

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. HRC NO. 23
 Title: Relating to Winter traffic & tariffs for winter travel on the Marine Highway.
 Requested by: House Finance Committee Date: 3/24/75 (original)
 Return Date Requested: Update of previous response
 Agency: Public Works Program: Marine Transportation

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Marine Transportation

A. EXPENDITURES: (Thousands of dollars)

| OBJECT | FY 76 | FY 77 | FY 78 | FY 79 | FY 80 | FY 81 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| 300 CONTRACTUAL | | 12.0 | 12.0 | 12.0 | 12.0 | 12.0 |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | 0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 |

B. FUNDING: (Thousands of dollars)

| | | | | | | |
|---------------|---|------|------|------|------|------|
| GENERAL FUND | 0 | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |

C. POSITIONS:

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

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

The increase in expenditures is for the purpose of increasing the off season promotional effort. The amount is an arbitrary one, since it is obviously possible to spend as little or as much as is available. This amount would appear to be a minimum amount to provide a reasonable expectation of success. The major thrust of our current advertising is aimed at winter travel.

IV. ATTACHMENTS

See attachment for discussion concerning the effect of reductions in fares.

V. DATE: 12-15-75 PREPARED BY: Sherman D. Burton

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

ATTACHMENT

FISCAL NOTE HRC NO. 23
Promotion of Winter Travel on the Marine Highway

Currently, during March, April and October our vessels from Seattle and Prince Rupert are operating near capacity with respect to vehicle and stateroom space.

Our "off season" travel has increased from year to year and by projecting a 10% increase into the coming year, capacity loads can be expected between March 1 and the end of October.

If mass reductions in fares were to be implemented the result would be a net reduction in revenue along with the increase in traffic volumes, since we could not increase the volumes enough during March, April and October to overcome the reduction in tariff applied to the entire period.

At this time there is a proposal in the Legislature to allow student groups free transportation during the winter. They now pay half fare. Persons 65 years of age and over currently receive free transportation during the winter.

The current winter discount is approximately 20% for passengers and passenger vehicles.

The Legislature of the State of Alaska
FISCAL NOTE

all

First Session - Ninth Legislature

I. REQUEST

Bill No. HCR No. 23
 Title: Relating to winter traffic & the tariff rates for winter travel on the Alaska
 Requested by: House Finance Committee Date: 3/24/75 Marine Hwys.
 Return Date Requested:
 Agency: Public Works Program:

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Marine Transportation

A. EXPENDITURES: (Thousands of dollars)

| OBJECT | FY 75 | FY 76 | FY 77 | FY 78 | FY 79 | FY 80 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | 2 | 2 | 2 | 2 | 2 | 2 |
| 300 CONTRACTUAL | 10 | 10 | 10 | 10 | 10 | 10 |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | 12 | 12 | 12 | 12 | 12 | 12 |

B. FUNDING: (Thousands of dollars)

| | FY 75 | FY 76 | FY 77 | FY 78 | FY 79 | FY 80 |
|---------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | 12 | 12 | 12 | 12 | 12 | 12 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |

C. POSITIONS:

| PERMANENT/TEMPORARY | FY 75 | FY 76 | FY 77 | FY 78 | FY 79 | FY 80 |
|---------------------|-------|-------|-------|-------|-------|-------|
| MAN MONTHS (F./T.) | / | / | / | / | / | / |

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

The increase in expenditures is for the purpose of increasing the off season promotional effort. The amount is an arbitrary one, since it is obviously possible to spend as little or as much as is available. This amount would appear to be a minimum amount to provide a reasonable expectation of success. The major thrust of our current advertizing is aimed at winter travel.

IV. ATTACHMENTS

See attachment for discussion concerning the effect of reductions in fare, etc.

V. DATE: March 24, 1975 PREPARED BY: Sherman D. Burton

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

A T T A C H M E N T

FISCAL NOTE HRC No. 23
Promotion of Winter travel on the Marine Highway

Currently, during March and April our vessels from Seattle and Prince Rupert are operating at capacity with respect to vehicle and stateroom space.

Our "off season" travel has increased from year to year and by projecting a 10% increase into the coming year, capacity loads can be expected between March 1 and the end of October.

If mass reductions in fares were to be implemented the result would be a reduction in revenue along with the increase in traffic volumes, since we could not increase the volumes enough during the March, April and October periods to overcome the reduction in tariff applied to the entire period.

We are already considering increasing the winter discount slightly and allowing a special winter southbound rate to Seattle.

At this time there is a proposal in the Legislature to allow student groups free transportation during the winter. They now pay half fare.

Introduced: 2/28/75
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY GARDINER, ELIASON, MILLER
AND PARKEP

2 HOUSE CONCURRENT RESOLUTION NO. 23 am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 NINTH LEGISLATURE - FIRST SESSION
5

6 Relating to winter traffic and the tariff
7 rates for winter travel on the Alaska
8 Marine Highway.

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

10 WHEREAS, during the period from October through April, the volume of
11 vehicular and passenger traffic on the vessels that comprise the Alaska
12 Marine Highway falls off significantly from that experienced during the months
13 of May through September and most significantly on the Southeast Alaska runs;
14 and

15 WHEREAS nevertheless, fixed costs for ferry operations remain high during
16 these winter months; and

17 WHEREAS, despite past attempts to attract "off-season" travel by re-
18 duction by 20 per cent in the tariffs charge for some categories of service
19 and traffic and an enticement, such as free passage for travelers 65 years of
20 age and older between Alaskan ports, the ferries other than the Seattle run
21 still operate with very low volumes of vehicular and passenger traffic; and

22 WHEREAS the British Columbia Ferries, operator of the M/V QUEEN OF
23 PRINCE RUPERT, a ferryliner whose service and character is comparable to that
24 of the Alaska Marine Highway, aggressively advertises winter travel aboard
25 that ship, including its use as a locale for winter conventions and reduces
26 the rates across the board by 25 per cent for winter travel in all categories
27 of service and traffic, including staterooms and commercial vehicles and
28 combines that reduction with a further 10 per cent discount for a round trip
29 ticket;

BE IT RESOLVED by the Alaska State Legislature that the Governor is

1 respectfully requested to direct the Division of Tourism and the Division of
2 Marine Transportation, Department of Public Works to: (1) conduct an aggres-
3 sive advertising campaign promoting off-season, winter travel on the Alaskan
4 portions of the Marine Highway System; and (2) inaugurate a program of tariff
5 reductions during the period between October 1 and April 30, that would
6 attract more vehicular and passenger traffic, considering such possibilities
7 as providing free passenger fare, special round trip fares for both passengers
8 and vehicles, special family and group rates, and other innovative promotional
9 fares.

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Referred: State Affairs and
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1 IN THE HOUSE

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