

**SENATE BILL NO. 143**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY SENATORS MCGUIRE, Davis, Ellis, French, Huggins, Kookesh

Introduced: 3/28/07

Referred: State Affairs, Finance

Funding Information:	General Fund	\$	26,500,000
	Other Funds		-0-
	Total	\$	26,500,000

**A BILL****FOR AN ACT ENTITLED**

1 "An Act making special appropriations for a contract with a qualified trade association  
2 and for a marketing program; and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** LEGISLATIVE FINDINGS. The legislature finds that

5 (1) the state's general fund support for tourism marketing adjusted for  
6 inflation, has declined from \$23, 000,000 to \$5,700,000 from 1990 to 2006;

7 (2) for more than 15 years, Alaska's travel industry has identified the need for  
8 a \$20,000,000 tourism marketing program; if Alaska is to regain its market share and compete  
9 successfully in the national and worldwide travel marketplace, then the tourism marketing  
10 budget must be strengthened;

11 (3) Alaska's travel industry greatly benefits the state's economy, as stated in a  
12 2006 report by the Department of Commerce, Community, and Economic Development that  
13 identifies the travel industry as a major contributor to the state's general fund as compared to  
14 all other industries in the state, other than oil and gas, with a net return of over \$20,000,000;

1 (4) the March 2006 report by the Department of Commerce, Community, and  
2 Economic Development to the Senate Labor and Commerce Committee stated that 85 percent  
3 of the vehicle rental tax is generated by independent summer visitors; under AS 43.52.010 -  
4 43.52.099, the rate of the vehicle rental tax is 10 percent, and the proceeds of the tax may be  
5 appropriated for tourism marketing;

6 (5) the investment of revenue generated by independent travelers will ensure  
7 the growth in Alaska's small business sector, creating jobs in Alaska's unique communities;

8 (6) the tourism industry in Alaska is at a critical crossroads; the future of this  
9 vital industry depends on a significantly increased tourism marketing budget; tourism revenue  
10 to the state must be reinvested if the state is to have a robust travel industry; without  
11 increasing liabilities to the state, increased tourism marketing funding will stimulate the state's  
12 economy through small business growth and job creation and return a net profit to the state's  
13 general fund;

14 (7) reinvesting tourism tax revenue in the state's travel marketing budget is  
15 necessary to regain the state's market share and stop the decline of the independent travel  
16 segment.

17 \* **Sec. 2.** The sum of \$18,000,000 is appropriated from the general fund to the Department  
18 of Commerce, Community, and Economic Development for a contract with a qualified trade  
19 association selected under AS 44.33.125.

20 \* **Sec. 3.** The sum of \$8,500,000 is appropriated from the vehicle rental tax account  
21 (AS 43.52.080) in the general fund to the Department of Commerce, Community, and  
22 Economic Development under AS 44.33.125(d) for a marketing program targeted toward  
23 independent travelers.

24 \* **Sec. 4.** This Act takes effect July 1, 2007.