

CSSB

478

# HOUSE COMMITTEE REPORT

(11)

Date referred: 4/25/88

FURTHER REFERRALS:

DATE: 5/4/88

The Finance Committee has considered CSSB 478(Fin)am

"An Act relating to Alaska tourism promotion and development; and providing for an effective date."

**RECOMMENDS:**

replace with HCS CSSB 478(Fin)  the same title  
 attached amendment(s)  a new title

- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(s):**

- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal note published \_\_\_\_\_
- same as previous zero fiscal note published 4/2/88

**SIGNING DO PASS:**

\_\_\_\_\_  
*Pat Lauchlot*  
 \_\_\_\_\_  
*Bon Larson*  
 \_\_\_\_\_  
*Peter Aoe*  
 \_\_\_\_\_  
*Ch. Marshall*  
 \_\_\_\_\_  
*Mark Boyer*  
 \_\_\_\_\_  
*Tom Rieger*  
 \_\_\_\_\_  
*Tan Brown*  
 \_\_\_\_\_  
*Mike Jones*  
 \_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
*Al Adams No Rec*  
 \_\_\_\_\_  
*Kaywellis needs amendment*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
*Al Adams*  
 \_\_\_\_\_  
 Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Act relating to Alaska  
Tourism Marketing Council  
Sponsor: Rules/Governor  
Requestor: Senate Finance Committee

Agency Affected: Dept. of Commerce  
BRU: Alaska Tourism Marketing  
Council  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL						
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REVENUE						
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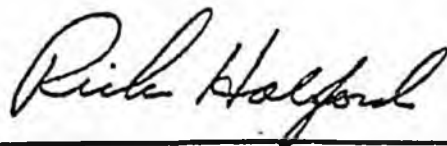
FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)



Prepared by: \_\_\_\_\_  
Division: Senator Rick Halford, Co-chairman  
Senate Finance Committee

Phone: 465-3753  
Date: 4/7/88

Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Original sponsor: Rules/Governor

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 478 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to Alaska tourism promotion and  
7 development; and providing for an effective date."

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

9 \* Section 1. FINDINGS. The legislature finds that a cooperative effort  
10 between the state and private industry to support and expand the visitor  
11 industry of the state and to foster expansion of the market for Alaska as a  
12 destination throughout the nation and the world is in the public interest  
13 and is a valid public purpose. The legislature further finds that this  
14 cooperative effort would inure to the benefit of the visitor industry in  
15 the state and that some of the costs of maintaining the effort should be  
16 borne by the industry. The legislature further finds that expansion of the  
17 economic benefit of tourism is in the public interest and the state should  
18 take an active interest in the ensurance of a quality experience for visi-  
19 tors to the state, cooperate with the private sector in improving the  
20 amenities available to visitors to the state, and seek to ensure authentic  
21 and accessible experiences for visitors throughout the state.

22 \* Sec. 2. AS 39.25.110 is amended by adding a new paragraph to read:

23 (25) the executive director and other staff of the Alaska  
24 Tourism Marketing Council.

25 \* Sec. 3. AS 39.50.200(a)(8) is amended to read:

26 (8) "public official" means a judicial officer, a member of  
27 the legislature, the fiscal analyst of the legislative finance divi-  
28 sion, the legislative auditor of the legislative audit division, the  
29 executive director of the Legislative Affairs Agency and the directors

1 of the divisions within the Legislative Affairs Agency, the governor,  
2 the lieutenant governor, a person hired or appointed as the head or  
3 deputy head of, or director of a division within, a department in the  
4 executive branch, an assistant to the governor, chairman or member of  
5 a state commission or board, the executive director of the Alaska  
6 Tourism Marketing Council, and each appointed or elected municipal  
7 officer;

8 \* Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

9 (49) Alaska Tourism Marketing Council (AS 44.33.700).

10 \* Sec. 5. AS 44.33 is amended by adding a new section to article 2 to  
11 read:

12 Sec. 44.33.119. PURPOSES. The purposes of AS 44.33.119 - 44.-  
13 33.135 and 44.33.700 - 44.33.780 are to

14 (1) encourage the expansion and growth of the state's visi-  
15 tor industry for the benefit of the citizens of the state;

16 (2) ensure that the economic benefits to be derived from  
17 tourism in the state are retained in the state, to the extent practi-  
18 cable;

19 (3) ensure that a maximum number of residents of the state  
20 are employed in the tourism industry;

21 (4) promote cooperation between the state and private  
22 sector in the planning and execution of a generic visitor marketing  
23 campaign in the public interest;

24 (5) promote the development of visitor industry facilities,  
25 both in the public sector and the private sector, through the use of  
26 state resources, as appropriate;

27 (6) ensure that the visitor experience in the state is and  
28 continues to be satisfactory and leads to word-of-mouth advertising  
29 and return visits to the state;

1 (7) ensure that consideration is given in the development  
2 and implementation of the tourism program to local community goals and  
3 objectives, to impacts on existing private enterprises, and to impacts  
4 on recreational and subsistence opportunities for the residents of the  
5 state.

6 \* Sec. 6. AS 44.33.120 is amended to read:

7 Sec. 44.33.120. ALASKA DIVISION OF TOURISM. (a) There is  
8 created in the Department of Commerce and Economic Development the  
9 Alaska division of tourism. The director of tourism is appointed by  
10 the commissioner of commerce and economic development and serves at  
11 the pleasure of the commissioner.

12 (b) The Alaska division of tourism shall

13 (1) cooperate with the tourism marketing council and orga-  
14 nizations in the private sector for the promotion and development of  
15 tourism and conventions into and within the state [ALASKA];

16 (2) coordinate with municipal, state, and federal agencies  
17 for the development and promotion of tourism resources and conventions  
18 in the state [ALASKA];

19 (3) review and approve the procurement documents and proce-  
20 dures of the tourism marketing council to ensure compliance with ap-  
21 plicable laws and regulations;

22 (4) promote and develop the Alaska tourist and convention  
23 industry by any of the following:

24 (A) publicizing state attractions through such means  
25 as display advertising in magazines and newspapers, advertising  
26 on radio and television or other advertising media, publishing  
27 pamphlets, brochures and other graphic and pictorial materials,  
28 or by aiding and assisting representatives of the media, to en-  
29 sure [INSURE] greater coverage of the [ALASKA'S] visitor attrac-

1           tions in the state;

2                   (B) participation [(4) PARTICIPATE] in travel shows;

3                   (C) increasing [(5) INCREASE] the awareness of the  
4 citizens of the state at the statewide, regional and community  
5 level of the economic importance of the visitor [TOURIST] indus-  
6 try;

7                   (D) assisting [(6) ASSIST] potential investors in  
8 creating new visitor [TOURIST] facilities;

9                   (E) administering programs [(7) ADMINISTER ANY PRO-  
10 GRAM] of the state in which the state provides matching funds for  
11 municipalities of the state [POLITICAL SUBDIVISIONS] or nonprofit  
12 organizations that undertake the promotion [AND DEVELOPMENT] of  
13 visitor travel to and the development of visitor amenities in the  
14 state [TOURISM];

15                   (F) administering [(8) ADMINISTER] visitor informa-  
16 tion centers; [WHICH PARTICIPATE IN STATE FUNDS]

17                   (G) conducting research to evaluate the effectiveness  
18 of the tourism marketing council's marketing programs;

19                   (H) analyzing the effect on the Alaska visitor indus-  
20 try of state land and resource development projects;

21                   (I) organizing, administering, and evaluating demon-  
22 stration projects for the promotion of the Alaska visitor indus-  
23 try and the development of new tourism destination markets; and

24                   (J) administering grants under AS 44.33.135.

25           (c) The commissioner of administration shall separately account  
26 for money that derives from the sale of advertising space, pamphlets,  
27 brochures, and other graphic and marketing [PICTORIAL] materials under  
28 this section and AS 44.33.020(28) and that the division of tourism  
29 deposits in the general fund. The annual estimated balance in the

1 account may be used by the legislature to make appropriations to the  
2 Department of Commerce and Economic Development to cover related costs  
3 of the division of tourism and the Alaska Tourism Marketing Council.

4 \* Sec. 7. AS 44.33 is amended by adding new sections to read:

5 Sec. 44.33.122. ESTABLISHMENT OF TOURISM COORDINATING COMMITTEE.

6 (a) The Tourism Coordinating Committee is established in the Depart-  
7 ment of Commerce and Economic Development.

8 (b) The committee is established to advise the division of  
9 tourism and to coordinate the activities of state agencies that affect  
10 tourism.

11 (c) The committee shall

12 (1) provide a forum to develop interagency goals for visi-  
13 tor attraction and services that are consistent with the public in-  
14 terest and that will provide increased economic benefits to the vari-  
15 ous regions of the state;

16 (2) conduct analyses of problems facing development of  
17 tourism in the state and develop solutions to those problems by ex-  
18 ploring successful models for the development of travel and recreation  
19 in other tourism-focused states and nations;

20 (3) develop, review, and recommend to the governor and  
21 commissioners budget requests for tourism development in the various  
22 programs of the agencies of the state; and

23 (4) coordinate the operating programs of state agencies to  
24 enhance tourism development efforts.

25 (d) The committee may hold formal or informal meetings concerned  
26 with the responsibilities assigned under this section and with other  
27 associated responsibilities. The committee may appoint subcommittees  
28 and may consider topics at meetings with less than the entire member-  
29 ship of the committee present.

1           Sec. 44.33.124. MEMBERSHIP OF THE TOURISM COORDINATING COMMIT-  
2 TEE. The governor shall appoint the members of the Tourism Coordinat-  
3 ing Committee. Members may be appointed from the operational level of  
4 state agencies and may include representatives from the following:

5           (1) Office of the Governor (office of management and bud-  
6 get, international trade);

7           (2) Department of Commerce (tourism, business development);

8           (3) Department of Community and Regional Affairs;

9           (4) Department of Education (state museums);

10          (5) Department of Environmental Conservation;

11          (6) Department of Fish and Game (sport fish, habitat,  
12 fisheries rehabilitation, enhancement, and development);

13          (7) Department of Labor;

14          (8) Department of Natural Resources (parks, forestry, land  
15 and water, and historic preservation);

16          (9) Department of Revenue (taxation and revenue considera-  
17 tions);

18          (10) Department of Transportation and Public Facilities  
19 (airports, ferry system, highways);

20          (11) University of Alaska (Center for International Busi-  
21 ness);

22          (12) Alaska Railroad.

23 \* Sec. 8. AS 44.33 is amended by adding a new section to read:

24           Sec. 44.33.135. GRANTS FOR PROMOTION OR DEVELOPMENT OF VISITOR  
25 TRAVEL. (a) A municipality, a nonprofit corporation formed under  
26 AS 10.20, or a bona fide nonprofit civic, fraternal, or service orga-  
27 nization may receive, as a grant, matching money from the state for up  
28 to 50 percent of the costs of a program or project that the director  
29 of tourism determines is consistent with the purposes of AS 44.33.119

1 and is likely to promote or develop visitor travel, including

2 (1) the promotion of conventions;

3 (2) the construction, improvement, or operation of visitor  
4 destination facilities and tourist attractions; and

5 (3) the development and preservation of attractions of  
6 historical, contemporary, recreational, or cultural interest.

7 (b) The commissioner of commerce and economic development shall  
8 adopt regulations to carry out the provisions of this section.

9 \* Sec. 9. AS 44.33 is amended by adding new sections to read:

10 ARTICLE 10. ALASKA TOURISM MARKETING COUNCIL.

11 Sec. 44.33.700. ALASKA TOURISM MARKETING COUNCIL ESTABLISHED.

12 The Alaska Tourism Marketing Council is established as a public corpo-  
13 ration of the state. It is an instrumentality of the state in the  
14 Department of Commerce and Economic Development, but has a legal  
15 existence independent of and separate from the state. Exercise by the  
16 council of the powers conferred by AS 44.33.700 - 44.33.780 is an  
17 essential governmental function of the state.

18 Sec. 44.33.710. MANAGEMENT OF COUNCIL. (a) Unless the commis-  
19 sioner contracts with a qualified trade association under (b) of this  
20 section, the governing body of the council is a board of directors  
21 consisting of the director of tourism, the commissioner of commerce  
22 and economic development, and the commissioner of another principal  
23 executive department designated by the governor.

24 (b) If the commissioner determines that it is in the best  
25 interests of the state to promote the state as a destination through  
26 the cooperative marketing program, the commissioner shall contract  
27 with a single qualified trade association to jointly manage the coun-  
28 cil if the trade association agrees that, before the end of each  
29 fiscal year that the contract covers, the association will contribute

1 at least 15 percent of the total operating expenses of the council for  
2 that fiscal year. The term of a contract under this section may not  
3 exceed two years.

4 (c) If the commissioner contracts with a qualified trade asso-  
5 ciation under (b) of this section, the governing body of the council  
6 is a board of directors consisting of 21 members and subject to the  
7 following provisions:

8 (1) a board member shall

9 (A) be substantially involved in a visitor or recre-  
10 ation industry business;

11 (B) have training in a field such as marketing;

12 (C) be an officer or a senior staff member of a local  
13 government or nonprofit enterprise established to promote the  
14 visitor industry; or

15 (D) have business or government experience that would  
16 materially enhance the member's ability to contribute to the  
17 planning, execution, or evaluation of a visitor industry promo-  
18 tional marketing campaign;

19 (2) the contract shall provide that the trade association  
20 may select up to 10 board members; the governor may remove a member of  
21 the commission selected under this paragraph on the delivery by the  
22 governor to the board of a written statement explaining the reasons  
23 for the removal;

24 (3) the governor shall appoint 10 board members; each board  
25 member appointed by the governor serves at the pleasure of the gover-  
26 nor; in making appointments to the board under this paragraph, the  
27 governor shall ensure that the board, including members selected under  
28 (2) of this subsection, is broadly representative of the different  
29 regions of the state and the various sectors of the visitor industry;

1           (4) eleven members of the board constitute a quorum for the  
2 transaction of business and the exercise of the powers and duties of  
3 the board, and any action by the board requires 11 affirmative votes;

4           (5) the director serves as presiding officer of the board;  
5 the board shall elect other necessary officers from among its members  
6 annually;

7           (6) a board member may not participate or vote by proxy;

8           (7) the board shall meet at least four times a year at the  
9 call of the presiding officer or upon the written request of seven  
10 members of the board;

11           (8) the members of the board appointed by the governor  
12 serve staggered three-year terms, subject to continuation of the  
13 contract, and may be reappointed;

14           (9) a person appointed to fill a vacancy on the board holds  
15 office for the balance of the term of the person's predecessor;

16           (10) board members receive no salary for serving in that  
17 position, but are entitled to per diem and travel expenses under  
18 AS 39.20.180, except that they are entitled to per diem and travel  
19 expenses for travel only for the percentage of total travel that  
20 occurs within the state; the contract must provide that the trade  
21 association will reimburse the council for per diem and travel ex-  
22 penses paid to those board members appointed by the trade association;  
23 reimbursement under this paragraph does not qualify as a part of the  
24 association's required contribution under (b) of this section.

25           (d) A contract or grant entered into by the council is not  
26 effective until signed by the director.

27           Sec. 44.33.720. EMPLOYEES. The board of directors of the coun-  
28 cil may employ and determine the salary of the staff of the council,  
29 which may include an executive director and no more than two other

1 employees. The executive director and the employees of the council  
2 shall be paid salaries that are comparable to salaries paid to employ-  
3 ees of the state. If there is no executive director, the staff of the  
4 council is supervised by the presiding officer of the board.

5 Sec. 44.33.730. POWERS OF THE BOARD. (a) The board may

6 (1) adopt, alter, and use a corporate seal;

7 (2) prescribe, adopt, amend, and repeal bylaws relating to  
8 the internal management and operations of the council, including the  
9 granting of distribution rights to tourism mailing lists;

10 (3) sue and be sued in the name of the council;

11 (4) enter into any agreements necessary to perform its  
12 functions;

13 (5) cooperate with a public or private board, organization,  
14 or agency engaged in work or activities similar to the work or activ-  
15 ities of the council, including entering into contracts for joint  
16 programs of tourism advertising and marketing;

17 (6) receive contributions of money;

18 (7) establish offices in the state and otherwise incur ex-  
19 penses incidental to the performance of its duties;

20 (8) appear on behalf of the council before boards, com-  
21 missions, departments, or other agencies of municipal, state, or fed-  
22 eral government except as provided under (b) of this section;

23 (9) acquire, hold, lease, sell, or otherwise dispose of  
24 property, but such property is limited to that which is necessary to  
25 the administrative functioning of the council;

26 (10) appoint committees comprised of board and nonboard  
27 members; the presiding officer of each committee shall be a board  
28 member;

29 (11) prepare and implement plans for the promotion of travel

1 to and inside the state;

2 (12) sell, at fair market value, tourism advertising space  
3 in publications and promotional materials developed by the council;  
4 and

5 (13) provide space to a qualified trade association in  
6 publications and promotional materials developed by the council if the  
7 trade association has contracted with the department under AS 44.33.-  
8 710(b) and pays its pro rata share of the production costs for the  
9 publication or promotional material; payment under this paragraph is  
10 not part of the association's required contribution under AS 44.33.-  
11 710(b).

12 (b) The board may not use funds appropriated by the legislature  
13 to employ a lobbyist.

14 Sec. 44.33.740. DUTIES OF THE COUNCIL. (a) The council shall

15 (1) conduct a tourism marketing program designed to accom-  
16 plish the purposes of AS 44.33.700 - 44.33.780;

17 (2) prepare and implement plans for the promotion of Alaska  
18 tourism, including necessary research;

19 (3) submit an annual report to the governor and the legis-  
20 lature describing the activities of the council;

21 (4) make available to all interested persons, including  
22 tourism businesses, a quarterly report of the council's actions and  
23 activities;

24 (5) annually submit a proposed operating budget to the  
25 director, to be used by the Department of Commerce and Economic Devel-  
26 opment to prepare and submit the operating budget of the council under  
27 AS 44.33.750;

28 (6) provide advice, on the request of the director of  
29 tourism, on the programs of the division; and

1 (7) submit a report to the legislature, by the 10th day of  
2 each regular session, describing how the contractual money was spent  
3 in the first half of the year and explaining the plan for expenditures  
4 during the second half of the year.

5 (b) In performing its functions under AS 44.33.700 - 44.33.780,  
6 the council may not favor any particular tourism business entity or  
7 other person.

8 Sec. 44.33.750. EXECUTIVE BUDGET ACT. The operating budget of  
9 the council shall be prepared and submitted under AS 37.07 (Executive  
10 Budget Act).

11 Sec. 44.33.760. ACCOUNTING AND DISPOSITION OF RECEIPTS. (a)  
12 The tourism marketing council shall deposit money collected under  
13 AS 44.33.700 - 44.33.780 in the general fund.

14 (b) The commissioner of administration shall separately account  
15 for all receipts deposited in the general fund under (a) of this  
16 section. The annual estimated balance in the account may be used by  
17 the legislature to make appropriations to the council to carry out its  
18 purposes under AS 44.33.700 - 44.33.780.

19 Sec. 44.33.780. DEFINITIONS. In AS 44.33.700 - 44.33.780

20 (1) "board" means the board of directors of the Alaska  
21 Tourism Marketing Council;

22 (2) "commissioner" means the commissioner of commerce and  
23 economic development;

24 (3) "council" means the Alaska Tourism Marketing Council;

25 (4) "director" means the director of tourism;

26 (5) "qualified trade association" means a private, nonprof-  
27 it organization whose primary purpose is the promotion of tourism to  
28 and within the state and which has a statewide membership comprised of  
29 representatives of all major sectors of the visitor industry,

1 including without limitation hotels, airlines, cruise lines, wholesale  
2 and retail travel agencies, visitor attractions, and convention and  
3 visitors bureaus.

4 \* Sec. 10. AS 44.66.010(a) is amended by adding new paragraphs to  
5 read:

6 (15) Alaska Tourism Marketing Council (AS 44.33.700) --  
7 June 30, 1993;

8 (16) Tourism Coordinating Committee (AS 44.33.122) --  
9 June 30, 1993.

10 \* Sec. 11. AS 44.33.130, 44.33.140, 44.33.145, 44.33.150, 44.33.160,  
11 44.33.170, and 44.33.180 are repealed.

12 \* Sec. 12. Notwithstanding AS 44.33.710(b) as enacted in sec. 9 of this  
13 Act, for fiscal year 1989, unless the commissioner determines that it is  
14 not in the best interests of the state, the commissioner shall contract  
15 under AS 44.33.710(b) with a single qualified trade association to jointly  
16 manage the Alaska Tourism Marketing Council.

17 \* Sec. 13. If the commissioner of commerce and economic development  
18 contracts with a qualified trade association under AS 44.33.710(b), enacted  
19 in sec. 9 of this Act, initial appointments by the governor to the board of  
20 directors of the Alaska Tourism Marketing Council under AS 44.33.710(c)(4),  
21 enacted in sec. 9 of this Act, shall be made for the following terms:

- 22 (1) four members shall serve for one year;  
23 (2) three members shall serve for two years; and  
24 (3) three members shall serve for three years.

25 \* Sec. 14. This Act takes effect July 1, 1988.  
26  
27  
28  
29

STEVE COWPER, GOVERNOR

**DEPARTMENT OF COMMERCE &  
ECONOMIC DEVELOPMENT**

OFFICE OF THE COMMISSIONER

P. O. BOX D  
JUNEAU, ALASKA 99811-0800  
PHONE: (907) 465-2500

May 2, 1988

The Honorable Kay Brown  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

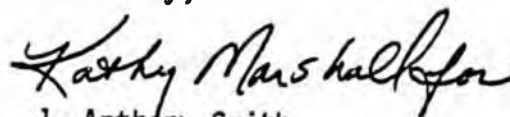
Dear Representative Brown:

For your information, we are providing you with the enclosed fiscal note pertaining to SB 478:

1. The zero fiscal note passed the Senate on April 7, 1988. The Senate chose to drop the fiscal note provided by the department and reflect the marketing council costs in the budget.

If we can be of further assistance, please let us know.

Sincerely,



J. Anthony Smith  
Commissioner

Enclosures  
JAS/djd8271W  
050288b

272

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB 478 (Fin)  
PUBLISH DATE: SENATE 4/7/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: Act relating to Alaska  
Tourism Marketing Council  
Sponsor: Rules/Governor  
Requestor: Senate Finance Committee

Agency Affected: Dept. of Commerce  
BRU: Alaska Tourism Marketing  
Council  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

*Rick Halford*

Prepared by: \_\_\_\_\_  
Division: Senator Rick Halford, Co-chairman  
Senate Finance Committee  
Approved by Commissioner: \_\_\_\_\_  
Agency: \_\_\_\_\_

Phone: 465-3753  
Date: 4/7/88  
Date: \_\_\_\_\_

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

DIVISION OF TOURISM  
 FY 89 PROPOSED BUDGET  
 MAY 2, 1988

	<u>Proposed</u>	<u>Marketing Council</u>	<u>Division of Tourism</u>
Personal Services	909.8	163.9	745.9
Travel	126.3	61.3	65.0
Contractual	9,686.1	7,682.4	2,003.7
Supplies	13.9	3.0	10.9
Equipment	15.0	15.0	
Grants	<u>435.1</u>		<u>435.1</u>
 Total	 11,186.2	 7,925.6	 3,260.6
 Governor's Budget	 9,441.2	 7,055.6	 2,385.6
 Increase	 1,745.0	 870.0	 875.0

# STATE OF ALASKA

## DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

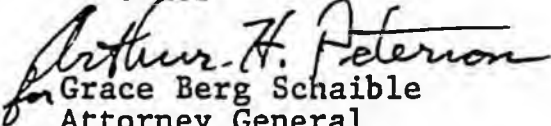
STEVE COWPER, GOVERNOR

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JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600

February 5, 1988

### M E M O R A N D U M

TO: Honorable Steve Cowper  
Governor

FROM:   
for Grace Berg Schaible  
Attorney General

RE: Attached draft bill on tourism  
promotion and development  
Our file: 773-88-0002

Attached is a draft bill to establish the Alaska Tourism Marketing Council and to redefine the role of the division of tourism in the Department of Commerce and Economic Development (DCED), to further enhance and promote Alaska tourism. This bill is the final product of extensive negotiations during recent months between DCED, the Department of Law, and private industry.

As you know, in August 1987, DCED discovered that the division of tourism's multi-million dollar FY 88 advertising contract with a San Francisco advertising agency to handle the Alaska tourism marketing program was not supported by a written contract. It was soon learned that this problem was merely the tip of the iceberg. Although AS 44.33.130 provides that the state may enter into a contract with private industry to cooperatively manage the state's generic marketing program, the program had, in fact, been operating for years with no written contract and without private industry (the Alaska Visitors Association [AVA]) making the required 15 percent contribution to the program (AS 44.33.130). This office then issued an opinion that the entire relationship between the division and the Alaska Visitors Association Marketing Council (AVAMC) for the financing and management of the program was illegal. 1987 Inf. Op. Att'y Gen. (Sept. 15; 663-88-0080).

Since that time, DCED and the Department of Law have engaged in extensive negotiations and discussions with many parties, including the Alaska Visitors Association, private advertising agencies, and members of the Tourism Advisory Board appointed by Commissioner Tony Smith, to find possible permanent solutions to these problems. With respect to the FY 88 program, this office reached a settlement with the advertising agency, bringing back to Alaska many of the smaller contracts for

reissuance, and also reached a settlement with the AVAMC. Regarding future years, this bill, which is supported by all parties, is designed to continue the benefits of the cooperative marketing campaign while resolving the infirmities of the past.

By placing the marketing functions in a council structure outside the division of tourism, this bill has the added benefit of freeing up the division to pursue its research and development functions.

As mentioned above, this bill is the product of extensive negotiations, including discussion of the method of appointment of the Alaska Tourism Marketing Council (proposed AS 44.33.710(b)). Under the bill, if DCED contracts with a "qualified trade association," 10 of the council's 21 members are to be selected by the association. Any 11 members constitute a quorum. This arrangement raises two serious constitutional issues: dilution of the governor's appointment authority and improper delegation of governmental powers. According to an annotation at 97 ALR 2d 361 (plus the ALR Later Case Service, at 211), the various jurisdictions are split, although two of the more recent cases cited (1978) held their respective statutes invalid. Also, compare the reasoning in Bradner v. Hammond, 553 P.2d 1 (Alaska 1976); and United Chiropractors of Washington, Inc. v. State, 578 P.2d 38 (Wash. 1978). Our relatively minimal amount of research on and analysis of the point has not led us to a firm conclusion regarding this aspect of this bill. If you would like a more extensive analysis, we will research the issue further and provide you with one.

A draft transmittal letter to the legislature, explaining the details of this proposal, is also attached.

When you approve the bill, we will prepare it in final form for introduction. Into which house should it be introduced?

GBS:JWB:nb:cb

cc w/enc.: J. Anthony Smith, Commissioner  
Department of Commerce and  
Economic Development

Jay Hogan, Director  
Division of Budget Review  
Office of Management & Budget  
Office of the Governor

Hon. Steve Cowper, Governor  
File no. 773-88-0002

February 5, 1988  
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D R A F T

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill to create the Alaska Tourism Marketing Council as a public corporation in the Department of Commerce and Economic Development. Unless it is determined not to be in the state's best interests, the council will operate as a partnership between private industry and the public sector to jointly finance, plan, and implement the state's generic tourism marketing program. The bill also redefines the role of the division of tourism in the Department of Commerce and Economic Development (DCED). With the council taking over the cooperative marketing program, the division of tourism will be able to concentrate more effectively on the research and development aspects of promoting the visitor industry.

The Alaska Tourism Marketing Council, established in proposed AS 44.33.700 (sec. 7 of the bill), is modeled after the Alaska Seafood Marketing Institute (AS 16.51), which has been so successful in marketing Alaska seafood products. Unless the commissioner of DCED determines that it would not be in the state's best interests, the council will be created by contract between DCED and a qualified trade association that represents all facets of the Alaska visitor industry. At the present time, it is anticipated that this

contract will be with the Alaska Visitors Association (AVA). The trade association must contribute at least 15 percent of the operating budget for the council, while appropriations from the state will make up the balance of the council's budget. Proposed AS 44.33.710(b).

If DCED contracts with a qualified trade association, the council will be managed by a 21-member board of directors. The chairman of the board will be the director of the division of tourism; 10 members will be appointed by the governor; and 10 members will be selected by the trade association. Proposed AS 44.33.710(c). The board, which must meet at least four times each year, will employ necessary staff to conduct the day-to-day operations of the council. Proposed AS 44.33.720 (sec. 7 of the bill).

If DCED determines that a contract with a trade association is not in the best interests of the state, the governing body of the council will be the director of the division of tourism, the commissioner of DCED, and another commissioner designated by the governor. Proposed AS 44.33.710(a).

The council's duties are set out in proposed AS 44.33.750. The council's primary duty will be to conduct the Alaska Cooperative Tourism Marketing Program. The council will

submit an annual report to the governor and the legislature describing its activities and will also produce a quarterly newsletter or report that will be available for anyone who is interested. Section 7 of the bill.

The bill also establishes a tourism marketing council account as a separate account in the general fund. Proposed AS 44.33.760. All contributions from private industry to the council will be deposited in this account, in order that these amounts may be readily identified. Section 7 of the bill.

Section 3 of the bill amends AS 39.25.110 to add the staff of the council to that section's list of exempt service state employees, as provided in proposed AS 44.33.720 (sec. 7 of the bill).

Section 4 of the bill makes the council subject to AS 39.50 (conflicts of interest), by amending AS 39.50.200(b).

The bill also proposes to redefine the role of the division of tourism. In the past, the division has dedicated most of its energies to tourism marketing. Because these functions will be taken over by the council, the division will be able to concentrate on development. Section 5 of the bill amends

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the division's duties to include analyzing the effect on the tourism industry of all state land and resource development projects and organizing pilot promotional projects with new marketing ideas. Proposed AS 44.33.120(c)(7) and (8). In addition, the division's duties will include reviewing the council's procurement practices to ensure compliance with state law and conducting research on the effectiveness of the council's marketing program. Proposed AS 44.33.120(b)-(4) and (c)(6).

Finally, the bill modifies the division's existing authority in AS 44.33.140 -- 44.33.180 to make grants for the promotion or development of tourism. Present law authorizes grants to municipalities for the promotion of conventions (AS 44.33.145), and to municipalities and nonprofit organizations for the construction or operation of visitor information centers (AS 44.33.150) or for the development of tourist attractions of historical or contemporary interest. AS 44.33.170. Existing grant statutes are repealed (sec. 8 of the bill), and the substance of them is reorganized into proposed AS 44.33.135 (sec. 6 of the bill).

Proposed AS 44.33.135 expands this grant-making authority by authorizing the division to make matching money grants, under regulations to be adopted by the department, to

municipalities or nonprofit entities for any program or project that is designed to promote or develop Alaska tourism.

AS 44.33.130, the division of tourism's existing authority to contract with private, nonprofit organizations to carry out the division's duties, is also repealed in sec. 8 of the bill.

Passage of this legislation will serve to enhance an extremely important part of Alaska's economy -- the Alaska visitor industry. This legislation was prepared in consultation with, and is strongly supported by, the Alaska visitor industry, and, along with the industry, I urge your support of it.

Sincerely,

Steve Cowper  
Governor

HOUSE STATE AFFAIRS COMMITTEE MINUTES

Senate Bill 478 - Tourism Promotion and Development

SENATE BILL 478: An Act relating to Alaska tourism promotion and development; and providing for an effective date.

Number 296

Commissioner Tony Smith told the committee that SB 478 would establish a Tourism Marketing Group which would be important for the future development of tourism.

Representative Davidson entered the committee room at 3:30 p.m.

Referring to page 4, subsection 6, Representative Martin expressed concern that the Director of the Division of Tourism would be harassed by charges of discrimination against certain nonprofit groups in the awarding of state grants. He suggested that churches which bring up youth groups might be eligible for grants and suggested that the wording was too broad.

Number 380

Hugh Gellert, Director of the Division of Tourism, responded that the powers encompassed in that section are the same as existing law under which they have been making grants. Commissioner Smith added that regulations would be promulgated to implement the grant program and determine how it would work.

Number 419

Representative Menard asked what the amount of per diem specified on page 7 would be. Mr. Gellert responded that it would be the same as for regular state employees and would vary depending on the city to which they travelled.

Representative Davidson asked if a person trying to develop a special tour group qualified for a grant. Mr. Gellert responded that a specific attraction could not; that grants could only be awarded through nonprofits. He said that perhaps a demonstration project could receive a grant but that the awarding of grants would not stretch to development of private business. Grants are for general promotional activities rather than specific projects.

Number 460

Representative Davidson asked who would benefit from these grants. Mr. Gellert gave an example of highway businesses which could form a nonprofit corporation to promote travel on the highway. Representative Davidson asked how these businesses are currently contributing toward the state's promotional dollar. Mr. Gellert responded that they would currently be contributing only through membership in the Alaska Visitors Association. The Division of Tourism receives receipts through the Cooperative Marketing Program.

Representative Davidson noted that businesses which sell motor fuel also contribute through taxes which go to the General Fund and help pay for the General Fund portion of the Division of Tourism budget. Mr. Gellert agreed and said there are generic marketing programs which encourage people to come to Alaska without advocating specific modes of travel. Representative Davidson noted that a major part of the benefit of tourism promotion goes to large outside operators and tour companies.

Number 531

Mr. Gellert said that Alaska keeps about 50% of the total tourism expenditures in state and that the division is

paying more attention to highway travellers because of the benefits to the local economy.

Representative Davidson asked if the new plan would add to the budget or shift existing funds. Mr. Gellert responded that it would be shifted out of current contractual funds in the division.

Representative Menard asked if someone has to be a member of the Alaska Visitors Association to receive a grant. Mr. Gellert responded in the negative.

Number 596

Representative Dick Shultz testified that the state should be marketed to the independent traveller and that the reference to membership on the Tourism Marketing Group (page 6, line 2) should include "except that no more than five shall have an interest in or close ties to major tourist businesses."

TAPE 37, SIDE B  
Number 090

Clark Gruening, representing the Alaska Visitors Association, told the committee that he also owns a fishing and adventure lodge in Southeast which is visited by independent travelers. Mr. Gruening said that a small "blurb" in the travel planner is very effective in attracting independent travelers.

Number 200

Representative Shultz informed the committee that highway travel is down 23% so generic advertising is not working in some areas.

Number 241

Representative Kay Brown distributed two proposed amendments which address some concerns and make the bill more responsive to the needs of Alaska businesses. Amendment #1 takes the findings from the Senate version and puts them in statute. Amendment #2 would establish a Tourism Coordinating Committee because in the budget subcommittee they discovered a lack of coordination between state agencies.

Number 365

Mr. Gellert testified that the Department of Commerce and Economic Development has reviewed the proposed amendments and has no objections.

Number 455

Representative Davidson said that the number of people in the agencies will not be increased but that the Coordinating Committee will give them more responsibility. Representative Brown responded that the House budget includes an additional increment for the Tourism budget.

Representative Ulmer announced that there would be a work session on SB 478 upon adjournment of the House Floor Session and that the bill would be brought back before the committee on Friday, April 22.

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SB 399: An Act relating to the Alaska automated fingerprint system and to the inclusion of fingerprint information in that system.

Roger Poppe, Aide to Senator Szymanski, testified that Senator Szymanski felt it would be appropriate to allow fingerprints on the state system on a voluntary basis for identification in cases of missing children, etc. Children could have fingerprints removed upon reaching age 18. The Department of Public Safety could charge user fees to cover the additional costs or private companies could provide the service for a fee.

Number 540

Representative Davidson asked if there are underlying civil liberty issues involved in SB 399. Mr. Poppe said not in the degree to which the information would remain confidential. The Federal Bureau of Investigation (FBI) and other states would not have access to the fingerprints.

Number 566

Harry Buccilli of Special Processing Services, testified by teleconference from Anchorage. His company is a private fingerprint service. He said having a record of fingerprints would assist in finding missing children and senior citizens who suffer from Alzheimer's disease, and in body identification. He said it would save the state money in investigations.


Number 609

Representative Davidson asked Mr. Buccilli if he has a vested interest in expanding his company. Mr. Buccilli responded that he opened his service because the State Troopers could not handle the additional requests of private companies.

Representatives Boucher and Menard entered at 3:10 p.m.

Representative Menard asked if the proposed committee substitute would allow AHFC to use reserves as they see fit. Senator Rodey responded affirmatively.

Representative Donley asked to move HB 555 to the bottom of the calendar. Representative Ulmer agreed.

 SENATE BILL 478: "An Act relating to Alaska tourism promotion and development; and providing for an effective date." (Held from April 20.)

Number 165

Hugh Gellert, Director of the Division of Tourism, said the Department of Commerce and Economic Development had no objection to the draft House Committee Substitute for SB 478. He suggested another amendment to make the Director of the Division, who serves as the chair of the Tourism Marketing Council, a voting member. Representative Ulmer explained that with ten members of the industry and ten members of the public appointed by the Governor, adding the Director as a voting member would give the public a controlling vote.

Representative Menard moved to adopt the proposed amendment. There was no objection.

Number 218

Representative Menard proposed changing "shall" to "may" on page 7, line 25, to give the Commissioner more flexibility. Mr. Gellert responded that the clause "determination by the Commissioner" already protects the Commissioner's flexibility.

Representative Martin asked if there would be a new fiscal note for the proposed committee substitute. Mr. Gellert responded that the work would be done with existing staff.

Number 249

Representative Hoffman questioned why the word "may" was used instead of "shall" on page 3, line 26. Mr. Gellert said that it was to give the division flexibility in the means of promoting tourism. Representative Hoffman expressed concern that the emphasis will be on packages which leave out rural areas.

Number 310

Representative Ulmer suggested using the word "shall" and

inserting the words "by any of the following" before the listing of methods by which the Division would promote tourism. Both Mr. Gellert and Representative Hoffman were in agreement with that change.

Number 329

Representative Menard moved to adopt CS 478 with the above mentioned changes. There was no objection. Representative Menard moved to pass CS 478 (SA) from committee. There was no objection.

~~HOUSE JOINT RESOLUTION 71: Relating to bidding on publicly funded construction projects in the United States and other nations.~~

~~Number 348~~

~~Representative Donley said there were problems with other countries who will not allow U.S. companies to bid on construction projects in their countries. HJR 71 would recommend to Congress that in these cases the United States should not allow companies from those countries to bid on projects in the U.S. He said there is a particular concern with the Bradley Lake project.~~

~~Number 375~~

~~Resa Jerrel, representing the Alaska Association of General Contractors, spoke in support of HJR 71.~~

~~Representative Martin asked if the resolution should specify federally funded since he did not want to be in the position of dictating policy to other states. Representative Donley responded that individual actions in relation with other countries must have prior approval of Congress.~~

~~Representative Donley moved to pass HJR 71 from committee with individual recommendations. There was no objection.~~

~~HOUSE BILL 326: "An Act abolishing the current state register system; and relating to a system for hiring state employees."~~

~~Number 470~~

~~Representative Adelheid Herkmann told the committee that she had introduced House Bill 326 because it is difficult for residents of rural areas to get state jobs. She said that some improvements have been made but she is pursuing legislation because much more needs to be done.~~

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE BILL NO. 478 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to Alaska tourism promotion and  
7 development; and providing for an effective date."

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

9 \* Section 1. FINDINGS. The legislature finds that a cooperative effort  
10 between the state and private industry to support and expand the visitor  
11 industry of the state and to foster expansion of the market for Alaska as a  
12 destination throughout the nation and the world is in the public interest  
13 and is a valid public purpose. The legislature further finds that this  
14 cooperative effort would inure to the benefit of the visitor industry in  
15 the state and that some of the costs of maintaining the effort should be  
16 borne by the industry. The legislature further finds that revision and  
17 expansion of the traditional concepts of tourism are in the public interest  
18 and the state should take an active interest in the ensurance of a quality  
19 experience for visitors to the state, cooperate with the private sector in  
20 improving the amenities available to visitors to the state, and seek to  
21 ensure authentic and accessible experiences for visitors to the state.

22 \* Sec. 2. AS 39.25.110 is amended by adding a new paragraph to read:

23 (25) the executive director and other staff of the Alaska  
24 Tourism Marketing Council.

25 \* Sec. 3. AS 39.50.200(a)(8) is amended to read:

26 (8) "public official" means a judicial officer, a member of  
27 the legislature, the fiscal analyst of the legislative finance divi-  
28 sion, the legislative auditor of the legislative audit division, the  
29 executive director of the Legislative Affairs Agency and the directors

1 of the divisions within the Legislative Affairs Agency, the governor,  
2 the lieutenant governor, a person hired or appointed as the head or  
3 deputy head of, or director of a division within, a department in the  
4 executive branch, an assistant to the governor, chairman or member of  
5 a state commission or board, the executive director of the Alaska  
6 Tourism Marketing Council, and each appointed or elected municipal  
7 officer;

8 \* Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:  
9 (49) Alaska Tourism Marketing Council (AS 44.33.700).

10 \* Sec. 5. AS 44.33 is amended by adding a new section to article 2 to  
11 read:

12 Sec. 44.33.119. PURPOSES. The purposes of AS 44.33.119 - 44.-  
13 33.135 and 44.33.700 - 44.33.780 are to

14 (1) encourage the expansion and growth of the state's visi-  
15 tor and recreation industries for the benefit of the citizens of the  
16 state;

17 (2) ensure that the economic benefits to be derived from  
18 tourism in the state are retained in the state, to the extent practi-  
19 cable;

20 (3) ensure that the maximum number of residents of the  
21 state are employed in the tourism industry;

22 (4) promote cooperation between the state and private  
23 sector in the planning and execution of a generic visitor marketing  
24 campaign in the public interest;

25 (5) promote the development of visitor industry facilities,  
26 both in the public sector and the private sector, through the use of  
27 state resources, as appropriate;

28 (6) ensure that the visitor experience in the state is and  
29 continues to be satisfactory and leads to word-of-mouth advertising

1 and return visits to the state;

2 (7) ensure that consideration is given to local community  
3 goals and objectives and the impacts on recreational and subsistence  
4 opportunities for the residents of the state in the development and  
5 implementation of the tourism program.

6 \* Sec. 6. AS 44.33.120 is amended to read:

7 Sec. 44.33.120. ALASKA DIVISION OF TOURISM. (a) There is  
8 created in the Department of Commerce and Economic Development the  
9 Alaska division of tourism. The director of tourism is appointed by  
10 the commissioner of commerce and economic development and serves at  
11 the pleasure of the commissioner.

12 (b) The Alaska division of tourism shall

13 (1) cooperate with the tourism marketing council and orga-  
14 nizations in the private sector for the promotion and development of  
15 tourism and conventions into and within the state [ALASKA];

16 (2) coordinate with municipal, state, and federal agencies  
17 for the development and promotion of tourism resources and conventions  
18 in the state [ALASKA];

19 (3) review and approve the procurement documents and proce-  
20 dures of the tourism marketing council to ensure compliance with  
21 applicable laws and regulations;

22 (4) promote and develop the Alaska tourist and convention  
23 industry by any of the following:

24 (A) publicizing state attractions through such means  
25 as display advertising in magazines and newspapers, advertising  
26 on radio and television or other advertising media, publishing  
27 pamphlets, brochures and other graphic and pictorial materials,  
28 or by aiding and assisting representatives of the media, to  
29 ensure [INSURE] greater coverage of the [ALASKA'S] visitor

- 1           attractions in the state;
- 2                   (B) participation [(4) PARTICIPATE] in travel shows;
- 3                   (C) increasing [(5) INCREASE] the awareness of the
- 4 citizens of the state at the statewide, regional and community
- 5 level of the economic importance of the tourist industry;
- 6                   (D) assisting [(6) ASSIST] potential investors in
- 7 creating new tourist facilities;
- 8                   (E) administering [(7) ADMINISTER] any program of the
- 9 state in which the state provides matching funds for municipal-
- 10 ities of the state [POLITICAL SUBDIVISIONS] or nonprofit organi-
- 11 zations that undertake the promotion and development of visitor
- 12 travel to and in the state [TOURISM];
- 13                   (F) administering [(8) ADMINISTER] visitor informa-
- 14 tion centers; [WHICH PARTICIPATE IN STATE FUNDS]
- 15                   (G) conducting research to evaluate the effectiveness
- 16 of the tourism marketing council's marketing programs;
- 17                   (H) analyzing the effect on the Alaska visitor indus-
- 18 try of state land and resource development projects;
- 19                   (I) organizing, administering, and evaluating demon-
- 20 stration projects for the promotion of the Alaska visitor indus-
- 21 try and the development of new tourism destination markets; and
- 22                   (J) administering grants under AS 44.33.135.

23           (c) The commissioner of administration shall separately account

24 for money that derives from the sale of advertising space, pamphlets,

25 brochures, and other graphic and pictorial materials under this sec-

26 tion and AS 44.33.020(28) and that the division of tourism deposits in

27 the general fund. The annual estimated balance in the account may be

28 used by the legislature to make appropriations to the Department of

29 Commerce and Economic Development to cover related costs of the

1 division of tourism.

2 \* Sec. 7. AS 44.33 is amended by adding new sections to read:

3 Sec. 44.33.122. ESTABLISHMENT OF TOURISM COORDINATING COMMITTEE.

4 (a) The Tourism Coordinating Committee is established in the Depart-  
5 ment of Commerce and Economic Development.

6 (b) The committee is established to coordinate the responsibili-  
7 ties of state agencies that affect tourism.

8 (c) The committee shall

9 (1) provide a forum to develop the goals for the division  
10 such as increased local hire in tourism, an increased emphasis on  
11 attraction to the state of travelers who do not come with organized  
12 tours and the support of worthwhile local entrepreneurial and communi-  
13 ty tourism ventures;

14 (2) conduct analyses of problems facing development of  
15 tourism in the state and develop solutions to those problems by ex-  
16 ploring successful models for the development of travel and recreation  
17 in other tourism-focused states and nations;

18 (3) develop, review, and recommend to the governor and  
19 commissioners budget requests for tourism development in the various  
20 programs of the agencies of the state; and

21 (4) coordinate the operating programs of state agencies to  
22 enhance tourism development efforts.

23 (d) The committee may hold formal or informal meetings concerned  
24 with the responsibilities assigned under this section and with other  
25 associated responsibilities. The committee may appoint subcommittees  
26 and may consider topics at meetings with less than the entire member-  
27 ship of the committee present.

28 Sec. 44.33.124. MEMBERSHIP OF THE TOURISM COORDINATING COMMIT-  
29 TEE. The governor shall appoint the members of the Tourism

1 Coordinating Committee. Members may be appointed from the operational  
2 level of state agencies and may include representatives from the  
3 following:

4 (1) Office of the Governor (office of management and bud-  
5 get, international trade);

6 (2) Department of Commerce (tourism, business development);

7 (3) Department of Community and Regional Affairs;

8 (4) Department of Education (state museums);

9 (5) Department of Environmental Conservation;

10 (6) Department of Fish and Game (sport fish, habitat,  
11 fisheries rehabilitation, enhancement, and development);

12 (7) Department of Labor;

13 (8) Department of Natural Resources (parks, forestry, land  
14 and water, and historic preservation);

15 (9) Department of Revenue (taxation and revenue considera-  
16 tions);

17 (10) Department of Transportation and Public Facilities  
18 (airports, ferry system, highways);

19 (11) University of Alaska (Center for International Busi-  
20 ness);

21 (12) Alaska Railroad.

22 \* Sec. 8. AS 44.33 is amended by adding a new section to read:

23 Sec. 44.33.135. GRANTS FOR PROMOTION OR DEVELOPMENT OF VISITOR  
24 TRAVEL. (a) A municipality, a nonprofit corporation formed under  
25 AS 10.20, or a bona fide nonprofit civic, fraternal, or service orga-  
26 nization may receive, as a grant, matching money from the state for up  
27 to 50 percent of the costs of a program or project that the director  
28 of tourism determines is likely to promote or develop visitor travel,  
29 including

- 1 (1) the promotion of conventions;  
2 (2) the construction, improvement, or operation of visitor  
3 destination facilities and tourist attractions; and  
4 (3) the development and preservation of attractions of  
5 historical, contemporary, or cultural interest.

6 (b) The commissioner of commerce and economic development shall  
7 adopt regulations to carry out the provisions of this section.

8 \* Sec. 9. AS 44.33 is amended by adding new sections to read:

9 ARTICLE 10. ALASKA TOURISM MARKETING COUNCIL.

10 Sec. 44.33.700. ALASKA TOURISM MARKETING COUNCIL ESTABLISHED.  
11 The Alaska Tourism Marketing Council is established as a public corpo-  
12 ration of the state. It is an instrumentality of the state in the  
13 Department of Commerce and Economic Development, but has a legal  
14 existence independent of and separate from the state. Exercise by the  
15 council of the powers conferred by AS 44.33.700 - 44.33.780 is an  
16 essential governmental function of the state.

17 Sec. 44.33.710. MANAGEMENT OF COUNCIL. (a) Unless the commis-  
18 sioner contracts with a qualified trade association under (b) of this  
19 section, the governing body of the council is a board of directors  
20 consisting of the director of tourism, the commissioner of commerce  
21 and economic development, and the commissioner of another principal  
22 executive department designated by the governor.

23 (b) Unless the commissioner determines that it would not be in  
24 the best interests of the state, the commissioner shall contract with  
25 a single qualified trade association to jointly manage the council if  
26 the trade association agrees that, before the end of each fiscal year  
27 that the contract covers, the association will contribute at least 15  
28 percent of the total operating expenses of the council for that fiscal  
29 year. The term of a contract under this section may not exceed two

1 years.

2 (c) If the commissioner contracts with a qualified trade asso-  
3 ciation under (b) of this section, the governing body of the council  
4 is a board of directors consisting of 21 members and subject to the  
5 following provisions:

6 (1) a board member shall

7 (A) be substantially involved in a visitor industry  
8 business;

9 (B) have training in a field such as marketing;

10 (C) be an officer or a senior staff member of a local  
11 government or nonprofit enterprise established to promote the  
12 visitor industry; or

13 (D) have previous business or government experience  
14 that would materially enhance the member's ability to contribute  
15 to the planning, execution, or evaluation of a visitor industry  
16 promotional marketing campaign;

17 (2) the contract shall provide that the trade association  
18 may select up to 10 board members; the governor may remove a member of  
19 the commission selected under this paragraph on the delivery by the  
20 governor to the board of a written statement explaining the reasons  
21 for the removal;

22 (3) the governor shall appoint 10 board members; each board  
23 member appointed by the governor serves at the pleasure of the gover-  
24 nor; in making appointments to the board under this paragraph, the  
25 governor shall ensure that the board, including members selected under  
26 (2) of this subsection, is broadly representative of the different  
27 regions of the state;

28 (4) eleven members of the board constitute a quorum for the  
29 transaction of business and the exercise of the powers and duties of

1 the board, and any action by the board requires 11 affirmative votes;  
2 (5) the director serves as presiding officer of the board;  
3 the board shall elect other necessary officers from among its members  
4 annually;

5 (6) a board member may not participate or vote by proxy;

6 (7) the board shall meet at least four times a year at the  
7 call of the presiding officer or upon the written request of seven  
8 members of the board;

9 (8) the members of the board appointed by the governor  
10 serve staggered three-year terms, subject to continuation of the  
11 contract, and may be reappointed;

12 (9) a person appointed to fill a vacancy on the board holds  
13 office for the balance of the term of the person's predecessor;

14 (10) board members receive no salary for serving in that  
15 position, but are entitled to per diem and travel expenses under  
16 AS 39.20.180, except that they are entitled to per diem and travel  
17 expenses for travel only for the percentage of total travel that  
18 occurs within the state; the contract must provide that the trade  
19 association will reimburse the council for per diem and travel ex-  
20 penses paid to those board members appointed by the trade association  
21 and reimbursement under this paragraph does not qualify as a part of  
22 the association's required contribution under (b) of this section.

23 (d) A contract or grant entered into by the council is not  
24 effective until signed by the director.

25 Sec. 44.33.720. EMPLOYEES. The board of directors of the coun-  
26 cil may employ and determine the salary of the staff of the council,  
27 which may include an executive director and no more than two other  
28 employees. If there is no executive director, the staff of the coun-  
29 cil is supervised by the presiding officer of the board.

1           Sec. 44.33.730. POWERS OF THE BOARD. (a) The board may  
2           (1) adopt, alter, and use a corporate seal;  
3           (2) prescribe, adopt, amend, and repeal bylaws relating to  
4 the internal management and operations of the council, including the  
5 granting of distribution rights to tourism mailing lists;  
6           (3) sue and be sued in the name of the council;  
7           (4) enter into any agreements necessary to perform its  
8 functions;  
9           (5) cooperate with a public or private board, organization,  
10 or agency engaged in work or activities similar to the work or activ-  
11 ities of the council, including entering into contracts for joint  
12 programs of tourism advertising and marketing;  
13           (6) receive contributions of money;  
14           (7) establish offices in the state and otherwise incur ex-  
15 penses incidental to the performance of its duties;  
16           (8) appear on behalf of the council before boards, com-  
17 missions, departments, or other agencies of municipal, state, or fed-  
18 eral government except as provided under (b) of this section;  
19           (9) acquire, hold, lease, sell, or otherwise dispose of  
20 property, but such property is limited to that which is necessary to  
21 the administrative functioning of the council;  
22           (10) appoint committees comprised of board and nonboard  
23 members; the presiding officer of each committee shall be a board  
24 member;  
25           (11) prepare and implement plans for the promotion of tour-  
26 ism to and inside the state;  
27           (12) sell, at fair market value, tourism advertising space  
28 in publications and promotional materials developed by the council;  
29           (13) provide space in publications and promotional materials

1 developed by the council to a qualified trade association that has  
2 contracted with the department under AS 44.33.710(b) if the trade  
3 association pays its pro rata share of production costs for the publi-  
4 cation or promotional material; payment under this paragraph is not  
5 part of the association's required contribution under AS 44.33.710(b);  
6 and

7 (14) grant distribution rights to mailing lists developed by  
8 the council under regulations adopted by the commissioner.

9 (b) The board may not use funds appropriated by the legislature  
10 to employ a lobbyist.

11 Sec. 44.33.740. DUTIES OF THE COUNCIL. (a) The council shall

12 (1) conduct a tourism marketing program designed to accom-  
13 plish the purposes of AS 44.33.700 - 44.33.780;

14 (2) prepare and implement plans for the promotion of Alaska  
15 tourism, including research necessary to evaluate the effectiveness of  
16 the council's marketing program;

17 (3) submit an annual report to the governor and the legis-  
18 lature describing the activities of the council;

19 (4) make available to all interested persons, including  
20 tourism businesses, a quarterly report of the council's actions and  
21 activities;

22 (5) annually submit a proposed operating budget to the  
23 director, to be used by the Department of Commerce and Economic Devel-  
24 opment to prepare and submit the operating budget of the council under  
25 AS 44.33.750; and

26 (6) submit a report to the legislature, by the 10th day of  
27 each regular session, describing how the contractual money was spent  
28 in the first half of the year and explaining the plan for expenditures  
29 during the second half of the year.

1 (b) In performing its functions under AS 44.33.700 - 44.33.780,  
2 the council may not favor any particular tourism business entity or  
3 other person.

4 Sec. 44.33.750. EXECUTIVE BUDGET ACT. The operating budget of  
5 the council shall be prepared and submitted under AS 37.07 (Executive  
6 Budget Act).

7 Sec. 44.33.760. ACCOUNTING AND DISPOSITION OF RECEIPTS. (a)  
8 The tourism marketing council shall deposit money collected under  
9 AS 44.33.700 - 44.33.780 in the general fund.

10 (b) The commissioner of administration shall separately account  
11 for all receipts deposited in the general fund under (a) of this  
12 section. The annual estimated balance in the account may be used by  
13 the legislature to make appropriations to the council to carry out its  
14 purposes under AS 44.33.700 - 44.33.780.

15 Sec. 44.33.780. DEFINITIONS. In AS 44.33.700 - 44.33.780

16 (1) "board" means the board of directors of the Alaska  
17 Tourism Marketing Council;

18 (2) "commissioner" means the commissioner of commerce and  
19 economic development;

20 (3) "council" means the Alaska Tourism Marketing Council;

21 (4) "director" means the director of tourism;

22 (5) "qualified trade association" means a private, nonprof-  
23 it organization whose primary purpose is the promotion of tourism to  
24 and within the state and which has a statewide membership comprised of  
25 representatives of all major sectors of the visitor industry, includ-  
26 ing without limitation hotels, airlines, cruise lines, wholesale and  
27 retail travel agencies, visitor attractions, and convention and visi-  
28 tors bureaus.

29 \* Sec. 10. AS 44.66.010(a) is amended by adding a new paragraph to

1 read:

2 (15) Alaska Tourism Marketing Council (AS 44.33.700) --  
3 June 30, 1993.

4 \* Sec. 11. AS 44.33.130, 44.33.140, 44.33.145, 44.33.150, 44.33.160,  
5 44.33.170, and 44.33.180 are repealed.

6 \* Sec. 12. If the commissioner of commerce and economic development  
7 contracts with a qualified trade association under AS 44.33.710(b), enacted  
8 in sec. 9 of this Act, initial appointments by the governor to the board of  
9 directors of the Alaska Tourism Marketing Council under AS 44.33.710(c)(4),  
10 enacted in sec. 9 of this Act, shall be made for the following terms:

- 11 (1) four members shall serve for one year;  
12 (2) three members shall serve for two years; and  
13 (3) three members shall serve for three years.

14 \* Sec. 13. This Act takes effect July 1, 1988.

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE  
2 CS FOR SENATE BILL NO. 478 (Finance) am  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION  
5 A BILL  
6 For an Act entitled: "An Act relating to Alaska tourism promotion and  
7 development; and providing for an effective date."  
8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:  
9 \* Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that a  
10 cooperative effort between the state and private industry to support and  
11 expand the visitor industry of the state and to foster expansion of the  
12 market for Alaska as a destination throughout the nation and the world is  
13 in the public interest and is a valid public purpose. The legislature  
14 further finds that this cooperative effort would inure to the benefit of  
15 the visitor industry in the state and that some of the costs of maintaining  
16 the effort should be borne by the industry.  
17 (b) The purposes of this Act are to  
18 (1) encourage the expansion and growth of the Alaska visitor  
19 industry for the benefit of the state economy;  
20 (2) promote cooperation between the state and private sector in  
21 the planning and execution of a generic visitor marketing campaign in the  
22 public interest;  
23 (3) promote the development of visitor industry facilities, both  
24 in the private sector and through the use of state resources, as appropri-  
25 ate;  
26 (4) provide a mechanism to promote new markets by encouraging  
27 the development of pilot projects to test new marketing opportunities; and  
28 (5) promote cooperation in the visitor industry by encouraging  
29 membership in a trade association that practices nondiscriminatory

1 promotion and development of all aspects of the Alaska visitor industry.

2 \* Sec. 2. AS 39.25.110 is amended by adding a new paragraph to read:

3 (25) the executive director and other staff of the Alaska  
4 Tourism Marketing Council.

5 \* Sec. 3. AS 39.50.200(a)(8) is amended to read:

6 (8) "public official" means a judicial officer, a member of  
7 the legislature, the fiscal analyst of the legislative finance divi-  
8 sion, the legislative auditor of the legislative audit division, the  
9 executive director of the Legislative Affairs Agency and the directors  
10 of the divisions within the Legislative Affairs Agency, the governor,  
11 the lieutenant governor, a person hired or appointed as the head or  
12 deputy head of, or director of a division within, a department in the  
13 executive branch, an assistant to the governor, chairman or member of  
14 a state commission or board, the executive director of the Alaska  
15 Tourism Marketing Council, and each appointed or elected municipal  
16 officer;

17 \* Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

18 (49) Alaska Tourism Marketing Council (AS 44.33.700).

19 \* Sec. 5. AS 44.33.120 is amended to read:

20 Sec. 44.33.120. ALASKA DIVISION OF TOURISM. (a) There is  
21 created in the Department of Commerce and Economic Development the  
22 Alaska division of tourism. The director of tourism is appointed by  
23 the commissioner of commerce and economic development and serves at  
24 the pleasure of the commissioner.

25 (b) The Alaska division of tourism

26 (1) shall

27 (A) [(1)] cooperate with the tourism marketing council  
28 and organizations in the private sector for the promotion and  
29 development of tourism and conventions into and within the state

1 [ALASKA];

2 (B) [(2)] coordinate with municipal, state, and fed-  
3 eral agencies for the development and promotion of tourism re-  
4 sources and conventions in the state [ALASKA]; and

5 (C) review and approve the procurement documents and  
6 procedures of the tourism marketing council to ensure compliance  
7 with applicable laws and regulations;

8 (2) may

9 (A) [(3)] promote and develop the Alaska tourist and  
10 convention industry by publicizing state attractions through such  
11 means as display advertising in magazines and newspapers, ad-  
12 vertising on radio and television or other advertising media,  
13 publishing pamphlets, brochures and other graphic and pictorial  
14 materials, or by aiding and assisting representatives of the  
15 media, to ensure [INSURE] greater coverage of the [ALASKA'S]  
16 visitor attractions in the state;

17 (B) [(4)] participate in travel shows;

18 (C) [(5)] increase the awareness of the citizens of  
19 the state at the statewide, regional and community level of the  
20 economic importance of the tourist industry;

21 (D) [(6)] assist potential investors in creating new  
22 tourist facilities;

23 (E) [(7)] administer any program of the state in which  
24 the state provides matching funds for municipalities of the state  
25 [POLITICAL SUBDIVISIONS] or nonprofit organizations that under-  
26 take the promotion and development of visitor travel to and in  
27 the state [TOURISM];

28 (F) [(8)] administer visitor information centers;  
29 [WHICH PARTICIPATE IN STATE FUNDS]

1                   (G) conduct research to evaluate the effectiveness of  
2                   the tourism marketing council's marketing programs;

3                   (H) analyze the effect on the Alaska visitor industry  
4                   of state land and resource development projects;

5                   (I) organize, administer, and evaluate demonstration  
6                   projects for the promotion of the Alaska visitor industry and the  
7                   development of new tourism destination markets; and

8                   (J) administer grants under AS 44.33.135.

9                   (c) The commissioner of administration shall separately account  
10                  for money that derives from the sale of advertising space, pamphlets,  
11                  brochures, and other graphic and pictorial materials under this sec-  
12                  tion and AS 44.33.020(28) and that the division of tourism deposits in  
13                  the general fund. The annual estimated balance in the account may be  
14                  used by the legislature to make appropriations to the Department of  
15                  Commerce and Economic Development to cover related costs of the divi-  
16                  sion of tourism.

17                  \* Sec. 6. AS 44.33 is amended by adding a new section to read:

18                  Sec. 44.33.135. GRANTS FOR PROMOTION OR DEVELOPMENT OF VISITOR  
19                  TRAVEL. (a) A municipality, a nonprofit corporation formed under  
20                  AS 10.20, or a bona fide nonprofit civic, fraternal, or service orga-  
21                  nization may receive, as a grant, matching money from the state for up  
22                  to 50 percent of the costs of a program or project that the director  
23                  of tourism determines is likely to promote or develop visitor travel,  
24                  including

25                                 (1) the promotion of conventions;

26                                 (2) the construction, improvement, or operation of visitor  
27                  destination facilities and tourist attractions; and

28                                 (3) the development and preservation of attractions of  
29                  historical, contemporary, or cultural interest.

1 (b) The commissioner of commerce and economic development shall  
2 adopt regulations to carry out the provisions of this section.

3 \* Sec. 7. AS 44.33 is amended by adding new sections to read:

4 ARTICLE 10. ALASKA TOURISM MARKETING COUNCIL.

5 Sec. 44.33.700. ALASKA TOURISM MARKETING COUNCIL ESTABLISHED.

6 The Alaska Tourism Marketing Council is established as a public corpo-  
7 ration of the state. It is an instrumentality of the state in the  
8 Department of Commerce and Economic Development, but has a legal  
9 existence independent of and separate from the state. Exercise by the  
10 council of the powers conferred by AS 44.33.700 - 44.33.780 is an  
11 essential governmental function of the state.

12 Sec. 44.33.710. MANAGEMENT OF COUNCIL. (a) Unless the commis-  
13 sioner contracts with a qualified trade association under (b) of this  
14 section, the governing body of the council is a board of directors  
15 consisting of the director of tourism, the commissioner of commerce  
16 and economic development, and the commissioner of another principal  
17 executive department designated by the governor.

18 (b) Unless the commissioner determines that it would not be in  
19 the best interests of the state, the commissioner shall contract with  
20 a single qualified trade association to jointly manage the council if  
21 the trade association agrees that, before the end of each fiscal year  
22 that the contract covers, the association will contribute at least 15  
23 percent of the total operating expenses of the council for that fiscal  
24 year. The term of a contract under this section may not exceed two  
25 years.

26 (c) If the commissioner contracts with a qualified trade asso-  
27 ciation under (b) of this section, the governing body of the council  
28 is a board of directors consisting of 21 members and subject to the  
29 following provisions:

- 1                   (1) a board member shall
- 2                   (A) be substantially involved in a visitor industry
- 3 business;
- 4                   (B) have training in a field such as marketing;
- 5                   (C) be an officer or a senior staff member of a local
- 6 government or nonprofit enterprise established to promote the
- 7 visitor industry; or
- 8                   (D) have previous business or government experience
- 9 that would materially enhance the member's ability to contribute
- 10 to the planning, execution, or evaluation of a visitor industry
- 11 promotional marketing campaign;
- 12                   (2) the contract shall provide that the trade association
- 13 may select up to 10 board members; the governor may remove a member of
- 14 the commission selected under this paragraph on the delivery by the
- 15 governor to the board of a written statement explaining the reasons
- 16 for the removal;
- 17                   (3) the governor shall appoint 10 board members; each board
- 18 member appointed by the governor serves at the pleasure of the gover-
- 19 nor; in making appointments to the board under this paragraph, the
- 20 governor shall ensure that the board, including members selected under
- 21 (2) of this subsection, is broadly representative of the different
- 22 regions of the state;
- 23                   (4) eleven members of the board constitute a quorum for the
- 24 transaction of business and the exercise of the powers and duties of
- 25 the board, and any action by the board requires 11 affirmative votes;
- 26                   (5) the director serves as presiding officer of the board
- 27 and may not vote except in the case of a tie;
- 28                   (6) a board member may not participate or vote by proxy;
- 29                   (7) the board shall meet at least four times a year at the

1 call of the presiding officer or upon the written request of seven  
2 members of the board;

3 (8) the board shall elect other necessary officers from  
4 among its members annually;

5 (9) the members of the board appointed by the governor  
6 serve staggered three-year terms, subject to continuation of the  
7 contract, and may be reappointed;

8 (10) a person appointed to fill a vacancy on the board holds  
9 office for the balance of the term of the person's predecessor;

10 (11) board members receive no salary for serving in that  
11 position, but are entitled to per diem and travel expenses under  
12 AS 39.20.180, except that they are entitled to per diem and travel  
13 expenses for travel only for the percentage of total travel that  
14 occurs within the state; the contract must provide that the trade  
15 association will reimburse the council for per diem and travel ex-  
16 penses paid to those board members appointed by the trade association  
17 and reimbursement under this paragraph does not qualify as a part of  
18 the association's required contribution under (b) of this section.

19 (d) A contract or grant entered into by the council is not  
20 effective until signed by the director.

21 Sec. 44.33.720. EMPLOYEES. The board of directors of the coun-  
22 cil may employ and determine the salary of the staff of the council,  
23 which may include an executive director and no more than two other  
24 employees. If there is no executive director, the staff of the coun-  
25 cil is supervised by the presiding officer of the board.

26 Sec. 44.33.730. POWERS OF THE BOARD. (a) The board may

27 (1) adopt, alter, and use a corporate seal;

28 (2) prescribe, adopt, amend, and repeal bylaws relating to  
29 the internal management and operations of the council, including the

1 granting of distribution rights to tourism mailing lists;  
2 (3) sue and be sued in the name of the council;  
3 (4) enter into any agreements necessary to perform its  
4 functions;  
5 (5) cooperate with a public or private board, organization,  
6 or agency engaged in work or activities similar to the work or activ-  
7 ities of the council, including entering into contracts for joint  
8 programs of tourism advertising and marketing;  
9 (6) receive contributions of money;  
10 (7) establish offices in the state and otherwise incur ex-  
11 penses incidental to the performance of its duties;  
12 (8) appear on behalf of the council before boards, com-  
13 missions, departments, or other agencies of municipal, state, or fed-  
14 eral government except as provided under (b) of this section;  
15 (9) acquire, hold, lease, sell, or otherwise dispose of  
16 property, but such property is limited to that which is necessary to  
17 the administrative functioning of the council;  
18 (10) appoint committees comprised of board and nonboard  
19 members; the presiding officer of each committee shall be a board  
20 member;  
21 (11) prepare and implement plans for the promotion of tour-  
22 ism to and inside the state;  
23 (12) sell, at fair market value, tourism advertising space  
24 in publications and promotional materials developed by the council;  
25 (13) provide space in publications and promotional materials  
26 developed by the council to a qualified trade association that has  
27 contracted with the department under AS 44.33.710(b) if the trade  
28 association pays its pro rata share of production costs for the publi-  
29 cation or promotional material; payment under this paragraph is not

1 part of the association's required contribution under AS 44.33.710(b);  
2 and

3 (14) grant distribution rights to mailing lists developed by  
4 the council under regulations adopted by the commissioner.

5 (b) The board may not use funds appropriated by the legislature  
6 to employ a lobbyist.

7 Sec. 44.33.740. DUTIES OF THE COUNCIL. (a) The council shall

8 (1) conduct a tourism marketing program designed to accom-  
9 plish the purposes of AS 44.33.700 - 44.33.780;

10 (2) prepare and implement plans for the promotion of Alaska  
11 tourism, including research necessary to evaluate the effectiveness of  
12 the council's marketing program;

13 (3) submit an annual report to the governor and the legis-  
14 lature describing the activities of the council;

15 (4) make available to all interested persons, including  
16 tourism businesses, a quarterly report of the council's actions and  
17 activities;

18 (5) annually submit a proposed operating budget to the  
19 director, to be used by the Department of Commerce and Economic Devel-  
20 opment to prepare and submit the operating budget of the council under  
21 AS 44.33.750; and

22 (6) submit a report to the legislature, by the 10th day of  
23 each regular session, describing how the contractual money was spent  
24 in the first half of the year and explaining the plan for expenditures  
25 during the second half of the year.

26 (b) In performing its functions under AS 44.33.700 - 44.33.780,  
27 the council may not favor any particular tourism business entity or  
28 other person.

29 Sec. 44.33.750. EXECUTIVE BUDGET ACT. The operating budget of

1 the council shall be prepared and submitted under AS 37.07 (Executive  
2 Budget Act).

3 Sec. 44.33.760. ACCOUNTING AND DISPOSITION OF RECEIPTS. (a)  
4 The tourism marketing council shall deposit money collected under  
5 AS 44.33.700 - 44.33.780 in the general fund.

6 (b) The commissioner of administration shall separately account  
7 for all receipts deposited in the general fund under (a) of this  
8 section. The annual estimated balance in the account may be used by  
9 the legislature to make appropriations to the council to carry out its  
10 purposes under AS 44.33.700 - 44.33.780.

11 Sec. 44.33.780. DEFINITIONS. In AS 44.33.700 - 44.33.780

12 (1) "board" means the board of directors of the Alaska  
13 Tourism Marketing Council;

14 (2) "commissioner" means the commissioner of commerce and  
15 economic development;

16 (3) "council" means the Alaska Tourism Marketing Council;

17 (4) "director" means the director of tourism;

18 (5) "qualified trade association" means a private, nonprof-  
19 it organization whose primary purpose is the promotion of tourism to  
20 and within the state and which has a statewide membership comprised of  
21 representatives of all major sectors of the visitor industry, includ-  
22 ing without limitation hotels, airlines, cruise lines, wholesale and  
23 retail travel agencies, visitor attractions, and convention and visi-  
24 tors bureaus.

25 \* Sec. 8. AS 44.66.010(a) is amended by adding a new paragraph to  
26 read:

27 (15) Alaska Tourism Marketing Council (AS 44.33.700) --  
28 June 30, 1993.

29 \* Sec. 9. AS 44.33.130, 44.33.140, 44.33.145, 44.33.150, 44.33.160,

1 44.33.170, and 44.33.180 are repealed.

2 \* Sec. 10. If the commissioner of commerce and economic development  
3 contracts with a qualified trade association under AS 44.33.710(b), enacted  
4 in sec. 7 of this Act, initial appointments by the governor to the board of  
5 directors of the Alaska Tourism Marketing Council under AS 44.33.710(c)(4),  
6 enacted in sec. 7 of this Act, shall be made for the following terms:

- 7 (1) four members shall serve for one year;  
8 (2) three members shall serve for two years; and  
9 (3) three members shall serve for three years.

10 \* Sec. 11. This Act takes effect July 1, 1988.

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 478

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to Alaska tourism promotion and  
7 development; and providing for an effective date."

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

9 \* Section 1. FINDINGS. The legislature finds that a cooperative effort  
10 between the state and private industry to support and expand the visitor  
11 industry of Alaska, and to foster expansion of the market for Alaska as a  
12 destination throughout the nation and the world, is in the public interest  
13 and is a valid public purpose. The legislature further finds that such a  
14 cooperative effort would inure to the benefit of the visitor industry in  
15 Alaska, and that some of the costs of maintaining such an effort should be  
16 borne by the industry.

17 \* Sec. 2. PURPOSES. The purposes of this Act are to

18 (1) encourage the expansion and growth of the Alaska visi-  
19 tor industry for the benefit of the Alaska economy;

20 (2) promote cooperation between the state and private  
21 sector in the planning and execution of a generic visitor marketing  
22 campaign in the public interest;

23 (3) promote the development of visitor industry facilities,  
24 both in the private sector and through the use of state resources, as  
25 appropriate;

26 (4) provide a mechanism to promote new markets by encourag-  
27 ing the development of pilot projects to test new marketing oppor-  
28 tunities; and

29 (5) promote cooperation in the visitor industry by

1 encouraging membership in a trade association that practices nondis-  
2 criminatory promotion and development of all aspects of the Alaska  
3 visitor industry.

4 \* Sec. 3. AS 39.25.110 is amended by adding a new paragraph to read:

5 (25) the executive director and other staff of the Alaska  
6 Tourism Marketing Council.

7 \* Sec. 4. AS 39.50.200(b) is amended by adding a new paragraph to read:

8 (49) Alaska Tourism Marketing Council (AS 44.33.700).

9 \* Sec. 5. AS 44.33.120 is amended to read:

10 Sec. 44.33.120. ALASKA DIVISION OF TOURISM. (a) There is  
11 created in the Department of Commerce and Economic Development the  
12 Alaska division of tourism.

13 (b) The Alaska division of tourism shall

14 (1) cooperate with the tourism marketing council and orga-  
15 nizations in the private sector for the promotion and development of  
16 tourism and conventions into and within Alaska;

17 (2) coordinate with municipal, state, and federal agencies  
18 for the development and promotion of tourism resources and conventions  
19 in Alaska;

20 (3) administer any program of the state in which the state  
21 provides matching money for municipalities or nonprofit organizations  
22 to undertake the promotion and development of visitor travel to and in  
23 the state; and

24 (4) review and approve the procurement documents and proce-  
25 dures of the tourism marketing council to assure compliance with  
26 applicable statutes and regulations.

27 (c) The Alaska division of tourism may

28 (1) promote and develop the Alaska tourist and convention  
29 industry by publicizing state attractions through such means as

1 display advertising in magazines and newspapers, advertising on radio  
2 and television or other advertising media, publishing pamphlets,  
3 brochures and other graphic and pictorial materials, or by aiding and  
4 assisting representatives of the media, to insure greater coverage of  
5 Alaska's visitor attractions;

6 (2) [(4)] participate in travel shows;

7 (3) [(5)] increase the awareness of the citizens of the  
8 state at the statewide, regional and community level of the economic  
9 importance of the tourist industry;

10 (4) [(6)] assist potential investors in creating new tour-  
11 ist facilities;

12 [(7) ADMINISTER ANY PROGRAM OF THE STATE IN WHICH THE STATE  
13 PROVIDES MATCHING FUNDS FOR POLITICAL SUBDIVISIONS OR NONPROFIT ORGA-  
14 NIZATIONS THAT UNDERTAKE THE PROMOTION AND DEVELOPMENT OF TOURISM;]

15 (5) [(8)] administer visitor information centers [WHICH  
16 PARTICIPATE IN STATE FUNDS];

17 (6) conduct research to evaluate the effectiveness of the  
18 tourism marketing council's marketing programs;

19 (7) analyze the effect on the Alaska visitor industry of  
20 state land and resource development projects;

21 (8) organize, administer, and evaluate demonstration pro-  
22 jects for the promotion of the Alaska visitor industry and the develop-  
23 ment of new tourism destination markets, and

24 (9) administer grants under AS 44.33.135.

25 (d) [(c)] The commissioner of administration shall separately  
26 account for money that derives from the sale of advertising space,  
27 pamphlets, brochures, and other graphic and pictorial materials under  
28 this section and AS 44.33.020(28) and that the division of tourism  
29 deposits in the general fund. The annual estimated balance in the

1 account may be used by the legislature to make appropriations to the  
2 Department of Commerce and Economic Development to cover related costs  
3 of the division of tourism.

4 \* Sec. 6. AS 44.33 is amended by adding a new section to read:

5 Sec. 44.33.135. GRANTS FOR PROMOTION OR DEVELOPMENT OF VISITOR  
6 TRAVEL. (a) A municipality, a nonprofit corporation formed under  
7 AS 10.20, or a bona fide nonprofit civic, fraternal, or service orga-  
8 nization is eligible to receive, as a grant, matching money from the  
9 state for up to 50 percent of the costs of a program or project that  
10 the director of tourism determines is likely to promote or develop  
11 visitor travel, including the promotion of conventions; the con-  
12 struction, improvement, or operation of visitor destination facilities  
13 and tourist attractions; and the development and preservation of at-  
14 tractions of historical, contemporary, or cultural interest.

15 (b) The Department of Commerce and Economic Development shall  
16 adopt regulations to carry out the provisions of this section.

17 \* Sec. 7. AS 44.33 is amended by adding new sections to read:

18 ARTICLE 10. ALASKA TOURISM MARKETING COUNCIL.

19 Sec. 44.33.700. ALASKA TOURISM MARKETING COUNCIL ESTABLISHED.  
20 There is established the Alaska Tourism Marketing Council. The coun-  
21 cil is a public corporation of the state. It is an instrumentality of  
22 the state in the Department of Commerce and Economic Development, but  
23 has a legal existence independent of and separate from the state.  
24 Exercise by the council of the powers conferred by AS 44.33.700 --  
25 44.33.780 is an essential governmental function of the state.

26 Sec. 44.33.710. MANAGEMENT OF COUNCIL. (a) Unless the depart-  
27 ment contracts with a qualified trade association under (b) of this  
28 section, the governing body of the council is a board of directors  
29 consisting of the director of the division of tourism, the com-

1     missioner of commerce and economic development, and the commissioner  
2     of another principal executive department designated by the governor.

3             (b) The department shall, unless the commissioner of commerce  
4     and economic development determines that it would not be in the best  
5     interests of the state, contract with a single qualified trade asso-  
6     ciation to jointly manage the council, if the trade association agrees  
7     that, before the end of each fiscal year that the contract covers, the  
8     association will contribute at least 15 percent of the total operating  
9     expenses of the council for that fiscal year. The term of a contract  
10    under this subsection may exceed one year.

11            (c) If the department contracts with a qualified trade asso-  
12    ciation under (b) of this section, the governing body of the council  
13    is a board of directors consisting of 21 members and subject to the  
14    following provisions:

15            (1) a board member must be substantially involved in a  
16    visitor industry business, have academic training in a field such as  
17    marketing, be an officer or a senior staff member of a local govern-  
18    ment or nonprofit enterprise established to promote the visitor indus-  
19    try, or have previous business or government experience that would  
20    materially enhance the member's ability to contribute to the planning,  
21    execution, or evaluation of a visitor industry promotional marketing  
22    campaign;

23            (2) the contract must provide that the trade association  
24    may select up to 10 board members;

25            (3) the director of the division of tourism is a board  
26    member;

27            (4) all board members other than those identified in (2)  
28    and (3) of this subsection must be appointed by, and serve at the  
29    pleasure of, the governor;

1           (5) eleven members of the board constitute a quorum for the  
2 transaction of business and the exercise of the powers and duties of  
3 the board; board members may not participate, or vote, by proxy;

4           (6) the director of the division of tourism, or the direc-  
5 tor's designee, shall serve as chairperson of the board; the director  
6 may waive the right to chair the board and may delegate to it the  
7 selection of the chairperson from among the members appointed by the  
8 governor;

9           (7) the chairperson is a nonvoting member of the board,  
10 except that in the case of a tie on any vote of the board, the chair-  
11 person may then vote;

12           (8) the board shall meet at least four times a year; meet-  
13 ings of the board occur at the call of the chairperson, or upon the  
14 written request of seven members of the board;

15           (9) the board shall annually elect other necessary officers  
16 from among its members;

17           (10) the members of the board appointed by the governor  
18 serve staggered three-year terms, subject to continuation of the  
19 contract, and may be reappointed;

20           (11) a person appointed or selected to fill a vacancy on  
21 the board holds office for the balance of the term for which that  
22 person's predecessor on the board was appointed or selected;

23           (12) a vacancy on the board occurring other than by ex-  
24 piration of term must be filled in the same manner as the original  
25 appointment or selection; and

26           (13) board members receive no salary for serving in that  
27 position, but are entitled to per diem and travel expenses authorized  
28 by law for other state boards and commissions under AS 39.20.180,  
29 except that they are entitled to expenses for travel only for the

1 percentage of total travel that occurs within the state; the contract  
2 must provide that the trade association will reimburse the council for  
3 per diem and travel expenses paid to those board members selected by  
4 the trade association; reimbursement under this paragraph is not part  
5 of the association's required contribution under (b) of this section.

6 Sec. 44.33.720. EMPLOYEES. The board of directors of the coun-  
7 cil may employ and determine the salary of the staff of the council,  
8 which may include an executive director. If there is no executive  
9 director, the staff of the council is supervised by the chairman of  
10 the board. All employees of the council are in the exempt service  
11 under AS 39.25.

12 Sec. 44.33.730. POWERS OF THE BOARD. In carrying out the duties  
13 of the council, the board may

- 14 (1) adopt, alter, and use a corporate seal;
- 15 (2) prescribe, adopt, amend, and repeal bylaws;
- 16 (3) sue and be sued in the name of the council;
- 17 (4) enter into any agreements necessary to perform its  
18 functions;
- 19 (5) cooperate with a public or private board, organization,  
20 or agency engaged in work or activities similar to the work or activ-  
21 ities of the council, including entering into contracts for joint  
22 programs of tourism advertising and marketing;
- 23 (6) receive contributions of money from persons;
- 24 (7) establish offices in the state and otherwise incur ex-  
25 penses incidental to the performance of its duties;
- 26 (8) appear on behalf of the council before boards, com-  
27 missions, departments, or other agencies of municipal, state, or fed-  
28 eral government;
- 29 (9) acquire, hold, lease, sell, or otherwise dispose of

1 property, as necessary to the operations of the council;

2 (10) appoint committees comprised of board and non-board  
3 members; the chairperson of such a committee must be a board member;

4 (11) prepare and implement plans for the promotion of  
5 tourism to and inside the state;

6 (12) sell, at fair market value, tourism advertising space  
7 in publications and promotional materials developed by the council;  
8 and

9 (13) provide space in publications and promotional materials  
10 developed by the council to a qualified trade association that has  
11 contracted with the department under AS 44.33.710(b), if the trade  
12 association pays its pro rata share of production costs for the publi-  
13 cation or promotional material; payment under this paragraph is not  
14 part of the association's required contribution under AS 44.33.710(b).

15 Sec. 44.33.740. DUTIES OF THE COUNCIL. (a) The council shall

16 (1) conduct a tourism marketing program designed to accom-  
17 plish the purposes of this chapter;

18 (2) prepare and implement plans for the promotion of Alaska  
19 tourism, including research necessary to evaluate the effectiveness of  
20 the council's marketing program;

21 (3) submit an annual report to the governor and the legis-  
22 lature describing the activities of the council;

23 (4) make available to all interested persons, including  
24 tourism businesses, a quarterly report of the council's actions and  
25 activities; and

26 (5) annually submit a proposed operating budget to the  
27 director of the division of tourism, to be used by the Department of  
28 Commerce and Economic Development to prepare and submit the operating  
29 budget of the council under AS 44.33.750.

1           (b) In performing its functions under this chapter, the council  
2 may not favor any particular tourism business entity or other person.

3           Sec. 44.33.750. EXECUTIVE BUDGET ACT. The operating budget of  
4 the council must be prepared and submitted in accordance with the  
5 Executive Budget Act (AS 37.07).

6           Sec. 44.33.760. ACCOUNTING AND DISPOSITION OF RECEIPTS. (a)  
7 The tourism marketing council account is established as a separate  
8 account in the general fund.

9           (b) The commissioner of administration shall, in the tourism  
10 marketing council account, separately account for fees and other  
11 receipts collected by the council under AS 44.33.710(c)(13) and  
12 44.33.730(12) and (13), and the contributions paid by a trade asso-  
13 ciation under AS 44.33.710(b), that are deposited in the general fund.  
14 The annual estimated balance in the account may be used by the legis-  
15 lature to make appropriations to the council to finance its op-  
16 erations.

17           Sec. 44.33.780. DEFINITIONS. In AS 44.33.700 -- 44.33.780,

18           (1) "board" means the board of directors of the Alaska  
19 Tourism Marketing Council;

20           (2) "council" means the Alaska Tourism Marketing Council;

21           (3) "department" means the Department of Commerce and Econ-  
22 omic Development; and

23           (4) "qualified trade association" means a private, nonprof-  
24 it organization whose primary purpose is the promotion of tourism to  
25 and within the state and which has a statewide membership comprised of  
26 representatives of all major sectors of the visitor industry, includ-  
27 ing without limitation hotels, airlines, cruise lines, wholesale and  
28 retail travel agencies, visitor attractions, and convention and visi-  
29 tors bureaus.

1       \* Sec. 8. AS 44.33.130, 44.33.140, 44.33.145, 44.33.150, 44.33.160,  
2 44.33.170, and 44.33.180 are repealed.

3       \* Sec. 9. If the Department of Commerce and Economic Development con-  
4 tracts with a qualified trade association under AS 44.33.710(b), enacted in  
5 sec. 7 of this Act, initial appointments by the governor to the board of  
6 directors of the Alaska Tourism Marketing Council under AS 44.33.710(c)(4),  
7 enacted in sec. 7 of this Act, must be made for the following terms:

8               (1) four members shall serve for one year;

9               (2) three members shall serve for two years; and

10              (3) three members shall serve for three years.

11       \* Sec. 10. This Act takes effect July 1, 1988.