

**HB**

**431**

STATE OF ALASKA  
THE LEGISLATURE

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Mary Van Nimwegen

HB 4131

House Trans

1/30/90

# 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
- \_\_\_\_\_  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):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

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

SIGNING DO PASS:

\_\_\_\_\_  
(FINKELSTEIN)

\_\_\_\_\_  
(MOLLINS)

\_\_\_\_\_  
David Souley

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend
Mark Boyer		X	
Loren A. Roman		✓	

David Souley

Chairman's Signature

HOUSE COMMITTEE REPORT

(5)

Date Referred: January 24, 1990

FURTHER REFERRALS:

Date of Committee Action: 1/30/90

FINANCE

The TRANSPORTATION Committee 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:

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- have 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 NLW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Date/Dept)

- fiscal impact \_\_\_\_\_
- zero fiscal note \_\_\_\_\_
- zero with analysis \_\_\_\_\_

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

SIGNING DO PASS:

Richard [Signature]

[Signature]

Bill [Signature]

Loren A. [Signature]

Eugene A. [Signature]

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SIGNING: (Check approp. column)

	Do Not Pass	No Rec	Amer

Richard [Signature]  
Chairman's signature

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX V. JUNEAU 99811

(907) 465-3892



PRESS RELEASE \* PRESS RELEASE \* PRESS RELEASE \*

Date: January 21, 1990  
Contact: Representative Dave Donley, Chair  
House Labor and Commerce Committee  
465-4954, 465-3892, 465-3893

DB

COMMITTEE BILL ADDRESSES TOURISM CRISIS

The House Labor and Commerce Committee sponsored a major funding bill last week to help the state's tourism industry respond to recent cataclysmic events.

"Between the oil spill and the Mt. Redoubt we've been hit with a lot of bad press we must counteract", said Committee Chairman Representative Dave Donley, D-Spenard. "Tourism is one of Alaska's brightest hopes and we shouldn't sit back and watch it being tarnished."

The \$4 million dollar appropriation measure will fund an aggressive international tourism marketing program to mitigate the damage caused by the eruption of Mt. Redoubt and the reduction in international flights stopping over in Alaska.

"The Redoubt eruption has raised safety questions and longer range passenger jets are bypassing our international airport. This can cost us millions of dollars in state revenues in just the next few months," Donley said.

Included in House Bill 431 is funding to for the Alaska Tourism Marketing Council's domestic tourism program and \$200,000 for the 1990 International Travel Fair, a major event for Alaska's tourism industry.

"The House Labor and Commerce Committee proposed this as a supplemental appropriation to advance our marketing strategy and to assist the tourism industry this summer," Donley said. "Funding coming through the regular budget process will arrive too late."

"Without immediate funds the state can take no new initiatives in time to avoid a serious loss of tourism activity this summer," Donley said.

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general tax increase."

best housing policy is "a healthy, grow- ven

# Airport manager overcomes crises

By DOUG FORD  
Times Business Writer

If crisis management wasn't his strong suit before, new Anchorage International Airport Manager Ken Burdette became a veteran in a hurry.

Since starting his job Dec. 11, the airport suffered a power blackout, a nearby volcano erupted and filled the sky with ash, and a 747 passenger jet plummeted 13,000 feet before restarting engines and making it to the airport. Since then Redoubt Volcano has continued to disrupt, and a suitcase feared to contain explosives was detonated by the Anchorage police bomb squad.

Even though calamity after near catastrophe has dogged him since he took office, Burdette loves his job.

"Looking back on it, it was beneficial for me to see the machine in action," he said. He was impressed by the efficiency of his staff. When the power went out that first night, "I kind of sat around and watched," he said.

The airport's generators clicked in al-

most immediately, leaving no disruption in service, he said. But the reduced lighting gave the terminal a gloomy glow for a few hours.

While he regrets all the fuss and inconvenience created over blowing up a suitcase over false bomb suspicions, Burdette said, "If the circumstances were the same I would do it again."

In the end toys caused the suspicious noises, but X-rays revealed two wires in the suit that could not be identified. "Nobody wants to get on an airplane where there's the possibility of a bomb," he said. "We spend tremendous amounts of money on safety."

Although the volcano has been a constant worry, it is not particularly Burdette's problem. The Federal Aviation Administration coordinates volcano reporting and the airlines must decide — based on the FAA information — whether they fly or not.

Even if ash fell on the airport, it is doubtful Burdette will close it. "Airports

See Burdette, page D-4



Airport manager Ken Burdette stands on a ramp at Anchorage International Airp

State's jobless rate

## Engineers boost search for aut

# American

Continued from page D-3

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## Burdette: Airport

Continued from page D-1

just don't close," he said. "It (the ash) would have to pose some kind of health problem to close down."

Like the more common dirt and snow, the ash would have to be cleaned off. Maintenance crews routinely clear the longest runway of snow in 45 minutes. Since the airport has 911 lane miles of tarmac, when it snows the activity goes on for hours.

"I just sit here and gape at the beehive of activity when it snows," he said. Expensive chemicals such as urea prevent any ice build-up and the runways are even swept, he added.

The airport's response to crashes and other accidents is even faster. By FAA regulations they must be able to respond in three minutes to the farthest point at the airport, he said. The crash team was ready for the KLM flight that lost all the altitude after flying through the dust cloud, he said, "but the pilot brought it in for a beautiful landing."

As an ex-army pilot who retired in August after 23 years, he could appreciate the pilot's accomplishment under such stressful circumstances. His last duty had been as airfield commander at Fort Richardson. He is a political appointee with Alaska International Airport System Director Ginna Marie Lindsay as his boss.

While he may serve at the behest of the governor, Burdette

said, it's the airlines that pay for the airport.

The airport leases most everything: ramp space, boarding gates, counter space even the restaurant and shop space. These leases — especially the airline leases — pay for the airport's budget. It receives only a small amount of federal money for airfield improvement.

Despite some loss in international passenger flights the airport continues to grow. Total landings at the airport topped 16,300 in October 1989 (the last month available), up 10 percent over the previous year. The facility's eight international gates and 40 domestic gates should serve the airport into the mid-1990's, he said. However, due to cargo carriers such as Federal Express' increased traffic the airport is increasing its ramp space.

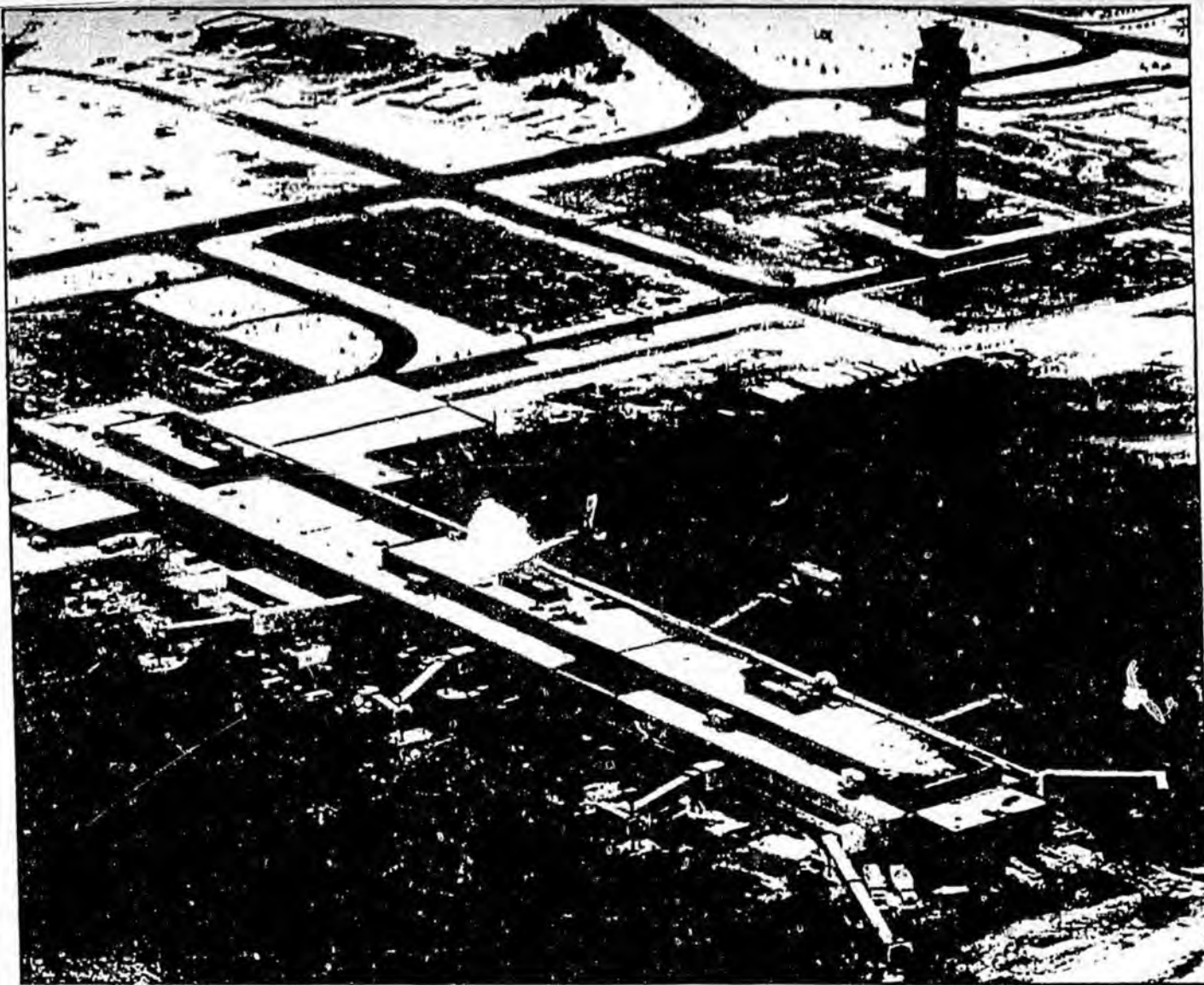
Burdette's second-floor office looks south towards the mountains of the Kenai Peninsula and on this day one of Alaska's famous sunsets. Unlike the reporter gazing at the vista, he watches a recently arrived MarkAir Boeing 737 as the ground crew gathers to unload, refuel, clean up and restock the aircraft.

"You should see when one of these airplanes gets in here," he said, "Those guys engulf it." The speed and efficiency with which the plane is prepared for its next flight, "it's almost poetic," he said.

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## Campeau's bankruptcy filing prompts House investigation



Anchorage Daily News/Erik Hill

### Quiet time on the international concourse

There was no activity at the international concourse of the Anchorage International Airport one afternoon this week. Two major international carriers, Korean Air and China Airlines, have diverted flights from Anchorage after recent eruptions from Redoubt Volcano.

# BP gets ready to sink oil wells

DAILY NEWS  
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# Redoubt difficult to predict

by Holly F. Hall  
Tundra Times reporter

Redoubt volcano continues its activity with yet another eruption which took place on Jan. 8.

At first, experts thought that this eruption was the biggest since the ash cleared, they concluded that this was just more of the same. The volcano spewed a thick plume of ash, lava, steam and gas into the air.

Robert McGimsey, a geologist at the Alaska Volcano Observatory in

Anchorage, said this eruption had a lot of power behind it.

McGimsey said the eruption on Jan. 2, that produced a dome of hardened lava, was covered the vent of the volcano — the place in which magma and steam are released. This dome trapped the ash and steam building up pressure which made the volcano erupt. McGimsey said that for the Jan. 8 eruption McGimsey said they had about a minute and a half

warning before it blew where the observatory house is within the past

McGimsey said it is nearly impossible to predict the Jan. 2 explosion a seismic monitoring station was

McGimsey said the volcano has since erupted, the volcano has been in a low seismic state.

Phones from the observatory reached

heights of up to 45,000 feet and communities on the Kenai Peninsula were heavily covered in ash of about a half an inch; some schools were closed and people were told to stay at home.

Again, McGimsey said the observatory doesn't know how long Redoubt will continue its activity, he said so far, it looks like it will erupt again.

"With each volcano, you can't predict when it will happen," McGimsey said.

Although he said nobody knows when or how long the next eruption will be, or even if it will in fact erupt again, he said this activity is characteristic behavior of a volcano.

"Nothing is certain or what," he said.

A specially equipped aircraft from the University of Washington has been in operation for a month. A Federal Aviation Administration spokesman said the aircraft will help pinpoint where the ash is so commercial aircraft won't accidentally fly into it.

Continued on page six



# Anchorage!

Convention & Visitors Bureau

*Our Community's Way of Attracting and Serving Visitors*  
1600 A Street • Suite 200  
Anchorage, Alaska 99501-6147  
(907) 278-4118 • Telex: 388748  
Fax: (907) 278-5559

## Telecopier Transmission

Date: January 23, 1990 From: Keith Fernandez  
To: Rep. Dave Donley RE: Int'l Tourism Teleconference  
c/o Juneau L10 AK Travel Fair Request  
463-5441

Following this page, please find        page(s). If this does not reach you in full, please inform us ASAP. Our fax number is: (907) 278-5559. Thank you.

Rep. Donley:

Attached is information which I will present, on behalf of the Alaska International Airport Tourism Marketing Council, for a \$200,000 budget request for the 1991 Alaska Travel Fair.

I look forward to presenting this paper this afternoon; please contact me at the Bureau if you have any questions.

Keith Fernandez  
Director of Marketing

In September, 1989, the Alaska International Airport Tourism Marketing Council (AIATMC) sponsored the first Alaska Travel Fair, bringing more than 150 major tour operators and travel agents from Japan to Alaska. The purpose of this Fair -- promote Alaska as a destination in Japan (particularly in the non-summer months).

This was certainly not the first effort to court overseas travelers, but it did mark a beginning. It signalled the start of cooperative overseas marketing efforts by private businesses throughout Alaska along with state government to target overseas visitor promotion efforts. For one week in September, 1989, the state pulled together to showcase Alaska: from Barrow to Ketchikan, the state's visitor features were on display for the Japanese travel industry leaders.

What happened? Well, I'm not going to say it was a success. I'm going to let Sandra Gamo, of the US Travel & Tourism Administration office in Japan highlight the success...she said, and I quote, "This is the best such program any destination has put on for Japanese travel industry. The Japanese who came to Alaska are impressed with the quality of what Alaska has to offer." (end quote) I'll let Kojiro Abe, who runs the state Division of Tourism office in Japan speak for it's success when he said, one, it's the largest such show any destination has put on for the Japanese and, two, it showed Alaska was serious about selling itself to the Japanese. I'll let the Japanese tour operators and travel agents speak for its success, which was highlighted by them signing a petition urging airlines to open more destination seats into Alaska and for national governments to work on cooperative efforts to allow freer air traffic passage between Japan and Alaska. These same Japanese travel agents said to us in Alaska's travel industry...do it again!

The Alaska Travel Fair was not an inexpensive endeavor. The state contributed \$100,000 to the program, AIATMC contributed another \$25,000 in cash...and Alaska's travel industry, showing its belief in the need for more international travel promotion, contributed in-kind services totalling more than \$700,000!

I'm here today to reinforce the fact Alaska Travel Fair 1989 was just the beginning...and we have more to do before international travelers flock to Alaska. Work is being done by various groups to key off the success of the Alaska Travel Fair...for example, the State Division of Tourism has successfully sold several carriers on opening more seats into the state from Japan, on carriers such as Sabona and Swissair.

The momentum started by the Alaska Travel Fair can't stop. We are asking the state to appropriate \$200,000 to support the development of the next Alaska Travel Fair, for May, 1991. It will be a bigger program, targeting Asian markets (Japanese, Korean & Taiwanese) and European markets. AIATMC wishes to show off as much of the state to as many international travel leaders to focus attention on Alaska and create the pressure on international carriers to open more seats to Alaska throughout the year. Alaska's visitor industry is ready to again contribute incredible amounts of time, effort and services to support international tourism efforts. We can't do it by seeing these people once every five or so years...the momentum started by the first Alaska Travel Fair has built Alaska's reputation among one particular group of overseas travel leaders. We look forward to working with the state on cooperative efforts to showcase Alaska tourism on an even broader international scale.

January 9, 1990

Honorable Dave Donley  
Alaska House of Representatives  
P. O. Box V  
Juneau, AK 99811

Dear Representative Donley:

I am writing in response to your request for information relating to strategies the division and ATMC could undertake should the Legislature appropriate supplemental funds for tourism. As I begin, I should note that the division supports the Governor's approved FY 91 budget submission and the strategies it would fund. You have asked questions about additional funding for FY 90, however, and I will respond in the order asked on the attached.

\$1.8 million in general funds appropriated to the Division of Tourism for international airport marketing.

The Division of Tourism is currently actively engaged in promoting Alaska in several developing and new markets overseas. We maintain tourism representation in Japan and West Germany, represent Alaska at several travel trade shows overseas, and engage in advertising, public relations, and technical assistance activities.

One of the greatest obstacles to stimulating dramatic growth is the lack of competitive direct air routes or allocations of seats from target countries to Alaska. Breaking this obstacle is one of the division's highest priorities.

The division is aggressively pursuing this problem by making direct contact with the decision makers in European and Asian airlines working in conjunction with the Alaska International Airport System and the Office of International Trade.

Airlines reviewing proposals to establish direct routes or allocate seats to and from Alaska have several factors that must be considered. Significant among them are the economic viability of the route and the level of support the destination will apply to filling the seats.

Should the funds become available through a general fund special appropriation, the division would apply them as follows:

- o In conjunction with AIAS, intensify the direct sales contact with prospective domestic and international carriers.
- o Produce presentation materials to augment sales efforts.
- o Establish an air route promotional fund to support seat allocations, turnaround service, and new charters by international carriers.

If the funds were appropriated by March, they could be used to stimulate additional visitation through charters and through seat allocations currently under discussion by as early as this summer. The funds would also allow accelerated sales contact with other airlines almost immediately.

\$2 million general fund supplemental appropriation to the ATMC

While I am Chairman of the Alaska Tourism Marketing Council, it is governed by a 21 member board of directors and employs its own staff. I have had an opportunity to speak with Executive Director Bob Miller who, with me, forwards the comments below.

The program planned and executed by the ATMC is a well-established multifaceted marketing program that peaks in fall and spring advertising waves. While some components such as glossy stock magazine advertising could not be moved fast enough to impact summer 1990 due to lead times needed, other components could benefit from additional 1990 funding.

In recent years, media costs have risen steadily eroding the reach of Alaska's television advertising. As costs have gone up and available funds have remained relatively constant, the council has had to drop some of its secondary market coverage. Additionally, rather than producing new advertising, the agency has reconfigured prior advertising to stretch its shelf life. The same images have been used now for five years.

The oil spill may also place additional need for state exposure as we approach the first anniversary of the spill. At that time, the media will again focus on the disaster, potentially adding to perceptions of damage to Alaska's tourism resources. While we don't know the full extent of spill coverage impact on Alaska's image, the anniversary affords us an opportunity to reduce potential visitor concern.

Should the funds become available during FY 90, the ATMC would use them to:

January 9, 1990

- o Restore television advertising in key "B" markets during the spring wave of promotion.
- o Execute a public relations campaign coinciding with the oil spill anniversary.
- o Produce new television advertising for use during early fall 1990.

I hope that this response is of help to you in identifying some of the areas that additional FY 90 funding could be put to use by the division and ATMC. Tourism is a business that depends on both awareness of and access to the destination. Supplemental funding could generate additional visits in the short run by increasing awareness prior to summer and greater potential for the future by increasing our ability to access international markets.

Please contact me if I can be of further assistance.

Sincerely



Dana Brockway  
Director

DB/jc/0943V  
010990c



# ALASKA VISITORS ASSOCIATION

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

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

1989-90

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Alaska Travel Adventures  
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**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 in 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.

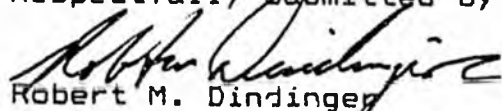
5. Funding of a special public relations effort to deal with the adverse publicity that will be generated by the "First Anniversary of the Oil Spill" and the current adverse publicity being generated by Redoubt Volcano.  
Approximate cost \$300,000.

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 prospective, 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