

Analysis of Tourism Marketing Program Funding: Alaska

October 2017



Key Findings

1) Tourism marketing program funding produces a significant ROI for the State of Alaska

Every dollar spent on tourism promotion generates:

\$58 of visitor spending

\$21 of income for local residents

\$2.84 of states and local taxes



Photos courtesy of State of Alaska, Michael DeYoung, Mark Kelly, and Matt Hage

2) Alaska's tourism promotion budget is falling, while competitors' budgets are rising

State DMO budgets and growth

Dollar figures in millions

| | 2012 | 2017 | Change |
|-----------------------------|----------------|------------------|-------------|
| Alaska | \$14.7 | \$3.2 | -79% |
| California | \$61.5 | \$131.9 | 114% |
| Hawaii | \$83.0 | \$95.5 | 15% |
| Oregon | \$12.0 | \$21.3 | 77% |
| Pacific set total | \$156.5 | \$248.6 | 59% |
| Idaho | \$6.9 | \$4.7 | -32% |
| Montana | \$18.0 | \$19.8 | 10% |
| Utah | \$12.0 | \$21.8 | 82% |
| Wyoming | \$11.1 | \$10.6 | -4% |
| Wilderness set total | \$47.9 | \$57.0 | 19% |
| US Total | \$654.1 | \$1,010.9 | 55% |

Sources: Tourism Economics; U.S. Travel Association



3) By not keeping up with national growth trends, Alaska is losing millions in visitor spending every year



In our counterfactual, visitor spending in Alaska grows at the same pace as the nation's. This analysis shows that by not keeping up with the national trend, Alaska has lost \$189 million in spending over four years, and \$57 million in 2016 alone



4) A Tourism Improvement District (TID) or reallocation of Vehicle Rental Tax (VRT) could raise millions for tourism promotion

Potential sources of tourism marketing funding, FY2017

Dollars figures (except per room fee) in millions

| \$1 TID Scenario | |
|--|---------------|
| Hotel rooms sold (millions) | 4.3 |
| TID fee per room | $\times \$1$ |
| Funding raised | \$4.3 |
| VRT Reallocation Scenario | |
| Total VRT | \$10.3 |
| Visitor generated share of VRT | $\times 69\%$ |
| Funding re-allocated | \$7.1 |
| 1% TID Scenario | |
| Hotel room revenue | \$559.2 |
| Tours/activities/entertainment revenue | $+ \$372.0$ |
| Total assessed revenue | \$931.2 |
| TID assessment | $\times 1\%$ |
| Funding raised | \$9.3 |

Sources: Alaska Dept. of Revenue; McDowell Group; STR; Tourism Economics



5) New tourism marketing program funding would generate significant economic impacts, amounting to billions in spending over time

Impact of TIDs, 2020

Dollar figures in millions

| | \$1 TID | VRT | 1% TID |
|---------------------------------|---------|--------|--------|
| TID revenue | \$4.4 | \$7.3 | \$10.6 |
| New visitor spending generated | \$229 | \$361 | \$495 |
| Economic output supported | \$340 | \$537 | \$736 |
| Income supported | \$93 | \$147 | \$201 |
| Jobs supported | 2,610 | 4,4121 | 5,645 |
| State and local taxes supported | \$12.5 | \$19.7 | \$27.0 |

Source: Tourism Economics

Additional spending in 1% TID Scenario

Dollars, billions

