourism Center within the University of Minnesota Extension. My statement is from this unique perspective of this role, where the University creates new knowledge related to tourism and provides research-based education and engagement for tourism-dependent communities and businesses.

From Minnesota's iconic attractions to the small towns on the way to those attractions, tourism has significant impact. From travelers who wine and dine in Minnesota's thriving metropolitan areas, to those who paddle, pedal, or putter through Greater Minnesota, their impact is far-reaching.

Minnesota businesses, communities, and residents are faced with critical decisions for their future and for our future. Those decisions demand research-based information and analysis to sustain successful tourism endeavors and maximize positive impacts for Minnesota's residents and resources. Those decisions also demand professionals prepared with integrated planning, management, and marketing education offered by the University.

I'd like to expand on the impacts of tourism in our State. Perhaps the most tangible impacts, as some have noted, are the impacts to the economy. Minnesota is known for both its shopping and lake-based opportunities. Beyond those, however, consider the more subtle and emerging tourism areas that can lead to both urban and rural revitalization.

To understand the impact of recreational trails that are so important in Minnesota communities and quality of life, SAFETEA-LU recreational trail program dollars are supporting a study to assess the economic impact of trail-related travel in Minnesota. Off the trail, Minnesota's emerging wine tourism segment is another example of tourism's sometimes subtle tourism impact. A 2000 study of Minnesota grape growers revealed the value of winery tourism alone was 14 million in Minnesota.

This subset of agricultural tourism is just one way tourism has contributed—

Senator KLOBUCHAR. Well, that's a new fact.

Dr. SCHNEIDER.—to rural revitalization. Fortunately, Minnesotans recognized the importance—

Senator KLOBUCHAR. We didn't know that we were in Mecca for wine.

[Laughter.]

VOICE.—to the people in California.

Senator KLOBUCHAR. Yes, those are things that you'd better get out there. And how much money do you think we spend on bait and worms?

[Laughter.]

Senator KLOBUCHAR. You'd better have the answer, because I'm going to ask you.

[Laughter.]

Senator KLOBUCHAR. OK, go on.

Dr. SCHNEIDER. Fortunately, Minnesotans recognize the importance of tourism. An annual survey conducted by the University of Minnesota Tourism Center indicates that more than nine of ten

Minnesotans indicate tourism is important to Minnesota's economy. Providing decisionmakers with the best possible information is critical to maximize return on investment. As tourism is generally revenue-positive, investments to support relevant information acquisition and dissemination seem both prudent and powerful.

Beyond economics, tourism both depends on and impacts the environment. Minnesota is a national leader in sustainable tourism, as evidenced by our hosting one of the first State sustainable tourism conferences, innovative monitoring of sustainable tourism industry practices, and cooperatively creating environmental marketing opportunities for Minnesota tourism businesses. The University's Travel Green education effort will continue to advance those environmental efforts.

To remain competitive in this evolving environment, Minnesota must be prepared with accurate, timely, and objective environmental data, as well as educated professionals who think both critically and holistically.

Finally, tourism impacts individuals in communities. I think we can all attest to the renewal we experience following a quick weekend escape or a longer travel opportunity. Travel's social benefits stimulate society by creating more productive employees and stronger social bonds.

Social impacts also occur in the communities we visit. Certainly, the attractions, the restaurants, the aesthetic qualities of destinations improve a resident's quality of life. Further, the sense of community pride facilitated by heritage festivals or a heightened awareness of our history creates a sense of community many U.S. residents seek and need in these times.

To address the challenges of destination development and equitable benefit distribution, inclusive and collaborative community planning can retain and sustain the qualities that make the community attractive to both residents and visitors alike.

In sum, tourism has significant impacts for Minnesota, its residents, and resources. To better understand, predict, and subsequently plan for successful and sustainable tourism, additional information is mandatory.

The information obtained and shared by the University of Minnesota Tourism Center has had significant impact on Minnesota communities and businesses, from increased return on investments to stronger social networks.

The Center makes a difference for Minnesota tourism. As the world flattens and Minnesota diversifies, the tourism product must innovate and adjust. Information provided by the University and its partners informs innovation. Deliberate, inclusive, and science-based planning can sustain the communities and economies Minnesota tourism supports.

Continued and enhanced support for such informed planning and tourism professional education will maximize tourism's return on investment economically, environmentally, and socially.

Thank you so much for the opportunity to present this.  
[The prepared statement of Dr. Schneider follows.]

PREPARED STATEMENT OF DR. INGRID E. SCHNEIDER, PROFESSOR, FOREST  
RESOURCES AND DIRECTOR, TOURISM CENTER, UNIVERSITY OF MINNESOTA

I am Ingrid Schneider, Professor in the University of Minnesota's Department of Forest Resources in the College of Food, Agricultural and Natural Resource Sciences and Director for the University's Tourism Center, within the University of Minnesota Extension. My statement is from the unique perspective of this joint role where the University creates new knowledge related to tourism and provides research-based education and engagement for tourism-dependent communities and businesses. The Tourism Center makes a difference for Minnesota by providing applied research and targeted education to sustain tourism businesses and communities. The Department of Forest Resources advances science and management of forest and related natural resources as well as prepares professionals to manage these resources upon which Minnesota depends for much of its tourism.

From Minnesota's iconic attractions to the small towns on the way to those attractions, tourism has significant impact. It's not only the tangible dollars that circulate in our economy, but the less tangible, readjustment of tourist psyches and contributions to residents' quality of life, as well as the impacts on our environment. From travelers who wine and dine in Minnesota's thriving metropolitan areas to those who paddle, pedal or putter through greater Minnesota, their impact is far-reaching. As the economic crisis continues, the degree of negative impact remains uncertain. But make no mistake, Minnesota businesses, communities and residents are faced with critical decisions for their future and our future: those decisions demand research-based information and analysis to sustain successful tourism endeavors and maximize positive impacts for Minnesota's residents and resources. Those decisions also demand professionals prepared with the integrated planning, marketing and management education offered by the University of Minnesota.

I'd like to expand on the impacts of tourism in our state.

Perhaps the most tangible impacts of tourism are impacts to the economy. In 2008, tourism contributed more than \$11 billion to Minnesota's economy and employed 247,000 people. Certainly these numbers are impressive, but to make them more meaningful, we can consider the economic impact of specific activities or sectors. Minnesota is known for both its shopping and lake-based opportunities. Beyond those, however, consider the more subtle and emerging tourism areas that can lead to both urban and rural-revitalization. For example, although 8 of 10 Minnesotan's think outdoor recreation is important, fewer probably recognize its impact as tourism activity. The economic impact of state parks like those along Lake Superior's north shore was estimated at \$300 million earlier this decade. To further understand the impact of trails that are so important to Minnesota communities and quality of life, SAFTEA-LU Recreational Program Trail dollars are supporting a study to assess the economic impact of trail-related travel. With these results and through our assistance, communities can make research-based decisions on infrastructure development and planning that can simultaneously improve their attractiveness as a destination and as a choice of residence. Off the trail, Minnesota's emerging wine tourism segment is another example of tourism's sometimes subtle economic impact. Minnesota hosts 35 wineries and the University has facilitated the development of two wine trails, with another in process. A 2007 study of Minnesota grape growers revealed the value of winery tourism alone was \$14 million. This subset of agricultural tourism is just one way tourism can and has contributed to rural revitalization. Fortunately, Minnesotan's recognize the importance of tourism. An annual survey supported by the Tourism Center indicates that, for the fourth year in a row, more than 9 of 10 Minnesotan's indicate tourism is important to Minnesota's economy. As a destination that people primarily drive to, the role of tourism in Minnesota will remain or increase in importance in the current economic situation as tourists take shorter, closer to home vacations and business travelers decide to 'meet in the middle' of the U.S. As such, providing decisionmakers with the best possible information is critical to maximize return on investment. As tourism is generally revenue positive, investments to support relevant information acquisition and dissemination seem both prudent and powerful.

Beyond economics, tourism both depends on and impacts the environment. As such, the retention and reparation of high quality environments is essential. Sustainable tourism includes an emphasis on the environment, as well as the economic and social aspects. Minnesota is a national leader in sustainable tourism as evidenced by our hosting one of the first state sustainable tourism conferences, innovative monitoring of sustainable tourism industry practices, and cooperatively creating environmental marketing opportunities for Minnesota tourism businesses. The University's Travel Green education effort will continue to advance these environmental efforts. Given Minnesota's great dependency on the environment for tourism, under-



standing the impacts of our changing climate on tourism activities will be an important step moving forward. While opportunities to extend our summer season can be advantageous, a shortening of winter has significant implications. To remain competitive in this evolving environment, Minnesota must be prepared with accurate, timely and objective data as well as educated professionals who think critically and holistically.

Finally, tourism impacts individuals and communities. I think we can all attest to the renewal we experience following either a quick weekend escape or a longer travel opportunity. Like the economic benefits that stimulate our economy, travel's social benefits stimulate society by creating more productive employees and stronger social bonds. Social impacts also occur in the communities we visit. Certainly the attractions, restaurants and aesthetic qualities of destinations improve a residents' quality of life. Further, the sense of community pride facilitated by heritage festivals or heightened awareness of our history creates a sense of community many U.S. residents seek and need in these uncertain times. However, challenges such as congestion and density may emerge as destinations evolve. To address the challenges of destination development and equitable benefit distribution, inclusive and collaborative community planning can retain and sustain the qualities that make the community attractive to both tourists and residents alike.

In sum, tourism has significant impacts for Minnesota, its residents and resources. To better understand, predict and subsequently plan for successful and sustainable tourism, additional information is mandatory. The information obtained and shared by the University of Minnesota Tourism Center has had significant impact on Minnesota communities and businesses: from increased return on investments to stronger social networks, the Center makes a difference for Minnesota tourism. As the world flattens and Minnesota diversifies, the tourism product must innovate and adjust. Information provided by the University and its partners informs such innovation. Deliberate, inclusive and science-based planning can sustain the communities and economies Minnesota tourism supports. Continued and enhanced support for such informed planning and tourism professional education will maximize tourism's return on investment economically, environmentally and socially.

Thank you for the opportunity to present this statement.

Senator KLOBUCHAR. Thank you very much.  
Mary?

**STATEMENT OF MARY SOMNIS, TOURISM MARKETING  
COORDINATOR, IRON RANGE RESOURCES**

Ms. SOMNIS. Thank you for your support and for inviting us to be here today.

Tourism is essential to the economy of the Arrowhead. A friend of mine, a native Iron Ranger who moves earth for a living, put it this way, "Here we live near these great Minnesota hills—the Laurentian Divide, the Superior Highlands, the Sawtooth Mountains. Imagine, if you will, that the economy is like a hill. At the base, we have solid ledge rock, the mining industry. Even now, big projects are moving forward relative to mining and minerals. On top of the ledge are some really big boulders—industries like manufacturing, healthcare, education, construction, professional services. And filling in the space between is smaller rock—hospitality, recreation, tourism. Our economy is not built on tourism, but tourism is critical to its strength, as sand is to the hill." Interesting analogy from a person who moves rocks every day. He has no stake in tourism, but he can see the value of it from his point of view.

Many believe that tourism provides only low-paying, part-time, seasonal jobs; they forget the small business owners and entrepreneurs. Tourism provides second incomes for working families, full- and part-time jobs for families with children who need to manage schedules and priorities. Many young people have been introduced to the workforce with jobs in tourism, learning life skills that

will serve them throughout their own careers. One of my favorite stories is about the young man who grew up working as a dock boy at a resort on Lake Vermilion, and went on to manage the Chicago Hilton. Just one example of how tourism can provide so much more than a paycheck.

If not for tourism, our communities would not be able to sustain the number of restaurants, gas stations, grocery stores, and other retail and service options that we enjoy. Service-sector employees also support doctors, dentists, lawyers, and other professionals in the communities.

The economic impact for the Arrowhead indicates that, for the period from June of 2007 to May of 2008, travelers spent \$1.6 billion in the Arrowhead, supporting 33,500 full-time-equivalent jobs, producing over \$668 million in wages, salaries, and proprietary income, also resulting in \$194 million in State government revenues and \$59.8 million in the local-government revenues. That's just in the Arrowhead.

Overall travel was down last summer, when compared with the year before. We had very cool and wet weather, so the economy, the weather, and the gas prices were all factors affecting travel. And anecdotal information tells us that travel this past winter was also flat or down. And, as John indicated earlier, predictions are about even for what is going to happen this coming season.

For the first time, some resorts are offering peak-season discounts for the coming summer. Lodging that historically needed to be reserved months in advance is now available at the last minute. As is true of everything right now, last-minute bargains are great for the buyer, not so good for the seller.

On the bright side, campgrounds had great visitation last summer, and reservations are looking good for this year. Retail and attractions are reporting that people are around, but purchasing less. For the most part, people are traveling, but their spending behavior has changed with the times.

About half of the travel to the Arrowhead comes from the Twin Cities. We're a rubber-tire destination for the metropolitan market. The travel trend for shorter vacations closer to home has, and will likely continue to serve our region well.

The tourism industry has partnered with Iron Range Resources for more than 10 years to promote travel to the Arrowhead. Our tourism budget and the community partners contribute funds. The Northeast page on the website of our partner Explore Minnesota is the fulfillment piece to the campaign. Participating communities are featured prominently on that website.

This spring, we launched our MinNEcations Campaign to promote vacations closer to home. MinNEcations is the first half of "Minnesota" and the second half of "vacations."

Senator KLOBUCHAR. Oh, I get it. Thank you.

[Laughter.]

Ms. SOMNIS. "MinNEcations."

[Laughter.]

Senator KLOBUCHAR. They'll get that in Washington—

[Laughter.]

Ms. SOMNIS. We tagged the brand with "Drive a little and play a lot." The campaign is activity-oriented, focusing on things that

people do when they come here—fishing and lakes, biking and hiking, wilderness adventure, scenic and wildlife viewing, golf, motor sports events, arts, and culture. Isn't it time for a MinNEcation?

We'll see new people traveling to this area for the first time, exploring Minnesota closer to home. In this group, there is new potential for long-term economic development. As people discover this area, they fall in love with it, and they may move their business here or retire here. Our incredible natural resources and quality of life attract people who wish to live and work where they play. Many business and community leaders in this region are former visitors who have become permanent residents.

In addition to the marketing campaign, Iron Range Resources offers a grant program for culture and tourism projects. Funding is provided to initiatives that stimulate tourism and enrich communities through artistic, heritage-related, or recreational activities. Desired outcomes include improved quality of life and economic return on investment to the communities.

Most of the Arrowhead, with the exception of Duluth, is a small-meeting destination. In some communities, we don't even have convention and visitors bureaus, we have visitor and tourism bureaus. The majority of our travel is leisure. However, there are parts of our region where business travel is doing well right now. Planning and construction of a number of projects are bringing consultants, researchers, contractors, and workers to the region. We are optimistic that, as the economy improves, corporate business will continue to grow. We have fabulous venues, activities, and services to offer this market. We must continue to work together at all levels, nationally, statewide, and locally, in public-private partnerships, to promote tourism and travel. Once the guests have arrived, we need to exceed their expectations, provide them with a quality guest experience and excellent customer service.

Thank you again for the opportunity to share this with you today. Enjoy your time, and we'll look forward to when you come again.

[The prepared statement of Ms. Somnis follows:]

PREPARED STATEMENT OF MARY SOMNIS, TOURISM MARKETING COORDINATOR,  
IRON RANGE RESOURCES

Thank you, Senator Klobuchar, for your support and for inviting us here today. I am pleased to talk with you about tourism in northeastern Minnesota's Arrowhead Country.

Tourism is essential to the economy of the Arrowhead. A friend of mine, a native Iron Ranger who moves earth for a living, put it this way:

We live near great Minnesota hills—the Laurentian Divide and the Superior Highlands, including the Sawtooth Mountains. Imagine that building an economy is like building a hill.

At the base we have solid ledge rock—the mining industry. Even now, we have big projects moving forward relative to mining and minerals.

On top of the ledge are some really big rocks—boulders—industries such as manufacturing, health care, education, construction, professional services.

Filling in the space between is smaller rock—industries like tourism, hospitality and recreation.

Our economy is not built on tourism, but tourism is critical to its strength—as sand is to the hill. Interesting analogy, from a person who moves rock every day! He has no stake in tourism, but can see the value of it from his point of view.

Many believe that tourism provides only low paying, part time and seasonal jobs. They forget the many small business owners and entrepreneurs. Tourism provides

second incomes for working families; full and part time jobs for families with children who need to manage schedules and priorities.

Many young people have been introduced to the workforce with jobs in tourism, learning life skills that will serve them throughout their careers. One of my favorite success stories is about a young man who started working as a dock boy at a resort on Lake Vermilion and grew up to manage the Chicago Hilton. One of many great stories, showing that tourism jobs can provide so much more than a pay check.

If not for tourism, our communities would not be able to sustain the number of restaurants, gas stations, grocery stores and other retail and service options that we enjoy. Service sector employees also support doctors, dentists, lawyers and other professionals in communities.

Economic impact research for the Arrowhead indicates that, for the period from June 2007–May 2008:

- Travelers spend \$1.6 billion in the region, supporting
- 33,500 full time equivalent jobs, producing
- \$668.4 million in resident income (wages, salaries and proprietary income),
- \$194 million in state government revenues, and
- \$59.8 million in local government revenues.

Overall, travel was down last summer when compared with the summer of 2007. Spring and early summer of 2008 were very cool and wet in the Arrowhead. The economy, weather and gas prices were all factors affecting travel to our region last year. Anecdotal information tells us that travel this past winter was either flat or down.

Early predictions are about even for whether this coming season will be up or down from last year.

For the first time, some resorts in the Arrowhead are offering peak season discounts for the coming summer travel season. Lodging that historically needed to be reserved months in advance is now available at the last minute. As is true of everything right now, these last minute bargains are great for the consumer . . . not so good for the seller.

On the bright side, campgrounds had great visitation last summer and reservations are looking good for this year. Retail and attractions are reporting that people are purchasing less. For the most part, people are traveling, but their spending behavior has changed with the times.

About half of the travelers to the Arrowhead come from the Twin Cities area. We are a “rubber tire” destination for the metropolitan market. The travel trend for shorter vacations closer to home has, and will likely continue, to serve this region well.

The tourism industry of the Arrowhead region has partnered with Iron Range Resources for more than 10 years to promote travel to northeastern Minnesota. Our tourism budget and the community partners each contribute funds. The northeast page on the Explore Minnesota website is the fulfillment piece to the campaign. The participating communities are featured prominently on the website.

This spring we launched our *MinNEcations* campaign, to promote vacations closer to home. We’ve tagged the brand with . . . *drive a little and play a lot!* The campaign is activity-oriented, focusing on the things that people do when they come here: fishing and lakes, biking and hiking, wilderness adventure, scenic and wildlife viewing, golf, motorsports, events, arts and culture. Isn’t it time for a *MinNEcation?*

We will see new people traveling to this area for the first time, exploring Minnesota closer to home. In this group, there is new potential for long-term economic development. As people discover this area, they fall in love with it and may move their business here or retire here. Our incredible natural resources and quality of life attract people who wish to live and work where they play. Many business and community leaders in this region are former visitors who have become permanent residents.

In addition to the marketing campaign, Iron Range Resources offers a grant program for Culture and Tourism projects. Funding is provided to initiatives that stimulate tourism and enrich communities through artistic, heritage-related or recreational activities. Desired outcomes include improved quality of life and economic return on investment to the communities.

Most of the Arrowhead (with the exception of Duluth) is a small meeting destination. In some communities, we do not even use the name “Convention and Visitors Bureau” but rather “Visitor and Tourism Bureau.” The majority of visitation to the region is leisure travel.

However, there are some parts of our region where business travel is doing well right now. Planning and construction of a number of projects are bringing consult-

ants, researchers, contractors and workers to the region. We are optimistic that, as the economy improves corporate business will continue to grow. We do have fabulous venues, activities and services to offer this market.

We must continue to work together at all levels—nationally, statewide and locally—in public/private partnerships to promote tourism and travel. Once the guests have arrived, we need to exceed their expectations, provide them with a quality guest experience and excellent customer service.

Thank you again for the opportunity to be here with you today—enjoy your time—and come again!

Senator KLOBUCHAR. OK. Fourth of July.

[Laughter.]

Senator KLOBUCHAR. All right.

Diane?

**STATEMENT OF DIANE BROSTROM, DIRECTOR,  
GRAND MARAIS AREA TOURISM ASSOCIATION**

Ms. BROSTROM. First, thank you very much for this opportunity to join today's discussion.

I'm Diane Brostrom, Director for the Grand Marais Area Tourism Association, a nonprofit whose mission is to increase the economic benefit to the Grand Marais area through the promotion of sustainable tourism. This organization was founded in 2000 and is funded largely through the lodging tax collected in the Grand Marais area.

As background, I have provided a report written in 2007 by the Cook County Economic Analysis Council. Sizable report. This is a thorough analysis of the economy and the impact of tourism. Although it is 2 years old, this study is the most exhaustive of its kind, and its statistics and conclusions are still valid today. In fact, the serious issues it identifies are all the more pronounced in 2009. Truly, I believe that Cook County is Minnesota's favorite county, with a destination downhill ski area, a vibrant—

Senator KLOBUCHAR. I can't comment on that.

[Laughter.]

Ms. BROSTROM. I'm not objective.

[Laughter.]

Ms. BROSTROM. We have a vibrant arts community, private-sector nonprofits, such as North House Folk School, the Grand Marais Art Colony, and the Grand Marais Playhouse, topnotch restaurants, a variety of lodging, Native American culture, and protected wilderness and public lands which comprise 90 percent of our county.

Even with these amazing facets of the jewel we call Cook County, this past winter was a tough one for tourism, and difficult—and the difficult countywide trend continues.

Cook County is a one-factory community, and that factory is tourism. It accounts for 80 percent of the economy, which makes us the most tourism-dependent county in Minnesota.

In the Greater Grand Marais area, we have 37 lodging facilities, 23 restaurants and coffeehouses, and 27 specialty shops and galleries. Nearly all are owned and operated by local residents, and there are only 1,414 year-round residents in town, and about 5,000 in Cook County. Tourism R Us.

In general, unfortunately, our wage scale is often low, with few or no benefits offered. Tourism is highly seasonal, so many are

under- or unemployed for significant portions of the year. The cost of living is high, and continues to rise nearly monthly.

People working in tourism are extremely dedicated to their own businesses, to the local economy, and yes, dedicated to providing the best experience possible for our visitors.

Given the gorgeous natural beauty of the area, tourism is understandably weather-dependent. The newly created Cook County Events and Visitors Bureau is founded on an event-based strategy intended to create reasons to visit that are not totally dependent on deep snow or warm sunshine. This entity represents an unprecedented level of cooperation among tourism communities that even recently regarded each other as rivals. But, the ever-rising costs of doing business in the face of a very nervous public has made bed-fellows of us not anticipated even 5 years ago.

In Grand Marais, my task has been to rebrand this wonderful harbor village to widen our message and to carry that branding through our new website, award-winning visitor guide, and in all our marketing efforts. The Grand Marais Visitor Center now represents all of Cook County's visitor destinations in order to be full-service. I interface with Explore Minnesota Tourism and other tourism-based communities in northern Minnesota to cooperate in some of our marketing efforts.

The psychological and tangible realities of our recent economy are daunting, despite all our best efforts. The effects have spread from tourism to real estate, banking, construction, grocery stores, and many other second- and third-tier businesses, resulting in layoffs and closures. Most impacted are our largest tourism businesses that have the greatest costs and investments and who also pay the higher annual wages, and this threatens our local economies even further.

In Grand Marais, and Cook County as a whole, we would benefit from an infusion of new infrastructure. Although incredible assets are already in place on the North Shore, we do not have a county-wide transportation system or one connecting Cook County to Duluth. We do not have affordable housing for many of our workers. We lack a large venue for meetings, conventions, or entertainment, which restricts that tourism niche and keeps our numerous festivals and events on a small, less cost-effective scale. Local investment for such infrastructure is simply not available.

The cost of marketing creates difficulties for businesses to do their own. With fewer visitors and less revenue in lodging tax, entities such as mine also have less to spend to do our job for our communities.

In closing, tourism is a powerful force in Cook County. I would ask for continued funding, both at the State and Federal level, to fuel the programs that result in its growth, to support the marketing efforts of Explore Minnesota Tourism, and to consider seriously the recommendations of Senator Amy Klobuchar and others who advocate for the growth of tourism.

Thank you again for this opportunity to speak with you, and I look forward to seeing you in Grand Marais.

[The prepared statement of Ms. Brostrom follows:]

PREPARED STATEMENT OF DIANE BROSTROM, DIRECTOR,  
GRAND MARAIS AREA TOURISM ASSOCIATION

First, thank you for this opportunity to join today's discussion. My name is Diane Brostrom, and I am the Director for the Grand Marais Area Tourism Association, a non-profit whose mission is "to increase the economic benefit to the Grand Marais area through the promotion of sustainable tourism". This organization was founded in 2000 and is funded largely through the lodging tax collected in the Grand Marais area.

As background, I have provided the report written in 2007 by the Cook County Economic Analysis Council.\* This is a thorough analysis of our economy and the impact of tourism. Although now 2 years old, this study is the most exhaustive of its kind, and its statistics and conclusions are still valid today. In fact, the issues it identifies are all the more pronounced in 2009.\*\*

Truly, I believe that Cook County is Minnesota's favorite county, with a destination downhill ski area, a vibrant arts community, private sector non-profits such as North House Folk School, the Grand Marais Art Colony and the Grand Marais Playhouse, top-notch restaurants, a variety of lodging, Native American culture, and protected wilderness and public lands which comprise 90 percent of the county. Even with these amazing facets of the jewel we call Cook County, our local economy is in trouble. Despite all our efforts and good snow, this past winter was a tough one for tourism, and the difficult countywide trend continues.

Cook County is a one-factory community, and that factory is tourism. It accounts for 80 percent of our economy, which makes us the most tourism-dependent county in Minnesota. In the greater Grand Marais area, we have thirty-seven lodging facilities, twenty-three restaurants and coffee houses, and twenty-seven specialty shops and galleries. Nearly all are owned and operated by local residents—and there are only 1,414 year round residents in town and about 5,000 in Cook County. In general, our wage scale is low, with few or no benefits offered. Tourism is highly seasonal, so many are under or unemployed for significant portions of the year. The cost of living is high and increases nearly monthly. People working in tourism are extremely dedicated to their own businesses, to the local economy, and yes, dedicated to providing the best experience possible for our visitors.

Given the gorgeous natural beauty of the area, tourism is understandably weather dependent. The newly created Cook County Events and Visitors Bureau is founded on an event-based strategy intended to create reasons to visit that are not totally dependent on deep snow or warm sunshine. This entity represents an unprecedented level of cooperation among tourism communities that even recently regarded each other as rivals. But the ever-rising costs of doing business in the face of a very nervous public have made bedfellows of us not anticipated even 5 years ago.

In Grand Marais, my task has been to rebrand this wonderful harbor village to widen our message, and to carry that branding through our new website, award-winning visitor guide and in all our marketing efforts. The Grand Marais Visitor Center now represents all of Cook County's visitor destinations in order to be full-service. I interface with Explore Minnesota Tourism and other tourism-based communities in northern Minnesota to cooperate in some of our marketing efforts.

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Grand Marais, and Cook County as a whole, would benefit from an infusion of new infrastructure. Although incredible assets are already in place on the North Shore, we do not have a countywide transportation system, or one connecting Cook County to Duluth. We do not have affordable housing for many of our workers. We lack a large venue for meetings, conventions or entertainment, which restricts that tourism niche, and keeps our numerous festivals and events on the small, less cost-effective side. Local investment for such infrastructure is simply not available.

The costs of marketing create difficulties for businesses to do their own. With fewer visitors and less revenue in lodging tax, entities such as mine also have less to spend to do our jobs for our communities.

In closing, tourism is a powerful force in Cook County. I would ask for continued funding at both the state and Federal level to fuel the programs that result in its growth, to support the marketing efforts of Explore Minnesota Tourism, and to con-

\*The executive summary of this report is attached.

\*\*The full report is maintained in the Committee's files.

sider seriously the recommendations of Senator Amy Klobuchar and others who advocate for the growth of tourism. Thank you again for this opportunity to speak with you, and I look forward to seeing you in Grand Marais.

### **Economic Analysis of Cook County**

*Plan to Improve the Economy and Quality of Life for Cook County Residents*

#### FINAL PRELIMINARY REPORT

### **Executive Summary**

#### *Purpose*

The Cook County Economic Analysis Council was formed to identify and analyze some of the critical economic and quality of life issues facing County residents, to serve as a catalyst to stimulate further discussion, and to propose possible solutions. Information was gathered from governmental sources, individual businesses and public forms and meetings held over the past year.

This Council is a grassroots committee, founded by members whose businesses total approximately 20 percent of total sales in the County and employ a similar percentage of the County's work force. The Council represents an historic cross-County partnership with proportionate representation from three economic districts in the County (Lutsen/Tofte/Schroeder, Grand Marais and the Gunflint Trail) to protect, strengthen and enhance the economic and social well-being of Cook County residents. Its members are:

- Bill Hansen, Sawbill Outfitters
- Bruce Kerfoot, Gunflint Lodge
- Charles Skinner, Lutsen Mountains Ski Area and Eagle Ridge Resort
- Jan Sivertson, Sivertson Gallery
- Scott Harrison, Lutsen Resort
- Teresa Sterns, East Bay Suites
- Tim Kennedy, Gunflint Realty and Grand Marais City Council

Other participants in the meetings of the Council have included:

- Bob Fenwick, Sawtooth Lumber and Cook County Commissioner
- Mark Sandbo, Grand Marais Mayor (through December 2006) and Manager of Aspen Lodge Hotel
- Matt Geretschlaeger, Director of Cook County/Grand Marais Economic Development Authority

#### *Background*

Cook County is one of Minnesota's most treasured and stunning natural recreation areas. From the rugged Sawtooth Mountains, to the Boundary Waters Canoe Area Wilderness and the shores of the world's greatest freshwater lake, tourists are drawn to this corner of our State. It is no wonder that over 80 percent of Cook County's economy is driven by tourism.

As business leaders and community servants, we are proud guardians of Cook County as an international tourist destination. We are concerned, however, that Cook County does not have the financial resources, professional expertise, or public tourism-oriented infrastructure to sustain, let alone improve, this tourism economy so vital to our residents' livelihood and quality of life.

Cook County has some significant private tourism infrastructure: top notch lodging, retail shops, restaurants and outfitters, a destination ski area, a vibrant artistic heritage, and strong private sector non-profits such as North House Folk School and the Grand Marais Playhouse. Cook County also has some public infrastructure, including a hospital, art center, recreation trails, and protected wilderness and public lands encompassing 90 percent of the County. The Council's research, however, indicates that there are significant areas that need immediate attention and critical investment.

#### *The Concern*

Decades' long declines in logging, fishing and mining have made Cook County a one-factory community, and that factory is tourism. Tourism accounts for over 80 percent of the economy, making Cook County more dependent on tourism, by far, than any other Minnesota county. Until the late 1990s, tourism continued to grow, propelling growth in employment and sales.



Due to a lack of resources to invest in relevant public infrastructure or broaden tourism beyond snow-based recreation activities during the 7-month low season (mid-October through mid-June), the economy of Cook County has stagnated and become highly seasonal. Lodging visitation, the engine of tourism in Cook County, has not grown since 1999, resulting in parallel stagnation at restaurants, bars, retail shops, recreation facilities and other businesses. The total dollars flowing through the economy fall to 35 percent to 55 percent of peak summer sales levels from mid-October through mid-June.

This economic weakness affects the entire County. Businesses are forced to take out credit lines to survive. Too few year-around positions with benefits are available, and seasonal unemployment is high. The County has been unable to attract or retain younger workers or families, or provide adequate housing, public transportation or other community infrastructure.

In order to solve these problems, Cook County needs to address the following issues:

- *Lack of Relevant Public Investment in Tourism Economy:* Other tourism communities have made public investments in concert/performance halls, convention centers, movie theaters, museums or aquariums, shuttle transportation, and affordable workforce housing, or funded the activities of a convention, events and visitors bureau. Cook County has no events and visitors bureau and its few investments, such as Superior National Golf Course or the Gitchi Gami trail, provide benefits primarily during the summer when the economy is already at or near capacity. Cook County needs to invest in infrastructure and programming that will provide benefits during the seven-month low season.
- *Inadequate Promotional Funds for Tourism:* For the last 15 years, one-half of the 3 percent lodging tax in Cook County has been diverted to pay for the County-owned golf course, Superior National, leaving Cook County with only one-half of the requisite promotional funds. There is an immediate need to restore the full 3 percent for promotional purposes for Cook County.
- *Lack of Event-Based Strategy to Reduce Dependence on Snow-Based Activities:* During the seven-month low season, snow-based recreational activities (primarily alpine skiing, plus cross country skiing and snowmobiling) are the main draw for visitors. This makes Cook County vulnerable to low-snow years and results in a particularly anemic economy in November, April and May. Out-of-state tourism communities with a similar dependence on snow-based activities, as well as many Minnesota communities seeking additional tourists, have broadened their draw by hosting music events, cultural performances and festivals. Cook County needs to do the same.

#### *Public Consensus-building Process and Plan*

Over the past year, this Council, in cooperation with other community groups, has held dozens of public meetings and public forums and discussions regarding solutions to the County's infrastructure and event and festival needs. These public forums have included radio and call-in shows, newspaper stories and editorials, public township meetings, retail shop forums, meetings with restaurant and bar proprietors, forums with outfitters and other recreation businesses, meetings with non-tourism businesses, non-profit meetings and numerous other public forums, discussions and public meetings.

By the end of 2006, a consensus had developed to raise funds through a combination of a reauthorization of the current 1 percent local sales tax (set to expire in late 2007 with the full funding of the hospital infrastructure) and new tourism-targeted local sales taxes. In mid-February 2007, the County's three tourism associations (Gunflint Trail Association, Lutsen Tofte Tourism Association and Grand Marais Area Tourism Association) formally approved this package. On February 27, 2007, the Cook County Board of Commissioners, by a unanimous vote, adopted resolutions approving the sales tax package:

- *One percent Local Option Sales Tax for Cook County Infrastructure:* The County Board recommended that "the Minnesota Legislature amend existing legislation to allow use of the 1 percent local sales tax for Cook County infrastructure that benefits recreation and economic development (and to defray operation costs and physical maintenance costs for such infrastructure), which infrastructure benefits county citizens, enhances the county economy, and supports county economic development [which] if approved by the Minnesota Legislature, the Board would impose continuation of the 1 percent sales tax . . . subject to voter approval in November 2007." This will raise approximately \$1.1 million per year for these infrastructure improvements. Approximately \$200,000 per year (out of the \$1.1 million) is intended to be used for the first 4 years to pay off the remaining

bonds on the County-owned golf course, which will restore the full 3 percent lodging tax proceeds to the Counties tourism associations for promotional purposes.

- *One percent Lodging Tax/3 percent Recreation/Entertainment Sales Tax for a new Cook County Event and Visitors Bureau ("CCEVB")*: The County Board recommended that the Minnesota Legislature authorize "the following tourism-focused sales taxes to fund a new Cook County Event and Visitors Bureau (CCEVB) that will primarily organize, operate and promote events and festivals, and community-wide branding and general marketing during slower tourism periods of the year (currently mainly mid-October through June) to increase tourism visits during such periods for the benefit of economy and residents of Cook County." The new tourism sales taxes consist of: (i) a new 3 percent tax on recreation/entertainment sales (i.e., admissions to ski, golf and other recreation or entertainment facilities and rental of recreation equipment such as skis, canoes and kayaks) and (ii) a new up to 1 percent lodging sales tax matched by the use of ½ percent of the existing 3 percent lodging sales taxes from the three tourism associations. This will generate approximately \$650,000 per year (\$520,000 in new taxes) to fund the new CCEVB.

#### *Justification*

The Council's analysis indicates that the investment of \$650,000 per year for the new County-wide event/visitors bureau to implement a series of events and festivals throughout the slower periods (bolstered by the \$1 million per year investment in community infrastructure that will also help spur economic activity) will increase total sales by \$31.4 million. This investment will increase the year-around, full-time employment with benefits for residents, and generate \$11.4 million in additional wages for Cook County residents. The additional wages will average \$5,856 per worker based on an estimated 1,948 affected workers (out of a total workforce of 2,500 workers). The new events, festivals and recreation amenities will increase entertainment options and enhance the quality of life for both residents and visitors.

Using sales tax proceeds to support tourism economies is a common and effective practice in local economies comparable to Cook County. Similar out-of-state tourism-dominated communities, such as Crested Butte, CO, Sand Point, ID, and Telluride, CO, have successively used public funds to coordinate tourism planning, invest in public tourism infrastructure, and organize events and festivals to improve the economy and quality of life for their residents. Many Minnesota communities have also invested general sales tax and tourism-targeted sales taxes in both infrastructure and to promote tourism and festival and events (e.g., the Duluth DECC) for the benefit of their communities.

The overall sales tax plan is consistent with both Minnesota and out-of-precedents. Cook County already has a 1 percent sales tax for hospital infrastructure which will be fully funded in late 2007, and so this component of the sales tax package will not increase overall taxation in Cook County. Since the lodging and recreation/entertainment sales taxes will be paid almost entirely by visitors to Cook County, this component will have no impact on local resident spending. Additionally, the total state and local sales taxes on visitor spending in Cook County will remain well below combined taxes on tourism sales in other tourism destinations around the country (which are often 20 percent or more), and will also be less than many Minnesota communities (which impose up to 7 percent taxes on lodging and 3 percent on recreation/entertainment, and up to 3 percent on restaurant and bar sales).

Events and festivals have proven effective in Cook County. Examples include a ski race held at Lutsen Mountains in early April, which has transformed a slow time near the end of the ski season when most ski areas are already closed to a week-long event that fills more than 50 percent of the lodging capacity in the Lutsen/Tofte/Schroeder area. Other examples include music performances (jazz and bluegrass festivals) and other cultural events or festivals whose potential has not been fully realized due to a lack of a marketing budget and that organization, execution and promotion of the event did not benefit from any professional expertise or staffing and were held solely through the efforts of a few unpaid volunteers. Cook County, with only 5,000 residents, does not currently have the resources, either through the efforts of volunteers, the already-struggling tourism businesses or under-funded tourism associations, to mount a coordinated or consistent strategy of festivals and events during the seven-month low season.

*Implementation*

This Council is preparing organizational documents for the formation of the CCEVB<sup>1</sup> and gathering additional information relevant to the formation and initial activities to be undertaken by the CCEVB. It is anticipated that approximately one-third of the budget of the CCEVB (approximately \$220,000 initially) will pay for professional staffing and other administrative costs to operate the CCEVB and that the balance (approximately \$430,000) will be utilized to pay for the programming and promotional costs of the various events, festivals and performances organized by the CCEVB. This Council is also developing benchmarks (such as increases in lodging sales and overall sales) to evaluate the success of the events and festivals.

Infrastructure improvements funded by the 1 percent local sales taxes will be approved by the County Board of Commissioners. The Board's resolution lists three specific recreation projects that community groups have been working on for a number of years including a swimming pool, a public library addition and community center amenities (including a skateboard park, ball fields, tennis courts, youth activity room and group meeting space), and notes the intention that approximately \$200,000 per year (out of \$1.1 million) be utilized for approximately 4 years to make the remaining payments on the bonds for the County-owned Superior National Golf Course. The stated goals of the resolution include providing recreational amenities for both visitors and residents that will support economic development efforts by enhancing the appeal of Cook County for residents and visitors, help the County retain service workers for the tourism industry and contribute to the tourism industry. This Council will work with the Board and other community groups to accomplish these goals.

*How Residents and Visitors Win***A. Improved Economy**

1. Reduced seasonality and \$31.4 million in additional sales
2. Less dependence on snow or good weather
3. \$11.4 million additional wages (\$5,856 per worker for 1,948 workers)
4. More universal year-around employment with benefits
5. More affordable home-ownership and improved young worker housing options

**B. Enhanced Quality of Life for Visitors and Residents**

1. Opportunities for local musicians to perform and local artists, photographers and craftspeople to showcase their work and learn from top artists from around the world
2. New events, concerts, performances and recreational amenities to enjoy
3. Free shuttle service will permit travel around the community to restaurants, retail shops and performance venues, or workplaces, without driving.

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<sup>1</sup>Cook County's three tourism associations have agreed that the CCEVB will be governed by a thirteen (13) member board of directors with County-wide representation proportionate with the tax collections: four (4) directors to be appointed by the Grand Marais Area Tourism Association (GMATA), two (2) directors to be appointed by the Gunflint Trail Association (GTA) and seven (7) directors to be appointed by the Lutsen Tofte Tourism Association (LTTA), plus a non-voting advisory board member appointed by Grand Portage. The resolutions passed by the three tourism associations and the County Board provide that the CCEVB will continue for an initial period of five (5) years and thereafter for successive five (5) year periods in the absence of a vote prior to the end of the fourth year by any of the three partner tourism associations to not support the continuation of the additional tourism taxes (in which case the use of the ½ percent of the existing 3 percent lodging taxes would be restored for promotional uses by the respective tourism associations).

# SUSTAINING OUR ECONOMY

Cook County Economic Analysis  
Council  
October 22, 2008

## An Economy of Small Businesses

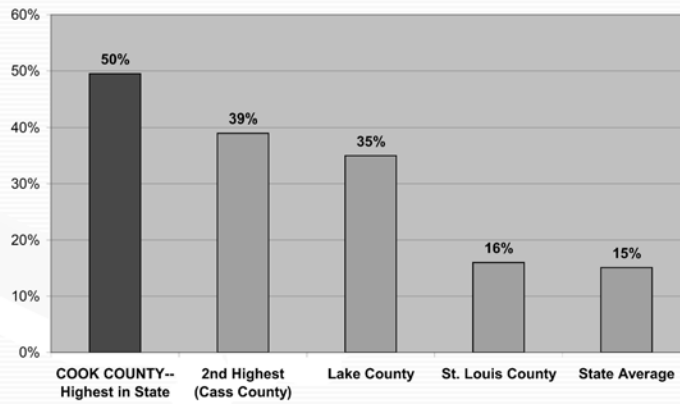
Business Type	Number	Sales	Ave. Sales
Lodging, Restaurant & Recreation Businesses	116	\$ 48,461,833	\$ 417,774
Retail, Gas Stations, Grocery and All Other Businesses	254	\$ 101,378,580	\$ 399,128

## Core Tourism = 50%

Lodging, Restaurants & Recreation Only.

If Add Retail, Grocery, Service Stations: Tourism = 70-80%.

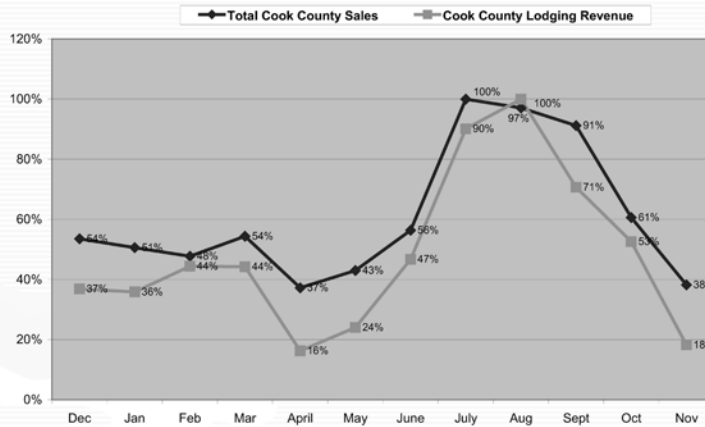
### "Leisure and Hospitality"--% of Taxable Sales



## Economy Follows Lodging

Lodging = 30% of Taxable Sales

### Monthly Sales as Percentage of Peak Month

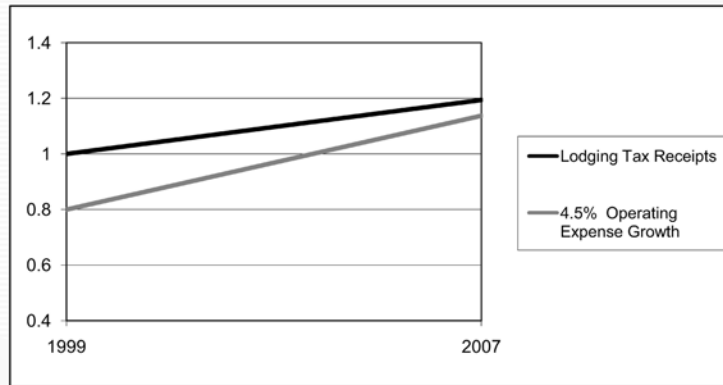


## Rural Lodging Declining

County	Year	Lodging Tax	Annual Change in Constant Dollars
<b>RURAL AREAS</b>			
Cook County	2007	802,410	-3%
	1999	658,694	
<i>Compare 10.3% 1990-97 LTTA Growth</i>			
Ely	2007	260,388	3%
	2000	178,940	
Iron Trail	2007	296,528	1%
	1999	218,757	
International Falls	2007	92,392	-3%
	2000	90,524	
Hinckley	2007	128,370	-4%
	1999	135,448	
Two Harbors	2007	78,312	-3%
	2000	52,499	
Grand Rapids	2007	244,541	0%
	1999	195,114	
<b>RURAL AREAS</b>	<b>2007</b>	<b>1,902,941</b>	<b>0%</b>
	<b>1999/2000</b>	<b>1,529,976</b>	

County	Year	Lodging Tax	Annual Change in Constant Dollars
<b>METRO AREAS</b>			
Rochester	2007	3,494,050	7%
	2002	2,187,316	
Duluth	2007	1,576,044	4%
	1999	1,032,755	
Minneapolis	2007	6,743,042	6%
	2002	4,261,722	
Bloomington	2007	13,207,802	4%
	2002	9,365,558	
<b>METRO AREAS</b>	<b>2007</b>	<b>25,020,938</b>	<b>5%</b>
	<b>1999/2002</b>	<b>16,847,351</b>	

## Disappearing Margins



1. Operating Expenses at 80% of Lodging Revenues in 1999 Grow 4.5%/year
2. 20% Margin for debt service and capital expenditures in 1999 now only 4.7%--not sufficient.

## **Sustainability Threatened**

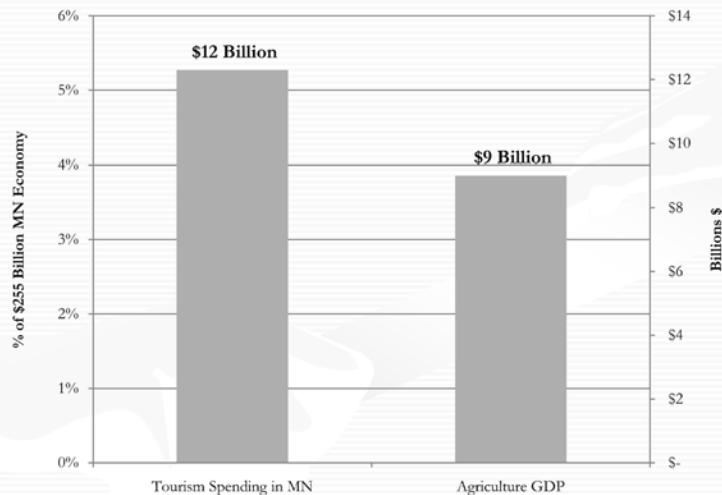
- E.g. Gunflint Lodge
- Northern Minnesota's "Family Farm"
- Vital to Local Economy
- Treasured "Way of Life"

## **What Can State Do to Save Small Business?**

Statewide problem in rural areas.

## Statewide Importance

### Tourism is Larger than Agriculture



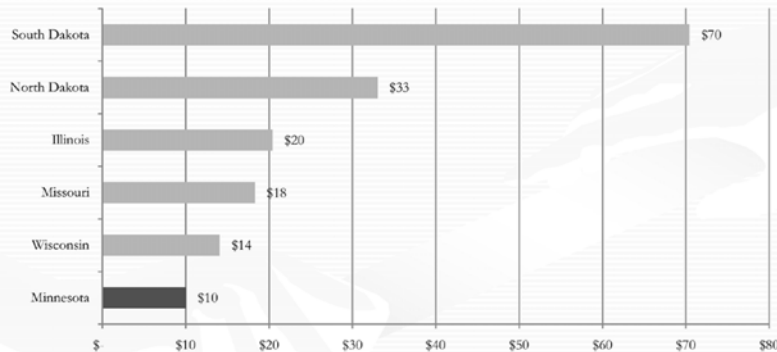
## Miniscule State Investment

- **\$10 million—Tourism**    **\$240 million Agriculture**  
    \$545 million for other industries
- **Tourism Excluded from most Economic Development programs (e.g. DEED & IRR)**
- **Need Economic Stimulus for Tourism & Other Rural Small Businesses**



## State Tourism Office Underfunded

MN State Tourism Spending Compared to Other  
Midwest States  
(\$ Millions)



**MN Outspent 4:1 in MN by Out-of-State Tourism Organizations.**  
 \$25M in Tourism Advertising = \$115M-Sales Tax, \$510M-Wages,  
 (\$3,000/household in NE MN) and \$1,300M-Sales=Immediate Payback

## Enable Local Government to Sustain Its Local Economy

- Help with Roads, Sewer, Water & Other Basic Infrastructure
- Modify Cap on Property Taxes
  - E.g. If <25% of State Average (Cook County 50%)
- Allow Local Option Tourism Taxes
  - Rural Areas 3% Lodging vs. Metro 5-7% Lodging Plus 1-2% on F&B and Other Tourism

Senator KLOBUCHAR. Thank you.

Last—and I'm glad she could be here today—is Anna Tanski, who will deliver the remarks from Visit Duluth on behalf of Execu-

tive Director Terry Mattson. Visit Duluth is the Duluth tourism bureau or—how—what—describe what you are so I know. I've certainly—

Ms. TANSKI. I will do that right now.

Senator KLOBUCHAR.—heard of you before. All right—

Ms. TANSKI. Thank you, Senator.

Senator KLOBUCHAR.—thank you.

**STATEMENT OF ANNA TANSKI, DIRECTOR OF SALES,  
VISIT DULUTH**

Ms. TANSKI. On behalf of Visit Duluth, the official destination marketing organization for Duluth, Minnesota, and the community's tourism and hospitality industry, we emphasize the value and importance of tourism to our city and its residents.

Tourism is Duluth's number-one locally owned industry, consisting of hundreds of small businesses, all of which are being tested by one of the toughest and most difficult times since the Great Depression.

The impact of tourism greatly affects everyone in this region, whether they are directly related to the industry or not. Duluth visitor direct expenditures are estimated to be \$780 million annually. Conservatively, State government collects \$59 million and local government collects \$20 million each year attributable to Duluth tourism. Annual Duluth travel expenditures also support nearly 18,000 full-time-equivalent jobs. About three-quarters of these jobs—nearly 14,000—are directly supported by Duluth visitors.

Duluth tourism promotion is the number-one way to jump-start our local economy, according to the Knight Foundation. Even small percentage increases or decreases in visitor spending have a significant impact on the bottom line.

The visitor industry applauds the vision and efforts of Senator Amy Klobuchar, as Chair of the Senate Commerce, Science, and Transportation Subcommittee, hoping to boost travel throughout the United States and our region. Let's all do—let's do all we can to grow and enhance tourism and the local quality of life, and ultimately ease our future budget problems.

Despite consumers watching their discretionary spending more closely than any time in recent history, 2008 Duluth tourism revenues increased for the 20th consecutive year, and reached an all-time high. First-quarter 2009 reports show declines compared to the same time last year, however. The trend for much of America is far more ominous. We remain hopeful that these are challenging times; whether it's marketing the United States to international travelers or encouraging close-to-home trips, meetings and conventions, or business travel, the tourism industry represents real economic development.

Duluth tourism is one of America's great success stories, yet "flat" may be the new "up" for the foreseeable future.

[Laughter.]

Ms. TANSKI. This is an industry fueled by promotion. There are ways governments can help. Tourism is one of the few areas where government actually makes more money by investing its resources in the common good. Jobs, families, livelihoods, and government services all depend on tourism. Tourism also opens doors for all

other forms of economic development. Additional tourism promotion will result in greater prosperity for all citizens and greater economic health for our city, state, and country.

We thank you, Senator Klobuchar, for your appreciation of public/private partnerships that make us a competitive travel destination. Tourism represents an opportunity to help everyone out of the economic downturn. The return on investment and ability to create more jobs is unparalleled. With your help, tourism will continue to be a critical economic engine keeping people employed.

Thank you.

Senator KLOBUCHAR. Thank you.

I also wanted to let Mayor Ness say a few words here. I'm so glad he stayed with us through this.

I know how busy you must be. So, thank you for doing that.

**STATEMENT OF HON. DON NESS,  
MAYOR OF DULUTH, MINNESOTA**

Mr. NESS. Well, thank you.

Senator KLOBUCHAR. You're almost—the microphone's almost tall enough for you.

[Laughter.]

Mr. NESS. Well, thank you, Senator. And thank you very much for holding this hearing in Duluth. And I want to welcome the—our visitors to the City of Duluth. Very appropriate. And I hope you enjoy your time and spend a lot of money in—

[Laughter.]

Mr. NESS.—in our economy.

Tourism is important to the City of Duluth. And, as Ms. Tanski mentioned, it is a—I think, a historic success story for our Nation. When you think of Duluth in the late 1970s and early 1980s, we were kind of on that downward spiral, and it was our investment in tourism and our hospitality industry in Duluth that created this beautiful waterfront that all of the State of Minnesota can be proud of, and provided a foundation for us to achieve greater growth and employment.

And the strength of Duluth's tourism industry is the strength of the relationships between government, our local businesses, especially those that are locally owned, and those that work in the tourism industry. And we have representatives from the HERE Local 99 who have been strong partners in advocating for continued investment in the tourism industry. We've had, in recent times, questions of, when facing budget challenges, Do we continue to invest in the tourism promotion in the City of Duluth? Do we continue to tax ourselves in order to build a new arena in the City of Duluth? And the local labor community has been a strong advocate for making those investments, and we thank them for that.

We're looking ahead in the City of Duluth. We see some really exciting possibilities with the construction of our new arena along the waterfront, the eventuality of passenger rail connection to downtown Minneapolis, a vision for a new multimodal station right across the avenue here that will make it convenient for our visitors to get anywhere around our community, and that continued strength of that partnership—business, labor, government—all working together to make tourism a vital part of our local economy.

And we know that we cannot take our success for granted. We need to continue to make those investments, continue to promote our visitor industry, and to make sure that our visitors have a world-class experience every time that they come to Duluth.

So, again, thank you so much for being here and sharing your expertise and your insight on the tourism industry. It's fascinating for us in Duluth. I am sure we'll take lessons away from this.

And, Senator, thank you so much—

Senator KLOBUCHAR. Thank you.

Mr. NESS.—for being here.

And the Senator really isn't a visitor; she's here so often—

[Laughter.]

Senator KLOBUCHAR. I'm an honorary citizen—

Mr. NESS.—and just—as everywhere in the State of Minnesota, we call Amy Klobuchar one of our own. So, thank you again for—

Senator KLOBUCHAR.—and your only—

[Laughter.]

Senator KLOBUCHAR.—Senator. No, but thank you for that nice remark. I will say, I was thinking, as you spoke, mayor, about how when I was growing up, our family would come up a lot to the North Shore, we would go to that range, and we would, you know, go to Split Rock. But, before you developed that waterfront, so I'm growing up in the sixties, I don't really remember us doing that. And, my family, on the other hand, still does those other activities, but we always stop in Duluth, or stay overnight, and go on the waterfront and go to all those little shops.

So it really is an example, in my own family, of how it's changed because of that tourism development in Duluth. So I think you're right, it's quite a amazing success story of how a mid-sized town is able to do that. So, thank you. Thank you for that.

I also wanted to mention—I think it was you, Mr. Edman, that talked about how we've had our first Congressional hearing, which is true. But, I was with Congressman Oberstar a few weekends ago, and I actually, with all of his work in transportation, was not aware he kind of got his start in Congress working on tourism. And I told him I was doing this hearing here, and he said, "Oh, you know," it's a long historical story of his involvement in tourism. And so, for all we know—and maybe the Mayor would know this—probably 20 years ago, he had a hearing like this here.

[Laughter.]

Senator KLOBUCHAR. I don't know; I'm making that up.

[Laughter.]

Senator KLOBUCHAR. But, he clearly had been very involved in tourism at the beginning of his career in Congress, so that was something I didn't know.

I thought I'd start with you, and people, if you have questions, should—after I ask a few, should come up.

But, this issue of business travel, Mr. McInerney, I mean, clearly we've had some difficulties. I mentioned, you know, AIG, some of these companies, what happened here. And what had happened, nationally—and I've heard this from CEOs all across the countries, small and big—they literally canceled their business trips, even though it wasn't actually based on economics. And so many of them saw it as a smart way to get their employees together, reward for

sales. And then, I also heard about these trade conventions—and I hadn't really thought about this, but, for small businesses, it's really their only way to share their goods and to sell things to each other and to figure things out. And then some of those were canceled, as well.

So, could you comment about the need for business travel and what you foresee is happening—

Mr. MCINERNEY. Well legitimate business is being questioned and canceled. It is an important part of our economy.

Senator KLOBUCHAR.—as the economy, hopefully, improves, here?

Mr. MCINERNEY. Sure. The important part of that is, some of the irresponsible rhetoric on the part of some people in Washington have really created a backlash for companies having their events in destination resorts. Las Vegas, since the middle of December until the end of April, lost 402 conventions. Those cancellations are putting people out of work, and that's putting the waiters and the waitresses and bellmen, stewards and other hotel workers out of their jobs.

Companies that have canceled meetings have to pay a cancellation fee. There's a company that canceled the meeting in Las Vegas, paid \$600,000, the cancellation fee, moved their event to San Francisco, paid double the price for their hotel rooms, but they weren't on the front page of their newspaper or on the 11 o'clock news.

Senator KLOBUCHAR. But, if they had come to Duluth—

[Laughter.]

Mr. MCINERNEY. Yes.

Senator KLOBUCHAR.—you know? That would have been OK with us.

[Laughter.]

Senator KLOBUCHAR. But, I mean—

Mr. MCINERNEY. But, the cancellations are causing people to lose their jobs.

Senator KLOBUCHAR.—I think, though—

Mr. MCINERNEY. But, the community loses jobs and revenue.

Senator KLOBUCHAR.—the story is, even with the cancellation fees, people lose the revenue—

Mr. MCINERNEY. The hotel loses revenue.

Senator KLOBUCHAR.—from the—

Mr. MCINERNEY. More importantly, revenue in the community is lost.

Senator KLOBUCHAR. Right.

Mr. MCINERNEY. And it's not just the hotels. That revenue turns over about ten times in the community. It's the retail establishments that really become affected, the small, independent owners of these businesses. I mean, my daughter, in New York City, had a lady's dress shop that she had to close because of the downturn in the economy. So, it affects the small businesses when people aren't coming there to spend their dollars.

Hopefully, the information that we sent to the Treasury Department in February will come out as a regulation for people to have meetings, and why they should have them, and putting up a fiscal responsibility and accountability on it so that it isn't anything that shouldn't happen, and that companies that are not receiving TARP

money can use that then as the best practices for their businesses. Because hand-to-hand meetings and face-to-face meetings are the things that are very important.

If you remember, back maybe 10 years ago, when the United Airlines, in the downturn, had a commercial on, and the chairman of the board went around and handed out tickets, “We now have to go out and see our customers, because we’re starting to lose market share.” And if you’re not out there seeing your customers, you’re going to lose market share, and it’s going to affect the local community.

Senator KLOBUCHAR. We had someone here from Delta, as well—a very strong airline—

Mr. MCINERNEY. Yes.

Senator KLOBUCHAR.—in Minnesota, that supplies a lot of jobs. We also have Cirrus in Duluth, the general aviation, that produces smaller planes.

Mr. MCINERNEY. Yes.

Senator KLOBUCHAR. So, we see that effect, as well, on the industry in our State.

Mr. Edman, Mr. Siegel, do you want to just comment on this issue of the business travel and how—you know, we’re talking, here—and not Las Vegas-style conventions in Duluth or in the Twin Cities, but how you—if you think it’s possible that we can get some equilibrium back again to get these conventions going, and the value of this to businesses?

Mr. EDMAN. Well, Madam Chair, I was referencing, in my earlier remarks, that, as Explore Minnesota, we started to work with the convention and visitors bureaus throughout the State on a Meet in Minnesota Campaign. And that’s rather historic, because traditionally it was not perceived as the role of the State tourism marketing organization to be promoting meetings and conventions. That was the purview of the local convention and visitors bureaus and the destination marketing groups. But, because of the things that are happening right now in the economy, things on a national level from all the bad PR, they’ve all come together and said, “You know, we have to start working together as never before.” And so, what we did is, we started out with a small PR campaign. We enlisted some political, as well as some business, leaders together to do a press conference, we’ve created some websites, we’ve done some ViralVideos about—

Senator KLOBUCHAR. Viral?

Mr. EDMAN. If you go to ExploreMinnesota.com, you go to our meeting page, you’ll find a fun little video about, What if you had a meeting and no one came? Basically a meeting of one person meeting with himself, basically. It’s a lot of fun.

[Laughter.]

Mr. EDMAN. And it is—it is fun. But, it is just one element on a short-term effort, that we have—that we all have a part in this, that it’s good for business. It’s good, not just for the businesses that are affected, but for the businesses that are meeting, in terms of developing sales, doing research, trying to develop and how their businesses can grow, as well as the businesses that we represent, the convention centers, the hotels, and things like that, that benefit.

Senator KLOBUCHAR. Right.

Mr. EDMAN. So, it's good for business—

Senator KLOBUCHAR. Well, and especially—

Mr. EDMAN.—business and good for—

Senator KLOBUCHAR.—in this day, where—

Mr. EDMAN.—the State.

Senator KLOBUCHAR.—so many people communicate over the Internet and on the telephone, sometimes for businesses that have different offices across the country or across the State, this is their one opportunity to bring people together. So—

Mr. EDMAN. And we hope to expand on this effort. In fact, we just had a meeting yesterday—

Senator KLOBUCHAR. Good.

Mr. EDMAN.—with Bloomington and Minneapolis and Rochester, on how to expand this into a longer-range program.

Senator KLOBUCHAR. OK.

Mr. Siegel?

Mr. SIEGEL. I would just add to it that I think that, certainly in our case, State government can play a role in this, as well, in that there has long been some challenges with State agencies holding meetings at Minnesota resorts, and there's a perception issue that occurs there, that we really have to kind of get out on the table and be open about and suggest that it's OK for State agencies to hold those meetings and come to Duluth or go to Brainerd or go to the southern part of the State and host those meetings.

Sometimes there's a—there's a negative perception, driven by the media; they're going to be there, they're going to take a picture of somebody who's out on the golf course instead of being at the meeting. And that's happened in our State, certainly, in the past.

And so, we just want to encourage those various State agencies that are facing these challenging decisions about meeting, themselves, that it can be very economical, and, in fact, sometimes it's the most economical choice, to go offsite and do a meeting at a Minnesota resort or a Minnesota vacation destination that also has meeting capability.

Senator KLOBUCHAR. OK.

Ms. Tanski, just this issue of business and conventions in Duluth, your perspective on this and—

Ms. TANSKI. Well, for—

Senator KLOBUCHAR. I remember when, before I was in government, I went to the Minnesota State Bar Association several times at the DEC Center.

Ms. TANSKI.—they will be here—

Senator KLOBUCHAR. Oh, good. All right. Good.

[Laughter.]

Ms. TANSKI. For 18 years, I have worked passionately selling the destination for meetings and conventions. That has been the primary focus of what I do in this industry. And not only do I see it as vital and essential for what we do; that portion of what Visit Duluth works on is about a \$36-million economic impact, just in meetings and conventions, alone, but what we're working on, in collaboration with Explore Minnesota Tourism, as John mentioned, is, this is something we're seeing as an opportunity, because Minnesota is a vibrant meeting destination with such a variety of des-

tinations that can accommodate every meeting that's out there, virtually. And so, we are, as Duluth, situating ourselves and actually seeing an increase in interest from meeting planners who are looking for a viable destination that is not going to put them on the front page of the paper.

Senator KLOBUCHAR. There you go——

[Laughter.]

Ms. TANSKI. And so——

Senator KLOBUCHAR.—Mr. Edman. You just——

Ms. TANSKI.—we are trying to——

Senator KLOBUCHAR.—send them——

Ms. TANSKI.—capitalize——

[Laughter.]

Senator KLOBUCHAR.—we'll take them in.

[Laughter.]

Ms. TANSKI.—on the fact that Duluth is not always front-page news. But——

[Laughter.]

Ms. TANSKI. And that can be a good thing.

Senator KLOBUCHAR. OK, this is very interesting.

[Laughter.]

Senator KLOBUCHAR. OK, we won't tell Harry Reid about this, but we have a plan to——

[Laughter.]

Ms. TANSKI. A plan.

Senator KLOBUCHAR. No, it's good.

I want to talk a little bit about this—just with passport—passport card requirement now coming in, in June. I think it's—does anyone remember the date? It's June——

Mr. SIEGEL. June 1.

Senator KLOBUCHAR. June 1? And obviously we've actually just opened up a passport office in Minnesota, something I've been pushing for. It's in the Twin Cities, but it'll help to expedite some of these emergency calls that our office gets. But, the Canadian travel, people coming in from Canada, it's very important. And I thought maybe, Ms. Brostrom, do you want to talk about that? I mean, we want this to go smoothly. The passport card is half the cost of a passport, I think, and will work for coming in from Canada.

Ms. BROSTROM. Yes, we've been concerned about this, for several months or more, ever since the idea was floated, that, people are going to have to have the passport. On our own website, right on the home page, you can click onto another page that tells the latest requirements of coming to, coming to northern Minnesota and then hoping to get into Canada and coming back into Minnesota. So, we're trying to get the word out.

The Canadian visitor is very important to Grand Marais; we're just 40 miles from the border. And people in Thunder Bay, for instance, it's a 90-minute drive, and they love Grand Marais. In a very—in 90 minutes, it's—it's a whole 'nother world for them. And they——

Senator KLOBUCHAR. Without an exit.

[Laughter.]

Ms. BROSTROM. Yes. I didn't know I had one, but——



Senator KLOBUCHAR. No, no, no, that's what your website says, though.

[Laughter.]

Senator KLOBUCHAR. I'm just using your own marketing, and repeating it so that—

Ms. BROSTROM. So—

Senator KLOBUCHAR.—it'll get in people's heads.

Ms. BROSTROM. Yes. But, the interesting thing, I'm finding—because my—I'm a marketing person, but my office is right in the same—just behind the visitor center, in the same room, so I have my door open all the time, and I'm listening and helping people. And I'm really pleased that so many people coming to Grand Marais, and then they ask about Thunder Bay, or going to the border, they have their passports. So, somehow the word is getting out. The passport card, I think, is a good idea.

And I met, yesterday, with the folks—the director of tourism in Thunder Bay and so on, and we were also talking about this issue. So, on both sides of the border, we're trying to get the word out.

And it's much quicker in Canada to get a passport now.

Senator KLOBUCHAR. Right. And those are some of the things—when I first came in, there were some huge problems, 2 and a half years ago.

Ms. BROSTROM. Yes.

Senator KLOBUCHAR. I'm looking at Zack, back there. We handled, between Senator Coleman's office and ours, we each handled about 1,500 emergency cases for passports, people that called their Member of Congress because they had requested them 6 weeks before and they didn't have them.

Ms. BROSTROM. Yes.

Senator KLOBUCHAR. We saved 17 brides' honeymoons, and lost one.

[Laughter.]

Senator KLOBUCHAR. And it was not exactly what I wanted to be doing in our first 2 months, with these ideological young people that had joined the office, was working on college kids' trips to Cancun. But, it was—

[Laughter.]

Senator KLOBUCHAR.—what we were left with, because of disorganization in the Federal Government at the passport office. And so, it has improved over the years.

Ms. BROSTROM. Yes.

Senator KLOBUCHAR. That was such a fiasco. And so, it's improved, but it still isn't where it should be, if we really want to promote this international travel—

Ms. BROSTROM. Yes. I was—

Senator KLOBUCHAR.—especially with—

Ms. BROSTROM. Yes. I was—

Senator KLOBUCHAR.—the Canadians.

Ms. BROSTROM.—stunned to learn, yesterday, that in Thunder Bay you can get a passport there in about 10 days.

Senator KLOBUCHAR. So, that's why I hope having this Minnesota office will help us for our travel. But, mostly what I'd like to see is just help international visitors—

Ms. BROSTROM. Yes.

Senator KLOBUCHAR.—to come here.

So, Ms. Somnis, I thought one of your most interesting points was just about the workers and what this means. And I loved that story of a kid working as a dock boy on Lake Vermilion—I'm going to use that example; I told Mr. Siegel he should, too—going on to manage the Chicago Hilton. But, just what you've seen, in terms of the jobs, in a very difficult economic time, especially with iron-ore mines—the mines were going strong for a while, and how they've—because of the worldwide demand, are now back where they were. We hope they're going to come back again. But, just the possibilities for employment and what you see.

Ms. SOMNIS. Well, I think that there are people working in retail service, tourism and hospitality jobs right now throughout the Arrowhead that would never have, in the past. But, they are—they are needing to redirect themselves, feed their families. And hopefully, with the travel trend for the vacations closer to home—

Senator KLOBUCHAR. Right.

Ms. SOMNIS.—our region will be busy this spring and summer travel season, and we'll be able to put some of those—

Senator KLOBUCHAR. And for—

Ms. SOMNIS.—people to work and—

Senator KLOBUCHAR.—for people to find out deals in the Arrowhead, whether they're—wherever they are. Are there websites that people can check in these—

Ms. SOMNIS. Yes. They can check MinNEcations.com.

Senator KLOBUCHAR. Oh, of course, I—

[Laughter.]

Senator KLOBUCHAR.—I forgot.

Ms. SOMNIS. And on that—

Senator KLOBUCHAR. OK.

Ms. SOMNIS. On that website, we go—you go to the Northeast page of Explore Minnesota Tourism—

Senator KLOBUCHAR. OK, I see.

Ms. SOMNIS.—and the 15—

Senator KLOBUCHAR. And inside the—

Ms. SOMNIS.—communities who are participating in the campaign—

Senator KLOBUCHAR. They're all—

Ms. SOMNIS.—are linked there.

Senator KLOBUCHAR. OK.

Ms. SOMNIS. And they all have their deals on their—

Senator KLOBUCHAR. OK.

Ms. SOMNIS.—on their pages. And so, yes, we encourage all kinds of travel, to come and keep our kids busy and some of us adults, as well.

Senator KLOBUCHAR. OK, very good.

Mr. SIEGEL. If I could just piggyback on—we did a survey on our—we have a Board of Directors for the Restaurant Association of 28 restaurant operators, and went around the table at a recent board meeting. A little over half of them got their start either washing dishes or busing tables. So, I think that's just indicative of the same story that you're telling, that this is an industry where you really can start really in the back of the house and move your way up and get into management.

Ms. SOMNIS. But, I—if I may, I—

Senator KLOBUCHAR. Go ahead.

Ms. SOMNIS. Many years ago, when I first moved to the North Shore, I worked at Edgewater, which is now Bluefin Bay, and Rob Buntz, the developer of that resort, likes to say that I am a poster child for tourism careers because I grew up starting, waitressing, housekeeping, cooking, and managed to evolve into a full-time professional—

Senator KLOBUCHAR. Yes, I did that, too, but then I spilled 12 iced teas on one customer, and that was—

[Laughter.]

Senator KLOBUCHAR.—my career in the hospitality industry.

[Laughter.]

Senator KLOBUCHAR. Anyway, that's great. So, you are one of the success stories.

Ms. SOMNIS. Yes, I could be one of those, myself, yes.

Senator KLOBUCHAR. Dr. Schneider, this idea of marketing Minnesota internationally and—what we're trying to do on the Federal level, obviously, is to market, America, but part of this will be, if we get this bill passed and start going, there's going to be a \$10 fee on visas on—for people coming in from other countries, so it won't be on the tax of our taxpayers. And again, it's exactly what other countries have done that have been basically eating into our share of international tourism. As this develops, I can easily see the Mall of America being a place that people will want to travel to; they already are—and then they—then we somehow promote Minnesota, because I think—we have the Canadians coming down, which is a major piece of our international travel, but just—studies you've seen, how do you promote other parts of the country? Because sometimes people come for 3 weeks, and if they come to the Mall of America, we'd like them to come elsewhere, as well, in our State.

Dr. SCHNEIDER. Other parts of the country, or other parts of the State? I'm sorry.

Senator KLOBUCHAR. Oh, we want them to come to our State.

Dr. SCHNEIDER. Oh, OK, sure. Well, certainly, I think there are some cooperative efforts underway and in discussion, in terms of promoting day trips or 3- to 5-day trips. And I think the packaging is really important. And the ease of transportation is one thing we consistently hear, from international visitors, is that we need easier transportation information, because there is an assumption that you can take a train up to Duluth or to Grand Marais or down over to Worthington or—

Senator KLOBUCHAR. So you could see—

Dr. SCHNEIDER.—Detroit Lakes. So, certainly some transportation information is necessary, and possibly infrastructure, as well. But, definitely packaging accurate, up-to-date information, as Explore Minnesota and other websites are providing, would be helpful.

Senator KLOBUCHAR. Yes. Because I was thinking, I went, once, with our family to Denmark, and we went to Copenhagen and then we wanted to go somewhere that wasn't just some big town, so I looked on the website, and they have this thing in Denmark where they promote little—they're basically bed-and-breakfasts, but

they—you stay on a farm. So, they said that this particular farm I thought my daughter would love would have horses, sheep, and pigs. And it had, in fact, three horses, one sheep, and 3,000 pigs.

[Laughter.]

Senator KLOBUCHAR. It was a hog farm. But, it was actually—it was actually great. It was fine. We had a great time. But, my point is—

[Laughter.]

Senator KLOBUCHAR.—I was thinking, if this develops—and again, we want to make the market there for bringing people to our State, and we're going to have to get this bill passed and work on this, but we have to think creatively about things that Minnesota could offer—

Dr. SCHNEIDER. Well—

Senator KLOBUCHAR.—as part of that, as part of a package deal that doesn't just take you to the Twin Cities.

Dr. SCHNEIDER. Certainly, and there are a number of products and experiences Minnesota offers. And, along those agricultural lines, we've just completed a study, with a number of partners, about the interests and opportunities for agricultural tourism in farm stays in the State of Minnesota.

Senator KLOBUCHAR. There you go. All right, very good.

Yes?

Mr. EDMAN. Yes, Madam Chair, if I could just comment just about the U.S. promotion effort, right now in Minnesota we market overseas, we market to Japan, Germany, the U.K., and the Scandinavian countries, but our budget is relatively limited. And we do—

Senator KLOBUCHAR. So, that's—

Mr. EDMAN.—we do a lot of cooperative marketing with other States—for instance, the Great Lakes States or the States along the Mississippi River. But, unfortunately, in the United States—I mean, one of the things that makes us great is 50 unique States, but that also makes it difficult, where right now all the international marketing is done on a State-by-State basis. You have a State—

Senator KLOBUCHAR. Exactly.

Mr. EDMAN.—like Florida or Nevada that's doing a lot—

Senator KLOBUCHAR. So, that allows these bigger States to—

Mr. EDMAN. Minnesota is not doing as much. And so, I think a U.S. travel promotion organization not only would allow us to compete, grab market share from other countries that are capturing it away from the United States, but it also provides experiences for travelers. Travelers do not travel—particularly international—to geopolitical units of States; they travel for experiences, they travel to destinations. And right now we don't market the United States that way. This act will allow us—

Senator KLOBUCHAR. Right. That's—

Mr. EDMAN.—to do that.

Senator KLOBUCHAR.—the plan. Thank you.

Questions? Comments on these, anyone? Probably—yes, that's good, because Don put that thing up there pretty high. Take it down, there.

OK?

Mr. ERICKSON. Hi. Yes, I'm too tall. I would pull it up—  
[Laughter.]

Mr. ERICKSON. But, just a couple of comments. I heard a lot of information here today, a lot of—a lot of big numbers, actually. That's good. Billion, trillion? In my industry, I represent low-wage hotel/restaurant workers, so I'd like to talk about some small numbers. And it's just kind of an FYI—my personal experience.

I represent workers in the hotel/restaurant industry, in Duluth, the Iron Range, and International Falls. So, there are issues on the border with Canadians coming across. I've been hearing that. But, I would just like to bring some of the—just a couple of quick life stories that I am hearing from my members.

You know, the economy is bad. I won't use any names, but Joe, at the Pickwick, who is a busser who's raising two daughters, has been cut 1 hour a day. Well, at \$8 an hour, you know, 1 hour a day isn't a lot of money, but if you times that out in a week, it's 5; in a pay—

Senator KLOBUCHAR. Yes.

Mr. ERICKSON.—period, it's 10 hours.

Senator KLOBUCHAR. Exactly.

Mr. ERICKSON. Through the course of a year, it's—it could be anywhere from, you know, \$1,600. He's not going on vacation. And when he does go on vacation, it's very local. It's to his parents' cabin. It's very local.

So, you know, and us continuing to build relationships and work together, I really think, you know, if we take care of the line workers, as were mentioned, you're going to see, hopefully, a spike back up in tourism. You know, very important, I think, you know, as—

Senator KLOBUCHAR. Right.

Mr. ERICKSON.—part of that.

Mr. MCINERNEY. Yes, I think that I can respond to that. Because I think one of the reasons why the hotels now are discounting heavily is to keep as many people employed, because when we are going to come out of this, and when we turn around, we want to make sure that we have those trained people that are there. So, it's unfortunate that we have to cut some hours. We cut middle management out of most of the hotels, back in October, November, December, when it first started, but the important part now is to keep the people working, at the line level, so when we come out of this thing and the transition occurs next year, and when business is significantly better in 2011, we need those people to be there.

Mr. ERICKSON. Absolutely. And that's kind of what I am bracing for is the future.

Senator KLOBUCHAR. We had testimony from a woman who had this Bavarian Inn in Michigan, and she had—I asked her what she cut, because I actually thought she was—and she had cut hours, like you said, but she had cut mostly middle managers, which is bad. I mean, it's jobs that they've cut, but I think, again, your story illustrates how improving this climate, in the economic climate, generally, but then making sure that people see this as, it's OK to have business conventions. Maybe you're going to scale back a little bit and go somewhere else, but we'll keep our workers employed, and that that's so much a piece of this, as well. So.

Mr. MCINERNEY. Can I just give you an example of—

Senator KLOBUCHAR. Yes.

Mr. MCINERNEY. The Broadmoor, in Colorado Springs, is one of the biggest private employers there. Their business is down significantly. They had a 72-hour special book now deal where you called and received a 50-percent discount on any room between now and the end of the year. They wanted to sell these rooms to keep their over 1,200 employees working. They thought they could sell about 7,500 rooms. They sold over 13,000. And it'll keep all those people working throughout the summer, into the winter season, so that next year, when they come out of this, they'll have those employees there.

Senator KLOBUCHAR. OK. I was asking these guys if they had a deal that they wanted to advertise, too.

[Laughter.]

Senator KLOBUCHAR. No, we know that they are there. So, that's a very good point. And I think people are looking for deals, and it, again, will keep workers employed and keep the business going. So, anything else from the—

Yes?

Mr. BUEHLER. If I may, Senator—thank you very much for coming. I'm Ken Buehler. I'm the Executive Director of—

Senator KLOBUCHAR. Oh, well, thank you—

Mr. BUEHLER.—the St. Louis County Heritage and Arts Center, and we're very proud to have you and the rest of your honored and distinguished guests with us today.

I want to go back to a comment that Mr. Siegel made which was kind of following up on one that John made, which was about infrastructure and getting people around. As you know, because you've been very supportive of it, we're working on a project to return rail passenger service between here and the Twin Cities.

You mentioned airlines and airports, and I'm just wondering, Senator—I know you've been supportive in the past—rail seems to be a real interest of this particular administration, and there is Federal stimulus money out there for train service, there's the Amtrak bill that was passed last year, and Congressman Oberstar is working very hard on the next TEA bill, which we also hope will include some transportation funding for—

Senator KLOBUCHAR. Yes.

Mr. BUEHLER.—rail. And I'm just wondering if anybody has any comments about the importance of rail, not necessarily our efforts on the Northern Lights Express, which I've left some posters around. Gee, I don't know how that happened.

[Laughter.]

Mr. BUEHLER. But, it just kind of did.

[Laughter.]

Mr. BUEHLER. So, I'm just kind of hoping that there would be some support, as you have been, in the past—

Senator KLOBUCHAR. Right, and—

Mr. BUEHLER.—about something that—

Senator KLOBUCHAR. Both Congressman Oberstar and I have made requests for that project.

Mr. BUEHLER. Right.

Senator KLOBUCHAR. We have other projects I've made requests for, as well, in Minnesota. And you are right, the Administration's—a major priority. Vice President Biden came out to our State and spoke about it. There's \$8 billion in the stimulus plan for rail projects that people are bidding on right now, and then we also will have additional money in the transportation bill. We are behind compared to other developed nations, even developing nations, when it comes to rail, and it creates some great opportunities.

I always like traveling by rail with my husband, because then we don't get into a fight about directions.

[Laughter.]

Senator KLOBUCHAR. And so, I think that there are some great possibilities, here. So, I don't know if anyone else wants to comment about it.

Mr. MCINERNEY. About traveling by rail?

Senator KLOBUCHAR. Yes.

Mr. MCINERNEY. I think it's a great way to go from New York to Washington, D.C., without all the confusion.

Senator KLOBUCHAR. Yes, exactly. Well, we have some great routes that we want to have here, too, as well.

All right, anybody want—oh, Tammy, yes.

Ms. STANOCH. Senator Klobuchar, I'm Tammy Lee Stanoch, Vice President of Corporate Affairs at Delta Airlines. Thank you all for being here. And just because I'm in airlines doesn't mean I don't like rail; I think that's great, too.

[Laughter.]

Ms. STANOCH. All forms of transportation are good. But, I particularly want to thank you all for talking about what you're doing to promote tourism here in northern Minnesota, because we are not successful as an airline if we don't have people that want to fly to these great destinations. And Northwest had a long history as—of serving the Heartland in Minnesota, now Delta wants to continue that, as well. But, if people don't want to fly to their lake cabins in International Falls or Hibbing or Brainerd or Bemidji or Duluth, we're not going to be able to be successful, either.

So, thank you very much for what you're doing. And thank you, Senator Klobuchar, as well.

Senator KLOBUCHAR. Right, OK, thank you.

Anything more?

VOICE. [Off Microphone.]

Ms. BROSTROM. I'm not able to stay very much longer, because the grand opening is today, and I'm missing it. And it's—they are—the grand opening is on the very first day that it is opening. It's—you know, so they didn't have a soft opening. But—so, what I can say is, though, is it's a beautiful—really, for—especially in Grand Marais, for our scale of buildings and so on—there's a beautiful building that has been built, a coffee shop inside is—are—some pretty fancy touchscreens for all kinds of information, particularly promoting, you know, Canadian travel. And even though my job is to promote, you know, business within Grand Marais, I welcome this, because we have so many travelers coming up, especially from the Twin Cities or, you know, south of us, who spend time in our area, and then they go on into Canada. So, it's a very educational sort of a building and experience. So—you know, and cultural, as

well, so it's touching on those parts of tourism that we could use some growth in our area.

So, as I say, I'm missing the grand opening, the bagpipers and everything else, so—

Senator KLOBUCHAR. OK.

Ms. BROSTROM.—I guess we can just say, “Stay tuned,” yes.

Senator KLOBUCHAR. All right. Well, I wanted to thank everyone for coming today. And this has been very helpful. Wouldn't you say, Mr. McInerney, it's even less stuffy than the Washington hearing?

Mr. MCINERNEY. Oh, I think this is a lot friendlier.

Senator KLOBUCHAR. Yes.

[Laughter.]

Senator KLOBUCHAR. Exactly. And actually, I've gotten a lot of good ideas from this that I can bring back to Washington, good examples that we can use.

We are feeling very positive that we could finally pass this bill that's been kicking around Washington for years and years and years. And sometimes an economic crisis has some silver linings, and one of them has been the increased focus on how important the tourism industry is to our country. And if that's what gets us there, OK. But, it would be very helpful for our country, for the long term, to pass this bill, to make sure people know, in Minnesota, that there are good deals close to home, that we want to promote, this summer, if even people go for 2 or 3 days. And then, also to understand the importance of the workers to this industry.

And then, finally, business travel, that it is OK for businesses to travel again. Obviously, they'll have to look at their bottom line, and maybe they're going to scale back, but we want to make sure people understand that there may have been a few bad actors out there, but they shouldn't ruin it for everyone, including our workers in the travel industry.

So, thank you for being here. This hearing is officially adjourned.

[Whereupon, at 10:37 a.m., the hearing was adjourned.]