

**HB**

**220**

**HFIN**

**FILE**

USE COMMITTEE REPORT

(11)

Date Referred: March 8, 1995

FURTHER REFERRALS:

Date of Committee Action: 3/15/95

The FINANCE Committee considered:

HB 220

HOUSE BILL NO. 220

ALASKA TOURISM MARKETING COUNCIL

"An Act relating to the duties of the commissioner of commerce and economic development concerning the Alaska Tourism Marketing Council; relating to the per diem travel expenses of the council's board of directors; relating to the powers and duties of the council; extending the termination date of the council; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 220 (LTC)  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal note(s) \_\_\_\_\_  fiscal note(s) CED 3/8/95

zero fiscal note(s) \_\_\_\_\_  zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Mark Hanley</i>	Hanley	<input checked="" type="checkbox"/>			
<i>Mike Navarre</i>	Navarre			<input checked="" type="checkbox"/>	
<i>Terra Martin</i>	Martin			<input checked="" type="checkbox"/>	
<i>Sean Parnell</i>	Parnell			<input checked="" type="checkbox"/>	
<i>Vic Kohring</i>	Kohring			<input checked="" type="checkbox"/>	
<i>John Brown</i>	Brown	<input checked="" type="checkbox"/>			
<i>Mike Kelly</i>	Kelly	<input checked="" type="checkbox"/>			
<i>Ben Grussendorf</i>	Grussendorf	<input checked="" type="checkbox"/>			
<i>Glen Mulder</i>	Mulder	<input checked="" type="checkbox"/>			
<i>Gene Therriault</i>	Therriault	<input checked="" type="checkbox"/>			
<i>Richard Foster</i>	Foster	<input checked="" type="checkbox"/>			

CHAIR'S SIGNATURE *Mark Hanley* *Richard Foster*  
 Hanley Foster

# FISCAL NOTE

( No. 1  
 Bill Version: CS HB 220 (L&C)  
 (H) Publish Date: 3/8/95

**STATE OF ALASKA  
 1995 LEGISLATIVE SESSION**

Revision Date: March 3, 1995 Department: Commerce and Economic Development  
 Title: An act relating to: duties of the Commissioner; BRU: Alaska Tourism Marketing Council  
per diem expenses; powers & duties of ATMC; extension. Component: Alaska Tourism Marketing Council  
 Sponsor: Kott, Thernault, Vezey, Toohey  
 Requestor: Labor and Commerce, Finance COMPONENT SERIAL NO. 1026

(Thousands of Dollars)

Expenditures/Revenues	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
<b>OPERATING EXPENDITURES</b>						
PERSONAL SERVICES			193.4	193.4	193.4	193.4
TRAVEL			55.1	55.1	55.1	55.1
CONTRACTUAL			6,735.4	6,735.4	6,735.4	6,735.4
SUPPLIES			4.0	4.0	4.0	4.0
EQUIPMENT			5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	6,992.9	6,992.9	6,992.9	6,992.9
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES</b>	0.0	0.0	0.0	0.0	0.0	0.0

(Thousands of Dollars)

FUND SOURCE	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
1002 Federal Receipts						
1003 GF Match						
1004 General Fund			4,604.5	4,604.5	4,604.5	4,604.5
1005 GF/Program Receipts			2,388.4	2,388.4	2,388.4	2,388.4
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	6,992.9	6,992.9	6,992.9	6,992.9

Estimate of any current year (FY 95) cost: \$ 0.0

POSITIONS	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
FULL-TIME	0	0	3	3	3	3
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

The council is due to sunset on December 30, 1996. This bill extends the council until December 30, 1999. Current operating costs would not be affected by HB220. If the bill is enacted, expenditures and revenue projections for FY98-FY01 are reflected as being consistent with the council's current operating budget.

Prepared by: Kathleen Dunn Phone: 907-563-2289  
 Division: Alaska Tourism Marketing Council Date: March 3, 1995  
 Approved by Commissioner: William L. Hensley *Guy Bell for* Date: 3/3/95  
 Agency: Commerce and Economic Development

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
 For further distribution information, call the Governor's Legislative Office

**COMMITTEE COPY**



*Sustainable recreation and tourism for a quality future*

P.O. Box 1353  
Valdez, AK 99686  
Phone: 907-835-4300  
Fax: 907.835.5679

To: Rep. Hanley and House Finance Committee  
From: Nancy R. Lethcoe  
Date: March 10, 1995

RE: HB 220 Reauthorization of the Alaska Tourism Marketing Council

On behalf of AWRTA's more than 250 members I am writing to solicit the help of the House Finance Committee in obtaining some amendments to HB 220 which we believe will help correct an imbalance in representation of the types of tourism and geographic areas on the ATMC. Improving the geographic and type of tourism representation on ATMC seems the most appropriate and least disruptive way of bringing a wider range of marketing expertise to the ATMC marketing program.

The changes we would appreciate receiving your help on are:

1. Add section amending the definition of "qualified trade organization:" (5) "qualified trade association" means a private, nonprofit organization whose primary purpose is the promotion of tourism to and within the state and which has a statewide membership comprised of representatives of all major sectors of the visitor industry, including without limitation hotels, lodges, bed & breakfasts, airlines, cruise lines, tour and charter boats, wholesale and retail travel agencies, visitor attractions, (AND) convention and visitors bureaus, and hunting, sport fishing, and wilderness outfitters and guides. (This expands the definition of "qualified trade organization," to include types of tourism not mentioned in the current definition.)

2. Section 2. AS 44.33.705(c): change line 17: the number 11 to 8 so the line reads "the contract shall provide that the trade association may select up to 8 board members; then change line 21: change 10 to 12, so the line reads "the governor shall appoint 12 other board members." (This gives the governor the ability to balance the ATMC more if the trade association's appointees do not reflect the various types of tourism and geographical areas).

3. Section 2. AS 44.33.705(c) (2) (line 17); amend to insert after the words to 10 (8) board members; these must members must be representative of the sectors of the visitor industry

3/15/95  
ATTACHMENT

as defined in "qualified trade organization:" (This the trade organization to make appointments that reflect all types of tourism and geographic areas).

4. Section 2. AS 44.33.705(c) (3) (line 23); change SHALL to must; "paragraph, the governor must (SHALL) ensure that the board . . . (This strengthens the chances that appointments will be made which reflect all types of tourism and geographic areas).

**Background:** The ATMC currently has seven members from the cruise/tour boat industry or 35% of the council members represents just one type of tourism, whereas there are no representatives for hunting, sport fishing, or wilderness guides and outfitters. There are three representatives from CVBs, but all from major population areas. Geographically, 6 (30%) are from out-of-state; 9 (45%) from the greater Anchorage area; 5 from various communities in SE Alaska; and 1 from Fairbanks. AWRTA appreciates the expertise marketing representatives from large companies bring to ATMC; however, we have noted that ATMC lacks expertise in the marketing of small, rural Alaskan businesses that make up AWRTA's membership. This is reflected in the *Alaska Visitor Statistics Program*, *ATMC's 1993 Conversion Study*, and in the drop in narrative ads in the *Alaska Vacation Planner*.

Obtaining greater depth in marketing expertise seems to be the best way to approach solving problems which have been highlighted by the *Alaska Visitor Statistics Program*, *ATMC's 1993 Conversion Study*, and in the drop in narrative ads in the *Alaska Vacation Planner*. These include:

1) although the average visitor age is 48, the average visitor age of the marketing program is 58, which gives an unintentional bias towards marketing businesses attractive to older visitors rather than to younger ones;

2) only 20% of the visitors requested a *Vacation Planner* and only 25% of the independent travelers who purchased trips in Alaska used the *Vacation Planner*; since the *Vacation Planner* is meant to be a primary marketing tool for small, and especially rural, Alaskan businesses, it is not reaching the majority of their market;

3) between 1989 and 1993, the Inde-package (independent visitors who purchase a package trip in Alaska) lost 6% of its market share. In-state package trips, owned and operated by Alaskans, circulate tourism dollars within the local and statewide economy;

4) when the legislature increased the percentage the industry must contribute to the cooperative marketing program, ATMC increased the narrative advertising rates (those used by small Alaskan businesses) 100%. This was the largest increase in any advertising

AWRTA, P.O. Box 1353, Valdez, AK 99686

p. 3

category. As a result, there was an approximately 30% drop in advertisers indicating that businesses did not find the number of inquiries generated by the *Vacation Planner's* to be cost effective. This, in turn, reflects on ATMC's program for marketing the *Vacation Planner*, which is unintentionally biased towards older travelers.

We believe the ATMC program can be improved by some fine tuning to bring broader marketing expertise for the types of tourism and geographic areas to the council.

by certified mail to the department  
 contract with an operator with whom  
 activities subject to this chapter  
 ements of this section. The department  
 the contract. If the contract is disapp  
 roval shall be provided in writing to the  
 be conducted under the contract before  
 osequent amendments to an approved  
 il the amendments are approved by the  
 1988; am § 3 ch 24 SLA 1991; am § 14  
 16 SLA 1994)

991 tences, and deleted the former last  
 , in tence, which required a permittee to sub  
 clas- mit a copy of the contract.  
 The 1994 amendment, effective April  
 une 30, 1994, inserted "canned salmon can  
 "by sics," in the second sentence in subsection  
 the (c).  
 sen-

for permit. An applicant shall be a  
 nization to be eligible for a permit. (§ 1  
 h 27 SLA 1982)

TO DECISIONS

ary,

license. (a) A person, municipality, or  
 ot conduct an activity subject to this  
 pality or qualified organization unless  
 qualified organization has received an  
 he department.

ssue an operator's license to a natural  
 ified organization that  
 rovided by the department;  
 \$500;

persons employed by the applicant in a  
 pacity;  
 y insurance satisfactory to the depart-

satisfactory to the department in the  
 rmit under which the operator operates  
 0; and  
 passed a test formulated by the depart  
 napter and the regulations adopted un  
 tered by the department at least four

times a year; or, if a municipality or qualified organization, has designat  
 ed a municipal employee or member of the organization who has  
 passed this test.

(c) [Repealed, § 37 ch 70 SLA 1993.]

(d) [Repealed, § 37 ch 70 SLA 1993.] (§ 14 ch 99 SLA 1988; am  
 §§ 15, 37 ch 70 SLA 1993)

Effect of amendments. — Section 15, ch 70, effective June 26, 1993, repealed  
 ch. 70, SLA 1993, effective January 1, 1995, added paragraph (b)(6), making re-  
 lated grammatical changes. Section 37 of subsections (c) and (d).  
 Editor's notes. — Paragraph (b)(6) is not effective until January 1, 1995.

Sec. 05.15.124. Municipal regulation of operators or vendors.  
 A municipality may by ordinance prohibit an operator or a vendor  
 from conducting activities under this chapter within the municipality.  
 § 14 ch 99 SLA 1988; am § 16 ch 70 SLA 1993)

*Multi-Beneficiary Permits*

Effect of amendments. — The 1993  
 amendment, effective June 26, 1993, in-  
 serted "or a vendor."

Sec. 05.15.128. Revocation of operator's license. (a) The de-  
 partment shall revoke the license of an operator who does not

(1) report an adjusted gross income of at least 15 percent of gross  
 income annually based on the total operation of the operator; or

(2) pay to each authorizing permittee annually at least 30 percent  
 of the adjusted gross income, as determined under (1) of this subsec-  
 tion, from a pull-tab activity or at least 10 percent of the adjusted  
 gross income, as determined under (1) of this subsection, from a gam-  
 ing activity other than pull-tabs, received from activities conducted on  
 behalf of the authorizing permittee.

(b) A person, municipality, or qualified organization whose opera-  
 tor's license has been revoked under this section may appeal the revo-  
 cation if the person, municipality, or qualified organization submits to  
 and pays for a complete audit of the operator's financial records by the  
 department. The results of the audit are conclusive. (§ 14 ch 99 SLA  
 1988; am § 17 ch 70 SLA 1993)

Effect of amendments. — The 1993 "for two consecutive quarters" in two  
 amendment, effective January 1, 1994, in places and rewrote paragraph (a)(2).  
 subsection (a), substituted "annually" for

Sec. 05.15.130. Department may impose additional require-  
 ments. The department may supplement the definitions of qualified  
 organizations and activities by regulations adopted under this chapter  
 adding to the definitions additional requirements that the department  
 considers necessary for the best interests of the public or for the proper

# Alaska State Legislature House of Representatives

## COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE, CHAIRMAN  
MILITARY & VETERANS AFFAIRS, CHAIRMAN  
COMMUNITY & REGIONAL AFFAIRS  
RESOURCES  
INTERNATIONAL TRADE / TOURISM  
LEGISLATIVE COUNCIL



INTERIM:  
10928 EAGLE RIVER ROAD, SUITE 141  
EAGLE RIVER, AK 99577  
PHONE (907) 694-8944  
FAX 694-8949

SESSION:  
STATE CAPITOL  
JUNEAU, AK 99801-1182  
PHONE (907) 465-3777  
FAX (907) 465-2819

## SPONSOR STATEMENT HB 220

There is no doubt that tourism is an important and expanding element in Alaska's economy. With declining production in oil and continued instability in market prices, alternative sources of state revenue and private sector diversity and expansion become more important.

House Bill 220 is legislation that greatly assists in tourism expansion and greater diversification of the state's economy. This legislation calls on the Commissioner of the Department of Commerce & Economic Development to contract with a qualified in state trade association to promote Alaska as a visitor destination through a cooperative marketing effort. The contract term would be four years in order that the promotion has stability and a chance to impact the market place.

I urge your support for expansion of Alaska tourism and this legislation which will help it to continue to succeed in a very competitive industry.



Representative Pete Kott

