

HOUSE FINANCE COMMITTEE

February 5, 2026

1:38 p.m.

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CALL TO ORDER

Co-Chair Josephson called the House Finance Committee meeting to order at 1:38 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair
Representative Andy Josephson, Co-Chair
Representative Calvin Schrage, Co-Chair
Representative Jamie Allard
Representative Jeremy Bynum
Representative Alyse Galvin
Representative Sara Hannan
Representative Nellie Unangiq Jimmie
Representative Elexie Moore
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Nils Andreassen, Executive Director, Alaska Municipal League; Jillian Simpson, President and CEO, Alaska Travel Industry Association; Jeremy Woodrow, Executive Director, Alaska Seafood Marketing Institute.

SUMMARY

HB 284 TAX COMPACT; SALES TAX; OIL & GAS TAX

HB 284 was HEARD and HELD in committee for further consideration.

PRESENTATION: ALASKA TRAVEL INDUSTRY ASSOCIATION

PRESENTATION: ALASKA SEAFOOD MARKETING INSTITUTE

Co-Chair Foster reviewed the meeting agenda. He reminded members that the committee would meet later that evening to hear public testimony on the bill.

#hb284

HOUSE BILL NO. 284

"An Act relating to the Multistate Tax Compact; relating to apportionment of income to the state; establishing a state sales and use tax; relating to taxes levied by cities and boroughs; relating to the corporate income tax; authorizing the Department of Revenue to enter into the Streamlined Sales and Use Tax Agreement or substantially similar agreement; relating to the oil and gas production tax; establishing an infrastructure maintenance surcharge on oil; establishing a pipeline corridor maintenance fund; and providing for an effective date."

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NILS ANDREASSEN, EXECUTIVE DIRECTOR, ALASKA MUNICIPAL LEAGUE, introduced the PowerPoint presentation "Alaska Fiscal Policy" dated February 5, 2026 (copy on file). He remarked that when he was invited to present, his first thought was of a song lyric about gearing up and taking someone down, but he emphasized that was not the Alaska Municipal League's (AML) intent. He continued to slide 2 and conveyed that AML remained equally committed to working with state agencies to address longstanding fiscal challenge. He relayed that AML members had advocated for the need for a state fiscal policy for more than 20 years and it had developed resources outlining its approach. Over the last five to ten years, AML had focused particularly on the state's revenue shortfall.

Mr. Andreassen asserted that the core problem was the state's revenue shortfall and whether the state had the ability to meet its obligations. He noted that when the state had not met its obligations, AML members had experienced cost shifting to local governments, which increasingly picked up burdens that otherwise would have been the state's responsibility had fiscal policy been addressed earlier.

Mr. Andreassen reported that member resolutions supported a broad-based tax. He noted that there was a preference for an income tax because it deconflicted with existing local taxation. He added that members opposed a spending cap, which could shift additional costs to local governments. He stated that AML supported a sustainable Permanent Fund draw and emphasized that the shared goal was a state able to fulfill its constitutional and statutory obligations.

Mr. Andreassen continued to slide 3 and paraphrased a quote asserting that the fairest statewide revenue tool was an income tax. He explained that the proposed fiscal plan before the committee identified some available revenue levers, but not all of the options. The Department of Revenue (DOR) had described the revenue levers as the governor's selected priorities. He urged the committee to consider the trade-offs associated with the proposals, including the state's ability to meet obligations, impacts on jobs and the economy, public impacts, resident and nonresident effects, distributional consequences, and intersections with local government authority.

Mr. Andreassen stated that AML was uniquely positioned to focus on the sales tax proposal. He acknowledged that there were broader fiscal policy comments, but he understood the sales tax was a key feature of the current plan. He described several high-level considerations, including the proposal to eliminate the corporate income tax, which had the least impact on jobs and the economy according to the Institute of Social and Economic Review (ISER); the potential effects of a spending cap that could constrain state spending as costs rose; the fact that more than 100 local governments already used sales taxes; and the central question of whether the proposal generated sufficient revenue for the state to meet its obligations.

Mr. Andreassen indicated that the upcoming slides reflected feedback from AML members and noted the breadth of expertise involved, including legal counsel and tax administrators from member communities. He stated he would do his best to convey their perspectives.

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Co-Chair Foster suggested holding questions until the end of the presentation because the committee had limited time.

Mr. Andreassen continued on slide 4 and relayed that he would discuss the sales tax proposal in broad terms. He indicated that sales tax was understood to be the second most regressive revenue option with the highest non-resident contribution. He acknowledged that a high level of work had gone into the methodology and research presented by ISER in the prior week, but it had also identified limitations. There was no data for commercial property and no analysis of oil taxes and corporate income tax in relation to non-resident contribution.

Mr. Andreassen addressed the distinction between macro and micro. He explained that non-resident take, as defined by ISER, reflected an averaged amount statewide. In communities such as Toksook Bay, Quinhagak, and Huslia, non-resident take would effectively be 100 percent because there was no visitor industry presence. He contrasted those communities with locations such as Skagway, where non-residents might account for approximately 50 percent. He emphasized that residents in different communities would experience the tax burden differently and that the distinctions were important for the committee to understand.

Mr. Andreassen noted that there was a projected revenue potential of approximately \$830 million, but if the net was reduced by eliminating the corporate income tax, the trade-offs would need to be considered. He observed that narrower exemptions could result in potential revenue increases for local governments. However, new exemptions included in the proposal, which many local governments did not currently have, could reduce the opportunity. He relayed that the state would be responsible for collection under the bill and there could be potential savings, but the cost had not yet been determined. He noted that some cities did not currently pay for sales tax collection because collection occurred at the borough level, and the proposal could create an additional cost for those cities. He remarked that administration of a new state sales tax would be challenging for a state that had not previously undertaken such a function.

Mr. Andreassen emphasized that a state sales tax would be new for the largest population areas in Alaska. He stated that the tax would be new and different for the majority of Alaskans and it would be weighed against other taxes

already in place. He described the concept of economic friction as the ways in which new taxes or costs could slow economic activity. He added that in communities with high property taxes, there was no differentiation in the proposal to account for local variation when layering a state sales tax on top of existing local taxes.

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Mr. Andreassen continued to slide 5 and identified ten items for evaluation of impact. He referenced the chart showing the frequency of sales tax rates and noted that 59 local governments did not have a sales tax. He recalled that DOR had outlined the way in which the average 1.82 percent had been determined in an earlier presentation. He noted that the 1.82 percent average included 59 governments with a sales tax of zero and did not include dozens of unincorporated communities that also did not levy a sales tax, which would reduce the average further.

Mr. Andreassen advised the committee to consider impacts by specific community rather than relying on averages, and to evaluate how the proposal would affect residents and taxpayers within individual districts. He noted that the average also did not account for stacking within jurisdictions such as the Kenai Peninsula Borough or Ketchikan, where city and borough rates were combined to create a higher effective rate than reflected in the averages.

Mr. Andreassen directed attention to the chart on the slide showing average sales tax as a percentage of general fund revenue by population. He explained that the chart reflected the percentage of local general fund revenue derived from sales taxes across different population sizes. He noted that for some communities, sales tax revenue constituted a significant portion of their general fund, while it represented a smaller share for others. He emphasized that sales tax revenue had distinct implications for each jurisdiction. He would later address the impact of a state sales tax on those local governments.

Mr. Andreassen continued on slide 6 and explained that additional technical work was necessary. He indicated that he had reviewed feedback from legal counsel and a senior sales tax administration official within AML about the proposal, and he was told that it would be unenforceable in

its current form. He emphasized that if the state chose to pursue a sales tax, it should be workable and enforceable. He stated that the law must contain the components necessary to ensure effectiveness and compliance. He stressed that achieving compliance would require work, investment, and capacity within both the legislature and the executive branch to understand how sales tax systems functioned. He identified definitions and statutory citations as areas needing improvement. He stressed that the final product should be legally defensible and not easily subject to court challenge by sellers attempting to comply. He stated that AML had concerns that the current version did not yet meet the standard.

Mr. Andreassen highlighted that there were broad business-to-business exemption categories in the proposal, which were new for most jurisdictions and would result in net revenue loss for many local governments. He stated that there were additional ways to evaluate the inclusion or exclusion of business taxes within exemption structures.

Mr. Andreassen continued to slide 7 and explained that AML administered remote sales tax collection for 56 jurisdictions on behalf of the Alaska Remote Seller Sales Tax Commission (ARSSTC). He stated that AML had a 23-page code that was legally defensible. He compared that code against the proposed state legislation and found deficiencies in both. He clarified that the problem with the proposal was not lack of effort, but it simply needed more refinement to ensure that it was defensible.

Mr. Andreassen noted that the landscape of remote sales tax collection had evolved significantly. He relayed that the online retailer Wayfair had particularly impacted collections within the state [following the United States Supreme Court decision in *South Dakota v. Wayfair, Inc.*]. He stated that early assumptions about implementation had changed as states and local governments gained practical experience. He relayed that AML and ARSSTC had developed a system that complied with Wayfair and managed variability across jurisdictions, including differences in rates, exemptions, caps, and seasonality. He explained that uniformity across all elements was not required as long as the system effectively administered the variations.

Mr. Andreassen continued to slide 8 and pointed out references in the bill to the Multistate Tax Compact (MTC)

and the Streamlined Sales and Use Tax Agreement (SSUTA), which was managed by the Streamlined Sales Tax Governing Board (SSTGB). He encouraged the committee to carefully consider the implications of joining national systems and to understand the commitments and compliance requirements involved. He stated that ARSSTC was not currently part of the agreement. He noted that other states had undertaken extensive negotiations to establish common standards and that non-compliance could result in negative consequences by the governing board.

Mr. Andreassen added that participation in SSUTA required engagement with Certified Service Providers (CSP) and associated costs would need to be budgeted. The agreement also required participating states to provide CSPs in a database of all addresses in Alaska and the tax rate applicable to each location. He stated that AML had developed a system to satisfy the requirement without addressing, but if the legislature chose to require addressing, every Alaskan resident and business would need to provide address data.

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Mr. Andreassen advanced to slide 9 and explained that the primary reason AML was interested in the topic was because it involved local autonomy and decision-making. He stated that sales tax in Alaska had historically been local. He explained that the state retained the authority to implement a net income tax and local governments were preempted from levying income taxes. As a result, property tax and sales tax served as the principal revenue tools for local governments. He stated that the structure was grounded in the Alaska Constitution's provisions on maximum local self-government, liberal construction of local powers, and taxing authority granted only to cities and boroughs. He noted that it differed from many other states, where school districts and special districts also possessed taxing authority.

Mr. Andreassen cautioned that if the state enacted a sales tax that intersected with municipal authority, it should ensure that municipal revenue capacity was not diminished. He pointed out that under the bill, municipal exemptions were subordinated to state law and there was no explicit protection for voter-approved local exemptions. He referenced community-specific policy choices such as caps,

seasonal exemptions, and senior exemptions that were not reflected in the state proposal. He stated that many of the provisions had been adopted through local voter approval and would be displaced by the state's exemption list under the bill.

Mr. Andreassen noted that municipalities would not retain independent audit authority under the bill. He stated that municipalities would have no clear authority to initiate audits, participate in dispute resolution, or prioritize enforcement. He identified the lack of authority as a significant concern and explained that more than 100 jurisdictions currently maintained responsibility for compliance and enforcement within their communities. He stated that the existing neighbor-to-neighbor compliance relationships and localized oversight would be lost under a centralized state system.

Mr. Andreassen continued to slide 10 and described the extent of local variability in exemptions. He stated that across 55 local jurisdictions, there were 136 different types of exemptions. He explained that the variability reflected community-specific economic conditions and policy choices. He stated that seasonal exemptions and other adjustments were often adopted in response to local patterns, including subsistence activity, tourism cycles, and timing of major purchases. He emphasized that a uniform statewide approach would not account for community-level distinctions.

Mr. Andreassen added that the bill did not include sales tax caps. He explained that caps limited taxability on high-cost items such as fishing vessels, snow machines, and automobiles. He relayed that maximum tax paid ranged from \$10 in Houston and Seldovia to \$720 in Bethel. He explained that caps were intended to protect residents from excessive tax burdens on large purchases. He also noted that caps could apply differently across sales tax ranges. The portion of sale tax applied to ranges from \$300 in North Pole to \$14,300 in Juneau. Caps were often specific to vehicle purchases, but there were some caps that were relevant to the total transaction. He relayed that 32 of the 55 jurisdictions that ARSSTC collected for had a cap.

Mr. Andreassen stated that Juneau had recently gone through a public vote in which voters approved an exemption for non-prepared essential food. He explained that under the

state proposal, that exemption would be eliminated. In addition, senior exemptions, while uncommon nationwide, were common in many Alaska communities where there was a longstanding priority placed on elders and seniors. He stated that the bill did not include senior exemptions and that seniors would likely be negatively impacted. He emphasized that local variability existed for specific community reasons.

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Mr. Andreassen continued to slide 11 and outlined the practical implications of the implementation of the sunset clause. He stated that 106 local governments currently administered a sales tax and would be required to undertake a months-long process to unwind their systems and notify sellers that local collection would cease in favor of state collection. He noted that approximately 3,300 remote sellers would need to update their software systems that had been developed for current collection practices. He added that 91,000 Alaska businesses would need to update or purchase software to comply.

Mr. Andreassen noted that while some point-of-sale systems could activate a tax function in a "flip of a switch," remote sales and interjurisdictional transactions required sellers to manage multiple rates and rules. He relayed that not all businesses used the same type of point-of-sale system and that many service providers did not operate with the same systems as retail establishments, such as law firms. He emphasized that the startup costs for implementation would be significant and the systems would later be dismantled under the sunset clause. He stated that businesses and local governments would build systems up and then unwind them again, which he characterized as contributing to continued out-migration in the state.

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Mr. Andreassen continued to slide 12 and addressed human resource impacts. He stated that 106 jurisdictions currently employed staff to administer local sales taxes, ranging from 0.2 full-time equivalent positions in smaller communities to as many as six positions in larger communities. He explained that Section 8 of the bill required municipalities to continue collecting certain "other" local taxes not covered by the state proposal,

meaning some staff capacity would need to remain in place. He relayed that AS 43.05.230(c) required local governments to retain sufficient staff to review and inspect DOR's collection work, which would lessen the savings impact. He characterized the projected efficiencies as not a one-to-one reduction and suggested that any savings would likely be partial rather than complete. He noted that local governments would essentially lose the economy of scale that was currently in place.

Mr. Andreassen relayed that AS 43.44.420 allowed the department to contract with municipalities as field agents for collection. He suggested that the statute could create opportunities for collaboration, potentially allowing jurisdictions to collect both local and state taxes. He stated that such operational discussions had not yet occurred with the department, but it would be important to consult the jurisdictions that were currently collecting the taxes.

Mr. Andreassen moved to slide 13 and addressed the distinction between remote and physical sales tax collection. He explained that AML currently administered remote sales tax collection on behalf of ARSSTC. He stated that local governments had invested millions of dollars in a system that was legally defensible, had not been challenged, and had enrolled approximately 3,300 remote sellers. He reported that the system currently collected approximately \$30 million in remote sales tax for the 55 participating jurisdictions. He described the system as streamlined and capable of accounting for variability in rates and exemptions, with standardized definitions agreed upon by participating jurisdictions. He noted that if the state agreed to the definitions, it could participate in the system. He emphasized that compliance with the Wayfair decision did not require the state to assume full control of collection.

Mr. Andreassen explained that AML and ARSSTC had worked through the issue of addressing through the Alaska Sales Tax Lookup (ASTL) system. He stated that hundreds of thousands of dollars had been invested to create an application programming interface available to sellers, allowing integration into sales systems and enabling sellers to determine applicable tax rates and exemptions by jurisdiction. He stated that the infrastructure was

currently operational and could be leveraged, but would be displaced under the proposed legislation.

Mr. Andreassen continued to slide 14 and advised the committee to consider not only the items that were included in the fiscal note, but also the costs that were not included. There were anticipated costs for training, travel, software development, and coordination with local governments and sellers. He noted that there was no formal process for producing a local government fiscal note and it would be expensive for local governments to respond to and implement the proposed system. He stated that implementation would also impose costs on businesses and he urged the committee to evaluate the impacts carefully. He directed attention to the chart on the slide that showed average sales tax as a percentage of general fund revenue by tax rate range. He emphasized that sales tax revenue represented a significant share of revenue for certain jurisdictions.

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Mr. Andreassen continued to slide 15 and stated that communities had expressed that they did not trust the state to administer the tax well. He referenced existing concerns regarding delayed payments and reimbursements that could take as long as six months. He noted that local sales tax collections were typically managed and reconciled promptly on a monthly or quarterly basis, but there needed to be some assurance that it would occur with similar timeliness at the state level, which would be challenging in the current environment.

Mr. Andreassen explained that narrower state exemptions would not automatically result in increased revenue for municipalities because the bill also included new exemptions that could reduce current collections. He noted that the legislation did not include a hold harmless provision or minimum revenue guarantee for local governments. He stated that administrative fees imposed by DOR could affect net revenues, and that staff time, software costs, and ongoing administrative expenses needed to be evaluated.

Mr. Andreassen encouraged collaboration on a local government fiscal impact analysis and recommended evaluating multiple software solutions rather than assuming

reliance on existing departmental systems. He stated that modern software systems were capable of managing variability across jurisdictions and could potentially offer cost-effective solutions. He further advised that the committee assess what contracted support would entail and quantify the fiscal impact of newly created exemptions.

Mr. Andreassen continued to slide 16 and stated that 106 city councils and borough assemblies would be required to amend local tax codes, revise ordinances, and eliminate other provisions superseded by state law. He explained that there was a need for public communication efforts, business outreach, potential layoffs of current sales tax staff, retraining, and adjustments within local budget processes. He emphasized that municipalities would face uncertainty regarding revenue projections and remittances from the state under the bill. He urged the committee to be mindful of the complexity involved in unwinding a fairly efficient and effective local system. He explained that the charts on the slide illustrated the frequency of sales tax rates and reiterated that community-level impacts were significant. He stated that micro-level impacts differed from statewide averages and higher percentage ranges would create material differences for certain communities.

Mr. Andreassen advanced to slide 17 and stated that approximately 72 percent of Alaskans would experience the bill as a new tax and that most of those individuals already paid property tax. He explained that at the local level, communities often balanced sales tax and property tax decisions against one another. For example, sales tax had been structured to support education funding in Kenai. He stated that such trade-off discussions occurred locally and would not be accounted for under a uniform state tax layered on top of existing local systems.

Mr. Andreassen reported that 36 communities would see their total sales tax rate increase to at least 9 percent under the proposal. He highlighted that the rate was significantly higher than the 1.82 percent statewide average. He indicated that some communities could reach combined rates as high as 13 percent, which was high in comparison to national benchmarks. He cautioned that consumer behavior tended to change when tax rates increased by 2 to 3 percentage points, and behavioral changes became more pronounced when combined rates exceeded 9 or 10 percent.

Mr. Andreassen advanced to slide 18 and identified that certain coastal communities in the state that were largely dependent on fishing and tourism were at particular risk due to already high local tax rates. He noted that many of those communities were responsible for ports and harbors that had been transferred from the state with expectations of continued support. He added that most maintained local police departments and community jails and were less reliant on state troopers. The communities had assumed significant responsibilities and taxing to support their local services. He expressed concern that layering a state sales tax on top of existing rates could generate local resistance, leading voters to reduce or reject local sales taxes in future elections. He stated that such reductions would diminish local governments' ability to provide services that had increasingly shifted from the state.

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Mr. Andreassen continued to slide 19 and addressed consumer behavior concepts such as salience and elasticity. He stated that local officials understood that residents would alter their purchasing behavior based on outside factors. He noted that there was a "tipping point" for behavioral changes. He explained that modest increases of 0 to 1 percent generally produced little behavioral change, while increases of 2 percent prompted residents to delay purchases or consolidate spending. He stated that at increases of 3 to 4 percent, consumers began seeking alternatives, particularly for high-cost items.

Mr. Andreassen reported that when total sales tax rates exceeded 9 percent, consumption reductions tended to become persistent. Residents would decrease spending or seek alternatives, including relocating to lower-tax communities within Alaska. He explained that the situation brought about a push for reductions in local sales tax rates. He noted that residents would look to their local government first because they did not think they could directly alter state policy.

Mr. Andreassen advanced to slide 20 and expressed that it was possible to build a system that protected local variability and had a state sales tax. He suggested that AML could help the state accomplish the goal. He noted that

AML members were supportive of a broad-based tax, but not at the expense of their own decision-making authority. He suggested that it was possible to structure the bill so that the total tax burden remained limited through creative and careful thinking on a community-by-community basis. He noted that other revenue options existed. He stressed significant work was required for the bill to become technically correct and more effective. He asserted that in its current form, the bill would materially affect local governments' ability to deliver services.

Mr. Andreassen continued to slide 21 and noted that there had been earlier comments that there was no perfect tax, which he interpreted as meaning that someone would need to pay the tax and every tax ultimately affected someone. He explained that while no tax avoided impacts entirely, it was possible to mitigate some of the impacts. He acknowledged that policymakers faced trade-offs, including choices between new revenue and Permanent Fund Dividend (PFD) reductions, as well as distributional considerations. He noted that ISER had reviewed several revenue options that could generate comparable revenue without producing the same degree of impact on local governments.

Mr. Andreassen emphasized that limiting local government decision making would have clear consequences which would affect communities differently. He explained that while statewide averages such as a 2 percent or 4 percent tax rate and projected revenues of approximately \$830 million might appear acceptable at a macro level, the effects would vary significantly across communities. He stressed that the issue was not simply who paid the tax but also the trade-offs and implementation pathways involved.

Mr. Andreassen moved to slide 22 and asserted that that the current composition of the legislation did not resolve the state's revenue shortfall or address the fiscal instability discussed earlier. He stated that it would not benefit communities in the long term if it relied on provisions that materially affected local governments. He explained that AML's mission was to strengthen local governments and improve the condition of Alaska's communities, which required the state to function as a partner. He acknowledged the governor's engagement on fiscal policy and observed that while earlier action would have been preferable, the present moment still provided an opportunity to proceed correctly. He reiterated that AML

supported measures to address the state's revenue shortfall but not at the expense of local government authority. He expressed AML's commitment to participating in the process and thanked the committee.

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Co-Chair Foster thanked Mr. Andreassen and remarked that the presentation had been clear and easy to understand. He noted that Nome's 6 percent local sales tax could reach 10 percent if a 4 percent state tax were layered on during the summer season. He thought the example illustrated how significant the combined tax rate could become. He added that AML represented communities both with and without sales taxes and that member jurisdictions had raised numerous implications related to the proposal.

Representative Stapp indicated that he agreed with the concerns raised in the presentation and found most of the information helpful. He thought the critiques were fair, particularly those relating to legal issues. However, he questioned whether the purpose of the bill might be misunderstood. He thought that the intent was to fund a statutory obligation that the state was not currently meeting. He noted that Mr. Andreassen had stated that municipalities were covering constitutional and statutory obligations that the state had not fulfilled. He understood that the proposal before the committee was a tax proposal intended to meet one of those statutory obligations. He asked if residents in communities that already paid local sales taxes might be better off if a larger PFD offset the sales tax.

Mr. Andreassen responded that some AML members had suggested the proposal effectively amounted to the state taxing the PFD. He explained that the concept had been described by members as a form of double taxation, where reducing the dividend represented the first impact and taxing spending funded by the dividend represented the second. He explained that he had attempted to examine the trade-off between the increased dividend and the proposed sales tax. Based on the calculations he reviewed, he estimated that Alaskans earning approximately \$12,500 or less annually might benefit from the proposal because the increased dividend could exceed the amount they would pay in sales tax. He stated that individuals earning more than that amount would likely pay more in tax than they would

receive from the increased dividend. He noted that he was not an economist and that the outcome depended on assumptions about dividend levels and spending patterns. He emphasized that these were the types of trade-offs policymakers were evaluating.

Mr. Andreassen clarified that AML's primary concern related to the state's broader revenue shortfall rather than the dividend specifically. He stated that AML focused on funding needs such as community assistance, school construction, major maintenance, school bond debt reimbursement, capital budgets, and other public services. He noted that the dividend was another statutory obligation, but it was not the focus of AML's policy priorities.

Representative Stapp commented that when statutory obligations were discussed, the conversation appeared to focus on the obligations prioritized by AML, such as community assistance and school bond debt reimbursement, rather than all statutory obligations, including the dividend. He noted that the state had several statutory obligations drawing on the budget, including community assistance, school bond debt reimbursement, and the PFD.

Mr. Andreassen responded that he had not attempted to select or exclude specific obligations in his remarks. He stated that AML focused on obligations consistent with its mission and acknowledged that other statutory obligations existed. He added that senior exemption reimbursement was another item that could be included on such a list and noted that it involved roughly \$100 million in obligations. He acknowledged that additional statutory commitments existed within the state budget.

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Representative Stapp stated that Alaska was already part of MTC under the corporate income tax structure. He asked whether implementing a statewide sales tax would affect Alaska's participation in MTC or whether the bill might unintentionally remove the state from it.

Mr. Andreassen responded that the legislation contained references to changes involving the state's current relationship with MTC. He intended to encourage the committee to conduct due diligence regarding what

participation required and how membership might affect policy choices available to the state. He stated that legislators should understand what obligations were associated with membership and whether different policy options would exist outside the framework. He added that he did not have sufficient knowledge about MTC to recommend whether the state should or should not remain within it, but emphasized that the committee should examine the issue carefully.

Representative Stapp agreed that the issue warranted further examination. He relayed that he also did not know the answer and appreciated the point being raised on the record because the state would likely want to avoid unintentionally removing itself from the tax compact. He noted that the proposal appeared intentionally designed to establish a low-rate sales tax applied broadly with limited exemptions. He noted that the limited exemptions seemed to be a deliberate policy choice rather than an oversight. He asked how AML might work with such a structure if the policy approach remained in place.

Mr. Andreassen responded that the legislature could begin by identifying exemptions required under federal law and ensuring that those were included. He noted that some federally required exemptions had already been identified and flagged for consideration. He suggested that the legislature examine exemptions commonly used by municipalities and determine which ones might be appropriate to maintain. He recommended identifying exemptions that were important to constituents and negotiating with local governments to streamline the system where possible.

Mr. Andreassen acknowledged that the general principle of a low tax rate applied broadly was sound. However, the state would need to address the reality that many jurisdictions currently operated with numerous local exemptions. He explained that the proposal introduced certain exemptions that local governments did not currently have, which could reduce potential revenue gains for municipalities. He cautioned that it was not automatically true that the proposal would generate additional revenue for local governments. He recommended beginning with required exemptions, identifying optional exemptions, and then determining priorities based on those categories.

Co-Chair Foster noted that the committee would hear the bill again to ensure that all members had time to ask questions.

HB 284 was HEARD and HELD in committee for further consideration.

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RECONVENED

^PRESENTATION: ALASKA TRAVEL INDUSTRY ASSOCIATION

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JILLIAN SIMPSON, PRESIDENT AND CEO, ALASKA TRAVEL INDUSTRY ASSOCIATION, thanked the committee for its support over the years. She provided a PowerPoint presentation titled "Alaska Travel Industry Association" dated February 5, 2026 (copy on file) and she began on slide 2. She explained that the presentation would provide an overview of the organization, visitor numbers to Alaska, and the economic impact of tourism. She would also discuss the current marketing budget, the marketing program being implemented on behalf of the state, and the return on investment (ROI) associated with the program.

Ms. Simpson continued to slide 3 and described the Alaska Travel Industry Association (ATIA) as the statewide trade association for Alaska tourism. She stated that the organization's mission was to ensure a healthy and robust tourism economy in Alaska. She explained that the association carried out traditional trade association functions, including advocacy on behalf of the tourism industry, while also serving as the official destination marketing organization for Alaska through the Department of Commerce, Community, and Economic Development (DCCED).

Ms. Simpson noted that the structure was somewhat unusual compared with other states. She explained that many states maintained a tourism division within their government, which was what Alaska had previously done as well. However, several entities had been combined into ATIA about 25 years ago so the state could leverage private sector expertise in delivering tourism marketing programs. She stated that ATIA

operated as a private nonprofit corporation governed by a 24-member elected board of directors representing various regions and sectors of Alaska's travel industry. The organization maintained a marketing committee composed of industry experts who guided the tourism marketing program. She reported that ATIA currently had 634 members statewide, the majority of which were small businesses. She stated that approximately 60 percent of ATIA's membership consisted of businesses with fewer than 20 employees.

Ms. Simpson advanced to slide 4 and outlined additional services provided by the association. She stated that ATIA hosted an annual convention for the industry, administered the AlaskaHost and CultureHost programs through a memorandum of understanding with DCCED, and operated the Adventure Green Alaska program, which she described as a voluntary certification program for sustainable tourism businesses. She noted that her presentation focused primarily on ATIA's role in implementing the state's destination marketing program.

Ms. Simpson moved to slide 5 and listed visitor statistics. She reported that Alaska had received more than 3 million annual visitors over the last couple of years. Those visitors spent approximately \$3.9 billion directly with Alaskan businesses and communities. She explained that roughly 40 percent of the spending was associated with cruise ship visitors, and the other 60 percent came from independent travelers. She stated that tourism activity generated approximately \$181 million in revenue for the state and produced an overall economic impact of approximately \$5.6 billion and supported about 48,000 jobs statewide.

Ms. Simpson continued to slide 6 and provided further detail on visitor trends. She explained that visitor numbers had increased slightly the previous year, with overall visitation growing by about 1 percent. She stated that the growth had been driven primarily by the cruise sector, which experienced a 3.5 percent increase in passengers traveling to Alaska. In contrast, independent travelers declined by approximately 2.5 percent during the same period. She noted that while Alaska experienced a 1 percent growth overall, national travel data indicated that travel within the U.S. had increased by approximately 2 percent, meaning Alaska had not captured its full potential share of visitors.

Ms. Simpson advanced to slide 7 and directed attention to a chart illustrating seasonal visitation. She explained that the majority of Alaska's visitors traveled during the summer months, which was represented by the green portions of the chart. Winter visitation accounted for approximately 12 percent of total visitors. She stated that winter tourism was particularly important for communities in the interior and southcentral regions of Alaska and had historically been a growing segment. However, there had been a decrease in winter visitation in the prior year for the first time in several years. She explained that when winter visitors were combined with summer travelers who traveled independently rather than by cruise ship, independent travelers accounted for approximately 42 percent of Alaska's year-round visitors. She noted that the composition of summer visitors had changed over time, with independent traveler market share declining while cruise visitation increased.

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Ms. Simpson moved to slide 8 and discussed projections for upcoming seasons. She stated that final numbers for the summer of 2025 were still being compiled but that early indications suggested visitation had remained relatively flat. She reported that there was positive news regarding transportation capacity looking ahead to 2026. She explained that two new cruise lines planned to operate in Alaska as well as an increase in the number of passengers able to travel across the Gulf of Alaska on one-way cruises departing from Vancouver or Seattle and arriving in Seward or Whittier. She explained that the one-way itineraries often encouraged passengers to travel further within Alaska after their cruise. She added that airline capacity to Alaska was also increasing, partly to accommodate the additional cruise passengers, but would also present an opportunity for more independent travelers. She stated that the U.S. Travel Association projected an additional 2 percent increase in nationwide trips, which could be a positive opportunity for Alaska if the state was able to capture additional market share.

Ms. Simpson reported that international visitation to the U.S. had declined by approximately 5.4 percent during the past year, with travel from Canada declining by more than 20 percent. She stated that it was not yet clear how those

trends would affect Alaska specifically, noting that international travelers often perceived Alaska differently from the Lower 48 states, particularly Canadian visitors. However, she wanted to share the information with the committee as part of the broader travel context.

Representative Hannan asked a question regarding slide 8. She represented Juneau and was surprised at the statement that visitation in summer of 2025 had been flat. She stated that local reporting in Juneau had indicated a significant increase in visitors, with numbers reportedly rising by several hundred thousand visitors to approximately 1.7 million. She asked whether Juneau had experienced an unusual increase.

Ms. Simpson responded that Juneau was unique because it received the majority of Alaska's cruise visitation. She reiterated that the preliminary statewide information indicated overall visitation had remained flat in 2025. She explained that the cruise data used in the statewide totals were based on ports of calls across Alaska.

Representative Hannan relayed that the reports circulating in Juneau suggested that visitor volumes had increased substantially, although businesses reported that visitors were spending less money. She stated that local businesses had indicated that the tourists arriving were generally lower price-point travelers, resulting in higher visitor volume without corresponding revenue growth. She acknowledged that final numbers might differ once all data were reviewed.

Ms. Simpson responded that she would review the Juneau-specific figures and follow up. She explained that visitation numbers were typically reported by the port and aggregated to calculate statewide totals. She stated she would examine whether the numbers being discussed locally corresponded with the statewide reporting.

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Ms. Simpson advanced to slide 9 and discussed historical tourism marketing budgets. She explained that Alaska had historically invested significantly more funding in tourism marketing than it was currently investing. Approximately ten years earlier, the state had invested around \$16 million annually in marketing efforts. Over time, the

investments had declined. She noted that during the COVID-19 pandemic, the tourism industry had received support through a federal grant administered by the governor that helped sustain marketing during that period. The chart displayed two main categories of funding: the light blue bars represented investments from the state, while the green bars represented industry contributions. She explained that tourism businesses purchased participation opportunities within the state marketing program, and the contributions were reinvested directly into marketing activities.

Ms. Simpson reported that the current tourism marketing budget was approximately \$2.5 million, with the industry expected to contribute just under \$600,000. She explained that larger state marketing budgets allowed states to offer more marketing programs that businesses could buy into. When the marketing budget decreased, fewer programs were available, which in turn reduced the amount the industry could contribute.

Ms. Simpson continued to slide 10 and compared Alaska's tourism marketing spending to other states. She explained that tourism marketing was widely recognized as an economic development tool used to stimulate travel demand. Every state invested in tourism marketing, though the funding structure varied. Some states maintained dedicated tourism marketing funds, while others appropriated funds annually from their general funds. She stated that Alaska ranked near the bottom nationally in tourism marketing investment. She reported that the average state spent approximately \$22.4 million annually on tourism marketing, which was roughly \$20 million more than Alaska's current marketing budget.

Ms. Simpson continued that when considering the overall tourism marketing expenditures nationwide, states collectively invested more than \$1 billion in tourism advertising directed toward U.S. residents. She reported that the overall tourism advertising market had increased by 6 percent the previous year. She explained that the environment was highly competitive and Alaska faced challenges ensuring its message was visible among competing destinations.

Ms. Simpson pointed to a graphic on the slide that compared the geographic size of Delaware to Alaska. She explained

that Alaska and Delaware currently operated with roughly the same size tourism marketing budget. The comparison illustrated the challenge Alaska faced. She relayed that Delaware was geographically small and primarily targeted travelers in nearby metropolitan areas who could easily drive for short visits or weekend trips. In contrast, Alaska sought to attract travelers willing to spend approximately nine days in the state and several thousand dollars on travel, with trips often planned as far as nine months in advance. She stated that the difference made Alaska's marketing task significantly more complex and difficult than it was for other states.

Representative Galvin remarked that investment in marketing created opportunities for economic growth. She asked for more information about the funding composition shown on slide 9, noting that approximately 30 percent of the marketing funding appeared to come from industry contributions, or roughly \$600,000, while the remainder came from state funding of approximately \$2.5 million. She asked whether other states relied on similar industry contributions and what portion of tourism marketing funding in other states came from private industry.

Ms. Simpson replied that she did not believe other states relied on industry contributions to the same extent as Alaska. She explained that when Alaska's tourism marketing budget had previously been larger, the industry had contributed more than \$2 million toward marketing programs. She noted that other states had expressed admiration for Alaska's ability to generate such industry participation, particularly because Alaska had fewer tourism businesses compared with many other states. However, the most common model nationally was for the state government to fund the marketing program directly, with industry participation playing a smaller role. She added that she would need to review data from other states to provide precise percentages.

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Ms. Simpson moved to slide 11 and discussed the proposed FY 27 budget, which currently included zero dollars allocated for tourism marketing. She relayed a story that was often referenced by the tourism industry about Colorado. In 1993, Colorado eliminated its tourism marketing program, reducing its budget from \$12 million to \$0. Within one year of that

decision, the state experienced a decline of approximately \$1.4 billion in traveler spending. She asserted that the example illustrated how the absence of marketing investment could produce an immediate negative impact on tourism visitation and economic activity.

Ms. Simpson advanced to slide 13 and explained how the existing marketing funds were used. She described the concept of the marketing "sales funnel," which was a model commonly used in destination marketing. She stated that the state's tourism marketing program focused primarily on the top of the funnel, which represented the awareness stage. The goal at the awareness stage was to reach the largest possible audience of potential travelers and encourage them to consider Alaska as a destination. Once travelers entered the awareness stage, marketing messages were designed to guide them through the funnel toward consideration and ultimately conversion into visitors. She stated that businesses and communities played a significant role in converting interested travelers into actual visitors once they reached later stages of the funnel.

Ms. Simpson remarked that a robust marketing budget allowed the funnel to be wide and deep, reaching a broad audience and sustaining interest over time. She stated that the funnel was much narrower with Alaska's current marketing funding level and resembled a "straw" rather than a wide funnel. Nevertheless, the organization continued to focus its efforts on the upper and middle portions of the funnel to maximize awareness.

Ms. Simpson advanced to slide 14 and detailed the target audiences for Alaska's tourism marketing program. She explained that the organization used both behavioral and geographic targeting strategies to reach potential travelers who were most likely to visit Alaska. Behavioral targeting focused on individuals already interested in travel or interested in activities commonly associated with Alaska, such as viewing the aurora borealis, hiking, fishing, glaciers, Alaska Native culture, and cruising. Geographic targeting focused on specific markets where marketing efforts were most likely to generate a strong return on investment.

s. Simpson stated that the program currently focused on six geographic markets where marketing efforts were concentrated. She explained that the markets were selected

based on previous return on investment as well as the availability of nonstop flight access to Alaska. In addition, the association developed a market potential model the previous year, which provided detailed data to support marketing decisions.

Ms. Simpson continued to slide 15 and explained that the model was developed after an advertising effectiveness study conducted several years earlier. The study evaluated what visitors spent in Alaska after seeing the state's advertising and analyzed the impact that advertising exposure had on travel behavior. The study also examined where those travelers originated. Using the information, ATIA developed a model evaluating nearly 300 different markets in the Lower 48 states. The model identified traveling households in each market and estimated the effects if approximately 44 percent of those households were exposed to Alaska tourism advertisements, which made the household an aware household. She explained that the model estimated the cost of reaching those households through advertising, the number of travelers who would visit Alaska as a result of the advertising rather than through trips they would have taken anyway, the spending the incremental visitors would generate in Alaska, and the resulting ROI from the advertising expenditures for both the industry and the state.

Ms. Simpson noted that the information allowed the association to refine marketing decisions. She relayed that Phoenix had been added as a new marketing market because of both increased nonstop flight service to Alaska and the strong projected return on investment from that market. She remarked that marketing decisions involved both analytical data and judgment. Decisions could be based on prioritizing advertising return on investment, total economic impact, or media efficiency, and ATIA evaluated all of those factors.

Ms. Simpson added that the model revealed that advertising in Seattle had reached a saturation point. She explained that additional advertising in Seattle was no longer producing significant incremental visitation because it already had a high level of brand awareness regarding Alaska travel. As a result, the association discontinued advertising in the Seattle market.

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Ms. Simpson advanced to slide 16 and discussed how the marketing budget was distributed. She stated that the majority of the budget supported advertising and public relations efforts designed to reach potential travelers at the top of the marketing funnel. Additional portions of the budget supported the travel trade program, the organization's website, and other outreach efforts.

Ms. Simpson explained that a portion of the budget was dedicated specifically to cultural tourism. She emphasized that the association wanted to ensure visitors understood that Alaska had always been and remained an Indigenous place. She stated that cultural tourism messaging had become a central element of the state's tourism marketing strategy. To support that effort, ATIA produced a cultural guide that was inserted into every vacation planner distributed to potential visitors. She noted that the association had not produced a new vacation planner during the current year and was instead distributing a previous edition. She explained that much of the information about traveling to Alaska remained relevant over time, although the primary drawback was that newer tourism businesses and recently developed tours were not included.

Ms. Simpson moved to slide 17 which illustrated examples of the current advertising creative used in the campaign. She explained that ATIA continued to use the "Also Known As" campaign theme, which highlighted several of Alaska's primary tourism marketing pillars, including the aurora borealis, glaciers, wildlife, culture, and mountains. The association had also conducted a brand health study examining what consumers sought when choosing travel destinations. The study revealed that many travelers were interested in unique lodging experiences, but many were not aware that Alaska offered numerous distinctive lodging options. As a result, the association incorporated imagery such as an igloo-style structure into its advertising to highlight those opportunities.

Ms. Simpson stated that the brand research also revealed that travelers perceived Alaska as a wilderness destination but were uncertain about how accessible it was. The association responded by incorporating messaging showing that Alaska could offer both wilderness experiences and accessibility for travelers. She explained that those two findings from the research had been incorporated into the current advertising campaign.

Ms. Simpson moved to slide 18 and discussed the media tactics used in the campaign. She explained that the program now relied entirely on digital advertising as budget constraints had eliminated several previous advertising formats. In earlier years, ATIA had placed ads on streaming platforms such as Hulu, Disney+, and Netflix. Interactive advertising formats had also previously been used, allowing viewers to engage with travel advertisements through multiple devices. However, the current budget no longer allowed those options.

Ms. Simpson stated that digital advertising still provided an advantage because campaigns could be optimized in real time. If particular advertising content, geographic markets, or demographic groups responded more strongly to certain advertisements, the association could increase advertising investment in those areas to improve results.

Ms. Simpson continued to slide 19 and offered information about the association's website, TravelAlaska.com. She reported that year-over-year comparisons showed a decline in the number of visitors to the site. She explained that part of that decrease was driven by reduced advertising in the marketplace. She added that organic traffic had also declined, which she attributed to the rise of artificial intelligence (AI) search tools. She stated that both factors affected the organization's ability to convert potential travelers. With fewer visitors to the website, fewer Alaska businesses received referrals through the site, fewer people ordered the vacation planner, and fewer individuals signed up for email communications. She explained that the reductions made it more difficult to convert potential travelers into participants in Alaska's tourism program.

Ms. Simpson explained that ATIA was responding by investing in a shift in its content strategy so that the website would perform better in AI-based search environments. In the past, most travelers used traditional search engines such as Google by typing search terms, after which search results would display websites such as TravelAlaska.com based on keywords and content. She explained that AI search tools now gathered information by scanning and aggregating content from multiple websites. If the Travel Alaska website was not structured in a way that allowed AI tools to easily retrieve the information, the site's content

might not appear in those search results. She explained that because the association was the authoritative source for Alaska travel information, it was important that the website's content appeared prominently in AI search responses.

Ms. Simpson reported that the association was reorganizing its website content to reflect how users asked questions in AI systems. For example, if a traveler asked an AI search tool where the best place to view the northern lights was, ATIA wanted the answer to identify Alaska rather than destinations such as Norway. She stated that the organization was rewriting and restructuring website content to address those types of questions directly. In addition, the association was restructuring the technical back end of the website to improve its compatibility with AI search tools.

Ms. Simpson explained that AI systems also evaluated whether a source was widely recognized as an authority, which required the association to ensure that other third-party platforms referenced Alaska travel information in ways consistent with the Travel Alaska website. As a result, ATIA continued to invest in public relations efforts so that its messaging appeared consistently in news media, social media platforms, and travel review sites such as TripAdvisor.

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Ms. Simpson continued to slide 20 and reported that the association's public relations program worked with travel journalists, editors, and writers to generate coverage of Alaska tourism. The goal for the year was to assist at least 250 travel media professionals in producing stories about Alaska and to generate approximately \$25 million in advertising-equivalent earned media coverage. One of the primary public relations initiatives was the Alaska Media Roadshow. The program brought travel writers together with Alaska tourism businesses so that those businesses could pitch story ideas directly to the media. She explained that the event had proven to be an effective pipeline for generating positive travel coverage about Alaska.

Ms. Simpson stated that ATIA also maintained an active presence on social media platforms. Although the engagement rate appeared to be approximately 3 percent, she explained

that the level was considered high for destination marketing organizations. She added that the association also partnered with social media influencers and cultural ambassadors as part of its cultural tourism strategy. The partnerships included collaborations with Alaska Native content creators who shared stories about their communities and cultures with their audiences.

Ms. Simpson explained that the association also worked closely with the travel trade, which included travel advisors, travel agents, and tour operators. The goal of those efforts was to help industry partners design and sell travel itineraries to Alaska throughout the year. The association attended national trade shows, hosted familiarization tours to allow travel professionals to experience Alaska firsthand, and operated an online training program known as the Alaska Certified Expert program.

Ms. Simpson continued to slide 21 and explained that due to budget constraints, ATIA would attend fewer trade shows and host fewer familiarization tours during the current year. However, there was an upcoming event in Fairbanks called the Amazing Alaska Experience. The event would bring travel advisors to Alaska during the winter season so they could experience winter tourism offerings and meet directly with Alaska tourism businesses.

Ms. Simpson added that the association maintained a small international presence through a representation office in Germany. The office represented Alaska in German-speaking Europe, including Austria and Switzerland. The office worked primarily with travel trade partners and media in those markets to maintain awareness of Alaska as a travel destination and to support nonstop summer flights operating across the Arctic to Anchorage.

Ms. Simpson added that ATIA also maintained a small international marketing presence in India. She noted that the program there might seem surprising, but India represented one of the fastest growing international travel markets to the U.S. and to Alaska. She explained that the program delivered strong value because the cost of operating in India was relatively low due to exchange rates, allowing the association to achieve a favorable return on a small investment.

Ms. Simpson advanced to slide 21 and detailed the key performance indicators (KPIs) for the marketing program. She stated that during the previous fiscal year, the program operated with a \$5 million budget. She explained that the metrics on the slide illustrated the program's effectiveness and the indicators were constantly monitored by ATIA. While the association was proud of the return generated by its marketing activities, she emphasized that the most important return was the economic impact produced by visitors traveling to Alaska.

Ms. Simpson continued to slide 23 and noted that an advertising effectiveness study conducted several years earlier had demonstrated measurable impacts from tourism marketing. The study showed that individuals who saw Alaska tourism advertisements were twice as likely to visit Alaska as those who did not see the ads. She explained that the finding demonstrated that marketing could influence travel decisions and increase visitation beyond what would occur without marketing. She also reported that 71 percent of the visitors influenced by the advertisements were independent travelers.

Ms. Simpson added that a brand health study conducted the previous year revealed what she described as a "halo effect." She explained that tourism advertising influenced not only visitation but also perceptions of Alaska more broadly. Survey results indicated that individuals who saw Alaska tourism advertisements were 80 percent more likely to view Alaska as a good place to live and were twice as likely to consider Alaska a good place to start a business or career. She stated that tourism marketing therefore contributed to broader interest in investing and living in Alaska.

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Ms. Simpson moved to slide 24 and described the pie chart on the slide as the "Circle of Life," which illustrated how tourism marketing investments generated economic activity. She explained that when the state invested in tourism marketing, it generated more visitors. Increased visitation produced additional spending in Alaska communities, which generated economic activity and higher revenues to the state. She reported that tourism generated approximately \$181 million annually in revenue to Alaska. She noted that about \$15 million of the revenue came from the vehicle

rental tax, which was largely paid by independent travelers. She stated that roughly 70 percent of the vehicle rental tax revenue came from out-of-state visitors. Based on the proportion, ATIA's request was for approximately \$10 million to be reinvested into tourism marketing from that revenue stream.

Ms. Simpson acknowledged that the legislature faced many competing fiscal challenges. However, the association hoped to work with the legislature to determine what was an appropriate level of investment that would allow Alaska to remain competitive in the tourism marketplace and continue attracting visitors to the state.

Co-Chair Josephson understood that the tourism marketing budget for FY 26 was approximately \$2.5 million, ATIA was requesting \$10 million for FY 27, and the the governor's proposed budget currently contained no funding for tourism marketing. He asked if his understanding was correct.

Ms. Simpson responded in the affirmative.

Representative Hannan asked whether the \$15 million in revenue represented the total amount of revenue generated by the vehicle rental tax.

Ms. Simpson replied that the \$15 million figure represented the total revenue generated by the tax, including amounts paid by Alaska residents.

Representative Bynum remarked that AS 43.52.080 allowed the legislature to appropriate vehicle rental tax revenue for tourism marketing purposes. She relayed that she generally opposed taxes that lacked a clear purpose, but in this case the tax had been established to support tourism marketing, which in turn produced direct economic benefits for Alaska communities. She asked how disruptions in the broader U.S. economy might influence visitor spending patterns when travelers came to Alaska communities.

Ms. Simpson responded that leisure travel was often one of the first types of spending people reduced when economic uncertainty arose. However, that research from the U.S. Travel Association showed that although travelers might reduce spending levels, the intent to travel remained relatively strong. She explained that many Americans viewed travel as an important part of their lives and continued to

prioritize it even when budgets were constrained. She added that when economic conditions or regulatory factors became barrier to travel, marketing could help overcome the barriers by keeping Alaska visible as a destination. She stated that marketing played an important role in filling the travel funnel and attracting visitors, particularly when budgets were tight. She emphasized that Alaska became more vulnerable to declines in visitation when tourism marketing funding was reduced or eliminated.

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Representative Tomaszewski noted that Alaska had received approximately three million visitors during the previous year and asked what was considered an ideal number of visitors. He questioned how many visitors Alaska could realistically accommodate given existing infrastructure limitations.

Ms. Simpson replied that the question was an excellent one but stated that she did not have a specific number for an optimal visitor capacity. She explained that Alaska was geographically vast and that many communities hoped to expand tourism as a way to strengthen their local economies. She added that visitor distribution was an important consideration, noting that spreading visitors across more communities and regions could help accommodate growth. She relayed that Alaska had significant opportunity to grow its tourism sector and the potential for growth remained substantial.

Representative Galvin asked for confirmation that approximately 70 percent of individuals renting vehicles in Alaska were visitors from outside the state.

Ms. Simpson replied that ATIA was confident in that estimate. She explained that the figure originated from visitor profile research conducted by the McKinley Research Group. The study analyzed visitor survey data and established ratios used to estimate visitor behavior. The ratios were also applied to airline passenger arrivals when estimating visitor volumes. She stated that the association had periodically reviewed the data to determine whether the ratio had changed, and it had remained relatively consistent over time. She expressed confidence in the estimate that approximately 70 percent of vehicle rental tax revenue was paid by out-of-state visitors.

Representative Galvin asked whether international markets showed particular interest in culture tourism.

Ms. Simpson responded that cultural tourism was one of the fastest growing segments of the tourism market. She stated that travelers in general showed strong interest in cultural tourism experiences, but international visitors demonstrated especially high interest in Alaska Native cultural experiences. She added that Alaska had already seen growth in that area as new cultural tourism opportunities had developed, but she believed there remained significant potential for further expansion.

Co-Chair Josephson thanked Ms. Simpson for her presentation. He indicated that the committee would proceed with the next presentation.

^PRESENTATION: ALASKA SEAFOOD MARKETING INSTITUTE

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JEREMY WOODROW, EXECUTIVE DIRECTOR, ALASKA SEAFOOD MARKETING INSTITUTE, asked how much time he had for the presentation.

Co-Chair Josephson responded around 40 minutes.

Ms. Woodrow expressed that it was a pleasure to follow the presentation by the ATIA, noting that there would be some similar themes between the work of the two organizations. He explained that the work conducted by ATIA and the Alaska Seafood Marketing Institute (ASMI) complemented one another. He introduced the PowerPoint presentation "Alaska Seafood Marketing Institute (ASMI)" dated February 5, 2026 (copy on file). He continued on slide 2. He stated that he would begin with an overview of ASMI, review ASMI's budgets, discuss the current economic condition of the seafood industry, describe the institute's marketing goals, and provide examples of tactics used to meet those goals.

Mr. Woodrow continued to slide 3 and explained that ASMI served as the state's official seafood marketing arm. He relayed that the institute operated as a public corporation within DCCED and was established in statute to maximize the economic value of Alaska's seafood resources. He stated that ASMI pursued its mission by building and protecting

the Alaska seafood brand, developing markets for Alaska seafood products worldwide, and working closely with the Alaska seafood industry to promote products. The organization was governed by a seven-member board of directors appointed by the governor, which consisted of five seafood processors and two commercial harvesters. In addition, ASMI had several ex officio members who included members of the legislature and representatives for the administration.

Mr. Woodrow stated that the board had also established nine advisory committees composed of commercial harvesters and representatives from the seafood processing sector. The committees provided advice to the board regarding marketing priorities for different sectors of the seafood industry and for specific species harvested in Alaska. The advisory committees allowed ASMI to receive broader input from industry participants to ensure its marketing activities aligned closely with industry needs.

Mr. Woodrow advanced to slide 4 and relayed that ASMI's mission was to increase the economic value of Alaska's seafood resources. He explained that the organization worked to increase positive awareness of the Alaska seafood brand while emphasizing the sustainable management of Alaska fisheries. He stated that ASMI coordinated closely with the seafood industry and implemented both proactive and responsive marketing strategies to address changing market conditions. The organization also provided quality assurance guidance and technical information to industry participants and maintained prudent fiscal management to ensure that marketing investments generated strong returns for the state, fishing industry, and coastal communities.

Mr. Woodrow continued to slide 5 and explained that ASMI's marketing activities focused on retail and food service promotions. The organization used traditional advertising, public relations campaigns, and social media outreach. He added that ASMI also facilitated access to U.S. programs through food aid initiatives and provided technical resources to the seafood industry to ensure Alaska seafood products had fair access to domestic and international markets. The efforts helped increase the value of Alaska seafood by generating price premiums relative to competing seafood products, reducing inventory backlogs when they occurred within the industry, and creating incremental sales opportunities in both new and existing markets.

Mr. Woodrow moved to slide 6 and explained that ASMI's marketing activities were organized into five primary program areas: international marketing, domestic marketing, seafood technical programs, communications and public relations, and a global food aid program. The food aid program primarily worked with purchasing programs administered by the U.S. Department of Agriculture (USDA), although other programs also existed.

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Mr. Woodrow turned to slide 7 and detailed ASMI's budget. He stated that if ASMI's FY 26 budget was compared with the governor's proposed FY 27 budget, the two would appear relatively similar overall. He explained that ASMI typically received funding from three primary sources in any given fiscal year.

Mr. Woodrow explained that the first source was seafood marketing assessments, which appeared in the budget as statutory designated program receipts. He stated that the assessments were paid by the seafood industry and functioned as a self-assessment established in statute. The statute allowed the industry to vote to increase, decrease, or eliminate the assessment. He explained that the current rate was set at one-half of 1 percent of ex-vessel value. He clarified that ex-vessel value referred to the first sale of seafood from a commercial fisher to a processor.

Mr. Woodrow explained that the transaction represented the initial commercial sale of seafood landed in Alaska and could occur at a tender vessel or directly at a dock. He noted that the FY 26 and FY 27 assessment amounts appeared similar in the budget figures. However, the budget numbers also included some carry-forward funds and spending authority because the assessment revenues were received in quarterly payments collected by DOR. The assessment was based on the price paid to fishers, but the processors collected the funds and remitted them to DOR on behalf of the industry. He stated that the process created an interesting arrangement in which the assessment was calculated from fisher's ex-vessel value but paid by processors through the tax collection process.

Mr. Woodrow stated that ASMI had also been successful in recent years in increasing the amount of federal funding it

received. The majority of federal funds came through the USDA's Foreign Agricultural Service. The funds came with restrictions, including a requirement that the money be spent on international marketing activities. He noted that he would discuss the international marketing program in greater detail later in the presentation.

Mr. Woodrow explained that ASMI also received a \$5 million unrestricted general fund (UGF) appropriation in FY 26. He clarified that the appropriation had been included as part of the FY 25 supplemental budget and was structured as a multi-year appropriation. He noted that a small portion of the funds had been spent during the closeout of FY 25, but the majority would be spent during FY 26. He expressed appreciation for the legislature's support and indicated he would show how the funding affected ASMI's spending plan in the next slide.

Mr. Woodrow highlighted that the total FY 26 budget authority was approximately \$31.4 million, although the actual spending plan was lower. He explained that it was common practice for the ASMI board to maintain a lower spending plan so that funds would remain available at the start of the following fiscal year. He relayed that ASMI needed to begin each fiscal year with funds already in reserve to start marketing activities on July 1, because some of the statutory designated program receipts represented spending authority rather than immediately available cash.

Mr. Woodrow advanced to slide 8 and detailed the way in which the FY 26 spending plan was distributed across ASMI's major program areas. Approximately 30 percent of the budget supported domestic marketing activities. He noted that the domestic category included the global food aid program administered through USDA as well as communications, public relations, and retail and food service promotions. He stated that just under 60 percent of ASMI's budget supported international marketing programs. He explained that the statutory designated program receipts representing industry assessments provided the required match for federal funding received through the USDA's Foreign Agricultural Service (FAS). He noted that the share of federal funds used for international marketing had grown significantly in recent years and was expected to remain relatively high.

Mr. Woodrow explained that federal funding for international marketing had increased because of federal legislation known as the One Big Beautiful Bill. The legislation expanded the Market Access Program (MAP), a competitive grant program administered by FAS. He stated that ASMI participated in the program as a commodity board and competed with many other commodity groups for funding. The groups included organizations representing U.S. beef, pork, poultry, citrus, and California almonds, among many others.

Mr. Woodrow explained that approximately 100 different commodity organizations applied for funding through MAP. Historically, ASMI had received about \$4.5 million annually through the program, which he indicated was represented by the green bar on the pie chart on the slide. He explained that ASMI expected to receive additional funds in future years because the program's funding had been doubled through the recent federal legislation, although final allocations had not yet been announced.

Mr. Woodrow stated that the grant awards had been delayed due to a federal government shutdown earlier in the fall, which had postponed the award process by approximately one to two months. However, once the new awards were announced, the increased funding would allow ASMI to expand its international marketing efforts. He noted that the federal funds did not require additional matching funds from industry beyond the statutory assessments already in place.

Mr. Woodrow advanced to slide 9 and offered an overview of trends in ASMI's budget over time. He explained that the organization's budget had experienced some volatility in recent years because the seafood industry itself had faced economic fluctuations. He indicated that declines in seafood prices reduced the revenue available for marketing because ASMI's industry assessment revenues were tied to ex-vessel value.

Mr. Woodrow highlighted FY 20 as an example of the volatility. He explained that the dark blue bar on the chart represented statutory designated program receipts generated by the industry assessment paid by seafood processors based on the value of seafood harvested in Alaska. He stated that FY 20 was one of the lowest years on record for revenues due to the unusual conditions across the state and within the seafood industry created by the

COVID-19 pandemic. Despite the challenges, fishers were able to continue fishing during that year, which was important for maintaining revenue and continuing to supply seafood to consumers in the U.S. and around the world.

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Mr. Woodrow explained that beginning in FY 22 and FY 23, ASMI's revenues began to increase. He noted that some of the increase resulted from federal funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA), which allowed the organization to increase its spending plan temporarily.

Mr. Woodrow explained that Alaska experienced the largest sockeye salmon return in history in Bristol Bay in 2022. While large harvests were generally positive for the fishing industry, the timing created major market challenges. At the time, global inflation was increasing and consumer spending patterns were shifting following the pandemic. Consumer spending remained strong in early 2022 and seafood processors paid high prices to fishers for the sockeye harvest.

Mr. Woodrow explained that consumer spending declined significantly later in the year. As a result, processors were left with large inventories of sockeye salmon that could not be sold at prices high enough to cover the costs paid to fishers. Maintaining large inventories in cold storage required additional expenses, including storage costs and financing costs associated with loans used to hold the product. As inventories grew, market prices for seafood began to decline because buyers were unwilling to pay the higher prices processors had originally paid.

Mr. Woodrow added that global events also contributed to the price decline. Following the Russian invasion of Ukraine, Russia began selling large volumes of seafood in global markets at extremely low prices in order to generate revenue. The prices were significantly below the cost of Alaska seafood, making it difficult for Alaska products to compete.

Mr. Woodrow explained that the situation worsened in the summer of 2023 when Alaska experienced a large pink salmon return. Processors informed fishers that they could not purchase additional fish because the market price for

salmon had fallen below the cost of purchasing and processing the product. He noted that Russia's continued sale of seafood at low prices contributed to the depressed market conditions. During that time, segments of the seafood industry approached ASMI for assistance in moving inventory, particularly sockeye salmon. The ASMI board determined that the organization needed to increase marketing efforts to help sell existing inventory. As a result, the board increased ASMI's spending plan using available reserves. The increase in marketing expenditures was represented by the blue dotted line on the chart for FY 23 and FY 24.

Mr. Woodrow explained that when the board increased spending, it did not anticipate that ex-vessel values would decline significantly in the following years. However, the decline occurred in FY 24, FY 25, and FY 26, which reduced ASMI's revenue from industry assessments. As a result, both revenues and carry-forward balances began to decline, and the values decreased in the following year. He stated that ASMI was aware of the trends and had developed a long-term financial forecast extending through FY 32. The goal of the forecast was to align ASMI's spending plan with expected revenues over time. He explained that ASMI planned to gradually reduce spending until the budget stabilized around FY 31 and FY 32.

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Mr. Woodrow advanced to slide 11 which included a chart illustrating ex-vessel values across recent years. He explained that the seafood industry experienced a relatively stable period from 2015 through 2019. The pandemic time period represented an anomaly, and conditions appeared to improve again in 2021. However, the industry experienced a sharp downturn beginning in 2022 and reached its lowest point in 2024. He expressed hope that 2024 represented the bottom of the downturn. Preliminary figures from the most recent year indicated that there had been some improvement, although he cautioned that conditions had not yet fully recovered. He explained that the industry needed several consecutive years of stability before it could conclude that the downturn had ended. He emphasized that stability was critical for Alaska's seafood industry. He explained that fishers, processors, and communities across the state depended on the industry's economic strength.

Mr. Woodrow noted that despite the downturn, the seafood industry remained a major economic driver for Alaska. In 2023 and 2024, which were among the least successful years in the past 25 years, the commercial fishing industry still contributed approximately \$5.2 billion to Alaska's economy. He explained that the industry's typical annual contribution was closer to \$6 billion or slightly higher. He added that fishers' ex-vessel values had declined to an average of approximately \$1.5 billion during 2023 and 2024. He noted that the averages remained lower than what the industry would normally expect during stable market conditions.

Mr. Woodrow shared that Alaska remained the largest contributor to seafood production in the nation. Nearly two-thirds of all seafood produced in the U.S. originated from Alaska. However, Alaska only represented approximately 1 percent of total seafood production in the world. He explained that global production figures included both aquaculture and wild-capture fisheries. He shared that Alaska often performed above its weight in the global seafood market, but the industry continued to face challenges.

Mr. Woodrow continued to slide 12 and explained that commercial fishing activity reached communities throughout Alaska. He reported that about 58 percent of the approximately 19,000 fishers who participated in Alaska fisheries annually were Alaska residents, representing roughly 11,000 individuals. He noted that many of the fishers lived in major population centers, particularly the Kenai Peninsula, Anchorage, and the Mat-Su Borough, which together accounted for nearly 3,000 resident fishers. Additional concentrations of fishers were located in communities such as Kodiak and Dillingham. He stated that the seafood industry contributed approximately \$125 million annually in state, municipal, and federal taxes and self-assessments paid by fishers and seafood processors.

Mr. Woodrow advanced to slide 13 and described how ASMI was responding to the challenges facing the industry. He explained that the ASMI board had directed staff to focus on three primary priorities over the past year. The first priority was to capitalize on the ban on Russian seafood imports and increase the market share of Alaska seafood within the U.S. The second priority was to increase brand

recognition for key Alaska seafood species, including sockeye salmon, pink and keta salmon, sablefish, pollock, and surimi products. The third priority was to strengthen the Alaska Certified Seafood International (CSI) certification program as the preferred origin-based seafood certification program in the nation.

Mr. Woodrow explained that CSI was previously known as the Responsible Fisheries Management program. The program was recently rebranded because certification activities had expanded internationally beyond Alaska. The certification program verified responsible fisheries management practices and served as a counterpoint to the Marine Stewardship Council certification label, which continued to certify Russian seafood products in global markets.

Mr. Woodrow continued to slide 14 and explained that competing with Russian seafood was a major challenge for Alaska producers. He noted that Russia and Alaska harvested many of the same species in the same ocean regions; however, Russian seafood products were often sold at significantly lower prices because Russian fisheries operated under different regulatory, labor, and trade practices. As a result, Russian products frequently undercut Alaska seafood prices in international markets. He stated that it was important to prevent those products from undercutting Alaska seafood within the U.S., which remained the most important market for Alaska seafood.

Mr. Woodrow reported that in December of 2023, the federal government issued executive orders prohibiting the import of Russian seafood into the U.S. The ban included a grace period that allowed importers to continue bringing in previously contracted shipments for several months. Importers used that period to build inventory of Russian seafood, which could supply the market for approximately 18 months. He relayed that the ban took full effect in May of 2024. He added that in April of 2025, the executive order was extended, allowing the prohibition on Russian seafood imports to remain in place. He noted that the order would need to be renewed every year.

Mr. Woodrow reported that the market effects of the ban were beginning to appear. Companies that previously imported Russian seafood had begun contacting Alaska seafood suppliers because their previous supply had been cut off. The companies were seeking new partnerships with

Alaska seafood producers and were interested in promoting Alaska seafood products to their customers. He stated that ASMI supported continuing the ban on Russian seafood imports. He noted that House Fisheries Committee had recently passed HJR 29 out of committee [on 2/3/26]. The resolution supported continuation of the ban and would communicate the support to Alaska's congressional delegation and federal administration officials in Washington, D.C.

Co-Chair Schrage noted that the committee had approximately ten minutes remaining before members had to leave for other obligations. He asked Mr. Woodrow to move through the remaining slides efficiently.

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Mr. Woodrow acknowledged the time constraint and stated that he would conclude slide 14 with one final observation. Although Russian seafood had been removed from the U.S. market, other international seafood producers had identified the U.S. as a growth opportunity because of the absence of Russian products. As a result, competitors from countries such as Norway, Chile, and Iceland were also increasing efforts to capture market share in the U.S.

Mr. Woodrow continued to slide 15 and stated that American consumers were price sensitive when purchasing seafood. Seafood products were generally more expensive than other protein options, and price sensitivity became particularly visible during 2022 when inflation increased significantly. He noted that research showed that the second most influential factor in seafood purchasing decisions for U.S. consumers was whether the product was wild caught. The finding aligned well with Alaska's long-standing marketing strategy. For decades, marketing efforts had emphasized that Alaska seafood was wild caught and a premium product. He noted that Alaska accounted for approximately 60 percent of seafood harvested in U.S. The research suggested that consumers were often selecting Alaska seafood when choosing wild caught products.

Mr. Woodrow explained that consumer research further demonstrated the value of Alaska branding. When the Alaska Seafood logo appeared on packaging, consumers reported they were 80 percent more likely to purchase the product. Additionally, 78 percent of consumers reported that they

were willing to pay more for seafood products labeled as Alaska seafood. He acknowledged that the willingness to pay higher prices appeared to contradict consumer price sensitivity. However, research conducted by ASMI showed that the average price premium consumers were willing to pay for Alaska-branded seafood products was approximately 15 percent. The price premium generated through Alaska branding ultimately benefited processors, fishing communities, fishers, and the state economy.

Mr. Woodrow advanced to slide 16 and described how ASMI communicated the Alaska seafood story to consumers. He explained that public relations and earned media campaigns played a significant role in promoting Alaska seafood. He relayed that ASMI frequently placed Alaska seafood stories in major national publications and digital media outlets. The stories often relied on recognizable public figures and trusted culinary voices, such as collaborations with individuals such as Martha Stewart, who helped showcase Alaska seafood products alongside Alaska fishers.

Mr. Woodrow continued to slide 17 and reported that ASMI's consumer public relations and social media efforts generated strong engagement during 2025. Influencer partnerships produced large numbers of impressions and social media interactions. However, earned media coverage remained the largest driver of exposure. He moved to slide 18 and relayed that in 2025 alone, ASMI's earned media placements generated more than 7 billion impressions. He explained that earned media involved placing stories about Alaska seafood in trusted outlets so that consumers encountered the stories naturally while reading news, lifestyle publications, or food media. The goal was to build interest in Alaska seafood before consumers entered grocery stores.

Mr. Woodrow moved to slide 19 and described the marketing strategy used once consumers reached retail stores. He explained that ASMI attempted to influence consumers at multiple points along the purchasing path using an omni-channel marketing approach. For example, there was a large promotion conducted with Costco during 2023 and 2024 that supported efforts to move large inventories of sockeye salmon. He reported that Costco sold substantial quantities of sockeye salmon and was an important retail partner for Alaska seafood producers.

Mr. Woodrow explained that the promotion reached consumers through multiple channels before they entered the store. Consumers encountered Alaska seafood messaging through the Costco website, the company's printed magazine, email promotions, and digital screens inside Costco warehouses. The goal was to ensure that by the time customers reached the seafood aisle, they already intended to purchase sockeye salmon and would not hesitate between farmed and wild products. He stated that the strategy had proven effective in increasing sockeye salmon sales. However, ASMI also wanted to expand consumer awareness of other Alaska seafood species, particularly those with lower market value.

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Mr. Woodrow advanced to slide 20 and explained that one of the lower market value species was pink salmon. Two years earlier, many canned pink salmon products in grocery stores were labeled simply as Pacific pink salmon or wild pink salmon. However, retailers increasingly began to label the products specifically as Alaskan pink salmon. He explained that the shift created an opportunity to increase the value of pink salmon by emphasizing its Alaskan origins. He noted that ASMI had developed marketing materials that retail and food service partners could use to promote Alaskan pink salmon by highlighting its affordability, versatility, convenience, and nutritional benefits. The promotional materials had only recently begun appearing in retail channels, and ASMI expected the materials to increase the value of pink salmon products over time.

Mr. Woodrow continued to slide 21 and explained that the Russian seafood ban also created opportunities for Alaska seafood products in fast-food markets. He explained that the religious period of Lent significantly increased seafood consumption because many consumers substituted seafood for meat. He noted that major fast-food chains experienced significant increases in seafood sales during Lent. For example, McDonald's sold approximately one quarter of its annual Filet-O-Fish sandwiches during the forty-day Lent period. He noted that such seasonal demand created important opportunities to promote Alaska seafood products. He remarked that McDonald's had been an important partner for Alaska seafood promotions.

Mr. Woodrow explained that when ASMI partnered with companies on marketing programs, the organization typically contributed a limited amount of funding at the outset to encourage companies to incorporate the Alaska Seafood logo and specifically identify Alaska seafood products in their promotions. Once companies recognized the value of the Alaska Seafood brand, the companies frequently continued using the Alaska Seafood logo in their promotions without requiring additional funding from ASMI. He explained that McDonald's restaurants across the country now displayed digital signage highlighting Alaska seafood products. He reiterated that the digital displays allowed customers to encounter the Alaska Seafood brand repeatedly throughout the year without ASMI continuing to provide funding for the promotion. He explained that the approach reflected a broader strategy in ASMI's partnerships with large companies.

Mr. Woodrow advanced to slide 22 and explained that international markets remained critically important for Alaska seafood because approximately 65 to 70 percent of Alaska seafood products were exported overseas. The green dots on the map on the slide represented countries where ASMI maintained active marketing programs. Red dots represented countries where Alaska seafood products were sold, but ASMI did not maintain dedicated marketing programs. He noted that South Korea appeared as a significant outlier on the map because it functioned primarily as a cold storage and trans-shipment hub rather than a final consumer market. Large volumes of Alaska seafood were stored temporarily in South Korea and then shipped onward to other destinations such as Japan or countries in Europe.

Mr. Woodrow explained that export patterns varied by species. Higher-volume, lower-value species such as pollock, keta salmon, and pink salmon were more commonly exported to international markets. In contrast, lower-volume, higher-value species such as king salmon, king crab, and halibut were more often consumed in the U.S. Certain species, including sablefish and sockeye salmon, were marketed both domestically and internationally because the fish were considered high value and there was a sufficient supply. He stated that ASMI's international marketing portfolio had expanded in recent years due to increased federal funding. He reported that ASMI currently operated marketing programs in more than 55 countries

through 10 international marketing offices. The programs relied on local contractors who served as in-market experts responsible for promoting Alaska seafood products in those regions.

Mr. Woodrow advanced to slide 23 and explained that the convenience store chain FamilyMart in Japan was an example of an international promotion. He explained that FamilyMart was one of the largest convenience store chains in Japan and operated thousands of stores across the country. In 2023, ASMI partnered with FamilyMart to promote salmon roe and Alaska pollock roe products used in onigiri, a common Japanese snack. During the 25-day promotion, Alaska seafood products were sold in approximately 7,500 FamilyMart stores. The promotion generated more than 3.5 million servings of the featured products and included in-store video advertisements viewed more than 3.8 million times. The promotion generated approximately \$7 million in seafood sales with an ASMI investment of only \$56,000.

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Mr. Woodrow continued to slide 24 and explained that the success of the promotion led to a second collaboration with FamilyMart the following year. The newer promotion expanded the product lineup to seven Alaska seafood items carrying the Alaska Seafood logo. The promotion also coincided with a Japanese seafood event known as Good Fish Day. The target audience for the collaboration was evening shoppers with busy lives who were looking for food after work. He reported that preliminary results showed the promotion generated more than 14.2 million advertising impressions and approximately \$18 million in U.S. seafood sales. The promotion sold roughly 14 million Alaska seafood items during the campaign period. He remarked that FamilyMart's leadership had become highly supportive of Alaska seafood promotions. The company's CEO had expressed interest in visiting Alaska during the summer to further strengthen the partnership and learn more about Alaska seafood production.

Co-Chair Schrage informed Mr. Woodrow that the committee was approaching its scheduled stopping point. He asked Mr. Woodrow whether he preferred to briefly finish the presentation or proceed directly to questions.

Mr. Woodrow replied that he would spend approximately thirty seconds on one final slide and then take questions.

Mr. Woodrow continued to slide 26 and explained that ASMI conducted an ROI study in the prior year to evaluate the effectiveness of its marketing programs. The study sought to measure how much economic value was generated for each dollar invested by the state or the seafood industry. He stated that the study found that every dollar invested into ASMI marketing activities by the state or industry generated \$0.82 for ASMI. The results reflected the strong partnership between ASMI and Alaska's seafood industry. He explained that the returns would not have been possible without cooperation between ASMI and seafood processors, fishers, and industry partners.

Mr. Woodrow noted that while ASMI reported generating approximately \$464 million in economic return in 2023, the organization did not claim sole credit for that result. The return reflected coordinated efforts between ASMI and industry partners using the Alaska Seafood logo, emphasizing the Alaska origin of seafood products, and strategically targeting marketing efforts. He noted that ASMI's budget in 2023 was approximately \$20 million. The \$464 million return demonstrated that the organization's marketing programs were producing the intended economic benefits for Alaska's seafood industry and communities.

Representative Bynum commented that it was encouraging to see Alaska seafood products being marketed globally and across the U.S. However, he frequently received questions from constituents in fishing communities such as Ketchikan and Wrangell regarding the use of UGF dollars to support ASMI. Constituents understood that ASMI received federal funds and industry assessment funds but sometimes expressed frustration when additional state funding was provided. He relayed that some fishers believed that the marketing programs primarily benefited large commercial fishing operations that were sometimes involved in controversial fisheries. He reported that smaller fishing operations, including power trollers catching species such as king salmon, questioned why state funds were used to support marketing efforts that appeared to benefit large corporate operators. He asked Mr. Woodrow to provide guidance that he could share with constituents when responding to concerns.

Mr. Woodrow responded that he understood the concerns and was aware of the controversies surrounding certain commercial fisheries in Alaska. However, ASMI's role was to

market Alaska seafood, not to manage fisheries or become involved in fisheries policy debates. He explained that ASMI's marketing efforts focused on promoting Alaska as a brand rather than promoting individual fisheries or harvesting methods. Consumers typically did not distinguish between different harvesting techniques or vessel sizes. Instead, consumers primarily recognized that the seafood came from Alaska and associated Alaska seafood with high quality and responsible fisheries management. He emphasized that one of ASMI's core responsibilities was to ensure that consumers continued to view Alaska seafood favorably overall. Maintaining the positive perception benefited all sectors of the industry.

Mr. Woodrow added that ASMI also highlighted the stories of Alaska fishers when promoting seafood products. He explained that Alaska's small boat fisheries were central to the industry's identity. He reiterated that of the approximately 19,000 fishers participating in Alaska fisheries annually, about 11,000 were Alaska residents operating primarily in smaller fishing operations. The fishers formed the backbone of the industry, and ASMI frequently placed them at the center of its marketing storytelling.

Co-Chair Schrage reviewed the agenda for the following day's meeting.

ADJOURNMENT

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The meeting was adjourned at 3:45 p.m.