

COMMITTEE REPORT

3/8/76

HOUSE

Mr. Speaker:

Date March 18 1976

The Committee on FINANCE has had HB 730

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>Brenda T. Lito</u>	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

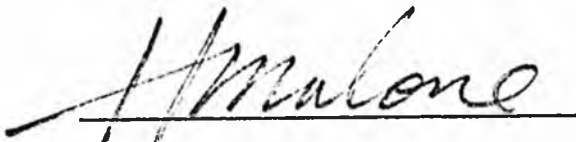
_____ recommends:

[Signature] Chairman

HOUSE JOURNAL

HB 730, 731

The objectives, methods, and general plan of the tourism study would be as per the memorandum of understanding from the Commissioner of Commerce and Economic Development dated 24 March 1976.

A handwritten signature in cursive script, reading "H. Malone", is written over a horizontal line.

Rep. Hugh Malone, Chairman
House Finance Committee

Introduced: 2/11/76
Referred: Commerce and
Finance

1 IN THE HOUSE

BY DUNCAN

2 HOUSE BILL NO. 730

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing for a tourism economic impact study
7 and authorizing a data collection system; and providing
8 for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 44.33.020 is amended by adding a new paragraph to read:

11 (21) require tourism-related businesses in the state to pro-
12 vide, upon request, data regarding occupancy levels, traffic flow and
13 gross receipts and to participate in visitor surveys conducted by the
14 department; data collected under this paragraph shall be used to for-
15 mulate tourism economic impact information including expenditure patterns,
16 tax receipts and fees, employment and income attributable to tourism,
17 and other information considered relevant to the planning, evaluation
18 and policy direction of tourism in the state.

19 * Sec. 2. This Act takes effect July 1, 1976.
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MEMORANDUM

State of Alaska

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

TO: Hugh Malone, Chairman
House Finance Committee

DATE: March 24, 1976

FILE NO:

TELEPHONE NO:

FROM: Langhorne A. Motley, *LAM* Commissioner
Department of Commerce & Economic
Development

SUBJECT: HB 730 and HB 731

A MEMORANDUM OF UNDERSTANDING
OF THE WORK TO BE PREPARED
BY THE
DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT
IN ACCORDANCE WITH HB 730 and HB 731

Objectives

The objectives of this study are:

1. Provide on a continuing basis a statistically valid method for obtaining a visitor count.
2. Obtain through a survey a profile of visitors traveling to Alaska.
3. Develop a model tracing the visitor dollar flow through the Alaska economy.
4. Determine the economic contribution of tourism to local governments and to the State.

Methodology

To obtain answers to the objectives above, two surveys will be conducted, using the techniques of sampling and a stratified random sample.

1. Cluster sampling with fixed proportions in a stratified form by mode of travel will be conducted of persons entering Alaska. The sampling procedure will be developed on the basis of a specific level of "precision" for a single parameter and a confidence level of .95. The survey instrument (questionnaire) will contain such questions as: (a) the purpose of the trip, (b) the person's origin and destination, (c) points in Alaska to be visited, (d) number in the party, and (e) expected expenditures in Alaska.

2. A stratified random sample by area will be made of firms considered to be included in the tourist industry. The number of firms to be sampled will be based on a specific level of "precision" for a single parameter and a confidence level of .95. The survey will be directed toward such questions as (a) 1975 gross revenues, (b) the number and type of employees, (c) the areas from which the firm purchases its goods and services, and (d) the taxes paid by type to State and local governments.

Work Plan

To complete the study, four major elements need to be addressed.

1. Define more fully the scope of the work needed. This involves (a) more careful understanding and preparation of the questions to be addressed, (b) refinement of desired data, and (c) problems associated with alternative sampling techniques, interview methodology, and questionnaire development.

The anticipated cost of performance in item 1 is approximately \$5,000 in-house.

2. Sampling, interviewing and compiling questionnaires from visitors entering Alaska. The number of visitors entering Alaska in 1976 is expected to be 328.0 thousand. The required sample size is anticipated to be approximately two percent.

The anticipated cost of performance in item 2 is approximately \$65,000 of which the majority will be contracted through competitive bid.

3. Sampling, interview and compiling questionnaires to visitor-related firms and government units. It is estimated primarily visitor-related firms in Alaska number 800. Because they are so widely scattered and diverse in nature it is expected that nearly half may need to be surveyed.

The anticipated cost of performance in item 3 is approximately \$40,000 of which the majority will be contracted through competitive bid.

4. Preparation of papers and reports. Three reports are anticipated from this effort: (a) a method by which reliable visitor counts can be obtained for a continued effort by State agency personnel, (b) a simple analysis of the compiled data for general public reading, and (c) a technical treatise concerned with the economic impact of tourism on the State and regional economies.

The anticipated cost of performance in item 4 is approximately \$25,000 - half contractual - half in-house.

Private consultants will accomplish major portions of the work plan under close supervision of the Division of Economic Enterprise.

STATE OF ALASKA

DEPARTMENT OF COMMERCE &
ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

302-
JAY S. HAMMOND
GOVERNOR

OSEP-2006

POUCH D — JUNEAU 99811

Wednesday, March 3, 1976

The Hon. Jim Duncan
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Duncan:

Pursuant to your request, I have attached an analysis of how the work would be performed to satisfy the requests of HB 730 and within the fiscal constraints of HB 731.

The purpose of HB 730 has long been overdue. Quantifying the fiscal return of State-expended monies for tourism has heretofore been difficult. The Administration has endorsed this concept, but I have not had an opportunity to brief the Governor on this bill or the attached analysis. I will do so prior to the hearings and have a firm position on this matter. We have had extensive dialogue with members of the Alaska Visitors Association and other tourist entities and I think you'll find them fully endorsing your bill. By separate correspondence I'm sending them a copy of the analysis. You may want to have them testify on the bill.

Sincerely,

Langhorne A. Motley
Commissioner

cc: Charles B. West, president/AVA

RESEARCH PROPOSAL TO STUDY THE ECONOMIC IMPACT
OF TOURISM IN ALASKA

Prepared by:

Division of Economic Enterprise
Department of Commerce and Economic Development

March 3, 1976

Problem Statement

Traditionally, State Administrations and members of the Legislature have viewed tourism as a substantial contributor to the overall Alaskan economy. The fostering of tourism has been viewed since Statehood as a means of economic development of the state as a whole. A particularly attractive feature of tourism development from the standpoint of state policy is that the industry is essentially non-extractive and non-polluting. Tourism will remain an important segment of the Alaska economy when other extractive industries have attained their development peaks.

The "visitor industry" is an amalgam of many individual industries. In fact, it would be better to speak of "tourism sector." However, the term "visitor industry" is useful as a point of reference, bearing in mind that it is comprised of segments of the transportation industry (air carriers; railroads; motorcoaches; cars, campers and motorhomes; cruiseship and ferryliners, etc.); the food and beverage industry (restaurants, etc.); the sightseeing industry (local points of visitor interest); the entertainment industry (shows, theater presentations, nightclubs, etc.); the convenience service industry (gift shops, etc.); and the recreation industry (sportfishing lodges; wilderness camps; state and federal parks, campgrounds etc.).

Many states have commissioned studies in recent years to evaluate the economic benefit of tourism to the state. Most studies have concluded that tourism promotion is in the best interests of the state, although opinions vary depending on the degree of development of the tourism "plant" within any given state, ability of a state to absorb visitors, and other factors.

Two studies, undertaken under State of Alaska auspice, one in 1963-64 and one in 1968-69, have examined the economic worth of tourism. However, since the 1968-69 period, the size of the visitor industry, in terms of the number of annual visitors, has more than doubled. Hence, economic baselines developed in these previous studies are now considerably out of date and the composition of the visitor market (relative percentages of visitors arriving in Alaska via air, highway and sea) have shifted dramatically. The State is today no longer dealing with the "industry" as it existed in the 1968-69 period.

It is generally felt that a comprehensive new study should be undertaken to evaluate the economic benefit of tourism and to aid in policy planning for the posture which the state should best adopt with regard to the tourist industry. Specific answers should be sought to the following questions, viz:

1. In-state revenues generated by the visitor industry.
2. Employment, both permanent and seasonal, in the industry.

3. Secondary income and employment created in other Alaska industries.
4. Revenues to local and State Government generated from activities in the visitor industry.
5. State costs associated with providing attractions and facilities (state parks, museums, etc.) which operate as part of the visitor industry.
6. The number of visitors that visit annually Alaska and the regions they tour.
7. The method of travel to and within Alaska.

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2. A stratified random sample by area will be made of firms considered to be included in the tourist industry. The number of firms to be sampled will be based on a specific level of "precision" for a

single parameter and a confidence level of .95. The survey will be directed toward such questions as (a) 1975 gross revenues, (b) the number and type of employees, (c) the areas from which the firm purchases its goods and services, and (d) the taxes paid by type to State and local governments.

Work Plan

To complete the study, four major elements need to be addressed.

1. Define more fully the scope of the work needed. This involves (a) more careful understanding and preparation of the questions to be addressed, (b) refinement of desired data, and (c) problems associated with alternative sampling techniques, interview methodology, and questionnaire development.
2. Sampling, interviewing and compiling questionnaires from visitors entering Alaska. The number of visitors entering Alaska in 1976 is expected to be 328.0 thousand. The required sample size is anticipated to be approximately two percent.
3. Sampling, interview and compiling questionnaires to visitor-related firms and government units. It is estimated primarily visitor-related firms in Alaska number 800. Because they are so widely scattered and diverse in nature it is expected that nearly half may need to be surveyed.
4. Preparation of papers and reports. Three reports are anticipated from this effort: (a) a method by which reliable visitor counts can be obtained for a continued effort by State agency personnel, (b) a simple analysis of the compiled data for general public reading, and (c) a technical treatise concerned with the economic impact of tourism on the State and regional economies.

Private consultants will accomplish major portions of the work plan under close supervision of the Division of Economic Enterprise.

MAR 05 1976



ALASKANS FOR TRAVEL, INC.

P. O. Box 1479 • Anchorage, Alaska 99510 • (907) 276-7818

March 3, 1976

The Honorable Hugh Malone
Alaska State House of Representatives
Pouch V, State Capitol Building
Juneau, Alaska 99801

Dear Representative Malone:

Representative Duncan from Juneau recently introduced into the House of the Alaska State Legislature, House Bills 730 and 731. This legislation was referred to the House Commerce and Finance Committees. At the date of this letter, I believe the two bills are scheduled for consideration in the House Commerce Committee on Monday, March 8, 1976.

I write to you today on these two bills for the purpose of informing you that this particular legislation is, in the opinion of Alaskans for Travel, the single most important special authorization and funding legislation that deals with the Alaska visitor industry.

This particular bill seeks to accomplish the establishment of a data collection system and to conduct that survey for the first time. Research in any area of endeavor is crucial for good planning and development. Research and data is important for anyone who wishes to analyze the worth and value of an activity. Research and data is valuable on any subject that has significant impact upon our economy and our lives.

The Alaska travel business, in its various forms and facets, is a major economic factor of our lives. The problem is that we do not know how big it is, where it is concentrated, where it comes from, or who benefits and how much. Certainly the state is a major recipient of funds expended by the traveling public, particularly the recreational traveling public. But you, as a legislator, do not know how much.

This particular goal of acquiring information and data has been the number one goal of the Alaska visitor industry for three years. I would suggest to you that it is most appropriate and imperative that these funds and this program be initiated promptly if we are to properly position Alaskan tourism and recreational travel into the composite picture of the Alaskan economic social structure.

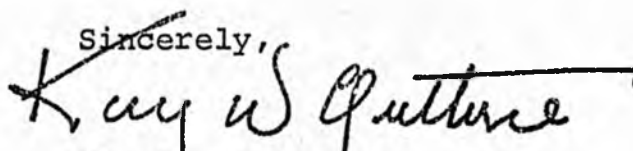
The Honorable Hugh Malone

-2-

March 3, 1976

I ask your active support of this legislation. Will you use your influence, as one of forty members of the Alaska State House of Representatives, to assure its prompt movement through the Committees and vote affirmatively for the bills when they reach the floor of the House. Your positive action would be appreciated and would be of benefit to you, as a state legislator, and to many thousands of your constituents.

Sincerely,



Mr. Kay Guthrie
AFT Chairman

act members
bill 930
HB 930

original in master

file

Jan

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. HB 730
 Title: Providing for a tourism economic impact study & authorizing a data collection system
 Requested by: House Finance Date: _____
 Return Date Requested: _____
 Agency: Commerce & Econ. Devel. Program: Economic Enterprise

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____
 A. EXPENDITURES: (Thousands of dollars) NONE

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		- 0 -				

B. FUNDING: (Thousands of dollars) NONE

GENERAL FUND		- 0 -				
FEDERAL FUNDS		- 0 -				
OTHER		- 0 -				

C. POSITIONS: NONE

PERMANENT/TEMPORARY	/	- /	/	/	/	/
MAN MONTHS (P./T.)	/	- /	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

no funding required

IV. ATTACHMENTS

V. DATE: 2/25/76 PREPARED BY: J. Maguire

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)