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DATE: February, 1972
TO: Members of the Alaska State Legislature
FROM: F. A. Seymour, Executive Director
Alaska Visitors Association
RE: Information Related to H.B. 312

This information is presented at the request of the House Finance Committee, to assist them in evaluating H.B. 312, Tourism Revolving Loan Fund.

The list below was compiled and discussed by members of the Alaska Visitors Association's Board of Directors. It is a projection of the hotel-motel needs during the next five years, if long-term funds were available. The new units could be expansion of existing facilities, or a totally new business or businesses. Varying quality of hotel-motel rooms would indicate that an average unit cost today in Alaska would be \$30,000, including land cost. The new unit projections took into consideration only normal visitor industry growth. Pipeline construction, etc. could change the picture drastically in several communities. This list is not necessarily complete.

<u>CITY</u>	<u>ESTIMATED NEW UNIT NEEDS BY 1977</u> (not in order of importance)
*Sitka	100
Ketchikan	150
Juneau	150
Skagway	100
Petersburg	50
Kotzebue	50
*Barrow	50
Kodiak	100
*Tok	100
*Valdez	125
*Cordova	50
Wrangell	25
Fairbanks	150
Anchorage	200
*Lodges, Resorts, & Outlying Areas	400

* Indicates need for immediate expansion of available units.

These figures will vary according to the aggressiveness of the individual community in the promotion of tourism, as well as carrier promotion. Also, the growth of visitor traffic other than tourist will affect unit demand.

ADDITIONAL CONSIDERATIONS IN EVALUATING H.B. 312

TOURISM REVOLVING LOAN FUND

The following should be either included in the legislation or drafted by the committees and passed along to the supervisors of this loan program to convey legislative intent.

1. Principal goal of this program is to provide long-term (15-25 years) capital investment in basic visitor facilities and attractions. Such as: hotels, motels, river boat cruises, gold mine tours, ski lodges, private camper parks, etc.
2. This program should not be used to pick up existing mortgages, or for purposes of refinancing, except as may be necessary to maintain the stability of a loan originally granted under this program. The purpose of this loan program is to provide long-term funds for new facilities or the expansion of existing facilities.

In conclusion, the AVA recommends that the maximum amount be increased from two million to two and one-half million.





DATE: February 9, 1972
TO: Alaska State Legislature
FROM: F.A. Seymour, Executive Director
Alaska Visitors Association
SUBJECT: WHAT DOES THE TOURIST CONTRIBUTE
TO THE STATE IN THE FORM OF TAX
REVENUES?

The following statements and figures presented will give a partial answer to the question - What does the State derive in tax revenues from visitors? In particular, what do they receive from tourist visitors?

The source of figures quoted are taken from the publication "State of Alaska Revenue Sources 1971-1977". Using the 1971 figures in this publication we applied known ratios or percentage figures to arrive at the quoted amounts. In several circumstances where known formulas do not exist we indicate the percentage we used to arrive at our figure.

The amounts reported here do not include: expenditures by conventioners, commercial traffic, transportation to and from Alaska, or miscellaneous non-resident traffic. If all of these additional factors were considered the final amounts would be two to three times the amounts indicated.

Based upon reasonable estimates arrived at jointly by the Alaska Visitors Association and the Alaska State Travel Division we know that in 1971 the State received 130,000 tourist visitors, spending in the state 45 million dollars. As a result of this volume of people and dollars the State is receiving Tax Revenue in the following manner.

" A PARTIAL LIST "

18 million dollars payroll generated	\$900,000.00	State Income Tax
20 thousand vehicles entry at Tok generated	320,000.00	gas- oline tax
(averaged 10 miles to the gallon at 2,000 miles)		
100 Tour & Highway Motor Coaches (liscense & gas tax)..	32,500.00	
Liquor Tax (5 percent of total State receipts)	250,000.00	
Cigarette Tax (5 percent of total State receipts).....	145,000.00	
Business Liscense Tax (1/4 of 1 percent of 45 million...)	112,500.00	
Corporate Income Tax (5 percent of total State receipts)	366,065.00	
Visitor Sport Fishing & Hunting Liscenses	223,000.00	
(1/2 of non-resident total State receipts)		
Rental Auto Fees & Gas Tax	<u>37,500.00</u>	
(1/2 of total State receipts)		
TOTAL	\$2,386,565.00	

Almost all of the above mentioned income to the State was acquired without significant cost to the state, in such major expenditure areas as education, law enforcement, or social services. In addition to those indicated above there are a number of direct revenues that the State or State Agencies receive as a result of the tourist visitor traffic. These receipts provided for payment for services and facilities utilized by tourists.

Alaska State Ferry Visitor Revenue \$4.41 million
(approximately 45 percent of total ferry revenue)

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Jet Fuel Tax (20 percent of total)	\$ 43,940.00
Landing Fees (20 percent of Total)	31,400.00

Air Fuel Tax, Boat Fuel Tax, Consession Fees, Land Rentals, ---- And numerous other forms of state taxes or fees are paid in part by tourist or tourist supported businesses and professions.

We believe that the initial dollar expenditure of the tourists in local communities with sales tax, such as Fairbanks, Ketchikan, and Juneau, generate at a minimum one-half million dollars income to those communities.

IN CONCLUSION, I would remind the reader that in this brief outline we have principally been concerned with the impact of 130,000 tourists on the state government's revenues. However, we must, when speaking of tourism, never overlook the fact that these are totally new dollars added to our state's economy. Most of these dollars turn over a minimum of four times before departing our state, and on each turn over it generates additional tax revenues.

In order to maintain brevity, the additional and more obvious contributions of the visitor industry to the state's economy are not listed in this memo.



Pouch V,
State Capitol Bldg.
Juneau, Alaska 99801
March 29, 1971

Mr. Frederick J. Bailey
President,
Bailey's Rent'All, Inc.
101 E. Northern Lights Blvd.
Anchorage, Alaska 99503

Dear Mr. Bailey"

Thanks so much for your letter of March 17th and for your support of the legislation which would establish a revolving loan fund for the tourist industry.

I appreciate this support very much and I hope you are conveying your thoughts on the matter to the Anchorage legislative delegation.

Sincerely,

Mike Miller, Representative
District Four, (Juneau)



Rent-All, Inc.

101 EAST NORTHERN LIGHTS BOULEVARD
ANCHORAGE, ALASKA 99503
PHONE (907) 279-4541

March 17, 1971

Representative Mike Miller
Alaska State House
Juneau, Alaska 99801

Dear Representative Miller:

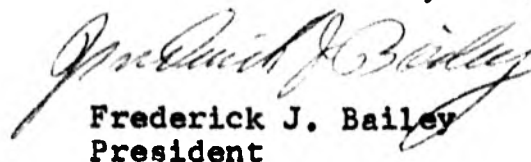
We would like to comment on your proposed legislation to establish a revolving loan fund for the benefit of the tourist industry.

For the past few years we have desired to develop a division of our business that would cater to tourists. This division would rent out self-contained recreational motor homes. We have not yet been able to obtain the necessary financing on terms that would be necessary for this type of business to be profitable. We feel that a state loan fund would help develop our tourist industry.

We hope this letter may encourage you to pursue the necessary legislation that will bring this type of financial support to the Alaska tourist industry.

Very sincerely,

BAILEY'S RENT-ALL, INC.


Frederick J. Bailey
President

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