

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, INTERNATIONAL**  
**TRADE AND TOURISM**  
February 7, 2012  
10:18 a.m.

**MEMBERS PRESENT**

Representative Bob Herron, Chair  
Representative Kurt Olson, Vice Chair  
Representative Neal Foster  
Representative Reggie Joule  
Representative Wes Keller  
Representative Cathy Engstrom Munoz  
Representative Steve Thompson  
Representative Berta Gardner  
Representative Chris Tuck

**MEMBERS ABSENT**

All members present

**OTHER LEGISLATORS PRESENT**

Representative David Guttenberg

**COMMITTEE CALENDAR**

HOUSE CONCURRENT RESOLUTION NO. 19  
Acknowledging the lessons learned from the 2011 Norway Policy  
Tour and encouraging investment in the state's oil and gas  
industry.

- MOVED CSHCR 19(EDT) OUT OF COMMITTEE

PRESENTATION: THE DEPARTMENT OF COMMERCE~ COMMUNITY & ECONOMIC  
DEVELOPMENT UPDATES

- HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HCR 19  
SHORT TITLE: OIL & GAS POLICY/NORWAY TOUR  
SPONSOR(S): REPRESENTATIVE(S) HERRON

01/17/12 (H) READ THE FIRST TIME - REFERRALS

01/17/12 (H) EDT  
01/26/12 (H) EDT AT 10:15 AM BARNES 124  
01/26/12 (H) Heard & Held  
01/26/12 (H) MINUTE(EDT)  
02/02/12 (H) EDT AT 10:15 AM BARNES 124  
02/02/12 (H) Heard & Held  
02/02/12 (H) MINUTE(EDT)  
02/07/12 (H) EDT AT 10:15 AM BARNES 124

#### **WITNESS REGISTER**

SUSAN BELL, Commissioner  
Department of Commerce, Community & Economic Development (DCCED)  
Juneau, Alaska

**POSITION STATEMENT:** Assisted by the deputy commissioner, gave a PowerPoint presentation entitled, "EDT&T Presentation," dated 2/7/12, and answered questions.

CURTIS THAYER, Deputy Commissioner  
Office of the Commissioner  
Department of Commerce, Community & Economic Development (DCCED)  
Juneau, Alaska

**POSITION STATEMENT:** Assisted by the commissioner, gave a PowerPoint presentation entitled, "EDT&T Presentation," dated 2/7/12, and answered questions.

#### **ACTION NARRATIVE**

[10:18:56 AM](#)

**CHAIR BOB HERRON** called the House Special Committee on Economic Development, International Trade and Tourism meeting to order at 10:18 a.m. Representatives Herron, Keller, Olson, Joule, Thompson, and Foster were present at the call to order. Representatives Gardner, Tuck, and Munoz arrived as the meeting was in progress. Representative Guttenberg was also in attendance.

#### **HCR 19-OIL & GAS POLICY/NORWAY TOUR**

[10:19:51 AM](#)

CHAIR HERRON announced that the first order of business would be HOUSE CONCURRENT RESOLUTION NO. 19, Acknowledging the lessons learned from the 2011 Norway Policy Tour and encouraging investment in the state's oil and gas industry.

[10:20:04 AM](#)

REPRESENTATIVE KELLER moved Amendment M.2 which read [original punctuation provided]:

Page 4, line 5, after "benefit" insert

"private sector job expansion, affordable energy options, value-added options,"

[10:20:13 AM](#)

REPRESENTATIVE OLSON objected. He opined that the amendment included items that are not related to the original purpose of the resolution.

REPRESENTATIVE KELLER said the proposed amendment was fully aligned with the intent of the sponsor. He read the amendment and explained that the reason for the amendment was that private sector job expansion was listed as one of desirable goals on the comprehensive list of goals presented during testimony on the 2011 Norway Policy Tour. He characterized the amendment as a friendly amendment.

REPRESENTATIVE OLSON removed his objection.

[10:22:25 AM](#)

REPRESENTATIVE TUCK objected for the purpose of discussion. He said he was unsure whether Statoil - the partnership between Norway and the oil industry - employees are private or public sector employees, and offered an amendment to Amendment M.2 to say "jobs."

REPRESENTATIVE KELLER said the emphasis of those attending the 2011 Norway Policy Tour has been to the expansion of private sector jobs.

REPRESENTATIVE TUCK withdrew his amendment to Amendment M.2, and removed his objection.

[10:23:54 AM](#)

There being no further objection, Amendment M.2 was adopted.

[10:24:08 AM](#)

REPRESENTATIVE TUCK, on behalf of Representative Gardner, offered Amendment M.3 which read [original punctuation provided]:

On page 2, line 21, insert a new sentence:

"(13) Norway has developed a free, comprehensive and rigorous educational system spanning pre-school to graduate school that provides professional expertise for the oil and gas sector and contributes to a vibrant national economy; and"

CHAIR HERRON objected for the purpose of discussion.

[10:25:25 AM](#)

REPRESENTATIVE OLSON expressed his opposition to Amendments M.3 and M.4 because they do not have any bearing on the scope of the tour or on the intent of the resolution. The amendment labeled M.4 read [original punctuation provided]:

On Page 4, after Line 6, INSERT a new sentence:

"FURTHER RESOLVED that the Alaska State Legislature shall explore measures to support in-state educational systems and training programs necessary to provide world-class, professional expertise in the oil and gas sector to Alaska, and potentially to other states and nations: and be it"

REPRESENTATIVE TUCK said a key to a strong economy is a solid educational system, and this was made clear on the Norway tour; in fact, as a result of Norway's investment in its educational system, it sends experts in the oil and gas field to work around the world. This is an important component to what Alaska should be striving for: graduating people of the best caliber and leaders in technology, and promoting a stronger economy.

CHAIR HERRON referred to Amendment M.4 and its placement in the resolution.

REPRESENTATIVE TUCK confirmed that Amendments M.3 and M.4 "[are] a 'whereas' and then the 'further resolved,' to go along with that."

CHAIR HERRON asked Representative Olson whether his concern "is with the 'resolve' or was it a concern with the 'whereas' and the 'resolve'?"

[10:27:48 AM](#)

REPRESENTATIVE OLSON restated that neither have a bearing to the intent of the work product. The intent of the tour was to "find out what Norway was doing different and how we might learn from their experience." He opined that there are many other things Norway does that may be explored at some time, but the amendments have no bearing on this particular topic. He expressed his support of the resolution in its present form.

REPRESENTATIVE MUNOZ agreed with the amendment, but also agreed that legislators must stay consistent with the title of a bill or a resolution. She pointed out that the title of the resolution encourages investment in the state's oil and gas industry, and is not dealing with an education policy issue. She said she is not in support of including the proposed language.

[10:29:12 AM](#)

REPRESENTATIVE KELLER also agreed with the objection, and noted that one of the differences between Norway and Alaska is that Norway has a "cradle to grave welfare system," and including the amendment is distracting to the purpose of the bill.

REPRESENTATIVE JOULE observed that the amendment may create an expectation "by implying that we should go in a certain direction to be supportive of the oil and gas industry." In addition to job opportunities, efforts are currently being made in the areas of education, health care, and others. He agreed with Representative Olson, and mentioned several education programs currently underway. He said he did not want to create an expectation that may not ever be fulfilled; however, "it doesn't diminish my support for these kinds of things in other venues.

REPRESENTATIVE TUCK opined the amendments are the result of hearing testimony that 36 percent of Norway's residents have a post-graduate degree or higher, as compared to 9.8 percent in Alaska. He said he always supports an educational component; however, the comments heard caused him to withdraw the amendments on behalf of Representative Gardner.

[10:32:33 AM](#)

CHAIR HERRON suggested the amendment could be offered to another committee, or on the floor of the House. There being no further amendments, he asked for discussion on the resolution.

REPRESENTATIVE OLSON commended the work product from those who participated in the 2011 Norway Policy Tour. As an aside, he noted that Norway has a 38 percent value-added tax, and the highest personal income tax in Europe.

REPRESENTATIVE OLSON moved to report HCR 19, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

[10:34:22 AM](#)

There being no objection, HCR 19(EDT) was reported out of committee with individual recommendations and the accompanying fiscal notes.

[10:34:34 AM](#)

**PRESENTATION: The Department of Commerce, Community & Economic Development Updates**

[10:34:57 AM](#)

CHAIR HERRON announced that the final order of business would be updates by the Department of Commerce, Community & Economic Development on the Broadband Task Force and the Division of Economic Development, Tourism Section.

[10:35:24 AM](#)

SUSAN BELL, Commissioner, Department of Commerce, Community & Economic Development (DCCED), said the department would begin with a presentation on the Division of Economic Development, and then discuss the Broadband Initiative and Tourism.

[10:35:51 AM](#)

CURTIS THAYER, Deputy Commissioner, Office of the Commissioner, Department of Commerce, Community & Economic Development (DCCED), began a PowerPoint presentation entitled, "EDT&T Presentation," dated 2/7/12, and said the Division of Economic Development oversees timber, fisheries, and minerals development, and financing, tourism, and marketing, as well as the Made in Alaska, Alaska Product Preference, and Alaska

Regional Economic Assistance (ARDORS) programs. In addition, the division has been working on underutilized species, mariculture, and outreach to seafood processors on regulatory, workforce, and product form issues. There has also been robust commercial fishing and small business lending which resulted in an increase in the number of new loans from 268 to 313, and that have a value of \$30 million. Further, the Timber Jobs Task Force - along with other initiatives - has increased outreach to the forest products industry. The division has also been working on regulation development for the Alternative Energy Loan Fund. Mr. Thayer continued, saying there was also an increase in film and television productions; last year there were 33 film productions with an estimated credit of \$21 million, and 17 productions were pre-approved for tax credits in the amount of \$6.3 million. Big Miracle - filmed in 2010 - qualified for tax credits of \$9.6 million and had a "ground spend" in Alaska of approximately \$30 million. He mentioned other potential film projects.

[10:38:23 AM](#)

CHAIR HERRON asked how to answer those who are critical of the tax credits given to the movie industry.

[10:39:07 AM](#)

MR. THAYER explained that the total spend for Big Miracle was \$40 million, and although it could have qualified for a maximum tax credit of 44 percent, it qualified for the average credit of 30 percent. Extra credits are given for filming in rural areas, for filming during the shoulder season, and for an Alaska-hire workforce. He advised the program is working as designed, and the exposure for Alaska tourism is priceless.

CHAIR HERRON noted the need to share with the public the collateral financial benefits to the local economy that balance the tax credits.

COMMISSIONER BELL said there is a comprehensive economic impact study from the Anchorage Economic Development Corporation that indicated the movie made a \$16 million direct and indirect economic impact on the state. She suggested that the department must seek similar detailed data and analysis.

REPRESENTATIVE FOSTER asked for a copy of a summary of the economic impact report.

10:42:20 AM

COMMISSIONER BELL offered to distribute the executive summary to the committee.

CHAIR HERRON asked how the administration balances the debate between the differing tax credit legislation.

COMMISSIONER BELL advised more effective performance measures give the legislature consistent information on the cost of, and return from, programs. Also, incentives change behavior and are vital to attract new industry and investment. On the other hand, the program has had several years of experience and this is the time to look at the program and compare it to programs in other states since the first major feature film has just been released.

REPRESENTATIVE JOULE acknowledged that the exposure by the movie industry is intense; however, he questioned whether there will be long-term development and if the credits will have to be increased in order to stay competitive. Further, he asked whether developing another economy will have an impact on the oil industry in the state.

10:46:23 AM

COMMISSIONER BELL expressed her hope that enough consistency in the program will enable the state to develop its own workforce for this industry; in fact, her department is working with the Department of Labor & Workforce Development (DLWD) on a training grant. Also, there must be an investment in infrastructure to realize the full economic benefit of the film industry. Because the current program will sunset in July 2013, she said the maximum benefit is for local employment and spending.

REPRESENTATIVE TUCK, in response to a previous question, observed that other states have serious economic problems and are removing tax credit programs, thus they would not be in a position to compete with Alaska. He expressed his belief that expanding from a five-year to a ten-year program is necessary to allow time to address workforce and infrastructure needs.

REPRESENTATIVE THOMPSON asked whether the DLWD training grant is a duplication of the film school classes at the University of Alaska Anchorage (UAA).

10:49:21 AM

MR. THAYER advised that the programs were both added last year and are not in competition, but are complimentary. The grant was for approximately \$400,000, and after this year the results will indicate "how complementary the university program is with it."

REPRESENTATIVE THOMPSON cautioned against duplication, saying the UAA program covers set design and "all of the background behind, away from the camera, also."

MR. THAYER said the department was not involved in the development of the processes, or how each came into existence.

REPRESENTATIVE HERRON referred to HCR 19 and its recognition of the effects of state direct financial interest. He asked whether the administration has thought about investing in film productions.

COMMISSIONER BELL said she heard some discussion; however, the department has not conducted any analysis, and her initial reaction is that the industry carries some risk.

MR. THAYER continued to highlight the division's tasks in FY 12: enhanced outreach to the minerals industry by promotional materials and teamwork with other agencies such as the Department of Transportation & Public Facilities (DOTPF), the Department of Natural Resources (DNR), and the Alaska Industrial Development & Export Authority (AIDEA), in order to work closer together to attract mining interest in rare earth and minerals; and secured a \$300,000 State Trade and Export Promotion (STEP), U.S. Small Business Administration (SBA) grant to promote small business exports to China. In response to Chair Herron, Mr. Thayer said small business exports to China could be mariculture and bottled water.

[10:53:31 AM](#)

MR. THAYER said also within the division are the implementation of the FY 12 tourism marketing program, and participation in cross-agency marketing plans with marketing partners such as Alaska Grown, the Alaska Marine Highway System, the Alaska Railroad, the Alaska Seafood Marketing Institute, Made in Alaska, and the Alaska Film Production Incentive program. He described the activities surrounding the release of Big Miracle in Washington, D.C., which included tourism agencies, journalists, the seafood industry, and the congressional

delegation. Additional marketing partners are the Silver Hand Permit program, and state and national parks tourism. Finally, the division has been conducting the Alaska Visitor Statistics Program to collect critical information to refine state marketing and to help individual businesses by tracking visitor volume, spending, experience ratings, and visitors' previous and future travel plans. Draft findings are expected by March, 2012.

[10:55:26 AM](#)

REPRESENTATIVE HERRON referred to the commissioner's August 2010 memorandum regarding changes to tourism marketing in Alaska. He asked for the successes and disappointments resulting from these changes.

[10:56:09 AM](#)

COMMISSIONER BELL stated that her department has preserved engagement with the industry by regular contact with all parties, and recognized that these changes are a "stop-gap measure" to implement the program and partner with - but not dismantle - the Alaska Tourism Industry Association (ATIA). Because the tourism industry is still recovering from losses in independent and cruise traffic, the department is striving to "have everything in place by July 1, and that we were poised for legislative decisions this session." Commissioner Bell advised that the increased internal collaboration with state agencies and industry engagement should continue, as should a more active role in the planning process by the department to advise and direct the tourism contractors, and better serve the needs of the private sector.

[10:59:01 AM](#)

REPRESENTATIVE GARDNER asked how the department measures the effectiveness of individual programs and contractors to increase tourism.

COMMISSIONER BELL recalled that the Alaska tourism marketing program has always been based on research, whether directed by state agencies or through the qualified trade organization arrangement with ATIA; in fact, there has been a conversion study that studies ad placements and direct mail inquiries, and other consistent measurements. In further response to Representative Gardner, she indicated that she will provide more

details and referred to a brochure in the committee packet entitled, "Alaska's Tourism Marketing Campaign."

[11:01:14 AM](#)

REPRESENTATIVE GARDNER heard from a constituent that the way to capture China's tremendous interest in traveling to Alaska is to work with travel agents within China. She asked whether this was contemplated by the department.

COMMISSIONER BELL agreed that international travelers rely more on tour operators and travel agents. In fact, international marketing efforts focus on travel trade markets, international contractors, and charter air carriers such as Condor, Japan Air Lines, Korean Air, and other tour operators.

MR. THAYER returned attention to the PowerPoint presentation. Slide 6 was a graph entitled, "Visitor Volume 2006-2011." He cited the decrease in visitor volume from 2008-11 was minus 8.8 percent. From 2010-11, there was a modest increase of 1.6 percent. Although still in a recovery mode, the forecast for 2012 includes approximately 100,000 new cruise passengers.

MR. THAYER then began his presentation on Connect Alaska, which was funded by the broadband initiative and is tasked to make it possible for every Alaskan to participate in - and be competitive in - the global economy by telemedicine, e-learning, or improved communications during emergencies. In 2008, Congress passed the Broadband Data Improvement Act and Alaska received approximately \$6.3 million to fund activities through 2014. The funds were redirected from the Denali Commission to Connected Nation and used to form Connect Alaska, which is administered by the division. Slide 10 listed Alaska's grant components: mapping Alaska's last-mile capability and maintenance and validation; planning an Alaska Broadband Taskforce; application to assess and improve e-government services; technical assistance for local-level research on residential and business adoption, digital literacy, and community-needs assessments and benchmarking. The statewide Alaska Broadband Taskforce consists of a representative from 21 organizations, groups, and agencies, including those from the state legislature, industry, the University of Alaska (UA), the Alaska Federation of Natives (AFN), and others, who meet monthly to plan the state's broadband future and infrastructure needs.

[11:06:00 AM](#)

REPRESENTATIVE GUTTENBERG asked who represents the department on the taskforce.

MR. THAYER answered Robbie Graham, Special Assistant, Office of the Commissioner, DCCED.

REPRESENTATIVE FOSTER asked where he could obtain an update on the progress being made in rural Alaska.

MR. THAYER offered to have Ms. Graham provide that information. In further response to Representative Foster, he said GCI completed TERRA-Southwest, [United Utilities Incorporated's (UUI) project to build a next generation communications network in Southwest Alaska] which brought broadband into the Dillingham and Bethel areas. The TERRA-Northwest network will link up to Nome and Kotzebue - this project is funded partly through the Regulatory Commission of Alaska (RCA) and administered by DCCED with about 25 percent federal grant money - and the goal is to connect broadband through rural Alaska up to Barrow, and then connect to the fiber-optic line that runs along the Trans-Alaska Pipeline System (TAPS). This will complete a circle around rural Alaska, so a disruption in service will not affect others within the broadband system.

[11:08:03 AM](#)

REPRESENTATIVE FOSTER asked for the expected completion date.

MR. THAYER estimated two years, and will provide more information after he verifies the date.

CHAIR HERRON asked whether more federal money will be available to complete the project.

MR. THAYER said he did not know. The chairman of the Federal Communications Commission (FCC) was in Dillingham in August, 2011, and he visited villages in the area. Further funding could be coming through the FCC and the chairman was particularly interested in broadband, but revenue sources are yet to be determined. Because GCI has 75 percent equity in the project, he opined the project is not dependent on federal funding, but it has helped "speed the project along."

CHAIR HERRON observed Bethel has broadband. He asked whether the administration will propose using the general fund (GF) to complete the project.

MR. THAYER deferred to the governor's office.

11:11:03 AM

REPRESENTATIVE GUTTENBERG said from his experience, "I see the providers now being a hindrance to ... meeting the state's goal, what the state needs, what the people of the state and the business of the state need for broadband. ... You want to get us up to 100 megawatts, [but] that's not part of their mission statement." The state will have a role in finishing this project, because the providers will not want to do it, and he asked whether the broadband taskforce will recommend state action.

11:12:25 AM

MR. THAYER said yes. At the time the taskforce was created there was some animosity among the providers of broadband, but they all joined the task force and are providing information on their systems now, although they are competitors.

11:13:04 AM

MR. THAYER continued to slide 11, which displayed the Taskforce Vision Statement: To extend the full benefits of broadband technology to every Alaskan; To make it possible for every Alaskan to participate and be competitive in the global community; By 2020, every Alaskan has 100 megabits per second (Mbps) broadband connectivity; Draft plan roll-out in fall of 2012; Deliver a plan for future broadband deployment and adoption; Cost to develop a middle-mile infrastructure; Economic development potentials (based on modeling) when 100 Mbps is delivered; The impacts on e-commerce, e-government services, telemedicine, education, emergency services. He noted that the task force is to issue its report within the next 10 months.

11:14:18 AM

REPRESENTATIVE GARDNER asked for an explanation of middle-mile infrastructure.

MR. THAYER explained that middle-mile refers to the distance or connection between the internet service provider and the internet backbone; it consists of one or more carrier networks that have the internet traffic from the access point to the final destination. In most states, this distance is less than one mile, but in Alaska it is commonly one hundred miles.

CHAIR HERRON recalled that every house in Yukon Territory has a broadband connection. In order to strengthen Alaska's relationship with Yukon Territory, he asked how to include it in the network.

[11:16:02 AM](#)

MR. THAYER restated that the completion of the network involves a connection with the fiber-optic line at TAPS, and he will need to get back to the committee on how to connect to the east.

[11:16:16 AM](#)

COMMISSIONER BELL agreed that there are tourism, transportation, and other connections with Yukon Territory and British Columbia that make strengthening ties to Canada important. She then turned to the part of the presentation on Alaska Tourism Marketing and said that last session the legislature appropriated \$12 million for the implementation of tourism marketing to DCCED instead of to the qualified trade organizations. This change of direction occurred in May, and ATIA had already sold advertising in the vacation planner for 2012. She pointed out that this was an increase in funding, and a message indicating that the industry is important to the legislature; however, over a two-year period there had been a loss of 265,000 visitors - the equivalent of 5,000 Alaska jobs - and a recovery from that is just beginning with growth in air travel and cruise passengers. Commissioner Bell further explained that DCCED met with industry to determine how to direct the \$12 million for the FY 12 marketing program funded to DCCED by the legislature, and the \$2.7 million raised by ATIA largely through Vacation Planner and website advertising. As indicated on slide 14, the contracts transferred to the department by July 1 were the advertising contracts, media relations, website, fulfillment - which includes mailing - , and research.

[11:20:02 AM](#)

COMMISSIONER BELL said that this was "uncharted territory." The funding influenced decision-making: ATIA maintained contracts for FY 12 for travel trade and international for \$1.2 million, and DCCED changed its role from participating as part of the planning effort to one of confer, advise, and direct. This was reflected in the memorandum of understanding (MOU) with ATIA.

REPRESENTATIVE OLSON asked whether DCCED gets a service fee for administrative costs.

11:21:46 AM

COMMISSIONER BELL said no. She referred to slide 15 which indicated cost estimates for major components of the state marketing budget and said that there was no staff or overhead added to the department, but if the program continues in its present form, staffing would need to be transferred from the commissioner's office. Presently, the department is depending on staffing from the Division of Economic Development, tourism development, and the commissioner's office. Referring to the marketing budget, she said the advertising contract is implemented by Bradley Reid + Associates Incorporated for \$7,842,000, and includes the production of Vacation Planner, the production and placement of television ads, print ads, the direct mail campaign, and the Within Your Reach Brochure. The budget for fulfillment, or mailing, is \$1,335,000. Public relations - budgeted for \$939,000 - is a significant element of the marketing program and includes collaboration with ASMI, Alaska Grown, Alaska State Parks, and the Silver Hand program. Without detracting from the tourism program, this collaboration will showcase some of the department's sister agencies through public relations efforts and events. The budget for website is \$733,000 and includes hosting, upgrades to content, and a Korean language conversion. Collaboration with Yukon Territory, British Columbia, and Alberta is budgeted through the North to Alaska Program and a joint Alaska/Canada program for \$510,000. A budget of \$239,000 is for research which looks at direct mail lists, ad placements, and sampling surveys. In-state marketing efforts - budgeted at \$150,000 - are targeted at friends and relatives; and opportunities and contingency - budgeted at \$262,000 - includes activities at the National Travel Association conference and other special events.

11:26:43 AM

REPRESENTATIVE OLSON appreciated DCCED's handling of the appropriation.

REPRESENTATIVE GARDNER inquired, in terms of the contracts extended by DCCED, whether there is a focus on using Alaska companies.

COMMISSIONER BELL assured the committee that her department uses the state's policy of preference for Alaska companies; for

example, in addition to Bradley Reid, Thompson & Co. is an Alaska contractor.

REPRESENTATIVE TUCK asked for a description of how the television marketing campaign appeals to a prospective visitor.

[11:28:33 AM](#)

COMMISSIONER BELL explained that this is measured by the conversion study which tracks the response to a campaign in subsequent years. She offered to provide a synopsis of the data. She described the state marketing program as a modest program but a sound one, in a similar way to the ASMI marketing program. Due to the size of the budget, there is a reliance on public relations and direct mail; however, the increase in budget allows for television visibility. Commissioner Bell mentioned another national study called "Images" that looks at the potential for travel in Alaska, and helps identify where to place ads and what direct mail lists to buy. She advised that a marketing campaign must continue to invest in "awareness."

[11:31:27 AM](#)

MR. THAYER, in response to Representative Tuck, said the \$9.6 million in tax credits was for the movie, Big Miracle.

REPRESEENTATIVE TUCK asked if there is a way to measure awareness.

COMMISSIONER BELL said the Images study measures awareness and Alaska's desirability. Reality television raises awareness about Alaska's uniqueness, but the marketing program has a planned and controlled message.

REPRESENTATIVE THOMPSON recalled cruise companies reduced their fees which affected land tours in the Interior and Bush Alaska. He asked whether there was a way to track the number of cruise visitors that take land tours.

[11:33:05 AM](#)

COMMISSIONER BELL said the draft Alaska Visitor Statistics full report that is expected in the next couple of weeks will have an excellent picture of Alaska's market, including where visitors travelled and their participation in land tours. A part of the recovery, on the cruise side, is an increase in volume and a return to cross-gulf voyages that are more suited for cruise-

land packages. Her experience is that the cruise visitors that transfer to land travel "become virtually indistinguishable from other visitors."

CHAIR HERRON asked how the marketing campaign uses social media.

[11:34:48 AM](#)

COMMISSIONER BELL called attention to slides 16 and 17, and pointed out that advertising included twenty-four full-page ads in national magazines, nine smaller ads in magazines, national television advertising, 450,000 Vacation Planners, 200,000 Within Your Reach Brochures, 100,000 North to Alaska Guides, 1.3 million direct mail pieces, and new winter photography. Slide 18 was a list of public relations events and she noted that each year there is an attempt to schedule "something big," such as the Today Show. In addition, other events included the Media Road Show, the movie release in Washington, D.C., and an upcoming New York Media trip featuring an Alaska cooking competition. Further, a monthly e-newsletter is published. In response to Co-Chair Herron, she opined ASMI and state tourism take a very measured approach to social media, but do participate with a Facebook page and tweets. The campaign is cognizant of its target market, but as people's habits change, she cautioned about "being left out." Slide 19 depicted the campaign's website, TravelAlaska.com, which receives 600,000 visits per month and is used to capture e-mails and send out 400,000 e-newsletters per month. The website includes information translated into the Japanese, German, and soon Korean, languages.

COMMISSIONER BELL continued to slide 20, which listed trade shows and events which are contracts managed by ATIA. Mr. Thayer participated in a U.S./China tourism summit held in Hawaii and Commissioner Bell went on a trade mission to China and South Korea, and there is a trade mission ongoing to Iceland and the United Kingdom. Upcoming events include a winter press trip, the New York Media event, the release of a new mobile application for tourism, the Korean language website, and planning for FY 13 with industry.

[11:39:37 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Special Committee on Economic Development, International Trade and Tourism meeting was adjourned at 11:39 a.m.