

# HB 252

## House Labor & Commerce



Feb 12, 2016

# Alaska ACT



***Alaska Alliance for Cruise Travel is an Alaskan statewide, non-profit, membership-funded organization made up of businesses and individuals.***

***Through AlaskaACT, our members work together to promote accurate information and support responsible development and growth of Alaska tourism and the cruise industry.***



**[www.alaskaact.com](http://www.alaskaact.com)**



## Help Alaska lure cruise ships

As a member of the Alaska tourism industry and the solely depend on cruise visitors, where in today's economic climate they can profit. Alaska tourism businesses can't!



**KETCHIKAN DAILY NEWS**  
A DIVISION OF PIONEER PRINTING CO., INC.  
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## Alaska ACT group: Change '06 tax

March 4, 2010  
By SCOTT BOWLEN  
Daily News Staff Writer

A ballot initiative passed by Alaska voters in 2006 has created an "overreaching burden" of taxes and environmental regulations that prompted the cruise industry to cut the number of ships and visitors it brings to the state, according to a representative of a new association that wants Alaska's Legislature to step in and change the initiative rules.



Rick Erickson

Effects of the ballot measure are being "felt in all aspects of the tourism industry," Alaska, said Rick Erickson of the Alaska Alliance for Cruise Travel. Erickson told the Greater Ketchikan Chamber of Commerce luncheon audience Wednesday that the ultimate goal of the grassroots group formed in December is to restore tourism as a sustainable industry, with the potential for growth.

His presentation detailed declines in the number of cruise passengers and related jobs, payroll and total spending from the industry's peak year of 2007 to what's predicted for the upcoming 2010 season.

He placed blame for cruise-line decisions to pull ships from the Alaska market squarely on the ballot initiative, and said he believes the initiative sponsors intended to have the industry leave the state.

To date, however, the Legislature hasn't shown an active interest in changing the initiative's rules. Legislators haven't wanted to touch the issue because Alaska voters approved the ballot initiative, according to Erickson.

"Trying to find anybody to introduce a bill that would change anything in that (has been difficult) because the people that elected them voted this in," he said.

Alaska ACT is trying to change that by building support among Alaskans who view the ballot initiative as having intended and unintended consequences that hurt the cruise industry, the largest tourism industry

There are representatives from several other tourism-related entities in the state, including Alaska Airlines.

Erickson stressed that the association is "not affiliated in any way with the cruise lines."

"We're just Alaska businesses and individuals out here trying to promote tourism, not only in the cruise industry, but in independent travel as well," he said.

Cruise lines have moved four ships out of Alaska to other destinations for the 2010 season.

Erickson said the number of cruise passengers visiting Alaska is expected to decline from the peak of 1,015 million passengers in 2007 to about 873,000 in 2010, a decline of about 142,000 people.

The result will be losses of about 1,800 cruise-related jobs (from 14,500 in 2007 to about 12,700 in 2010); \$72 million in cruise-related payroll (from \$565 million to \$493 million); and about \$165 million in total cruise spending (\$1.35 billion to \$1.19 billion).

"We're losing jobs, we're losing people," Erickson said. "Our company is alone in Ketchikan, we're hiring five less people here in Ketchikan."

In addition, the company is hiring eight fewer people in Juneau, and five fewer people in Sitka, he said.

"These are real Alaskans," Erickson said. "They are real Alaskans who come back to our communities, who earn money in our communities, who earn money in our communities, and it affects Alaska business overall in general."

Ketchikan also is expected to see about \$951,000 less in cruise-related sales tax revenue this year than it did in 2008, according to Erickson.

He flatly stated that the economic recession was not a factor in the cruise line decision to move ships. "I can tell you what. It wasn't the recession that's driving these guys away," Erickson said. "These guys have movable assets - they can pack up and leave."

"They're in business to make money," he continued. "And when they go to their shareholders and say, 'Yeah, we can make more in the Caribbean than we can in Alaska,' then the decision is made."

Ocean Ranger environmental observer program aboard the ships), the initiative imposed a 33-percent gambling tax and a 9-percent corporate tax, according to Erickson.

Then there are the restrictions on wastewater discharges for specific elements, rules that set "unachievable" standards that are higher than those required for Alaska municipalities, he said.

Alaska ACT supports equitable environmental laws for the cruise industry, which he said is probably one of the cleaner industries that Alaska has ever had.

"I think we're at the situation point at it relates to taxing and regulating any industry, whether it's mining, whether it's tourism, whether it's logging or whatever it may be," he said. "Look what we've done. We've run them out. And we're on the process of running the cruise industry out."

And he believes that was the intent of the 2006 initiative sponsors.

"I think the sponsors of that initiative actually intended to have the ships go away," he said. "That was their sole purpose, to drive the cruise lines out of the state of Alaska."

The cruise industry has responded to the 2006 initiative in two ways. One is a lawsuit filed by the Alaska Cruise Association in September that challenges the legality of \$46 of the passenger tax.

Erickson said the industry is not going to get the money back, but is seeking "fair and equitable resolution" to the issue.

"Because they know, more than anybody, that they're going to pay their fair share," he said.

The current passenger tax isn't equitable because it's charged only to the passengers of large cruise ships, rather than on all visitors to the state, according to Erickson, who doesn't support this type of tax in general.

"Personally, there shouldn't be a tax - and I think a lot of people in this room would agree with that - on any part of the cruise industry and or travel industry," he said.

The cruise industry also is seeking legislation to change other aspects

He said new ships from Disney Cruise Lines, Crystal Cruises, and a yet-to-be announced company will keep cruise numbers level for 2011.

But it's not clear what's going to happen for 2012 yet, although Crystal Cruises won't be back that year, said Erickson.

"So we need to get to the Legislature," he said. "We need to get some decisions made and we need to do something about this to turn the tide."

Alaska ACT, which now has about 600 members, is looking to add more in hopes of pressing the issue with the Legislature and raising the profile of the situation with Alaska residents, according to Erickson. He said the group wants to "count on anything" said by initiative sponsors, citing unspecified instances where sponsors have "come out with stuff that, quite frankly, isn't true."

"We want to get out the facts," he said. "That's all we want to do. We want to share the facts with communities throughout Southeast, up north."

Contacted by the Daily News on Wednesday afternoon, Chip Thoma, who's president of Responsible Cruising in Alaska and who worked on the 2006 campaign in support of the ballot initiative, said sponsors had no intention of trying to push the cruise industry out of Alaska.

"We just thought it was time that Alaskans had some control over the industry," Thoma said. "And our main (focus) was to make sure that there was a steady flow of - tax money coming in, and also cleaning up their environmental record."

He said there was no talk among sponsors or anyone else involved with the campaign about trying to get rid of the industry.

"So that's not true, that our goal was to drive the industry out of the state," he said.

Regarding the reason for cruise lines to move ships out of the state, Thoma said that everything he's read about the cruise industry during the past year indicates that cruise ship tourism is one business area that has suffered the least during the worldwide recession.

"The cruise industry is the only

## Ballot initiative process bad for Alaska

March 3, 2009  
By DAN FAGAN

Our founding fathers were wise enough to understand that a better way to govern than by rule. Unfortunately

pushing for more regulation that leads to more paid positions for their members.

The last cruise ship initiative passed in Alaska was designed with one main purpose in mind, punish the cruise ship industry.

of thousands of dollars per ship.

Ron Peck with the Alaska Travel Industry Association says "There's not a city in the state of Alaska that meets those requirement now. I just think we need to be fair and equitable for all. We should allow DEC, Department of Environmental Conservation,

laws passed by majority rule. The aerial wolf hunting initiative and the ballot measure creating the bottomless money pit that is ANGDA are two more prime examples.

It turns out our founding fathers knew exactly what they were doing by creating a constitution

## Juneau Empire.com

## Alaska to be represented at cruise industry trade show

New group raises \$25,000 among members to reserve booth at Miami event

February 17, 2010  
By KIM MARQUIS

The newly formed Alaska Alliance for Cruise Travel has raised \$25,000 among its members for a booth at the cruise industry's largest trade show in Miami next month.

The group, made up of tourism businesses, has gained quick membership in its quest to support tourism in Alaska, said steering committee member Holly Johnson.

One of Alaska ACT's main objectives is to encourage state lawmakers to rethink the 2006 cruise ship ballot initiative that posed a \$50 head tax on cruise passengers, among other new rules.

The group recently met with Gov. Sean Parnell to ask him to initiate a review of the voter-approved measure but came away with no commitment, Johnson said.

They hope for another meeting but in the meantime, the cruise industry trade show meets a broader goal, Johnson said.

Johnson is president of a Juneau-based tour operator.

"We're being bypassed by small communities and countries from around the world that are also having tough economic times, so they are going out to get business," Johnson said of the reason to represent Alaska at the trade show. "There's other people

that want our business. Everyone's there."

She said the state has not been represented at the trade show for many years.

Members will pay their own way to Miami, while Southeast municipalities, such as the city of Ketchikan, private individuals and tour operators donated funds to pay for the booth space.

The event, called Seatrade Cruise Shipping Miami, is billed as the place for industry professionals to meet to source new products and services. It takes place March 15-18. More than half of the information presented is by cruise destinations, according to the host.

Alaska ACT formed last fall, after a round of economic summits held in Juneau and other parts of the state focused on the impacts of announced reductions in port visits by cruise lines.

Johnson described members as "mom and pop" businesses dependent on tourism.

Alaska ACT has 600 members, which the organization counts by the number of individuals who fill out a membership form on its Web site.

# Alaska ACT

## Why we got involved

### **We were concerned about the future**

- After years of significant growth, we saw a significant portion of our customer base disappear.
- We saw a direct connection between our tax and regulatory policies and the survival of our businesses and the health of our communities.
- We saw thousands of Alaskans who depend on the visitor industry lose their jobs.
- We recognized that we could not expect things to improve without being willing to work hard to change our course.





# Changes that passed

- Tax is reduced from \$46 to \$34.50.
- Additional offset for head taxes paid locally.
- Funds are to be used for facilities and services for passengers and ships.
- Tax rate will be reviewed every three years.
- All ports of call, within the first seven, will receive \$5 per passenger.



# Impacts of 2010 Agreement & Legislation

- Reduced tax rate made Alaska a more attractive place to operate.
- Cruise lines honored their agreement, withdrew lawsuit and brought more ship back to Alaska.
- Most important, agreement brought Alaska jobs back.



# HB 252 Issues

- Industry has lived with agreement, state should as well
- Cruise ship taxes are restricted, not general funds
- HB 252 proposes to increase tax on industry without any plan on how to use funds legally
- If found to be unconstitutional, entire tax could be in jeopardy.
- Local communities would be harmed, not just State if bill passes



