

HB

431

# HOUSE COMMITTEE REPORT

(7)  
Date Referred: January 19, 1990

FURTHER REFERRALS:  
TRANSPORTATION  
FINANCE

Date of Committee Action: 1/23/90

The LABOR & COMMERCE considered: HB 431

HOUSE BILL NO. 431                      APPROP: TOURISM MARKETING

"An Act making special and supplemental appropriations for international airport marketing, domestic tourism marketing, and the 1990 International Travel Fair; and providing for an effective date."

- RECOMMENDATIONS:
- be replaced with \_\_\_\_\_  the same title
  - be replaced with \_\_\_\_\_  a new title
  - have attached amendment(s)
  - do pass
  - do not pass
  - no recommendation
  - individual recommendations
  - additional referral to the \_\_\_\_\_ Committee

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

ATTACHES NEW FISCAL NOTE(S):                      APPROVES PREVIOUS:                      (Date/Dept)

(Dept)

- fiscal impact \_\_\_\_\_  fiscal note(s) \_\_\_\_\_
- zero fiscal note \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_
- zero with analysis \_\_\_\_\_  zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:  
(Check approp. column)

Do Not  
Pass      No Rec      Amend

\_\_\_\_\_  
(Finkelstein)

\_\_\_\_\_  
(Collins)

\_\_\_\_\_  
Dave Souley

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Mark Boyer		X	
Karen A. Leman		✓	

Dave Souley  
Chairman's Signature



# ALASKA VISITORS ASSOCIATION

501 West Northern Lights, Suite 201 • Anchorage, Alaska 99503

Tel: (907) 276-6663 • Fax: (907) 258-4036

1989-90

## Executive Officers

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**Robert Dindinger**  
Alaska Travel Adventures  
Juneau, Alaska

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**Ray Pedersen**  
Princess Tours  
Seattle, Washington

2nd Vice-President

**Bob Berto**  
Southeast Stevedoring  
Ketchikan, Alaska

Vice-President/  
Government Relations

**Robert Jacobsen**  
Wings of Alaska  
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**Terry Underwood**  
Holland America  
Line-Westours  
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& Visitors Bureau

**Richard West**  
Alaska Sightseeing

January 23, 1990

Honorable Dave Donley

Chairman

House Labor and Commerce Committee

P.O. Box Y

Juneau, Alaska 99811

Dear Representative Donley:

You have asked me, as President of the Alaska Visitors Association to comment on the need for a two million dollar special and supplemental appropriation to the Alaska Tourism Marketing Council.

As has been well established, the Alaska tourism marketing program has lost substantial impact in the domestic market since 1985. While we as a destination have increased our domestic advertising expenditures by 2.5%, all other States have increased their advertising expenditures by 51.9% and total promotional expenditures by 66.8%. Our foreign competitors have increased their advertising expenditures during the same period by 53.6%. Our major competitors in the domestic market for U.S. visitors remains: Hawaii, Canada, Europe, and Mexico.

Specifically, Canada is outspending Alaska 3 to 1 after receiving a 39% budget increase in 1988. Hawaii is outspending Alaska 4.5 to 1 after receiving a budget increase of 33% in 1989. During the last four years, Alaska's share of voice in the domestic market place has declined 45%. Our television advertising program has decreased from exposure .21 markets to only 12 markets. Newspaper special Alaska sections have decreased from 35 to 25.

With new destinations coming on line in Eastern Europe that are of high interest to American consumers, Alaska can little afford to take a passive approach to tourism marketing.

In light of these facts, it is not surprising that while the potential for growth in Alaska's visitor industry remains high, we have been in virtually a no growth mode since the summer of 1986. It is estimated that the target market (those people matching the profile of Alaska visitors) will expand by over 30% during the 1990's. However, increased potential means nothing unless the necessary tools are put in place to allow Alaska to reap this valuable harvest.

While the cooperative marketing effort as managed by the ATMC is effective, efficient, and highly regarded in the travel community, the reach of their efforts must be extended. We would propose the immediate funding of the following supplemental programs:

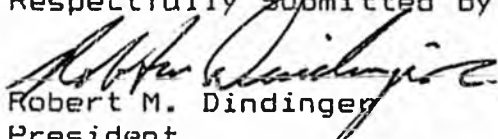
1. Extension of the existing television program to all "B" markets. The "B" markets are those with high potential relative to their current delivery of Alaska visitors. Increased efforts in these markets will allow for greater penetration of the Alaska message. Approximate cost \$600,000.
2. A direct mail effort to pickup the estimated 50,000 shortfall in current year inquiry levels. Inquiry generation is currently running 12% behind last years pace. Supplementing this program will allow for full distribution of the "Official State Vacation Planners" which have already been printed. These planners are of little value if not distributed prior to the upcoming season. Approximate cost \$450,000.
3. Extension of the Newspaper advertising program to regain the lost Alaska Travel Sections. These travel sections which appear in the Sunday Travel Supplements of most major newspapers can provide almost immediate return to Alaska operators. Approximate cost \$100,000.
4. Early funding of new television commercials. Unless the development of new commercials are funded early, we will once again be battling September weather during filming and will need to delay airing for editing and post production work. Approximate cost \$550,000.
5. Funding of a special public relations effort to deal with the adverse publicity that will be generated by the "First Anniversary of the Oil Spill" and the current adverse publicity being generated by Redoubt Volcano. Approximate cost \$300,000.

The Alaska Visitors Association is certain that a program can be put in place this year to generate greater economic activity, and employment during the coming season. It is estimated that successful execution of this effort could generate 16,000 additional visitors spending over \$30,000,000 and generating an additional 300 jobs for Alaskans this season. Combined with the need to create greater understanding of Alaska by U.S. citizens so the adverse publicity regarding the Oil Spill and Redoubt Volcano can be put in proper perspective, and the need to get an early start on the replacement of our five year old

television commercials so that Alaska can be shown at its' best, underlines the need for immediate and decisive action.

We support House Bill No. 431 and ask the members of the Alaska Legislature to do the same.

Respectfully Submitted by

  
Robert M. Dindinger  
President



# Representative Dave Donley, Chair House Labor & Commerce Committee

SUBJECT OF MEETING:

HB: 368  
431  
355

HB: 146  
309

Proposed Legislation

DATE: Jan. 23, 1990

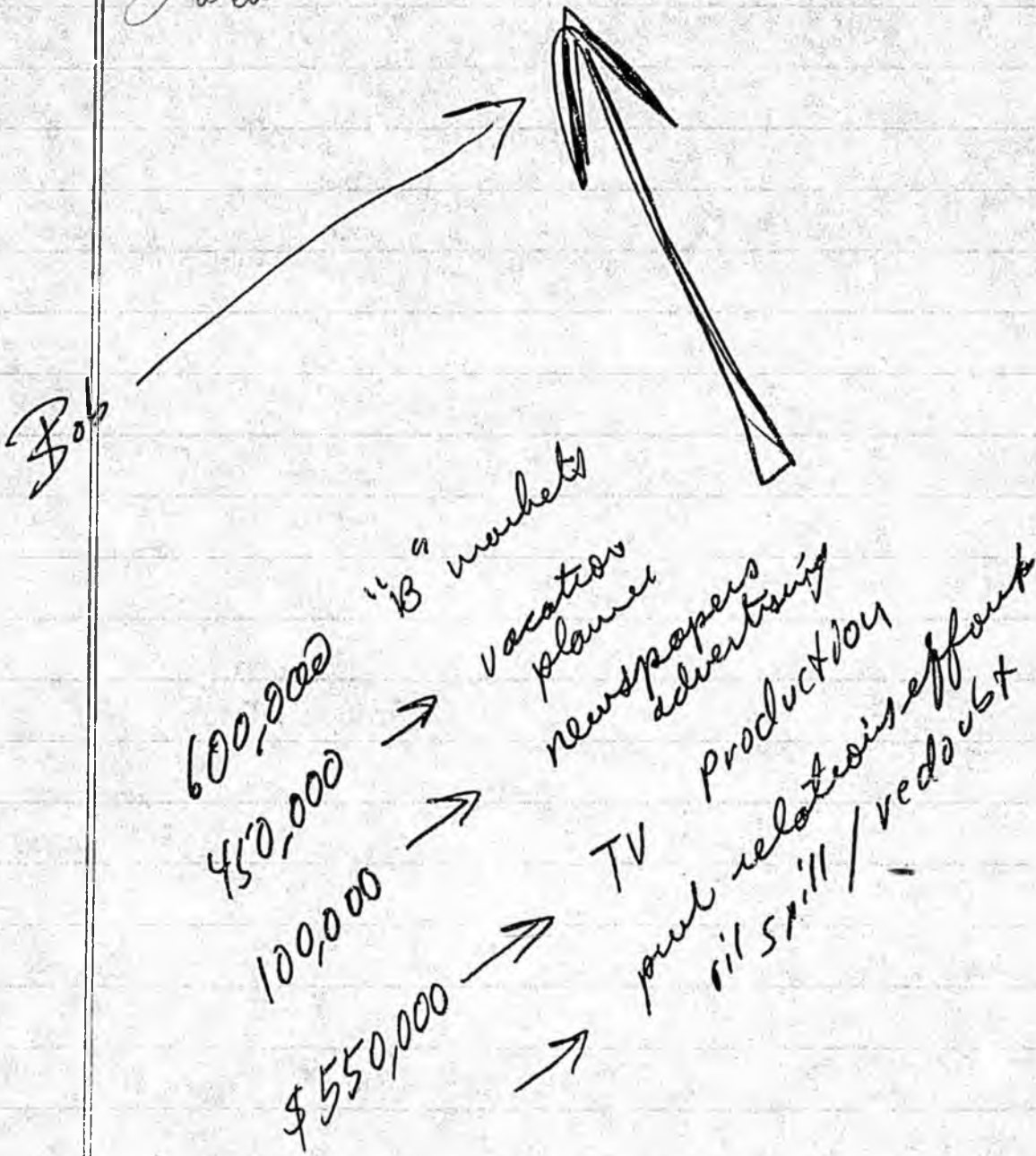
PLACE: Room 17

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT WHICH BILL?
Mitzi Barker	AHEC	PO Box 101020 Anchorage	99510	684-9465	521-1900	(Y) N	HB 308
Don Koch	DIV. INSURANCE	P.O. Box D JUNO	99811	<del>465-2577</del>	465 2577	(Y) N	HB 355
STAN GARLINGTON	"	"	"	—	465 2595	Y (N)	"
Tom Wright	Rep Swackhammer	Box V Juneau	99811	<del>2687</del>	2687	Y (N)	HB 368
Rep CE Swackhammer	"	"	"	#	2687	(Y) N	HB 368
Dana Brookway	DIV TOURISM	BOX E. JUNEAU	99811	465-2012 →		Y (N)	HB 431
Jay Frank	Allstate State Farm	One Sealaska Pl Suite 303 Juneau 99801			586-5912	(Y) N	HB 333
Randall P. Burns	Dept. of Commerce Div of Occupational Licensing	P.O. BOX D-21C Juneau 99811	99811	465-2535 →		(Y) N	HB 146
PAULA HART	CAP. INFO GROUP	Box 210845 Anchorage 99501		465-3466 →		Y (N)	HB 355
Pete Cirkson	Div of Tourism	Box E 99811	99811	465 2012 →		Y (N)	431
Cynthia Monroe	Environmental Lobby	PO BOX				Y N	

Dave —

pls ask for a copy of his written statement.

Drew



Funding Information: General Fund \$4,000,000  
Other Funds - 0 -  
\$4,000,000

BY THE LABOR & COMMERCE COMMITTEE

1 IN THE HOUSE

2

HOUSE BILL NO. 431

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act making special and supplemental appropriations for international airport marketing, domestic tourism marketing, and the 1990 International Travel Fair; and providing for an effective date."

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8

9

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

11 \* Section 1. The sum of \$1,800,000 is appropriated from the general  
12 fund to the Division of Tourism for international <sup>tourism</sup> ~~airport~~ marketing for the  
13 fiscal year ending June 30, 1990.

14 \* Sec. 2. The sum of \$2,000,000 is appropriated from the general fund  
15 to the Alaska Tourism Marketing Council for a domestic tourism marketing  
16 program for the fiscal year ending June 30, 1990.

17 \* Sec. 3. The sum of \$200,000 is appropriated from the general fund to  
18 the Alaska Tourism Marketing Council for the 1990 International Travel Fair  
19 for the fiscal year ending June 30, 1990.

20 \* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

*Tourism*  
AK International Airport ~~Marketing~~ <sup>Marketing</sup> ~~Council~~  
COUNCIL