

SENATE FINANCE COMMITTEE
January 24, 2017
9:02 a.m.

[9:02:38 AM](#)

CALL TO ORDER

Co-Chair MacKinnon called the Senate Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Anna MacKinnon, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Mike Dunleavy
Senator Peter Micciche
Senator Donny Olson
Senator Natasha von Imhof

MEMBERS ABSENT

None

ALSO PRESENT

Senator Mia Costello; Sarah Leonard, President and CEO, Alaska Travel Industry Association; John Lambeth, President and Chief Executive Officer, CIVITAS.

SUMMARY

^PRESENTATION: INTENT LANGUAGE FUNDING PLAN
ALASKA TRAVEL INDUSTRY ASSOCIATION

[9:03:12 AM](#)

[Senator Costello was invited to join the committee at the Senate Finance table.]

SARAH LEONARD, PRESIDENT AND CEO, ALASKA TRAVEL INDUSTRY ASSOCIATION, introduced herself.

JOHN LAMBETH, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CIVITAS introduced himself. He detailed that his

organization specialized in working with destinations on tourism promotion funding.

COLLEEN STEPHENS, STAN STEPHENS GLACIER & WILDLIFE CRUISES AND GOVERNMENT RELATIONS CO-CHAIR, ATIA introduced herself.

Ms. Leonard discussed the presentation "A sustainable solution for Alaska destination marketing funding: A tourism improvement district model" (copy on file). She thanked the committee for the opportunity to share information about tourism improvement districts (TIDs). She thanked Senator Costello for participation on the Alaska Tourism Marketing Board (ATMB), and for being a supporter of the tourism industry.

Ms. Leonard recounted that the tourism industry had come to Juneau many times previously seeking the state's investment in tourism marketing. She recognized the fiscal environment the state was faced with. She stated that she would review ATIA's marketing program before her colleague would provide details of the TID model.

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Ms. Leonard discussed slide 2:

The intent language found in House Bill 256, the FY17 operating budget, Sec. 1, pg. 6, lines 18-23 is as follows:

"Tourism Marketing & Development - It is the intent of the Legislature that the Tourism Marketing Board develop a plan to phase out reliance on unrestricted general funds for marketing, moving towards a self sustaining program funded by industry to be implemented in the FY18 budget..."

Mr. Leonard recounted that during the previous legislative session and following the governor's vetoes, tourism marketing funding from the state was reduced from \$4.5 million to \$1.5 million.

Ms. Leonard showed slide 3, "Alaska tourism marketing budget in millions," which showed a bar graph. She wanted to share the TID model, which she hoped could be a partnership with the legislature and administration. She

pointed out the decline in tourism marketing dollars as shown on the slide.

Co-Chair MacKinnon asked about the reduction of tourism dollars spent, and if the graph represented the state's investment in tourism dollars spent.

Ms. Leonard affirmed that the graph represented a decline in the state's investment in tourism marketing dollars.

Co-Chair MacKinnon asked if Ms. Leonard had data to show overall investment in tourism dollars. She wondered about investing and advertising independent of the state.

Ms. Leonard stated that ATIA could go to industry partners and determine where other industry businesses were investing their own marketing dollars in the state. She explained that some information was proprietary, but ATIA worked closely with all sectors of the industry on anecdotal information.

Ms. Leonard presented slide 4, "Economic Impacts." She described that the 'circle of benefits' graphic shown on the slide illustrated why her industry believed that tourism marketing investment worked at the statewide level. She thought that with smart past investments, industry was attracting millions of visitors to the state that were spending almost \$2 billion with local businesses. She highlighted business growth and added jobs as results of a successful visitor industry. She emphasized that visitor spending generated revenue through various taxes and fees, which supported local and borough budgets. The slide showed \$83 million in visitor fees to city/borough budgets, and \$105 million in visitor fees to the state budget. The slide highlighted over \$4.17 billion in economic activity for the state.

Ms. Leonard reviewed slide 5, "Visitor Spending by Sector," which showed a modified pie chart. She indicated that the tourism sector was spending dollars consistently with different activities such as transportation, food and beverage, and food and souvenirs. She highlighted that there were many businesses that benefitted from visitor spending.

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Ms. Leonard discussed slide 6, "Budget Comparisons," which showed a bar graph entitled 'State Tourism Budget Compared.' She noted that the \$1.5 million appropriation for the current fiscal year and the \$3 million in the capital budget were significant declines from years past, when marketing funding levels had reached in to the \$10 million range and upward. She pointed out that the bar graph showed Alaska's funding fell well below states such as Arizona, Virginia, Arkansas as well as destinations in Canada. She relayed that along with competing on a national scale; Alaska also competed on an international scale as a long-haul, exotic, and safe destination.

Ms. Leonard asserted that it took a couple of years for marketing strategies to bring returns and realize economic impacts. She feared that with less statewide marketing dollars there would be an impact of fewer visitor numbers, less spending, and less economic impact. She thought the negative impacts would be discernable in 2018 and beyond.

Vice-Chair Bishop referred to slide 6, and asked if Ms. Leonard could provide the total revenue generated in other states in order to make a comparison of state investment dollars versus total revenue.

Ms. Leonard did not have the requested information, but offered to provide the data at a later date.

Co-Chair Hoffman asked if it was possible to see the chart on slide 6 on a per capita basis by state.

Ms. Leonard agreed to provide the information.

Senator Costello understood that it was the first time the state would not have a vacation planner to send out to individuals planning trips to Alaska. She asked Ms. Leonard if ATIA was experiencing a downturn in the number of visitors to the state because of the lack of the planner. She asked Ms. Leonard to comment on whether other states were facing the same funding predicament and lack of planner.

Ms. Leonard relayed that for the first time in 40 years, ATIA was unable to produce a 'collateral piece' travel planner. She continued that almost every other state had printed such collateral pieces that were distributed to potential visitors. Some states had multiple publications

advertising different regions or niche markets of the state. She found that the main state vacation planner was a great tool to provide potential visitors and get them to choose Alaska over other destinations.

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Senator von Imhof referenced slide 6, and asked if Ms. Leonard was aware of the budget sources of other states listed on the slide. She acknowledged Ms. Leonard's earlier comment that it was difficult to capture what private industry was paying. She wondered if the amounts listed were all state funded or co-mingled with private industry. She wondered how Alaska spent its tourism marketing funds as compared to other states. She wondered about the return on invested funds in other states as compared to Alaska.

Ms. Leonard agreed to provide more information, and deferred to Mr. Lambeth. She noted that different states had different revenue that supported its marketing programs, much of which was state funded. She pointed out that in the past, Alaska had used marketing strategies that other states had also used. She thought there was significant value in having a printed piece as well as television marketing.

Mr. Lambeth elaborated that there were several different funding models represented on the slide. He furthered that most of the funds shown were state efforts, and most was General Fund (GF) money. Some of the money came from TIDs, which he would discuss later in the presentation. Three states used funds from a sales tax increment financing mechanism, and some states had a co-op program. He reiterated that the slide represented what the state organization had to market its state in each area.

Senator Micciche expressed a desire to see all 50 states represented on the graph on slide 6, as well as percentage of overall Unrestricted General Fund (UGF) spend. He stated he was a supporter of tourism marketing, but thought the slide only represented part of the picture.

Ms. Leonard agreed to update the slide.

Co-Chair MacKinnon recalled some language change regarding authority to spend receipts, and asked Ms. Leonard to

comment on how the changes were incorporated into the plan being presented.

Ms. Leonard recounted that the legislature had supported language for the industry to be able to re-invest funds collected through program sales. The language had allowed partners at the Department of Commerce, Community and Economic Development (DCCED) to capture the sales. She continued that ATIA currently had a grant with DCCED to be able to receive the funding and continue to reinvest it into the program.

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Co-Chair MacKinnon asked about the choice not to print the planner, and asked if the publication was available electronically. She wondered if other states were making the same choice.

Ms. Leonard expressed that ATIA had tried to use its available funds most efficiently. She noted that the planner was available digitally on the consumer website. In the past the planner was printed and produced, and had resources available to market the publication and get it into the hands of consumers.

Co-Chair MacKinnon wondered if there were taxes or special revenue streams from the other states listed on slide 6 that were different from Alaska. She referred to the vehicle rental tax (VRT) which helped provide funding to advertise Alaska as a destination. She wondered if other states were using such a tax or other broad-based taxes for tourism marketing use.

Mr. Lambeth answered in the affirmative, and stated that vehicle rental taxes were important to tourism marketing programs, and was a key part of the tourism economy. Other states had different kinds of levies, such as TIDs or levies on lodging. He offered to provide more information pertaining what revenue sources in other states.

Co-Chair MacKinnon noted that some of her questions were in the context of enabling the public to understand the work of ATIA and its associated organizations. She reminded the testifiers that the state was in difficult financial times, and that the committee was looking closely at the best use of funds. She named public safety as an important priority

of the state. She expressed appreciation for the proposal being presented.

Senator Micciche referenced the states of Washington and Oregon, and the price of car rentals that included added taxes for promotion funding. He thought Alaskans were not accustomed to such high taxes which in some cases could help promote industries that resulted in indirect dollars to the GF. He considered that most of such taxes would be paid by out of state residents. He thought it was important for Alaskans to consider when paying for things that went toward supporting the tourist industry in other states.

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Ms. Leonard showed slide 7, "International Marketing":

No longer have:

- Representation offices
- Trade training
- Public relations
- Trade shows
- Sales missions
- Airline development
- Foreign language planners

Ms. Leonard detailed that ATIA had to shut down all its overseas offices. She specified that it represented not being able to attract 10 percent of visitors which normally came from international markets.

Ms. Leonard presented slide 8, which showed an advertisement. She noted that ATIA's national advertising program had been eliminated, along with television cable ads.

Ms. Leonard showed slide 9, which displayed an image of the Alaska vacation planner. She reiterated that the association had no vacation planner for the first time in 40 years.

Senator Micciche asked about the cost of printing and distribution of the publication.

Ms. Stephens estimated that the previous year's publication cost \$3.5 million including printing, distribution, and advertising.

Senator Micciche asked if a thinner publication was possible by covering more of the revenue through advertisements.

Ms. Stephens stated that ATMB had considered all the possibilities and decided that the limited funds available would be focused on a digital presence and online outreach.

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Ms. Leonard discussed slide 10, and stated that ATIA was using funds to maintain a basic program focused on digital media strategies, public relations, and a core travel-trade program.

Ms. Leonard showed slide 11, "What If?":

In 1993, Colorado repealed tourism funding
Within 2 years, lost 30% of its U.S. visitor
market share

During a recession, Michigan doubled state tourism
marketing funding
From 2006-2014, "Pure Michigan" generated \$6.6
billion in visitor spending

Ms. Leonard wanted to discuss conversations the industry had around statewide tourism marketing and the effect of eliminated funding.

Ms. Leonard presented slide 12, "What If":

In 2010, Connecticut eliminated entire tourism
marketing budget
Travel-related tax revenue growth slowed to half
the pace during slow economic times of 2009-2010

In 2011, Washington shut down tourism office
Saw competing states increase tourism promotion
budget and capture increased visitor spending

Co-Chair MacKinnon asked about the reference to the slowed growth of tax revenue in Connecticut.

Ms. Leonard explained that Connecticut visitor numbers were the same or may have increased, however the rate of growth had slowed.

Co-Chair Hoffman asked about the reaction of the Washington State Legislature after it had observed the market decline. He wondered if the program had been reinstated.

Mr. Lambeth stated that the Washington State Legislature had not taken action, but there was proposed legislation that utilized part of the existing sales tax revenue for tourism promotion. The legislation required an industry funding match.

Co-Chair Hoffman asked what budget was associated with the tourism office in Washington.

Ms. Leonard agreed to provide the details on the amount of funds that were eliminated at a later date. She thought the state of Washington currently had a \$1 million budget.

Co-Chair MacKinnon discussed the market downturn in 2007 and 2008, and considered that the slides reflected some of the reaction to the market. She observed that Alaska had continued to invest during that time frame, and was now facing its own recession.

Ms. Leonard thought that the economic benefits that were seen were due to healthy investments in marketing that the legislature and the administration had made in the previous 2 to 4 years. She conveyed that marketing strategies did not show adverse effects from reductions till years later. She commented on the unique nature of the state, reiterated that the state was seeing benefits of the investment that had been made in the state's marketing efforts.

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Senator Dunleavy asked if it could be assumed that the industry did not replace the funds reduced in the states cited in the examples on the slides.

Ms. Leonard answered in the negative, and thought that tourism marketing entities were working with legislative leaders on how to fund sustainable tourism marketing. She wanted to discuss the model of TIDs, which relied on

industry to partner with government funding to support statewide destination marketing programs.

Ms. Leonard reviewed slide 13, "What If,":

Pennsylvania's tourism funding declined 77% from 2008-2015

Projected loss of \$600 million in state and local tax revenue that travelers would have generated

In 2013, San Diego held off on tourism promotion funding

\$560 million in lost visitor spending and \$24 million in reduced tax revenues

Ms. Leonard indicated that the City of San Diego had eventually allocated the funds mentioned in the slide.

Ms. Leonard showed slide 14:

- Broad based, reaches different industry sectors
- Visitor activity vs impacts to Alaskans
- A mix of current and new revenue

Ms. Leonard shared that the ATIA Board of Directors held several meetings since the previous March to research and discuss different revenue options while working on the legislative mandate. The bullets on the slide were guiding principles for the conversations. She noted that the conversations had gravitated toward TIDs, which occurred in many jurisdictions in the United States, at local regional levels and at the statewide level in California.

Mr. Lambeth showed slide 16:

Supporting 1 in 9 U.S. jobs and contributing \$2.1T to our economy

The travel and tourism industry fuels economic growth in the U.S.

Mr. Lambeth cited \$158 billion in total tax revenue from tourism, with over \$100 million generated in Alaska.

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Mr. Lambeth reviewed slide 17, "The Future is Built with Travel Promotion.":

Travel Promotion's Virtuous Cycle

1. Invest in Travel Marketing and Promotion
2. Create Demand
3. Generate Visitor Spending
4. Spur New Jobs and Tax Revenues

Mr. Lambeth turned to slide 18, "The Vital Role of Destination Promotion."

CHALLENGE:

1. The primary motivator of a trip is usually the experience of a destination, beyond a single business

SOLUTION:

DESTINATION PROMOTION

Articulates the brand message that is consistent with consumer motivations

CHALLENGE:

2. Effective marketing requires scale to reach potential visitors

SOLUTION:

DESTINATION PROMOTION

Pools sustained resources to provide the economies of scale and marketing infrastructure required to generate impact

Mr. Lambeth discussed destination promotion and informed that individual businesses spent significant resources on marketing because it was important for returns.

Mr. Lambeth discussed slide 19, "What is a TID?":

1. TIDs are an evolution of the traditional Special Assessment District concept
2. Special Assessment Districts (BIDs) assess property owners in a specific geographic area to provide additional desired services and improvements
3. TIDs assess tourism-related businesses to provide additional promotion and marketing activities

Mr. Lambeth showed slide 20, "How it Works":

Hotels & other tourism businesses pay an assessment...

Collected by the state government...

And managed by the DMO.

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Mr. Lambeth displayed slide 21, "History of TIDs":

1. The TID concept began in 1989 in West Hollywood, California
2. In the last decade TIDs have experienced rapid expansion with over 160 TIDs in 11 states
3. TIDs are raising over \$300 million per year to pay for destination promotion activities

Mr. Lambeth reviewed slide 22, "National District Statistics." He informed that the smallest TID raised \$30,000 per year, and the largest raised \$120 million.

Mr. Lambeth discussed slide 23, "Case Study: Visit California."

4x - The statewide TID has been approved to continue by assessed businesses four times since 1997

Over the last three years, California moved from 28th to 2nd among state tourism marketing budgets

California has achieved overwhelming success without the need to raise taxes or appropriate any money from the state's general fund

Mr. Lambeth showed slide 24, "Approach to New Proposed Legislation":

1. Modeled after the Alaska Seafood Marketing Institute statute
2. Utilized the best concepts in laws from other states
3. Customized to the unique Alaska travel and tourism industry

Mr. Lambeth praised the Alaska tourism industry, noting that it had worked hard over the previous year to develop a plan. He stated that the tourism industry wanted to do a TID, and was looking to the state for a partnership. He discussed budget requests and legislative decisions. He discussed the possibility of dedicating the VRT revenue to tourism promotion.

Ms. Stephens discussed slide 25, "How Much Could Industry Generate?" Based on a 1 % Assessment as Example." She noted that she was a small business owner in Valdez that employed 5 full-time employees and 30 seasonal employees. She alleged that small businesses would feel the impact of a diminished marketing budget. She highlighted the table on the slide; which looked at a 1 percent assessment on accommodations, tours, and attractions. The estimate would bring in approximately \$7.5 million of new revenue for tourism marketing funding. In combination with the VRT, the new revenues would create a \$17.2 million budget. She detailed that a budget of \$17.2 million had created success in the past.

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Senator Micciche discussed a \$50 head tax on the cruise industry, and thought that the tourism industry had opposed the tax. He wondered if the funding could have been a resource such as was being presented on the slide.

Ms. Stephens relayed that there were federal regulations that dictated how taxes on interstate commerce could be spent, which did not allow for spending on marketing. She asserted that all aspects of travelers could be reached to help support the marketing program with the TID approach, including independent travelers and cruise travelers.

Senator Costello referred to the \$17.2 million listed on slide 25, which would allow ATIA to go back to a comprehensive marketing strategy that had been used in the past. She understood that the past marketing strategy had included the vacation planner in which individual businesses could purchase advertising. She did not see associated revenues and reinvestment as a component of the funding on slide 25. She added that she thought it was important to understand the demographics of travelers coming to the state.

Ms. Stephens referred to research that indicated that the planner was used by a wide demographic, and was used for more than one year. She had found through research that travelers did want a physical copy of a planner, regardless of demographic. She confirmed that the main demographic for Alaska summer visitors remained in the 60's age range. She noted that the demographic was becoming younger, more international, and more multi-generational. Considering new numbers allowed for adaptation of the marketing program.

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Senator Costello asked if businesses would still be able to purchase advertisements in the printed travel planner, and if the revenues were included in the new program.

Ms. Stephens answered in the affirmative, and noted that the current plan included revenues coming from cooperative programs. She shared that the industry contributions were close to \$3 million when the budget had previously been at the same level as what was proposed on the slide.

Senator von Imhof expressed appreciation for the effort undertaken in developing the presentation. She was supportive of extending economic opportunities in the state. She thought tourism was growing and had a lot of potential. She thought it would have been helpful to review a visitor analysis to observe changes over time. Additionally, she expressed interest in seeing information on existing bed taxes at a statewide and municipality level, how the funds were being used, and how it might compare to other states. She referred to a proposed additional bed tax in Anchorage to fund police.

Ms. Leonard stressed that the TID proposal referred to an assessment versus a bed tax. She agreed to provide the requested information, which the state already collected. She noted that taxes supported general services, while the TID proposal asked industry to assess themselves to be allocated for tourism promotion. She continued that ATIA was communicating with parties in Anchorage to ascertain how the proposed bed tax might impact a statewide TID model.

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Co-Chair Hoffman asked which components of the proposed plan would require legislation.

Ms. Leonard expressed that ATIA was looking for guidance and support for potential legislation to create a statewide TID, where the assessments would be included in the language.

Co-Chair Hoffman asked if the association had any proposed legislation to offer.

Ms. Leonard related that ATIA was in the process of drafting legislation, and would appreciate the guidance and support of the legislature to move forward with the concept.

Co-Chair Hoffman suggested that the committee could not give outright approval, and emphasized the need for the public legislative process.

Mr. Lambeth stated that the process had been started to identify all the elements to include in proposed legislation. He indicated that the stakeholders had been hoping for early feedback, and would soon have legislation ready to be considered.

Senator Dunleavy asked for clarification of the state's role in the collection of the contributions from industry.

Mr. Lambeth stated that normally the entity would collect contributions. The state would approve the mechanism, the industry would design the program and vote on it, and typically the industry would be responsible for making sure that collections happened.

Senator Dunleavy asked if the state would merely collect what was given, and use the funds for helping with the marketing program funding.

Mr. Lambeth relayed that the process varied from state to state; in some states the industry was on the front lines of collection, and in other places the state had a department doing collection. Normally, states that did the collection of assessments would look for reimbursement of associated costs.

Senator Dunleavy asked what model that Mr. Lambeth envisioned for the collection of contributions.

Ms. Leonard had received industry feedback that favored a partnership; with revenue collected by the state and the program managed by the industry.

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Senator Olson was supportive of the idea being presented. He recalled that eight years previously, when the state was in deficit spending, there was a significant hotel tax put in place. He discussed the effects on residents after the tax was intended to target visitor spending. He wondered how the TID model would affect residents throughout the state who would rent cars, rent hotel rooms, or do other activities related to tourism.

Mr. Lambeth discussed other states which had imposed taxes that effected all people, whether they were residents or travelers. He thought public education was important. He emphasized that the program was designed to increase out-of-state visitors and drive economic activity.

Co-Chair Hoffman inquired about the first footnote on slide 25:

"Estimates are based on spending by non-Alaska residents ONLY, not spending by Alaskans traveling in-state"

Ms. Leonard indicated that the intent had been to project numbers to build an example of a 1 percent assessment. She looked forward to working with the legislature on fleshing out the details of the proposal. She did not know of a solution for having less or no impact on residents who travelled the state.

Senator Dunleavy stated that associated funds would be designated and would still be going to the GF.

Co-Chair MacKinnon understood the same.

[9:54:39 AM](#)

Senator Micciche referred to the importance of the visitor industry on the Kenai Peninsula. He thought that ATIA had

done a good job on winter destination promotion. He thought that an interesting comment had been made on interstate commerce. He suggested that it would be possible to do a discount of 5 or 10 percent for Alaska residents as part of the campaign, which would not compromise the interstate commerce issue. He recounted working on the budget for the Department of Transportation and Public Facilities, and thought the visitor numbers were heavily influenced by the cost of refined fuels. He observed the phenomenon on the Alaska Marine Highway receipts, as well as visitor numbers. He thought there was a direct correlation.

Ms. Leonard discussed fuel prices and increased road traffic to the state. She thought it was possible to see economic results at the statewide level, and thought external factors were always at play in the marketplace. She thought it was possible to prove the economic benefits of a healthy tourism industry because of tourism promotion.

[9:58:07 AM](#)

Mr. Lambeth indicated that many programs tried to protect and grow market share. There were many things that affected travel and tourism; including the overall economy and fuel prices. He referred to locations that had lost destination marketing, which had studies conducted after the fact to show lost market share. He thought the industry wanted to make sure the tourism industry was thriving into the future, and an important part was significant funding going toward destination marketing efforts.

Senator Micciche clarified that he was not advocating for or against a tax. He thought that if the self-assessment went forward, travelers were not dissuaded from visiting because of an additional percentage point or two on the dollar to help provide the funding. He suggested the consideration of a residential discount if the plan went forward.

Senator Dunleavy considered it was a good exercise to review the impacts on Alaskans. He noted that the body would be concurrently discussing massive direct impacts to Alaskans through potential revenue enhancements of a much greater magnitude.

[10:00:52 AM](#)

Co-Chair MacKinnon commented that the reason ATIA was before the committee was that the previous session, there was intent language directing the industry to come back with self-funding ideas and reduce dependency on Undesignated General Funds. The idea being presented would tax the industry itself, and also impact Alaskans. She thought it was up to industry to discuss the economic benefit of a healthy tourism industry. She remarked that an expectation of \$9.5 million of GF funds was probably unrealistic.

Co-Chair MacKinnon continued, and mentioned the proposed industry/state partnership including the VRT. She referred to a debate on adding the word "may" to designate a revenue stream to tourism. She referred to comments by Senator Costello and Senator von Imhoff pertaining to tourism demographics. She thought the committee would be interested to see who would serve on the board to allocate the funds. She thought language pertaining to matching funds would be more effective than the entire amount of the VRT.

Co-Chair MacKinnon relayed that the committee would be heavily scrutinizing any spending on forthcoming fiscal notes. She mentioned ongoing discussions in the legislature that considered taxation of Alaskans.

[10:06:03 AM](#)

Senator Costello thanked the committee for allowing her to be present at the table for her position as chair of the Senate Labor and Commerce Committee. She referred to legislative hearings with economists, who agreed that certainty was needed. She acknowledged that the state was having trying fiscal times, and thought it was important to look at diversification, including travel. She appreciated comments related to how the proposal would affect Alaskans. She noted that it was the first time that the industry had come to the legislature with a proposal of self-assessment. She thought there would be an issue with the use of the VRT, but applauded the proposal.

Co-Chair MacKinnon thanked Senator Costello for attending and prioritizing the conversation.

Senator Dunleavy praised Co-Chair MacKinnon's directness. He echoed Senator Costello's comments and expressed appreciation for the industry developing a plan and

considering the fiscal climate in the state. He thanked ATIA for having a solutions-based approach, and thought Co-Chair MacKinnon had given good advice.

Senator Micciche referred to the fuel cost issue, and agreed that tourism diversified Alaska's economy significantly. He thought there was a direct relationship to diversification. He recounted that most industries had not been supportive of self-assessments. He referred to the commercial fisheries industry, which was looking at similar self-assessments to help contribute towards what they used in state resources. He expressed appreciation for industry-led suggestions. He thought the state would experience the same budget struggles for a few more years.

Ms. Leonard reiterated her thanks to the committee, and looked forward to working with members on legislation. The industry viewed the proposal as a hopeful partnership with the legislature and the administration.

Co-Chair MacKinnon discussed the agenda for the following day.

ADJOURNMENT
10:12:28 AM

The meeting was adjourned at 10:12 a.m.