

ALASKA STATE LEGISLATURE

SESSION

State Capitol, Rm 504
Juneau, Alaska 99801-1182
(907) 465-4968 Phone
senator.mia.costello@akleg.gov



INTERIM

1500 W. Benson Boulevard
Anchorage, Alaska 99501
Phone (907) 269-0117

SENATOR MIA COSTELLO SENATE DISTRICT K

Jewel Lake, Kincaid, Turnagain, Lake Hood, Sand Lake, Spenard, Dimond, Campbell Lake

Sectional Analysis CS Senate Bill 110 (L&C)

“An Act establishing the Travel Alaska Board; relating to a tourism marketing assessment; and establishing a tourism marketing fund.”

Section 1:

Provides for an exception to vehicle rental tax collection, as outlined in Section 2.

Section 2:

Allows for entities subject to the vehicle rental tax (imposed by AS 43.52.010 – AS 43.52.099) to request all or a portion of the tax revenue they remit to the Department of Revenue be deposited into the Alaska tourism marketing fund established in Section 5.

Section 3:

Clarifies that vehicle rental tax revenues will be deposited into the general fund, with the Department separately accounting for proceeds requested to be appropriated to the Alaska tourism marketing fund.

Section 4:

Allows for all vehicle rental tax proceeds requested for appropriation to the Alaska tourism marketing fund, as outlined in Section 2, to be appropriated to the Alaska tourism marketing fund.

Section 5:

Creates the Travel Alaska Board and mechanism for an Alaska tourism marketing assessment within the Department of Revenue.

Sec. 44.25.200 (Page 2)

Establishes the Travel Alaska Board in the Department of Revenue.

Sec. 44.25.205 (Page 2-3)

Creates a board structure of 21, 23, or 25 voting members appointed by the Governor.

Subsection (b) outlines that vacancies will be filled by the Governor from a list of nominees forwarded by the board. If the Governor rejects the list or a portion of the list, the board will submit another list for consideration. For vacancies based on an expiration of term, nominees forwarded to the Governor will be determined via an election process of assessed tourism businesses established in Sec. 44.25.275. Nominees for all other vacancies will be determined by board approval.

Subsection (c) ensures board representation by different regions, business sizes, and industry segments. Voting members must be both a representative of an assessed business, or payer, and a member of the statewide nonprofit marketing association.

Subsection (d) allows the board to elect *ex officio*, nonvoting members.

Subsection (e) provides the board shall annually elect a chair and vice chair.

Sec. 44.25.210 (Page 3)

Defines board terms. Members serve staggered three-year terms and can be reappointed.

Sec. 44.25.215 (Page 3)

Provides that board members may be removed for cause.

Sec. 44.25.220 (Page 3)

Defines quorum requirements. To initiate a vote among tourism businesses to levy, amend, or terminate an assessment, approval of the majority of all voting members is required. Other board actions require only the approval of a majority of voting members present.

Subsection (b) permits the board to transact business electronically.

Sec. 44.25.225 (Page 4)

States board members receive no salary, per diem or travel expenses.

Sec. 44.25.230 (Page 4)

Asserts the board will meet at least twice a year. Meetings can also be called upon the written request of five members.

Sec. 44.25.235 (Page 4)

The board may request administrative support from the statewide nonprofit tourism marketing association, and work with the association to fulfill its duties.

Subsection (b) directs the board to adopt definitions for “tourism industry,” “tourism segment,” and “tourism business” and forward to the Department of Revenue for ratification. Should the Department reject the definitions, the board may submit alternate definitions.

Sec. 44.25.240 (Page 4-5)

Describes the powers of the board in the adoption of policies related to the board, cooperation with public and private organizations, incurring expenses, appearing before government entities, acquiring and disposing of property, entering into agreements, and designating and removing *ex officio* members of the board.

Sec. 44.25.245 (Page 5-6)

Defines marketing duties of the board to promote travel and tourism in the state and promote segments participating in the assessment. The board must submit an annual report to the Governor, Legislature, and assessed tourism businesses. A marketing plan must also be prepared annually.

Subsection (8) directs the board to identify “segments” of the tourism industry, based on similar goods and services provided.

Sec. 44.25.250 (Page 6)

Provides that any expenditures by the board must be consistent with the annual marketing plan.

Sec. 44.25.255 (Page 6-7)

If the board votes to initiate the process of levying an assessment or amending an existing assessment rate, a vote by assessed businesses will be held following election procedures outlined in Sec. 44.25.270.

Subsection (b) clarifies that different segments of the tourism industry can be assessed at different rates. If an election is held (per Sec. 44.25.270) and an assessment rate is approved, that assessment will then be levied on the gross revenue of tourism businesses in that particular segment.

Subsection (c) defines assessment rates available for consideration as 0, 0.25, 0.5, 0.75, 1.0, 1.25, 1.5, 1.75 or 2 percent of gross revenue.

Subsection (d) requires the board to advertise and schedule public meetings for businesses potentially subject to a proposed assessment prior to an election.

Sec. 44.25.260 (Page 7-8)

Provides that a business subject to an assessment may pass the cost of the assessment on to its customers if the amount is disclosed in advance, a receipt is given, and the assessment is listed as a separate charge.

Subsection (b) states that information given to the board or Department of Revenue by an assessed tourism business is confidential with four exceptions.

Subsection (c) clarifies that information obtained by the board or Department of Revenue used to determine the assessment for a business is not public record.

Subsection (d) allows the Department of Revenue to require assessed tourism businesses to maintain records verifying gross revenue, permit inspection of those records, and provide information upon request.

Sec. 44.25.265 (Page 8)

An assessment will terminate after six years, or on the sunset date stated on the approved election ballot, whichever comes first.

Subsection (b) provides that if the board votes to initiate the process of terminating an assessment, a vote by assessed businesses will be held following election procedures outlined in Sec. 44.25.270.

Sec. 44.25.270 (Page 8-9)

Outlines the election procedures for an assessment vote. The board can hold an election after the Director of Elections approves the notice, ballot, registration, and voting procedures.

Subsection (b) establishes meeting, notice and ballot requirements of the board for any election to levy, amend, or terminate an assessment.

Subsection (c) gives parameters for the Director of Elections to certify results.

Subsection (d) allows ballots to be considered valid if signed by an officer or authorized representative of the tourism business.

Sec. 44.25.275 (Page 9-10)

Defines the weighted vote process used in elections for both assessments and board nominees. Votes will be weighted in proportion to the amount each business is estimated to pay under the proposed assessment in the next calendar year. When voting on an existing assessment, only the votes of businesses that pay under that assessment at the time of the election shall be counted. Actions must be approved by businesses representing a total of at least 50 percent of the weighted votes received.

Sec. 44.25.280 (Page 10)

Upon request by the Director of Elections, the Department of Revenue will determine the amount each assessed business is estimated to pay for any calendar year, including future years for purposes of weighting votes.

Sec. 44.25.285 (Page 10)

Assessed business will remit payment to the Department of Revenue within 30 days of the end of each calendar quarter. Within 60 days of the end of each calendar quarter, the Department will report to the board the total amount of assessments collected.

Sec. 44.25.290 (Page 10)

Applies existing enforcement statutes for the Department of Revenue (AS 43.05) and the Attorney General (AS 43.10) to the Alaska tourism marketing assessment.

Sec. 44.25.295 (Page 10)

Establishes the Alaska tourism marketing fund.

Sec. 44.25.300 (Page 10-11)

Defines terms used in this chapter: “assessment,” “board,” “business segment,” and “traveler.”

Section 6:

Designates the leading statewide nonprofit tourism marketing association as a transition board. The transition board will hold an initial election to determine the list of nominees for the Travel Alaska Board and proposed assessment rates. Following the election, nominees for the Travel Alaska Board will be forwarded to the Governor. Once the Travel Alaska Board is established through the appointment process, the transition board will submit any proposed assessment rates approved in the election to the Travel Alaska Board, at which point the transition board will dissolve.

Subsection (b) provides that if the Governor rejects the initial list or a portion of the initial list of nominees, the transition board will submit another list for consideration.

Subsection (c) permits the Travel Alaska Board to ratify assessments proposed by the transition board.

Subsection (d) refers to Sec. 44.25.300 for the definition of “assessment.”

Contact: Natasha McClanahan, Legislative Aide to Senator Mia Costello at (907)-465-4968