



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Office of the Commissioner

Sean Parnell, Governor
Emil Notti, Commissioner

April 6, 2010

The Honorable Bill Stoltze
The Honorable Mike Hawker
Co-Chairs -House Finance Committee
State Capitol
Juneau, AK 99801-1182

RE: HB 422 – Vessel Passenger Tax; Tourism Tax Credit

Dear Co-Chairs Stoltze and Hawker,

Attached please find my testimony given to the House Finance Committee on Monday, April 5th, 2010 and letters of support for this bill.

Please let me know if you have any further questions.

Sincerely,

Curtis Thayer
Deputy Commissioner
Department of Commerce,
Community & Economic Development

Cc: Representative Thomas
Representative Foster
Representative Kelly
Representative Fairclough
Representative Austerman
Representative Joule
Representative Gara
Representative Crawford
Representative Salmon
Representative Chenault

Testimony from Curtis Thayer, Deputy Commissioner – HB 422

On behalf of the Administration, I would like to thank the House Finance committee for introducing the CS for HB 422 and for providing an opportunity to speak to the issues that this bill addresses. We are supportive of the actions outlined in this bill and want to underscore the urgency for taking action this session. As you know, the Governor proposed legislation that included the exact provisions included in this bill and also included a marketing component.

We believe both elements are needed, making Alaska a more affordable destination by reducing the commercial passenger vessel excise tax and making Alaska more visible by increasing the Alaska tourism marketing program.

The Department recently published a study showing that tourism packs a huge economic wallop in Alaska. Direct visitor industry spending in Alaska of \$2.1 billion generated more than 27,000 direct jobs. When accounting for indirect impacts, Alaska's visitor industry generates \$3.4 billion in total spending in Alaska and peak employment of over 40,000.

But after decades of growth in this sector, we are facing a decline. By now, most of us have heard the numbers:

- Travel to Alaska was off by more than 7 percent last year;
- Visitor spending decreased by \$270 million compared to the prior year;
- Alaska visitation will continue to decline this summer, as 140,000 fewer cruise passengers will travel to our state.
- While Alaska is expected to gain two new ships in 2011, we are also losing two ships, further prolonging the economic challenges.

This is not just a Southeast or coastal concern. The recent McDowell Group report demonstrates the far-reaching statewide effect of dwindling visitor traffic. We don't know for certain how the many family-run, small businesses that serve visitors will weather these declines. We do know that the estimated job loss over this two-year period is estimated to near 5,000 jobs and the situation is unsustainable.

These jobs feed families and grow our economy. They're jobs in a multitude of Alaska small businesses, owned and operated by Alaskans and their families. The businesses run the gamut from fishing guides on the Kenai Peninsula, tour companies in Ketchikan and Sitka, lodging and transportation services in Fairbanks, to restaurants and lodging in the Chugach and Mat-Su. Additionally, there are hundreds of businesses throughout Alaska that provides goods and services to the tourism industry including seafood processors, mechanics, fuel providers, and numerous professional services.

But they're hardly the only ones taking an economic hit. Communities also suffer. The industry as a whole contributes about \$208 million in direct payments to state and local governments through various bed and sales taxes and other user fees. So as visitation and spending decline, so does tax revenue. If this situation persists, it could lead to additional tax burden being placed on property owners.

The tourism sector is critically important to the Alaska economy. Since two-thirds of visitors to Alaska in 2009 arrived by cruise ship, the cruise industry is critically important to the tourism sector. With so many jobs and so much revenue at stake, it is imperative that we aggressively

The Administration and Office of Economic Development staff has met with industry representatives, community leaders and small business owners around the state who rely on tourism. These meetings have helped the Governor develop a comprehensive strategy to make Alaska more attractive to industry and travelers alike.

Legislation right-sizing the head tax and growing the state's tourism marketing program can help address this. The cruise industry has already signaled its willingness to be a partner in the solution by agreeing to drop its lawsuit against the state if the head tax is reduced by the 25 percent dedicated to the regional impact fund.

However, we are likely facing a two-year delay before cruise passenger volume increases. Itineraries for 2010 and 2011 have been published. The window is closing for the 2012 summer season. Cruise lines have indicated they could refrain from making final decisions on 2012 to see what actions are taking by the legislature. The cruise industry expressed appreciation that the State of Alaska and many community and business representatives sent a clear message that we value their business. They understand the need to work together, with a common purpose, to restore Alaska's tourism industry to the premium position we once held. Cruise companies also stressed the importance of a strong statewide marketing program to help draw visitors back to Alaska from other destinations.

Without a doubt, there is much work to be done. But there is also much to be encouraged about. It is time to invest in our own success and create opportunity for Alaskans. We can grow our economy by bringing more visitors to fuel our own Alaska businesses. In short, we should make Alaska a more affordable destination and send a message that we welcome travelers. I urge you to address the situation as quickly as possible.

KETCHIKAN GATEWAY BOROUGH

RESOLUTION NUMBER 2228

A RESOLUTION OF THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH ENCOURAGING GREATER TOURISM MARKETING FOR ALASKA AND SUPPORTING PROVISIONS OF SENATE BILL NO. 311, SENATE BILL NO. 312, AND HOUSE BILL NO. 422 REDUCING THE STATE EXCISE TAX LEVIED ON CRUISE SHIP PASSENGERS

WHEREAS, tourism, particularly cruise ship tourism, has long been a significant segment of the economy of the Ketchikan Gateway Borough; and

WHEREAS, on February 7, 2005, the Ketchikan Gateway Borough Assembly adopted Resolution No. 1864 opposing House Bill No. 2 and House Bill No. 24 before the Twenty-Fourth Alaska State Legislature, which proposed to levy State excise taxes, respectively, of \$50 and \$75 per passenger on certain commercial passenger vessels operating in Alaska; and

WHEREAS, on August 22, 2006, voters in the Ketchikan Gateway Borough voted 2,073 (58.1%) to 1,494 (41.9%) against a State initiative to levy a State excise tax of \$46 per passenger on certain commercial passenger vessels operating in Alaska, although voters statewide approved the initiative by a vote of 81,963 (52.1%) to 75,432 (47.9%); and

WHEREAS, the City of Ketchikan and the City and Borough of Juneau levy local taxes or fees amounting to, respectively, \$7 and \$8 per passenger on certain commercial passenger vessels, which raises the overall taxes or fees to \$61 per passenger visiting Ketchikan and Juneau; and

WHEREAS, on June 1, 2009, the Ketchikan Gateway Borough Assembly adopted Resolution No. 2161 urging the Alaska State Legislature to reduce the State excise tax on certain commercial passenger vessels operating in Alaska; and

WHEREAS, the State of Alaska shares a portion of its excise tax on cruise ship passengers with local governments in the first five ports of call that do not levy their own tax on cruise ship passengers which, in the case of the Ketchikan Gateway Borough, amounts to \$2.50 per passenger in shared excise taxes; and

WHEREAS, after decades of steady growth in cruise ship passenger visits, Alaska is

facing an estimated loss of 140,000 passengers during the 2010 cruise season, resulting in a projected \$165 million reduction in spending by tourists, \$72 million in lost payroll, and significant fiscal impacts on local governments (including as much as \$350,000 in lost excise taxes shared with the Ketchikan Gateway Borough and \$556,500 in lost Borough sales tax revenues); and

WHEREAS, on March 25, 2010, Alaska Governor Sean Parnell stated that "Alaska's tourism head tax structure must be modified to grow our Alaska businesses," and that efforts are required "to make Alaska a more affordable destination for travelers and create jobs for Alaskans;" and

WHEREAS, on March 25, 2010, Governor Parnell submitted legislation (Senate Bill No. 311 and House Bill No. 422), in part, reducing the cruise ship passenger excise tax to \$34.50 per passenger, with credits up to 50% of that amount for cruise ship passenger head taxes levied by municipalities that imposed such taxes as of December 17, 2007 (thus reducing the effective State tax to \$19.50 per passenger visiting Ketchikan and Juneau); and

WHEREAS, Senate Bill No. 311 and House Bill No. 422 maintain existing provisions in law for sharing the excise tax proceeds with local governments (thus, the Ketchikan Gateway Borough would not suffer a reduction in funding even though State revenues would decline by an estimated \$22 million annually); and

WHEREAS, in September 2009, the Alaska Cruise Association filed a complaint with the United States District Court in Alaska seeking relief from the \$46 State excise tax imposed on the passengers of its member cruise lines; and

WHEREAS, Governor Parnell has been quoted as expressing the hope that enactment of Senate Bill No. 311 or House Bill No. 422 will help settle a lawsuit with the Alaska Cruise Association, and John Binkley, Cruise Association President, was quoted as saying that discussions are under way with State Attorney General Dan Sullivan on a possible "stipulation" to end the pending federal lawsuit; and

WHEREAS, Senate Bill No. 311 and House Bill No. 422 also include a measure intended to stimulate the economy in Alaska by establishing corporate income tax credits to boost tourism marketing (provisions that are somewhat similar to legislation introduced last year as House Bill No. 167 and Senate Bill No. 138 [now Committee Substitute for Senate Bill No. 138]); and

WHEREAS, House Bill No. 167 before the Twenty-Sixth Alaska State Legislature,

which was sponsored by sixteen members of the House of Representatives to provide corporate income tax credits for contributions by a person owning or operating a commercial passenger vessel to a qualified trade association, is languishing in that it has not moved from the House Finance Committee since it was referred to that committee on April 8, 2009; and

WHEREAS, Committee Substitute for Senate Bill No. 138 before the Twenty-Sixth Alaska State Legislature, which is similar to House Bill No. 167 and was sponsored by seventeen members of the Senate, is also languishing in that it has not moved from the Senate Finance Committee since it was referred to that committee on March 20, 2009; and

WHEREAS, a number of legislators have expressed concerns regarding the corporate income tax credits for tourism in Senate Bill No. 311 and House Bill No. 422 (the bills submitted by the Governor on March 25, 2010); and

WHEREAS, on March 30, 2010, the Senate Finance Committee introduced legislation (Senate Bill No. 312), substantially similar to those provisions in Senate Bill No. 311 that reduce the cruise ship passenger excise tax to \$34.50 per passenger, with credits up to 50% of that amount for cruise ship passenger head taxes levied by municipalities that imposed such taxes as of December 17, 2007, (thus reducing the effective State tax to \$19.50 per passenger visiting Ketchikan and Juneau); and

WHEREAS, time is of the essence in that the Second Regular Session of the Twenty-Sixth Alaska State Legislature is scheduled to adjourn on April 18, 2010,

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE FACTS, BE IT RESOLVED BY THE ASSEMBLY OF THE KETCHIKAN GATEWAY BOROUGH as follows:

Section 1. The Ketchikan Gateway Borough Assembly hereby expresses its strong support for the provisions of Senate Bill No. 311, Senate Bill No. 312, and House Bill No. 422 that reduce the cruise ship passenger tax to \$34.50 with credits up to 50% of that amount for cruise ship passenger head taxes levied by municipalities that imposed such taxes as of December 17, 2007 (thus, in effect, reducing the State tax to \$19.50 per passenger visiting Ketchikan and Juneau), with no adverse fiscal impact on the Borough.

Section 2. The Ketchikan Gateway Borough Assembly hereby expresses its strong support for tourism marketing, but recognizes that there appears to be substantial opposition on the part of legislators to the provisions in Senate Bill No. 311 and House Bill No. 422 that would accomplish that end through corporate income tax credits. Thus, the

Assembly urges the Governor and Legislature to resolve any differences so that the reduction in the cruise ship passenger tax may be implemented in 2010 and, if possible, funding is provided for tourism marketing.

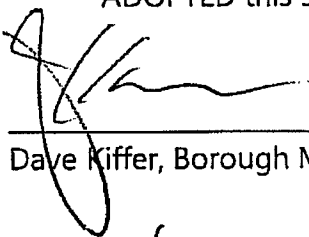
Section 3. A copy of this resolution shall be provided to:

- The Honorable Sean Parnell, Governor;
- The Honorable Bert Stedman, Co-Chair of the Senate Finance Committee and State Senator for Senate District A;
- The Honorable Kyle Johansen, House Majority Leader and State Representative for House District 1;
- The Honorable Mike Hawker, Co-Chair, Alaska State House Finance Committee; and
- The Honorable Bill Stoltze, Co-Chair, Alaska State House Finance Committee.

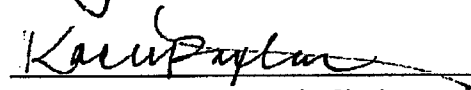
Section 4. Given pending scheduled adjournment of the Second Regular Session of the Twenty-Sixth Alaska State Legislature on April 18, 2010, the Governor and Legislature are urged to deal with this matter in a timely manner.

Section 5. This resolution is effective upon adoption.

ADOPTED this 5th day of April, 2010.

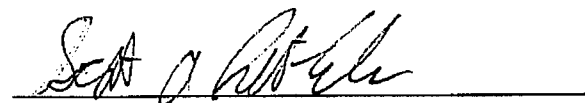


Dave Kiffer, Borough Mayor



Kacie Paxton, Borough Clerk

APPROVED AS TO FORM:



Scott A. Brandt-Erichsen, Borough Attorney

EFFECTIVE DATE:		APRIL 5, 2010		
ROLL CALL	YES	NO	ABSENT	
Harrington	✓			
Moran	✓			
Painter	✓			
Phillips	✓			
Salazar	✓			
Shoemaker	✓			
Thompson	✓			
Mayor (tie votes only)				
4 AFFIRMATIVE VOTES REQUIRED FOR PASSAGE				



Email: tour@gguiding.com
Website: StepIntoAlaska.com

Phone : 907.586.2666
FAX: 907.586.3990

1330 Eastaugh Way, #2
Juneau, Alaska 99801

Date: March 30th, 2010

Attention: The Governor of the State of Alaska,

I wanted to write to thank you Governor Parnell for being the kind of leader that listens and seeks to solve our State's problems through the 'art of compromise'. The need for the state to show its support for the travel industry has been a long time coming and I can't tell you how good it felt to learn that you were traveling to Miami on our behalf, and introducing legislation to mitigate the effect of an arbitrary \$46 head tax. Thank you again.

I hope you will continue to support this process as it heads into the legislature. Some may be tempted or otherwise believe that we should try to do away with the head tax in its entirety. But history has recently shown us that the stalled negotiation during the Knowles administration and the industry's failure to recognize their responsibility in Alaska, has subsequently led to the ballot initiative and this pickle we are currently in. Others are steadfast in their support of the tax because they believe the industry should be penalized and deterred. But in doing so these people are hurting the people in Alaska who depend on this industry to provide for their family and well being.

The way forward lay in the middle. I just received an inquiry today from a woman interested in booking our Photo Safari tour. She asked some questions about the tour then stated how excited she was about coming (with her family) to see our beautiful state. Her comment that stuck with me was this, "We are not as thrilled about taking the cruise, but are really looking forward to seeing the state. The cruise just gets us there." This illustrates the symbiotic relationship we have with the cruise industry: A balance between the destination and the transportation. "Making the State open for business", is important, but should also include the creation of responsible environmental policy and the workings of sound fiscal policy.

Thank you again for your leadership and for your support of a sustainable tourism industry in Alaska.

Warm regards,


Jeremy Gieser

Director of Tours and Marketing
Gastineau Guiding Company
1330 Eastaugh Way, Suite 2
Juneau, AK 99801
Jeremv@gguiding.com
www.StepIntoAlaska.com



March 30, 2010

Dear Governor Parnell,

Thank you for your support of Tourism Bill HB 422 & SB 311

The decline in visitors is hurting our businesses and our local communities. Decreased visitor spending is also causing a significant reduction in local revenue. To bring in more visitors, it is imperative the State address **two** issues. We must reduce the cost of operations in Alaska for the cruise industry and we must increase the State's marketing effort. We must take action now to turn around this decline, get our jobs back and rebuild our economy.

Other destinations are becoming more aggressive to attract visitors. We do not have the funds to compete with these destinations causing a loss of market share. Increased marketing will drive demand for more ships and bring in more air, marine highway, and road visitors.

You have proposed a comprehensive approach to address the visitor decline and strengthen our communities, which will give our businesses a chance to survive. Your plan includes making Alaska more competitive and attracting more visitors through increased marketing.

Your plan is our best chance of turning things around.

I appreciate your support for Tourism Bill HB 422 & SB 311.

Sincerely,
Theresa Walden
Gastineau Guiding Company
Manager, Mt. Roberts Nature Center
1330 Eastaugh Way, #2
Juneau, AK 99801

(907) 586-2666



THE GREATER SITKA
chamber
OF COMMERCE

329 Harbor Drive, Suite 212
Mail: P.O. Box 638 • Sitka, Alaska 99835
(907) 747-8604 • Fax (907) 747-7413

Governor Sean Parnell
Alaska State Capitol Building
P.O. Box 110001
Juneau, AK 99811-0001
Fax: 907-465-3532

April 1, 2010

Re: HB 422 and SB 311

Dear Governor Parnell,

On behalf of the Greater Sitka Chamber of Commerce board of directors, I am writing in support of your proposal to help increase tourism in Alaska through the Tourism Marketing Tax Credit.

As you are aware, Sitka is losing 40% of the cruise ship passenger numbers that we had last year. Together with the decline we experienced in 2009, the number of cruise ship passengers that we will see this year will barely be enough to sustain our existing businesses.

At least two of our better retail business owners have each been forced to shut down one of their stores in Sitka, and are establishing shops in other Southeast communities that still have adequate cruise traffic. This is not only difficult for these families - it represents a significant loss of jobs and revenue to our community.

Sitka is an attractive destination for independent travelers, and we are working hard to increase the number of visitors who come by plane or ferry to spend quality time in our town. At the same time, we recognize that two thirds of the people who return to Alaska came here first on a large cruise ship. With the low numbers of visitors in that category, we lose the ability to 'sell' them, while they're here, on the idea of returning for longer stays.

Sitka cannot solve these problems alone. We need the help and cooperation of the State of Alaska. Those of us in Sitka very much appreciated your trip to the Sea Trade convention in Florida and your willingness to talk with the cruise lines about an adjustment in the Cruise Ship Passenger Head Tax. A reduction in those fees would go a long way towards helping to attract the larger cruise lines back to Alaska and to Sitka.

The Tourism Marketing Tax Credit can have a significant impact on Alaska's ability to reach potential visitors all over the world. We need to show travelers that we are indeed open for business. Thank you for your efforts on behalf of Alaska's business owners and residents.

Sincerely,

Sheila Finkenbinder, Executive Director



March 30, 2010

The Honorable Sean Parnell
Office of the Governor
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Parnell,

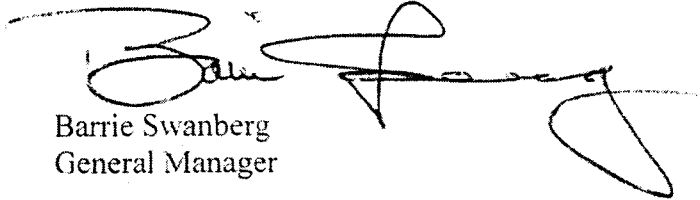
I would like to personally thank you for your strong support of the tourism industry in our state. Last year was really tough on the small business community and with the loss of over 140,000 cruise ship passengers this season; it looks like more dark days are ahead.

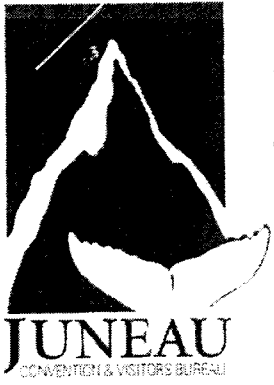
The decline in visitor spending is causing drastic layoffs all across Alaska not to mention the loss of community revenue in the form of bed taxes, sale taxes and other fees. Your plan in HB-422 and SB-311 will go a long way to stabilizing the business climate in Alaska and finally provide the needed funding for the State's marketing effort.

Some businesses will not survive this economic downturn and I pray that our company is not on that list. I truly feel there is reason for hope when the Governor of the State personally takes the fight to the cruise ship executives and then backs up his words with legislation. I want you to know that I'm totally behind your actions and deeply appreciate your commitment in helping solve this problem. Thank you again for all you have done and for your continued support.

Sincerely,

PHILLIPS CRUISES & TOURS, LLC


Barrie Swanberg
General Manager



March 31, 2010

The Honorable Sean Parnell
Governor, State of Alaska
Alaska State Capitol
P.O. Box 110001
Juneau, AK 99811-0001

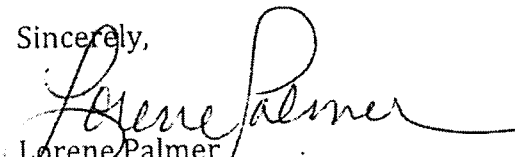
Dear Governor Parnell:

The board of directors of the Juneau Convention & Visitors Bureau and I would like to thank you for taking a pro-active stance on behalf of Alaska's tourism industry. We appreciate that you attended the Seatrade Cruise Shipping Miami event on behalf of Alaska and met with cruise industry leaders. We also appreciate your efforts to address the impacts of the head tax with a reduction in the passenger fee and supporting the corporate tax credit. Regardless if the head tax or the recession or a combination of both are the reason for declining cruise traffic, the end result is the same - the ships are leaving our state.

It will become increasingly clear this summer how vital the tourism industry is to our communities and that the economic benefits of the industry go far beyond the port cities. The loss of jobs and tax revenues in 2010 is going to be significant, but we are hopeful that changes to the 2006 tax initiative and an improving economy will turn things around in 2011.

The Juneau Convention & Visitors Bureau is encouraged by and grateful for your interest, support and leadership to find solutions to the issues facing the visitor industry and taking steps to improve Alaska's economy.

Sincerely,



Lorene Palmer
President/CEO

JCVB Board of Directors:

Jeffra Clough, Eaglecrest Ski Area
Bob Janes, Gastineau Guiding Company
Nancy Woizeschke, Alaskan Brewing Company
Jill Ramiel, Silverbow Inn
Christa Hagan, Holland America/Princess Tours - Alaska
Holly Johnson, Wings Airways
Rick Kasnick, The Island Pub
Richard Burns, Alaska Broadcast Communications, Inc.
Steve Hamilton, Westmark Baranof
Craig Jennison, NorthStar Trekking
Lynda Foreman, Juneau Travelodge

VISITOR INFORMATION

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Juneau, Alaska 99801
888-581-2201
(907) 586-2201
Fax (907) 586-6304

ADMINISTRATIVE OFFICES

One Sealaska Plaza, Suite 305
Juneau, Alaska 99801
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Fax (907) 586-1449
e-mail: info@traveljuneau.com
www.traveljuneau.com

cc: Ms. Susan Bell, Special Staff Assistant



HOTEL
Halsingland
"NATIONAL REGISTER OF HISTORICAL SITES"

April 2, 2010

Governor Sean Parnell
State of Alaska

Dear Mr. Parnell,

I wish to take this opportunity to voice my support for Tourism Bills HB 422 and SB 311.

I have been in the hospitality industry in Alaska since 1994 and during that time have witnessed both good times and bad. I was very disappointed to see the state eliminate the marketing effort and fall to the back of the pack with respect to tourism marketing funding. Many states, as you well know, spend MUCH more than Alaska to attract visitors. Some say that the state markets itself since it is so beautiful, abundant and unique. This is simply not true as evidenced by the decline in tourism visitation growth after the state reduced its funding for marketing. This was during a time of economic growth. Now that times are tough, it is even more important to renew the marketing effort of the State of Alaska.

Tourism is an important industry for the state. The contributions in terms of tax revenues and employment justify investment in tourism marketing. I strongly support increased tourism marketing expenditures by the State of Alaska.

The other issue, which is just as important, is the proposal to realign the head tax. This tax has had a direct impact in Haines, reducing cruise ship visitation. This segment of the tourism industry in Haines is crucial to its survival and prosperity and this effort (to reduce the tax) will have a positive effect on the community.

In summary, let me applaud your efforts to breathe a bit of life in to this long-neglected segment of the Alaska economy. I am happy to see that you are interested in helping the tourism industry survive.

Sincerely,

Jeff Butcher
Owner
Hotel Halsingland

POST OFFICE BOX 1649
HAINES, ALASKA 99827

CALL TOLL FREE 800-542-6363

Reservations@HotelHalsingland.com
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FAX (907) 766-2060



The hotel
Captain Cook

939 W. 5TH AVENUE, ANCHORAGE, ALASKA 99501
PHONE (907) 276-6000

SALES/CATERING PHONE (907) 343-2207
FAX (907) 343-2211

RESERVATIONS FAX (907) 343-2288
ACCOUNTING OFFICE FAX (907) 343-2262

April 2, 2010

Governor Sean Parnell
Sean.parnell@alaska.gov

Dear Governor Parnell,

I applaud your effort to address the serious decline in visitor traffic this summer by introducing the Tourism Bills HB 422 and SB 311.

Alaska is facing an economic crisis! With the redeployment of three cruise ships this season, our port communities including South-central Alaska and Fairbanks will experience a decline in passenger visitation that will hurt Alaskan businesses. There will be a reduction in tax receipts; decreased visitor spending and jobs will be lost! We must reduce the cost of operations in Alaska for the cruise industry and we must increase our marketing efforts.

Thanks for your support.

If I can be of any assistance in helping the passage of your bill this session please call me.

Sincerely,

A handwritten signature in cursive script, appearing to read "Wally".

Walter J. Hickel Jr.
President

From: Ann Reddig [mailto:annreddig@hotmail.com]

Sent: Tuesday, March 30, 2010 1:43 PM

To: Governor Sean Parnell (GOV sponsored)

Subject: Other

Title: Ms.

FIRSTNAME & LASTNAME: Ann Reddig

MAILING ADDRESS: po BOX 100421

CITY: anchorage

STATE: alaska

ZIP: 99510

TELEPHONE: (907) 222-7658

EMAIL: annreddig@hotmail.com

Topic: Other

YOUR COMMENTS:

March 30, 2010

State of Alaska

Juneau, AK

I wish to offer my support for your proposal addressing the issue of the decline of visitor tourism. I was opposed to Measure 2 when it was on our ballot. We have witnessed the cruise line reduction of business in Alaska. Your plan would make us more competitive and help turn things back to the right direction.

Tourism is extremely important to Alaska. Marketing is a key to tourism. Making our location attractive to the cruise lines is very important.

Push this agenda through!

Sincerely,

Ann Reddig

Secretary/Treasurer

IATSE Local 918

From: Karen Hess [mailto:riveradventures@aptalaska.net]

Sent: Tuesday, March 30, 2010 4:13 PM

To: Governor Sean Parnell (GOV sponsored)

Subject: Other

Title: Mrs.

FIRSTNAME & LASTNAME: Karen Hess

MAILING ADDRESS: P.O. Box 556

CITY: Haines

STATE: Ak

ZIP: 99827

TELEPHONE: 907-766-2050

EMAIL: riveradventures@aptalaska.net

Topic: Other

YOUR COMMENTS: Dear Governor Parnell,

I would like to thank you for introducing a bill to help the tourism industry by reducing the head tax. Although the economy of Alaska reaches far and wide, from Oil to Tourism, we are but one heart beat. Without every aspect of the economy, when it rings in the cash register, it is one more heart beat for Alaska. I appreciate your efforts of traveling to Florida and meeting with the cruise lines and SeaTrade. I urge you to stay strong and keep the faith, even though you may get opposition from special interest groups. Remember, those groups are people whose agenda is simply to get rid of the cruise industry altogether. My husband and I were with the group from Alaska ACT that met with you in January. As my husband said to you at that time, "Our little town of Haines is depending on you". So, thank you for your time that you have taken to meet with the cruise lines and we do appreciate your interest. If you can get the bill through, we will do what we do best, show them the real Alaska.

The last thing we want to hear is "Alaska is no longer open for business".

In addition to addressing tax policies, Alaska must increase its marketing. Other destinations are becoming more aggressive to attract visitors. We do not have the funds to compete with these destinations causing a loss of market share. Increased marketing will drive demand for more ships and bring in more air, marine highway, and road visitors.

Sincerely,

Karen M. Hess

From: Gary Sommerfeld [mailto:gsommerfeld@26glaciers.com]

Sent: Friday, March 26, 2010 12:30 PM

To: Governor Sean Parnell (GOV sponsored)

Subject: International Relations & Trade

Title: Mr.

FIRSTNAME & LASTNAME: Gary Sommerfeld

MAILING ADDRESS: Box 110588

CITY: Anchorage

STATE: Alaska

ZIP: 99511

TELEPHONE: 529-9072

EMAIL: gsommerfeld@26glaciers.com

Topic: International Relations & Trade

YOUR COMMENTS: Good job on the bill to reduce Cruise ship taxes. I hope you can get it passed before we lose them completely.

IP: 209.124.141.103

From: Louis Juergens [mailto:info@akwhalewatching.com]
Sent: Friday, March 26, 2010 9:54 AM
To: Governor Sean Parnell (GOV sponsored)
Subject: Economic Development

Title: Mr.
FIRSTNAME & LASTNAME: Louis Juergens
MAILING ADDRESS: P.O. Box 33311
CITY: Juneau
STATE: Alaska
ZIP: 99803
TELEPHONE: 907-209-3233
EMAIL: info@akwhalewatching.com
Topic: Economic Development
YOUR COMMENTS: Govenor Parnell,

I just wanted to applaud the job that you have done in listening to the tourism industry and proposing a middle ground alternative to the head-tax initiative. I run a small family tour business in Juneau. The capacity reduction this year is going to be tough to deal with, but with you at the helm, our future looks much better.

The original inititive was written by people who want to push tourism out of Alaska. Thank you for understanding the big picture and for supporting our industry! If you ever want to go out on a fishing trip or whale watching we'd love to take you out on a complimentary trip.

May God bless you and your family,

Louis Juergens

IP: 24.237.7.163



AEDC
Anchorage Economic
Development Corporation

Voting Members

Anand Vadapalli AEC
Bill O'Leary Alaska Travelers' Consortium
Bob Lacher CH2M HILL
Brian Wenzel Canada Pacific
Bruce Bustamante Phoenix Four
Bruce Lamoureux Providence Alaska Medical Center
Chris Brown AT&T Alaska
Chris Stephens Bond Stephens & Johnson, Inc.
Claire Fitzpatrick BP Exploration Alaska, Inc.
Connie Carter FedEx Express
Dale Pittman ExxonMobil Corporation
David Hamilton Alaska USA Federal Credit Union
Dennis Mitchell Lynden International
Ed Herndon Chugach Alaska Corporation
Greg Kessler Totem Orient Travel Express
Greg Pearce GCI
Jeffrey Davis Premier & Blue Cross Blue Shield of Alaska
Joseph Everhart Wells Fargo Bank N.A.
Lon Wilson The Wilson Agency LLC
Mark Likand Northern Air Cargo
Marka Wellington Continental Airlines
Michael Prozeralik kpb architects
Mike Devlin Evergreen Films, Inc.
Pat Walsh Walsh/Sheppard
Peter Grunwaldt Premier Alaska Tours
Scott Hansen Carpenters Local 1281
Sophie Minich CIRI
Stephanie Holthaus Alaska Airlines
Stewart Osgood DOWL HKM
Suzanne Cherot Birch Horton Bittner & Cherot
Tim Vig USKH, Inc.

Ex-Officio Members – Legislators

Rep. Craig Johnson Alaska State Legislature
Rep. Lindsey Holmes Alaska State Legislature
Sen. Johnny Ellis Alaska State Legislature
Sen. Leslie McGuire Alaska State Legislature

Ex-Officio Members – Municipality

Mayor Dan Sullivan Municipality of Anchorage
Assemb. Bill Starr Municipality of Anchorage
Assemb. Dan Coffey Municipality of Anchorage

Ex-Officio Members –

Appointed by the Board

Brian Nerland KeyBank Alaska
Carol Comeau Anchorage School District
Chris Anderson AIDEA
Elisha Baker University of Alaska Anchorage
George Valakis AWWA
Jim Posey Municipal Light & Power
John Parrott Ted Stevens Anchorage International Airport
Julie Saupe Anchorage Convention & Visitors Bureau
Larry Cosh R/M Architects
Mary K. Hughes Past Chairman of the AEDC Board
Tennys Owens Antique Ltd.
Tony Izzo Anchorage Chamber of Commerce

March 31, 2010

The Honorable Governor Sean Parnell
State of Alaska
State Capital
P.O. Box 110001
Juneau, AK 99811-0001

Re: HB422 & SB311 Passenger Tax; Tourism Tax Credit Legislation

Dear Governor Parnell:

On behalf of the Anchorage Economic Development Corporation (AEDC), we write to offer our support for your efforts to promote increased tourism in Alaska through your proposal to adjust taxation related to the cruise ship industry. Your efforts to create a comprehensive approach to address the visitor decline while rebuilding and strengthening relationships with the cruise industry are important to the future health of the visitor industry in Anchorage and the Southcentral region.

Your proposed legislation, HB422 & SB 311, will strengthen Alaska's competitive position in global tourism and will help to stem the loss of visitors that now totals over 140,000 cruise ship passengers who will not visit the Southcentral region this year. Additionally, your commitment to increased support for marketing of Alaska in the global marketplace will help to put Alaska back on track towards renewed growth in visitor numbers and the resulting growth in economic benefit to our region.

AEDC supports legislation reducing the head tax to \$34.50. AEDC also supports legislation that will allow tourism revenue to be reinvested to marketing Alaska, through a corporate tax credit. HB422 and SB311 accomplish these important needs for the future health of tourism in Alaska and the Southcentral region.

Sincerely,

Lon G. Wilson
Chair, Board of Directors

Bill Popp
President & CEO



Mat-Su Resource Conservation & Development

*"Fostering Responsible Resource Conservation and
Economic Development in the Matanuska-Susitna Borough"*

April 5, 2010

Senator Lyman Hoffman, Co-Chair
Senate Finance Committee

Senator Bert Stedman, Co-Chair
Senate Finance Committee

Dear Senators,

I am writing to support Senate Bill 312, providing for a reduction in the excise tax to \$34.50 for a passenger for each voyage on a commercial passenger vessel. I am the Executive Director of the Mat-Su RC&D, the ARDOR representing the Mat-Su Borough.

While the nearest cruise ship port used with regularity is hundreds of miles away from the Mat-Su Valley, the impact the cruise industry has on this area is noteworthy.

In terms of real "heads-in-beds" analysis, you can quantify the cruise industry's importance in the Valley by looking at the 150,000 cruisers who annually leave the ship and add a land package to their vacations. Many of these visitors come through the Valley and stay at lodges in Talkeetna and Denali State Park. While in the Valley, they spend money on lodging, food and activities such as flight-seeing, fishing and other sightseeing tours. In addition the cruise industry is directly responsible for over 85% of the annual bed tax collected in the Mat-Su Borough.

With ship redeployments and itinerary changes, there will be fewer cruise visitors in 2010 and 2011, which hurts small family run businesses in the present. In the future, it will impact them even more as cruise companies shrink their Alaska marketing budgets.

Sincerely,

Marty Metiva
Executive Director

1700 East Bogard Rd Suite 203A • Wasilla, Alaska 99654 • www.matsurcd.com

Phone: 907-373-1062 ext 108 • Fax: 907-373-1064 • matsurcd@mtaonline.net



Mat-Su Resource Conservation & Development

*"Fostering Responsible Resource Conservation and
Economic Development in the Matanuska-Susitna Borough"*

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Sincerely,

Marty Metiva
Executive Director



ALASKA RAPTOR CENTER

Our mission is to rehabilitate injured bald eagles and other birds of prey, to educate the public and to conduct bald eagle research.

March 30, 2010

Board of Directors

Paula Scott
Board Chairman
Principal, Scott Insurance
Silverdale, WA

Diana Fowler
Vice Chair
Volunteer Bird Handler
Gig Harbor, WA

Roger Hames
Secretary / Treasurer
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Corporation
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John Litten
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Anchorage, AK

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Linda Huston
Director, Southeast Alaska
and Yukon
Holland America &
Gray Line of Alaska
Seattle, WA

Rebecca Branson
Business Manager
Anchorage, AK

Governor Sean Parnell
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Parnell,

I am writing to voice my support of HB 422 and SB 311.

Sitka has already lost many jobs to the reduction in visitor numbers and 2010 will prove to be disastrous to many small businesses. Although many of those jobs may be seasonal in nature, they are important to our economy.

To bring in more visitors, it is imperative the State address **two** issues. We must reduce the cost of operations in Alaska for the cruise industry and we must increase the State's marketing effort.

Alaska needs to have our "open for business" sign back on. The high cost of taxes and other mandates on the cruise industry has made Alaska no longer competitive in the global market. While we have been busy coming up with more expenses, other areas have been courting the cruise lines with lower costs and a welcoming atmosphere.

In addition to addressing tax policies, Alaska **must** increase its marketing. Other destinations are becoming more aggressive to attract visitors. We do not have the funds to compete with these destinations causing a loss of market share. Increased marketing will drive demand for more ships and bring in more air, marine highway, and road visitors.

I wholeheartedly support this legislation. We need to stop bickering over small details and get something started before we lose another visitor season.

Thank you for the support you have shown us.

Regards,

Debbie Reeder
Executive Director

March 30, 2010

The Honorable Governor Sean Parnell
Governor of Alaska
Juneau, AK 99801

Dear Governor Parnell:


The Seward Chamber of Commerce, Conference and Visitors Bureau would like to thank you for your efforts to strengthen Alaska's economy through tourism marketing and partnership with the cruise line industry. We applaud your travel to Miami and your willingness to engage with the cruise industry, and important facet of Seward's economy.

On March 15th, the Seward Chamber Board of Directors approved Resolution 2010-03 urging the Alaska State Legislature to support the passage of the Alaska Tourism Marketing Tax Credit bill (SB 138/HB 167). Since our passage of Resolution 2010-03, we were pleased to see your proposed legislation introduced into both the State Senate and House, legislation which both encourages investment into tourism marketing and sustains jobs by reducing the cost of doing business in Alaska.

It is critical in today's economy that the State take action to help our businesses remain viable and retain those jobs tied directly and indirectly to tourism. Seward is fortunate to have a diversified economy; tourism plays an important role in that balance. Beyond seasonal employment, this impact is year-round: government positions tied to Kenai Fjords National Park; a rail line that supports not only seasonal passenger travel, but year-round coal export and barge activities; cruise ship-capable berths and terminal facilities that support cargo dockings, AMHS maintenance, and visits by military vessels; and purchase of locally-processed commercial fish.

We fully support your respective bills, SB311 and HB422, which, in addition to implementing a tourism tax credit, goes a step further by reducing the fees associated with cruise visitors traveling to our great state. Thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in cursive script that reads "Laura S. Cloward". The signature is written in dark ink and is positioned below the word "Sincerely,".

Laura Cloward, Executive Director
Seward Chamber of Commerce

cc: Alaska State Legislature

From: Frank Flavin [flavin@alaska.net]
Sent: Tuesday, March 30, 2010 12:05 PM
To: sean.parnell@alaska.gov
Subject: Tourism Bill HB 422 & SB 311-Frank Flavin Photographer

Dear Governor Parnell,

Our sincere thanks to you for visiting with the cruise industry in Florida.
 One on one communication is no doubt the best way to understand everyones point of view.

Additionally we thank for your proposal to change legislation to:

Reduce the \$46.00 head tax to \$34.50
 Provide credit for local head taxes.
 Require the state to review tax rates every three years to help ensure funds are aligned with infrastructure needs.
 Allow tourism revenue be reinvested to marketing Alaska, through a corporate tax credit.
 Adequately fund the State's travel marketing program.
 Provide for a stable marketing funding model.
 Making Alaska more competitive.
 Resolve legal challenges.

Competition and add on taxes is a large factor.
 Here are some current competition budgets:

Hawaii	2010 Budget	71.4 Million	
Alberta, Canada	2010 Budget	71 Million	
British Columbia	2010 Budget	50 Million	
Mexico	2006 Budget	150 Million	Unable to find 2010 Budget-Tight Lipped.

Alaska's budget of 11.7 Million is not much of a comparison or a competitor.

My family has been involved with tourism in Alaska for over 25 years and since the Cruise Tax of 2006 our business, our bread & butter, has declined due to increased marketing from other tour destinations and withdrawal of marketing dollars by existing companies who must move there operations to less restrictive and more profitable locations.

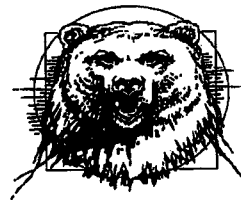
We sincerely hope that the legislators will listen to your proposals to HB 422 & SB 311.

Thank you for trying to make Alaska the best it can be for all Alaskans.

Sincerely,

Frank P. Flavin
 Alaskan resident since 1968

Frank Flavin, Photographer
 Flavin Photography
 907.561.1606
flavin@alaska.net
flavinphotography.com



ORSO

Brews Brothers, LLC
737 West 5th Ave.
Anchorage, AK 99501
Phone (907) 792-3761 Fax (907) 792-3740

March 29, 2010

Governor Sean Parnell
P.O. Box 110001
Juneau, AK 99811-0001

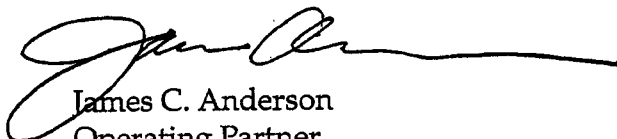
Sean,

Thank you for your leadership in the recent meetings with the cruise industry in Miami.

As one of the owners of the Glacier BrewHouse and ORSO in Anchorage we clearly see how the cruise industry is essential in the growth of the visitor industry in Alaska. At the Glacier BrewHouse and ORSO we currently employ approximately 230 full and part time employees. With the loss of the cruise ships in 2010 we will experience a substantial decline in our revenues which will also potentially impact our employees. Your administration's efforts to reverse this trend are extremely helpful in promoting a strong business community in Anchorage as well as Alaska.

Thank you for your efforts and please let me know if there is anything I can personally do to help your endeavors in supporting a clean, safe and environmentally sound growing cruise industry.

Sincerely,



James C. Anderson
Operating Partner



1016 W. Sixth Avenue, Suite 303

Anchorage, AK 99501

March 29, 2009

Gov. Sean Parnell
State of Alaska
Governor's Office
550 W 7th Ave., Ste. 1700
Anchorage, AK 99501

Dear Gov. Parnell:

On behalf of the Anchorage Chamber of Commerce, we would like to thank you for your efforts to create a comprehensive approach to address the visitor decline while strengthening relationships with the cruise industry. Your plan not only makes Alaska more competitive, but attracts more visitors through increased marketing – it provides our best chance of turning things around for the visitor industry, Alaska business owners, and the economic climate of the state as a whole.

Specifically, we are pleased to support:

- A reduction in head tax to \$34.50
- Allow tourism revenue to be reinvested to marketing Alaska, through a corporate tax credit

Tourism is a very important economic engine not only for Anchorage, but for all of our members within Southcentral Alaska. Your support is appreciated and needed.

Please feel free to call on us if we can be of further assistance in finding support for your proposal.

Sincerely,

Tony Izzo, 2009-10 chair
Anchorage Chamber of Commerce

Sami Glascott, MPA, president
Anchorage Chamber of Commerce



March 29, 2010

Gov. Sean Parnell
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Dear Gov. Parnell,

I am the owner of MSI Communications, a full service advertising agency serving clients in the oil and gas, mining, transportation and tourism industries. I am very concerned about the livelihood of the cruise industry as tourism represents one third of my annual revenues and helps me sustain fulltime employment for my 22 employees.

2009 was a very difficult year for our firm and I am not much more optimistic about 2010. I laid off three full time professional staff due to slow economic conditions and complete uncertainty as a small business owner that we would be able to weather the storm. Every one of our tourism clients made dramatic cuts to their advertising budgets and our annual media purchasing was cut in half. Additional cuts were made as natural attrition occurred and we were forced to absorb the workload.

Critics of the cruise industry say that tourism jobs are seasonal and low paying. These jobs are important to our economy. In fact, more than twenty five years ago, I had one of those low paying jobs as the concierge at the local Holiday Inn. Today, I proudly serve many tourism clients and I own one of the busiest ad agencies in town.

For me, it's clear. When the cruise industry loses passengers, we all lose revenue, jobs, and livelihood. It's time to let the cruise industry know we are OPEN FOR BUSINESS and create an environment that encourages growth and sustainable development for all Alaska businesses.

I thank you for taking a stand on the needless \$50 head tax and encourage you to continue efforts to revive the economic health of the tourism industry.

Regards,

{Signature on file}

Laurie Fagnani
President / Owner
MSI Communications