

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE,
& TOURISM



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Sponsor Statement

CS HB 160(FIN) am, Tourism Marketing Campaigns

CS HB 160(FIN) am limits the amount of state money used for the costs of an Alaska tourism marketing campaign to \$12,000,000 of state money. In addition, the match requirement for the first \$3 million of industry contributions to the tourism marketing campaign is subject to a 1 to 2 industry to state match, while the next \$1.5 million is subject to only a 1 to 3 industry to state match as illustrated in the table below:

Scenario if Industry can match with \$4.5 million

Industry	State	Match
\$3 million	\$6 million	1 to 2 (Industry pays 50% of the state money)
<u>\$1.5 million</u>	<u>\$4.5 million</u>	1 to 3 (Industry pays 33% of the state money)

\$4.5 million+ \$10.5 million = \$15 million Total

There is no question that the tourism industry is a vital component of our state's economy. The positive benefits reach every corner of our state. In a recent impact study developed through the Department of Commerce, Community and Economic Development, tourism related spending in Alaska was calculated at \$3.4 billion a year. In addition, the industry accounts for over 36,000 jobs in our state. Our visitors directly pay over 14 different types of taxes and fees to state and local governments. In FY 2012, the industry is projected to contribute over 180 million in state and local taxes, of which \$111 million will be directed to the State of Alaska. Clearly, our visitors support Alaska businesses, our economy, and our state and local governments.

However, this important industry has recently struggled nationwide and in Alaska. The number of visitors has drastically declined resulting in lost revenues to tourist-related businesses of 20% to 40%. More than 2300 tourist industry jobs were lost in 2009 alone. The industry struggles to restore these jobs while other states aggressively target new visitors and compete with Alaska.

Last year, the Legislature funded an increase in the State's marketing program. The results have already proven successful. Statistics show that viewer retention and interest in traveling to Alaska have increased by 4% while the national and international travel trend has increased by only 2%. Nearly all of the measured gains for 2011 will benefit businesses catering to independent visitors, while increased cruise capacity is seen starting in 2012.

For more information, please contact Rob Earl at 465.4942.